CHICAGO
FIELD HEARING

DECEMBER 18, 2006

ADVISORY COMMITTEE ON STUDENT FINANCIAL ASSISTANCE

**SUMMARY OF THE ADVISORY COMMITTEE FIELD HEARING**
**THE UNIVERSITY OF ILLINOIS CHICAGO**
**STUDENT SERVICES BUILDING, CONFERENCE ROOM B/C**
**CHICAGO IL**

## BACKGROUND

The Advisory Committee on Student Financial Assistance (Advisory Committee) serves as an independent source of advice and counsel to Congress and the Secretary of Education on student financial aid policy. It was established by Congress through the Higher Education Amendments of 1986 and began operation in 1988. The congressional mandate requires that the Advisory Committee conduct objective, nonpartisan, and independent analyses on important aspects of the student assistance programs under Title IV of the Higher Education Act.

According to its authorizing statute, the purpose of the Advisory Committee is to provide extensive knowledge and understanding of the federal, state, and institutional programs of postsecondary student assistance and to provide technical expertise with regard to systems of need analysis and application forms. In addition, the Advisory Committee is required to make recommendations that will result in the maintenance of access to postsecondary education for low- and moderate-income students. Throughout its existence, the Advisory Committee has examined the barriers to access confronting such students and translated research on access and persistence into policy solutions for enhancing student assistance programs at the federal, state, and institutional levels.

*The Advisory Committee on Student Financial Assistance (Advisory Committee) is a Federal advisory committee chartered by Congress, operating under the Federal Advisory Committee Act (FACA); 5 U.S.C., App. 2). The Advisory Committee provides advice to the Secretary of the U.S. Department of Education on student financial aid policy. The findings and recommendations of the Advisory Committee do not represent the views of the Agency, and this document does not represent information approved or disseminated by the Department of Education.*

## PURPOSE OF THE HEARING

To hear from the public and the higher education community regarding two major projects, the Advisory Committee held a one-day field hearing to gather information and commentary. Sessions on the Committee's congressionally requested Textbook Study, and on its recently released report, *Mortgaging Our Future: How Financial Barriers to College Undercut America's Global Competitiveness*, bracketed a public comment and discussion session.

In a letter dated May 26, 2006, the Textbook Study was requested by U.S. House Committee on Education and Labor (formerly the Committee on Education and the Workforce) members Howard P.

"Buck" McKeon (R-CA) (then Chairman) and David Wu (D-OR) citing concerns about the rising cost of college textbooks compounding the overall financial barriers that hinder access to a college degree. A primary objective of the study is examining recommendations on ways to make textbooks more affordable, recommendations that will be part of the final report to Congress in May 2007. The Textbook Study was launched at the Advisory Committee's September 19, 2006 hearing in Washington DC. The Chicago field hearing is the first of three field hearings that will gather information for the study; the second field hearing will be held in Santa Clarita, California on March 5, 2007, and the third in Portland, Oregon on April 13, 2007.

The Chicago hearing's first session, on the Textbook Study, brought together postsecondary administrators, faculty, and students, and other campus personnel, as well as publishers, policy analysts, and state higher education representatives in order to ensure that a broad range of perspectives was heard on what can be done, and is being done, by different stakeholders to reduce the financial burden of textbooks on students.

The second session of the hearing provided an opportunity for various stakeholders in the Textbook Study to provide additional ideas and points of view to Advisory Committee members. Participants included students, textbook publishers, used book exchange providers, and others.

The hearing's third session offered members of the higher education community an opportunity to provide feedback on the Advisory Committee's report, *Mortgaging Our Future*, which was released in September 2006. After a presentation by Advisory Committee staff, higher education administrators and presidents commented on the report's findings and its impact on institutions.

## HEARING PARTICIPANTS

**Session I:** ***Congressionally Requested Study to Make College Textbooks More Affordable***
**Part A**

***Presenters:*** *Ms. Bonita "Bonnie" Elmore, Assistant Manager, Textbook Services, Southern Illinois University, Edwardsville*

*Mr. Robert P. Carlock, Vice President of Finance and Administration, Rend Lake College*

*Ms. Carolyn Kruse, Director and Senior Academic Librarian, College Library, University of Wisconsin, Madison*

*Dr. Craig Martin, Ecological Plant Physiology Professor and Chair, Ecology and Evolutionary Biology Department, University of Kansas*

*Mr. Tom Doran, Co-Founder/CEO, Freeload Press*

**Part B**

*Dr. Nancy Mergler, Senior Vice President and Provost, University of Oklahoma, Norman*

*Dr. Cheryl Maplethorpe, Director, Financial Aid Division, and Ms. Emily Kissane, Policy Analyst, Minnesota Office of Higher Education*

*Mr. Donald Sevener, Director of External Relations, Illinois Board of Higher Education*

