



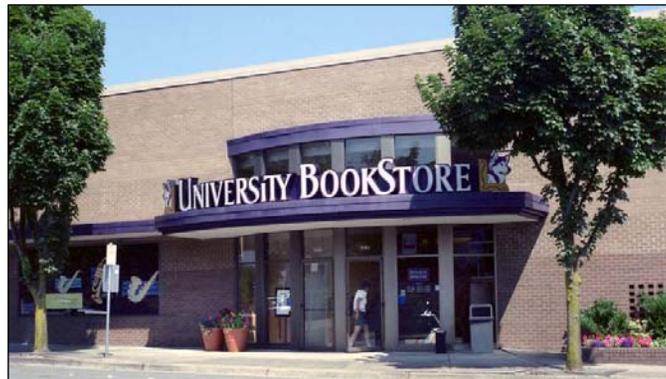
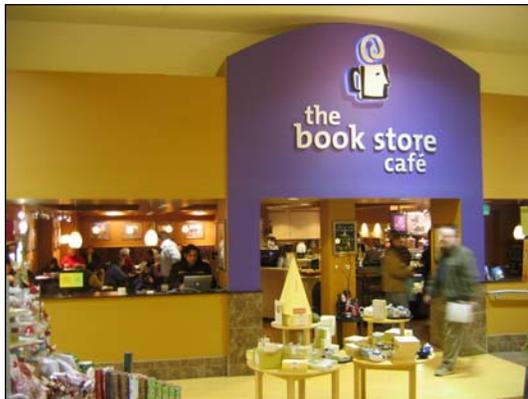
University Book Store

Serving the



UNIVERSITY OF WASHINGTON

Since 1900



Program



Advisory Committee
on Student Financial
Assistance



- Brief History of University Book Store Seattle and Organization as a Corporate Trust
- How University Book Store's Business Model Helps Make Course Materials More Affordable for Students
- Course Book Legislation in Washington State
- Q & A

