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COLLEGE TEXTBOOKS

Students Have Greater Access to Textbook Information

GAO Highlights

Highlights of [GAO-13-368](#), a report to congressional committees

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Students Have Greater Access to Textbook Information

Why GAO Did This Study

The rising costs of postsecondary education present challenges to maintaining college affordability. Textbooks are an important factor students need to consider when calculating the overall cost of attending college. In an effort to ensure that faculty and students have sufficient information about textbooks, Congress included requirements in HEOA concerning publisher and school disclosures, as well as publisher provision of individual course materials. HEOA directed GAO to examine the implementation of the new textbook provisions.

This report addresses (1) the efforts publishers have made to provide textbook information to faculty and make bundled materials available for sale individually, and how these practices have informed faculty selection of course materials; and (2) the extent to which postsecondary schools have provided students and college bookstores access to textbook information, and what the resulting costs and benefits have been. To conduct this study, GAO interviewed eight publishers representing over 85 percent of new U.S. higher education textbook sales, administrators at seven schools, four campus bookstores, two national campus retailers, faculty and student groups at three schools, and others with relevant expertise. GAO also reviewed websites of a nationally representative sample of schools, complaint data from Education, and relevant federal laws.

GAO makes no recommendations in this report. The Department of Education provided technical comments, which were incorporated as appropriate.

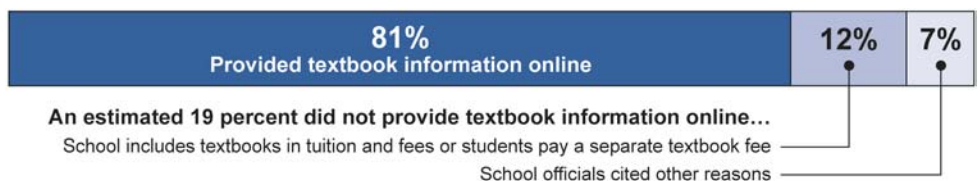
View [GAO-13-368](#). For more information, contact Melissa Emrey-Arras at (617) 788-0534 or emreyarrasm@gao.gov.

What GAO Found

Publishers included in GAO's study have disclosed textbook information required by the Higher Education Opportunity Act (HEOA), such as pricing and format options, and made components of bundled materials available individually, but stakeholders GAO interviewed said these practices have had little effect on faculty decisions. While most publishers in GAO's study provided all relevant textbook information, two smaller publishers did not provide copyright dates of prior editions, and one did not provide certain pricing information. Publishers communicated information to faculty online and in other marketing materials, and in most cases the information was available to students and the public. In addition, publishers said they began making bundled materials available for sale individually before HEOA was passed. Faculty GAO interviewed said they typically prioritize selecting the most appropriate materials for their courses over pricing and format considerations, although they said they are more aware of affordability issues than they used to be. Changes in the availability of options in the college textbook market that are not related to HEOA, such as the increase in digital products, have also shaped faculty decisions about course materials.

Based on GAO's review of a nationally representative sample of schools, an estimated 81 percent provided fall 2012 textbook information online, and stakeholders GAO interviewed said implementation costs were manageable and students have benefited from increased transparency. HEOA allows schools some flexibility in whether and how they disclose information and an estimated 19 percent of schools did not provide textbook information online for various reasons, such as including textbook costs in tuition and fees or not posting a course schedule online. Representatives of most schools and bookstores, as well as others GAO interviewed, said implementation costs were not substantial. In addition, there was general consensus among students and others GAO interviewed that students have benefited from timely and dependable textbook information. Specifically, representatives of student organizations said they had sufficient information and time to comparison shop for their course materials before each academic term.

Estimated Percent of Schools That Provided Textbook Information Online



Source: GAO review of a nationally representative random sample of school websites in fall 2012.

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Abbreviations

| | |
|-----------|--|
| BLS | Bureau of Labor Statistics |
| CPI | Consumer Price Index |
| Education | Department of Education |
| HEOA | Higher Education Opportunity Act |
| IPEDS | Integrated Postsecondary Education Data System |
| ISBN | International Standard Book Number |
| TBD | to be determined |

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June 6, 2013

The Honorable Tom Harkin
Chairman
The Honorable Lamar Alexander
Ranking Member
Committee on Health, Education, Labor, and Pensions
United States Senate

The Honorable John Kline
Chairman
The Honorable George Miller
Ranking Member
Committee on Education and the Workforce
House of Representatives

The rising costs of postsecondary education present challenges to maintaining college access and affordability for students and families. While tuition and fees are central to the cost of attendance, other expenses, such as the cost of textbooks, are important for students to consider when calculating the overall cost of attending college. In 2005, we reported that college textbook prices had increased steadily and could affect postsecondary access and affordability.¹ While many factors affect textbook pricing, we found that increasing costs associated with developing products that accompany textbooks—including study guides and technology applications, such as online homework and quizzes that allow instructors to track student progress—best explained price increases.

In an effort to ensure that faculty, students, and bookstores have sufficient information about textbooks, Congress included requirements in the Higher Education Opportunity Act related to publishers and schools² disclosing pricing and other textbook information, as well as publishers making textbooks and materials sold in a bundle available as individual

¹GAO, *College Textbooks: Enhanced Offerings Appear to Drive Recent Price Increases*, [GAO-05-806](#) (Washington, D.C.: July 29, 2005).

²For purposes of this report, we use the terms “postsecondary school” and “school” to mean “institutions of higher education receiving federal financial assistance,” as that phrase is used in the Higher Education Opportunity Act.

components.³ The Act also directed GAO to examine the implementation of the textbook provisions.⁴ This report addresses (1) the efforts publishers have made to provide textbook information to faculty and make bundled materials available for sale individually, and how these practices have informed faculty selection of course materials; and (2) the extent to which postsecondary schools have provided students and college bookstores access to textbook information, and what the resulting costs and benefits have been.

In conducting this work, we interviewed representatives from eight publishers that develop materials for the college textbook market and reviewed supporting documentation from each of them. To obtain a range of perspectives, we selected five publishers that represented over 85 percent of new U.S. higher education textbook sales, according to information they provided us, as well as three smaller publishers. In addition, we reviewed the websites of a nationally representative, stratified random sample of 150 2-year and 4-year public, private nonprofit, and private for-profit postsecondary schools to determine the extent to which they have disclosed textbook information. The sample was drawn from the Department of Education's (Education) Integrated Postsecondary Education Data System (IPEDS), which contains data on over 7,200 institutions eligible for federal student aid programs. We assessed the reliability of the IPEDS data and determined they were sufficiently reliable for our purposes. In order to review comparable information across schools, we examined available textbook information for an introductory business, psychology, and biology course at each school in our sample.⁵ The percentage estimates reported from this review have margins of error of 9 percentage points or less, unless otherwise noted. All statistical tests and the margins of error were constructed using a 95-percent confidence level. In cases where we were unable to find or access textbook information online for a particular school, we contacted the school to determine how to access it and followed up with representatives as appropriate to determine the reasons why the information was not available online. We collected complete

³Pub. L. No. 110-315, § 112(a), 122 Stat. 3078, 3107 (2008), codified at 20 U.S.C. § 1015b. For purposes of this report, we refer to these requirements as the textbook provisions.