*Ms. Ashley Dearborn, Student, Wilbur Wright College*

**Session II:** ***Public Comment and Discussion***

***Presenters:*** *Mr. Matthew DeRosa, Student Board Member, Illinois Board of Higher Education*

*Mr. Nathan Lustig, Co-Owner, ExchangeHut.com*

*Mr. Scott Formo, President, Minnesota State College Student Association*

*Mr. Barry Major, President, Used Textbook Association*

*Mr. Trevor Montgomery, President, Students for Access & Affordability in Higher Education, University of Illinois, Chicago*

*Mr. Edward Stanford, President, McGraw-Hill Higher Education*

**Session III:** ***Mortgaging Our Future: How Financial Barriers to College Undercut America's Global Competitiveness***

***Presenter:*** *Dr. Michelle Asha Cooper, Director of Policy Research, Advisory Committee on Student Financial Assistance*

***Respondents:*** *Dr. Barbara Henley, Vice Chancellor for Student Affairs, University of Illinois at Chicago*

*Mr. Larry Matejka, Executive Director, Illinois Student Assistance Commission*

*Dr. Z. Clara Brennan, President, St. Augustine College*

*Dr. Jerry Weber, President, Kankakee Community College*

*Dr. Steven Timmermans, President, Trinity Christian College*

*Mr. Alan Robertson, Vice President for Administration and Financial Affairs, Chicago State University*

*Mr. David W. Tretter, President, The Federation of Independent Illinois Colleges and Universities*

## SUMMARY OF HEARING

**Session I: *Congressionally Requested Study to Make College Textbooks More Affordable (Part A)***

The focus of session one was on promising approaches to making textbooks more affordable for students. The session was divided into two parts. In the first part, panelists shared details of existing programs and efforts to reduce costs. In the second, panelists shared steps they are now taking to begin addressing the issue of high textbook costs.

Ms. Bonita "Bonnie" Elmore, Assistant Manager, Textbook Services, Southern Illinois University, Edwardsville (SIUE), described SIUE's undergraduate rental program, established at the university's founding in 1957. The rental fee is $8.55 per credit hour, a mandatory fee applied to the tuition bill. Textbooks are rented for one semester and are due at the end of finals week. Books that are not returned are charged to students at SIUE's replacement cost. Course adoption policy is for three years or nine terms, unless the course is computer-related, in which case the adoption period is two years. Exceptions must be routed through the appropriate dean or provost. Professors are allowed to have both rental and purchase texts on their syllabi. In order to allow students to build a professional library, SIUE offers textbooks for purchase at 20 to 40 percent off during the last three weeks of each semester. Obsolete textbooks are also offered for sale during the semester at bargain prices. Also available for rental are CDs, personal response devices or "clickers," padlocks, and calculators. The rental program is nonprofit and funded by rental fees; approximately 85 percent of revenue is used for book purchase, and the remaining 15 percent for salaries, equipment, and supplies. Student response has been favorable because a typical 15 credit hour rental bill is $128.25, compared to $400 to $600 for textbook purchase. Faculty responses vary from very supportive to very negative; however, the majority participate in the rental program even though there is no university-wide policy requiring them to do so. Challenges faced include the rising cost of textbooks affecting rental program stock, as well as web-accessed texts, bundling practices, and the complexity of system programming needs. Startup costs for a system similar to that of SIUE would be $800 to $1,000 per student, which would include building stock and computer systems. The most feasible place to start would be at the community college level. Campuses might experiment with a rental system for required courses.

Mr. Robert P. Carlock, Vice President of Finance and Administration, Rend Lake College, discussed the textbook rental system at his institution. The Rend Lake program was launched in 1998 in response to student concerns about resale value. The tuition at Rend Lake is $67 per credit hour, and the cost of textbooks rivals tuition. Seventy percent of students are on financial aid, but financial aid cannot always cover textbook costs in addition to other student needs. Rend Lake's rental program began with required courses, and has expanded to other courses. The fee for each rental book is $48, of which $28 is applied to the rental and $20 to a refundable deposit. The semester cost is comparable to the per credit hour rental fee charged by SIUE. Faculty have had input on the rental system, particularly in terms of their willingness to adopt a textbook for three years. Currently, Rend Lake rents approximately 60 to 65 percent of course textbooks, with a goal to increase rentals to 80 or 90 percent in the next few years. Nursing and computer textbooks are almost impossible to rent, due to the rapidly changing information in those disciplines; however, the majority of courses operate well under a rental system. Rend Lake has not lost funds during the course of its rental program, nor does it have a significant problem with textbook return. Deposits are refunded in cash, rather than as a credit to the student's account. The penalty for failing to return a textbook is the replacement price plus ten dollars. In terms of book use, more students are now using textbooks; in the past, some had gone without, or had shared the cost of book purchase with others.

