AAP} ASSOCIATION OF AMERICAN PUBLISHERS

Student Spending on Textbooks Declines to $579 or Less during 2016-2017 Academic Year

Spending on course materials has declined by around 15% over the past decade

Washington, DC; August 24, 2017 –   Research from Student Monitor® and the National Association of College Stores (NACS) found that student spending on textbooks and course materials declined for the second year in a row. The Student Watch survey from NACS reported a $23 decline in spending from $602 in the 2015-2016 academic year to $579 in 2016-2017. Student Monitor reported a $64 decline from $607 in 2015-2016 academic year to $543 in 2016-2017. Spending on course materials has declined by around $100 over the past ten years (about 15%) when the average spend was between $672 and $701.

The transition to less expensive digital materials, increasing use of rental options for both print and digital materials, and a competitive retail market are among the factors that have led to the spending decline.

Both studies found the average price per unit (new, used, print, digital, or rented) was $66 during the 2016–2017 academic year. The cost of new print textbooks declined by around 13% from $91 in the 2015–2016 academic year to $80 in the 2016-2017 academic year, according to Student Monitor.

Specific reasons for the spending decline include:

- **Shift to digital materials reduces costs**: With 52% of students using digital course materials, more students than ever were saving (Student Watch); digital materials typically cost between 15% -70% less than new, print textbooks

- Inclusive Access programs: These substantial discounts on digital course materials – sometimes up to 70% off the price of a traditional, new print textbook – are available in a growing number of universities

- **More students are renting:** A record high of 33% of students rented one or more textbooks they would have otherwise purchased. Renting costs about $30 per unit less than buying, and the number of rentals for course materials increased by 6% (Student Monitor)

- **Students are savvy shoppers:** Student Monitor found that 82% of students compared prices, and Student Watch found that students who used a price comparison tool available at their college campus bookstore spent less than those who did not

"Over the past few years learning companies have championed multiple solutions, which are effectively reducing the cost of course materials, including the shift to digital and Inclusive Access programs. This

research proves that students are taking advantage of these innovations and are saving money in the process," said David Anderson, Executive Director of Higher Education at the Association of American Publishers.

Student spending on course materials also varies by major and seniority. Student Watch reported that upperclassmen at four-year universities generally spend less on their course materials. Also, students who major in mathematics and computer science spent about $100 less than average during their academic year on their course materials.

About the Reports

Data from the Student Monitor survey was collected from 1,020 full-time, four-year undergraduates enrolled at 100 representative campuses nationally using one-on-one intercepts with a margin of error of +/- 2.4%.

Data from the Student Watch survey was collected by OnCampus Research®, the research arm of the National Association of College Stores. More than 44,000 responses were collected across 90 two-and four-year institutions in 33 U.S. states and three Canadian provinces for the two-wave study. The margin of error is <1.0 at the 95% confidence level.

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About AAP

The Association of American Publishers (AAP) represents nearly four hundred member organizations including major commercial, digital learning, education and professional publishers alongside independents, non-profits, university presses and scholarly societies. We represent the publishing industry's priorities including copyright and related intellectual property rights, piracy and enforcement strategies, digital growth and related business models, funding for education and libraries, fair tax and trade policies, and freedom of expression and literacy debates.

Find us online at www.publishers.org or on twitter at @AmericanPublish.

The True Cost of College

College is Expensive

Average Tuition	Average Room & Board	Average "Other" Expenses
$9,970 Public 4 year college	$10,800 Public 4 year college	$2,100 Public 4 year college
$34,740 Private 4 year college	$12,210 Private 4 year college	$1,700 Private 4 year college

Tuition and fees are 39% of the overall budget at a 4 year public college and 68% at a 4 year private college.[1]

Good News!

Students spent $579 on college course materials in the 2016/2017 academic year.[2]

That's $23 less than the average of $602 in 2015/2016.[3]

Education companies and publishers are offering students opportunities to save on course materials with Inclusive Access programs, digital resources, textbooks, ebooks and book rentals.

Textbook Spending in Perspective

Students spent an average of $66 per textbook in the 2016/2017 academic year.[4]

When students spend $579 on course materials, that's just 1-2% of the overall budget for college students at 4 year public and 4 year private schools.[5]

1. Calculations using College Board: Average Estimated Undergraduate Budgets, 2017-2018 (totals include transportation) https://trends.collegeboard.org/college-pricing/figures-tables/average-estimated-undergraduate-budgets-2017-18
2. National Association of College Stores: Highlights from Student Watch Attitudes and Behaviors toward Course Materials 2016-2017 Report http://www.nacs.org/research/studentwatchfindings.aspx
3. Ibid
4. Student Monitor https://presspage-production-content.s3.amazonaws.com/uploads/1508/studentmonitorslides.pdf?10000
5. College Board: Average Estimated Undergraduate Budgets, 2017-2018

FAQs: Digital Learning Systems, Access Codes & eTextbooks in Higher Education

What's the difference between digital learning systems, access codes and eTextbooks?

Though these terms are often used interchangeably, they're actually different products. Digital learning systems are customizable, collaborative online learning materials. They incorporate interactive and personalized learning technology, including interactive tutorials, homework engines and assessments and tools to track grades and coursework progress.

Access codes are the "keys" used to unlock digital learning systems that include various quality content, tools and services.

eTextbooks are digital native products and are often fully-interactive.

How long do access codes typically provide access to the digital learning systems?

Access codes are available for both purchase and for rent. The length of the subscriptions to digital learning systems varies, depending on type of course, course length and type of learning materials. eTextbooks are often available under both a permanent and temporary license. Tests, quizzes, homework and calendar functions are typically available for the duration of a course.

Do digital learning systems cost more or less than print books?

Digital learning systems are substantially less expensive – often 30% to 60% lower than the cost of a traditional print textbook. Students cite the lower cost of digital materials as a top reason they prefer digital.

The transition to digital is one of the reasons that students are spending less on textbooks in recent years. For the 2016-2017 academic year, Student Monitor and Student Watch found that students spent $579 or less for college course materials. Spending on course materials has declined by around $100 over the past decade, when the average spend was between $672 and $701. In fact, students spent an average of just $66 for each course material in 2016-2017.

What are the benefits of a digital learning system?

Students experience many benefits when using digital learning systems, including earning better grades. One study surveying students who used digital materials versus students who did not found that those using the digital learning systems earned 15% more As and Bs than those who did not use a digital learning system.

These systems can also improve overall learning. Students are reporting better critical thinking skills, overall improved knowledge of course materials and the ability to go beyond memorization

and recall to higher levels of learning. Retention of students in the class also improved in course sections using digital learning systems over those who have not used them.

