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Joint Hearing
House Consumer Affairs Committee & House Education Committee
Re. HB 1286 and the Topic of College Textbooks

Remarks by
Bruce Hildebrand
Executive Director for Higher Education
Association of American Publishers
Washington, D.C.
April 14, 2010

Chairman Preston, Chairman Roebuck and Members of the Committees. Thank you for the opportunity to speak with you today.

My remarks will be brief. To begin, I would like to comment on two aspects of HB 1286 and then follow with some perspectives on the active role of publishers in the educational and cost cutting process, and the dramatic changes in textbooks and other course materials.

We have identified two provisions in HB 1286 that concern us. These provisions, we believe, a) reflect a misunderstanding of the course materials adoption process, b) cannot be met and c) would increase the cost of supplemental materials if they could be imposed. Very similar legislation proposed in California in 2009 was withdrawn after the business and legal complications with the bill were explained.

The first of these provisions would require publishers to "make supplemental material available to the campus bookstore…at or below the price [quoted] to faculty…for at least six months" and to "notify such faculty member or entity in charge of selecting course materials…at least 45 days in advance of any increase in such price…"

Publishers have no way to meet this requirement. Adoptions are not made in a single, simple manner. Some potential adopters or faculty discuss their choices in person with publishers' marketing representatives. Others speak with publishers at conferences, book fairs or by email. Many do their own research online, reviewing publishers' websites that provide price, content, design and other option information about publishers' offerings. Some faculty get information from their peers or from brochures and other marketing materials.

Any and all of these adopters or faculty may inform the bookstore of their selection without ever contacting publishers. Only bookstores and other book retailers – not publishers – actually know the names of the faculty and other adopters who place orders for textbooks and supplemental course materials. This kind of information is not generally shared with publishers. How, then, would it be possible to notify each adopter of a price change in 45 days or any other time frame?

The incredible size and scope of this requirement is difficult to quantify. There are more than 8,000 publishers providing more than 300,000 core textbook titles with numerous print options and tens of thousands of print and digital supplements. Plus, there are hundreds of other companies developing course materials and technologies.

Another factor is the requirement that a price, once quoted to a faculty member, cannot increase for six months. This requirement would, in effect, mean that the price of the textbook could never increase because within that six-month time period there will be other faculty members receiving that same quote, either in person or online, thereby starting the six month clock anew. While at first glance this requirement might seem as though it would decrease cost, it would, in practice, increase the initial cost because the companies would know that it could never increase the price again.

Market forces are another consideration. They are not static. Prices can go up – or down – due to the ebb and flow of inflation and changes in the price of basic inputs such as paper, ink, energy, shipping, technology and labor, or basic economic forces such as supply and demand.

Our second concern is the requirement that publishers make any supplemental materials accompanying an *integrated* textbook available "as separate and unbundled items."

This may simply be a technical error, a typo, if you will, because in Section 3, Definitions (page 3, lines 11-14), the bill carefully excludes the materials in integrated textbooks because they are "so interrelated" that separating them would "render the textbook unusable for its intended purpose."

It is worth noting that removing the exemption for *integrated* textbooks could force publishers to sell textbooks that would not work as intended, angering students and adding to their cost for course materials.

I would also like to point out at this time that the language in this bill, with the two exceptions I've mentioned, is almost exactly the same as The Textbook Information provisions (attached) of the Higher Education Opportunity Act that will go in effect on July 1, 2010, less than three months from today. The federal textbook bill is much more comprehensive than HB 1286.

May I suggest that you consider following the same course chosen by the Minnesota legislature just last week when deliberating a piece of textbook legislation. In that instance, Senator Charles Wiger, Deputy Chair of the Senate Education Committee, chose to "put aside" "a separate state disclosure approach and to monitor the operation of the new federal textbook disclosure law."

New legislation, Senator Wiger noted, "could interfere with the smooth operation of the federal disclosure mechanism and have the unintended consequence of introducing confusion into disclosure requirements in Minnesota."

