

CITY COUNCIL
CITY OF NEW YORK

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TRANSCRIPT OF THE MINUTES

of the

COMMITTEE ON HIGHER EDUCATION

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September 25, 2009

Start: XX:XXam/pm

Recess: XX:XXam/pm

HELD AT: Council Chambers
City Hall

B E F O R E: CHARLES BARRON
Chairperson

COUNCIL MEMBERS:
Tony Avella
Larry B. Seabrook
Eric Ulrich
Gale A. Brewer

A P P E A R A N C E S (CONTINUED)

Dennis Kim

Cory Provost

Greg Lawson

Patrick Krus
Chairperson
NYPIRG

Jamal Henderson

Curtis Kendrick
Librarian
CUNY

Brian Cohen
Associate Vice Chancellor and Chief Information
Officer
CUNY

Arthur Downing
Assistant Vice President for Information Technology
and Chief Librarian
Baruch College

Sidney Eng
Chief Librarian
Borough of Manhattan Community College

Barry Kaufman
Controller
CUNY

Ganesan Ravishanker
Vice President For Information Technology and Chief
Information Officer
Pace University

Jade Roth
Vice President of Books
Barnes & Noble College booksellers

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SERGEANT-AT-ARMS: Quiet, please.

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CHAIRPERSON BARRON: My name is Councilman Charles Barron, Chair of the Higher Education Committee at the City Council, and joining me is Mr. Tony Avella from Queens who is a great supporter of CUNY and I must say, and you're not supposed to do this, but I need you all to do this with me, he ran an excellent campaign as Mayor and raised some serious issues for this city to take on so give Mr. Avella a big handclap for a job well done.

Today's hearing is going to focus on the skyrocketing costs of textbooks. Textbooks should not be a barrier for one receiving a affordable, quality and have access to an education to a higher education, particularly at this time of crises when we have an economic crises that's causing many, many students and their families to suffer in our communities. It's hard enough to pay rent, to have health care provided, it's a struggle to buy food and clothing--just to meet the basic necessities of life and then to have such an avenue of accessibility and affordability and the quality of

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2 education that CUNY provides, and for that to be
3 threatened, because we or some students will not
4 be able to afford a textbook is unconscionable,
5 unacceptable, and it's something that we must do
6 something about immediately.

7 We've had hearings before on this,
8 textbooks, but I'm hoping that all the students
9 that are present, now all of those who are really
10 concerned about this, we are seeing this, not as
11 just another hearing, but we really need to launch
12 a movement around this one. We need to go to
13 every campus, we have to shake up our campuses,
14 there are 450,000 CUNY students, 250,000 of them
15 are degree programmed students. We have to take
16 this message and the resolutions that come out of
17 this hearing, some of which we've gotten from
18 studies and some which we'll hear from you. Some
19 of these resolutions we have to enact immediately
20 and get on the case and go to all of our college
21 campuses because if there's one issue or two
22 issues that we really need to be concerned about
23 and that is tuition and textbooks--those are the
24 two key issues to all students, it affects every
25 student no matter what your ethnic background is,

1
2 whatever, it affects every student. That's how
3 serious this issue is.

4 Normally, I'd just read my opening
5 statement, but I do want to take a minute on this
6 one to put it in a broader context of what's
7 happening in the country, around the nation,
8 around this question of textbooks and a question
9 of tuition. One of my long-range goals and
10 immediate goal as well is to put forth a
11 commission on higher education, a higher education
12 commission on free tuition and free textbooks. In
13 my 7 1/2 years of Chair of Higher Education when I
14 had these hearings and we look at the amount of
15 money that the city university gathers or collects
16 around tuition, it's about 700 and some odd
17 million dollars, give or take a few pennies, and
18 if you look at the cost of textbooks, if you add
19 that together, let's be generous and say it comes
20 up to \$1 billion. Well when you have a national
21 budget of \$3.6 trillion and 663 billion of that
22 goes to the Pentagon; when you have a state budget
23 of about \$131 billion and a city budget of about
24 \$60 billion, somewhere in there, we should be able
25 to squeeze out \$1 billion to say that this should

1
2 go into the CUNY budget and there should be no
3 tuition and no charge for textbooks.

4 I've sat in this City Council over
5 the \$60 billion budget and I've seen us take 2 1/2
6 billion dollars, just like that, put it in a
7 retirement, a health care fund, which is needed
8 and is not used that often and it sits there.

9 I've seen this City Council look at Forest Ratner
10 and some of the others and Yankee Stadium and
11 hundreds of millions of dollars went toward
12 building Yankee Stadium and the Mets stadium and
13 to bring the nets to play basketball in Brooklyn
14 and might even take a loss on that deal. I've
15 seen hundreds of millions of dollars, I've seen
16 billions of dollars to go toward housing and
17 should. Why not CUNY? Why not our students?

18 You know the Bible says where a
19 person's heart is, so lies their treasure. So
20 when are we going to put up or shut up around the
21 question of education? When are we going to meet
22 the needs of our students--450,000 students. And
23 what angers me so is it can easily be done, the
24 money is there. I don't care what the crises is,
25 whether there's a \$5 billion deficit that we will

1
2 have this time around or a 10, \$15 billion deficit
3 on the state level, whether it's \$11 trillion debt
4 on the national level. You know the bottom line?
5 A budget is going to be passed, money is going to
6 be spent, this budget will be balanced by June
7 30th.

8 I want to welcome Council Member
9 Larry Seabrook from the Bronx, give him a big
10 handclap, he's a long strong supporter of CUNY.

11 This budget's going to be balanced.
12 The question is not whether we have a surplus or a
13 deficit, the question is the prioritization of the
14 spending because \$60 billion is going to be spent.

15 Last year, the textbook industry
16 made a profit of \$9.8 billion across this nation.
17 In 2006, 17.6 million students in this nation had
18 to spend \$4.9 billion on textbooks. Only five
19 publishers publish these textbooks. It's a
20 capitalistic monopoly, it's a form of monopoly
21 capitalism that we should be ashamed of.

22 And there are four wholesalers,
23 including Barnes & Noble, one of the publishers is
24 McGraw-Hill, Thompson Pearson and a few others.
25 These publishers make billions of dollars, they

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sell it to the four wholesalers, Barnes & Nobles

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is one of them, Nebraska and a few other

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wholesalers, there's only four wholesalers in the

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country, five publishers in the country.

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Publishers making theirs, sell it to the

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wholesaler, they make theirs, the wholesaler sells

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it to the campuses, whether it's on-campus

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bookstores or off-campus bookstores and to the

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Internet, and then to the students.

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And the other thing about this

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market of textbooking that's interesting is that

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the people who are choosing the books that the

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students must buy, don't have to pay for the

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books--that's the faculty. And the faculty, many

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of them in one state, 58% of the faculty, they

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don't even know how much the book costs. Then

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they do this bundling where you've got to get CD-

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ROMs and other learning materials, so that bundle

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can be over \$200.

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We need to unbundle, we need to

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have the universities, this will take a

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revolution, have the universities cut out the

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middleman, let's go straight to the publisher

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instead of the wholesaler, that'll reduce the cost

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of the book.

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Textbooks to students is like a scalpel is to a surgeon, it is a necessity, we cannot continue to go like this and have a single student not continue their education because they can't afford a textbook or have to make a choice between food and transportation or paying rent are buying your textbooks. And this is why this hearing is so critical.

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And we have to say in some states, the professor is not allowed to sell his or her textbook to the students. And in other states, when the professor does do that, the royalties have to go back into the institution instead of their pockets.

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So this is a real scam, this is a real hustle. And I can only fathom what's happening in elementary schools and high schools and textbooks for junior high schools. Can you imagine the contracts that the textbooks companies, that this \$22 billion Department of Education budget goes to textbooks, publishers on the elementary and high school level, and now this is all because the system of monopoly capitalism

1
2 is really hurting our students tremendously, and
3 this hearing we hope will address some of those
4 very serious issues.