With digital learning, faculty are able to customize the students' learning experience based on their specific course and class needs. Instructors can assign homework and quizzes, collaborative work assignments or set up online office hours for assistance, and better engage students and improve their chances of course success.

Digital learning systems can be accessed on smartphones, tablets, and laptops.

College is pretty expensive. What if students still can't afford their materials and have to drop out?

The greatest financial burden falls on students who pay tuition and take out loans but fail to graduate and get a degree. Today, student loan balances in the U.S. exceed $1.4 trillion. The educational learning industry is working hard to address this by creating powerful digital course materials that make learning more efficient helping students graduate.

What happens if students choose to "opt-out" of using a digital course material, even if their professor assigns one?

The method for opting out will vary depending on the specific learning materials in question and the digital systems and curriculum policies for each institution. Typically, a student is not charged for digital course materials until after the drop/add period has ended.

Are digital learning systems the way of the future?

Digital learning systems and the codes used to access them are not new. Students and instructors have relied on these systems for many years given their affordability and their ability to integrate interactive course materials into the curriculum. Education companies have invested in research and product development for years to help improve learning outcomes for college students and decrease cost. Digital has proven to be an excellent solution.

Why Students Choose Digital Course Materials

Digital is a less expensive alternative to the traditional textbook. It uses personalized learning and interactive features to present content in more engaging and interactive ways.

Students appreciate that digital is environmentally friendly

Digital costs 60% less than traditional print materials

Digital can offer the most up-to-date scientific discoveries or other information

Students can buy materials along with tuition and have them before the start of class

Get one step closer to graduation

Materials allow students to track where improvement is needed

Students earn better grades as a result of personalized and interactive learning

Laptops are easier to carry than a heavy backpack full of books

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THE DIGITAL LEARNING REVOLUTION

HELPING STUDENTS, EMPOWERING FACULTY AND LOWERING COSTS

Higher education publishers and digital learning companies have dedicated themselves to helping college students earn their degrees with new and innovative personalized learning technologies that increase student performance and the effectiveness of faculty and lower costs.

WHAT ARE THEY?

Paper is static, digital is dynamic. Digital learning materials can be used on virtually any device including a laptop, tablet or smartphone, making it easy for students to adapt their education to their technology.

They can also be bundled with digital or hardcopy textbooks or paired with open educational resources. The possibilities for digital learning materials are vast and exciting.

HOW ARE THEY USED?

Digital learning materials use personalized learning technologies such as quizzes, tests and games that closely match the learning styles of today's smart phone, tablet and laptop-savvy students.

They use artificial intelligence to focus on those areas where the student is weakest by drilling students and highlighting text to emphasize areas where the students need special attention.

These technologies even send real time results to inform instructors on how individual students and whole classes perform. Digital learning materials provide the ability to adapt in-class instruction to fit the needs of students.

WHY ARE THEY IMPORTANT?

According to *The Chronicle of Higher Education*, today, an average 69 percent of students who enroll in a four-year institution will not graduate within four years.

Digital learning materials help educators in the fight to keep students in school and increase graduation rates.

Publishers are continuing to develop technologies to equip professors and students with the best possible materials to assure successful outcomes. Digital learning materials maximize student achievement save money and enhance engagement between students and faculty.

See flip-side for stats!

AAP } HIGHER EDUCATION

THE DIGITAL LEARNING REVOLUTION

HELPING STUDENTS, EMPOWERING FACULTY AND LOWERING COSTS

Publishers, policymakers, academics and administrators must work together to find the best technologies and adopt them in ways that both maximize student success and cost savings while enhancing the role and reach of faculty.

79%

Digital Learning Technologies Improve Student Outcomes

In a study where students were tested at the beginning and again at the end of the course, students who used both the textbook and digital learning platform experienced a **79%** improvement rate in their grades.

University Faculty Want to Use Digital Learning Technologies

According to a Book Industry Study Group report, about **20%** of all faculty currently use these new digital learning platforms and a vast majority are interested in learning to employ the technology in their classrooms.

20%

60%

Digital Learning Technologies Save Money

These learning platforms typically cost only a fraction of the price of a color, hardbound book. The money saved by shifting from print to digital platforms can be as much as **60%**.

35%

Colleges and Universities Save Money With Digital Learning Platforms

Use of digital learning platforms has been shown to reduce institutional costs up to **35%**. Institutions would also see an influx of revenue from students now able to afford tuition and other on-campus purchases.

WELCOME TO ASTRONOMY 101

the Earth

For more information on digital learning products, visit www.aapbacktocampus.org or contact astraub@publishers.org

See flip-side for more info!

Studies Show College Students Get Higher Grades and Learn Better with Digital Course Materials

Lower cost digital options from education publishers provide measurable improvements for students

Washington, DC; Sept 28, 2016 – Multiple studies from education publishers reveal that digital learning materials are improving student performance in college, resulting in higher exam scores, better grades, and fewer students dropping out of classes. Digital materials, which are available via access codes or software, are used with or instead of print textbooks and typically cost less than traditional materials. The materials can be rented or purchased online, in the campus bookstore or directly from the publisher - offering students options to match their budget and preference.

In addition to the full text of a printed textbook, many digital materials include features like adaptive quizzes, practice activities, animations and simulations, calendaring functions and gradebooks. With digital course materials, professors can customize lectures based on class progress, and materials can be quickly updated when new information is found or new discoveries are made. They provide immediate feedback on progress in class and offer guidance to students in the areas they are struggling with at any hour.

Improving Grades

Several studies indicate students using digital learning platforms are getting better grades than their peers using only a print textbook.

- A study surveying students using Pearson's digital learning platform for a two-semester Anatomy and Physiology course found that there was a 13 percentage point improvement in students earning an A, B or C for the first semester when using digital materials, compared to students who did not use a digital platform. For the second semester, that increase was 27 percentage points.
- A research collaboration between W. W. Norton and Dustin Tingley of the Learning Research Group at Harvard revealed that students using InQuizitive for an Intro to American Government class had an 8.4-point increase when they completed an InQuizitive activity prior to taking a summative quiz. This improvement increased by 13.1 points (more than a letter grade) for students using InQuizitive as part of their course.
- A McGraw-Hill Education study of nine instructors across 16 disciplines found that 15% more students earned A's and B's when using digital materials compared to students who did not use digital course materials.

Learning Improvements

Because the digital platforms are personalized to each student, they adapt to the individual's needs and focus on the areas that are most critical to that student's success. They offer practice questions and progress reports with immediate feedback that help students learn from their mistakes by testing where the student is and then providing learning aids to get them to where they need to be. Learning and practicing concepts using tutorials, quizzing modules and multimedia provides skills that help students prepare for graduation and future jobs.