Organization of College Stores

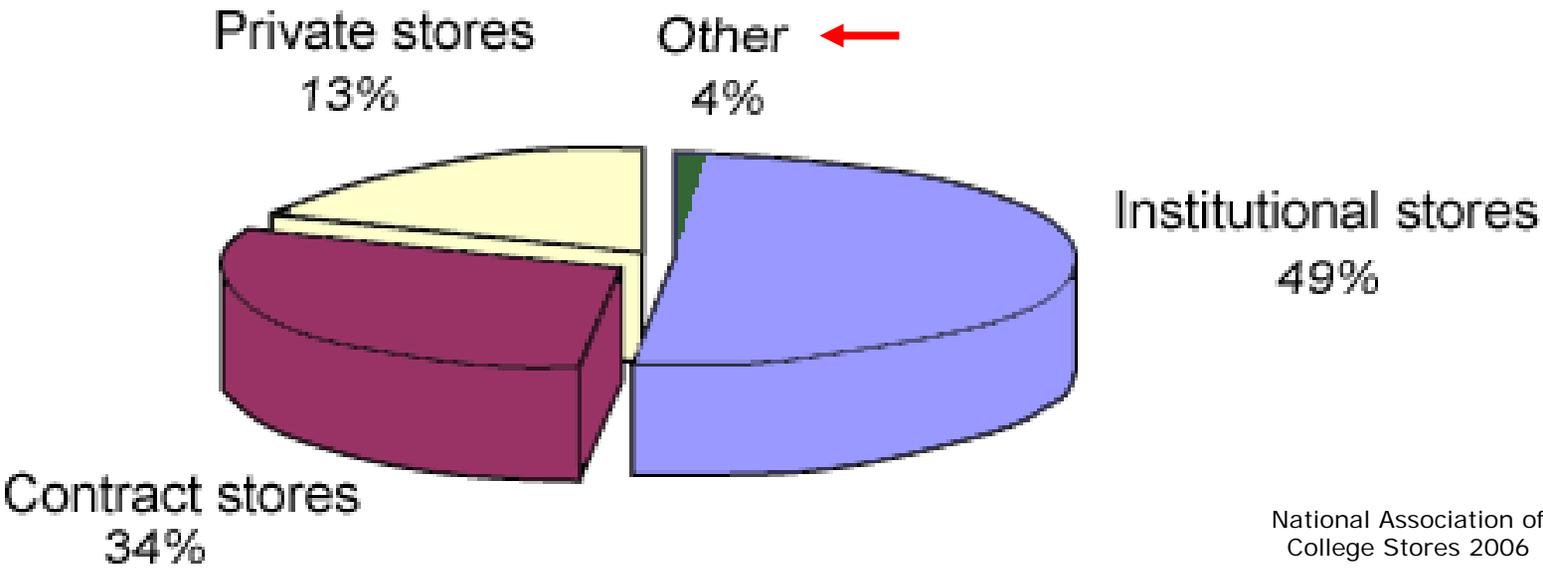


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Approximately 4,500 College Stores Nationally

Campus Store Ownership/Operations



Less than 1% of college stores are independent organizations with student, faculty and staff boards of directors

University Book Store Seattle History



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- **1900**: Founded by UW Students
 - Operated as Part of the Associated Students of the University of Washington (ASUW)
- **1924**: Moved from campus to the University Business District Adjacent to the Campus
- **1932**: Separately Incorporated
- **1964**: UW Book Store Trust Formalized

University Book Store Seattle History



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- One of the oldest and largest independent college stores in the U.S.
- Among the top 5 independent booksellers in the U.S
- Operates seven stores in the Puget Sound area
- Serves UW Campuses in Seattle, Bothell and Tacoma
- Provides course materials services to one community college, two specialty colleges and nine private high schools
- Employs 280 staff members and an additional 100 during peak periods (mostly students)
- Arranges over 450 author appearances annually

UBS (a Trust) vs. a Co-op



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Co-op

Individuals “sign up” to become member and receive benefits

University Book Store (a Trust)

Only UW students, faculty and staff are “members” (beneficiaries) by virtue of their active status

The Book Store Trust



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Parties to the Book Store Trust

University Book Store Board of Trustees

ASUW Board of Directors

UW Board of Regents

11 Member Board of Trustees



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5 UW Students

- 3–4 Undergraduates: Appointed by the ASUW
- 1–2 Graduates: Appointed by the GPSS

4 UW Faculty

- Appointed by the UW President

1 UW Administrator

- Appointed by the UW President

University Book Store Chief Executive

All Trustees Serve 3–year Terms

Benefits of the Book Store Trust



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- Governance (Student, Faculty & Staff Board of Trustees)
 - Direct connection to campus customers
 - Individuals appointed are interested in college store retailing
 - Focus is clearly on the Book Store's business
- Autonomy
 - Company stands on its own in every way
 - Ability to act quickly
 - Initiatives are financed internally
- Appeals to a Wide Audience
 - Seven stores focus on the 3 UW Campuses
 - Two stores (36,000 sf total) are main stream retail stores
- Required no initial or ongoing university investment
 - Book Store owns 76% of its operating square footage
- Profits are directed toward providing benefits to campus customers, primarily students
 - Lower initial prices
 - Annual patronage rebate
 - Scholarships and other benefits