⁴20 U.S.C. § 1015b(g).

⁵At schools where one or more of these courses were not offered, we selected similar alternative courses.

information for all 150 schools in our sample, resulting in a response rate of 100 percent. While we reviewed documentation of publisher and school efforts to implement the textbook provisions, we did not conduct a review of any entity's legal compliance. Based on the results of our review of school websites, we conducted follow-up interviews regarding the implementation of the textbook provisions and the associated costs and benefits with various representatives from eight schools, including seven groups of administrators, four campus bookstores, three faculty groups, and three student government groups. To select this subset of eight schools, we took into account characteristics such as level (2-year or 4-year), sector (public, private nonprofit, private for-profit), and geographic location. We also interviewed representatives from two national campus retailers that operate hundreds of bookstores nationwide, a textbook rental company, a company that provides price comparison software for campus bookstores, and professional organizations that represent publishers, bookstores, faculty, students, and schools. Lastly, we reviewed relevant studies and federal laws. See appendix I for more information about our scope and methodology.

We conducted this performance audit from April 2012 to June 2013 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

The College Textbook Market

The college textbook market is complex, with a number of parties involved in the development and distribution of course materials.⁶ First, publishers develop and produce textbooks and accompanying materials for faculty and students. Publishers then market their materials to faculty, school administrators, and sometimes academic departments that make decisions about what course materials to assign to students. Publishers employ sales representatives who often speak with instructors in person to discuss product options. They also provide instructors with free sample materials for their consideration.

Publishers produce a variety of products and services for faculty to choose from in selecting course materials. In addition to traditional textbooks, faculty can work with publishers to create customized course materials by adding or deleting information from a single textbook or multiple sources. Faculty may also select supplemental materials, such as workbooks, lab activities, and study guides. Supplemental materials and textbooks may be sold together in one package, referred to as a bundle, and may also be available for sale separately. In addition to print versions, course materials are often available as digital products that can be accessed on computers or e-readers. Publishers have also developed online interactive systems that integrate multimedia instructional material with supplemental materials like homework or personalized quizzes and tutorials.

Faculty or other designated parties select course materials and submit orders for them according to the process and time frames established by their school. Upon receiving information about selected materials and enrollment numbers from the school, campus bookstores determine how many to order and stock. These school-affiliated bookstores may include independent booksellers and large retail chains. They generally sell both new and used books, and some offer digital products and textbook rental programs. Many campus bookstores also have websites through which students can purchase or rent textbooks online. In addition to campus bookstores, students may be able to obtain course materials from a variety of sources. For example, students may purchase or rent course

⁶For an expanded description of the college textbook market and the typical life cycle of a college textbook, see [GAO-05-806](#).

materials from online retailers, publishers, or through peer-to-peer exchanges, among other outlets. They may also borrow materials from libraries or peers. An emerging source of course materials is the open source model, in which textbooks and other materials are published under a license that allows faculty to personally adapt materials and students to access them for free or for a nominal cost. Table 1 below summarizes common options available for obtaining course materials.

Table 1: Common Options for College Course Materials

| | |
|---------------------------|---|
| Type | <ul style="list-style-type: none"> • Textbook • Supplemental material • Interactive system • Customized textbook |
| Format | <ul style="list-style-type: none"> • New print (including loose-leaf and other lower-cost options) • Used print • Digital book (including PDFs and books for e-readers) |
| Delivery channel | <ul style="list-style-type: none"> • Campus bookstore (online or physical store) • National online retailer • Other bookstore (not school-affiliated) • Open-source provider • Publisher • Library • Peer exchange |
| Transaction method | <ul style="list-style-type: none"> • Purchase • Rent • Borrow • Download free of charge |

Source: GAO analysis of industry information.

After completing a course, students may be able to offset their costs by selling back their course materials to the campus bookstore, online retailers, or wholesale companies.⁷ Bookstores generally buy as many used textbooks from their students as possible, but there are limits to what students can sell back. For example, electronic products are generally not eligible for resale because they are accessible through one-time access codes or downloading. Opportunities to sell back customized

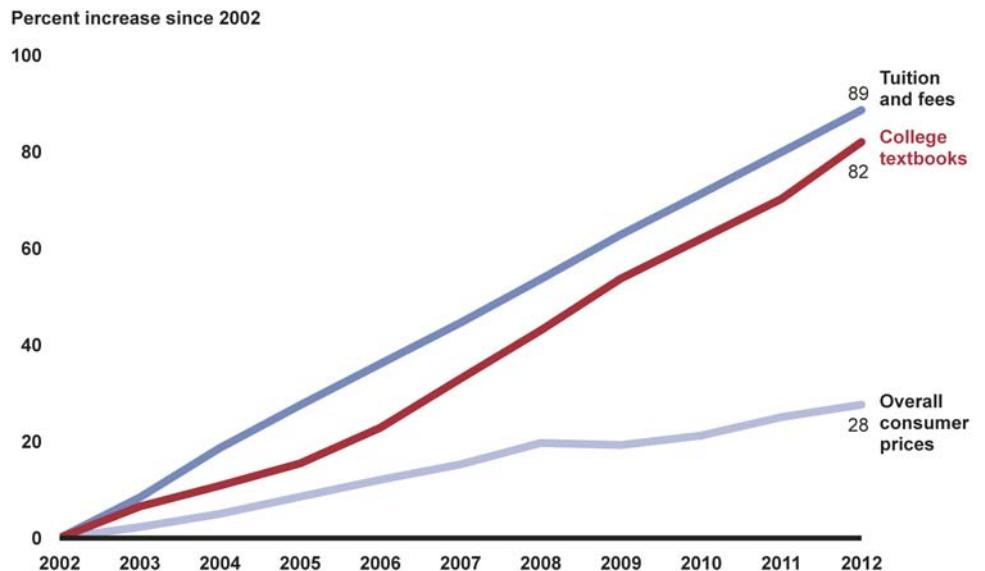
⁷Wholesale companies facilitate the circulation of used textbooks by purchasing used books from retailers and directly from students to distribute to other retailers in need of used textbooks.

course materials may also be limited given their uniqueness to a particular course on a particular campus.

Pricing and Spending

In 2005, based on data from the Bureau of Labor Statistics, we reported that new college textbook prices had risen at twice the rate of annual inflation over the course of nearly two decades, increasing at an average of 6 percent per year and following close behind increases in tuition and fees.⁸ More recent data show that textbook prices continued to rise from 2002 to 2012 at an average of 6 percent per year, while tuition and fees increased at an average of 7 percent and overall prices increased at an average of 2 percent per year. As reflected in figure 1 below, new textbook prices increased by a total of 82 percent over this time period, while tuition and fees increased by 89 percent and overall consumer prices grew by 28 percent.

