Textbook Affordability Provisions in HEOA (H.R. 4137)  
Analysis by the Student PIRGs

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Summary

Textbook costs can be a barrier to an affordable education. The average student spends about $900 per year, and textbook prices increase faster than inflation. Congress took an important step to address this problem by passing a set of provisions in the Higher Education Opportunity Act (HEOA) of 2008. The new laws, which go into effect on July 1, 2010, will increase transparency about prices and limit some of the worst publisher practices.

Bill Text (see H.R. 4137, Sec. 112): http://thomas.loc.gov/cgi-bin/bdquery/z?d110:HR04137:

The textbooks section of HEOA has three main provisions:

1. Requires publishers to disclose textbook pricing and revision information to faculty
2. Requires publishers to offer textbooks and supplemental materials “unbundled” (separately)
3. Asks colleges to provide students with the assigned textbooks for each course during registration

1. Price Information Disclosure

What it says:

Publishers are required to include pricing information with any information they provide to faculty about a textbook. Pricing information includes the following four items:

• Wholesale price (and publisher's retail price if available)
• Copyright dates for the past 3 editions, if applicable
• List of substantial changes between the current edition and the previous edition
• List of available alternate formats and their prices

Why it is necessary:

Textbook prices have gotten out of control because the textbooks market does not function like a normal market. The people who choose textbooks (faculty) are not the same people who buy them (students), and therefore price plays a lesser role in purchasing decisions. Textbook publishers exacerbate this problem by withholding price information from faculty. Inevitably, when price is not put on the table, more expensive items will prevail.

A faculty survey conducted by the Student PIRGs shows that pricing information is difficult to find:

• 77% said that publishers rarely or never report the price of a book during sales interactions
• Only 23% rated publisher websites as "informative and easy to use"

How it lowers costs:

Since the problem is that cost gets distanced from purchasing decisions, the first step toward a solution is to get information about the cost on the table. This provision ensures professors have the tools they need to identify and consider lower-cost options. Knowing wholesale prices makes it easy to compare books apples-to-apples, and the revision and format information helps professors gauge whether a cheaper edition would be sufficient.

The vast majority (94%) of the professors we surveyed said they’d choose the less expensive of two equal options. Although price disclosure will not change the market overnight, basic economics suggests that increased transparency combined with professors' preference for lower cost texts will eventually compel publishers to offer better books at fairer prices.
2. Unbundling

What it says:

Publishers are required to offer all “bundled” textbooks for sale as individual unbundled textbooks and supplemental items. Textbooks with materials integrated into the content are exempt (e.g. a CD with clips analyzed in a music text), and publishers must unbundle custom textbooks “to the maximum extent practicable.”

Why it is necessary:

“Bundling” -- the common practice of shrink-wrapping or packaging textbooks with other books or supplemental items including CDs, workbooks and online passcodes -- inflates prices and makes used books harder to find and sell. These items often go unused and thus do not contribute to the educational value of the text.

Research conducted by the Student PIRGs confirms that bundling is a common and costly practice:

• About half of all textbooks are bundled, and bundles are 10-50% more expensive than the textbook alone.
• Two-thirds (65%) of professors reported they “rarely” or “never” use the supplemental items in bundles.

How it lowers costs:

Students will have the option to purchase only the materials they need, and they can save money by finding used copies of the individual components. Also, instructors also have the option to assign unbundled textbooks.

It's important to remember that bundling itself is not necessarily a bad practice. The problem is that publishers have used it as a way to inflate prices and undermine the used book market. The intent of the law is not to prohibit bundling, but instead to ensure bundles are created for the right reasons.

Note: It is possible that publishers will use the exemption for “integrated textbooks” to evade the unbundling requirement in some cases. However, given the clear legislative intent and the strength of the overall bill, this should not be a major concern.

3. Textbook List Disclosure

What it says:

Colleges must provide the list of required and recommended textbooks for each course in the catalog students use during registration. The list should include the following information:

• International Standard Book Number (ISBN) or author, title, publisher, copyright date
• Retail price
• The phrase "To Be Determined" if the information is unavailable

Colleges may choose the manner in which they present the information, but they must comply with this provision "to the maximum extent practicable."

Why it is necessary:

Textbook costs are unpredictable - one semester could total $100, the next could be $600, and students often do not know their book assignments until the semester starts. Students lose out on the opportunity to shop around for the lowest prices, and the final amount can catch students and their families off guard.

How it lowers costs:

This provision can save students hundreds by giving them time to search for the best deals, and to evaluate options like rentals and e-books. It also makes textbook costs more manageable by giving students the information they need to plan ahead for the full cost of attendance.