

REPORT ON TEXTBOOK RENTAL STUDY

Submitted for: Information.

Summary: In August of 2004, the IBHE requested input from Illinois public universities concerning the feasibility and desirability of instituting textbook rental programs. The responses provide a consensus opinion that, although textbook rental programs would provide a lower-cost alternative to students, such programs are inappropriate for the large, research-oriented public universities in Illinois. Most often cited are concerns over prohibitive start-up and maintenance costs of inventory, staffing, and administration of such programs; the intellectual rigidity inherent in multi-year cycles of textbook use and uniform textbook assignments across multiple sections of the same course; the demands of rapidly-changing resources in such areas as technology, medicine, engineering and science; and the role of foundational textbooks in the lifelong learning process. Several alternatives were suggested, such as increasing lead-time on textbook orders to allow students more flexibility in seeking low-cost alternatives, improving buy-back options, avoiding bundled materials, and altering the current sales tax on educational materials.

Action Requested: This item is for information only. No action is requested.

STATE OF ILLINOIS
BOARD OF HIGHER EDUCATION

REPORT ON TEXTBOOK RENTAL STUDY

Background

The cost of higher education in Illinois continues to outpace inflation. While there is no single factor that alone accounts for the higher price tag for post-secondary education, the considerable and rising cost to students of textbook purchases is indicative of this trend. Textbook rental programs have been suggested as a cost-saving alternative to retail textbook sales. In August of 2004, the IBHE requested input from Illinois public universities concerning the feasibility and desirability of instituting textbook rental programs similar to those currently in place at Eastern Illinois University and Southern Illinois University at Edwardsville. Each institution (with the exceptions of EIU and SIUE) was asked to provide a brief report addressing three issues:

1. The pros and cons of establishing a textbook rental program, including any specific academic/curricular, legal, or other issues that would need to be addressed in implementing such a program.
2. The estimated start-up and annual operating costs of implementing a textbook rental program given current enrollment and academic programs.
3. Any suggested alternatives to implementing a textbook rental program that would also serve to lower such costs for students.

The IBHE staff received reports from Chicago State University; Illinois State University; Northeastern Illinois University; University of Illinois at Chicago, Springfield, and Urbana-Champaign; Western Illinois University; Southern Illinois University at Carbondale; Governors State University; and Northern Illinois University.

Pros and Cons of Establishing a Textbook Rental Program

Pros

Each of the reporting institutions cited substantial savings to the students on the direct cost of textbooks. However, most noted that indirect costs to the student related to the start-up and maintenance of the program would likely be passed along to the student in the form of fees. Several institutions noted the recruiting value of lower textbook costs, the increased likelihood that all students would have the textbooks since fees would be applied based on enrollment and not textbook use, the benefits to institutional book purchases of standardized texts, and the cyclical nature of institutional rental purchases as compared to semester-by-semester retail purchases.

Cons

Support from faculty and administration would be essential. However, several issues were raised in the institutional reports related to such support and cooperation. Faculty would be required to commit to using the same text for an extended period of time – most often cited was 2-3 years. Serious questions were raised about the feasibility of implementing textbook rentals for colleges and departments of technology, engineering, science and interdisciplinary studies. The mission to create, understand and share knowledge that is expanding so rapidly would be limited by using the same textbook for multiple terms in those disciplines. A related issue arises for courses offered on a one, two, or three year rotation. In order for a text purchase to be financially viable as a rental, the reporting institutions estimated it must be used 4-6 times. This could translate to a textbook being in circulation for 6-18 years. Faculty teaching different sections of the same course would also be required to use the same textbook. Faculty at Illinois colleges and universities have long had the freedom to determine the best method of teaching the subject matter in the course description. This freedom has included the selection of classroom instructional materials, such as textbooks. It is unlikely that faculty would easily relinquish this element of academic freedom.

Such legal issues as claims of unfair competition that could be raised by off-campus bookstores or by bookstores currently under contractual agreement with institutions were repeatedly cited. The University Credit and Retail Sales Act (110 ILCS 115) appears to prohibit some textbook rental programs by prohibiting direct university competition with retailers in the community.