5 So let me read my--that was more of
6 a global sense of it and we need to send a letter
7 to the president, Barack Obama, the White House
8 and say, if you've got \$643 billion for the
9 Pentagon and only \$46.7 billion to the Department
10 of Education, there's something fundamentally
11 wrong with those priorities. And can you just
12 give \$1 billion to CUNY and we'll have free
13 tuition and free textbooks with \$1 billion, that
14 is not a lot of money. Larry and Tony will tell
15 you we see \$60 billion every year thrown all over
16 the place and I can't think of a better investment
17 of \$1 billion than it coming to CUNY to go back to
18 free tuition.

19 If it wasn't free tuition, I
20 wouldn't have my double CUNY degree. I had free
21 tuition and I didn't have to pay for textbooks
22 because there was a textbook allotment and the
23 SEEK money and some other things. So we want to
24 do that in this instance, too.

25 As college costs skyrocketing,

1
2 students are going further into debt than ever
3 before. Even though more financial aid grants are
4 available, they do not adequately make up the gap
5 between growing college costs and family incomes.
6 College costs include tuition, books,
7 transportation, lunch, and living expenses. Many
8 students are finding it difficult to keep up with
9 their college expenses.

10 In the past, CUNY students who were
11 residents of New York were the beneficiaries of a
12 tuition-free policy. The tuition-free policy was
13 changed in September of 1976 when all full-time
14 undergraduate students at CUNY were required to
15 pay tuition for the first time. Gradually
16 increases since then have caused annual tuition
17 costs and fees at CUNY to be among the highest for
18 public colleges in the country.

19 Beginning this fall semester,
20 students at CUNY senior colleges pay \$4,600 a year
21 in tuition, which is an additional \$300 per
22 semester from last year. And those attending the
23 CUNY community college pay \$3,150 a year in
24 tuition, which is an additional \$175 for a
25 semester. For a student living at home it would

1
2 cost \$10,322 to attend the CUNY four-year college.
3 This school year alone, students not living at
4 home would pay in 19,993 for the school year. It
5 would cost \$9,660 for a student living at home to
6 attend the community college, and a student not
7 living at home would pay \$19,534.

8 More than 60% of students attending
9 CUNY's community colleges comes from households
10 earning less than \$30,000 a year, and half of all
11 students at the senior colleges come from
12 households earning less than \$30,000 a year.

13 College costs are a huge financial
14 burden to these students and their families. One
15 study revealed that low income families devote up
16 to 37% of their income to pay for college costs
17 even after receiving financial aid.

18 In addition to tuition increases,
19 the cost of textbooks are overpriced, making it
20 even more difficult for students to afford
21 college. Studies have shown that 20 to 25% of
22 college expenses go toward textbooks. Between
23 1986 and 2004, textbook prices rose 186% in the
24 United States, or slightly more than 6% per year
25 and twice the rate of inflation. College

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2 bookstores in the U.S. made 9.8 billion in
3 textbook sales for the year 2007 to 2008 fiscal
4 year. A number of factors that's help to drive up
5 the cost of textbooks, such as bundling textbooks
6 with CDs and workbooks frequently issuing new
7 textbooks editions--that might be a paragraph or
8 somebody wrote a new preface so now this is a new
9 edition and you can't use the old book because a
10 new paragraph is in there--frequently issuing new
11 textbook editions which are not much different
12 from the older editions, and publishers marketing
13 textbooks to faculty without disclosing the full
14 price.

15 CUNY students are faced with many
16 financial issues by living in New York City such
17 as rising transit fares, difficulty in finding
18 affordable day care, child care, health care cost,
19 increased tuition, and other expenses. With all
20 these financial burdens, it is extremely important
21 to find valuable solutions to lowering textbook
22 costs so that students can afford the quality
23 education they deserve.

24 We look forward to hearing how the
25 CUNY Administration plans to help students better

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2 afford textbooks. We also look forward to
3 learning more about other initiatives to lower
4 textbook costs that will not only benefit CUNY
5 students, but benefit all college students in New
6 York City.

7 Thank you very much, and with that,
8 we'll call on our first panel.

9 FEMALE VOICE: Dennis Kim, Gregory
10 Lawson, Cory Provost [phonetic], and Patrick Krus.

11 [Pause]

12 [Off mic]

13 FEMALE VOICE: I'm just going to
14 swear you guys in as a panel, if that's okay. Do
15 you swear or affirm that the testimony you are
16 about to give is, to the best of your knowledge,
17 truthful and accurate?

18 [Pause]

19 FEMALE VOICE: And just state your
20 name for the record before giving testimony.
21 Thanks.

22 [Pause]

23 DENNIS KIM: Yes, I do affirm the
24 testimony I'll be giving is true. Chairman Barron
25 and Members of the Committee, I thank you for this

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2 opportunity to testify in support of the CUNY
3 textbook assistance initiative. My name is Dennis
4 Kim and I am a junior at Lehman College double
5 majoring in political science and philosophy.

6 As you are aware, the cost of
7 college textbooks has become a major affordability
8 issue for low and middle income students. The
9 U.S. Government Accountability Office in 2004
10 reported that textbook prices have nearly tripled
11 from 1986 to 2004, in a very short span of time,
12 rising more than 5% every year. This concerning
13 trend has only been exacerbated in recent years
14 and, combined with the recession and rising of
15 tuition, no doubt remains in my mind that textbook
16 prices are becoming a barrier to receiving a
17 quality college education.

18 Excessive textbook expenses in my
19 experience have increased the possibility of
20 dropping a course, taking on additional loan debt,
21 or even doing without at the price of being left
22 behind on readings, and this ultimately undermines
23 the quality of my instruction.

24 Students greatly need textbooks to
25 supplement their class lectures, and they come to

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2 understand very quickly that it is imperative to
3 do the reading assignments in order to do well.

4 In my first two years at Lehman, I
5 have been dismayed to find antiquated books on the
6 shelves of the library and this is a disadvantage
7 to the students who have to compete in the 21st
8 century economy, but, fortunately, in a
9 preliminary draft of the budget shared with me
10 early this year by the chief librarian, funds from
11 this initiative will go to renew electronic
12 database subscriptions, purchase textbooks on
13 reserve, replenish outdated book collections to
14 support college curriculum, and even field [off
15 mic] readers that allow multiple textbooks to be
16 stored in a single electronic medium. You would
17 have to look no further than the library reserve
18 desk to see how these funds benefit the students
19 of Lehman every day. Not only has this initiative
20 rejuvenated the library's collections, it has
21 become better capable to meet the needs of
22 students who depend on the library to have access
23 to up-to-date course textbooks that otherwise
24 would have been out of reach.

25 Council members, I thank you for

1
2 your continuing support of CUNY, and I hope my
3 testimony has given credence to the real and
4 tangible benefits you help to provide for the
5 students of the city university. I promise you
6 that the investment you make in our education
7 today will pay dividends for the city's future.
8 Thank you.

9 CORY PROVOST: Good afternoon,
10 Members of City Council. My name is Cory Provost
11 and I'm a Masters student at Brooklyn College of
12 the City University of New York. I speak before
13 you today to address an issue that is direly
14 affecting hundreds of thousands of students--
15 overpriced textbooks.

16 It was Thomas Jefferson in a letter
17 to John Adams, which said I cannot live without
18 books. Now today I say to you, we students cannot
19 succeed without books. CUNY stands as a leading
20 American institution founded with the intent to
21 provide by a high class education to the poor and
22 the working class. These two demographics
23 overwhelmingly make up the majority of the
24 population of CUNY. It is important to realize
25 that as America, and subsequently New York state

1
2 and city alike, are faced with an economic crisis
3 of unparalleled magnitude, so are the students of
4 CUNY.

5 State Comptroller DiNapoli and City
6 Councilman Eric Gioia have both conducted a study
7 recently on the textbook prices that students are
8 subject to face, in addition to their tuition and
9 a myriad of other fees. Both have concluded that
10 students can be expected to pay between 400 and
11 \$800 per semester for textbooks, roughly 17 to 35%
12 of what they must pay for tuition.

