

May 23-24, 2013

ITEM 159-1004-R0513

Implement an Optional Two-Year Pilot for E-Books and Digital Materials, The University of Montana - Missoula

THAT

The Board of Regents for the Montana University System authorizes The University of Montana-Missoula to work with the University Center Bookstore, Inc. to develop and implement a two-year course materials pilot project resulting in reduced costs to students. Faculty will have the option to adopt and utilize digital textbooks and instruction materials as part of their course curriculum, and students would be assessed a course materials fee for these materials.

EXPLANATION

The University Center Bookstore, Inc. (The Bookstore) has served The University of Montana-Missoula campus since 1921. The Bookstore is a not-for-profit organization governed by a Board of Directors consisting of University of Montana students and faculty. The Bookstore seeks to meet the course material needs of The University of Montana campus. The Bookstore actively works to reduce and control the rapidly rising costs of course materials for students at The University of Montana-Missoula, Missoula College, and Bitterroot College campuses.

The cost to students for course materials and textbooks continues to rise at an alarming rate. A central cause for this rise is the college bookstore industry's reliance on secondary market options including used—and more recently—rental-book programs to provide students with lower cost course materials. While the used- and rental-book options do provide a lower cost option when compared to a “new” book, it is the existence of these used- and rental-book programs that cause publishers to raise the costs of their course material offerings at a rate that exceeds inflation. Because of the ever-increasing efficiencies of the secondary markets (where the market is now saturated with used books soon after a new edition of a book is published), publishers must recoup their cost to produce the materials in a shorter time period. In the past, publishers could rely on recovering the cost of producing a textbook over the course of several years. Now, because of the easy availability of used books, a publisher must collect its investment over the course of a one to two semester sales cycle. Accordingly, publishers have had to increase their prices at rates that greatly exceed inflation.

In an attempt to lower course material costs to students, in 2009 The Bookstore approached leading course materials publisher Pearson Education to determine their interest in pursuing a course materials delivery pilot program that eliminates the secondary market option. In exchange for substantially discounting the cost of the course materials, Pearson would be guaranteed payment of a course materials fee for every student enrolled in a course whose faculty decides to participate in the pilot program.

Currently, The Bookstore collects the course material fees. Moving forward, The Bookstore will partner with The University of Montana under this two-year pilot program to facilitate payment and to simplify record reconciliation and resolution. The fee would be collected by The University of Montana Office of Business Services as a pass-through charge on student statements. The requested range of the course material fee would be between \$25 and \$149.99 depending on materials and course needs. The Office of Business Services will assess a maximum of 5% processing fee to collect the course material fee on behalf of The Bookstore. The Bookstore will negotiate the course material cost with Pearson Education and will be responsible for paying Pearson Education directly.

When compared to Pearson's list price for its course materials, the aggregate savings to the 4,225 students enrolled in courses participating in the Pilot Program for Fall Semester 2011 through Fall Semester 2012 is \$294,331 or a saving of \$69.66 per student.

ATTACHMENTS

- Attachment #1 – Digital Initiative Report
- Attachment #2 – Michael Granof Report