

# **RIPOFF 101**

## **2nd Edition**

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**How The Publishing  
Industry's Practices  
Needlessly Drive Up  
Textbook Costs**

**State Public Interest  
Research Groups**



# **RIPOFF 101: 2<sup>nd</sup> Edition**

**How the Publishing Industry's Practices  
Needlessly Drive Up Textbook Costs**

**A National Survey of Textbook Prices**

**February 2005**



**The State PIRGs'  
HIGHER EDUCATION PROJECT**

## **ACKNOWLEDGEMENTS**

Written by Kate Rube, Higher Education Advocate with the State Public Interest Research Groups (PIRGs), with contributions from Merriah Fairchild, Higher Education Advocate with the CALPIRG Education Fund.

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For more information, contact the State PIRGs' Higher Education Project at:

State PIRGs  
218 D Street SE  
Washington, DC 20003  
(202) 546-9707

Additional copies of the report can be obtained by visiting [www.pirg.org/highered](http://www.pirg.org/highered).

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## EXECUTIVE SUMMARY

In January 2004, the State Public Interest Research Groups (PIRGs) released *Ripoff 101*, a report documenting the high price of college textbooks. *Ripoff 101* surveyed popular textbooks at 10 public colleges and universities on the West Coast and detailed the gimmicks publishers use to artificially inflate the cost of textbooks. The report sparked extensive media coverage, a call to action from hundreds of faculty members around the country, a congressional investigation, and government action in a number of states, including California, Connecticut and Illinois.

In order to both confirm our initial findings and to follow up on a number of anecdotal reports of additional problems with textbook pricing, the State PIRGs conducted an expanded survey of the most widely purchased textbooks at 59 colleges and universities across the country. The 2005 survey also looked at a number of industry practices not featured in the 2004 report.

Overall, the expanded survey uncovered more evidence that textbook prices are a significant part of college costs, that textbook prices are rising at a fast pace, and that publishers use a variety of tactics to inflate the cost of textbooks. In addition, we found that textbook publishers increase textbook prices faster than the rate of inflation between editions and charge American students more for the same books than students in other countries.

As higher education costs continue to skyrocket for American students and families, the price of college textbooks represents a serious part of the affordability equation. The average student will spend nearly \$900 each year purchasing textbooks,

nearly half of the tuition and fees of two-year public colleges and a fifth of the amount that in-state students would pay for tuition and fees at four-year public colleges this year.

Key findings from this survey include:

### **Textbook prices are increasing at a fast rate.**

- Textbook prices are increasing at more than four times the inflation rate for all finished goods, according to the Bureau of Labor Statistics Producer Price Index. The wholesale prices charged by textbook publishers have jumped 62 percent since 1994, while prices charged for all finished goods increased only 14 percent. Similarly, the prices charged by publishers for general books increased just 19 percent during the same time period.

### **New textbook editions are costly and limit the availability of used textbooks.**

- The most widely purchased textbooks on college campuses have new editions published every three years, on average.
- New editions of the textbooks surveyed cost, on average, 45 percent more than used copies of the previous edition.
- When issuing new editions, most publishers raise the prices of their books. Of the textbooks surveyed, new textbook prices jumped 12 percent on average between the previous and current edition, almost twice the rate of inflation between 2000 and 2003 (6.8 percent).

- Three-fourths (76 percent) of the faculty surveyed in our 2004 report said that they found new editions justified only “half the time” or less.

### **Bundling drives up textbook costs.**

- Half (50 percent) of the textbooks in the survey were sold “bundled,” or shrink-wrapped with additional instructional materials such as CD-ROMs and workbooks.
- When a bundled book is available for purchase unbundled (without the add-on materials), the bundled book is, on average, 10 percent more expensive than its unbundled counterpart. Some bundled textbooks are substantially more expensive. For example, a Thomson Learning chemistry textbook was 47 percent more expensive bundled (\$223.75) than when sold as a separate textbook (\$152.00).
- More than half of the bundled textbooks surveyed (55 percent) were not available for students to purchase a la carte, in which the textbook is available without the add-on materials.
- Two-thirds (65 percent) of the faculty surveyed in our 2004 report said that they used bundled items “rarely” or “never”.