- In addition to better grades (32% more A's), independent research confirms that students using Cengage's MindTap for a History course improved their critical thinking skills more than a comparable group of students that did not use the platform.
- Two-thirds of Economics students using MindTap felt the platform helped them go beyond memorization and recall to higher levels of learning.
- Macmillan Learning found that 78% of the students who used their LaunchPad digital platform during the Fall 2015 semester reported that it helped them improve their knowledge of the course material.
- Eighty-six percent of students using Macmillan Learning's adaptive quizzing tool, Learning Curve, for a Psychology course found that it helped them learn the key concepts and helped them more than studying on their own would have.

Students Stay in Class

According to the National Center for Education Statistics, only about 60% of students seeking a bachelor's degree at a four-year institution in Fall 2008 earned one. Digital learning solutions help address some reasons that students cite for dropping out – workload, preparation for class and lack of advising. The analytics incorporated in digital materials help instructors easily track performance and identify at-risk students and encourage them to continue with the class.

- A McGraw-Hill Education study on the effectiveness of their digital tools found that student retention increased from 70% to 90% in sections using a digital learning platform versus sections not using a digital platform.
- A professor teaching developmental math improved the rate of students passing her class from 56% to 88% using the personalized learning features in Pearson's MyMathLab.
- WileyPLUS with ORION resulted in better outcomes for students who were not fully engaged in the classroom. Instructors who cite this as a challenge saw an average of a half-grade point increase in student performance.

Increased Use of Digital Materials:

Recent studies from independent research firm Student Monitor have shown that an increasing number of students are using digital learning products, which typically cost half of the price of a printed textbook. Student Monitor reports that in Spring 2016, the share of students purchasing digital course materials for unlimited use increased 63% while the number of students renting a digital textbook increased 100%, compared to Spring 2015.

In addition to lower prices and improved grades, students also choose digital because it is more convenient than print books, more environmentally friendly and can often be purchased at the same time as tuition and fees.

Unsurprisingly, students who use digital materials tend to have more favorable opinions of them. When WileyPLUS was introduced to an introductory psychology course at the University of Cincinnati, students who used it found it beneficial – three out of four would opt to use the digital learning tool again in a future course.

"Education publishers and learning companies have heard college students loud and clear and are offering them more of what they want – more affordable materials without sacrificing high quality content," said David E. Anderson, Executive Director of Higher Education at the Association of American Publishers. "Publishers are able to do that, in large part, because of this transition to interactive and engaging digital materials. In addition to paying less, students are also getting better grades, passing more classes, and graduating on time."

Find out more about Digital Learning Materials.

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About AAP

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# Students Can Save Up to 70% On Course Materials Bought Through Inclusive Access

Yesterday: Students Buy Expensive Print Textbooks

Today: Students Download Affordable, Engaging Materials

With Inclusive Access, college students can save up to 70% on adaptable, engaging digital course materials that are available before the first day of class.
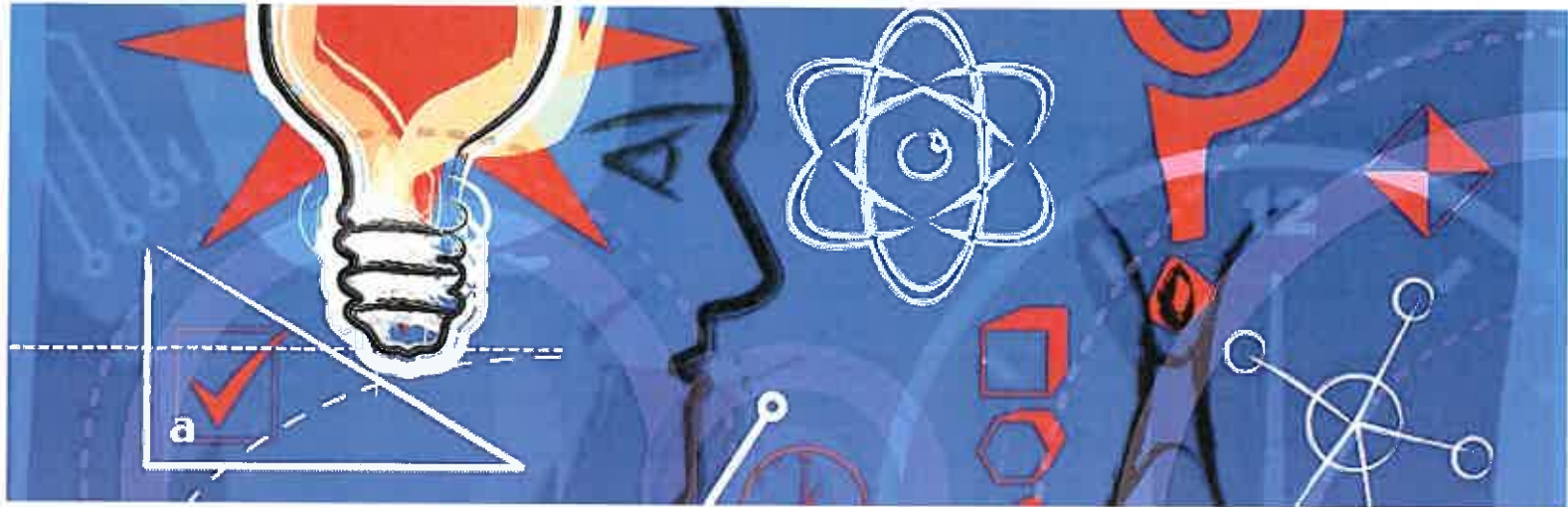
These programs give students an easy, affordable and secure way to get the materials they need for classroom success.

Course Material Spending

Market prices · Inclusive Access prices
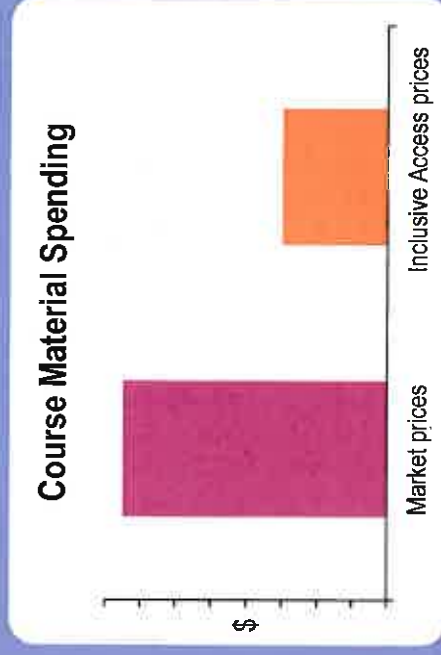
Inclusive Access Gives Students Affordable Access to Digital Course Materials, Resulting in Better Academic Outcomes and Student Engagement

Inclusive Access

Helping College Students Cut Costs and Achieve More with Course Materials

The Challenge: College Affordability

Today, student loan balances in the United States exceed $1.4 trillion, according to a report from the Federal Reserve Bank of New York. Always an important issue, college affordability has become an even more prominent concern. A hot topic with both federal and state policymakers, the media and of course students, the country is anxious for a solution to increasing college costs and student debt.

