

Exhibits to accompany comments by Don Newton at the

***TEXTBOOK STUDY FIELD  
HEARING II***

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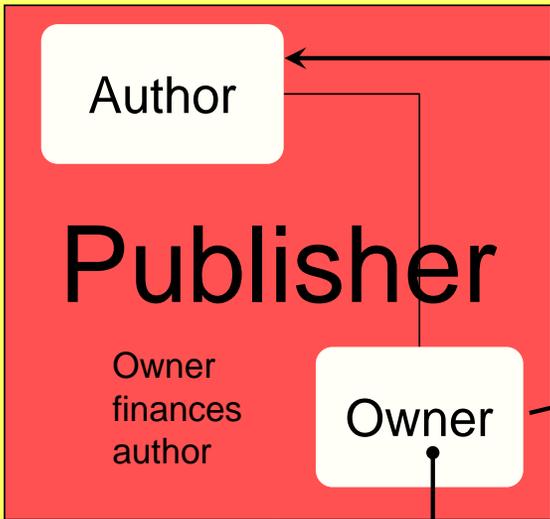
***ADVISORY COMMITTEE ON  
STUDENT FINANCIAL ASSISTANCE***

Santa Clarita, California  
March 5, 2007

My remarks will present the important role faculty play in helping to make textbooks more affordable. Primarily I will focus on how bookstores and faculty must work together to take control of the textbook prices on their campus. I will refer to each of these 4 exhibits during my commentary.

1. **The Textbook Marketplace.** This is a unique market place and all stakeholders must learn about it. Few people, even the participants, have a clear understanding of why this market allows unfettered price increases.
2. **California Bookstores and Textbook Prices.** California Education Code provides tools which, when utilized, can help contain the costs of textbooks. This law is referred to as AB 2477. This exhibit is a matrix describing that law.
3. **Bundled Textbooks.** Bundles can assist in reducing prices or can be used to increase prices. It depends who is in control. Some stores in California have taken over the control and are seeing prices on new books go down and at the same time are increasing the percentage of these bundles that can be resold as used books.
4. **The BAY 10 BOOKSTORE GROUP.** This is a non-formal group of 10 bookstores in the San Francisco Bay area who came to the realization in 2005 that they may be able to find a way to reduce the cost of textbooks 35 % or more. By combining the power of many schools we can generate sufficient sales to encourage a publisher to create a custom edition for these schools. In many cases one college may not be able to accomplish this due to faculty diversity on each campus. However, among 10 colleges there could be enough commonality of teaching methods to create substantial sales for one title. Such a consortium would encourage continued faculty diversity on individual campuses while being able to exploit the existing commonality seen when including faculty from several campuses in a textbook adoption group.

# Seller



Faculty need creates demand on author.

In the textbook market, the decision maker has no financial stake in the decision to require the book.

# Faculty

*Publisher / Owner markets book to faculty*

Primary Market

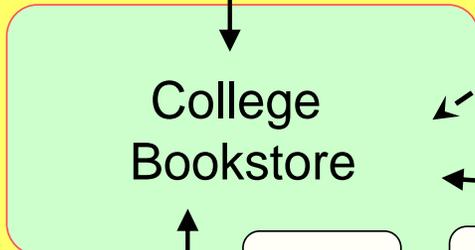
Secondary Market

*Teacher tells bookstore which books to carry.*

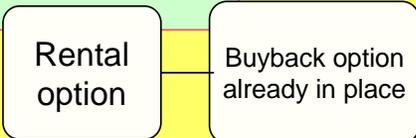
Teacher tells student to purchase the book.

Publisher ships to store. Price and other terms have minimal impact on purchase decision.

There is no retail relationship between the SELLER and the BUYER. Buyer's needs and demands are not conveyed to the seller as in normal retail scenarios.



Bookstore can utilize tertiary markets to get lower price. Many factors enter into buying decision.

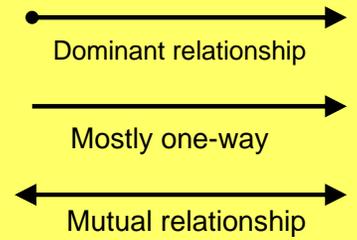
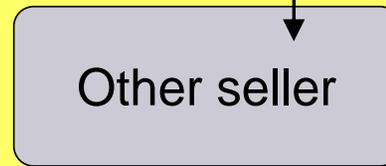
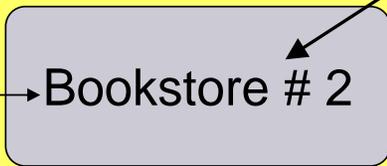
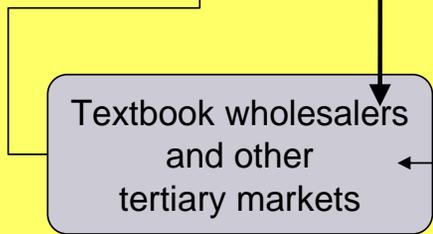


Student may purchase book from any of several sources and may also choose to sell back when finished

# Student

# Buyer

Tertiary Market



## California Bookstores and Textbook Prices

AB 2477 – Liu. Postsecondary education: production and pricing of college textbooks.