### **Textbook publishers charge American students more than students overseas for the same textbooks.**

- The average textbook surveyed costs 20 percent more in the United States than it does in the United Kingdom.
- Some textbooks were dramatically more expensive in the United States than in the

United Kingdom. For example, Pearson’s *Calculus* textbook, selling for about \$100 in the U.S., costs only \$38 on the U.K. Amazon.com website, just one-third the price. Freeman’s *Chemical Principles* textbook, priced at \$185 in the U.S., is available in the U.K. for only \$88 – half the price.

- Some publishers display overseas prices on their websites. For example, Thomson Learning’s website lists the prices charged to students in the U.S., U.K., Europe, Africa, and the Middle East. According to this website, for the books included in our survey, Thomson Learning charges U.S. students 72 percent more, on average, than it does students in the U.K., Africa and Middle East. Some books are priced even higher. For example, Thomson Learning charges U.S. students \$108 for its *Biology* textbook, but charges students in the U.K., Africa, and Middle East only \$51 for the same book.

This report is a renewed call to the publishing industry to reform its practices. Publishers should:

- Produce and price textbooks to be as inexpensive as possible without sacrificing educational value;
- Produce new textbook editions only when educationally necessary;
- Offer faculty and students the option to purchase textbooks unbundled; and
- Provide faculty with more information on the company’s textbook materials, prices, intended length of time on the market and substantive content differences from previous editions.

In the past year, students, faculty and a number of state legislatures have asked the publishing industry to adopt these recommendations formally into their business practices. To date, the publishing industry has refused to do so.

In addition, we recommend that faculty use their decision-making power to demand substance over bells and whistles and consider cost and the viability and

accessibility of previous editions secondary only to educational value when selecting books for their courses. Finally, students and universities should help make used books available by sponsoring on-campus and online bookswaps, campus rental programs and other means.

# INTRODUCTION

The benefits of affordable higher education are numerous, both to individuals and our society as a whole. College graduates will earn 73 percent more income annually than typical high school graduates, generating higher tax revenues on a local, state, and national level. Individuals who pursue higher education are also more likely to have higher levels of civic engagement, including voting and volunteer work.<sup>1</sup>

Despite its value to society, higher education is becoming increasingly unaffordable for American students and families. State budget cuts to higher education over the last three years resulted in some of the sharpest tuition increases in decades at public colleges and universities. According to the College Board, tuition and fees in 2004-05 are 10.5 percent higher than last year for public four-year institutions. The average four-year public college tuition increased by 14 percent the previous year.<sup>2</sup>

Student grant aid is failing to keep up with mounting costs. Congress recently froze funding for the maximum Pell Grant, which helps the lowest income students in the country, for the third year in a row. Last year's (2003-04) maximum Pell Grant award was worth nearly \$800 less, when adjusted for inflation, than the maximum Pell award in 1975-76.

The increasing gap between college costs and available grant aid is leaving many students with no other option than to borrow their way through college. According to a 2002 Nellie Mae study, the average student now leaves college with \$18,900 in student loan debt, up 66 percent since 1997.<sup>3</sup> Thirty-nine (39) percent of student borrowers now graduate with

unmanageable levels of debt, meaning that their monthly payments are more than eight percent of their monthly incomes.<sup>4</sup>

In addition to borrowing, many students must work long hours to finance their education. According to a survey conducted by the State PIRGs, nearly half of all full-time working students are employed enough hours to hurt their academic achievement and the overall quality of their education. At the same time, the majority of these students (63 percent) reported that they would not be able to attend college if they did not work.<sup>5</sup>

## **Textbook Prices are Part of the Problem in the Growing Lack of Affordable Education**

Problems in college affordability are not limited to tuition and fee rates. The average student will spend nearly \$900 each year on textbooks, equivalent to 17.5 percent of tuition and fees at four-year public colleges and 43 percent of these costs at two-year public institutions. Over a four-year college career, textbooks will add \$3,600 or more to the average student's college expenses.<sup>6</sup>

