

## NATIONAL ROUND TABLE ON ACADEMIC MATERIALS

The Doubletree Hotel, 655 Dixon Road, Toronto, Ontario, Canada M9W1J3

Wednesday, November 21 - Friday, November 23, 2007

### Introductory Session - Wednesday, November 21, 2007

For reasons I'll go into later, I cannot tell you how pleased I am that we're here today - finally. Regardless of where you come from - geographically or professionally, thank you very much for taking the time to be here.

I have worked with and for students for almost 25 years.

Most of that time has been thoroughly rewarding, and I feel privileged to have spent that long being paid to do something I enjoy.

Some people have strange perceptions of student associations, so I'd like to take a couple of minutes - for those who don't work inside these special organizations - to tell you how far we've come.

We actually date back to the year 1815, when the first students' union was founded at Cambridge. Contrary to popular belief among my students, I wasn't there at the time!

1815 was a long, long time ago. It was the year in which Sir John A. Macdonald, Canada's first prime minister, was born, the year of Napoleon's defeat at the hands of Wellington in the Battle of Waterloo, and almost twenty years before the first labour union was founded.

In those early days the Cambridge Union was primarily a debating society, and it flourished in a room of the City's Red Lion Inn. It didn't take too long for those students to branch out. Soon, they decided that they would like their own building, and that they would like their own Inn to be part of it.

Over the ensuing years, students' unions sprouted up all over the world, and they didn't just expand geographically - they expanded conceptually and became involved in more and more student issues.

Now, 192 years later, most dynamic student associations - the kind represented here - strive hard to manage some very complex and diverse responsibilities within a highly challenging governance structure.

They have become unique and intriguing organizations which combine activities that are not common bedfellows anywhere else:

- They operate Businesses - which make money that supports all the many non-revenue-generative things they do;
- They operate Student services - which benefit students every day, but which inevitably cost money;
- They operate Student spaces - often a high-traffic building containing food and non-food retail operations, relaxation and study spaces, offices, meeting and function rooms, student services, and - yes - bars. (Our Students' Union Building at U of A, for example, is open 24 hours and attracts 25,000 people daily).
- They provide Political representation - on campus and beyond. Off campus they have organizations that interact with all levels of government. On campus, they are often represented at Board of Governors level and within a wide array of senior university committees - covering areas ranging from food or health services through to academic matters and, in our case, Bookstore operations.

It's challenging in today's world to run a successful political organization, or a successful service, or a successful business, or a successful, high-traffic building. But student associations have set themselves the task of running all these things at the same time within one organization.

And if that challenge isn't enough, they've inverted normal business practice. They are directed by elected individuals - generally aged 20-24, while many of the older and more experienced folks, like me, fit farther down the organizational chart.

However, we're not done.

Just to make this delightful little conundrum even more challenging, they change their elected leadership every year. So, while I'm happily working with this year's Executive, I don't have a clue who will lead the organization from May 1 of next year. Nor do the people who will do it.

There's not a reason in the world why student associations should work, but they do - and some work very well.

I'm often asked a question, normally in an incredulous tone of voice, by one of those sorry people who think that campus would be a hell of a nice place to work if it wasn't for the students:

*Bill, how on earth can you work for students?*

I always have a real urge to say, in my best contemptuous voice:

*If you feel the need to ask me that question, you probably wouldn't understand the answer.*

One of the many rewarding dimensions of my job is the fact that I get to work with some amazing young people. Many of my previous Execs are now making a substantial mark in their lives beyond University.

I want to mention one by name because he's a good part of the reason why we're here today.

His name is Garrett Poston. He was elected Vice-President (Academic) of our Students' Union in 1994, and went on to be elected President in two straight years - the only time I've ever seen that. Garrett subsequently earned a Harvard MBA and is now a real high-flyer, working on mergers and acquisitions with JP Morgan in Manhattan.

Not long after becoming VP, Garrett approached me for advice on an academic survey he wanted to conduct. We spent a ton of time on it together, and it turned into a comprehensive survey of student opinion on academic issues.

He wanted to establish the degree to which key components of academia were working to the satisfaction of students. We realized that the survey results needed credibility if we were to use them as the springboard for progress, so Garrett went to great lengths to ensure the validity of the questions and the size and faculty spread of the sample. In the end, the survey reflected the views of almost 4,000 U of A undergraduates.