The Solution: Inclusive Access

Publishers have worked hard to help reduce the cost of college for students. Education companies are aligned with legislators and policymakers in the desire to make college more affordable. They also want to ensure students have course materials on the first day of class, allowing for a better chance of success.

Inclusive Access can help achieve that. By saving students money on course materials while helping improve grades, these programs offer an opportunity to solve the college affordability issue and help ensure students graduate on time with as little debt as possible. By partnering with colleges and universities, publishers help make it easier and cheaper to access digital materials.

These programs:

✓ Pass substantial savings on to students through volume discounts from publishers.

✓ Allow students to purchase materials when paying for tuition and fees and allow the use of scholarship, federal loan or grant money.

✓ Ensure students have materials on the first day of class. Educators agree that having materials on day one is important to student success.

✓ Offer voluntary participation and allow students to opt-out.

Inclusive Access gives students fast, affordable access to course materials.

Student Benefits

While every institution is different, many benefits to participating in Inclusive Access include:

✓ **Substantial Discounts:** Learning companies partner with colleges to negotiate discounts – sometimes up to 70% off the price of a print textbook – because they know the majority of students will purchase materials.

✓ **Better Grades:** Digital course materials are proven to improve student performance, resulting in higher exam scores, better grades and fewer students dropping out of school.

✓ **Day One Access:** Students get access to required course materials by the first day of class, an important contributor to student success. Timely access to materials improves GPAs and provides important feedback on student progress and learning behaviors.

✓ **Transition to Digital:** Students prefer digital because it is portable, easy to navigate and environmentally friendly. It also adapts to their learning styles and focuses on areas where they need help.

✓ **Convenience:** Students will be able to budget for the semester if they know up-front what they need to pay for. They no longer have to navigate through unexpected and unplanned expenses.

✓ **Authentic Materials:** Students are protected from exploitation, and they know their materials are authentic and not pirated. They are carefully curated, researched and reviewed, and are accessed through secure networks.

Success Models

✓ **Indiana University** helped 50,000 students across its eight campuses save on course materials in 2016 alone.

✓ **University of California Davis** has helped 17,000 students save more than $2.3 million since beginning its Inclusive Access program in 2014.

✓ **Rowan-Cabarrus Community College** in North Carolina has saved students an average of 32% since 2013 with its Inclusive Access program.

Today, an increasing number of students are simply going without content, many of which are at-risk students. While affordability is important, access to materials is just as vital to student success.

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Inclusive Access
Frequently Asked Questions

What is Inclusive Access?
Inclusive Access is a course material delivery model. The goal is to provide access and affordability by helping students obtain course materials on the first day of class at a discounted price. They are also commonly known as Digital Direct Access, First Day Access or Enterprise Solutions programs.

These programs can deliver accessible, interactive and personalized digital content in advance of class and are added to students' tuition and fees. Students can also use loans, grants or scholarships to pay for their materials when registering for class.

How is this more affordable than traditional print books?
Inclusive Access programs often provide students with materials that are $50-$80, or up to 70% lower than the price of a traditional new color hardcopy textbook.

The transition to digital is one of the reasons that students are spending less on textbooks in recent years. For the 2016-2017 academic year, Student Monitor and the National Association of College Stores found that students spent $579 or less for college course materials. Spending on course materials has declined by around $100 over the past decade, when the average spend was between $672 and $701. In fact, students spent an average of just $66 for each course material in 2016-2017.

Aside from the discounts, what are other benefits to students?
Students have guaranteed access to their required course materials by the first day of class, an important contributor to student success. Digital materials provide important feedback into student progress and learning behaviors. Digital platforms adapt to students' learning styles, better engage students, focus on areas where they need help and improve critical thinking skills. Faculty are able to customize the students' learning experience based on the specific course needs.

Students enjoy the convenience of paying for their course materials at the same time as their tuition and fees and have the ability to use scholarships, grants or loans. Students often prefer digital materials because they are portable, easy to navigate and can be accessed on smartphones, tablets and laptops.

If these programs add the cost of materials to tuition and fees, how does that keep the cost of college low?

When students have an opportunity to purchase materials that are up to 70% lower than the cost of print materials, the overall cost of college decreases. Digital learning systems improve learning and help students earn better grades. The greatest financial burden falls on students who pay tuition and take out loans, but ultimately fail to graduate.

If these materials are sold to students at a cheaper price, how do publishers make money?

Because publishers know that a majority of students will purchase their materials, they are able to work with colleges to negotiate for discounts based on large volume sales. This savings is passed on to the students resulting in substantial discounts compared to print textbooks.

How long do students typically have access to these digital learning systems?

The length of the subscriptions to digital learning systems varies, depending on type of course, course length and type of learning materials. These arrangements are made between the institution and the publisher.

Can students choose not to participate? What other options do they have for getting their assigned course materials?

Students can opt-out of the program and sometimes do so in order to shop around and find cheaper materials online. According to Vital Source/Verba, just 7% of students chose to opt-out of the program in the Spring 2017 semester*. However, many students who originally chose to opt-out ask to be re-admitted because they find that online prices are actually higher. The method for opting out may vary by institution.

Publishers and education companies understand that college is expensive so they offer additional money saving alternatives including e-textbooks, e-chapters, looseleaf editions and rentals.

How does this program ensure faculty academic freedom?

Publishers and education companies are strong proponents of academic freedom. Most colleges and universities have administrative processes for faculty to achieve consensus on high quality, affordable materials. Digital course materials can be modified to include OER or other educational resources and allow faculty an opportunity for innovation and creativity.

How can students be sure what they are buying is the real thing, and that their personal information is protected?

These programs protect students from being exploited. When institutions work directly with the publisher to arrange the purchase of materials, students know they are getting authentic course materials. Publishers work to ensure these materials operate properly and that they are carefully curated, researched and reviewed. Students can have peace of mind that the product they purchased is actually the product they receive. Digital course materials are also accessed through secure networks. Education companies work to ensure that student data is private and personal information is protected.