Now, moving beyond the specifics of the bill, I would like to add perspective by noting that the price of textbooks, and their value to students, is an old issue. I have an article here from 1939.addressing student anger when the price of some textbooks reached $3.00. I also have with me a copy of my college newspaper from 1972. The lead story deals with the price of textbooks and calls for a textbook rental program and a textbook exchange program for students,

While the issue of textbooks costs is not new, the good news is that publishers are providing more textbook and course materials options than ever before and – let me emphasize – student expenditures for their textbooks have either been flat or declining for the last two years.

This decline in spending is, in part, the direct result of the new, lower cost course materials publishers are producing, including black-and-white editions, abbreviated editions, no-frills editions, three-hold binder editions, digital e-books rented online at a discount of 50%, e-books sold online by the chapter, custom editions and textbook rental programs. Students' bargain shopping on the internet is also contributing to reduced spending.

While student spending is important, it is certainly no more important than student success in the classroom. I'm sure you know the statistics. Only 52% of entering freshmen graduate in six years. The remediation rate for freshmen entering community colleges averages more than 50 percent and often exceeds 70 percent. Students today are more diverse than ever and they learn differently than in the past.

The Association of American Publishers and its members are responding to these challenges with more than just lower cost course materials. They have also developed teaching and learning technologies that are increasing pass rates by as much as 50 percent. When you realize that 80 percent off students who fail their introductory math courses never graduate then you know just how critical is that instructors and students

have the tools and technologies that will enable them to pass their courses, stay in school and graduate. Failure to graduate is a huge loss for students, taxpayers and society as a whole.

AAP has created a program called *Cost Effective Solutions for Student Success* to help accomplish three critical goals shared by the Members of these Committees and every person in this room. These goals are:

- Reducing student spending on course materials;
- Improving students' success rates; and
- Reducing colleges' cost-per-pupil for instruction.

AAP staff and a team of technical, educational and business experts are literally crisscrossing the nation, meeting with policymakers and educators to develop new, cost-saving models to offset funding cutbacks and demonstrate ways to use technology to better fulfill students' and instructors' needs.

Ladies and gentlemen the subject of this hearing is textbooks. The reality is that printed textbooks are an important part – but only a part – of a rapidly changing system that is being driven by technology.

Change is here. The question is how we can best harness this change to better meet the needs of students, instructors, policymakers and taxpayers.

Thank you. I will be happy to respond to your questions.

Higher Education Opportunity Act (2008)

`SEC. 133. TEXTBOOK INFORMATION.
`(a) Purpose and Intent- The purpose of this section is to ensure that students have access to affordable course materials by decreasing costs to students and enhancing transparency and disclosure with respect to the selection, purchase, sale, and use of course materials. It is the intent of this section to encourage all of the involved parties, including faculty, students, administrators, institutions of higher education, bookstores, distributors, and publishers, to work together to identify ways to decrease the cost of college textbooks and supplemental materials for students while supporting the academic freedom of faculty members to select high quality course materials for students.
`(b) Definitions- In this section:
`(1) BUNDLE- The term `bundle' means one or more college textbooks or other supplemental materials that may be packaged together to be sold as course materials for one price.
`(2) COLLEGE TEXTBOOK- The term `college textbook' means a textbook or a set of textbooks, used for, or in conjunction with, a course in postsecondary education at an institution of higher education.
`(3) COURSE SCHEDULE- The term `course schedule' means a listing of the courses or classes offered by an institution of higher education for an academic period, as defined by the institution.
`(4) CUSTOM TEXTBOOK- The term `custom textbook'--
`(A) means a college textbook that is compiled by a publisher at the direction of a faculty member or other person or adopting entity in charge of selecting course materials at an institution of higher education; and
`(B) may include, alone or in combination, items such as selections from original instructor materials, previously copyrighted publisher materials, copyrighted third-party works, and elements unique to a specific institution, such as commemorative editions.
`(5) INSTITUTION OF HIGHER EDUCATION- The term `institution of higher education' has the meaning given the term in section 102.
`(6) INTEGRATED TEXTBOOK- The term `integrated textbook' means a college textbook that is--
`(A) combined with materials developed by a third party and that, by third-party contractual agreement, may not be offered by publishers separately from the college textbook with which the materials are combined; or
`(B) combined with other materials that are so interrelated with the content of the college textbook that the separation of the college textbook from the other materials would render the college textbook unusable for its intended purpose.
`(7) PUBLISHER- The term `publisher' means a publisher of college textbooks or supplemental materials involved in or affecting interstate commerce.
`(8) SUBSTANTIAL CONTENT- The term `substantial content' means parts of a college textbook such as new chapters, new material covering additional eras of time, new themes, or new subject matter.
`(9) SUPPLEMENTAL MATERIAL- The term `supplemental material' means educational material developed to accompany a college textbook that--