Course Book Prices – What the Book Store has to Work With



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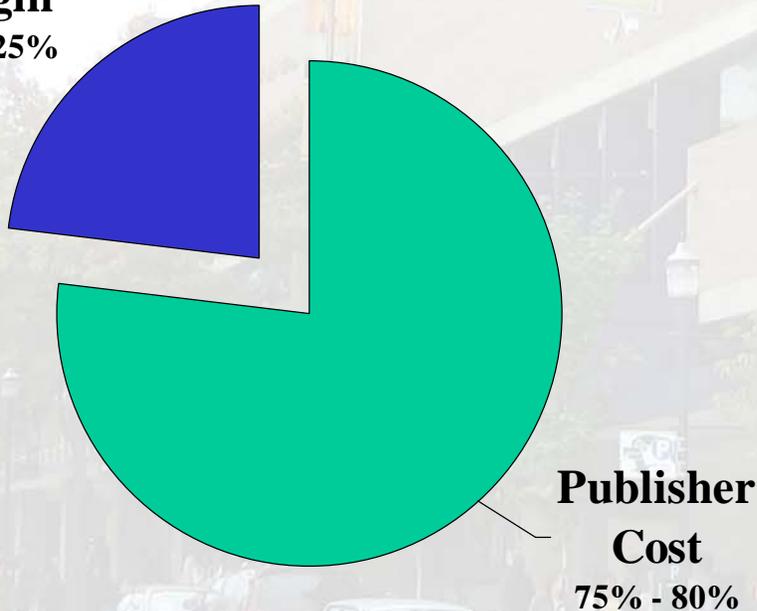


What Students Pay for Course Books is Influenced by:
Faculty ~ Publishers ~ Bookstores ~ The Used Book Environment