This table shows the components of Education Code section 66406 as it affects Publishers, Colleges, Faculty, and Bookstores.

<b>Publishers are encouraged to:</b>	<b>Colleges are Required to:</b>		
	<b>Encourage Faculty to:</b>	<b>Require Bookstores to:</b>	<b>Encourage Used books by:</b>
Unbundle text materials so students may buy “a la carte”.	Adopt least expensive edition.	Work with Academic Senates to review timelines for textbook adoption.	Implement a rental program.
List all available products so teachers can select what they want to use in any bundle.	Continue to use same book and edition as long as it remains educationally sound.	Work with Academic Senates to review procedures for textbook adoption.	Implement a textbook lending program.
Explain how new edition differs from old edition.	Tell students why they selected a new edition.	Work with Faculty & Publishers to create economically Sound Bundles that deliver cost savings to students.	Encouraging students to establish on campus and/or on-line books swaps.
Utilize supplements rather than create new editions.	Tell students how much they can expect to pay for the materials.		Actively promote and publicize existing bookstore buyback programs.
Disclose the estimated future life of an edition when they sell it to the faculty.	Review textbook adoption timelines and procedures with the College Bookstore.	<b>Encourage Bookstores to:</b>	Establishing any other programs to promote used books on campus.
Provide a free copy for Library Reserve.	Work with both publishers and bookstores when designing bundles to insure they are economically sound.		Disclose retail prices to faculty for each course.
	Adopt in a manner that permits students to buy parts of a bundle.		
<p>AB 2477 became section 66406 of the California Education Code on January 1, 2005. The law essentially dramatizes the need for all parties named to assist in any way they can in keeping textbook prices as low as possible. The legislature appears to have conceded that they have only powers of persuasion over publishers. They have required that colleges look into their own operations to make sure that cost savings are high on the list of faculty concerns and that practical steps are taken by bookstores to assist in this process.</p>			

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Semester/Year	Subject & Course number	Course Title	CRN (all?)	Teacher's Name ALL if this is a department wide adoption

Information about the package or bundle (Please fill in all fields except selling price.)					
Author	Title as publisher will list it (35 letters maximum)	ISBN 10 digits	Publisher	Publisher's net price	selling price Bookstore will enter

Contents of this package If there are more than 5 components in this bundle, list them on an additional form.. (Please fill in all fields for each component.)					
Author	Title	ISBN 10 digits	Publisher's Net Price	Will each student be required to have this component?	Will this component be re-usable if sold back to the bookstore

**Note:** From an economic view, a package with consumable items, or which includes any non-required items, may cost the student more when their ability to buy and sell used components is factored into the overall cost. If overall cost to students is a consideration in adopting this package, please ask the textbook buyer or manager what the sell back probability is for when your students finish the course.

Publisher Representative (keep gold copy)	
Name	
e-mail	
Phone	
Will each of the items in this package be available for at least 24 months from the first day of usage?	Yes No
CCSF Bookstore expects that a package created for us will remain at the same price for at least 2 years from the first date of classroom use. Will publisher guarantee this price for that time?	Yes No
	Net price
\$	
Is this package 100% returnable to the publisher?	Yes No
Sign here	Date

Teacher (keep yellow copy)	
Name	
e-mail	
Phone	
Will each of the items in this package be required of each student in each section of this course.	Yes No
CCSF Bookstore expects that a package created and sold at CCSF will remain at the same price for at least 4 semesters. Will you continue to use this package for at least 4 semesters?	Yes No
What is the selling price for the package? (Ask the bookstore.)	\$
Sign here	Date

Department Chair (keep pink copy)	
Name	
e-mail	
Phone	
Do you understand that a custom package or bundle is being created for the above course?	Yes No
Have all teachers who are expected to use the entire package agreed to do so? Or will they all be required to do so?	Yes No
Please sign below to indicate that the package is appropriate for the course and you are aware of the price and student sell back probability.	
Sign here	Date