`(A) may include printed materials, computer disks, website access, and electronically distributed materials; and
`(B) is not being used as a component of an integrated textbook.
`(c) Publisher Requirements-
`(1) COLLEGE TEXTBOOK PRICING INFORMATION- When a publisher provides a faculty member or other person or adopting entity in charge of selecting course materials at an institution of higher education receiving Federal financial assistance with information regarding a college textbook or supplemental material, the publisher shall include, with any such information and in writing (which may include electronic communications), the following:
`(A) The price at which the publisher would make the college textbook or supplemental material available to the bookstore on the campus of, or otherwise associated with, such institution of higher education and, if available, the price at which the publisher makes the college textbook or supplemental material available to the public.
`(B) The copyright dates of the three previous editions of such college textbook, if any.
`(C) A description of the substantial content revisions made between the current edition of the college textbook or supplemental material and the previous edition, if any.
`(D)(i) Whether the college textbook or supplemental material is available in any other format, including paperback and unbound; and
`(ii) for each other format of the college textbook or supplemental material, the price at which the publisher would make the college textbook or supplemental material in the other format available to the bookstore on the campus of, or otherwise associated with, such institution of higher education and, if available, the price at which the publisher makes such other format of the college textbook or supplemental material available to the public.
`(2) UNBUNDLING OF COLLEGE TEXTBOOKS FROM SUPPLEMENTAL MATERIALS- A publisher that sells a college textbook and any supplemental material accompanying such college textbook as a single bundle shall also make available the college textbook and each supplemental material as separate and unbundled items, each separately priced.
`(3) CUSTOM TEXTBOOKS- To the maximum extent practicable, a publisher shall provide the information required under this subsection with respect to the development and provision of custom textbooks.
`(d) Provision of ISBN College Textbook Information in Course Schedules- To the maximum extent practicable, each institution of higher education receiving Federal financial assistance shall--
`(1) disclose, on the institution's Internet course schedule and in a manner of the institution's choosing, the International Standard Book Number and retail price information of required and recommended college textbooks and supplemental materials for each course listed in the institution's course schedule used for preregistration and registration purposes, except that--
`(A) if the International Standard Book Number is not available for such college textbook or supplemental material, then the institution shall include in the Internet course schedule the author, title, publisher, and copyright date for such college textbook or supplemental material; and

`(B) if the institution determines that the disclosure of the information described in this subsection is not practicable for a college textbook or supplemental material, then the institution shall so indicate by placing the designation `To Be Determined' in lieu of the information required under this subsection; and
`(2) if applicable, include on the institution's written course schedule a notice that textbook information is available on the institution's Internet course schedule, and the Internet address for such schedule.
`(e) Availability of Information for College Bookstores- An institution of higher education receiving Federal financial assistance shall make available to a college bookstore that is operated by, or in a contractual relationship or otherwise affiliated with, the institution, as soon as is practicable upon the request of such college bookstore, the most accurate information available regarding--
`(1) the institution's course schedule for the subsequent academic period; and
`(2) for each course or class offered by the institution for the subsequent academic period--
`(A) the information required by subsection (d)(1) for each college textbook or supplemental material required or recommended for such course or class;
`(B) the number of students enrolled in such course or class; and
`(C) the maximum student enrollment for such course or class.
`(f) Additional Information- An institution disclosing the information required by subsection (d)(1) is encouraged to disseminate to students information regarding--
`(1) available institutional programs for renting textbooks or for purchasing used textbooks;
`(2) available institutional guaranteed textbook buy-back programs;
`(3) available institutional alternative content delivery programs; or
`(4) other available institutional cost-saving strategies.
`(g) GAO Report- Not later than July 1, 2013, the Comptroller General of the United States shall report to the authorizing committees on the implementation of this section by institutions of higher education, college bookstores, and publishers. The report shall particularly examine--
`(1) the availability of college textbook information on course schedules;
`(2) the provision of pricing information to faculty of institutions of higher education by publishers;
`(3) the use of bundled and unbundled material in the college textbook marketplace, including the adoption of unbundled materials by faculty and the use of integrated textbooks by publishers; and
`(4) the implementation of this section by institutions of higher education, including the costs and benefits to such institutions and to students.
`(h) Rule of Construction- Nothing in this section shall be construed to supercede the institutional autonomy or academic freedom of instructors involved in the selection of college textbooks, supplemental materials, and other classroom materials.
`(i) No Regulatory Authority- The Secretary shall not promulgate regulations with respect to this section.'.
(b) Effective Date- The amendment made by subsection (a) shall take effect on July 1, 2010.