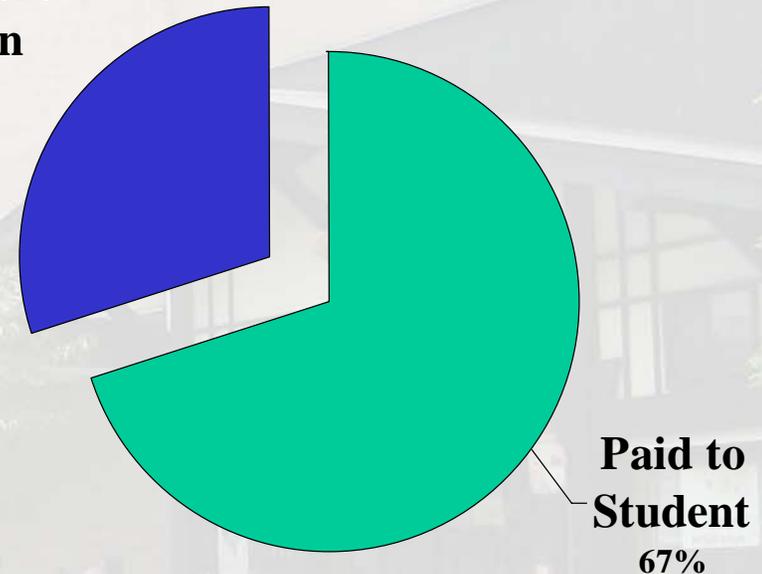
New Course Books

Used Course Books

**Book Store
Margin**
20% - 25%



**Book Store
Margin**
33%



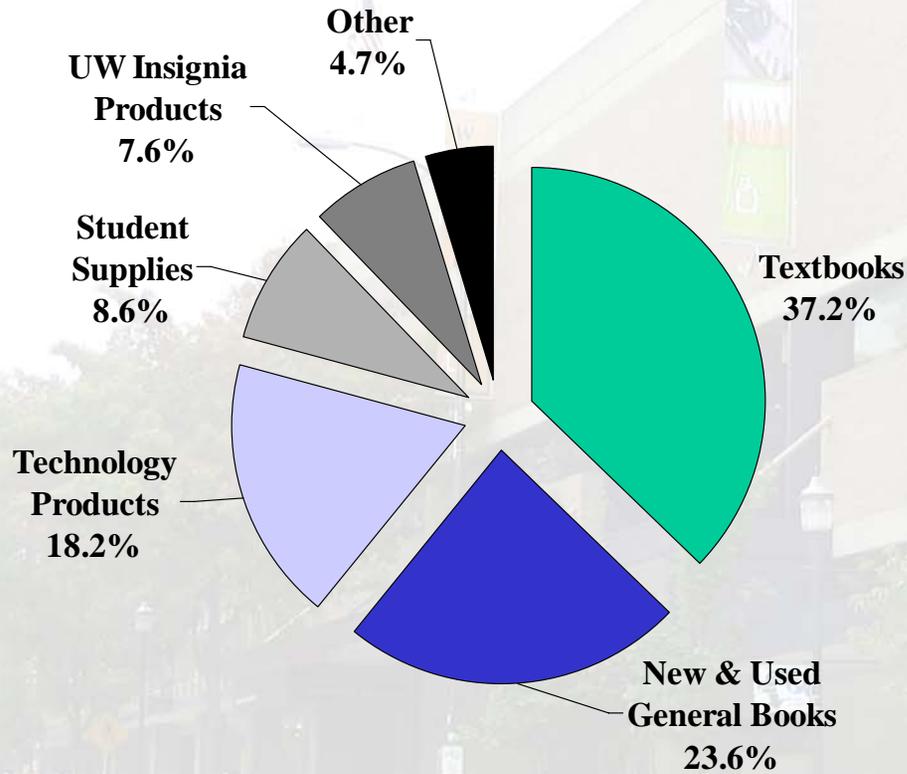
Sources of Sales



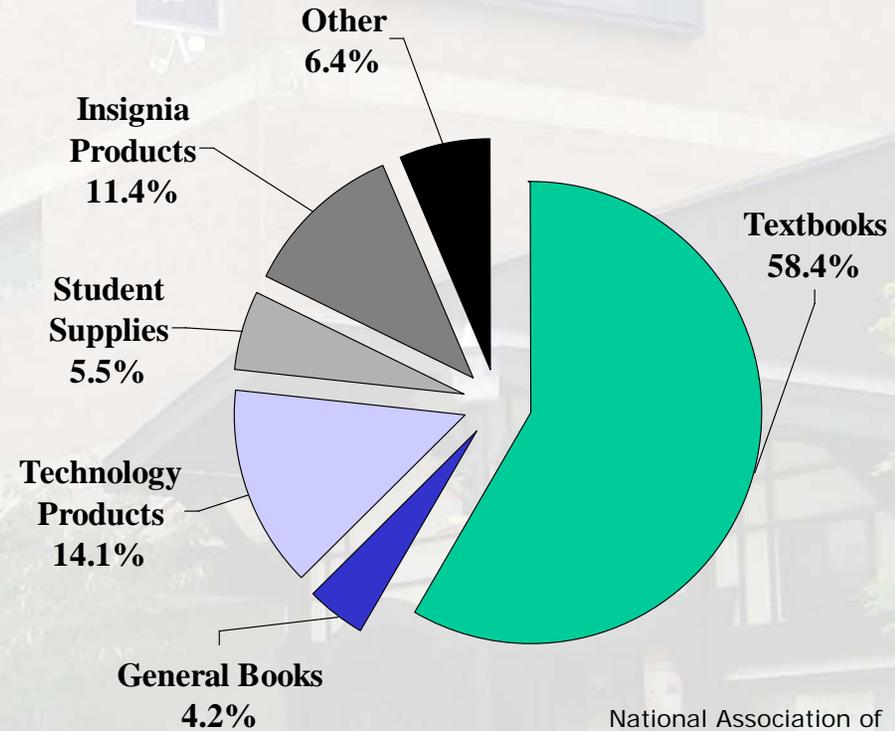
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University Book Store Seattle



College Store Industry (Average)



National Association of
College Stores 2006

What University Book Store Does To Help Make Course Materials More Affordable For Students



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- Lower Initial Course Book Prices
- UW Customer Rebate
 - 8% to 10% rebate on all Book Store purchases
 - \$790,000 in rebate value distributed in 2005-06
 - \$26.6 million distributed since 1930 ~ Averaged \$1 million annually the last 15 years
- Course Materials & Tuition Scholarships
 - Course Materials Scholarship Endowment (\$300,000 Balance as of 4/07)
 - \$750,000 in scholarships granted since 1950
 - Course Book Giveaway Program - *Random Act of Book Store Goodwill*
- Special Discounts and Giveaways Throughout the Year
 - Course Books, iPods, Student Supplies, etc.
- Special Academic Pricing on Technology Products
 - Brand Name Hardware and Software
- Used Book Activity
 - Buying: \$2 million in cash to students annually
 - Selling: \$4.8 million in used books sold annually (29% of total)
 - Free online student book exchange and buyback notification service