Textbooks prices are expensive enough that 43 percent of students surveyed by eBay in July 2004 said that they have chosen not to purchase required textbooks for at least one course in an effort to save money. Nearly 50 percent of these students purchase their textbooks without assistance from their parents or student loans.<sup>7</sup>

Some publishers have argued that the cost of textbooks is only a fraction of the cost of

college tuition, using tuition at private schools as a basis. Many students at these schools, however, receive financial aid to lower their tuition payments, making an extra \$900 a year a significant amount.

### **Textbook Prices Receive Attention of Several States, Congress Over Past Year**

In January 2004, the State Public Interest Research Groups (PIRGs) released *Ripoff 101*, which surveyed textbook prices at 10 public colleges and universities. This report showed that publishers use tactics—including publishing new editions frequently without making significant content changes—that drive up the cost of textbooks for students. The report issued a set of recommendations to publishers and universities to ensure that textbooks are priced and sold fairly and to create a vibrant used book market.<sup>8</sup>

Following the report's release, Congress announced an investigation into textbook prices, and decision-makers in California, Connecticut and Illinois took action to address the problem.

California recently passed legislation that provides recommended guidelines for publishers and others to follow to reduce textbook prices. The legislation, which was sponsored by Assemblymember Carol Liu and signed into law by the Governor in September 2004, closely mirrors the recommendations in PIRG's 2004 report. These recommendations include calling for publishers to "unbundle" textbooks from expensive CD-ROMs and other add-ons and to fully disclose textbook prices to faculty members so that faculty can take price into consideration when choosing a textbook.<sup>9</sup>

The Connecticut legislature directed the commissioner of higher education to convene a task force of public and private institutions to develop ways to achieve the recommendations of *Ripoff 101* and reduce the cost burden on students. The Office of the Governor of Illinois has begun working with university administrators to pursue solutions to high textbook costs. In Georgia, the Board of Regents helped to set up a six-campus task force of campus bookstore administrators to examine how to keep textbook costs down.

At the federal level, Congress held a hearing on college textbook prices in July 2004. As a result, Congress agreed to call for the Government Accountability Office (GAO) to conduct an investigation into the high price of college textbooks.<sup>10</sup>

### **Some Faculty Have Begun Examining Textbook Prices and Purchasing Policies**

On campus, professors and other faculty have been active in addressing textbook prices and publisher practices as well. In April 2004, more than 500 mathematics professors from 150 universities issued a call to action to publisher Thomson Learning about the company's widely used calculus textbook, *Calculus: Early Transcendentals*. Faculty expressed concern that the publisher released a new edition of the textbook after only three years with primarily cosmetic content changes, and that American students paid almost twice as much for the same book as students overseas. The faculty asked the company to commit to producing a new edition of the book only if new educational content in the field of introductory calculus emerges; the faculty also requested that the company charge American students the same price for the book as students overseas. Thomson

Learning replied by denying that a problem existed, prompting a vigorous exchange between the company and faculty members and efforts by faculty to negotiate lower prices with the company.<sup>11</sup>

Finally, professors and other faculty are beginning to organize in a cross-departmental manner to address textbook prices. For example, the University of California at Santa Barbara Academic Senate recently adopted a resolution calling on the textbook industry to adopt the recommendations of *Ripoff 101*.

### **Despite Some Steps, Publishers Still Fail to Offer Better Textbook Options**

Over the past year, some textbook publishers have taken initial steps to make lower cost textbooks available for students.

Several weeks after the January 2004 release of *Ripoff 101*, Thomson Learning launched a new line of reduced-cost textbooks and cut the price of one of its math textbooks. Pearson Education, another major publisher, launched a series of online textbooks that are priced at half the cost of printed editions.