As it was being administered across campus during that Winter of 1995, we thought the key issues would be things like class size, the grading system, the system for professor evaluations by students, library resources and teaching quality. These things, we knew, were issues for students.

We were in for a shock, and subsequent events offer a case study that has relevance for pretty much everyone in this room.

The survey revealed that:

- 10% of respondents were either Dissatisfied or Very Dissatisfied with the "Quality of Class Instruction".
- 19% were Dissatisfied or Very Dissatisfied with Library Hours, and 15% with the Quality of Library Services.
- 23% were Dissatisfied or Very Dissatisfied with "Class Size".
- Almost one-third indicated that they were unhappy with the Grading System.
- 36% were concerned about "Student Evaluations of Professors".

Students were generally quite positive about their academic experience at U of A - even in some areas we knew to be controversial.

But two issues stood far above the others in terms of student dissatisfaction:

- The Number One issue for students was "The cost of academic materials"; 90% of students categorized themselves as either Dissatisfied or Very Dissatisfied. Almost 55% were "Very Dissatisfied", and only 5 students out of almost 4,000 indicated they were Very Satisfied.
- The Number Two issue was "Constantly changing editions of textbooks"; 81% of students were either Dissatisfied or Very Dissatisfied, with over 52% in the latter category. Only 6 students indicated they were Very Satisfied.

After digesting the results, which I suspect would be very similar today, we decided to do two things.

The first thing was to carry out a review of Bookstore finances, and we were in for another shock.

After an extensive analysis of the Bookstore's 1988-1995 financial statements, we discovered that, in those seven years:

Gross Revenues declined by \$300,000

Expenses increased by \$900,000 - largely due to the addition of eight new full-time staffers (to help sell less merchandise)

Despite the total adverse swing of \$1.2 million across Revenue and Expense, Net Profit increased from \$27,000 to over \$270,000.

My students were bemused. How could profit increase when revenues were falling and costs increasing?

I told them that this apparent incongruity had been created by the Bookstore's decision to increase gross margins from below 14% to above 20%. As a result, a book priced at \$100 in 1989 was priced at almost \$116 in 1995 - before inflation is even taken into account. Students were paying the price for decreased Bookstore efficiency.

We'd been told by the University's Vice-President (Finance), who had himself been told by the then-Bookstore Director, that we enjoyed - and I quote - "the cheapest books in Western Canada". But after our experience with the Bookstore's financial statements, we wanted to make sure that this was true, so the second thing we did was to survey prices on almost two hundred randomly-selected titles.

Unfortunately, our Bookstore did not fare at all well in that survey. Its prices were higher than those at its nearest peers - the Universities of Saskatchewan and Calgary - on 70% of the titles.

My student leaders, by now, were almost apoplectic. Who could blame them?

I will forever remember the discussion we had in Exec around "next steps", because there were certainly going to be some.

There was a choice in terms of the next door they entered.

The first option was to go to the student newspaper. Given the outcome of the Academic Survey, the story was extremely newsworthy and the evidence damning. Student newspapers can be notoriously hard on elected student leaders, and this - to my Executive - was an opportunity for some positive media coverage at the University's expense.

The second option was to meet with the University's Vice-President (Finance) and give him an opportunity to respond before the issue moved into the public arena.

I'm happy to say that my Executive opted for the latter.

On hearing our revelations, the VP (Finance) was shocked and angry - but also appreciative that we'd gone to him and not the newspaper. He asked us how we wanted to proceed, and we told him - because, like all good student associations, we had a plan.

- We were determined to take a much deeper interest in the operation of the University Bookstore. We suggested that this could be achieved through the medium of Students' Union representation on a Bookstore advisory board.
- We wanted to become the driving force in the development of inexpensive alternatives to the course materials currently available; if we could be central to that process, we would be in a position to ensure the existence of cheaper alternatives to textbooks, and to ensure that student costs are minimized.