Student Value Scenario

our Book Store Strives For



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	NEW	USED	
Retail Price	\$100	\$75	
Book is Sold Back to the Book Store	\$50	\$50	50% of Current New Book Price (assumes the book is used for another UW course)
Net Cost of Book To UW Student	\$50	\$25	
UW Customer Rebate	\$8	\$6	8% Rebate — Reduces cost of a future book store purchase
Real Cost of Book To UW Student	\$42	\$19	

Example based on a \$100 new course book

Course Book Legislation



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Washington State (2006) Substitute House Bill 3087

Focus of bill:

- . Bundling is often unnecessary
- . Faculty members often select materials uninformed of the retail costs and differences between editions
- . Encourages faculty to work closely with bookstores and publishers to implement the least costly option without sacrificing educational content and to provide maximum cost savings to students
- . Only inappropriate provision is requiring bookstores to disclose how editions change

University Book Store is working with UW Faculty and Publishers to:

- . Make bundled course materials available separately
- . Ensure that faculty members are aware of course materials costs and alternatives
- . Encourage faculty members to demand that publishers disclose how new editions of course books vary from previous editions
- . Actively promote used course book activity and buyback programs

Course Book Legislation



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63 State Bills related to college textbooks have been introduced in 23 states this year

Washington State (2007)

- **HB 1224 & SB 5183** – Places the same requirements of SHB 3087 on Community Colleges
- **HB 2300 & SB 6077** – Requires publishers of college textbooks to inform faculty of the wholesale prices of textbooks and the history of their revisions
- **HB 1531 & SB 5784** – Waives sales tax (8.9%) on course materials, including software and workbooks, sold by bookstores affiliated with a higher education institution

Final Thoughts



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- Please talk with college store leaders in the room
- Emphasis should be on the net cost to students vs. initial costs
- Faculty should support lengthening the effective useful lives of textbook editions (increases used book activity)
- Publisher efforts to restrict the used book trade harm students financially. Recent publisher initiatives focus only on reducing the initial cost
- Solutions benefiting all parties are possible



University Book Store

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Our Organization

University Book Store is organized as a corporate trust. The beneficiaries of the trust are the individual students, faculty and staff of the University of Washington. All profits not required to operate the Store and invest in its future are returned to the beneficiaries (mostly UW students), in the form of an annual rebate, lower textbook and computer product prices, student tuition and course book scholarships, donations to student organizations, special discounts and services, and through other benefits.

The "owner" of University Book Store is the University of Washington Book Store Trust. Parties to the trust agreement are the University Book Store Board of Trustees, the ASUW Board of Directors and the UW Board of Regents. The University Book Store's Board of Trustees consists of 5 UW students (4 undergraduate and 1 graduate), 4 UW faculty members, 1 UW administrator, and the Book Store CEO. Members of this board also serve as directors of the corporation overseeing the policies and operation of the Store.

Our Vision

To be the most trusted, respected, valued and successful college store in existence.

To support the primary mission of the University of Washington, which is the preservation, advancement, and dissemination of knowledge and its vision to change peoples' lives through education.

Our Mission

To provide University of Washington students, faculty and staff with supportive and valued products and services as well as meaningful savings and benefits in an environment that delivers a superior customer experience.

Our Core Values and Guiding Principles

- We care about and take pride in supporting and serving the students, faculty and staff of the University of Washington.
- We care about delivering quality products, services and exceptional, unexpected customer experiences.
- We value our role in enhancing the quality of life.
- We respect and care about the well-being and development of our staff.
- We care about and support our communities.
- We value and celebrate diversity in all areas of our business.
- We value product, industry and customer knowledge and experience.
- We value integrity, sound business practices and financial responsibility.