In addition, Thomson Learning quietly negotiated a deal this past year with the

University of California at Los Angeles (UCLA) Mathematics Department and the UCLA bookstore, lowering the cost of three calculus books by 20 percent for the 2004-2005 school year. Thomson Learning will now sell *Calculus: Early Transcendentals* to UCLA for \$80.00 instead of \$101.00.

While encouraging, these steps are not enough to make a dent in most students' textbook bills. Moreover, correspondence between publishers, faculty members and students has been disappointing, with most publishers refusing to acknowledge the problem and no publisher agreeing to adopt any of the recommendations made by the 2004 report.<sup>12</sup> The Association of American Publishers, replying to a request that it issue a "best practices" code for its members, best summarized the industry response:

*"... most of them [member companies] are doing everything on the list. They just haven't formalized it."*<sup>13</sup>

The high price of textbooks would be reason for concern under any circumstances. However, coupled with a political context in which state and federal aid for higher education has been failing to keep pace with rising college costs, high textbooks prices are prohibitive to many already struggling to pay for college.

## SURVEY FINDINGS

In the fall of 2004, students and staff at State PIRG campus chapters across the country conducted a survey of the most popular textbooks at 59 colleges and universities in the U.S. At each school, they determined the five most widely purchased textbooks on that campus and the price students paid for each. Approximately 50 student volunteers and staff surveyed information about nearly 300 textbooks. This survey's results both uncover more evidence of the problems detailed in last year's survey and identify additional problems not covered in last year's report.

This year's survey resulted in the following findings:

### ① **Textbook Prices are Increasing at a Fast Rate**

Textbook prices are increasing at more than four times the inflation rate for all finished goods, according to the Bureau of Labor Statistics Producer Price Index.\* The wholesale prices charged by textbook publishers have jumped 62 percent since 1994, while prices charged for all finished goods increased only 14 percent. Similarly, the prices charged by publishers for general books increased just 19 percent during the same time period.<sup>14</sup>

Textbook costs can amount to a significant part of paying for college. According to the State PIRGs' 2004 survey of University of California (UC) students, students will spend an average of \$898 on textbooks in

three quarters or two semesters. If students attend summer school, they are likely to spend more than \$1,000 a year.

### ② **New Textbook Editions are Costly and Limit the Availability of Used Textbooks**

#### **New Textbook Editions Are Published Routinely**

The average time difference between the two consecutive editions of the textbooks surveyed was three years on average, consistent with our findings last year (3.8 years).

#### **New Editions Replace Used Editions; Many Students Are Forced to Buy More Expensive Recent Editions**

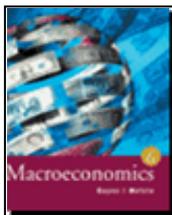
Buying used textbooks can save students significant amounts of money. Of the textbooks surveyed, the new editions cost 45 percent more than the used copy of the previous edition. Moreover, when a new textbook edition is published, it is, on average, 12 percent more expensive than the previous textbook edition, almost twice the rate of inflation between 2000 and 2003 (6.8 percent).<sup>15</sup> For example, Houghton Mifflin's *Macroeconomics* textbook increased in price by 21 percent between the fifth and sixth editions, issued three years apart.

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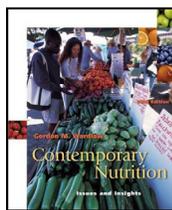
\* The Producer Price Index is a family of indexes that measures the average change over time in the selling prices received by domestic producers of goods and services. PPIs measure price change from the perspective of the seller.

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## The Higher Cost of New Editions



**Textbook:** *Macroeconomics*, 6<sup>th</sup> Edition, 2005  
**Publisher:** Houghton Mifflin  
**Cost:** \$97.25  
**Cost of 5<sup>th</sup> Edition (2002):** \$80.25  
**Increase in price:** 21.2%  
**Inflation rate (2002-2004):** 5%



**Textbook:** *Contemporary Nutrition*, 5<sup>th</sup> Edition (2003)  
**Publisher:** McGraw Hill  
**Cost:** \$77.75  
**Cost of 4<sup>th</sup> Edition (2000):** \$65  
**Increase in price:** 19.6%  
**Inflation rate (2000-2003):** 6.8%

\* Prices provided by bookstores surveyed. Inflation calculated using data from the Bureau of Labor Statistics.