Figure 1: Estimated Increases in New College Textbook Prices, College Tuition and Fees, and Overall Consumer Price Inflation, 2002 to 2012



Source: Bureau of Labor Statistics' Consumer Price Index data.

⁸These price increases occurred from December 1986 to December 2004. See [GAO-05-806](#).

While the Bureau of Labor Statistics publishes data annually on college textbook pricing, there are no comparable, nationally representative data sources that estimate student spending. Given the range of options for format and delivery of course materials, students are not limited to purchasing new, print books. Students may lower their costs by purchasing used or digital textbooks, renting materials, or taking advantage of other affordable options. However, the price of new, print books often drives the prices of other items. Specifically, as we reported in 2005, used textbook prices are directly linked to new textbook prices in that retailers typically offer used books for about 75 percent of the new, print price.⁹ Similarly, digital textbooks and textbook rentals are generally offered at a discount based on the new, print price. Thus, while students may be able to find lower-priced options, increasing prices for new, print books will likely lead to similar price increases for other related course materials.

The Higher Education Opportunity Act

In part to ensure that students have access to information about selected course materials, Congress included several provisions related to textbook information in the Higher Education Opportunity Act (HEOA), as described below.¹⁰

- When publishers provide faculty or others responsible for selecting course materials at schools with information about textbooks or supplemental material, they are required to provide the price at which they would make the textbook or supplemental material available to the school's bookstore (often referred to as the net price) and, if available, to the public (often referred to as the retail price or the list price).¹¹ They are also required to provide a description of substantial content revisions between the current and prior edition, the copyright dates of the three prior editions, if any, and any alternate formats available, along with their net prices and retail price, if available.

⁹While each store determines its own retail pricing model, many utilize a similar approach. See [GAO-05-806](#).

¹⁰In addition to HEOA, several states have enacted legislation related to textbook affordability.

¹¹20 U.S.C. § 1015b(c). While publishers may suggest retail prices, retailers determine the final price at which to sell the materials.

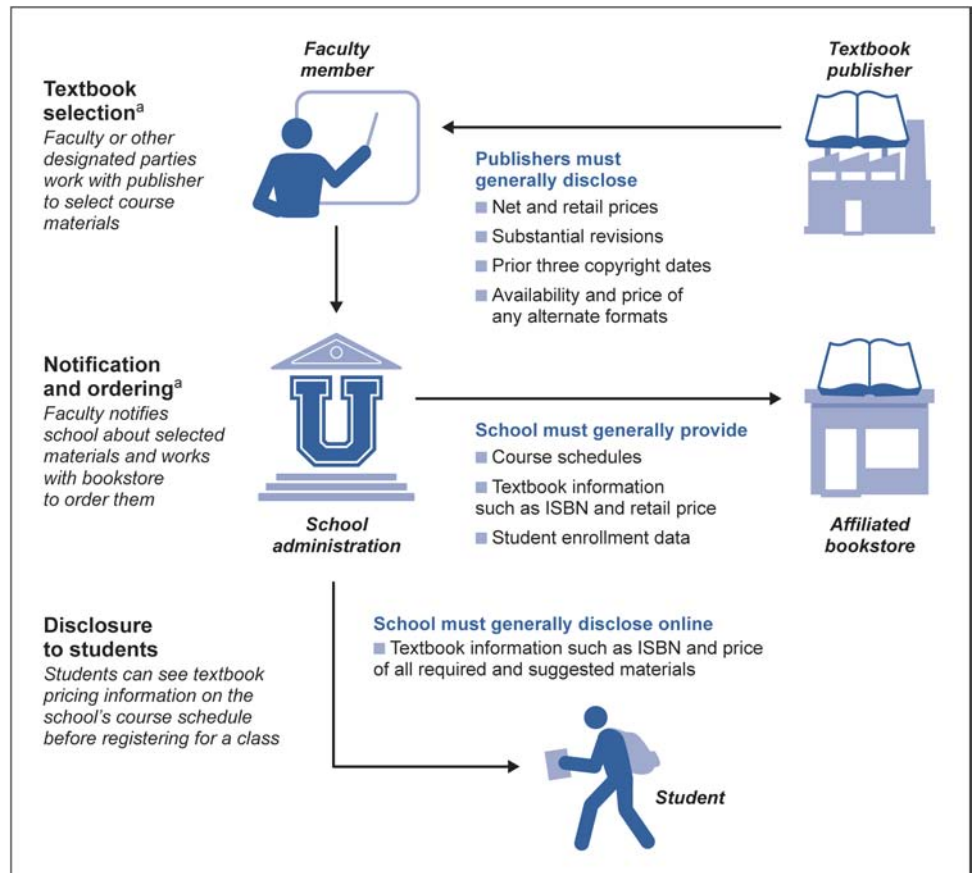
-
- Schools are generally required to disclose information on textbooks to students and campus bookstores.¹² Specifically, to the maximum extent practicable, in their online course schedules, schools are to provide the International Standard Book Number (ISBN) and retail price for required and recommended material for each course listed in the schedule used for preregistration and registration purposes, with some exceptions. If the ISBN is not available, schools are to provide the author, title, publisher, and copyright date in the schedule. If disclosing the required information is not practicable, the school is to list it as “to be determined” (TBD) on the course schedule. In addition to making these disclosures on the course schedule, schools are to provide their affiliated bookstores with the same information, along with enrollment data for each course as soon as practicable upon the request of the bookstore. Beyond these requirements, HEOA encourages schools to provide information to students about institutional textbook rental programs, buyback programs, and any other cost-saving strategies.¹³

Figure 2 illustrates the types of information communicated throughout the process of selecting and ordering course materials.

¹²20 U.S.C. § 1015b(d), (e).

¹³20 U.S.C. § 1015b(f).

Figure 2: Communicating Textbook Information



Source: GAO analysis of HEOA and documentation.

^aThis process is not governed by the Higher Education Opportunity Act.

