

Initiatives for lowering the cost of textbooks and reducing overall costs for students

Joint Committee on Ohio College Affordability
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Co-chairs Senator Wilson and Representative Duffey and Joint Committee members, my name is Dan Krane and I am a professor of Biological Sciences (with an affiliate appointment in Computer Science) at Wright State University. I also have the honor of serving as the Chair of the Ohio Faculty Council which represents the faculty at all of the four-year public universities in the State of Ohio. Thank you for allowing me to appear before you today to tell you about ways that faculty have identified to lower the cost of course materials at Ohio's institutions of higher education.

I would like to start by reminding the Joint Committee that the Ohio Faculty Council is deeply committed to supporting and bringing attention to the critical role that Ohio's institutions of higher education play in revitalizing the economy of the State and the nation by attracting and training an educated workforce and citizenry. As "guardians of the curriculum" we emphasize the importance of maintaining the high quality of education at the same time that we seek opportunities to make that education affordable and accessible to all Ohioans.

We recognize that the current high price of textbooks is a serious problem:

- Textbook cost increases have out-paced inflation. Textbook costs have increased by more than four times the rate of inflation (significantly more than the increase in the cost of medical care or new homes) since 2006 and by 945% since 1978.
- Textbook costs have a significant impact on the cost of higher education. The U.S. Public Interest Research Group has found that, nationwide, textbook costs are approximately 26% of the cost of tuition at state universities and 72% of the cost of tuition at community colleges¹. A study² published in July 2018 that involved 1,651 current and former college students found that the cost of textbooks had caused many of them to: forgo a trip home to see family (30%), register for fewer classes (31%), and change their major (17%).
- Textbook costs have a direct impact on student success. A 2017 survey of more than 1,000 students from four-year colleges in the U.S. and Canada found that 85% had delayed or avoided purchasing textbooks for their courses even though

¹ <https://uspig.org/news/usp/student-group-releases-new-report-textbook-prices>

² <https://www.insidehighered.com/news/2018/07/26/students-sacrifice-meals-and-trips-home-pay-textbooks>

half did so expecting that their grades would be negatively impacted by their decision³. Other studies have shown that students who delay purchasing a book for a course perform less well than those who do not. Faculty often feel that they cannot begin serious discussions about the content of their courses until they have impressed upon students the importance of having the textbook for a course.

In October 2017 the Ohio Faculty Council unanimously adopted a resolution⁴ that outlines a set of four initiatives that, if fully implemented, have been conservatively estimated to result in annual savings of \$300 million in textbook costs to students in the two- and four-year public institutions of higher education in Ohio. Those four initiatives are:

- 1) Adopt an Inclusive Access model to leverage institutional and inter-institutional negotiating power. A 2015 U.S. Department of Education regulation⁵ made inclusive access programs possible by enabling institutions to include books and supplies in their tuition or fees. Institutions are required to give students the option to opt out and costs must be “below competitive market rates.” Prices, such as those that have been negotiated by ODHE, for inclusive access programs are typically discounted 50 to 70% because publishers sell to almost all of the students in a class. Faculty can choose whatever materials they feel are most appropriate and can expect their students to have those materials in hand the very first time their class meets. Wright State conducted a pilot “Inclusive Courseware” project in spring 2018 that saved 1,029 students in nine courses \$102,400 (an average savings of 48%). An expansion of that pilot this fall is anticipated to save as many as 6,105 students in 40 courses \$651,000⁶. Implementation of Inclusive Courseware at scale at Wright State beginning in fall 2019 is expected to save Wright State students as much as \$2 million every semester going forward.