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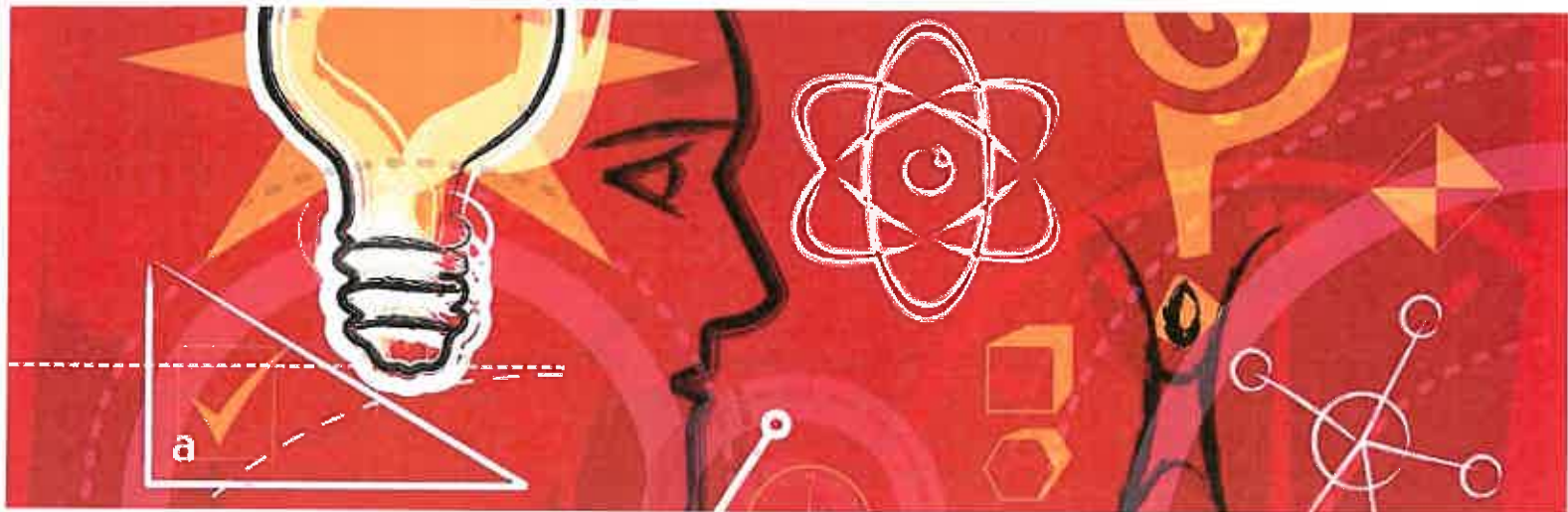
Inclusive Access
University Success Stories

Inclusive Access programs (or Digital Direct Access, First Day Access, Enterprise Solutions) provide access and affordability by helping students obtain course materials on the first day of class at a discounted price. These programs deliver accessible, interactive and personalized digital content. Publishers provide digital materials to all students enrolled in a course and students pay for materials when paying tuition and fees. Digital materials help improve student performance and often result in higher exam scores, better grades and fewer students dropping out of classes.

University of Cincinnati and University of Akron

Between just five courses at the University of Cincinnati and the University of Akron, more than 7,000 students can purchase course materials at an average of 64% lower than the price of a hardbound print textbook. Students studying everything from College Success, Law and Child Development to Psychology, Early Education and Calculus can save on course materials with Inclusive Access.

Students at nearly 10 universities in Ohio can currently purchase course materials through Inclusive Access. More than 15 schools are considering the program for Fall 2017.

University of California Davis

The University of California Davis piloted the Inclusive Access program in 2014 with two main goals: reducing the cost of course materials and improving educational outcomes for students. The award-winning program has helped more than 17,000 students save more than $2.3 million. According to the National Association of College Stores, the U.C. Davis program achieved student savings that ranged from a low of 26% to a high of 79% below the cost of hardcover print materials.

Indiana University

As a part of their strategic plan for IT, Indiana University began piloting their eText Initiative in 2009 in order to drive down costs of digital materials; give faculty access to high-quality materials; develop new tools for teaching and learning; and shape the terms to eTexts models. Just last year, the eight campuses of Indiana University distributed more than 100,000 eTexts to more than 50,000 unique students in 2,500 class sections.

Southern Illinois University Edwardsville

Since beginning its program in the Fall of 2014, faculty participation in the inclusive access program at Southern Illinois University Edwardsville has quadrupled – from 8 to 38. Students have materials on the first day of class and pay an average of 60% less than if they purchased materials using any other method. Materials are fully integrated into the university's learning management system, which allows for automatic grading and real-time analytics.

Rowan-Cabarrus Community College

Rowan-Cabarrus Community College in North Carolina started their Inclusive Access program in 2013. The college wanted to provide its students with affordable, integrated and instant access to course materials. The program reduced costs on average by 32%. Ninety percent of participating students surveyed said they were satisfied with the program.

University of Missouri

When the University of Missouri launched its AutoAccess program in 2014, it wanted to achieve lower prices for students and expand the selection of course materials. Since then, the university has helped students save $1.3 million on course materials compared to the price of new hardcover print materials. In 2015, Mizzou students spent an average of just $509 annually for their course materials.

INSIDE HIGHER ED

(https://www.insidehighered.com)

'Inclusive access' takes off as model for college textbook sales

Submitted by Lindsay McKenzie on November 7, 2017 - 3:00am

Major education publishers -- including Pearson, Cengage and McGraw-Hill Education -- report that the number of colleges offering "inclusive-access" programs has grown rapidly in recent years. Where previously students might have been assigned textbooks individually, now many institutions are signing up whole classes of students to automatically receive digital course materials at a discounted rate, rather than purchasing individually. The "inclusive" aspect of the model means that every student has the same materials on the first day of class, with the charge included as part of their tuition.

For publishers with struggling print businesses, the inclusive-access model is a lifeline. Tim Peyton, vice president of strategic partnerships at Pearson, said it was no secret that publishers like Pearson had made textbooks too expensive and had <u>seen sales drop</u> [1] as a result. "The print model is really a broken business model for us," he said, adding, "we're thinking about how to move away from print, and move towards digital."

Pearson's inclusive-access business is growing quickly, said Peyton. "Since the beginning of 2016, which is when we launched a repeatable and scalable model around inclusive access, we've signed agreements with over 200 institutions," he said.

Scott Virkler, chief product officer at McGraw-Hill Education, said that the publisher had also seen "significant growth" in inclusive access, with its customer base doubling in the last year. Lori Hales, senior vice president of institutional partnerships at Cengage, said that Cengage, too, has seen <u>rapid expansion</u> [2] in this space. The publisher currently works with more than 275 institutions and expects its revenue from inclusive access to double this fiscal year, said Hales.

The growth is not only due to new institutions trying inclusive access, but institutions that already offer inclusive access expanding it to more courses, said Hales. Typically, an institution will start with a pilot in one or two courses before scaling up, she explained. Hales said that at Cengage, which has been offering inclusive access for around four years, they are now starting to see some institutions going "all in" on the model, and more "seriously considering" the same.