13 For those that may not know the
14 goal for CUNY, it is to make education affordable,
15 and I believe the University is committed to that
16 task, which is why they took the lead and place \$2
17 million into a textbook initiative program.

18 However, we need support from City Hall and Albany
19 in order to ease the burden that is placed on the
20 backs of students. No student should have to pick
21 whether to pay their rent or buy a book for class;
22 no student should have to put off taking that one
23 last class for graduation because they can't
24 afford the textbook; and no student should have to
25 place their academic life in jeopardy because of

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2 overpriced textbooks. So we ask the City Council
3 to match CUNY's commitment of funds to this
4 textbook initiative so that we can ensure that we
5 are able to reap the benefits of attaining
6 knowledge, so that we may set the standard for
7 competition, and so that we can make all of our
8 futures that much better. Thank you.

9 GREG LAWSON: Chairman Barron,
10 Members of the City Council, Committee on Higher
11 Education, my name is Greg Lawson, I'm a grad
12 student at Queens College majoring in urban
13 studies. I'm also a graduate student senator at
14 Queens College and a university Student Senate
15 delegate.

16 I would like to thank Charles
17 Barron for bringing this issue of the high costs
18 of college textbooks before the City Council.
19 Books for classes are increasing every semester by
20 as much as 50% with no justification. This
21 phenomena is occurring for undergrads, as well as
22 grads.

23 CUNY has earmarked \$2 million for a
24 textbook initiative. This enables our campus
25 libraries to have more reserve textbooks and

1
2 textbooks available for loan to students. More
3 help is needed. I urge the city to help
4 supplement funding for a similar program. We hope
5 members of the City Council support their
6 colleagues and the state legislature on their
7 efforts to pass legislation to address this issue.

8 Two bills were introduced in the
9 State Assembly last session. Assembly Bill 5991,
10 introduced by Assembly Member Peralta would have
11 CUNY Board of Trustees established an academic
12 review board that would audit the process by which
13 textbooks are sold and used by the university and
14 make recommendations accordingly. This
15 legislation has been widely cosponsored by a
16 number of lawmakers, including the very
17 intelligent Assemblywoman from Brooklyn, Inez
18 Barron.

19 CHAIRPERSON BARRON: Excuse me,
20 could you repeat that last sentence again? I
21 didn't hear the last sentence, do you want a
22 repeat it? My mind--just the intelligent
23 beautiful, who?

24 MR. LAWSON: Including the very
25 intelligent and beautiful Assemblywoman from

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Brooklyn Inez Barron.

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CHAIRPERSON BARRON: Oh, okay.

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Thank you very much. You may proceed.

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MR. LAWSON: That's what I meant

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that's what I meant.

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CHAIRPERSON BARRON: You may

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proceed, you may proceed.

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MR. LAWSON: Bill A1610 sponsored

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by Assembly Member Zebrowski actually will provide

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an opportunity for New York State taxpayers

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students and parents to receive a personal income

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tax deduction for the cost of college textbooks.

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Some CUNY Student Senate Delegates

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think a book exchange program will work the best.

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With this, students are given cash credit for at

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least 50% of the book price when they bought it.

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The cash credit will be used to exchange old

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course books for current course books. As it

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currently stands, book prices are high and when a

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student tries to sell books back at the end of a

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semester, they are only given a few dollars for

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them.

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Our student representatives look

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forward to working with members of the City

1
2 Council in helping to preserve quality and
3 affordable higher education at CUNY in the
4 greatest city in the world--New York City. Thank
5 you.

6 CHAIRPERSON BARRON: Thank you.
7 Yes, sir.

8 PATRICK KRUS: Hello, my name is
9 Patrick Krus, and I'm a Brooklyn College student
10 and also the chairperson of NYPIRG.

11 The New York Public Interest
12 Research Group is New York state's largest
13 nonpartisan research and advocacy organization.
14 We have a board of directors comprised of students
15 from campuses within NYPIRG chapters across the
16 state, And some of the issues on which we work are
17 environmental issues, consumer rights, voter
18 registration, and higher education. So our
19 student board is deeply concerned about the rising
20 cost of higher education in general and of
21 textbooks in particular, so we're pleased to have
22 this opportunity to speak.

23 First of all, thank you for
24 continuing to monitor this important issue,
25 textbook prices are real problem for students.

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2 According to the College Board, the average
3 student now spends \$1,077 a year on textbooks and
4 supplies--an amount equal to 23% of CUNY senior
5 college tuition or 34% of CUNY's community college
6 tuition. This expense is a significant access
7 barrier for many low and moderate income students
8 and grant aid doesn't always help enough.

9 NYPIRG recently had an Empty
10 Wallets contest on some of our campuses. We asked
11 students who came by our tables in high traffic
12 areas how much they paid for textbooks and the
13 winners of our contest are the ones who pay the
14 most. They typically paid between 500 and \$700
15 for their textbooks, those were our big winners.
16 Our biggest winner actually paid an outrageous
17 \$1,100 for her textbooks. It's a lot of money,
18 especially when you're piled on top of the other
19 expenses all of the students have. And we've
20 shared this anecdotal evidence with state
21 legislators and also with campus provosts.

22 The university faculty and students
23 and other members of the campus community are all
24 working together to bring book prices under
25 control and we're really glad that the Council's

1
2 Higher Education Committee is involved in this
3 effort as well. CUNY is already on the right
4 track with their \$2 million textbooks initiative.
5 The chancellor provided the broad outlines of the
6 plan last spring, and we are encouraged by the
7 details discussed today as the initiative gets
8 rolled out on campuses. We understand from the
9 chancellor's statement that CUNY intends to
10 promote online book purchases, require faculty to
11 wait before adopting new editions of certain
12 textbooks, institute discounts on textbooks for
13 some students to provide funding for library
14 purchase of additional print and electronic books,
15 and we hope that they're successful in developing
16 a philanthropy matching program that would
17 mobilize private donors to help students pay for
18 their books.

19 Sorry. The CUNY's textbook
20 initiative gives campuses the flexibility to
21 explore textbooks rentals programs. Starter costs
22 for such programs can be rather high and they take
23 up a lot of physical storage space on a campus,
24 but they can save students up to \$500 a year on
25 textbooks and they would work well for

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2 undergraduate students in courses where new
3 editions aren't required that often.

4 The federal government recently
5 provided seed money for pilot programs. We urge
6 the Council to do the same. CUNY's proposal to
7 create a philanthropy matching program that would
8 mobilize private donors to help students pay for
9 their books could be an effective booster. Sorry,
10 let me start over. The members of the Council's
11 Higher Education Committee could be effective
12 boosters for such a program. Your personal and
13 professional connections could help raise a lot of
14 money for textbooks to students whose financial
15 aid falls short. The Council could also consider
16 providing additional money to expand the pool of
17 matching funds to leverage additional private
18 donations.

19 Also, there are several pieces of
20 state legislation that would help rein in the high
21 cost of textbooks. Bills that merit your support
22 include A3280 which would improve competition
23 among textbook retailers, S5941 which would
24 require timely posting of ISBN numbers to
25 facilitate online comparison shopping, S5852 which

1
2 would exempt textbooks from online sales tax, and
3 A7584, which would expand the state's textbooks
4 sales tax exemption. Anything you could do to
5 advance these bills would be a great help to CUNY
6 students. You could join us in delegation visits
7 with our state representatives, help draw media
8 attention and even secure an official endorsement
9 from the Council as a whole.

10 We thank the Council's Higher
11 Education Committee for continuing to recognize
12 the importance of maintaining affordability in
13 higher education, and we are encouraged by your
14 efforts to continue the public discourse about
15 textbook prices, their impact on students, and
16 possible solutions. NYPIRG looks forward to
17 working with you, as well as the city university,
18 faculty, student governments, and other student
19 groups, publishers, and bookstores to explore
20 additional solutions. Thank you.