- 2) Voluntarily implement institution-specific textbook auto adopt policies. Cleveland State and Wright State have developed policies that allow the institution’s campus bookstore to assume that if an instructor: (a) has taught a course within the past two academic years, and (b) has not identified a textbook prior to the time that students can first enroll for the same course in an upcoming semester, that the instructor will use the same textbook (including edition and format) they had used the last time they taught the course. These policies help with compliance of federal law⁷ that requires textbooks to be identified by the time that students can first register for a course. It also reduces costs by allowing

³ <https://www.insidehighered.com/quicktakes/2017/09/20/study-high-textbook-prices-lead-poor-grades>

⁴ <https://www.ohiofacultycouncil.org/sites/ohiofacultycouncil.wright.edu/files/page/attachments/TextbookAffordabilityResolutionOFC.pdf>

⁵ https://www.ecfr.gov/cgi-bin/text-idx?SID=f26563f69f76d894166903c246601c&mc=true&node=se34.3.668_1164&rgn=div8

⁶ <http://webapp2.wright.edu/web1/newsroom/2018/06/13/wright-state-pilot-project-on-textbooks-online-access-saved-students-almost-twice-what-was-estimated/>

⁷ The 2010 Higher Education Opportunity Act (H.R. 4137).

campus bookstores to keep used-book inventory on campus for re-sale the following semester. A limited initial implementation of an auto adopt policy⁸ at Wright State in fall 2018 is on track to result in savings of approximately \$100,000 for students in 20 courses.

- 3) Exempt post-secondary textbooks from State sales tax. Ohio's Legislative Services Center estimates that Ohio college and university students paid between \$25 and \$30 million in sales tax on textbook purchases during the 2015-16 academic year. Many states (e.g. Arizona, Connecticut, Florida, Hawaii, Iowa, Kentucky, Massachusetts, Mississippi, Missouri, New Jersey, New Mexico, New York, North Dakota, Pennsylvania, Rhode Island, South Carolina, Tennessee, Utah, Vermont, Virginia, and West Virginia) specifically exempt textbook purchases for secondary education from sales tax⁹. The Faculty Congress of Ohio (which represents the faculty at all of Ohio's public two- and four-year institutions of higher education) strongly supports legislation such as the 131st Ohio General Assembly's HB 308¹⁰ and the 132nd Ohio General Assembly's HB 337¹¹ that would specifically exempt post-secondary textbooks from state sales tax.
- 4) The Ohio Department of Higher Education should initiate and administer a competitive grant program that incentivizes instructional faculty at public institutions of higher education in Ohio to voluntarily create, adopt and/or adapt Open Educational Resources (OERs), particularly for high-enrollment courses. OERs are completely free. OER texts can be downloaded, edited and adapted by instructors to suit their teaching approach. Ohio University and Miami University were among the first in Ohio to have implemented extremely successful programs that bring annual savings of as much as ten times the cost of one-time initial investments by incentivizing faculty to adopt OER materials, particularly for high-enrollment classes. A one-year \$100,000 program administered by ODHE that awarded grants of \$2,500 to the 40 faculty from across the state system that saved students the most by switching to OERs would be likely to save students at Ohio's public institutions of higher education on the order of \$1 million annually for at least several years¹². Such a program would also assist by broadly increasing the awareness among faculty of the pedagogical advantages and savings potential for students that OERs represent.

Please note that all four of these initiatives endorsed by the Ohio Faculty Council directly make a college education more affordable to our students without

⁸ <https://policy.wright.edu/policy/2025-textbook-selection>

⁹ <https://trustfile.avalara.com/blog/state-sales-tax-rules-for-textbook-purchases/>

¹⁰ <https://www.legislature.ohio.gov/legislation/legislation-summary?id=GA131-HB-308>

¹¹ <https://www.legislature.ohio.gov/legislation?5&pageSize=10&start=1&sort=LegislationNumber&dir=asc&statusCode&legislationNumber=337&generalAssemblies=132>

¹² Switching from a \$230 textbook used in the fall offering of the introductory Biology class for majors at Wright State in 2017 saved students more than \$100,000 in both fall 2017 and fall 2018 – and allowed significant pedagogical improvements because all students had the text at the first meeting of the class.

compromising quality. They do not rely in any way upon indirect cost savings and tuition savings through things like increased institutional efficiencies.