Ms. Carolyn Kruse, Director and Senior Academic Librarian, College Library, University of Wisconsin, Madison, spoke on the role of libraries and course reserves in offsetting textbook costs. In the spring of

2005, a taskforce at the University of Wisconsin launched an initiative to provide more reserve copies of course textbooks, and more options in terms of locations. Some library policies have been relaxed, including consideration of student requests for reserve materials, formerly available only to faculty members. The University has also produced a brochure about the high cost of textbooks. Because these costs also affect the ability of libraries to purchase additional copies for reserve, College Library has turned to gift funds, including one specifically devoted to libraries by the University development office. This fund targets parents of current students; monies from this fund are allocated for library services, which include not only textbook purchase for reserve collections, but also laptop checkout programs and remodeling. Approximately $10,000 of this fund has been spent on additional reserve copies of high cost textbooks (defined as more than $100), on top of usual reserve expenditures. The per semester cost is approximately $1,500 to $3,000 per semester. Formal assessments of user satisfaction have not yet been done, but statistical analysis of textbook use shows that most had between 30 and 50 checkouts per copy, per semester. Certain chemistry and calculus texts show 300 to 500 cumulative checkouts over the last two years. Challenges include difficulty anticipating how many copies of each textbook to provide and where, as well as issues of textbook availability as numbers of books are still limited relative to course enrollments. The development of electronic textbooks will complicate shared use issues in terms of digital rights management, as well as copyright and fair use issues.

Dr. Craig Martin, Ecological Plant Physiology Professor and Chair, Ecology and Evolutionary Biology Department, University of Kansas, spoke about opportunities faculty have to reduce textbook cost burden. Dr. Martin’s courses include introductory courses for non-majors, undergraduate classes, and graduate coursework. His efforts to reduce textbook costs include forgoing the use of a textbook for certain highly specialized graduate classes; the use of free texts through a password protected e-reserve site (on which may be posted 20 to 30 percent of an entire text under fair use laws); the use of library reserves, which is not feasible for very large classes; the use of custom textbooks, paperbacks, and unbound texts; and efforts to bargain with publishers over a text for a 1,000 student survey course. For large survey courses, multiple textbooks are available. Dr. Martin selected two of the available texts and proceeded to call each publisher to bargain, which resulted in reducing the cost of a $90 text to $49 after signing a three-year contract and an agreement to issue the text as a special edition to limit resale value. These efforts led to a story in the campus newspaper that was picked up by national wire services. Faculty bargaining is only effective with very large classes, but more faculty should consider it. University administrators can assist faculty by informing them of cost reduction options, such as submitting book orders to the campus store earlier, which allows the bookstore to obtain lower prices. In addition, getting information to students earlier would help them comparison shop and obtain used books. Student book exchanges have proved to be helpful. The University of Kansas has established a textbook taskforce that is charged with establishing early communication and early information release from faculty and administration, both of which would result in lower costs.

Mr. Tom Doran, Co-Founder and CEO of Freeload Press, presented information on his publishing company, which provides free downloads of e-textbooks. The company was started by a group of academic authors and traditional textbook publishers who agreed that increasing college expenses were a significant barrier to student access. The company was launched in 2004 to publish both proprietary material and that of other publishers. At this point in time technology is in place to change the delivery model of textbooks, including near-universal computer access, broadband, and precedent in other industries such as music. In addition, advertisers want to reach college students, who represent complicated media buys. The solutions Freeload Press provides are free e-textbooks supported by advertisers, as well as inexpensive ad-free options such as paperbacks and CDs. The dual goal of the company is to provide students access to no-cost or low-cost books and to reduce publishing waste. Students access Freeload Press products online after completing registration and a sponsor survey, after which they may download a free textbook and explore other options with attached costs. Students and instructors have approved of the press by 97 percent and 83 percent, respectively. Advertisement is limited to full-page ads carefully placed at appropriate breaks in the text; there are no pop-ups or fly-ins. Advertisers are subjected to an academic approval process, which excludes gun and alcohol advertisements, as well as a ratings system; in addition, publishers are indemnified by notification that commercial-free options are available. Freeload Press is attractive to advertisers because e-textbooks are required reading, are heavily trafficked by users, and offer interactive features. Instructors like the fact that students own their materials and course costs are reduced. In 2007, Freeload Press will offer 30 products under the free model. Students benefit by saving money and owning their materials. Only five percent buy the ad-free versions. Having the book available in Adobe format offline on their desktop is an added benefit that reduces technology problems and printing waste; few students feel the need to print portions of the book. Publishers benefit by producing more affordable textbooks, improving sell-through to students, and reducing inventory risk.

**Session I:** ***(Part B)***

Dr. Cheryl Maplethorpe, Director, Financial Aid Division, and Ms. Emily Kissane, Policy Analyst, Minnesota Office of Higher Education, made a joint presentation on the development of the Minnesota Textbook Taskforce, which began operation in the 2006 legislative session in response to student lobbying efforts. The taskforce is as diverse as possible, including students, faculty from various institutional segments, librarians, campus administrators, college bookstore representatives, publishing representatives, and used book retailers. The goal of the taskforce is to identify the dimensions of the textbook cost issue. A report on best practices is expected in January 2007. Public discussion alone has been helpful. An attention to textbook costs is important as the average annual cost per student is approximately $900, regardless of institutional type. However, the proportionate expense of textbooks differs dramatically by institutional segment, with community college students paying a larger portion of their total costs toward books than students at other segments. Financial aid has remained relatively flat in the last several years, which makes rising textbook costs, along with other rising costs, an access problem. Institutions are an invisible player in the textbook marketplace because they support the library and reserve collections, own the bookstores or hold contracts with sellers, and can establish faculty guidelines for coursebook selection. One of the problems of the textbook marketplace is that the role of the customer is shared by students and faculty. Faculty select books, while students buy them; if these two actions are not coordinated, the market will be dysfunctional in terms of costs. The taskforce report will try to explain marketplace workings, the importance of faculty in the process, and a list of best practices.

