Why PIRG Is Wrong

Myths and Facts About College Textbooks

While other higher education costs continue to rise faster than the price of textbooks, Public Interest Research Group (PIRG) projects have waged a biased and misleading campaign against publishers of textbooks.

For the past two years, PIRG has disseminated inaccurate, incomplete and misleading information about college textbooks and the publishing industry. PIRG’s student volunteers “cherry-pick” only a few figures to help support PIRG’s premise, creating a false and misleading picture. The organization continues to ignore industry-wide data, valid research, and information from independent, third party sources.

Here is a collection of the PIRG myths:

From State PIRG’s “Textbooks for the 21st Century” (August 2006):

**PIRG Myth:** “Major publishers have not created lower-cost versions of the majority of their textbooks …”

**FACT:** Publishers are continuing to expand the number of lower-costs texts based on market demand. Many of these versions are economical alternatives to some of the most popular and widely used textbooks in the nation. For example, MIR, a leading research firm, shows that there are more than 200 different course material options available for “Introductory Algebra” that range in retail price from about $41 to $127.

It is important to note that if publishers produced multiple versions of every textbook (as recommended by PIRG), without regard for student demand or need, the price of textbooks would increase rather than decrease, forcing students to pay more.

Ironically, the PIRG report contradicts itself, praising both alternative and online publishers, as well as major publishers such as Thomson Learning, Pearson Education, Houghton Mifflin and McGraw Hill for offering lower-cost textbooks, including low-frills editions and online books.
PIRG Myth: “Students spend about $900 each year on textbooks…”

FACT: Wrong. Of the tens of thousands of textbooks currently available, PIRG used the prices of only five textbooks at 10 college campuses to manufacture its $900 figure. Since the five books selected were for popular, required courses, most included “bundled” learning tools that faculty chose to help students succeed in their classes.

More reliable independent data services, such as Student Monitor, found that students have been spending generally about the same amount on textbooks for the past three years -- about $644 in academic year 2005-2006. The National Retail Federation’s “Back to College” spending survey discovered that college students expect to spend $294 - $324 per semester on textbooks next year.

PIRG Myth: “[The price of college textbooks] … can pose a financial obstacle for students already facing rising tuition and dwindling financial aid.”

FACT: Publishers are concerned that college costs are a real burden for many students and their parents. College costs, such as tuition and room and board, are heavily subsidized by taxpayers but continue to increase considerably faster than textbook costs. In general, textbooks continue to represent only a small fraction of all higher education expenses.

PIRG Myth: “Publishers have done little to provide adequate lower-cost versions of most textbooks …”

FACT: Publishers have responded to market interest in expanding the number of lower-cost texts by offering split editions, electronic books, black-and-white editions, abbreviated texts, textbooks by the chapter, and custom texts. Thanks to these innovations, instructors can order precisely what they need, providing students with lower costs and better value.

PIRG Myth: “Textbook publishers are the primary reason textbook prices are so high…”

FACT: According to the 2005 Government Accountability Office (GAO) report, textbook prices are driven primarily by the need for publishers to invest in additional instructional materials and new technologies. Those investments are being made in response to faculty requests and to enhance student success.

Developing a new textbook and accompanying learning tools can cost more than $1 million. The largest portion of this cost is the time and work
of authors, experts, editors, researchers, reviewers and designers. Other factors also contribute to the final retail price of textbooks, including:
- inflation, which is running at an annual rate of 4.8 percent, accounts for more than 77 percent of the increase in textbook prices;
- book store mark-ups, which are driven by staff and operations costs;
- paper, which is driven by the cost of raw materials;
- layout, typesetting and printing, which are driven by labor costs;
- freight and transportation, which are driven by fuel costs; and
- federal, state and local taxes

**PIRG Myth:** “[Publishers] often add expensive ‘bells and whistles’ such as CD-ROMs to their textbooks…”

**FACT:**

These so-called “bells and whistles” are important, modern learning tools that have been shown to help students succeed. According to a recent national faculty survey by Zogby International, 75 percent of instructors require or recommend that their students use such tools. One reason these new tools are particularly useful is that 78 percent of entering freshmen are not fully prepared for college-level math, science and English, according to ACT.

Today, modern textbooks offer complete instructional programs to meet the diverse learning needs of students. They also assist the increasing number of part-time faculty who teach a variety of courses, and incorporate innovative tools and formats, tailored for what instructors want and students need. In many ways, these materials are an extension of what students have become accustomed to in their K-12 years.

Publishers offer nearly all the same integrated learning tools as separate products and packaged (or “bundled”) with the accompanying textbook. While the individual supplemental materials typically cost less when bundled, the faculty who adopt the textbooks and materials almost always have the option to choose only the tools they believe best meet their students’ needs.

**PIRG Myth:** “[Publishers] … frequently issue new but substantively similar editions that make older editions obsolete.”

**FACT:**

The market itself, not publishers, determines whether a new revision is necessary. For the past 10 years, the average length of time between editions has remained about four years. Even in disciplines where core information may not change dramatically (i.e. chemistry, calculus), the application of information or its relevance to real world situations can evolve significantly, causing experts to call for updated texts.