We'd been aware for some time that other schools, particularly in the US, were starting to develop "Course Packs" - printed compilations of extracts from textbooks, magazine articles and professors' notes - which enable students to reduce their course material costs; special copyright fees are paid, where applicable. Course packs are produced locally in a Print-On-Demand environment which minimizes the costs of freight and un-sold copies - costs that contribute significantly to the end price of textbooks. In fact, we'd been discussing a possible SU Course Pack operation with suppliers of the necessary technology.

We achieved both our goals.

- The SU was appointed official course pack producer for the University, and our agreement allows us to peg Bookstore margins on these key academic resources. We opened our Print Centre in 1997, and it has grown into a high volume operation as the demand for course packs has increased.

- The University did indeed create a Bookstore Advisory Group with SU representation. I'm sure that Todd Anderson (our Bookstore Director) will touch on this later, but it has grown into a dynamic and open medium for cooperation. Working together, the Bookstore and the SU have addressed a number of thorny issues with the goal of reducing costs, cutting margins and enhancing Bookstore efficiency.

For example, we strongly encouraged the Bookstore to transition away from permanent, full-time frontline staff because the demand for academic materials is highly seasonal; we felt that book margins reflected the fact that most of the Bookstore staff had to be paid for an entire year when much of the annual volume occurred in just six weeks. The cooperation we enjoyed from Todd in pursuing this goal - and subsequently reducing book margins - was outstanding.

So far this has been purely a campus story, but we had some other ideas - and they involved the publishers.

Based on our early experiences in the Print Centre, we knew that the potential for expanding the use of course packs was huge.

We took less issue with legitimate required texts - other than a concern with the rapid price inflation and edition changes; more about that in a few minutes. Most required texts are effectively "course bibles", and the professor will refer to them constantly and focus on most of the chapters.

Our larger issue concerned the other texts that a professor would cite as necessary, even though he or she might touch on only two or three chapters. At \$100 or more a pop, those represent extremely expensive partial relevance for a student. We hoped to find ways to cut student costs by pushing the required content into the course pack medium.

But we realized that true progress in this area would require the cooperation of the publishers. We were more than willing to recognize the publishers' interests - by agreeing to a financial model that properly compensated them, and a production model that protected them by preventing photocopying.

With these goals in mind, Garrett and I headed for Toronto in 1997 to meet with the Board of Directors of the Canadian Publishing Council. I can still remember our optimism, but it was to be short-lived.

After outlining our thoughts concerning more-affordable academic materials, we were told pointedly by one individual that this was not a topic he was interested to discuss; he was only interested in the answer to one question:

*What are you going to do to stop your students from illegally photocopying our materials?*

We indicated that we were willing to work together on that, but that we saw enhanced affordability as the best way to achieve that goal. If students were going to be asked to pay \$100 and more for a partially relevant textbook, a number would respond by sharing texts and photocopying parts of them illegally, whether we like it or not; we don't endorse that but we certainly understand it. We stressed that greater affordability was the publishers' best protection, and that we were keen to work with them to find solutions to these problems.

The reception remained stony - apart from one lone voice from Nelson Publishing - and our disappointment was deep.

We headed back to Edmonton with our tails between our legs. We continued to work hard in the Bookstore Advisory Group and we continued to operate our Print Centre.

Through the time we've spent in the Bookstore Advisory Group we've come to realize that, at U of A at least, the Bookstore is not the problem. It was certainly one of the problems back in the mid-nineties, but we brought that to the University's attention and they responded. I cannot tell you how much we value the Bookstore Advisory Group, and I cannot overstate the degree to which the delivery of academic materials at the University of Alberta has become a cooperative process.

The cooperation and support we've received from Todd has been superb, and the fact of the matter is that we wouldn't all be here today - and we wouldn't be on the verge of some hopefully-meaningful dialogue - without his efforts.

With our concerns regarding the operation of the Bookstore successfully addressed, our focus has turned to other problem areas in the equation.

We have built an increasing dialogue with Faculty so that professors understand the ramifications of their textbook selections, and so that they know how they can cut student costs by utilizing course packs. We still have a long way to go on this front, but our efforts are starting to pay off.

Four years ago, we worked with Todd to get a publisher involved in discussing ways of delivering academic materials more cost-effectively by utilizing a “distribute and then print” model rather than the traditional (and much more expensive) “print and then distribute” model.

We found a potential partner - Jeff Snook of McGraw Hill - and held a number of helpful and hopeful meetings, but the issue was complex and progress was slow.