The **National Center** for **Academic Transformation**

Experts in improving learning and reducing cost in higher education.

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Welcome to the National Center for Academic Transformation.

NCAT is an independent non-profit organization dedicated to the effective use of information technology to improve student learning outcomes and reduce the cost of higher education. NCAT provides expertise and support to institutions and organizations seeking proven methods for providing more students with the education they need to prosper in today's economy. Learn more...

What's New:

- **Changing the Equation:** a program to engage the nation's community colleges in a successful redesign of their remedial/developmental math sequences supported by the Bill & Melinda Gates Foundation.

NCAT Programs:

- **State and System Course Redesign:** a program for states and higher education systems that want to produce large-scale quality improvements and cost savings, including links to current statewide course redesign efforts.
- **The Redesign Alliance:** a national member organization of institutions, companies and organizations whose mission is to advance the concept of course redesign throughout higher education to increase student success and access while containing or reducing instructional costs.
  - **The Redesign Alliance Fourth Annual Conference:** Agenda and presentation slides from the 2010 Conference held March 28 - 30 in Orlando, Florida.
- **Colleagues Committed to Redesign (C^2R):** a three-year program to engage 60 new institutions in large-scale course redesign supported by the Fund for the Improvement of Post-Secondary Education (FIPSE.)

NCAT Resources:

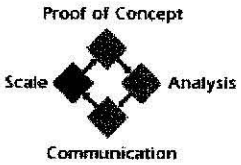
- **New to Course Redesign?** a list of recommended reading to get you started.
- **Course Redesigns:** descriptions of more than 100 large-scale course redesigns sorted by discipline, by model and by degree of success.
- **Course Redesign Planning Resources:** techniques, models, examples and tools for institutions and systems embarking on course redesign programs.
- **Increasing Student Success: Redesigning Mathematics:** what works and what does not work in improving student success in developmental and college-level mathematics.
- **The Learning MarketSpace:** NCAT's quarterly newsletter highlighting examples of redesigned learning environments using technology.
- **Articles and Monographs:** suggested reading about the nexus of higher education and information technology.
- **Common Ground:** links to other redesign efforts and large-scale academic transformation initiatives.
- **Corporate Associates:** publishers and others working with NCAT to improve learning content and software to meet the needs of higher education.
- **Staff:** Bios and contact information for NCAT staff.

NCAT Completed Programs:

- **Program in Course Redesign (PCR):** the initial program that demonstrates how to redesign courses using technology to improve quality and reduce costs, including descriptions and data from 30 successful efforts.
- **Roadmap to Redesign (R2R):** a national initiative to produce 20 more successful course redesigns using a streamlined course redesign methodology.
- **Increasing Success for Underserved Students:** an effort supported by Lumina Foundation for

Question: What would be the impact on our academic practices if all of us in higher education started to evaluate our efforts in improving teaching and learning by capturing, reporting and comparing student success rates-and acted on what we learned?
Learn more...

Our Process: Discover the four-stage process that NCAT uses to advance our goals of improving student learning and reducing instructional costs.
Learn more...



Education to assess the impact of the Program in Course Redesign on the success of traditionally underserved students.