The Ohio Faculty Council also respectfully encourages the Joint Committee to consider modifications to the Ohio College Opportunity Grant (OCOG) program as an additional means of making a college education more affordable to Ohio's first-generation students. Bringing more first-generation students into the ranks of college graduates will be essential to achieve Ohio's 2025 attainment goal – 65% of Ohioans, ages 25-64, will have a degree, certificate or other post-secondary workforce credential of value in the workplace by 2025.¹³ The increase in support for OCOG in the current State budget is welcome. It is worth noting however, that the current support for OCOG is less than half of what it was in 2009.

There are ways to significantly improve the administration of OCOG that would benefit both students and public universities. First, fixing the amount of OCOG awards for four years (instead of the current one year) would assist both with financial planning by students and their families and with the long-term stability of the program (award amounts decrease when student applications increase – which happens during market corrections when students experience the greatest need for assistance). Second, there does not appear to be a rational basis for students attending private institutions to programmatically receive larger OCOG awards than those attending public institutions – especially when there are lower cost, public institutions offering the same degrees and in the same region. OCOG awards to students at private institutions that are close to public universities should be reduced or eliminated.

Lastly, it must be said that one of the best ways to make a college education more affordable in Ohio is by increasing state support for higher education. A report¹⁴ released in April 2018 by the State Higher Education Executive Officers (SHEEO) Association shows that Ohio, at 4.4%, ranks 12th in the nation for the smallest fraction of tax revenues allocated to higher education. This ranking confirms that Ohio is missing an opportunity to make an investment in its citizens that most other states have realized pays off.

Public universities are primarily funded by two sources: 1) tuition and fees from students and their families, and 2) state support. The piece of information in the recent SHEEO report that has gotten the most attention is that, for the first time ever, more than half of the states were providing less than 50% of that funding. Ohio has been a charter member of the club that has shifted the cost of higher education to families. Only seven states provided less per capita support for higher education in 2017 than Ohio. So, while the total cost of educating each student in Ohio is close the national average, the families of Ohio students paid much more for

¹³ https://www.ohiohighered.org/sites/ohiohighered.org/files/uploads/Link/Attainment-Joint-Statement-odhe_owt_ode.pdf

¹⁴ http://www.sheeo.org/sites/default/files/SHEF_FY2017.pdf

higher education than families in almost all other states. That translates directly into an average student debt load in Ohio of \$29,579 – the 16th highest in the country¹⁵.

If all or even most of the benefits of higher education came directly to those who were being educated then shifting the burden to students and their families could be justified. But, college graduates bring tangible benefits to states too. Yes, individuals with college degrees enjoy great benefits like 84% more earnings over a lifetime than those with only a high school diploma. But the state and federal government get twice as much tax revenue from those with college degrees than those with just high school diplomas¹⁶. Even more importantly, higher education gives society critical thinkers, effective communicators, and a better quality of life. Further, college graduates also help the bottom line of the state's budget by having dramatically lower healthcare costs and being less likely to commit crimes.

One of the best investments an individual can make is in themselves. One of the best investments Ohio can make is in its citizens. Families in Ohio get that higher education pays off. Investment in public higher education should be at least a much of a priority for the State as it is for its citizens.

Co-chairs Senator Wilson and Representative Duffey and Joint Committee members, thank you for the opportunity to share with you a faculty perspective on ways to make college education affordable to Ohioans – in ways that do not compromise the quality of that education. I would welcome any questions you might have for me or the Ohio Faculty Council.

¹⁵ <https://lendedu.com/blog/student-loan-debt-statistics-by-school-by-state-2017#interactivemap>

¹⁶ https://www.achievetheartford.org/wp-content/uploads/2016/09/New-England-Public-Policy-Center-The-Fiscal-Impacts-of-College-Attainment-by-Phillip-A_-Trostel.pdf