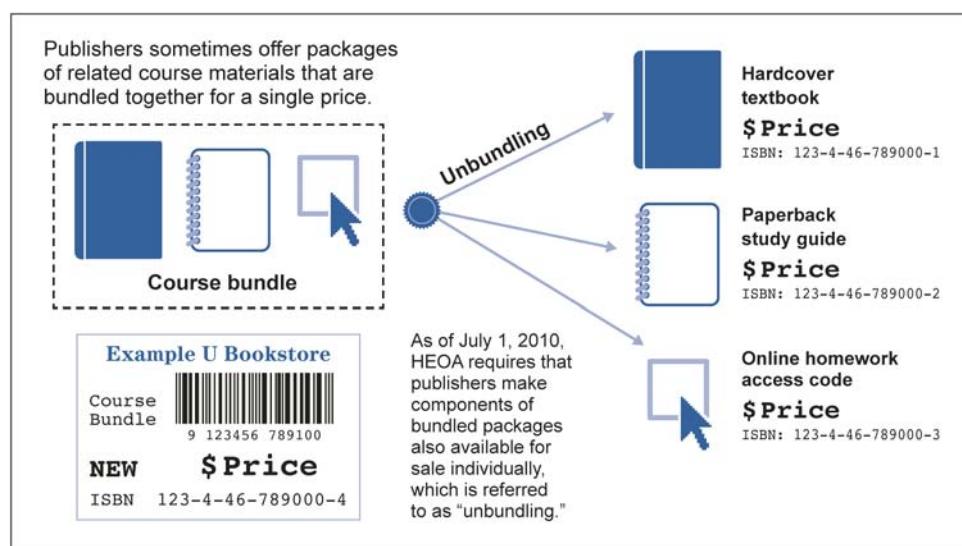
In addition to the disclosure requirements, HEOA requires publishers to make college textbooks and materials sold together in a bundle available for sale individually,¹⁴ a practice referred to as unbundling (see fig. 3). While each component must be available individually, publishers may continue to sell course materials in bundles. This requirement does not apply in the case of integrated textbooks.¹⁵ These are books with related

¹⁴20 U.S.C. § 1015b(c).

¹⁵See 20 U.S.C. § 1015b(b)(6), (c)(2).

materials that are either governed by a third-party contract that prohibits their separation, such as those produced by another company, or are so interrelated that the components would be unusable on their own. For example, a computer software textbook may include multimedia content that is essential to understanding the book.

Figure 3: Illustration of Unbundling under the Higher Education Opportunity Act



Source: GAO analysis of HEOA and documentation.

HEOA prohibits Education from issuing regulations related to the textbook information section of the law.¹⁶ While Education therefore has a limited role in this area, it provided some early nonregulatory guidance to help publishers and schools understand the textbook provisions. In addition, Education encourages students to consider textbook costs in preparing for college and collects student complaints, including those related to textbooks.

¹⁶20 U.S.C. § 1015b(i).

Publishers Have Disclosed Required Information and Made Materials Available Individually, but Stakeholders Said These Practices Had a Limited Effect on Faculty Decisions

Publishers Have Disclosed Required Information Online and in Other Marketing Materials

The eight publishers included in this study have disclosed textbook information including retail prices, available alternative formats, and descriptions of substantial content revisions between editions.¹⁷ Seven publishers also provided net prices and six provided information on prior copyright dates to faculty. Two smaller publishers told us they did not have a practice of disclosing prior copyright dates, and one said net pricing was not part of its business practices.¹⁸

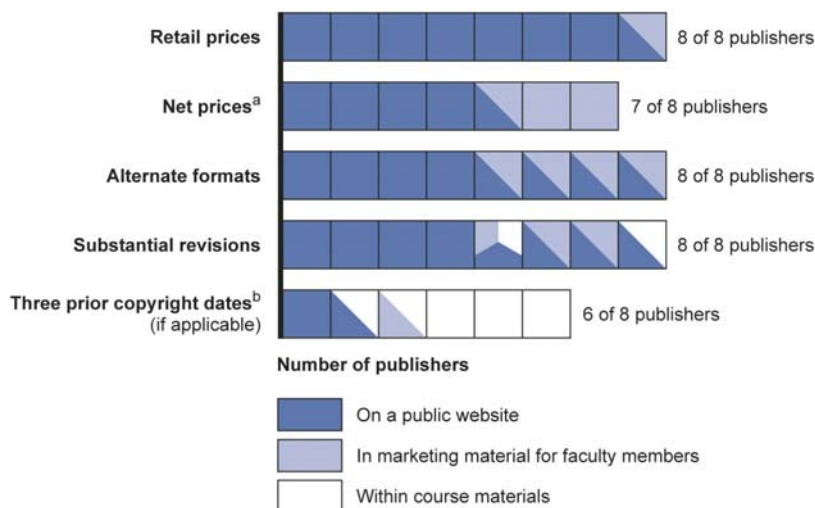
Publishers included in this study have communicated this information to faculty online and in other marketing materials, as well as in the course materials themselves. In most cases, publishers' textbook information was available to students and the public, in addition to faculty. For example, all eight publishers chose to disclose retail prices and format options in publicly accessible areas of their websites. Representatives from one of these publishers stated the company's intent in making the information publicly available was to increase transparency. Another publisher chose to disclose net pricing information to faculty on a restricted-access website—a decision representatives said was meant to

¹⁷While we reviewed documentation of publisher efforts to implement the textbook provisions, we did not conduct a review of publishers' legal compliance.

¹⁸These publishers told us they were unaware of the HEOA textbook provisions but were already disclosing some textbook information to faculty, independent of HEOA. When we notified the publishers of the requirements, they said they would begin providing this information.

avoid public confusion about the difference between net and retail prices. Instead of using a website, representatives from another publisher said they primarily use marketing materials distributed directly to faculty to disclose net pricing and format information. In addition, publishers provided some required information in the course materials themselves. For example, five of eight publishers disclosed prior copyright dates on the inside pages of textbooks. See figure 4 for the types of information publishers disclosed and the methods they utilized for doing so.

Figure 4: The Types of Textbook Information Publishers Have Disclosed to Faculty



Source: GAO analysis of publisher information.

^aOne smaller publisher told us it does not use net pricing.

^bTwo smaller publishers told us they do not have a practice of disclosing prior copyright dates. When we notified the publishers of the requirements, they said they would begin providing this information.

Note: Partial shading represents multiple disclosure methods used by the same publisher.

Representatives of the majority of publishers included in our study said disclosing required textbook information involved process changes that took initial investments of time and financial resources. Some publishers told us they made changes to their technology and production systems, as well as their marketing practices. For example, representatives from two publishers said they had to change their internal databases to include all the textbook information specified in HEOA. Four publishers also told us they conducted extensive training with staff about HEOA implementation. Despite the changes publishers made to disclose required textbook information, four publishers did not view the costs directly associated with implementing HEOA as substantial.

Publishers Have Made Bundled Materials Available for Sale Individually

All publishers included in this study have made bundled materials available for sale individually, which is a requirement of HEOA. In some cases, publishers said they began phasing out bundles before HEOA's passage in 2008, which we also noted in our 2005 report.¹⁹ For example, one publisher told us it made the decision to make its bundled products available for sale individually prior to HEOA's enactment because it wanted to be more transparent about its product offerings. Another publisher said that most of its bundled materials were available for sale individually by 2004, and in response to HEOA, it only had to change its external website to allow faculty to view the individual components. In contrast, another publisher noted that in response to HEOA, it had to begin setting prices for all bundled components and change its process for storing them. In order to make faculty aware that bundled materials are available individually, publishers use the same methods they use for disclosing information about other course materials. For example, five publishers display options for supplemental materials or bundles on their public websites. These pages include lists of each component, sometimes with individual prices or ISBNs.