Eighty percent of college instructors say it is important that textbooks used in their courses be as current as possible, according to a nationwide Zogby
The same survey found that 62 percent of instructors prefer texts with the most recent copyright date.

It is important to note that all of the changes in a new edition can be found by simply opening the book; all of these changes are described in great detail in the front of the text.

**PIRG Myth:** “… [P]ublishers often limit how the students can view or print … online textbooks, sometimes prohibiting them from printing the text at all. This poses a problem for students without easy access to the Internet…”

**FACT:** Different publishers offer a variety of options and formats with their e-books. Some provide access to e-books for a specified amount of time, while others allow entire texts and all materials to be downloaded directly to a computer, where they can be saved indefinitely. Publishers offer these electronic texts for 20 - 50 percent less than the price of traditional texts. Like other lower-cost options, the savings for e-books is upfront and guaranteed.

PIRG generalizations are also incorrect for the following reasons:

1) Publishers offer an increasing number of instructional tools and formats because they and faculty recognize students should have access to the materials that best meet their individual leaning styles. Some students prefer electronic texts and online information; some prefer printed texts; and others prefer a mix of online and printed materials.

2) Internet access is available at nearly every higher education institution, usually in libraries, dorm rooms and common areas, as well as at public libraries in every U.S. community. For example, according to the *Washington Post*, more than 99 percent of the freshmen dorm residents at the University of Virginia in the fall of 2006 had a computer. A study by the National Center for Academic Transformation shows that students, when asked to use technology for their course work, actually perform better.

**PIRG Myth:** “Custom publishing is a growing trend … [but] ‘custom books’ alone may not be an adequate alternative to traditional textbooks … they could harm the best source of lower-cost books - the used book market.”

**FACT:** Publishers support freedom of choice, free markets and the availability of various alternatives. Like online, digital and traditional textbooks and supplemental materials, custom books also can make an important contribution. Thanks to industry innovations, publishers can customize content and production, enabling instructors to order only what their students need. This saves the students money up front and reduces waste.
The used book market is another alternative for students, but it is not necessarily “the best source of lower-cost books” as PIRG asserts, particularly when information is dated or technology offers appropriate alternatives.

**PIRG Myth:** PIRG says one reason for the “unusual nature” of the textbook market is that “…[The] industry has gone through a wave of consolidation that has reduced the number of competitors…”

**FACT:** Despite some consolidations during the last decade, today’s publishing industry is dynamic, diverse and evolving. In contrast to this assertion, PIRG’s own report cited examples of large companies launching positive initiatives, smaller flexible publishers introducing new practices, and start-up firms testing ads in textbooks. Independent data from MIR, a division of R.R. Bowker, show 216 course material options for Introductory Psychology by 56 different authors were purchased by students in college bookstores in 2005. Average retail prices by author ranged from $23.44 to $120.54. Estimated average wholesale prices by author ranged from $16.41 to $84.38.*

*Note: Wholesale price is set at 70% of Retail, thus assuming a 30% margin set by the retailer

**PIRG Myth:** “…[T]he party that orders textbooks (faculty) is not the same party that must purchase the textbooks (students), removing price as a primary consideration in the ordering process.”

**FACT:** Contrary to PIRG’s assertion, college instructors are well aware of and sensitive to the cost of textbooks. Dr. David Walsh, President of American Association of University Professors (Connecticut Chapter), testified “…there has been a general underestimation of the care with which most faculty make selections about the texts for their courses. … [I]t is a disservice to faculty to believe that we don’t know the prices of most textbooks in advance. We do. … And I think it is a disservice to believe that faculty members are not aware of the economic constraints of their students. …We are sensitive to those things, but our first responsibility is to promote learning.”

**PIRG Myth:** “…[S]tudents do not have any institutionalized way to exert their own market power.”

**FACT:** As the purchasers and end-users of textbooks, students have far more market power than PIRG implies. Today’s students are intelligent, demanding, discriminating consumers who, due to increased competition and the Internet, have more choices than ever. For example, more than 60 percent choose to attend two or more four-year colleges before earning a degree because they want to take advantage of specific programs at different institutions. Students have choices available to them when
selecting their textbooks, many of which are described in the PIRG report. Professors are seeking more options for their students, and the large, medium and small publishers are responding in a variety of innovative ways.

**PIRG Myth:** “...[M]ajor publishers at times make it difficult for students and faculty to learn about [low-cost options].”