ASSOCIATION FOR PSYCHOLOGICAL SCIENCE

The Academic Observer

An occasional column by APS Past President Henry L. Roediger, III

Why Are Textbooks So Expensive?

Newsletters and other missives that I receive seem filled with stories about textbooks and textbook prices, with many wringing their hands over why textbooks are so expensive now relative to the more distant past (usually when the author of the article was in college). I suspect some articles arise from middle-aged parents who suddenly must pay for their own children's college textbooks and they recoil when they see a bill of $500 a semester or thereabouts.

What reasons are given for the high price of textbooks? Of course, there's general inflation, but evidence points to textbook prices outpacing inflation. Others point their fingers at the bright colors in many books (relative to older black and white models) and argue that production costs are needlessly pushed up by color. (A quick check of my own bookstore shows that many books without color are more expensive than those with color, probably due to the number of books in the print run.) Another suggested hypothesis is textbook publishers simply seek greater profit margins now than they did in the past. After all, the market used to be dominated by rather genteel textbook companies that really cared about scholarly texts and not so much about being wildly profitable. A comfortable, modest profit line was fine in the old days. Those days are now gone, because traditional textbook companies have been bought up by gigantic conglomerates that look only to the bottom line and seek huge profits. For these companies, so the theory goes, textbooks are just one more product line, no different from detergent or tires or toilet paper, on which to make a profit. The fact that many formerly independent textbook companies are being bought up and merged under the same corporate umbrella could also be partly responsible, if this process reduces competition through having fewer companies. Another facet of the debate is the frequent revision schedule of basic textbooks. Most introductory psychology textbooks are revised every three years, some every two years. Doesn't this constant revision drive up the prices?

The organized used book market represents the great change in the landscape of higher education publishing, but one that has gone relatively unnoticed.

Although the reasons listed above may have some merit, I don't think any of them is fundamental to why textbook prices are so high. In fact, I suspect that most of the properties described above are effects and not causes. What is the cause? If I had to bet, the root cause is a feature of the marketplace that has changed greatly over the years and fundamentally reshaped the textbook market: sale of used books.

Let us go back in time to what educational historians refer to as the later Paleolithic era in higher education, that is, the late 1960s, when I was in college. Here was how the used book market worked then. I was a psychology major and was about to take a course in history of psychology. A psychology major in my fraternity, Dave Redmond (now a big-time lawyer in Richmond, Virginia) was going on to law school and wanted to sell some of his psychology textbooks. He asked if I wanted to buy Edna Heidbreder's *Seven Psychologies*, for a dollar. I said OK. The book had cost him $2.95, which is still listed in my copy. (It's a great book, by the way, published in the wonderful Century Psychology Series that was published by Appleton-Century-Crofts, before that company got gobbled up by some other company. It's out of print, but you can still get it on Amazon.com for as low as 55 cents a copy - or as high as $39.

But back to my story. The point is that this was how the used book market worked in my day. One student sold books to another student on a hit or miss basis. Books didn't cost much. Oh, also, most students

kept their books and started building a personal library. (This is another idea that seems to have faded with time. Personal library? Today's students assume everything they need to know is on the internet.)

Let's fast forward to 1981. I was teaching at Purdue University and was considering (with Betty Capaldi and several others) writing an introductory psychology textbook, since textbook companies were wooing us to do so. However, neither Betty nor I had ever even taught introductory psychology, so we decided to teach independent sections one semester. We examined a lot of books and decided to use Phil Zimbardo's textbook, *Psychology and Life*. (Some background: The book was originally published by Floyd Ruch, and after many editions became Ruch and Zimbardo, then became Zimbardo and Ruch, then Zimbardo, then Zimbardo and Richard Gerrig, and now it's Gerrig and Zimbardo and in its 17th edition, currently published by Allyn & Bacon). Betty and I were each to teach a section of 475 students, so we ordered 950 books. Nine hundred fifty books was, and is, a big textbook order. Think of the profits to the company and the author!