Offering individual components for sale gives students more options when selecting their course materials, but several bookstores, faculty, students, and national associations told us that some market conditions may limit the potential for savings or student choice. For example:

- As we reported in 2005, buying individual components may not be cheaper for students, as bundled products may be offered at a discount compared to the price of buying each component separately. Some publishers said that the discounts available on bundles are a selling point with faculty.²⁰ Several faculty, students, and bookstore representatives we spoke with for this study told us that the price of individual components, particularly electronic course materials, is often higher than it would have been in a bundle. This pricing structure may limit students' ability to reduce their costs by purchasing less expensive used books and choosing which supplements to purchase.
- Students may have limited options for obtaining unbundled components. When faculty select bundles, campus bookstores may

¹⁹[GAO-05-806](#).

²⁰[GAO-05-806](#).

choose not to stock all the individual components, according to representatives from two campus bookstores and a national campus retailer. In addition, publishers may not make some separate components available for sale through campus bookstores, according to representatives from an industry trade group and a national campus retailer. In such cases, students wishing to obtain individual components would need to seek other outlets, such as publisher websites or online retailers.

As previously discussed, the HEOA requirement to make materials available for sale individually does not apply in the case of integrated textbooks, which either are governed by a third-party contract that prohibits separation or would be rendered useless if separated. For example, one publisher reported that it is not authorized to separately sell a listening component that accompanies a music book under the terms of the contract it has with the company that produced the music. While representatives of one industry trade group expressed concern that the exemption for integrated textbooks offered a way around the requirement to ensure all products in a bundle are available for sale individually, the five large publishers we spoke with said they offer very few of these materials. For example, one publisher estimated that integrated textbooks make up 2 percent of its inventory, while representatives of another said they offer one integrated textbook.

Stakeholders Said the Availability of Information and Unbundled Materials Has Had Little Effect on Faculty Textbook Decisions

Representatives of faculty groups, bookstores and publishers we interviewed said the availability of information and unbundled materials has had little effect on college textbook selection decisions. Faculty told us they typically prioritize selecting the most appropriate materials for their courses over pricing and format considerations. One faculty group we spoke with explained that the quality and relevance of the materials are the key factors in finding the best match for the course. Another group said they need to determine whether the material is at a level suitable for the students likely to enroll and comprehensive enough for the content they plan to cover. Only after they have identified the most appropriate course materials will faculty consider pricing and format options, according to stakeholders. For example, a representative of a national campus retailer said faculty ask about cost-saving options like digital formats and textbook rentals after they have identified the best materials to help their students master the necessary concepts.

Changes in technology and available options in the college textbook market—factors unrelated to HEOA—have also shaped faculty decisions

about course materials. For example, representatives from a publisher and a national campus retailer noted there is growing interest in digital assessment tools that allow faculty to track student progress in an effort to improve student outcomes. In 2005, we reported that publishers were developing these types of digital products to help enhance faculty productivity and teaching. Currently, publishers are expanding these offerings with interactive products like online interactive systems, which may include some combination of instructional material, adaptive homework questions, exams, worksheets, or tutoring programs in one system. Representatives of two campus bookstores and a faculty group told us that online interactive systems are becoming more popular at their schools.

Although HEOA requires publishers to make textbooks and supplemental materials available for sale individually, faculty can still select bundled products for their courses. Some publishers and bookstores told us there was initial confusion about whether the law constrained faculty choice in selecting bundles, and they employed various communication efforts to help clarify the issue. Our review of a nationally representative sample of school websites shows that bundles continue to be assigned for some courses. More specifically, in cases where schools provided textbook information online, we found that an estimated 58 percent included required materials that appeared to be bundles for at least one of the three courses we reviewed.²¹

Although faculty decisions about textbook selections have not changed much in response to publisher practices, representatives of faculty groups told us they are more aware of affordability than they used to be. For example, faculty we spoke with at a public school expressed a strong interest in finding appropriate textbook options that also save students money because they often serve low-income students who work part-time. They added that a new textbook could cost over \$200, which is more than the course fee of \$136. These faculty also said that as a result of HEOA, more faculty are providing information about textbook selections in their syllabi as early as possible, and are putting books on reserve in the library. In addition, several faculty from different schools reported using the same textbook for multiple semesters, which allows

²¹An estimated 81 percent of schools provided textbook information online for the fall 2012 term. To identify bundles when reviewing school websites, we looked for textbooks that were packaged with supplemental materials such as access codes or workbooks for a single price, with a single ISBN.

students to buy a used version at a reduced price. At one public school, faculty told us their school's guidelines encourage them to consider both the price of course materials and the use of the same edition of a textbook for as long as possible. With regard to other cost-saving solutions, a few faculty told us they have developed their own course materials. For example, one professor said a lab manual for his course could cost \$50-\$60 when developed by a publisher; instead, he created his own, which costs students about \$10 in printing fees. A music professor said that with the advent of free online videos, he can teach his class almost entirely by assigning links to websites.

Most Schools Provided Textbook Information Online, and Stakeholders Said Students Benefited from Increased Transparency

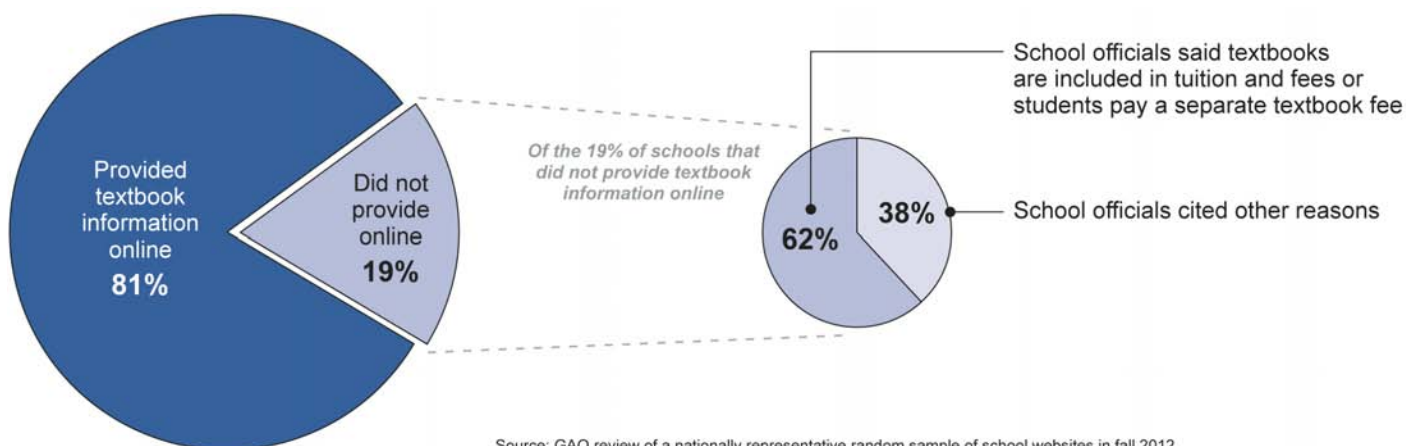
Most Schools Provided Textbook Information Online

Based on our review of a nationally representative sample of school websites, most schools provided students and college bookstores with the textbook information specified in the HEOA provisions. We estimate that 81 percent of schools, serving an estimated 97 percent of college students nationwide, made textbook information—such as the ISBN or retail price—available online in time for the fall 2012 term. In addition, an estimated 93 percent of these schools made the information publicly available without the use of a password, allowing both current and prospective students to view it.