21 CHAIRPERSON BARRON: I want to
22 thank all of you very much for great testimonies,
23 and I really need your all help on this one 'cause
24 I want to take this to all of the college
25 campuses. When we finish we're going to

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2 incorporate some of the ideas that you just have
3 given us along with talking with the
4 Administration and with others, and I'm going to
5 put something together, a nice package on this
6 Commission, even if we're calling it free tuition
7 and free textbooks, we know in reality right now
8 we'll be trying to reduce the cost of textbooks
9 and fight toward ultimately getting it free. But
10 there are some things that we can do and I want to
11 take this from campus to campus. I'm going to
12 take your testimony, because it's good ideas that
13 you have in there and I have the whole NYPIRG
14 report which has a lot of other--oh, thank you so
15 much for coming--have a whole lot of
16 recommendations. You want to say anything or...?

17 [Off mic]

18 COUNCIL MEMBER ULRICH: Thank you,
19 Mr. Chairman.

20 CHAIRPERSON BARRON: Tell what your
21 name is and the new kid on the block here.

22 COUNCIL MEMBER ULRICH: I am the
23 new kid on the block, I am Council Member Eric
24 Ulrich from Queens. I just wanted to say a few
25 things, I thank the Chair for allowing me just a

1
2 few moments to speak. Mr. Kim, when I entered
3 college when I was 18, I told him that I wanted to
4 major in political science and philosophy and they
5 told me why do you want to do that, you're never
6 going to get anywhere with that type of a degree,
7 and here I am six years later, sitting on the City
8 Council. So I guess political science and
9 philosophy was good enough, so I certainly implore
10 you to keep going in that direction, because
11 certainly you can use it for a variety of things.

12 I didn't go to a CUNY College, I
13 went to St. Francis College in Brooklyn Heights.
14 It was affordable, it was a great school by the
15 way, but the cost of textbooks really transcends
16 colleges. It doesn't matter where you go, we all
17 use the same textbooks and I always remember going
18 to the college bookstore, going to Amazon.com, and
19 having that five or \$600 bill at the end of the
20 day and then being told don't worry, you can sell
21 the books back and the same book that I purchased
22 for \$110, I got \$27.27 for. It's a joke, it's
23 highway robbery.

24 One of the things that I was always
25 interested in that nobody was able to answer was

1
2 what type of profit the colleges made, if any,
3 because they were selling the books at retail
4 prices, even the ones that were selling at
5 discount prices. Maybe the gentleman from NYPIRG
6 could address that, I don't know if you did any
7 research in that area, but certainly if the
8 colleges--I would assume because I'm a pessimist
9 that they're not doing this out of the kindness of
10 their heart, that they have to pay the person to
11 type in the numbers at the register, that they
12 have to pay someone to stock the shelves, that
13 they have to pay the electricity bill to keep the
14 room open, that the college is making some sort of
15 profit on the sale of college textbooks. Maybe it
16 might not be that much, but certainly if they are
17 making a profit, maybe that's something that we
18 should look into to see if we can somehow try to
19 cut into that because I doubt very much that they
20 are paying the same price that the students are
21 paying and that this is just a wash.

22 So getting \$2 million for a college
23 book initiative to help students pay for books is
24 fine, but the prices that they're charging are
25 still outrageous to begin with. So we really need

1
2 to get to the heart of the matter. And I don't
3 know which elected officials, not in the City
4 Council certainly, that these textbook companies
5 are contributing to, but certainly they seem to
6 have a lot more pull than the students who are
7 being robbed each and every semester when they
8 have to go into the bookstores and get the
9 materials that they need to succeed in the
10 classroom.

11 And I'm going to be quite honest
12 with you, when I was in college, I lived in my own
13 apartment and if I couldn't afford a biology
14 textbook, guess what, I didn't get it, and maybe I
15 got a C or a B in that class instead of getting an
16 A, and I just don't think that's right.

17 I just think that this is highway
18 robbery and I know that we have a number of ideas
19 to address the situation, but the fact that the
20 prices are what they are is simply outrageous and
21 I just think that we really need to focus more on
22 that and mobilize the students certainly, as you
23 have done, to go to Albany and to demand the
24 legislation that we need to hold these companies
25 accountable, to regulate the prices in whatever

1
2 way that we must, and to find out exactly who is
3 making the most profit off the sale of college
4 textbooks because the people who are hurting the
5 most are the people who need the books the most
6 and that's the students.

7 So I want to thank the Chair again,
8 thank you very much.

9 CHAIRPERSON BARRON: Thank you very
10 much and we certainly are on the same page of that
11 because we're going to have a probably a two-
12 pronged strategy where we have to really look at
13 the pricing and then all, of course, meeting the
14 costs of students as we fight to get the pricing
15 down because it's just a robbery that's
16 ridiculous.

17 There's no real oversight either of
18 this industry and we're going to be talking to
19 some people in Congress about that and certainly
20 on a state level it needs to be regulated and it
21 needs some oversight because it's totally out of
22 control and it's a real monopoly by just a few
23 publishers and a few wholesalers and it has to
24 stop.

25 We've been joined by Council Member

1
2 Gale Brewer from Manhattan, we'll give her a big
3 handclap and give brother Eric Ulrich a handclap
4 too, we do that and we allow for clapping in our
5 hearings so you can receive that.

6 Any other questions, Council
7 Member? No?

8 Thank you very much--oh just one
9 other thing. I think you said Thomas Jefferson
10 said something about some books he read? Just
11 tell my man Thomas to pick up that book on why you
12 shouldn't have slaves because--did he read the
13 book on you should not own slaves and--

14 MR. PROVOST: I don't believe so.

15 CHAIRPERSON BARRON: --and you
16 shouldn't do bad things to Sally Hemings and have
17 children and--well anyway, I know that's not this
18 hearing. But thank you very much great testimony.

19 MALE VOICE: Thank you.

20 CHAIRPERSON BARRON: Yes, sir?

21 MR. KIM: Before we get off of,
22 may--

23 [Pause]

24 MR. KIM: Sorry, May I respond to
25 Council Member Eric--

1

CHAIRPERSON BARRON: Absolutely.

2

3

MR. KIM: --inquiry? Yes, I work

4

in student government as the Campus Facilities

5

Officer and I do know that the colleges do get a

6

commission from the bookstores, and part of the

7

initiative from the textbook side of at least,

8

Chancellor Goldstein is looking to have the

9

colleges reduce the commission so that could bring

10

those savings on to the students, so I know he's

11

working on that.

12

But you're right, the \$2 million

13

it's only a Band-Aid at the moment and we need

14

changes in the industry really too, that's got to

15

change and this is something that the legislature

16

and the Council here could really help us with.

17

So thank you for your hard work.

18

CHAIRPERSON BARRON: Yes. And one

19

of the biggest things is going to be and I know it

20

will be a real, real battle, I mean, but we should

21

try for those things, you never know what you're

22

going to reach, is to have the publisher come

23

directly to the university, cut out the middleman,

24

I mean that would cut things down. Why do you

25

have to go from a publisher to a wholesaler and

1
2 there's only four wholesalers in the whole
3 country, five publishers in the whole country, and
4 it's a real monopoly on it and they control
5 pricing and it's just unregulated and there's no
6 oversight to it. So we have some work before us,
7 but I believe we can be victorious.

8 Thank you very much for your
9 testimony.

10 MR. KIM: Thank you.

11 CHAIRPERSON BARRON: We just have
12 one other student we want to testify, then we'll
13 bring the Administration up, one other student.

14 FEMALE VOICE: Is Jamal [phonetic]
15 Henderson here?

16 CHAIRPERSON BARRON: Yes.

17 [Pause]

18 [Off mic]

19 FEMALE VOICE: And, Jamal, do you
20 also swear or affirm that the testimony you are
21 about to give us is, to the best of your
22 knowledge, truthful and accurate?