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The frequency with which publishers put new textbook editions on the market creates a shortage in the availability of used textbooks. Once a new edition of a textbook is on the market, typically a college bookstore will no longer buy back the older edition. The result is a double-whammy for students. They lose out on earning money selling back their books at the end of the semester, and future students are forced to purchase the new edition at full price.

In last year's survey, 59 percent of the students surveyed were unable to find even one used textbook for their classes.

Publishers have long argued that new editions are necessary to meet faculty demand for updated information. However, more than three quarters (76 percent) of faculty surveyed in *Ripoff 101* said that new editions are justified only half of the time or less that they are published.

## Ⓢ Bundling Drives Up Textbook Costs

Half (50 percent) of the textbooks surveyed were sold bundled, packaged with non-required materials such as dictionaries, CD-ROMs and study-guides.

### Bundled Textbooks Sold "a La Carte" Are Cheaper, but Too Few Bundled Textbooks are Available Unbundled

Among bundled books that were also available for purchase *without* the add-on materials, the average bundled book was 10 percent more expensive than the "a la carte" textbook.

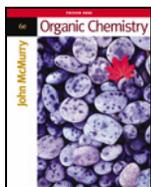
Too few students have the option of buying textbooks without add-ons that drive up the price. Of the bundled textbooks surveyed, 55 percent were *not* available without the extra materials included at the publishers' discretion.

In last year's survey, 65 percent of professors said that they "never" or "rarely" include the use of the bundled materials in their courses, compared with only 24 percent who estimated they do "always" or "usually", and 11 percent use the material "half of the time."

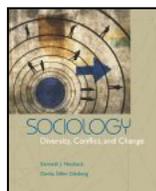
Some textbooks were significantly more expensive bundled than sold as a textbook alone. At one of the schools surveyed, a chemistry textbook published by Thomson Learning was \$72 more expensive as a bundled package, which is comprised of a study guide and a web access card. Unbundled, the chemistry textbook cost \$152.00, as compared with its bundled price tag of \$223.75, a 47 percent increase in price.

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## The High Cost of Bundling



**Textbook:** *Organic Chemistry*, 6<sup>th</sup> Edition (2004)  
**Publisher:** Thomson Learning  
**Cost Bundled:** \$223.75  
**Cost Unbundled:** \$152  
**Increase in price:** 47.2%



**Textbook:** *Sociology: Diversity, Conflict, and Change* (2005)  
**Publisher:** McGraw Hill  
**Cost Bundled:** \$89.30  
**Cost Unbundled:** \$71.35  
**Increase in price:** 25.2%

\* Prices provided by bookstores surveyed.

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## ④ Textbook Publishers Charge American Students More than Students Overseas for the Same Textbooks

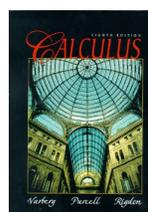
The average textbook costs 20 percent more in the United States than it does in the United Kingdom.<sup>16</sup> Some textbooks are substantially more expensive in the U.S. than overseas. For example, Pearson's *Calculus* textbook, selling for about \$100 in the U.S., costs only \$38 on the U.K. Amazon.com website, just one-third the price. Freeman's *Chemical Principles* textbook, priced at \$185 in the U.S., was available in the U.K. for only \$88—half the price.

Some publishers display overseas prices on their own websites. For example, Thomson Learning's website lists the prices charged to students in the U.S., U.K., Europe, Africa, and the Middle East. According to this website, for the books included in our

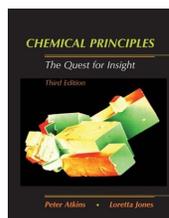
survey, Thomson Learning charges U.S. students 72 percent more than it does students in the U.K., Africa and Middle East. Some books are priced even higher. For example, Thomson Learning charges U.S. students \$108 for its *Biology* textbook, but charges students in the U.K., Africa, and Middle East only \$51 for the same book.