Estimated Start-up and Annual Operating Costs

Initial and on-going costs to institutions would be substantial. All responding institutions considered the initial inventory costs to be prohibitive. The estimated average textbook cost per student per year ranged from \$725 to \$900. When multiplied by the number of students enrolled, the cost to the individual institution for the initial purchase of the inventory was estimated by the institutions as ranging from \$1 million at UI-Springfield to \$12 million at UI-Chicago and ISU. Increased storage space and maintenance of the inventory; computer systems with which to maintain the inventory and to track rentals and returns; additional staff; and greater liability for book damage, loss and theft were cited as adding to the expenditure under a rental system. The UIC report estimates a 12 percent or higher increase in expenses for the institution under a rental program as compared to a retail program.

The chart below shows information provided by individual institutions regarding estimated start-up and, where provided, costs to maintain a text rental program.

ESTIMATED START-UP COSTS/COST TO MAINTAIN

INSTITUTION	ESTIMATED START-UP COSTS	ESTIMATED COST TO MAINTAIN
Chicago State University	\$ 2,680,100	\$ 421,000
Illinois State University	\$15,934,000	\$3,772,000
Northeastern Illinois University	\$ 4,300,000	\$2,400,000
University of Illinois Chicago	\$12,000,000	
University of Illinois Springfield	\$ 1,390,000	\$ 750,000
University of Illinois Urbana Champaign	\$11,000,000	
Western Illinois University	\$ 5,953,500	
Southern Illinois University Carbondale	\$11,300,000	\$3,750,000
Governors State University	\$ 2,102,800	
Northern Illinois University	\$ 3,383,000	\$4,150,000

A further issue in projecting the costs of such a program is the real cost of retail textbook purchases. Most of the reporting institutions cited textbook buy-back programs that reduced the real cost of the textbooks borne by the student. According to the Chicago State University report, a CSU student who buys a book used and sells it back when it is readopted saves 63 percent over the new book price.

Additionally, students might incur an increase in student fees to cover the cost of the textbook rental program, a cost that would most likely be spread across the student body regardless of actual levels of textbook use by individual students. Charges would also be incurred if books are not returned, returned late, or damaged.

Suggested Alternatives

The reporting institutions recommended a number of cost-saving alternatives to textbook rentals.

- Faculty and administration should work closely with publishers and book retailers to ensure that used copies are available whenever possible. The availability of used textbooks is directly related to early notification of textbook adoptions by faculty.
- Institutions should strive to heighten awareness among students of textbook purchasing options, such as used textbooks, electronic texts, discount book sellers, reserve copies in the library, etc.
- Institutions should strive to heighten awareness among faculty of cost-saving options to consider when selecting textbooks, such as using the same textbook in multiple semesters when appropriate, avoiding textbooks that are bundled with unneeded materials, the creation when possible of electronic texts, the identification of electronic texts when available, placing texts on library reserve, etc..

- Faculty and book sellers should discourage publishers from bundling textbooks with other materials, such as CDs and study guides, which increase the cost to students and reducing the feasibility of used textbook sales.
- Institutions should facilitate book exchanges among students either through website listings or bulletin boards. One such program is currently being used by Northeastern Illinois University.
- The State of Illinois could eliminate or reduce sales tax on textbooks and educational supplies.
- Short-term loan programs could be adjusted to make funds available to students who cannot afford textbooks at the outset of the semester.

Conclusions

The responses provide a consensus opinion that, although textbook rental programs would provide a lower-cost alternative to students, such programs are inappropriate for the large, research-oriented public universities in Illinois. The most often cited concerns are: (1) prohibitive start-up and maintenance costs of inventory, staffing, and administration of such programs; (2) the intellectual rigidity inherent in multi-year cycles of textbook use and uniform textbook assignments across multiple sections of the same course; (3) the demands of rapidly-changing resources in such areas as technology, medicine, engineering and science; and (4) the role of foundational textbooks in the lifelong learning process. Several alternatives were suggested, such as increased lead-time on textbook orders to allow students more flexibility in seeking low-cost alternatives, improving buy-back options, avoiding bundled materials, and altering the current sales tax on educational materials.