23 JAMELL HENDERSON: I do.

24 FEMALE VOICE: Thank you.

25 MR. HENDERSON: To the Honorable

1
2 Councilman Charles Barron of the 42nd District,
3 Chairperson of the Committee on Higher Education
4 and to the Members, Councilman Tony Avella of the
5 19th district, Councilwoman Gale Brewer of the 6th
6 district, Councilwoman Darlene Mealy of the 41st
7 district in her absence, Councilman Larry Seabrook
8 of the 12th district, and to Councilman Eric A.
9 Ulrich of the 32nd District, to all the elected
10 Members of the City Council, and to the students
11 of this great city of New York who work tirelessly
12 despite the financial obstacles that we face to
13 obtain a higher education in order to pursue our
14 American dream, I say good afternoon.

15 CHAIRPERSON BARRON: Good
16 afternoon.

17 MR. HENDERSON: My name is Jamal
18 Henderson and I'm a student and a student leader
19 at the Borough of Manhattan Community College.
20 And as a student at BMCC, like many students in
21 the CUNY system, we are faced with the
22 inexplicable and inexcusable challenges of paying
23 for college. We have recently received additional
24 tuition increase, which adds onto our financial
25 worries and struggles. However, with every

1
2 semester and every year we're always faced with
3 the ever-so-expensive prices of textbooks--
4 something that plays a vital and crucial role in
5 our studies of higher education.

6 Textbooks, which are critical and
7 essential for our course of study in our
8 respective fields, should not be outrageously
9 expensive for students to purchase. It is already
10 an issue that we have to pay unreasonable prices
11 of tuition, but now in addition to this we have to
12 pay textbook prices that are not only affordable,
13 but especially with some textbooks that we
14 purchase during the course of our particular
15 study, will only be used for one semester. Now
16 some may say that textbooks doesn't play a
17 significant role in higher education, but in all
18 reality it does. It's a key foundation in our
19 courses of study and if you allow me to
20 demonstrate.

21 You see when we as students, we pay
22 tuition, it simply puts us into the door into our
23 area of study. However, our goal is to walk out
24 boldly knowing that we have achieved the
25 requirements that were asked of us in order for us

1
2 to pass and to move on. Now our professors give
3 us the syllabus for the class which displays the
4 entire outline of the course. Now because
5 textbooks are so incredibly expensive for us and
6 the fact that many of us are in low income to
7 middle-class or single or family households, the
8 actual purchase of textbooks will have to be
9 delayed because of our daily living expenses takes
10 precedence. Now regardless if we don't have the
11 textbook, the course moves and now we're behind
12 the class. And some may say we may constantly
13 make copies, which is true, however, but when
14 you're in a college like Borough of Manhattan
15 Community College, which currently has a little
16 over 24,000 students, it's next to impossible to
17 take out the book from reserves in the school's
18 libraries to make copies each and every week. So
19 because students are behind in the class some of
20 us may have no other choice but to withdraw or
21 accept a low or failing grade and possibly repeat
22 the course, which will now add delay to our
23 process to attain a higher education degree and,
24 thus, slowing our progress to living our
25 individual American dreams.

1
2 You may be thinking that this is a
3 bit extreme, but in all actuality this happens to
4 a multitude of students each and every semester.
5 I say this because this has happened to me.

6 I'm 24 years old living in New York
7 City housing, I have a paid internship, not a job,
8 working as a youth advocate for the Administration
9 for Children's Services, and my tuition on average
10 is around \$1,500 per semester and in addition to
11 that, I have to pay for transportation to and from
12 school and personal daily expenses, which is not
13 easy to maintain with the low wages that I
14 receive. I can say that during my duration in
15 BMCC, I have never purchased all of my books on
16 time due to the financial struggles, and it will
17 be in the middle semester on average that I have
18 purchased all my books.

19 Many students like myself are
20 living in financial burdens and situations that
21 greatly affect our daily lives. In order to get
22 out of the obstacles, we make a conscious decision
23 to pursue higher education. Many of us will be
24 graduating from college for the first time in our
25 families.

1
2 Many of us do recall or experience
3 a time when obtaining an education in the CUNY
4 system was free, but nowadays, that is not the
5 case. A lot of the burdens that the
6 administrators of the CUNY system face come
7 directly upon us financially, even though we have
8 a clear vision and obligation to attain a college
9 degree in order for us to make our American dream
10 a reality.

11 I am here as a testimony on behalf
12 of countless students whose family households make
13 just enough to get by, or for those who are in
14 single independent households or, like myself, who
15 is trying to be a success story after being in the
16 New York City foster care system for over eight
17 years by showing others the importance of
18 obtaining a higher education.

19 I appoint this challenge to the
20 valiant members of City Council whom we elect to
21 represent us to work alongside with the Higher
22 Education Committee and to the ever-so-passionate
23 for the opportunity to receive affordable
24 education, Councilman Charles Barron, to come up
25 with the strategies and options to alleviate some

1
2 of the stress that are placed on the students
3 backs. Please make textbooks affordable. I ask
4 that you please remember that it is important that
5 you invest in our future, because this is the
6 generation of change and change begins right here
7 and right now. Thank you.

8 CHAIRPERSON BARRON: Excellent,
9 excellent testimony, really appreciate it. Do you
10 have a copy of that or can I have--

11 MR. HENDERSON: Yes.

12 CHAIRPERSON BARRON: --your copy?

13 MR. HENDERSON: Yeah, you can have
14 my copy.

15 CHAIRPERSON BARRON: All right, if
16 you don't have a copy, this is excellent
17 testimony, certainly we're going to incorporate it
18 with our strategy 'cause it's not always about a
19 bunch of statistics and numbers, but it's about
20 the passion and the commitment you have. We've
21 spoken so many times, but I must say I'm extremely
22 impressed with your testimony and we should use
23 that, we should get together so we can go around
24 to the universities and to the elected officials.
25 We've got to make this thing happen. But thank

1

2

you so much.

3

Anybody else have any--

4

FEMALE VOICE: Council Member

5

Brewer has a question.

6

CHAIRPERSON BARRON: Council Member

7

Brewer?

8

COUNCIL MEMBER BREWER: I just want

9

to echo Council Member Barron, you're awesome and

10

ACS is lucky, CUNY's lucky, our city's lucky, and

11

thank you for being here today.

12

I chair the Technology Committee

13

and I don't know how I feel about this, but I'm

14

going to ask, I don't know that this is right.

15

There are some national proposals to try to put

16

some textbooks online and to cut down cost. On

17

the other hand, I teach so I like to have books to

18

work with and I think students want books to work

19

with and we're always putting everything on the

20

Web and lots of times we really need a book and it

21

obviously needs to be less expensive. But are

22

there things that could go online do you think to

23

save or should we really be focused--we have to

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also be focused on getting the textbooks to be

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less expensive, but I just want to know how you

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2 feel about this, if anything.

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MR. HENDERSON: I personally feel it could be a balance. I am one for those who like to get my education in the school. I mean I'm Internet savvy, but I'd rather learn the textbook and the information from a professor who has that Doctorate or Masters in that area of study, but we should have all options available for students to have an opportunity to get a textbook, whether it's on an e-book or whether you actually get the hard copy, as long as it's somewhere they can have an option where either option is affordable, that's the way I see it.

COUNCIL MEMBER BREWER: So are there e-books available? Is that something that you could take from the library? Obviously when you purchase them, they're expensive, so I was just wondering is that something that's coming along or is that something that's still in the future?

MR. HENDERSON: I know in some of my classes now, we're now beginning to hear the buzz about e-books. It's not a driving force yet, but I'm sure in years to come it will definitely

1

2 be an attribute.

2

3

COUNCIL MEMBER BREWER:

4

Congratulations.

5

MR. HENDERSON: Thank you.

6

CHAIRPERSON BARRON: Thank you very

7

much. And now we'll have the Administration.

8

[Pause]

9

MALE VOICE 1: Am I three or four?

10

MALE VOICE 2: Four.

11

MALE VOICE 1: Four?

12

[Pause]

13

[Off mic]

14

FEMALE VOICE: Again, I'll just

15

swear in the whole panel. Do you swear or affirm

16

that the testimony you are about to give is, to

17

the best of your knowledge, truthful and accurate?