Mr. Donald Sevener, Director of External Relations, Illinois Board of Higher Education, provided information on the textbook study underway in Illinois. Its mission is to examine the financial feasibility of textbook rental programs at public colleges and universities. The draft report's principal findings are that textbook costs have increased six percent annually between 1987 and 2005, with current annual textbook costs at Illinois community colleges ranging from $941 to $1,000, and at public universities from $735 to $891. Factors influencing textbook price increases include bundling, rapid turnover of new editions, and faculty selection timing. Successful rental programs must charge mandatory rental fees to cover annual operating costs, with additional Monetary Award Program (MAP) funding awarded to low-income students to shield them from increased fees. There must be a consensus among administration, faculty, and students that a textbook rental program is an effective means of reducing textbook costs without sacrificing quality. Initial funding must meet the substantial costs of implementing a textbook rental program at all Illinois public colleges, estimated at $200 million. Sufficient storage space is needed for inventory, and textbook adoption policies must be established. The estimated average annual rental fee for students at public universities would be $305. If start-up costs were amortized over a three to seven year period, that would raise the university student mandatory fee from $430 to $637. At community colleges, the average annual rental fee would be $334, and, if similarly amortized, the mandatory fee would be $416 to $547. Cost saving alternatives include the following: enacting legislation requiring faculty and staff to consider cost effective practices in book selection, requiring sample copies of books to be available to students at no charge, prohibiting employees of community colleges and public universities from benefiting financially from textbook selection, requiring the unbundling of materials, requiring publishers to provide faculty members with course materials prices and revision history. Other possibilities include state sponsorship of a book swap website, state sponsorship of a public information campaign directed at faculty about prices and timely order submission, requiring bookstores to publish International Standard Book Numbers (ISBN) in a timely fashion, providing buy-back programs, encouraging faculty to reuse textbooks, putting course materials on reserve, and limiting the adoption of new editions. The draft report is available on the Board of Higher Education's website. In terms of recommendations for other states undertaking such studies, having the imprimatur of the legislature has been helpful in nurturing interest in the report. A desirable outcome of Illinois' study would be a practical plan that would stabilize textbook costs for students.

Ms. Ashley Dearborn, Student, Wilbur Wright College, offered insight into community college efforts to make textbooks more affordable. The most significant initiative implemented at Wilbur Wright to combat rising textbook costs has been placing ISBNs in most class schedules, including those with the highest cost books. The fall semester class schedule is issued in April, giving students five months to comparison shop. The spring semester schedule is posted in November. In addition, the college sponsors an early registration raffle in which participating students may enter a $100 book voucher raffle. Twenty vouchers are awarded each semester. The student government association sponsors a voter raffle during federal, state, and local election cycles; the prizes are $100 book vouchers. The faculty recognizes the textbook price issue, and a number of them engage in custom publishing; for example, a widely required biology text has been reduced in cost through custom publishing from $131 to $80. Other faculty write their own books, which are printed by a traditional publishing house. At Washington College, another of the City Colleges of Chicago, the student newspaper published an article on textbook resources for students, including retail bookstores and e-sources. This article is now posted on the college website. The Phi Beta Kappa Society established an on-going student book exchange through which books were priced above buy-back value and below retail value. The Society captures a 20 percent fee that is used to provide academic scholarships and initiation fee scholarships. Finally, the City Colleges of Chicago system has also established book scholarships at $200 each. Challenges and barriers to all of these initiatives include publicizing efforts to students. Some lack of awareness is typical student disinterest, while for others it is the digital divide that exists in the system. Another barrier is that some college bookstores do not allow students to roam the shelves and select their own books; rather, books are retrieved by bookstore staff, which inhibits consumer choice. The use of unbound books by some faculty members creates another access barrier as the bookstore buy-back program does not accept them. To surmount these challenges, students must be more proactive, publishers must restrict the practice of new editions with minimal revisions, and the institution's administration must get involved. In addition to the efforts described above, the City College system issues Pell Grant and MAP refunds as vouchers for book purchase in amounts ranging from $100 to $400.

Dr. Nancy Mergler, Senior Vice President and Provost, University of Oklahoma, Norman, originally scheduled to present remarks, was unable to attend the hearing.

Session one concluded with a question and answer period among Advisory Committee members and presenters. Issues discussed included the role state and federal governments might play in disseminating information about textbook costs and alternatives, problems related to financial aid allocation timelines and the use of alternative book venues, campus bookstores and institutional revenues, and the merits of buying or renting textbooks.