This form is to be filled out by publisher representatives when they create a bundled package exclusively for City College of San Francisco. It is not needed if the bundle is part of the publisher's regular catalog. This form insures that all teachers, publishers, and department chairs understand the issues associated with the bundling and packaging of course materials. Your comments are appreciated. Please contact the bookstore textbook buyer or manager to make your suggestions and comments about this form.  
 Thank You, Don Newton, CCSF Bookstore Manager, 239-3690

## The BAY 10 BOOKSTORES

### MULTI CAMPUS ADOPTIONS AND CUSTOM EDITIONS

In January 2005, AB 2477 became section 66406 of the California Education Code. Under this law college bookstores on the campuses of the California Community Colleges are **“required to ... Work closely with faculty or publishers, or both, to create bundles and packages that are economically sound and deliver cost savings to students.”**

In the past few years, college bookstores in the San Francisco Bay Area have taken several steps to help contain students' costs by working with faculty and publishers on our individual campuses. Several success stories are heard. The BAY 10 BOOKSTORES group hopes to move these efforts further, in order to achieve greater savings, by combining enrollments and creating selling terms which will induce publishers to offer lower prices.

The law is clear and unidirectional. Bookstores are required to do this. Faculty and publishers are encouraged to follow this law but they are not bound by it. Bookstores must lead the search for the means to reduce costs, and then encourage faculty and publishers to work with us. Therefore, The BAY 10 BOOKSTORES has begun a pilot program to establish and operate a textbook buying consortium.

- Create and share a list of textbooks we are selling in large quantity. Combine this list to see what titles may have sufficient sell through to allow stores to negotiate longer term use and lower returns allowance. This may allow for a reduced net cost.
- Create and share a list of similar courses in key subject areas. This list may show us where we can search for suitable textbooks that can be adopted department-wide on many of our campuses. We then encourage publishers to offer their best price and terms.

Either of the above scenarios could result in the creation of custom publications, or custom cover editions, which would be sold to bookstores at a sufficiently large discount which could save students 25 -35% based on the regular or national edition prices. While each campus bookstore would pay the same wholesale price, campus bookstores would still be free to set their own retail prices based on their operating costs and other financial requirements. For example, some stores may need a larger percentage margin on these titles to offset the risk associated with non returnable books.

These custom editions may have longer life spans if the faculty and publisher can agree in advance. Such a condition would result in even more savings to students by extending used book sales over a longer period of time.

These books would only be available to stores agreeing to the selling terms. Participating schools would be able to include these titles in their regular campus buyback programs and could also trade excess inventory among themselves. Reduced returns allowances from publishers and no wholesale activity on these titles is also likely to be part of any agreement.

The faculty and publishers will need to be involved early in the process. We will need to work with the Academic Senate of the California Community Colleges and also with the academic senates on each of our campuses. We (the bookstores) will need to learn what conditions would encourage faculty participation. Faculty need to be assured that the bookstore involvement is not counter to the principle of academic freedom which is vital to successful teaching.

Publishers will need to recognize the potential future value of this project and set prices and terms accordingly. Publishers will want to market the selected books to the faculty of other colleges and universities who want to agree to be part of the consortium. Both the local representatives and the corporate management must support this project.

Packaging or bundling of these custom edition textbooks will need to be controlled. Publishers must be aware that local campus packaging must only include required supplementary material and must not penalize bookstores if bundles need to be returned. Publisher corporate management will need to assure the local reps that they will not be financially penalized for selling these custom books rather than different, more expensive, books.

September 20, 2005

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February 2007 update

Since that time the BAY 10 BOOKSTORES group has met with publishers, both in groups and individually, and with faculty on various campuses and at the a Mathematics teachers' meeting this November in Monterey. Individual store members have presented the plan to faculty on their campuses. So far it is only clear that both faculty and publishers would be willing to participate in such a project but there is no clear path to implementation. Time and effort will need to be spent to convince faculty groups of the value of custom consortium publishing. The BAY 10 BOOKSTORES will continue to present this suggestion to faculty groups who show an interest. Encouragement of this project from college administrators and faculty association leadership is essential and not yet realized.

## **The BAY 10 BOOKSTORES Group**

*The BAY 10 BOOKSTORES group is made up of the institutionally operated bookstores serving 10 California Community College Districts in the San Francisco Bay Area. There are 16 colleges in this group.*

**Cabrillo College**  
**Canada College**  
**Chabot College**  
**City College of San Francisco**  
**College of San Mateo**  
**Contra Costa College**  
**DeAnza College**  
**Diablo Valley College**  
**Evergreen Valley College**  
**Foothill College**  
**Los Medanos College**  
**Ohlone College**  
**San Jose City College**  
**Santa Rosa Junior College**  
**Skyline College**  
**Solano Community College**