18

CHAIRPERSON BARRON: Excuse me,

19

this is the Administration make them raise their

20

right hand please.

21

[Laughter]

22

CHAIRPERSON BARRON: They have to

23

raise their right hand, the students didn't have

24

to do that, but they have to--raise your right

25

hand, raise your right hand. Thank you very much.

1

2

FEMALE VOICE: Now say yes.

3

MALE VOICE 1: Yes.

4

MALE VOICE 2: Yes.

5

MALE VOICE 3: Yes.

6

7

FEMALE VOICE: Okay. State your name for the records.

8

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CURTIS KENDRICK: Good afternoon, Chairperson Barron and Members of the Higher Education Committee. I am Curtis Kendrick, CUNY's university librarian and I am pleased to be joined by three colleagues: Brian Cohen, Associate Vice Chancellor and Chief Information Officer; Arthur Downing, Assistant Vice President for Information Technology and Chief Librarian at Baruch College and Sidney Eng, Chief Librarian at the Borough of Manhattan Community College.

Thank you for the opportunity to speak with you regarding issues of textbook affordability. I would like to offer comments about the nature of textbook pricing, discuss what CUNY is doing to mitigate the impact on our students, and provide information about the coming opportunities that may provide long-term structural relief.

1
2 Textbooks are a \$10 billion
3 industry in the United States. The market is
4 dominated by three firms that control 60% of the
5 market: Pearson, Wiley, and Cengage, while the top
6 seven firms share 90% of the market. According to
7 the Government Accountability Office, prices for
8 textbook increase at about 6% per year--a rate
9 above the consumer price index.

10 The textbook industry has been
11 referred to as a broken market where the, and I
12 quote, "rapid price increases and lack of
13 affordability are best understood as symptoms of a
14 structural imperfection in the market for
15 textbooks and learning materials, a market driven
16 by supply, rather than demand. Faculties select
17 text books from publishers, bookstores order them,
18 and students must pay. The end consumer has no
19 direct influence over the price, format, or
20 quality of the product."

21 In fact, the cost to students is
22 considerable. The GAO estimates that textbook
23 expenditures as a percentage of tuition are 26%
24 for students in public four-year colleges and a
25 higher percent even for students in two-year

1
2 colleges. CUNY's estimates are in line with these
3 figures with expected textbook expenditures as a
4 percentage of tuition equal to about 22% of
5 tuition at our baccalaureate colleges and 32% at
6 our community colleges.

7 Estimates of how much an average
8 student can expect to pay for years worth of
9 textbooks range from about \$700 to \$1,100. These
10 costs are a major issue for CUNY students--38% of
11 whom come from families with household incomes of
12 less than \$20,000. The university is particularly
13 sensitive to the barrier that textbook prices can
14 present to students trying to fulfill their higher
15 educational aspirations.

16 Publishers attribute much of the
17 increase in textbook pricing to the supplemental
18 materials that are bundled with textbooks, such as
19 CD-ROMs or web materials. Critics, however, point
20 to this bundling as a way for publishers to
21 justify the creation of new editions of textbooks,
22 thereby inhibiting sales of used textbooks.
23 Indeed, revision cycles are shortening with new
24 editions of textbooks now produced on average
25 every three to four years.

1
2 Critics are also concerned about
3 differential pricing within the industry, as the
4 same textbook sold overseas may cost only a
5 fraction of what is charged in the United States.
6 Publishers have begun to take measures to limit
7 consumer's ability to tap into this global market.

8 Growing concern about the burden of
9 textbook pricing on students and their families
10 has resulted in legislative action at the state
11 and federal level. The New York State Textbook
12 Access Act, which went into effect on July 1st,
13 2009, requires colleges to institute policies that
14 encourage faculty members to place their book
15 orders early enough to enable bookstores to obtain
16 the requested materials in used or digital formats
17 as available.

18 At the federal level, the textbook
19 portion of the Higher Education Opportunity Act
20 which requires that colleges disclose online ISBN
21 and retail price information goes into effect on
22 July 1st, 2010.

23 Both of these legislative acts
24 recognize the potential of the Internet to alter
25 the dynamics of the textbook market by smoothing

1
2 out informational asymmetries on the supply side
3 of the market that contribute to students paying
4 more for books. Indeed, the Internet and other
5 technologies offer the promise of reshaping the
6 market in ways that are highly beneficial to
7 students.

8 Over the past five years a new
9 movement has started to take shape in higher
10 education, it is called Open Access and refers to
11 high quality books and other scholarly materials
12 that are available over the Internet and may be
13 used at no cost. To-date the development of Open
14 Access textbooks has been slow, but there are
15 signs that this is changing. Rice University has
16 established connections which allows authors to
17 create open source textbooks. Foothill-De Anza
18 Community College District in California has
19 established the Community College Consortium for
20 open educational resources. Their objective is to
21 make educational resources such as textbooks
22 freely available on the web and so far 85
23 community colleges have joined the effort to
24 explore the feasibility of creating high-quality
25 textbooks at low cost for students.

1
2 Increasingly, web-based services
3 are emerging that not only allow low-cost or free
4 access to traditional textbooks, but also
5 encourage innovative means of access. At Flat
6 World Knowledge, instructors can essentially put
7 together new versions of course materials, all
8 free to students drawing upon different subject-
9 based modules. Students have also been quick to
10 seize upon the Web as a way of shopping by price
11 for their textbooks. Like much of the web,
12 however, there can at times be too much
13 information. A search for a standard textbook
14 such as Drugs, Society and Human Behavior, 13
15 Edition, yields an overwhelming set of choices for
16 students, raising questions about students'
17 ability to evaluate so many sources.

18 While the above suggest that
19 changes may be coming to the textbook industry in
20 the near or long-term, CUNY has taken measures
21 that will have immediate benefit for our students.
22 As you know, CUNY's \$10 million student financial
23 aid initiative was created in the fall 2009 to
24 protect students whose matriculation could be at
25 risk due to last year's tuition increase. The

1 initiative includes five important components, one
2 of which is a textbook e-book initiative to help
3 defray the total cost of our students' education.
4 The textbook component allocates \$2 million to
5 CUNY's libraries for the purchase of textbooks and
6 electronic books. With funds received at the
7 beginning of the academic year, CUNY's libraries
8 have been quick to acquire textbooks and make them
9 available on course reserves. The program is
10 already producing dividends: staff in the Central
11 Office of Library Services have established
12 special codes to track usage of materials
13 purchased as part of this program. Through the
14 first three weeks of the school year, textbooks
15 purchased as part of the initiative had already
16 been used more than 11,700 times, contributing to
17 a 13% increase in the use of reserve materials
18 over the same period last year.

19
20 CUNY's libraries are also using the
21 student financial aid initiative funds to invest
22 electronic books. We are currently negotiating
23 for a collection that would make 44,000 e-books
24 available to all CUNY students. This collection
25 covers a broad array of disciplines. Our

1
2 libraries have also begun to develop mechanisms
3 for promoting the purchase of books online rather
4 than through campus bookstores.

5 CUNY is cognizant of the fact that
6 new editions of textbooks drive up the cost of
7 books overall by making obsolete the supply of
8 used textbooks. The university is encouraging
9 colleges to utilize used textbooks with more
10 frequency. A number of possible programs have
11 been identified, including one model developed by
12 other colleges that requires the same textbook to
13 be used in core courses for at least a year.
14 Colleges will also be encouraged to develop
15 student co-op programs to seek or donate used
16 textbooks so that they can be provided to fellow
17 students at reduced price.

18 Colleges typically contract with
19 vendors to run campus bookstore operations. As
20 part of these arrangements, a share of sales is
21 returned to the college to offset administrative
22 costs. CUNY is encouraging campuses to reduce
23 college commissions and pass the savings along to
24 students in the form of college bookstore
25 discounts. CUNY is also developing a philanthropy

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matching program so that private donors can help students cover their textbook obligations. We hope that these and other measures will help to offset the total cost of education for our students and help ensure that students' educational progress is not impeded by textbook costs. we will continue to find effective ways to help mend the broken market and provide leadership in leveling the playing field for our students.