Schools are structured and operate in various ways, and HEOA allows some flexibility in whether and how they disclose textbook information. An estimated 19 percent of schools did not provide textbook information

online.²² When we contacted all such schools in our sample to inquire why they did not provide that information, representatives from 62 percent said they included the cost of textbooks in tuition and fees or assessed students a separate fee for textbooks.²³ Other reasons cited included not posting a course schedule online and supplying required materials through the school's library (see fig. 5).

Figure 5: Estimated Percentage of Schools That Provided Textbook Information Online for the Fall 2012 Term, Including Reasons for Not Providing Information



Source: GAO review of a nationally representative random sample of school websites in fall 2012.

Note: We did not evaluate schools' compliance with the Higher Education Opportunity Act textbook information provisions. Because schools are generally required to disclose information "to the maximum extent practicable," schools that do not provide textbook information online are not necessarily out of compliance.

Note: The percentage estimates in the larger pie chart have margins of error of 9 percentage points or less, while estimates in the smaller pie chart have margins of error of 19 percentage points or less.

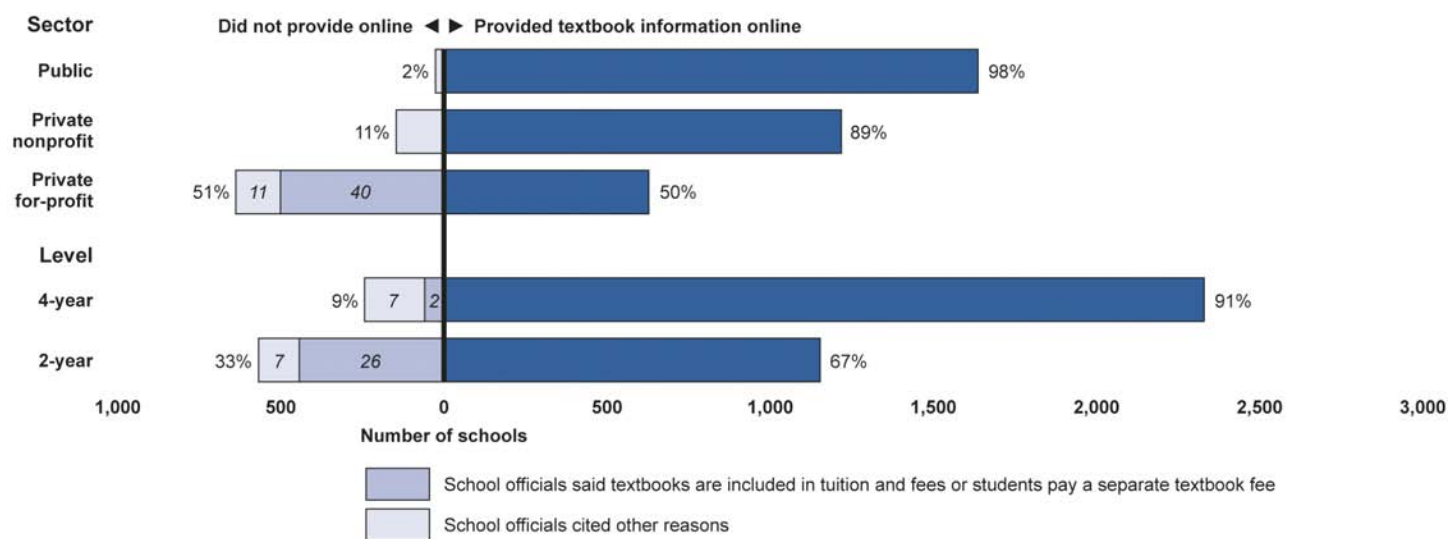
The extent to which schools provided textbook information online varied by school sector and level (see fig. 6). The vast majority of public and private nonprofit schools provided information compared to about half of private for-profit schools, while 4-year schools provided information more often than 2-year schools. In turn, we found the practice of including the cost of textbooks in tuition and fees or assessing students a separate fee

²²We did not evaluate schools' compliance with the HEOA textbook information provisions. Because schools are generally required to disclose information "to the maximum extent practicable," schools that do not provide textbook information online are not necessarily out of compliance.

²³This estimate has a margin of error at the 95-percent confidence level of 20 percentage points.

for textbooks occurred at private for-profit schools more often than at public or private nonprofit schools, and at 2-year schools more often than at 4-year schools. Representatives we spoke with at one such private for-profit, 2-year school that offers medical, business, and technical programs told us the school has a centralized curriculum and standardized textbooks for each program across its 10 campuses, allowing it to purchase textbooks and materials in bulk at lower prices and pass the savings on to its students. This is a common practice among schools with specialized or technical programs of study, according to a higher education association we interviewed.

Figure 6: The Estimated Extent to Which Schools Provided Textbook Information Online for the Fall 2012 Term, Including Reasons for Not Providing Information, by Sector and Level



Source: GAO review of a nationally representative random sample of school websites in fall 2012.

Note: We did not evaluate schools' compliance with the Higher Education Opportunity Act textbook information provisions. Because schools are generally required to disclose information "to the maximum extent practicable," schools that do not provide textbook information online are not necessarily out of compliance.

Note: The percentage estimates for public and 4-year schools have margins of error of 9 percentage points or less, while estimates for private nonprofit, private for-profit, and 2-year schools have margins of error of 16 percentage points or less.

Note: Totals may not add to 100 percent due to rounding.

An estimated 80 percent of schools that provided textbook information online to students and bookstores included the primary elements specified in HEOA for all textbooks listed for the three courses we reviewed. In doing so, almost all of these schools provided the ISBN or alternative information outlined by HEOA (title, author, copyright date, and publisher) and some retail pricing information (i.e., new, used, rental, or

other price) for all courses that required textbooks.²⁴ A small share of schools indicated textbook information was “to be determined” for one or more of their courses.²⁵ Of the remaining 20 percent of schools that provided textbook information online, most included the primary elements specified in HEOA for all textbooks listed for one or two courses we reviewed, and almost all included some information that could assist students in shopping for their textbooks, such as the titles or authors.