**SESSION II:** ***Public Comment and Discussion***

Session two was devoted to presentations by members of the public who requested to contribute to the Committee's discussion on textbook affordability. Members of the panel were individuals dealing directly with textbook cost issues, including advocacy, communication of students' perspectives and ideas, presentation of new solutions, or maximization of existing solutions.

Mr. Matthew DeRosa, Student Board Member, Illinois Board of Higher Education, discussed the 2005 report of the Board of Higher Education's student advisory committee on the cost of college textbooks. The report's suggestions for institutions included continuing to examine the feasibility of textbook rental programs, especially the existing programs at SIUE and Eastern Illinois University; posting course reading and syllabi prior to the start of the semester; expanding institutional libraries, including textbook reserve copies; and encouraging earlier submission of book orders so that bookstores can enhance their buy-back programs. Recommendations for the State of Illinois included requiring publishers to sell products unbundled as well as bundled (already in effect in Virginia); requiring publishers to sell scaled-down versions of textbooks, such as texts without elaborate binding and graphs; and eliminating sales tax from academic textbooks (already in effect in Texas, Indiana, New York, and Maryland). The most effective means of reducing textbook costs is more disclosure of information by publishers, such as providing faculty with retail prices and details on edition changes (already in effect in Washington and California). Dr. Martin is a good example of what faculty can do to help students.

Mr. Nathan Lustig, Co-Owner, ExchangeHut.com, provided information on the student-run online book swap site that began at the University of Wisconsin, Madison. On this site, students post notices to either buy or sell specific textbooks, and can compare the available prices to retail prices at their campus store. When a student selects an offer, ExchangeHut emails each user the other's contact information, and the students complete the transaction, usually meeting in a public place to examine the condition of the book and exchange cash. For the first two years, ExchangeHut used only one book distribution method: local student-to-student exchange at the University of Wisconsin, Madison. In August 2006, ExchangeHut expanded to 39 schools around the country and has established representatives at 35 of those. In January 2007, three new features will be added, including a national student-to-student textbook exchange. At that time, when posting a notice a student can choose whether to display it on the local network only, or on the national network as well. For national exchanges, the website provides shipping information and contact details, but the users must complete the exchange themselves. The second new feature is affiliate websites; ExchangeHut is attempting to become a clearinghouse for all online textbooks, and is trying to partner with Amazon.com, Textbooks.com, and Half.com. The third new feature allows students to search inventory from local bookstores on their campus. Local bookstores upload their inventory onto ExchangeHut and, when certain items are requested, the bookstore is notified by email to have them available for pickup. Through ExchangeHut's resources, students will be able to save an average of 35 percent over the local bookstore, and 10 percent over other online vendors. Students will also save money on shipping fees if they complete an exchange on the local network. ExchangeHut used to charge a five percent transaction fee, but has found other sources of revenue, such as classified advertising. Buy-back prices are enhanced through ExchangeHut. Bookstore buy-back programs pay only 15 to 40 percent of the original retail price, but on ExchangeHut, students can receive 40 to 75 percent of the purchase price. Universities can help students save money on textbooks by having professors list books and ISBNs online to facilitate web searches for the cheapest prices. ExchangeHut is considering methods that would allow professors to post book links on that site. In conclusion, more disclosure is critical.

Mr. Scott Formo, President, Minnesota State College Student Association (MSCSA), presented his perspective on college textbooks, based on his work as part of his state's taskforce. MSCSA has been accomplishing some of its work relative to the taskforce through public forums. Through these forums, two schools are attempting to start pilot programs, one of them a student-to-student book exchange both within its campus and with a sister campus, and the other a book rental program. The biggest hurdle to both is funding. In addition to public forums, MSCSA recently conducted a textbook survey at its fall 2006 leadership conference; some participants distributed the survey on their campuses and shared results with MSCSA. Survey results include that nearly 83 percent of those surveyed are full-time students according to federal guidelines, and of whom 93.5 percent pay in excess of $1,000 in tuition per semester; and 55 percent pay in excess of $200 for their books, an equivalency of 20 to 45 percent of their total college tuition. This percentage is lower than that described in the General Accounting Office's (GAO) July 2005 report, *College Textbooks: Enhanced Offerings Appear to Drive Recent Price Increases*; however, Minnesota's community college tuition is the second highest in the nation. Nearly 66 percent of the instructors do not use the textbooks and/or the bundled supplemental materials required. Over 50 percent of students surveyed prefer cheaper, electronic versions; the same percentage want textbook costs to be included in their overall college tuition. When the state taskforce's final report is published in January 2007, MSCSA will take an official stance on the findings and recommendations. MSCSA has also embarked on an information campaign regarding textbook costs; as part of this, MSCSA has published an article in its association paper, *The Student View*, and is in the process of distributing it to all 46 two-year colleges. A report based on the MSCSA survey will be posted on its website.