**FACT:** The PIRG report contradicts its own allegations. For example, PIRG’s report praises Pearson Education and Houghton Mifflin’s websites for displaying “all of the options in one place, including any low-cost paper and online options.” The report says Pearson’s website “could serve as a model for how to display different textbook options.” PIRG also states that a variety of websites provide lists of discounted or free textbooks and links. Examples of how publishers display their information can be seen at:
- [http://www.mypearsonstore.com](http://www.mypearsonstore.com)
- [http://www.thomsoned.com](http://www.thomsoned.com)
- [http://www.iChapters.com](http://www.iChapters.com)
- [http://www.bfwpub.com/](http://www.bfwpub.com/)

**PIRG Myth:** “Textbooks should be priced and sold at a reasonable cost to students.”

**FACT:** Publishers, like all consumer businesses, strive to offer the best products at fair prices in an open marketplace. Like many other products purchased by college students, such as electronics, laptop computers and room furnishings, textbook prices are driven by inflation and other costs not controlled by publishers.

**PIRG Myth:** “Publishers … should encourage a vibrant used book market.”

**FACT:** Publishers and authors have no role in used book sales, distribution or pricing.

**From earlier Cal-PIRG Assertions (2004 and 2005):**

**PIRG Myth:** “65 percent of faculty ‘rarely’ or ‘never’ use supplemental materials in their courses, according to a PIRG poll (2003).”

**FACT:** False. According to a nationwide faculty poll by Zogby International, one of the world’s most respected research firms, 75 percent of faculty either
“require” or “recommend” supplemental materials and 55 percent generally use supplementary materials in their courses.

PIRG Myth: “73 percent of faculty say new editions are justified ‘half the time’ or less.” (PIRG poll, 2003)

FACT: According to Zogby, 80 percent of faculty wants course material to be as current as possible, 62 percent prefer books with the most recent copyright date, 55 percent say the release dates of new editions is about right or not frequent enough, and 49 percent say old textbooks are inadequate for student needs.

PIRG Myth: “Textbooks are sold for less in overseas markets.”

FACT: Textbooks sold overseas are priced to the individual markets. These sales, while small, help publishers recoup some of their investment in producing a textbook. Without overseas sales, the entire price of development would fall on U.S. students, forcing up the price they pay.

PIRG Myth: “Pearson’s new 6th Campbell’s Biology was found to be 97 percent more expensive than a used copy.”

FACT: New books, like new cars, cost more than old ones. On average, used books are sold in bookstores at 75 percent of the price of a new book.

PIRG Myth: “Thomson Learning should produce an online version of their Calculus textbook.”

FACT: PIRG is well aware that Thomson Learning’s calculus textbook is the most popular in the world, has numerous optional textbook formats, and faculty and student teaching and learning supplements. Thomson Learning has not produced an e-book for the simple reason that there is insufficient demand for such a product.

PIRG Myth: “Thomson Learning’s Calculus: Early Transcendental was issued after three years at a cost of $134.96.”

FACT: Wrong. The new edition of this textbook was issued after four years with extensive revisions that cost the publisher more than $1 million. This book is used for three semesters, which means the retail cost of the book per semester is $44.98. Since the book is so popular, bookstores usually buy it back for 50 percent of the original price, $67.48. Therefore, a student would actually spend only $22.50 per semester to use the book.
PIRG also failed to point out that this book is offered in a wide variety of options from which instructors can choose. The price for these options begins at less than $30 net price. PIRG also neglected to mention that Thomson Learning gave professors the option of continuing to use the old edition for an extra year. Some chose to do so, and some wanted to change immediately to the new edition to take advantage of the improved integration of technology, new teaching and learning aids for students and professors, and new examples, problems, and other updates.

From PIRG misrepresentations of the GAO Report (2005):

**PIRG Myth:** “The Government Accountability Office (GAO) report in July 2005 supports the state PIRGs’ finding that textbook prices have increased at twice the rate of inflation over the last two decades.”

**FACT:** The GAO report relied on data that do not reflect the true cost of books to students. GAO’s figure of $898 for the cost of books and supplies is based on unconfirmed estimates of student spending by those college administrators who complete the annual IPEDS survey. Also, by combining textbooks and supplies, GAO created an inaccurate picture of the actual cost of textbooks to students. Supplies are not just pencils and notebooks; they may include more costly items such as computers, calculators, lab equipment, and other materials.

In calculating textbook prices, GAO did not consider:

1) Reliable survey data from Student Monitor showing that average student spending on textbooks increased only about 2 percent annually from 1999 - 2004;

2) The money students recoup when they sell their used textbooks; and

3) The increasing use of lower-cost alternatives - a trend that the Bureau of Labor Statistics noted it did not track before 2001 and still may not be accurately reflected in its data. (See page 32 of the GAO report.)

**PIRG Myth:** “The GAO supported PIRG and was critical of publishers.”

**FACT:** Wrong. The GAO report’s Concluding Observations (page 25) were that increases in college textbook prices “have been largely driven by investments in supplements” that “reflect a change in postsecondary education.” The report went on to say that “by becoming involved in the development of instructional aids, publishers are assuming roles that have traditionally belonged to postsecondary institutions.”
The report also observed, “Just as teaching and learning have changed with increasing reliance on technology, the college textbook has evolved from a standalone text to include a variety of ancillary products for instructors and students.”

In short, publishers have responded to the needs of students and faculty in an effort to hold down student costs while producing the best, most up-to-date tools for teaching and learning.