Our Global Strategic Goals in Support of Our Mission

- Deliver consistently exceptional, unique, valuable and supportive products, services and experiences to our customers.
- Cultivate new and profitable sales opportunities, leveraging the Store's core competencies
- Anticipate the needs of our customers in a rapidly changing environment and effectively serve those needs.



Key Benefits and Savings University Book Store Provided to its UW Campus Customers in 2005-06

UW Customer Rebate Program

For the 2005-06 academic year, over \$790,000 in rebate value was distributed to UW students, faculty and staff. Over \$26.5 million in UW customer rebate value has been distributed since 1930.

UW Student Tuition and Textbook Scholarships

In 2005, the University Book Store Student Scholarship Endowment was created with a \$675,000 funding commitment. Scholarships began being distributed from the endowment in 2005-06. Over \$725,000 in student scholarships have been provided to date. The Book Store also provides textbook scholarships each quarter (a quarter's worth of books) to many students on all three campuses.

Donations to Campus Organizations

Hundreds of UW student, faculty, alumni and other and campus organizations and initiatives were supported through gift card and product donations.

Special Academic Pricing on Computer Hardware and Software

UW students, faculty and staff have realized significant savings as compared to regular retail prices through the special academic pricing available at the Book Store on the most popular brands of computer hardware and software, including Apple, IBM, Microsoft and Adobe.

Lower Textbook Prices

University Book Store has one of the lowest margins on new textbooks in the retail industry. Pricing policies saved students over \$150,000 in 2005-06 (compared to average prices charged by other college stores and textbook retailers).

Used Books

Over \$1.9 million was paid to students annually for their textbooks through the textbook buyback program.

Approximately \$1.5 million in annual savings have been provided to students through the procurement of used books through multiple sources (compared to new book prices).

UW Students Employed and Interned

University Book Store employs UW students regularly throughout the year in a variety of positions. The Store works around student schedules and pays competitive wages. The Book Store also regularly sponsors UW students as interns.

Faculty Author and Lecture Events

Over 50 UW faculty author and department lecture events were held or sponsored during 2005-06. Over 400 authors were bought by the Book Store to the UW campuses in 2005-06.



What University Book Store Does to Save Students Money on Course Books

- **Actively buys used course books:**

- * From UW students:

- UW students receive over \$1.9 million for their used books

- If a course book is re-adopted for a future course, the student wins in two ways: 1) they can sell their books back to the bookstore UBS pays 50% of the current new price for the book, whether it was purchase new or used) and 2) they can purchase used books, saving them 25% of the price of a new book

- * From used book wholesalers

- * From internet companies and other sources

- **Actively sells used books**

- . Of all the forms course materials take, students clearly prefer buying and selling used books.

- . Used books sell out way before new books

- **Offers online buyback price look-ups, buyback alerts, and student book exchange services (“Used Book Classifieds”)**

- **Prices new course books lower than virtually all other college stores and other retailers**

- . The Book Store applies a 20% to 24% retail markon (margin) to new course books.

- The vast majority of the college store industry applies a 25% to 29% retail markon

- **Provides an 8% to 10% rebate to students on the retail price of course books (\$26.5 million in rebates distributed to date)**

- **Provides electronic versions of course books when available**

- **Presents 100% course book scholarships each quarter to randomly selected students**

- **Works with UW students on legislation reducing the cost of course materials**

University Book Store’s business model is based on keeping the prices of course materials and technology products as low as possible by subsidizing these categories through profits earned on other merchandise sales.

The student value proposition University Book Store strives to deliver whenever possible:

	NEW	USED	
Retail Price	\$100	\$75	
Book is Sold Back to the Book Store	\$50	\$50	50% of Current New Book Price (assumes the book is used for another UW course)
Net Cost of Book To UW Student	\$50	\$25	
UW Customer Rebate	\$8	\$6	8% Rebate — Reduces cost of a future book store purchase
Real Cost of Book To UW Student	\$42	\$19	

Example based on a \$100 new course book

Buying back and reselling used books provides the highest value, lowest net cost and lowest risk on course books to students as compared to any other scenario (eBooks, rental programs, purchasing from online 'marketplace' sites, etc.).