A Win for Publishers, Discounts for Students

The inclusive-access explosion appears to have been precipitated by a 2015 Department of Education regulation [3], which enabled institutions to include books and supplies in their tuition or fees. Now instead of buying textbooks with credit cards or cash, students can be automatically charged for course materials by the institution when they enroll. To do this, institutions must give students the option to opt out, and they must have deals with publishers to ensure materials are "available to students below competitive market rates."

Publishers can offer discounts of up to around 70 percent with inclusive access because their customer share is increasing, explained Peyton. Publishers previously lost a lot of revenue from textbooks because many students bought secondhand, rented, pirated or just skipped buying textbooks altogether. Inclusive-access programs have changed that. Now whole classes are automatically signed up and charged when they enroll in a class, with a typical opt-out period of around two weeks. "In these models, the institution charges every student that enrolls -- that uptick in volume allows us to lower the price," said Peyton.

Publishers have moved quickly to diversify their inclusive-access offerings in the past few years. All offer digital versions of textbooks, which are often integrated into learning management systems through partner companies such as Redshelf [4] or VitalSource [5]. In addition, many publishers are also building new digital course materials from scratch and using their own proprietary platforms to distribute them. With enhanced features, however, come enhanced prices. While these materials are still cheaper than the retail price of equivalent print textbooks, the savings are much less impressive than for typical etextbooks.

The Lure for Institutions

Inclusive access is a simple way for institutions to bring down the cost of college attendance, said Anastacia Morrone, professor of educational philosophy and dean of information technology at Indiana University-Purdue University at Indianapolis. She said that her institution, which has inclusive-access agreements with more than 25 publishers, had saved students more than $2 million this semester alone. Morrone said this figure was calculated by taking the retail price of a textbook, subtracting the cost that students paid for the equivalent etextbook and then dividing the cost saving in half to account for the fact that many students would not have bought the book new.

Many other institutions with established inclusive-access programs, such as the University of California, Davis [6], also say that they have saved students millions of dollars, offering average savings of 50 to 70 percent off print retail price of equivalent materials.

For faculty members, a key selling point of the inclusive-access model is that students have all the materials they need ready on the first day of class. Robin Anderson, a lecturer in child and family studies at the University of Tennessee at Knoxville, said she was a fan of the inclusive-access model and used it in all her classes. She took part in a pilot two years ago and said that it wasn't difficult to adjust for her or her students. Students like the convenience of the system, said Anderson, and all have access to the most up-to-date

content, instead of some students having different editions of the same textbook.

A key difference between inclusive access and buying print textbooks is that students effectively lease the content for the duration of their course, rather than owning the material. If students want to download the content to access it beyond the duration of their course, there is often an additional fee. This model also means that students typically only have access to the material where there is Wi-Fi access, which can occasionally cause problems, such as students not being able to complete assigned in-course assessments or reading. Anderson said that problems like this were rare, though.

The Role of Campus Stores

Campus stores are often the ones driving inclusive-access initiatives, as they receive a cut of the sales. While the profit margins are smaller than for print, inclusive access means that the stores receive revenue from a larger number of customers. Donovan Garcia, course materials manager at the University of Mary Washington, said that lower margins were also mitigated by lower overheads. "We're not purchasing books, we're not paying shipping, we're not having to put any time or effort into returning unused books or paying restocking fees," said Garcia.

Garcia said that he felt inclusive access was a good deal for students. The institution works primarily with Pearson as its inclusive-access provider, as "they have the titles that we thought would work for us," said Garcia. Typical discounts are 60 percent off print price, he said. The inclusive-access materials for one psychology course cost $86, versus $245 for the bundled print package sold previously. Garcia said that currently five courses are offering inclusive access, but the institution is looking to expand and is inviting interested faculty to discuss whether the option would work for them.

Shirley Streeter, assistant director of the University of Tennessee at Knoxville's campus store, Volshop, said typical savings at her institution were around 40-45 percent across 105 courses. Knoxville does not yet have any statistics on whether inclusive access has improved student learning outcomes, but Streeter said anecdotally that faculty members felt that students having materials on the first day of class helped them to progress faster. She added that in-house surveys indicated that students like the program, and that almost all instructors who piloted inclusive access decided to stick with it.

A spokesperson for the National Association of College Stores said that stores are often best placed in the institution to lead inclusive-access programs because they have established relationships with faculty, publishers and students. The association shared the results of a soon-to-be-published survey of independent college stores, which found that 23 percent of these stores had inclusive-access programs in place for the 2017-18 academic year, and another 32 percent said they were considering it.

Mike Hale, the vice president of education in North America for VitalSource, and Tim Haitaian, the CFO and co-founder of Redshelf, both said that they had seen many more college stores introducing inclusive access in recent years, both noting, however, that they had seen greater growth at independent -- rather than leased -- college stores. Patrick

Maloney, president of Barnes and Noble College, said that many leased stores were offering inclusive access through Barnes and Noble College's program First Day. He said that the number of campuses using First Day had doubled since last year, but did not indicate how many campuses this represents.

Inclusive or Exclusive?

Though inclusive access is becoming popular, there are some who criticize the model. Nicole Allen, director of open education for the Scholarly Publishing and Academic Resources Coalition, said that she feels the term "inclusive access" is a misnomer. "It's the opposite of inclusive, because it is premised on publishers controlling when, where and for how long students have access to their materials, and denying access unless they pay for it," she said.

Though inclusive access ostensibly solves a crisis created by too-expensive textbooks, Allen said the model replicates many of the same structures that led to high prices in the first place, with little real price competition between vendors. She also questioned whether the savings presented by publishers were genuine, since few students buy books new, and those who do often resell them.

An alternative to inclusive access is open educational resources, which Allen's organization, SPARC, supports. OER has also seen a "tremendous increase" in popularity over the last few years, said Allen. Unlike inclusive access options, OER is completely free. OER texts can also be downloaded, edited and adapted by instructors in the way that best suits their teaching approach, as there are no copyright restrictions on the materials.

Unrestricted Choices

Rajiv Jhangiani, university teaching fellow at Kwantlen Polytechnic University in British Columbia and open education adviser at BCcampus [7], an OER initiative in Canada, said that he had concerns that inclusive access limits students' choice. He said that many students still prefer using print over digital materials when they are offered at the same price. With OER content, institutions are free to adapt and share content without the need to obtain permissions, and print copies can be made cheaply and without restriction, said Jhangiani. In one of Jhangiani's psychology courses, for example, students can have a professionally bound 400-page copy of their OER course materials made for just $13, while the rest of the online content is free. An equivalent print textbook might cost $150, said Jhangiani.