A few days before classes were to begin, I happened by one of the three Purdue bookstores to buy something. I decided to go see the hundreds of copies of the book I had ordered, gleaming at me on the shelves. I found them, all right, but I was shocked at my discovery. Every single book on the shelf was a used copy! I went through many of them, disbelieving, and saw that quite a few were in poor condition (marked up, spines damaged, etc.), yet the prices were still substantial. How could this be? Zimbardo's book had never been used at Purdue before recent times. Where did all these used copies come from? I decided to walk to the other two bookstores and discovered exactly the same situation; every book for sale was a used book in the other two stores. There wasn't a new book to be found.

The organized used book market represents the great change in the landscape of higher education publishing, but one that has gone relatively unnoticed by most academics (unless they are textbook authors). The implications are huge. Consider the situation in today's dollars (although I am estimating). A single author of a textbook might make a 15 percent royalty on the net price of the book (sometimes a bit more); the net price is the price the bookstore pays the textbook company for the book and the list price is the price set by the bookstore to sell to the student. The net price of an introductory psychology textbook today might be $65 (before the bookstore marks it up), so the author would make $9.75 per book. However, that is only if the book is bought from the company; if the student buys used books, the author makes nothing and neither does the company. If 950 used books are sold, the author would lose (be cheated out of?) $9,262, and the textbook company would perhaps lose a similar or larger amount. (Profit margins probably differ from company to company and book to book. They are a closely guarded secret.) Of course, at Purdue in 1981 the figures would have been smaller, but the principle the same. The fact of modern campus life is that used book companies buy up textbooks on one campus, warehouse them, and ship them to wherever the book is being adopted, and therefore prevent sales of new books.

Consider what this means. The textbook company that invested hundreds of thousands of dollars - maybe millions for introductory textbooks - to sign, develop, review, produce, market, and distribute a book over several years is denied its just profits. The author or authors who wrote the book over many years are denied their royalties. Meanwhile, huge profits are made by the used book companies who did nothing whatsoever to create the product. They are true parasites, deriving profits with no investment (and no value added to the product) while damaging their hosts. The issue here is similar to that in the movie and recording industries for pirated products that are sold very cheaply, denying the companies and the artists their profits. One major dissimilarity in these cases is that pirated movies and music are illegal whereas the used textbook market is legal. (There have been proposals to change this state of affairs. For example, one idea is that when used book companies resell texts they would pay the original textbook company and author a royalty.)

The high price of textbooks is the direct result of the used book market. A textbook is customarily used for one semester and (unlike the old days) students rarely keep their books now but sell them back to the bookstore (more on that anon). Therefore, the same text might be used by three to four students, but the textbook company and author profit the first time a book is sold and not thereafter. It stands to reason that textbooks must be priced aggressively, because the profits from the repeated sales will not go to the authors and companies that actually wrote and produced the books, but rather to the companies that specialize in buying and selling used books. Further, the reason textbooks are revised so frequently is to combat the used book market, which further drives up the company's costs. Frequent revisions also add wear and tear on the authors who must perpetually revise their books. (I've sometimes wanted to have two somewhat different versions of my textbooks and then alternate them.) Most fields of psychology hardly move at such a swift pace as to justify two- to three-year revision cycles of introductory textbooks. The famous textbooks of the 1950s and 1960s were revised every eight to 10 years or so, but after the

used textbook market gained steam, revisions became frequent. Moreover, because of the used book market, profitability of many companies was hurt and they became ripe for takeovers, which further consolidated the market. That is why I said in the third paragraph that many factors used to "explain" the high prices of books are probably effects, with the cause being the organized used book companies that prey parasitically on the host publishing companies and threaten to destroy them.

Other changes have also affected the market. College and university bookstores used to be owned by the school and operated as a service to the students and the faculty, but those days are past on most campuses. Now the bookstores are operated by large companies (Follett's, Barnes and Noble, and others), often the same ones who operate used book operations. Most "bookstores" have turned into carnivals where emphasis is placed on selling sweatshirts, trinkets, souvenirs and snacks and, oh, incidentally (used) books.