We were ever-mindful of the fact that we are “just U of A” - a large school, but just one school pushing for this direction.

We were also unsure that the publishing industry was comfortable with opening academic materials in this kind of way.

Our skepticism was fuelled by the fact that the charges levied by the publisher-owned Access Copyright were skyrocketing.

It seemed to us that the publishers and/or copyright owners wanted to price course packs out of the market - and, with them, any real hope that students hold for more affordable academic materials.

In an age of technology we seem addicted to the days of Gutenberg - unable or unwilling to exploit all the new technologies that offer higher levels of cost-effectiveness to students. And, truthfully, many of these so-called “new technologies” are no longer new - they’ve been around for a decade or more.

We can understand the reluctance - to a degree - because we appreciate that these technologies create vulnerabilities for publishers and copyright owners.

However, there are elements of the current equation that are far less understandable, and these elements are creating rapidly-increasing concern for students - and possibly even greater vulnerability for the publishers and copyright owners.

We know that textbooks have been prone to well-above-inflation price increases, and that they are subject to frequent edition changes (even for centuries-old and unchanged material such as Calculus and Classical Literature).

What has been the impact of these things?

Well, let’s take a deeper look at that, because it certainly is one of the real bones of contention for students.

As I prepared for this meeting it dawned on me that I had some old textbook prices in my computer; they were in the file on our November 1995 survey. I thought it might be interesting to see how many of those texts are still in publication - and how much their prices have changed.

It was a very interesting exercise.

Of the 196 titles surveyed back in that Winter of 1995, 70% are still in publication.

Frankly, I was stunned by the price escalation that has occurred across the 137 titles for which we have both 1995 and 2007 prices. Direct comparables.

Statistics Canada data indicates that the cumulative CPI increase between 1995 and 2007 was just under 27.1%.

The average price increase across the 137-textbook sample has been 75.2% - that’s 2.8 times CPI.

This means that a book priced at \$100 in November 1995, which should now be priced at \$127.06, based on CPI, is actually priced at \$175.21.

Even more vexing, at least on the surface, is the price escalation on - let’s call them - “stable content titles”.

I pulled 10 such titles out of the 137 - and they include two Calculus texts, and another eight in areas such as the Cuban Revolution, Elementary Linear Algebra, Medieval Art, Classical Literature and Shakespeare. These are not topics on which new thinking has revolutionized teaching and learning.

Those ten titles have inflated at an even higher rate than the overall sample. That increase is 94.9% - or 3.5 times CPI.

Let me give you the specific example of the stable content title at the outer edge.

“Single Variable Calculus”, written by James Stewart, was priced at \$60.75 in 1995. If CPI had applied, that book would now be priced at \$77.19, but it’s actually priced at \$140.95. That inflation is 4.9 times CPI - for a topic on which the last substantive change occurred, from my flimsy knowledge, in the seventeenth century.

These, to me, are shocking numbers.

And I actually gathered the prices twice because I noticed that there had been a recent raft of price reductions - presumably related to the rise of the Canadian Dollar, so my original numbers were actually substantially worse.

My students have tried to think of valid reasons for this extreme price escalation.

They've tried to understand how the publishers can use ultra-efficient, high-volume presses and yet still end up with an average cost of 17.8 cents per page across the surveyed titles (37.5 cents in the worst case). THAT'S what makes illegal photocopying so attractive.

They've tried to understand why - even after that raft of price reductions earlier this month - the average price of the Canadian version of a textbook (same ISBN) is still 15.51% higher than the U.S price.

They've tried to understand why new editions appear every three years or so - even covering content that hasn't changed in centuries and probably never will.

They've tried to understand all these things.

Hopefully, the publisher representatives with us for this meeting will help us to understand why they're happening.

Of course, the issue of textbook costs isn't new. It has been around for a long time, and it's been an issue of interest to me ever since Garrett and I did that work together back in the mid-nineties.

The concerns started to accelerate with a report produced by the California Public Interest Research Group in January of 2004. The State PIRGs followed this up in 2005 with a survey of 59 colleges and universities across the U.S., and it found increasing problems and escalating student frustration.