Chairperson Barron, in closing, I would like to thank you and the entire Committee for this opportunity to speak with you about textbook pricing. We greatly appreciate the Council's partnership in addressing this critical issue. And, as a librarian, I can't leave without offering at least one recommendation for further reading and that is, An Economic Analysis of Textbook Pricing and Textbook Markets by Dr. James V. Koch, it provides a lot of insight into the issues we are confronting in this area. Thank you.

CHAIRPERSON BARRON: Thank you very much for your testimony. I want to say I do have that analysis, and we are reading it thoroughly

1
2 and I have some great suggestions of policy
3 changes of what publishers can do, what the
4 universities can do, what students can do, what
5 faculty can do, and a lot of those will be
6 incorporated in some of our recommendations that
7 we bring forth. But thank you for that piece of
8 information. Yes, sir, I'm going to have
9 questions as soon as they finish. Are you
10 finished?

11 MR. KENDRICK: Yeah, I'm finished--

12 [Crosstalk]

13 CHAIRPERSON BARRON: Okay.

14 BRIAN COHEN: Good afternoon,
15 Chairperson Barron, Members of the Higher
16 Education Committee. I am Brian Cohen, the
17 Associate Vice Chancellor and Chief Information
18 Officer for the City University of New York. In
19 that capacity, I am responsible for technology
20 initiatives university wide. My office's mission
21 is to support the technology needs of the
22 university students, faculty, and staff and to
23 explore emerging technologies that may benefit the
24 CUNY community.

25 CUNY is committed to providing our

1
2 students with a high-quality education in the most
3 cost effective way. A key component of that
4 commitment is to finding new avenues for students
5 to purchase textbooks at a lower prices. To that
6 end, the university has been exploring e-books, as
7 well as e-readers. It is important to note that
8 this effort will not replace the traditional print
9 book, but will instead open an array of options
10 for our students.

11 What do I mean by the terms e-book
12 and e-reader? An e-book is an electronic version
13 of a traditional print book that can be purchased
14 as a downloadable or web-based file and be read
15 using a personal computer, laptop, PDA, or e-book
16 reader. E-books can be purchased outright, on a
17 subscription basis, or on a subscription basis for
18 a set period of time such as a semester or two.

19 E-readers are devices created
20 specifically for reading books in electronic
21 format. E-readers are generally lightweight,
22 portable, can hold multiple text in a single
23 device, and generally cost between 3 and \$400.
24 While this is a one-time cost, it still places a
25 difficult financial burden upon our students.

1
2 Examples of e-readers include the Amazon Kindle
3 and the Sony Reader.

4 Over the last few months CUNY has
5 researched the e-book and e-reader markets and
6 concluded that a successful e-book strategy has
7 two components: first, it's finding appropriate
8 content providers that have extensive libraries of
9 textbooks that can be downloaded in multiple
10 formats at reasonable prices. Second, is ensuring
11 that the students have the ability to read the
12 content on the appropriate reader device, whether
13 that be a laptop, a desktop, or an e-reader. Our
14 goal is that the content should drive technology,
15 not the other way around. We want our students to
16 have access to the broadest range of content
17 possible using a reading method of choice.

18 We are beginning to evaluate the
19 pros and cons of using e-books and e-readers in
20 classrooms. Our current concern is that the size
21 of the e-textbook library is still small, although
22 it is growing rapidly.

23 Some advantages of e-books,
24 however, include lower costs and enhanced
25 capabilities, such as tools for sharing notes and

1
2 social networking. The lower cost, of course, is
3 the key factor for CUNY students. In a very
4 informal, unscientific survey of 100 Baruch
5 students, 73%, or 73 of them, said that they would
6 prefer e-books to a printed book if it was a
7 cheaper option.

8 We also conducted a cost analysis
9 of e-books versus traditional textbooks, comparing
10 the prices of the same title offered by e-textbook
11 company versus the new and used printed versions.
12 In all cases, e-textbooks were cheaper than new
13 print books, sometimes by as much as 60%. We also
14 found that the e-textbooks undercut the price of a
15 used book for the same title, often by as much as
16 20%. Whether or not, e-books will continue to be
17 cheaper is an open question. It is commonly
18 assumed that e-books eliminate printing and
19 delivery costs and thus are cheaper to produce.
20 Publishers, however, have stated that the bulk of
21 production costs are fixed--covering costs such as
22 author payments, copywriting, and marketing. From
23 conversations with several e-book publishers, we
24 learned that the goal is not necessarily to lower
25 costs, but to increase revenues by penetrating the

1
2 used textbook market. As e-books gain widespread
3 use and greater market share, it remains to be
4 seen if in the long run they will continue to
5 offer the current level of cost savings.

6 Like the e-book market, the e-
7 reader market is growing rapidly. Companies such
8 as Amazon, Sony, Samsung all have e-readers on the
9 market today. Others such as Cool-er, Plastic
10 Logic, and the iRex are coming on the market soon.
11 In fact, a headline in the Wednesday New York
12 Times announced that the Best Buy and Verizon are
13 jumping into the e-reader fray with the iRex. In
14 the meantime, e-textbook publishers are striking
15 deals with these new reading device's
16 manufacturers when they can.

17 The capabilities of these readers
18 vary significantly. Amazon Kindle downloads books
19 wirelessly, but books can only be purchased from
20 Amazon's library. Other companies are searching
21 for common platforms, many, such as Sony have
22 adopted a generic or an open access platform
23 called e-pub so that customers may purchase from
24 multiple sellers. E-readers have the advantage of
25 being able to hold many books on one device which

1
2 can be especially useful for the typical CUNY
3 student who does commute daily to classes. On the
4 other hand, e-readers are expensive, typically
5 costing between the 300 and \$400. Additionally,
6 some e-readers are only now incorporating the
7 ability to display charts, graphs, pictures, and
8 may still be best suited for tech space courses
9 such as English or philosophy. In addition,
10 highlighting and making notes on text may still be
11 difficult.

12 CUNY issued a Request For
13 Information, an RFI, on July 20th, 2009, to learn
14 more about e-books and e-readers. The purpose of
15 the RFI is to evaluate competing technologies, as
16 well as content providers to determine their
17 potential for providing high-quality education
18 tools at a reasonable cost. The RFI asks for
19 information on cost, technology, features, and
20 functionality of their e-books offerings in the
21 academic setting, specifically we asked for a list
22 of textbook titles offered, their costs, how
23 they're assessed, how they are accessed, and how
24 they are being used in other higher education
25 institutions. We have begun reviewing proposals

1
2 and will be meeting with the six vendors that have
3 responded so far. Subsequently, we will conduct
4 trials on some of these products in the classroom
5 to evaluate firsthand how they compare to
6 traditional books. We will be examining how e-
7 textbooks and e-readers fare in the classroom
8 context, in a learning process, and in their cost
9 differences for our students. We are also
10 interested in learning whether the electronic
11 format works better for some types of classes than
12 others.

13 Thank you for the opportunity to
14 discuss this important topic with you. I am happy
15 to take any questions.

16 ARTHUR DOWNING: Good afternoon,
17 Chairperson Barron and Members of the Higher
18 Education Committee. I'm Arthur Downing, the
19 Chief Librarian and Chief Information Officer at
20 Baruch College.

21 I'd like to share with you some of
22 the recent initiatives we've taken at Baruch
23 College to help students who are struggling with
24 the high cost of textbooks. The CUNY textbook
25 initiative that Curtis Kendrick described enabled

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Baruch College's Newman Library to add 500 textbook titles to its lending reserve collection in time for the start of classes on August 28th. In its first month of availability, the textbook collection has generated approximately 6,000 loans. In addition to acquiring the textbooks, the college has allocated a portion of the funds from the textbook initiative toward emergency grants for textbook purchases for students identified by our financial aid office.