Academic freedom for faculty using inclusive access is also a concern for Jhangiani. "Limiting faculty to one particular publisher or conglomerate of publishers is certainly an issue," he said.

Joe Wert, professor of political science and Faculty Senate president at Indiana University Southeast, disagreed, however, that academic freedom was a big issue in inclusive access. "I don't think it's the case that some faculty are feeling pressured to adopt these materials," he said. "At least, I haven't heard any complaints or concerns from faculty

along those lines."

With OER, Jhangiani said, faculty have complete autonomy over their course materials, as everything can be customized. The quality of OER is also improving, he said. "If you look for OER that is low in quality, you will find it, because anyone can produce OER. But just like with commercial resources, many OER resources have strict criteria for what goes into their repositories," he said.

"Ultimately, it is up to faculty what kind of content is used in their courses," said Allen, of SPARC. "I do think it is likely that traditionally published content will continue to be used at colleges and universities, although whether or not it is through inclusive access remains to be seen. Textbook publishers have been through many iterations of models for proprietary digital content -- it is hard to know how long any one will last."

Publishing Industry [8]

Source URL: https://www.insidehighered.com/news/2017/11/07/inclusive-access-takes-model-college-textbook-sales?width=775&height=500&iframe=true

Links:
[1] http://www.reuters.com/article/us-pearson-outlook/pearson-plunges-as-digital-switch-forces-new-profit-warning-idUSKBN1521KA
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[7] https://bccampus.ca/about-us/
[8] https://www.insidehighered.com/news/news-sections/publishing-industry

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INSIDE HIGHER ED

As Indiana U's eTexts initiative grows, a textbook model emerges

Submitted by Carl Straumsheim on September 16, 2016 - 3:00am

Indiana University's eText initiative [1] is rapidly becoming the go-to way for students there to buy textbooks and other course materials.

The initiative, which began as a pilot in 2009, has a simple goal: ensure all students have access to textbooks. To do so, IU has developed a model that it says balances benefits and compromises for all partners involved -- faculty members, publishers, students and the university.

"We don't ask students to bring their own desk and chair to the classroom," Bradley C. Wheeler, vice president for information technology, said in an interview. "Why do we ask them to waste their own time running around, playing games trying to find the book they need, when we can simplify the process electronically and have the university buy it wholesale?"

Essentially, the eTexts initiative treats textbook acquisition as software licensing. In course sections where faculty members opt in to the program, the university is able to negotiate discounted prices by promising publishers that virtually every student in the section will buy the textbook. The course materials are then delivered through an ereading platform controlled by IU, giving the university control over the data collected about how students interact with their textbooks. Students themselves are notified if a course section they wish to enroll in uses an eText, telling them up front how much they will be charged.

The program has over the last 12 months seen a surge in popularity [2]. Last academic year, more than 40,000 students -- about one-third of the university's total enrollment -- got at least one textbook through the program. This fall alone, more than 27,000 students did the same, suggesting another record-setting year ahead. Now the growth has experts wondering if IU has developed a model the higher education textbook industry has been searching for.

Wheeler said a combination of factors is behind the growth, including the maturation of the smartphone and tablet markets, as well as a growing sense that faculty members and students are more comfortable with digital course materials today than they were a few

years ago.

The persistence of the used and rental book market also plays a major role, Wheeler said. While it serves as a convenient and affordable option for students, it represents a tantalizing missed revenue opportunity to publishers.

The life cycle of a traditional textbook goes something like this: student A pays up to several hundred dollars for a brand-new textbook. At the end of the semester, the student may decide to sell the book back to the bookstore, receiving slightly less than list price in return. The book then enters the used-book market, where a new student is able to purchase it for considerably less than the first student. That cycle of depreciation repeats until the publisher releases a new edition, after which the cycle restarts.

Publishers, of course, only make money on the first sale, and as a result they have made several attempts to cut into the used and rental book markets -- for example, pushing for more faculty members to use digital course materials [3], exploring direct-to-student marketing and sales [4], and charging students who buy used books to access homework questions.

None of those strategies have addressed the "fundamental problem" of making course materials affordable and accessible to a greater number of students, Wheeler said

"We've just had such a distortion in how people who consume pay the people who produce," Wheeler said. "If every user pays a little bit, you do away with piracy, you do away with … whether a student can afford to buy a book or not. It brings a whole new level of rationality of acquiring course materials."

Other universities have signed similar agreements [5] with a single publisher, such as the California State University System's 2012 deal with Cengage Learning. IU has expanded its program to about two dozen publishers, including the five largest -- Cengage, John Wiley & Sons, Macmillan Publishers, McGraw-Hill Education and Pearson -- but also smaller ones, such as its own university press. The publishers aren't disclosing how much of a discount they give, but students pay substantially less than they would for a traditional print book.

Joseph J. Esposito, a management consultant in the publishing industry, said the initiative is a "major development" in the textbook market that, if copied by other large universities, could shift the balance of power in textbook sales away from resellers and back toward publishers. He described it as a "brilliant move" -- and not just for the university or its students.

"Meanwhile, behind closed doors, they're uncorking the bottles of champagne in the publishers' offices, because they're making more money on this deal than they would have otherwise," Esposito said.

Picture a class of 30 students. About a dozen of them -- if publishers are lucky -- will buy the newest version of the textbook assigned by their instructor. Among the remaining

students, maybe 10 rent or buy the book used, a handful get their hands on pirated copies, and some can't afford or simply don't buy it.

With the eTexts initiative, publishers are guaranteed that virtually every student in a class buys the textbook -- an almost unheard-of 100 percent sell-through rate. None of those digital course materials end up in the used book market. And since the textbooks are delivered digitally, the publishers are able to cut down on manufacturing and shipping costs, as well as the markup college bookstores collect, Esposito said.

College bookstores aren't expressing any concern about the eTexts initiative and similar programs, however. On the contrary, the National Association of College Stores in a statement said it "applauds efforts to make course materials and education more affordable for students." NACS pointed to institutions such as the University of California Davis [6], which works with outside vendors to offer students a choice of where they buy their course materials.

"The campus store is well positioned to play an important role in these programs," the organization said in the statement. "The store has relationships with students, faculty, other campus services and content providers that are key when creating and implementing a digital course materials initiative."

While faculty members at IU opt in to using eTexts in their courses, the growing popularity of the program means it is becoming increasingly opt out for students. Many IU students today have a choice between sections using eTexts and those that don't, but if more faculty members continue to opt in, that may no longer be the case in the future. IU offers an electronic opt-out form for students who want to purchase their own course materials regardless of which sections they enroll in (although "practically no one" has used it, Wheeler said).