The key findings from the PIRG survey include the following - and these are direct quotes:

*Textbook prices are increasing at more than four times the inflation rate for all finished goods.*

- *The wholesale prices charged by textbook publishers have jumped 62% since 1994, while prices charged for all finished goods increased by only 14%. The prices charged by publishers for general books increased just 19% in the same period.*

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

- *On average, the most widely purchased textbooks have new editions published every three years.*
- *The average increase on a new edition is 12%.*
- *76% of the faculty surveyed said that they found new editions justified only "half the time" or less.*

*Bundling drives up textbook costs.*

- *50% of the textbooks in the survey were sold "bundled," or shrink-wrapped with additional materials such as CD-ROMs and workbooks.*
- *On average, a bundled book is 10% more expensive than its unbundled counterpart - some are much more.*
- *55% of bundled titles were not available without the add-on materials.*
- *65% of the faculty surveyed said that they used bundled items "rarely" or "never".*

The report renewed the call to the publishing industry to reform its practices by:

- *Producing and pricing textbooks as inexpensively as possible without sacrificing educational value;*
- *Producing new textbook editions only when educationally necessary;*
- *Offering faculty and students the option to purchase textbooks unbundled; and*
- *Providing faculty with more information on the company's textbook materials, prices, intended length of time on the market and substantive content differences from previous editions.*

The report indicated that, in the past year, students, faculty and a number of state legislatures have asked the publishing industry to adopt those recommendations formally into their business practices, but "To date, the publishing industry has refused to do so."

A collective of PIRGs produced a report this year entitled “Exposing the Textbook Industry”. It resulted from a survey by Massachusetts PIRG of 287 professors from a variety of disciplines at Massachusetts colleges and universities, and it reached very similar conclusions.

The Public Interest Research Groups do a lot of good work, but they are not everyone’s political “cup of tea”. As a result, much of their work is dismissed in certain quarters as being politically-fuelled rather than pragmatically-fuelled.

However, the issue is now moving rapidly into the mainstream. Recent articles have appeared in publications such as the Wall Street Journal, the Boston Globe and the LA Times. Numerous U.S. Senators have started to pursue the issue in the political arena. And the U.S. Government Accountability Office has studied the issue and produced an interesting report.

The GAO took a rather more balanced approach than PIRGs but came up with remarkably similar conclusions.

We sent you web links for these documents and I hope you had a chance to read them.

As I start to wrap up, it’s important to stress that this might not be a made-in-Canada problem, but my suggestion to you is that we are capable of forging a made-in-Canada solution.

We’ve discussed that in the Bookstore Advisory Group at U of A. As I said earlier, our realization was that, while we feel we have some ideas and a lot of determination around this topic, we are - after all - just the University of Alberta. It’s unlikely that this agenda will move forward unless we are able to gather together a larger group of interested schools - ideally large, influential schools with well-developed student associations, good students’ union/Bookstore relationships, a determination to pursue this issue, and a willingness to seek support at senior administrative levels.

That realization was the genesis for this meeting.

And here we are.

We hope to trigger a dialogue - between the schools themselves, between student associations and bookstores, and with the publishers.

This meeting represents our attempt to create that cohesive and committed group - a springboard for change that considers everyone’s interests.

I suggest that there are four key elements for a cooperative framework:

1. A strong relationship at the campus level between the student association and the bookstore - one in which these key parties work together to pursue beneficial change
2. Faculty who understand the implications for students of their decisions regarding academic materials
3. Publishers who are willing to work with all sectors of the campus community to understand student concerns and support new and more cost-effective solutions. In particular, we need to focus on:
  - Pricing
  - Edition changes
  - Alternative delivery through the more cost-effective methods now available - not necessarily involving a print process
4. The part that wraps it all together - a national working group charged with the responsibility to explore and define the issues, and then propose strategies for resolving them in lasting and effective ways.

This situation is in danger of slipping out of control, if it hasn’t already.

It’s crying out for some cooperative solutions under which all interests are understood and respected. Those are the interests of publishers, the interests of faculty, the interests of authors, the interests of bookstores, and - yes, absolutely - the interests of students.

Some might accuse me of hyperbole when I express my view that things may be out of control, but I will court that same accusation even more with my next comment.

The cost to Canadian society is massive, and I don’t use that word lightly. Let me explain.