Mr. Barry Major, President, Used Textbook Association, spoke on his organization's mission to increase the supply of used textbooks through market-based solutions. According to the July 2005 GAO report, textbook prices nearly tripled between December 1986 and December 2004 due to the increased frequency of new editions, bundling practices, and slower faculty adoption rates. A viable solution to making textbooks affordable for students is to foster competition and consumer choice by ensuring that used textbooks continue to be available. The local bookstore can help to lower textbook costs, but faculty must provide support; for example, if a faculty member re-adopts a book for a subsequent term and informs the bookstore of this in a timely manner, the bookstore can pay more for the book at buy-back, saving the student 30 to 35 percent. Students shopping for the following term also benefit by having more used books available. Textbook costs can be lowered if the following take place: one, textbook adoptions must be timelier; two, unnecessary new editions must be limited through faculty review of changes; three, bundling must be eliminated and components priced separately because bundling affects buy-back prices; and four, the amount of built-in obsolescence must be reduced, such as textbooks with material designed to be torn out, textbooks with school names embossed on the cover, and textbooks sold without binding, as there is no buy-back value for these items. The Used Textbook Association will focus on the following areas over the next several months: building a member-centric association, working directly with policymakers, helping students understand the true costs of textbooks, increasing awareness of timely adoptions, and increasing the overall supply of used textbooks.

Mr. Trevor Montgomery, President, Students for Access and Affordability in Higher Education, University of Illinois at Chicago, presented information on his organization. The following recommendations arose from a committee formed in February 2006 in service of reducing textbook costs for students: one, faculty members should know the cost of books that they order; two, faculty should order through the campus bookstore because public and university bookstore profits reduce student fees; three, faculty should submit book orders in a timely fashion; four, faculty should be wary of the expenses of bundled textbooks; five, faculty should distinguish between required and recommended reading; six, faculty should avoid requiring students to subscribe to commercial websites if campus websites will suffice, and to avoid using materials with expensive access codes; and, seven, faculty members should order the least expensive books, if possible. In terms of disclosure issues, the committee concluded that since faculty members are making consumer decisions on behalf of their students, they should be factoring costs into their decision-making processes. Based on that resolution, the committee recommended that faculty members ask textbook publishing representatives to disclose cost information. Students for Access and Affordability is examining the possibilities of enforcing this with disclosure legislation, as was recently done in Connecticut. Mr. Montgomery urged the Advisory Committee to look into the feasibility of federal disclosure legislation.

Mr. Edward Stanford, President, McGraw-Hill Higher Education, made the final presentation of the session. For educational publishing companies, in addition to pricing, best practices mean developing educational materials of high standards that continually improve the effectiveness of instruction, improve efficiency for instructors, and improve both for students. In the selection process, faculty are sensitive to three things: whether a textbook meets their standards, whether it matches the capabilities of their students, and whether the cost is reasonable. Publishers attempt to fulfill these criteria by creating a wide range of choices. In recent years, new media for textbooks have appeared, including e-books. All major publishers are offering content as e-books, even offering content online by the chapter; in addition, all are offering custom course materials. Publishers' best practices must include, first, increasing research on student work flow in order to understand how students use materials, and on the adjustment of those materials to different learning styles and abilities. Second, publishers must continue to work with a national community of instructors in order to maintain faculty course standards. Third, publishers will continue to maintain and expand a range of publishing options, such as e-books, custom books, and no-frills editions. At the current time, the purchase of e-books represents less than one percent of units sold. However, digital, as well as custom textbooks are the areas of highest growth.

A question and answer period concluded the session. Issues discussed included the best methods of disseminating information about textbook costs to students.

**SESSION III:** ***Mortgaging Our Future—How Financial Barriers to College Undercut America's Global Competitiveness***

In session three, Dr. Michelle Asha Cooper, Director of Policy Research for the Advisory Committee, presented the major findings of the Committee's September 2006 report, *Mortgaging Our Future*. The report finds significant disparities in bachelor's degree attainment by family income even after controlling for academic preparation, and measures losses in bachelor's degrees among low- and moderate-income students due to financial barriers that include rising college prices and insufficient need-based grant aid. The report provides six policy implications, as follows: one, reinvigorate the access and persistence partnership to increase need-based aid from all sources; two, restrain increases in the price of college; three, moderate the trend toward merit-based aid and reliance on loans; four, reduce financial barriers to transfer from two-year to four-year institutions; five, strengthen early intervention programs; and, six, invest in efficient and productive college remediation.

Following Dr. Cooper's presentation, a panel of highly distinguished leaders from the education community responded to the report's findings and discussed the implications for student aid policy and America's long-term economic competitiveness.