A 2015 case study [7] that looked at student participation levels and motivation suggested students prefer eTexts to print textbooks -- as long as their instructors actively used the course materials in the class. In those classes, a slight majority of students said they read and learned more.

IU's model also raises questions of ownership. Students who pays the fee to access the eText assigned in a course lose access once they are no longer enrolled at the university. That is a much longer window than what many rental programs offer, but still temporary.

But the "notion of physical ownership" is tied to print books, Wheeler said. Students "expect more" from digital course materials -- features like collaboration and searchable highlights and notes, he said.

For print lovers, IU's agreements with publishers allow students to print as many pages as they want. And for an additional fee, students can order a print copy on top of digital access -- which is still less expensive than opting out and buying a new print copy at list price, Wheeler said.

"I think we've struck the right kind of balance with eTexts," Wheeler said.

Links:
[1] https://uits.iu.edu/etexts
[2] https://itnews.iu.edu/articles/2016/iu-etexts-initiative-rapidly-growing,-surpasses-10-million.php
[3] https://www.insidehighered.com/news/2016/03/30/publishers-report-digital-sales-overtaking-print-sales
[4] https://www.insidehighered.com/news/2015/09/09/textbook-publishers-explore-direct-student-marketing-and-sales
[5] https://www.insidehighered.com/quicktakes/2012/02/23/cal-state-announces-deal-e-textbooks
[6] https://www.insidehighered.com/news/2014/08/14/amazon-expands-campus-program-purdue-u-partnership
[7] http://er.educause.edu/articles/2015/2/instructor-engagement-with-etexts

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Proposed Guidelines and Procedures on Establishing Inclusive Access Programs
Pursuant to 34 CFR 668.164(c)(2)

Background

On October 30, 2015, the U.S. Department of Education issued regulations allowing institutions of higher learning to charge students for books and supplies as part of tuition and fees. In its regulation, the Department allows institutions to charge students for books and supplies as part of tuition and fees in three different situations: The first instance is where the institution has an arrangement with "a book publisher or other entity" that makes books or supplies available "below competitive market rates," provides a way for students to obtain books and supplies by the seventh day of the payment period, and provides students the ability to opt out of the program. The second situation is where books and supplies, "including digital or electronic course materials," are not available elsewhere or cannot be obtained "from sources other than those provided or authorized by the institution." The third situation is where the institution demonstrates that there is a compelling health or safety reason.

Many institutions of higher learning are working with publishers to develop new models beneficial to their students for purchasing digital textbooks and digital learning systems. Typically, digital textbooks are interactive electronic course materials that integrate reading tools and may include additional media such as video, animations, and tutorials into the reading experience and that may be accessed online or downloaded onto a mobile device. Digital learning systems typically are a program or an application that provides a technical platform for learning, assessment, and analytics to support an interactive electronic textbook and additional media.

These new models are known often as inclusive access, digital access or digital direct access programs.

Under an inclusive access program, learning materials are purchased as part of tuition and fees. The program should contain the following benefits for students and institutions of higher learning:

- Students are able to use Title IV funds to pay for books and supplies;

- Students are ensured to have all the required learning materials in their possession on the first day of class;

- Students are able to purchase digital learning materials at below market rates;

- Students have the ability to opt out of the program.

Department heads often work with faculty to develop a consensus list of digital learning materials that are appropriate for their students, taking into account the quality of the materials, the extent to which they match the requirements of the curriculum and the extent to which the materials enhance student learning. The list may contain alternative selections. The department head or his or her designee may then negotiate with the publishers of the alternative selections to receive the most competitive price under the inclusive access program.

Establishing Inclusive Access Programs Pursuant to 34 CFR 668.164(c)(2)
Guidelines and Procedures

A. Definitions

    1. "Competitive market rate" means the list retail price for a digital textbook or digital learning system.

    2. "Digital learning materials" means digital textbooks, digital learning systems and other digital materials used as part of the curriculum.

B. Guidelines and Procedures

    1. Institutions shall establish inclusive access programs where appropriate to meet the needs of students.

    2. Such programs shall contain the following elements:

        a. Students will pay for digital learning materials at the same time and in the same manner as they pay tuition and fees;

        b. Students may use Title IV funds to pay for digital learning materials;

        c. Students will have their digital learning materials before the first day of classes;

        d. The price for digital learning materials offered through a inclusive access program will be below competitive market rates;

        e. The program should be structured to maximize student savings; and,

        f. Students will have the ability to opt out of the programs as set forth in 34 CFR 668.164(c)(2).

    3. At least once a year, academic department heads will meet with departmental faculty to select, where appropriate, a list of digital learning materials, including alternative digital materials, to be adopted and assigned to students. The selection will be based upon the quality of the materials, the extent to which the materials match curriculum requirements and the extent to which the materials enhance student learning.

**Potential Legislation Promoting the Implementation of Inclusive Access Programs
Pursuant to 34 CFR 668.164(c)(2)**

> The department of higher education may establish suggested guidelines and
> protocols in accordance with 34 CFR 668.164(c)(2) to encourage and assist
> colleges and universities with the implementation of programs which reduce the
> cost of textbooks and other educational materials.

The citation the Code of Federal Regulations contained in the proposed legislative
language refers to a regulation issued by the U.S. Department of Education on October
30, 2015 allowing institutions to charge students for books and supplies as part of tuition
and fees. In its regulation, the Department allows institutions to charge students for
books and supplies as part of tuition and fees in three different situations: The first
instance is where the institution has an arrangement with "a book publisher or other
entity" that makes books or supplies available "below competitive market rates,"
provides a way for students to obtain books and supplies by the seventh day of the
payment period, and provides students the ability to opt out of the program. The second
situation is where books and supplies, "including digital or electronic course materials,"
are not available elsewhere or cannot be obtained "from sources other than those
provided or authorized by the institution." The third situation is where the institution
demonstrates that there is a compelling health or safety reason.

[U.S. Department of Education Regulation – set out for the reviewer's convenience, not as part of draft guidelines and procedures

(2) An institution may include the costs of books and supplies as part of tuition and fees under paragraph (c)(1)(i) of this section if —

(i) The institution—

(A) Has an arrangement with a book publisher or other entity that enables it to make those books or supplies available to students below competitive market rates;

(B) Provides a way for a student to obtain those books and supplies by the seventh day of a payment period; and

(C) Has a policy under which the student may opt out of the way the institution provides for the student to obtain books and supplies under this paragraph (c)(2). A student who opts out under this paragraph (c)(2) is considered to also opt out under paragraph (m)(3) of this section;

(ii) The institution documents on a current basis that the books or supplies, including digital or electronic course materials, are not available elsewhere or accessible by students enrolled in that program from sources other than those provided or authorized by the institution; or

(iii) The institution demonstrates there is a compelling health or safety reason.]