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## American Students Are Paying More



**Textbook:** *Calculus*, 8<sup>th</sup> Edition (2000)  
**Publisher:** Pearson  
**Cost in U.S.:** \$100  
**Cost in U.K. (U.S. \$):** \$38  
**Price Difference:** 163% more expensive in U.S.



**Textbook:** *Chemical Principles*, 3<sup>rd</sup> Edition (2004)  
**Publisher:** W.H. Freeman  
**Cost in U.S.:** \$185  
**Cost in U.K. (U.S. \$):** \$88  
**Price Difference:** 110% more expensive in U.S.



**Textbook:** *Biology: Unity and Diversity of Life*, 10<sup>th</sup> Edition (2004)  
**Publisher:** Thomson Learning  
**Price Charged to U.S. Students:** \$108.86  
**Price Charged to Overseas Students:** \$51  
**Price Difference:** 113% more expensive in U.S.

\* Pricing information for 'Biology: Unity and Diversity of Life' obtained from Thomson Learning's website, January 24, 2005. All other price information provided by the bookstores surveyed.

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## POLICY RECOMMENDATIONS

These survey findings again demonstrate that textbook prices are rising at an alarming rate, a trend largely attributable to textbook industry practices. As a result, the burden to reduce textbook prices falls primarily on the textbook industry.

### **Textbooks Should Be Priced and Sold at a Reasonable Cost to Students**

- *Publishers should work to keep the cost of producing their books as low as possible without sacrificing educational content.*

Some major textbook publishers have recently offered decreased prices to a number of schools. Thomson Learning quietly negotiated a deal with the University of California Los Angeles (UCLA) Mathematics Department and the UCLA bookstore that lowered the cost of three calculus books by 20 percent for the 2004-2005 school year.

Reducing textbook costs on a few college campuses represents a good start, but because high textbook costs create a problem for students on campuses across the nation, textbook publishers need to undertake more comprehensive solutions.

Some publishers have started low cost, “low-frills” lines, such as Pearson Education’s “Penguin” and Thomson Learning’s “Advantage” series. This particular trend has the potential to be positive so long as publishers actively promote these books and professors order them.

- *When publishers sell their textbooks bundled with other items, they also should sell the same textbook separately.*

Senator Charles Schumer (NY) has advised the Department of Education to encourage schools to sell materials separately and has similarly urged publishers to sell books unbundled, so students need not buy extraneous materials.<sup>17</sup>

- *Publishers should pass on cost-savings from online textbooks to students, while ensuring ongoing access to knowledge and privacy protection.*

Online books not only eliminate manufacturing, shipping and warehousing costs, but also eliminate publishers’ biggest potential loss, inventorying a print run too large to sell.

In addition to passing on these savings to students, publishers should ensure that students who permanently purchase or subscribe on a semester or annual basis to digital textbooks have adequate fair use rights, including the ability to access pages and other information multiple times and from multiple computers, the right to back up the information in the event of technical malfunctions, the right to print sections, and the ability to easily incorporate updates. Digital textbook user agreements and contracts should protect the privacy and/or anonymity of users and should not be subject to unfair terms.

- *Faculty should be made aware of how their textbook choices will financially affect students.*

Universities should require publishers to disclose all of the different products they sell—including both bundled and unbundled options—and list how much each of those products costs. This information should be made available to faculty, departments and the general public

when they are considering which textbooks to order.

In addition, publishers should be required to disclose how the newest edition is different from the previous edition. This information should be made available inside the books and posted where textbooks are sold.

### **Publishers, Faculty and Universities Should Build a Vibrant Used Textbook Market**

- *Each textbook edition should be kept on the market as long as possible without sacrificing the educational content.*

Publishers should give preference to paper or online supplements to current editions over producing entirely new editions. In addition, publishers should disclose the length of time they intend to produce the current edition so that professors know how long they can use the same book. For their

part, faculty should give preference to the cheapest textbook when the educational content is equal.