Schools also provided additional information—such as information on textbook rental programs, used books, and digital products—to students, as encouraged by the HEOA provisions. Of the estimated 81 percent of schools that provided textbook information online for the fall 2012 term:

- an estimated 67 percent had an institutional textbook rental program;²⁶
- an estimated 73 percent provided some used textbook pricing information for at least one course; and
- an estimated 40 percent provided other pricing information—almost always for digital products—for at least one course.

Representatives of all campus bookstores and national campus retailers we spoke with said they have ramped up their rental programs in the last few years, and cited discounts for renting textbooks, ranging from 14 to 60 percent over the new retail price. They also reported their stores carry used and digital books to provide students with additional options. One campus bookstore reported that its students saved more than \$150 per semester, on average, after it introduced textbook rental and digital book programs.

²⁴At a small share of schools, we found that textbooks were not required for one or more of the three courses we reviewed.

²⁵If disclosing information for a particular textbook is not practicable, HEOA allows schools to note that information is “to be determined.” 20 U.S.C. § 1015b(d)(1)(B).

²⁶Based on our review of school websites, we estimate that 55 percent of all schools had an institutional textbook rental program for the fall 2012 term.

Stakeholders Said School and Bookstore HEOA Implementation Costs Were Manageable, and Students and Others Cited Benefits of Greater Transparency

Representatives of schools, bookstores, and higher education associations we spoke with said the costs to schools and bookstores of implementing the HEOA provisions were manageable. Administrators and campus bookstore representatives of six schools, as well as a national campus retailer, said they invested some time or money to implement the HEOA provisions—for example, by linking up school and bookstore databases and convening internal meetings—but that their costs were not substantial. Representatives of another national campus retailer we spoke with said their costs were more considerable because they developed software to help their schools comply. We also heard from representatives of two higher education associations, which represent over a thousand schools nationwide, that implementation of the HEOA textbook information provisions had gone smoothly and that they did not hear about any complaints from their member schools.

Schools varied in their approach to implementing the HEOA provisions. Some schools that provided textbook information online relied on their campus bookstores to provide it, according to school administrators and national campus retailers. For example, administrators we spoke with at four schools said they provided textbook information to students by adding links from their schools' online course schedules to their bookstores' websites, which in some cases involved linking school and bookstore databases so that students could go directly from the course schedule to the bookstore's list of textbook information for each course. Administrators at two of these schools said this approach was simpler and more cost-effective than other options they considered. Another school went a step further and provided textbook information directly on the school's course schedule. Specifically, administrators said they used a web-based tool from the company that managed their bookstore to display textbook information directly on the school's online course schedule, at no additional cost to the school. A student at this school told us it was helpful to have course and textbook information available in one place. However, administrators at another school that considered this approach, but ultimately included a link to the bookstore website instead, said it would have required substantial resources and maintenance to implement. Besides providing textbook information to students, schools also submitted the number of students enrolled in each course to their campus bookstores, as outlined by HEOA. Administrators at four schools we spoke with said they provide this information electronically by transferring it from their course registration database to the campus bookstore's database.

Some bookstores moved up their deadlines for faculty to submit their textbook choices as a result of implementing the HEOA provisions. Specifically, representatives from an industry trade group representing school bookstores said some of their members moved their fall deadlines up by as many as 2 months to provide textbook information to students at the time of preregistration. Representatives of two campus bookstores and both national campus retailers we spoke with reported that getting faculty to submit their textbook choices by the deadlines had already been a challenge prior to HEOA. However, faculty we spoke with at one school, as well as representatives from two campus bookstores and an industry trade group, acknowledged there may be legitimate reasons why textbook choices are not submitted by the deadline, such as a given course having no instructor assigned.

Students, faculty, school administrators, and most other stakeholders we spoke with said students have benefited from having timely and reliable textbook information. As faculty submit more complete and timely textbook information, schools are better able to provide that information to students, according to faculty at one school and representatives from a campus bookstore and an industry trade group. Representatives of student organizations at three schools said they now have sufficient information and time to shop for their course materials before each academic term. Students told us they use ISBNs found on their campus bookstore's website to actively research textbook prices at both the campus bookstore and other retailers, and that they make better spending decisions as a result. Students at one school said researching their options to find the highest quality materials for the lowest cost is easy and worth the little time it takes. For example, one student estimated she saves about \$150 per semester by being able to compare prices among multiple retailers. Students at one of the three schools said their campus bookstore includes competitors' prices on its website, allowing students to see which retailer offers the lowest price for a given textbook. While students said price is the biggest factor affecting their decisions about obtaining textbooks, they also consider how they want to use the books and how long they want to keep them. For example, students at three schools mentioned that some students prefer to highlight or take notes in print versions of books rather than mark up digital books. Students also said they are able to obtain ISBNs and other information in enough time to acquire their required textbooks by the first day of class. Students further benefit from increased information on the options for obtaining textbooks, such as institutional rental programs, according to representatives from one bookstore and an industry trade group we interviewed. In addition to talking to students and other stakeholders, we reviewed 153 entries from Education's Program Compliance Complaints

Tracking System from July 2010 through April 2012 that mentioned the word “book.” While we found several entries related to the timing of financial aid for purchasing books, our review yielded no complaints related to the HEOA textbook provisions.

Concluding Observations

As the cost of attending college continues to rise, students and their families need clear and early information about the cost of textbooks. In implementing HEOA’s textbook provisions, publishers and schools have provided them with increased access to such information. Greater transparency of information alone, however, does not make textbooks less expensive, as the affordability of course materials results from the complex market forces that drive prices. Moreover, the textbook market is different from other commodity markets; although students are the end consumers, faculty are responsible for selecting which textbooks students will need, thereby limiting students’ ability to allay costs. Nevertheless, the proliferation of new products, formats, and delivery channels has left students with many options for obtaining course materials. For example, students can now choose whether to realize savings upfront by selecting digital or rental options, or on the back end by reselling books in the used book market. In light of the increased complexity of students’ options, the information schools have provided in implementing HEOA has proven useful to students in making informed decisions. As a result, even though students cannot directly control the cost of their textbooks, they can better manage these costs by comparison shopping and making deliberate decisions about what to purchase, and from where.

Agency Comments

We provided a draft of the report to the Department of Education for review and comment. Education provided technical comments, which we incorporated as appropriate.

We are sending copies of this report to the Secretary of Education, relevant congressional committees, and other interested parties. In addition, the report is available at no charge on the GAO website at <http://www.gao.gov>.

If you or your staff have any questions about this report, please contact me at (617) 788-0534 or emreyarrasm@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in appendix III.