Thus far, I've spoken in micro terms - touching on the impact at the individual book and individual student level.

Now I'd like to move up to the macro level with some "order of magnitude" thoughts - thoughts which almost took my breath away as they developed in my head.

There are about 1.3 million students in post secondary education in Canada - college or university, full-time or part-time, and about half of them are at universities. The student body completely regenerates every four years or so, as students graduate and new students arrive to replace them. It is an endless conveyor belt of bright, inquisitive, young minds.

And people who need textbooks.

The average student now spends around \$1,000 per year on textbooks.

Based on the 137-title analysis, that would be only \$725 if normal inflation had applied since 1995.

So the well-above-inflation component of textbook price increases is costing each student an additional \$275 per year - or \$1,100 over a four-year program. That's \$1,100 MORE than if normal inflation rates had applied. And it's getting worse. Every year.

If the additional (above inflation) cost for a student is \$1,100, that cost across one million students is a staggering \$1.1 BILLION before taxes.

THAT'S \$1.1 BILLION DOLLARS OF NEEDLESS STUDENT DEBT FOR EVERY MILLION STUDENTS MOVING THROUGH OUR SYSTEM.

AND THERE ARE 1.3 MILLION STUDENTS IN THE SYSTEM RIGHT NOW.

The time has come for us to act quickly, effectively and cooperatively to consider the respective interests and address the issues.

We need to challenge the status quo and genuinely explore new and more cost-effective methods of delivery.

Students challenge the status quo with a tenacity that us older folks sometimes lack, and they're ready to do that here.

If they feel that the promise exists for more cooperative and cohesive approaches, they will work within that framework.

If they don't, and this is much more a prediction than a threat, we will see three trends that will create serious adversity for the publishing business:

1. Everyday students will exert a major impact through an acceleration of illegal photocopying. In fact, this is already happening as prices keep rising.

Not long ago, course packs were the only legal escape valve in the rising pressure of student cost, and their arrival stemmed the tide of illegal photocopying of textbooks.

But now, with the massive increase in Access Copyright charges, the waves are building again because course packs are going precisely the same way as texts.

Back in 1997, the per-page copyright rate was three cents; it's now ten cents. That represents a 233% increase.

2. Student associations will work together to exert a major impact at the national level. This is also already starting to happen, because student leaders have identified the rising cost of academic materials as a "front burner" issue. Now this issue has achieved that status on the student agenda, at least two things will happen:
  - o Student associations will exert their powerful lobbying influence with the federal government, where they have access at the highest levels.
  - o They will work together to generate extensive media coverage of the issue; they have excellent contacts within a media community ever-hungry for news and - especially - controversy.
3. Student associations will confront the issue at the local level, and that will involve at least two focuses:
  - o They will work with their senior administration and faculty to heighten awareness of the issue. This dialogue will influence the ways in which Faculty choose Academic Materials and commit to new editions.

- They will work with their senior administration and faculty to start implementing cost-saving measures. Those measures could take an array of forms, including processes aimed at keeping old editions alive for longer, and a stronger willingness to implement alternative methods of delivering academic thought.

The measures might include “made on campus” solutions. Let’s not forget that the creators of scholarly works often come from college and university campuses, and that the purchasers of those scholarly works - students - also live on campus.

One of the trends we could see is a swing towards multi-school electronic file sharing and localized print-on-demand; the technology needed to do this has existed for a long time but its capabilities have never been fully tapped in the campus milieu despite the opportunities for doing so. The pursuit of that kind of solution could see the publishers increasingly cut out of the equation.

I offer these thoughts not - as I said a few minutes ago - as a threat, but as a troubling prediction.

I have worked for students for a long time, and I have seen issues gather momentum - especially when student frustration appears to be falling on deaf ears. This is one such issue.

If their attempts to trigger cooperative change are unsuccessful, we will see students and their elected bodies become adversaries in the process rather than partners.

But hopefully it won’t come to that. The whole point of today, tomorrow and Friday is to avoid that situation.

If we are all willing to accept that the time has arrived for something to be done, there is the potential for cooperative solutions.

I hope - and believe - that we are all here because we’d like to start working on them.

W.D. (Bill) Smith  
General Manager  
University of Alberta Students’ Union

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