- *There should be many forums for students to purchase or rent used books.*

Colleges and universities should consider implementing rental programs similar to those at several universities in Wisconsin and Illinois. Students would rent books similar to the way they are shared in K-12, but the students would pay a fee that covers the cost of the books.

Similarly, colleges and universities should encourage students to consider using online bookswaps so that students can buy and sell used books and set their own prices. State PIRG chapters on many college campuses have set up a non-profit, student-run, online bookswap, [www.campusbookswap.com](http://www.campusbookswap.com).

## METHODOLOGY

Staff and student volunteers conducted a survey of the five most widely purchased textbooks at 59 colleges and university bookstores across the country (comprehensive list of school names below).

The textbook survey included the following:

- Title of the textbook
- Year of latest edition
- Name of publisher
- Price of latest edition purchased new
- Price of latest edition purchased used
- Buyback value of latest edition
- Faculty/Department name that ordered the textbook
- Is the textbook bundled with additional materials?
- What are the bundled materials?
- If bundled, is there an unbundled textbook version available?
- Is there a 'low frills' version of the textbooks available?
- Year of the previously published edition
- Price of previous edition purchased new
- Price of previous edition purchased used
- Is previous edition available?
- Price of latest edition on U.K. Amazon.com website

### **Textbook prices were surveyed at the following colleges and universities:**

Arizona State University, Bristol Community College, Cal State Northridge, Cal State Sacramento, Cal Tech, Central Oregon Community College, Colorado State University, Eastern Michigan University, Fitchburg State, Georgetown University, Indiana University Bloomington, Iowa State, John Hopkins, Kent State University, Lane Community College, Massachusetts College of Liberal Arts, Meramec Community College, Miami University, Michigan State University, Middlesex Community College, North Essex Community College, North Shore Community College, Oberlin College, Penn State, Portland State University, Purdue University, Reed College, Rutgers University (New Brunswick), Salem State College, Southern Oregon University, St. Petersburg College--Follett Higher Education, Texas State - San Marcos, UC Berkeley, UC San Diego, UC Santa Cruz, UCLA, UMass Dartmouth, UMASS-Boston, University of California Davis, University of Cincinnati, University of Colorado, University of Connecticut, University of Illinois - Urbana, University of Iowa, University of Kentucky, University of Maryland, University of Minnesota Twin Cities, University of Oklahoma, University of Oregon, University Of Pennsylvania, University of Southern California, University of Washington, University Texas Austin, University Wisconsin Madison, Utah State, Vanderbilt, Washington State University, Westfield State College, and Worcester State College.

## **Detailed Account of How Each Finding Was Determined**

### **1. Editions**

Data on the previous edition to a textbook was available for 128 textbooks in the survey. The average length of time between the new edition and the previous edition for these books was three years.

The cost of the new version of the previous textbook edition was reported for 104 books. The average price of a previous new edition was \$92.59. The average price of the new edition for these 104 books was \$10.67 more, an 11.5 percent increase.

The cost of a used version of the previous textbook edition was reported for 80 books. The average price of the previous used edition was \$69.71. The average price of a new copy of the new edition for these 80 books was \$31.21 more, a 44.8 percent increase.

### **2. Bundling**

Of the textbooks surveyed, 138 were sold bundled with supplemental materials, while 139 were sold unbundled. One book did not contain any information about whether or not it was bundled.

For the bundled textbooks that also had the unbundled option available, 39 surveys provided pricing information for the unbundled option. The average cost of the unbundled version of these books was \$100.31, which was \$9.80 cheaper on average than the bundled versions of the same textbooks.

Of the 138 bundled textbooks surveyed, 77 (55 percent) were not available in unbundled form, as a separate textbook without the add-ons.