Dr. Barbara Henley, Vice Chancellor for Student Affairs, University of Illinois at Chicago (UIC), provided the first response. The losses described in the Advisory Committee's report are alarming and must be stemmed. Attendance and degree attainment rates must be increased in order to compete in the global economy. UIC is one of the most economically diverse institutions in the country: 24.4 percent of undergraduates come from families earning less than $28,000 per year. Forty-two percent of undergraduates are from families earning less than $47,000 per year. One of Illinois' responses to access problems was to implement through statute a guaranteed tuition program for undergraduates. Efforts at UIC itself include allocating a proportion of each tuition increase for student financial aid. Once UIC tuition increases began to exceed MAP awards, UIC established the UIC Grant Program, through which 30 percent of students are funded. In addition, development officers are working to increase the number of scholarships available to students. As a result, Student Affairs is also participating in fundraising. A review of merit scholarships is also underway in order to convert them to need-based scholarships, provided that that does not violate the donor's intent. In conclusion, according to a recent American Council on Education (ACE) report, the public views college degree attainment as an individual, rather than a societal good; higher education leaders must work to change that perception.

Mr. Larry Matejka, Executive Director, Illinois Student Assistance Commission (ISAC), and former Assistant Vice-Chancellor at the University of Illinois, Urbana-Champaign, provided a perspective from both the state and institutional level. The title of the Advisory Committee's report is an apt description of the current state of affairs in higher education. Despite targeting resources carefully, ISAC has had to focus more clearly on its primary mission, providing access to higher education for those who could not otherwise attend; however, this detracts from the second part of ISAC's legislative mandate, which is to provide access to and choice within postsecondary education. Through 2002, the Illinois MAP program awards covered the average tuition and fees at an Illinois public university; however, by 2005, MAP covered only 65 percent of these costs. To solve this problem, ISAC re-evaluated MAP recipients, their patterns of enrollment, and time to degree. MAP funding allocations were changed to reflect credit hour enrollment rather than general enrollment status (full-time, part-time, and less than part-time), and funds were capped at various institutional segments to allow for both progress toward degree and necessary remedial work. ISAC is continuing to evaluate this new policy as it creates problems for students at low-cost institutions, but state funding levels do not yet permit ISAC to return to the previous policy. If state funding does not increase to match tuition levels, within just a couple of years, a MAP grant will cover only half the tuition and fees at a public university. As a result of these factors, MAP applicants and applications have been changing: many poor students are choosing not to attend school at the same rate as before, and fewer nontraditional students are applying because they cannot afford to attend. For the lowest income students, current out-of-pocket costs at a public university after Pell Grant and MAP funds have been applied are almost $7,000, or half of their pre-tax income. These costs cannot be covered by Stafford loans. However, despite the loss of students at the margins, MAP remains valuable.

Dr. Z. Clara Brennan, President, St. Augustine College, responded from the point of view of a private, two-year college. The mission of St. Augustine is to make higher education accessible to a diverse student population, with emphasis on those of Hispanic descent. About 46 to 48 percent of students qualify for the Pell Grant maximum award. Only 10 percent of students are ineligible for federal financial aid. Until 2002, when changes to the MAP program were made, a combination of Pell Grant and MAP funding covered tuition and fees. To cope with these aid shortfalls, St. Augustine has implemented new, or revised existing institutional aid awards. In line with the policy implications of *Mortgaging Our Future*, St. Augustine has not raised tuition for the last three years in order to contain costs for students. Partnerships have been developed with state, city, and federal governments, and foundations to provide additional need-based awards in specific programs, for example, with the U.S. Department of Education for Early Childhood Education program, and with the U.S. Department of Agriculture for the Culinary Arts program. Other partners include Northeastern University, with whom St. Augustine has a blended degree program, and other colleges and universities with which it has articulation agreements. Remedial and tutoring programs are also provided, at no cost, to students. As a result of these initiatives, retention, graduation, and transfer rates have increased over the last four years; however, these other sources of funding have not been enough to overcome financial barriers for many students. As a minority-serving institution, St. Augustine is concerned that as Hispanic populations increase in size in Illinois and these persons are unable to attain a postsecondary degree, education levels in the state will decline, as will tax revenues, and economic competitiveness will be affected. To combat these problems, St. Augustine is developing a new articulation agreement with various four-year institutions: to offer St. Augustine programs onsite at a four-year institution in order to affect seamless two-year to four-year college transfer. In addition, St. Augustine is working to serve as a bridge for students who are not English-language proficient.