Melissa Emrey-Arras

Melissa Emrey-Arras
Director, Education, Workforce,
and Income Security Issues

Appendix I: Scope and Methodology

To examine publishers' efforts and faculty decision-making, we interviewed representatives from eight publishers that develop materials for the college textbook market and reviewed supporting documentation from each of them, including documents from their websites and ones obtained at the interviews. To obtain a range of perspectives, we selected five publishers that represented over 85 percent of new U.S. higher education textbook sales, according to information they provided us, as well as three smaller publishers. The views of publishers we spoke with cannot be generalized to all publishers. While we reviewed documentation of publisher efforts to provide information to faculty and make bundled materials available for sale individually, we did not evaluate whether these practices, as supported by documentation or described to us in interviews, were in compliance with the law. We also interviewed others with relevant expertise, including faculty groups at three schools, two national campus retailers that operate hundreds of bookstores nationwide, a textbook rental company, a company that provides price comparison software for campus bookstores, and professional organizations that represent publishers, bookstores, faculty, students, and schools.

To determine the extent to which postsecondary schools have provided students and college bookstores access to textbook information, we reviewed websites of a nationally representative, stratified random sample of 150 schools to determine the extent to which they disclosed textbook information in their fall 2012 course schedules.¹ The sample was drawn from Education's 2010-2011 Integrated Postsecondary Education Data System (IPEDS), which contains data on over 7,200 institutions eligible for federal student aid programs authorized under Title IV of the Higher Education Act of 1965, as amended. We assessed the reliability of the IPEDS data by reviewing Education's quality control procedures and testing the data electronically. We determined the data were sufficiently reliable for our purposes. Our sampling frame consisted of all public, private nonprofit, and private for-profit 2-year and 4-year degree-granting postsecondary schools that participated in Title IV federal student aid programs, had undergraduate programs, were not U.S. military academies, and had at least 100 students, yielding a universe of 4,293 schools. We created six strata to stratify the sampling frame by sector

¹We did not evaluate schools' compliance with the HEOA textbook information provisions. Because schools are generally required to disclose information "to the maximum extent practicable," schools that do not provide textbook information online are not necessarily out of compliance.

(public, private nonprofit, and private for-profit) and level (2-year and 4-year). This sample of schools allowed us to make national estimates about the availability of textbook information, as well as estimates by sector and level. The percentage estimates reported from this review have margins of error at the 95 percent confidence level of 9 percentage points or less, unless otherwise noted. In order to review comparable information across the sampled schools, we developed a standardized web-based data collection instrument and pre-tested it in July 2012. Using the finalized data collection instrument, we examined available textbook information for an introductory business, psychology, and biology course at each school in our sample.² We judgmentally selected these subjects because they are among the top 10 undergraduate majors for degree-completing students, according to IPEDS data. In addition, these courses likely affect a larger number of students than upper division courses. We reviewed school websites from July through September 2012, as students would be obtaining textbooks for their fall 2012 term courses. In cases where we were unable to find or access textbook information online for a particular school, we contacted the school to determine how to access it and followed up with representatives as appropriate to determine the reasons why information was not available online. We recorded and verified the information we obtained in the web-based data collection instrument to facilitate the analysis across schools. We collected complete information for all 150 schools in our sample, resulting in a response rate of 100 percent.

Based on the results of our review of school websites, we conducted follow-up interviews regarding the implementation of the HEOA textbook provisions and the associated costs and benefits with various representatives from eight schools in our sample, including seven groups of administrators, four campus bookstores, three faculty groups, and three student government groups. (See table 2 for a list of schools.) To select this subset of eight schools, we took into account characteristics such as sector, level, and geographic location.

²At schools where one or more of these courses were not offered, we selected similar alternative courses.

Table 2: Characteristics of Schools GAO Interviewed and Specific Groups Interviewed at Each School

| School | Sector and level | Location | School administrators | Campus bookstore representatives | Faculty group | Student government organization |
|--|----------------------------|--------------------|-----------------------|----------------------------------|---------------|---------------------------------|
| Broome Community College | Public, 2-year | Binghamton, NY | x | x | | x |
| Cuyamaca College | Public, 2-year | El Cajon, CA | | | x | |
| Daymar Institute – Murfreesboro ^a | Private for-profit, 4-year | Murfreesboro, TN | x | | | |
| Dickinson College | Private nonprofit, 4-year | Carlisle, PA | x | x | x | x |
| Dunwoody College of Technology | Private nonprofit, 4-year | Minneapolis, MN | x | | | |
| Iowa State University | Public, 4-year | Ames, IA | x | x | | x |
| San Joaquin Valley College – Rancho Cordova | Private for-profit, 2-year | Rancho Cordova, CA | x | | | |
| Towson University | Public, 4-year | Towson, MD | x | x | x | |

Source: GAO and Education’s Integrated Postsecondary Education Data System (IPEDS)

^aSchool provided written responses in lieu of an interview.

To provide background information on changes in the prices of textbooks over time, we reviewed public data from 2002-2012 from the Consumer Price Index (CPI) published by the Department of Labor’s Bureau of Labor Statistics (BLS). The CPI data reflect changes over time in the prices paid by urban consumers for different goods and services. Specifically, we reviewed CPI data for three expenditure categories: college textbooks, college tuition and fees, and overall prices. The college textbooks data are limited to the price of new print and digital books.³ In addition, the timeframes for collecting price information in the field vary, so different textbooks may be priced at different times. We assessed the reliability of these data by reviewing documentation of the CPI data and interviewing BLS officials about the methodology used to calculate the data. We determined that these data were sufficiently reliable for the purposes of our study. We provided BLS with an opportunity to review our use of the CPI data.

³Digital products account for 5 percent of the index, and used and rental prices are not reflected.

In addition, we reviewed complaints submitted to Education to determine whether any were related to the information provided by schools about required textbooks. Specifically, Education provided GAO with an excerpt from its Program Compliance Complaints Tracking System containing any complaints in which the word “book” appeared. There were 153 such complaints from July 2010, when the HEOA textbook provisions went into effect, through April 2012. We took steps to verify the reliability of the data. We interviewed Education officials about the methodology used to calculate the data and determined they were sufficiently reliable for our purposes. We also reviewed relevant studies and federal laws.

Appendix II: GAO Contacts and Staff Acknowledgments

GAO contact

Melissa Emrey-Arras, Director, (617) 788-0534 or emreyarrasm@gao.gov

Staff Acknowledgments

In addition to the contact named above, Debra Prescott (Assistant Director), Lara Laufer, Jeffrey G. Miller, Amy Moran Lowe, Michelle Sager, Najeema Washington, and Rebecca Woiwode made significant contributions to this report. Also contributing to this report were David Barish, James Bennett, Deborah Bland, David Chrisinger, Daniel Concepcion, Jennifer Cook, Rachel Frisk, Alex Galuten, Bill Keller, Ying Long, Jean McSween, Karen O'Connor, and Betty Ward-Zukerman.

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