### **3. Overseas Pricing**

Of the surveyed textbooks, 147 were available new and in the same edition on Amazon's United Kingdom website ([www.amazon.co.uk](http://www.amazon.co.uk)). These prices are current as of January 17, 2005. The average price of these textbooks on the U.K. site was \$88.68 American dollars, \$17.50 less than the average price of these same books in the U.S. We based our comparisons on an exchange rate of \$1.8795 per British pound, current as of January 24, 2005.

We also looked at Thomson Learning's website, which details how much the company charges students in the U.S., U.K., Europe, Africa, and the Middle East. We did not use these numbers in the calculations explained in the previous paragraph, only as another reference for the difference between textbook costs in the U.S. and overseas. Of the books we surveyed in the bookstores, we found 37 listed on Thomson's website. According to Thomson's website, the average price for those Thomson books surveyed to a U.S. consumer is \$102. The average price of those same textbooks to a consumer in the U.K., Europe, Africa, or the Middle East is \$59.40. The U.S. price is 72 percent more expensive than the overseas price. We based our comparisons on an exchange rate of \$1.8795 per British pound, current as of January 24, 2005.

## END NOTES

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- <sup>3</sup> Nellie Mae, *College on Credit: How Borrowers Perceive their Education Debt; Results of the 2002 National Student Loan Survey*, February 2003. Available at [http://www.nelliemae.com/library/research\\_10.html](http://www.nelliemae.com/library/research_10.html).
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- <sup>6</sup> The State PIRGs, *Ripoff 101*, January 2004. Available at [www.pirg.org/highered](http://www.pirg.org/highered).
- <sup>7</sup> Amy Crane, "Textbooks a Hidden Cost of College." *Bankrate.com*. August 10, 2004.
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- <sup>9</sup> "Governor Signs One Textbook Bill, Vetoes Other." CALPIRG Press Release. September 16, 2004; Testimony of Ms. Merriah Fairchild, California Student Public Interest Research Group (CALPIRG) Higher Education Advocate. Before the U.S. House of Representatives Committee on Education and the Workforce Subcommittee on 21st Century Competitiveness. Hearing on "Are College Textbooks Priced Fairly?" July 20, 2004.
- <sup>10</sup> Thomas Bartlett, "Witnesses at Congressional Hearing Accuse Textbook Publishers of Price Gouging." *The Chronicle of Higher Education*. July 21, 2004.
- <sup>11</sup> Publisher Correspondence Between Publishers and PIRG, Faculty. Available at <http://www.maketextbooksaffordable.com/textbooks.asp?id2=14222>.
- <sup>12</sup> Publisher Correspondence Between Publishers and PIRG, Faculty. Available at <http://www.maketextbooksaffordable.com/textbooks.asp?id2=14222>.
- <sup>13</sup> Correspondence between Merriah Fairchild and Pat Schroeder of the Association of American Publishers, January 11, 2005.
- <sup>14</sup> Inflation rate for textbooks calculated by comparing the PPI for "Textbooks" (including elementary, high school, and college books) in 1994 (228.0) with the PPI for "Textbooks" in 2003 (370.1). Inflation rate for regular books calculated by comparing the PPI for "General Books" in 1994 (157.0) with the PPI for "General Books" in 2003 (187.6). General inflation rate calculated by comparing the annual PPI in 1994 (125.5) with the annual PPI in 2003 (143.3) for "Finished Goods." All PPI data obtained from the Bureau of Labor Statistics, <http://www.bls.gov/ppi/home.htm#data>, on January 24, 2005.
- <sup>15</sup> Inflation rate calculated using the Consumer Price Index (CPI) for all urban consumers, obtained from the Bureau of Labor Statistics, January 24, 2005. The CPI in 2000 was 172.2; the CPI in 2003 was 184.0.
- <sup>16</sup> Based on an exchange rate of \$1.8795 per British pound, January 24, 2005.
- <sup>17</sup> Office of Senator Charles E. Schumer, press release, October 10, 2003. Available at [http://www.senate.gov/~schumer/SchumerWebsite/pressroom/press\\_releases/PR02101.html](http://www.senate.gov/~schumer/SchumerWebsite/pressroom/press_releases/PR02101.html).