Dr. Jerry Weber, President, Kankakee Community College (KCC), spoke on efforts to increase diversity at the community college level. *Mortgaging Our Future* was a thorough and well-designed report. Of the report's policy implications, three are particularly relevant to community colleges. In terms of the recommendation to strengthen early intervention programs, community colleges serve the local community and are, thus, ideally suited to get out the message about college to local students. At KCC, faculty and staff meet with secondary school students and use the College Zone website, as well as other resources to explain college enrollment processes. In addition, KCC, in conjunction with ISAC, has established vertical teams from elementary schools through the college and university level that provide information on financial aid. TRIO and Upward Bound programs could also be expanded for middle school students. In terms of the report's recommendation to reduce barriers to transfer from two-year to four-year institutions, a significant problem that occurs is a dip in GPA sometimes called 'transfer shock.' To ameliorate this situation, extra grant funds that allow new transfer students to focus on studying would be helpful. KCC offers the Baccalaureate Scholars Program, which is virtually 100 percent effective in helping students through transfer, but it serves only 24 students. However, programs such as this validate research by both the Advisory Committee and the Jack Kent Cooke Foundation. Enlarging existing programs, such as TRIO and Upward Bound, could enhance transfer success. In terms of the recommendation to reinvigorate the access partnership, community colleges could be a full partner in the access partnership. Perhaps, as the Advisory Committee continues to examine the issues, additional language about the role of community colleges could be added to this policy implication. Finally, further research is needed in two areas of *Mortgaging Our Future*. It would be worthwhile to know how many of the community college students who receive a degree or certificate, but fail to go on to a four-year college, do engage in gainful employment. Certain two-year programs, such as nursing programs, provide jobs with substantial incomes without a four-year degree. Second, it might be useful to do research on the cost/benefit of using community colleges to supply baccalaureate degrees. For example, while capstone programs are different from baccalaureate degree programs, such a program is useful when it comes to certain professions, such as nursing.

Dr. Steven Timmermans, President, Trinity Christian College, provided a perspective from a four-year private institution. Ninety-two percent of Trinity Christian's students receive some form of financial aid. Private education has been dealing with the mix of state, federal, and institutional dollars in a way that public institutions are just beginning to understand and explore. In terms of *Mortgaging Our Future*'s policy implications, first, the use of the term "remedial education" implies that the student is broken, which is unfair, because it is the system that is broken. A more appropriate term is "developmental education," and the report's language might be changed to reflect that. Second, the partnership to increase need-based aid suggests that public and private institutions reach out to the private sector; however, that is already being done with regard to capital investments and building funds. Third, moderating the trend toward merit-based aid is important. Families that make just above $38,000 and do not qualify for Pell Grants are in need of aid; however, many merit-based scholarships are actually designed to target the financial needs of those families. Better wording might be that colleges and universities direct more merit-based aid toward that gap area. In conclusion, *Mortgaging Our Future* is a very important report.

Mr. Alan Robertson, Vice President for Administration and Financial Affairs, Chicago State University (CSU), addressed financial challenges facing low-income minority students. CSU is number one among Historically Black Colleges and Universities (HBCUs) in awarding baccalaureate degrees. Regarding affordability, increasingly CSU students are incurring more and more debt, which has approximately tripled. The changes in MAP funding have hit CSU very hard. The Truth in Tuition Act forced the universities to frontload four years of increases into one year; that sticker shock has devastated the CSU student base and minority students across the state. Merit aid and a reliance on loans should be curbed because minority students are not helped by them. CSU has always had low graduation rates, and data from *Mortgaging Our Future* is beginning to show why. The way in which graduation rates are tracked does not give the full picture at a school like CSU: each year the university admits 1,200 undergraduates and each year graduates about 1,000. However, graduation rates are tracked among first-time, full-time freshman, which would represent only 500 students at CSU, and, due to financial barriers, that cohort has a low graduation rate. Yet many of these students do eventually graduate from other institutions. A better tracking mechanism might be the way the NCAA tracks students throughout their college careers, and the U.S. Department of Education should consider using something similar to that. To improve affordability and success, CSU has taken several steps. Among them is a financial outreach assistance center that provides financial aid information. Another is increasing ACT and GPA admissions requirements because remedial efforts are not enough to fill the gap. A center for student assessment has also been established to monitor and follow through with graduates. Intersessions to solve course sequencing problems are also available. Finally, to address the issue of keeping tuition low, it is important to note that CSU has had to raise tuition, but only after cutting expenses severely. There are times when there is no other choice but to raise tuition. If state and federal governments could work together to solve funding shortages, that could prevent situations in which both the Pell Grant and MAP are cut at the same time.

Mr. David W. Tretter, President, The Federation of Independent Illinois Colleges and Universities, provided information on efforts at Illinois private colleges to make these institutions accessible and affordable for low-income students. The opportunity costs discussed in *Mortgaging Our Future* are particularly germane to Illinois, where many students are assessing the packages offered them to enroll in and complete higher education and are walking away. This means that these students are not able to attend even the lowest cost institutions. Just as the report shows, Illinois has an encroaching college population that is very large, and the state is having a difficult time producing graduates qualified enough to meet the needs of major employers, thus provoking concerns about economic competitiveness. Creating partnerships with public and private resources is a good thing, as the report documents, which can result in increased participation overall and steer students to disciplines with critical needs such as healthcare and teaching. In terms of restraining increases in the cost of attendance, Illinois and other states are introducing hybrid educational models that will decrease delivery costs, such as partnerships between two- and four-year institutions. That is, institutions are beginning to respond to market demands, especially in terms of discounting, which is beginning to take root among public universities as well as private institutions. Finally, the Advisory Committee should be commended for addressing the remediation question in its report; Illinois has only recently begun to collect that sort of information, and the high need for those services is troublesome. Addressing remediation will only be solved if various sectors work together on the issue, including postsecondary institutions, K-12 institutions, and federal and state governments.