Another pernicious trend: After universities relinquished their hold on bookstores, the bookstores aggressively raised that the percentage markup on the net price paid to the publisher on new books. Thirty years ago a standard rate of markup was 20 percent and publishers provided list prices on their books (because markups were standard). I can recall the great hue and cry that arose when textbook stores started marking up books by 25 percent. However, a 25 pecent markup for today's bookstores would look like chump change. Publishing companies now sell the bookstore the books based on a net price and the bookstore decides on the list price, often marking up the books 30 to 40 percent in the process. The profits go to the company owning the store and the company pays the college or university for the right to have a monopoly business on campus. However, many students have now learned that it is cheaper and (given the huge lines) sometimes easier to buy textbooks from other sources like Amazon.com.

Let me give you a concrete example. Last summer the eighth edition of my textbook (with Barry Kantowitz and David Elmes),*Experimental Psychology: Understanding Psychological Research*, was published by Wadsworth Publishing Company. The net price (the price the bookstore pays the company for a new book) the first time the book is sold is $73.50. The authors receive 15 percent royalties on the book, so we would split the $11 royalty three ways. However, at the Washington University bookstore, the list price of the book is $99.75, a markup of $26.25 (or 35.7 percent)! Yes, that's right, the authors who wrote the book get $11.02 for their years of hard work whereas the bookstore that ordered the books, let them sit on their shelves for a couple of weeks, and sold them, gets $26.25 per book. (If books are not sold, they are returned to the company for a full price refund. It's a no-risk business.)

Yet the story gets even worse because of the used book problem. After the student uses the book (and if it is in pretty good condition), the bookstore will buy it back from the student at a greatly marked down price, somewhere between 25 and 50 percent. Let's assume that *Experimental Psychology* is bought back for 40 percent of the list price (which is probably a generous assumption at most bookstores). That would be $39.90. After buying it, the bookstore will mark it back up dramatically and resell the book. Suppose the used book is sold for $75, which sounds like a bargain relative to the new book price of $99.75, and it is. However, notice that the profit markup for the bookstore on this used book would then be $35.10, which is higher than the (still very large) profit made on the new book ($26.25). In fact, the primary reason bookstores prefer selling used books to new books is the much higher profit margins on used books. So, on the second (and third and fourth, etc.) sales of the same book, the bookstore and used book company make huge cumulative profits. The textbook company that invested large sums into developing the book (and the authors who invested time and energy and research into writing it) receive exactly zero on these resold books.

If this sounds bad, it actually gets worse. Another insidious influence in the textbook industry is the problem of sales of complimentary copies. In order to market their wares to professors, it is customary for textbook companies to give out free copies of their books. All of you who teach basic courses in the psychology curriculum receive such books. This is just another price of doing business for the book companies. However, many of these books find their way into the used book market because some professors sell books to scavengers from the used book companies who search through university campuses seeking to buy complimentary copies. Now these companies are soliciting professors to sell their complimentary copies by e-mail. I never sell my complimentary books, of course, because I believe it unethical to sell for profit something I was given by a company in good faith. However, apparently many professors do sell their books. Now the textbook company gets hit by a double whammy: The book they produced to give to a professor for possible adoption enters the market and takes away a new book sale in the marketplace!

Is it any wonder that textbook prices are so high? The wonder is that they aren't higher.

What can you as an individual do about the used book problem and the rising cost of textbooks? Unfortunately, the answer is probably "not much" beyond not selling your complimentary copies. (If you have too many books, give them to prisons, or libraries, or deserving students.)

The textbook companies themselves have few alternatives in dealing with this problem. They can and do raise the price of the books so that they try to recoup their investment on the first sale (hence the high price of textbooks). They can revise the book frequently, which renders the previous edition obsolete. They can try to bundle in or shrink-wrap some additional item (a workbook, a CD) with the new text, so that students will need to buy new books to get the free item. This strategy can work, but some bookstores will just unbundle the book from the study guide and sell both! (So, a study guide the bookstore received free can be sold for, say, $15.) Unless and until laws are changed to prevent the organized sale of used books, you can expect textbook prices to keep increasing. Oh, and if an editor comes by to ask you to write a textbook "just by writing up your lecture notes," tell him or her that if you want to make real money, you'll open a university bookstore. That's where the money is.

Author's Note: Thanks to Vicki Knight, senior editor at Wadsworth Publishing Company, for her comments on an earlier draft of this column.

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