This is made possible when faculty members choose to re-adopt previously used books for their courses.

What faculty members can do to help students save money on and gain the most value from course books:

- . Re-adopt previously used course books or other materials as often as possible
- . Select course materials and communicate to the Book Store as early as possible – This allows the titles to be bought back from students for the highest price and makes more used course books available to students
- . Use the custom course pack (reader) services provided by UW Publication Services
- . Insist that publishers disclose in detail how new editions vary from previous editions
- . Insist that publishers not bundle course books with materials that won't be used in the course
- . Use the selected course book actively in the course

The decisions faculty members make with respect to course materials can have a significant effect on student finances.

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STUDENTS INTRODUCE BILL TO LOWER TEXTBOOK COSTS

Press Release

SEATTLE – Washington students may find that they are paying less for their textbooks next year if the state Legislature passes a bill requiring publishers to disclose textbook prices to faculty. The bill, which was written by WashPIRG and the Associated Students of the University of Washington, would give faculty the information they need to choose the lowest cost versions of the course materials they require.

This effort was prompted by a new study released by WashPIRG that shows that textbook prices are rising four times the rate of inflation. “Many students are already really struggling to pay their way through college,” said Ben Wong with WashPIRG. “The last thing they need is to shell out hundreds of dollars more each year to buy textbooks. We need to let the publishers know that students won’t continue to pay for their unfair business practices.”

WashPIRG cites the finding by partner MASSPIRG that publishers do not always provide clear information about their prices to faculty as one cause for the artificially high textbook prices. An astounding 77% of professors MASSPIRG surveyed said that when they meet with publishers’ sales representatives, they rarely or never volunteer the price. Even when professors directly asked for the price, only 38% of those surveyed said the sales representative would always disclose the price.

According to WashPIRG, students pay an average of \$900 for textbooks per year. Prices are largely dependent on which books instructors choose to require, and MASSPIRG found that 94% of the faculty surveyed reported that they would take cost into consideration when choosing their textbooks. The survey also found that but many of those professors did not actually know the price of the books they assign.

“That shows that something is going wrong, and that is why we are fixing it,” added Wong.

According to University of Washington Book Store’s CEO, Bryan Pearce, “University Book Store is always looking for opportunities to save our students money on course materials. This legislation would provide information critical to the course book selection process, enabling faculty members to make more informed decisions that will help reduce the cost of course books to students without compromising the integrity of their course content. An important by-product of this legislation will be to put faculty members in a better position to decide whether to adopt a previously used edition of a course book. When a previously used edition of a course book is adopted, students win in two ways. They are able to buy used copies of course books at lower prices than new copies and also sell their books back for the highest amounts, which results in a net cost for course books dramatically lower than the initial cost of purchasing new copies.”

This bill, SB 6077 and companion bill HB 2300 have moved surprisingly quickly through the legislature. The Senate Higher Education Committee passed SB 6077 last Thursday, and the House Higher Education Committee passed HB 2300 Tuesday night. A floor vote both chambers is forthcoming.

“We need to keep the pressure on the legislature so that they will pass it this session,” said Nick Myette with WashPIRG who organized 100 students to call their legislators on Wednesday. “We can’t wait another year.”

According to WashPIRG, there are many tactics that publishers use to drive up prices, and withholding prices is just one. A bill passed in Washington last year addressed some of those concerns by requiring bookstores to sell “bundled” course materials like extra CD’s separately.

“Obviously the solutions to the problem are long term” concluded Bryce McKibben, the Student Lobbyist for ASUW. “However, the proposed legislation is a very important step forward. This measure will be beneficial to faculty and students immediately and let the publishers know that they need to rethink the way they do business.”

For more information and to download PIRG reports, visit www.maketextbooksaffordable.org

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