Beyond the textbook initiative, we are working with faculty to determine how materials from the electronic collections we already hold may be substituted for textbooks that students must purchase. For example, this semester one of our computer information systems courses adopted as its textbook an electronic book from a commercial publisher that the library had already licensed as part of its e-book collection in information technology. As a result, the students did not have to buy a textbook for that course.

The most substantial financial relief that we have provided to our students has

1
2 been achieved by leveraging the buying power of
3 having the largest business school in the United
4 States. In our Zicklin School of Business,
5 Associate Dean Phyllis Zadra works with faculty
6 members who teach sections of courses with large
7 enrollments to collectively adopt a single
8 textbook for a course whenever possible. Once we
9 inform publishers that there is an opportunity to
10 sell 2,500 copies of one text the discussion
11 changes--textbook adoption becomes a highly
12 competitive process that allows us to bargain, not
13 just for the best content to teach the material,
14 but also for the best price. This year our work
15 with the faculty teaching an introductory
16 accountancy course yielded a reduction in textbook
17 price from \$145 per student to \$70--less than half
18 of what the students paid for the course text in
19 the prior year. Moreover, that final \$70 price
20 includes free access to the electronic version of
21 the textbook and the publisher's ancillary online
22 teaching materials, including tests banks and
23 learning exercises.

24 As you can see from my examples,
25 our strategy for dealing with textbook prices has

1
2 been a combination of exploring new technologies,
3 aggressive negotiations directly with publishers,
4 direct financial assistance to students, and
5 expanded print collections.

6 I'd like to conclude by thanking
7 you for recognizing the rising cost of textbooks
8 as a serious problem for our students.

9 SIDNEY ENG: Good afternoon,
10 Chairperson Barron and the Members of the Higher
11 Education Committee. I am Sidney Eng, Chief
12 Librarian at CUNY's Borough of Manhattan Community
13 College.

14 The mission of the BMCC library has
15 always been to support learning through collecting
16 books, magazines, and other digital resources and
17 make them available to the students. Our service
18 has generated much goodwill and favorable
19 feedback. What is not so apparent is our behind-
20 the-scenes work, such as the simple, but strategic
21 decisions we make every day to ensure that
22 students gets what they need for their research.
23 It has always been a balancing act to satisfy the
24 complicated needs of as many students as possible.

25 BMCC has a robust enrollment of

1
2 over 22,000 students. Our students have been
3 sincere and vocal in requesting that the library
4 buys textbooks for on-site use. With the current
5 economic downturn, their desire is all the more
6 acute and pressing. BMCC students, like many
7 others, are [off mic] by the rising cost of
8 living, underemployment, or unemployment.

9 The publishing industry continues
10 to put out new editions with higher prices every
11 year. The publishers know that libraries and
12 students don't have a choice but to pay what is
13 asked. The situation is bad, and it's getting
14 worse.

15 As you have just heard, CUNY has
16 recently launched a student financial aid
17 initiative that gives additional funds to
18 libraries for costly textbooks. The initiative
19 also offers other direct financial aid
20 enhancements and every one of them is timely and
21 necessary.

22 For many years, BMCC has been at
23 the forefront of building a textbook collection
24 for student use. The additional money has greatly
25 enhanced our efforts. Working with the teaching

1
2 faculty, we have purchased new titles, replaced
3 outdated editions with current editions, obtained
4 multiple copies for popular titles, and replenish
5 heavily used, damaged, or mutilated copies. These
6 new acquisition have been catalogued and entered
7 into our online database, as well as listed on the
8 library website. Students are encouraged by the
9 faculty to take full use of these resources.

10 At our college I was told that one
11 particular title was used over 700 times last
12 semester. Now we are able to buy more and
13 circulate them. The students' responses are
14 uniformly enthusiastic and thankful. Although the
15 line in front of the circulation desk to ask for
16 and return books can be long, the library staff
17 also step up their efforts to meet the increased
18 demand. This is an excellent way to help students
19 when they are strapped for funds.

20 The BMCC library is looking into
21 expanding our electronic books service, including
22 a pilot project called Patron Initiated Book
23 Purchasing. The advantage of electronic books is
24 that they are available [off mic] at points of
25 use, however, the challenge will be further major

1
2 textbook publishers to make their holdings
3 available online. With concerted efforts, I am
4 confident this will happen within the next few
5 years. Technological innovation can be an ally to
6 all students. Thank you for your time.

7 CHAIRPERSON BARRON: Well I want to
8 thank all of you very much for your testimony. I
9 am sure my colleague on the technological has a
10 lot of, lot of questions to ask you.

11 I just have a few and then I'm
12 going to turn it over to Council Member Gale
13 Brewer.

14 One, on the reselling of books and
15 re-importation, there in that study that you
16 recommended it stated that there is an economic
17 book that was sold in Britain for like \$76 and
18 then here in the United States for \$126, but
19 oftentimes in the contractual agreement, either
20 with the university or with the wholesaler, that
21 the re-importation of books is not allowed. And
22 in this instance with the re-importation of that
23 economic book could've saved [off mic] \$50, and
24 I'm sure that the cost of the importing the book
25 would not come near the \$50 difference in the

1
2 price. So is that a useful avenue? Can students
3 re-import books or is it against the law or what?

4 MR. KENDRICK: Well I'm not an
5 attorney, so I'm not going to offer any legal
6 advice, but I have heard that students have found
7 it financially to their benefit to import books or
8 have them shipped to the United States, and it
9 ends up being considerably cheaper. I have also
10 remember hearing several years ago, when the
11 Concorde plane was still in business, of students
12 flying over to Britain on the Concorde, buying
13 large batches of textbooks, bringing them back to
14 the U.S., and redistributing them at a lower cost
15 to their fellow students and the whole cost of
16 their trip and some profit they were able to make
17 by that. I guess the analogy that comes to mind
18 is, you probably recall a few years ago there were
19 people trying to go to Canada to buy prescription
20 medication--

21 CHAIRPERSON BARRON: Right, right.

22 MR. KENDRICK: --because it was
23 much less expensive than here. To my mind, it's
24 the same kind of industry and the same kind of
25 market forces at work.

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CHAIRPERSON BARRON: The faculty, when the faculty has to determine--this is really tough on students because the very people who are choosing the books for them are not the people who have to purchase the books, but I think was it you that mentioned that there's more of a collective collaboration of that rather than individuals, is that happening more throughout CUNY and is there a CUNY law or policy where the faculty member, if they published the book themselves, that they can't sell that book to the class, it's a conflict of interest or can they?

MR. KENDRICK: [Off mic] They cannot, they cannot assign their own book for sale.

CHAIRPERSON BARRON: And is there more of a collective collaboration of several courses that might use the same book and purchase it a larger bulk and making sure the price comes down a bit?

MR. DOWNING: I can only speak for my campus because I don't know whether this is also taking place on the other campuses, it, of course, is, first and foremost, we have to make

1
2 sure that the faculty reached consensus on
3 particular books. In the business field, it is
4 much easier, it was easier this year for us to get
5 accountants in their field to agree on a text than
6 it was two or three years ago when we had
7 economists do it. The economists felt well, there
8 is a sequence that I prefer to teach the material
9 and I would like to see it arranged that way,
10 whereas the accountants didn't seem to have those
11 same concerns.

12 So I think discipline to
13 discipline, it's going to take some leadership,
14 but if it works on one campus, I'm sure there are
15 ways we can try to find to make it work with
16 faculty cooperation across the campuses.

17 MR. KENDRICK: I just might add
18 that a big part of it will be in working to help
19 educate the faculty about the seriousness of the
20 problem and encourage those who are able to, to
21 reach consensus about what might be the other two
22 or three textbooks that would be of utility for
23 their courses and then we'd be in a much stronger
24 position to go out and negotiate directly with
25 publishers on a broader scale like Baruch has

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2 done.

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CHAIRPERSON BARRON: Well I'm going to let our resident expert in technology answer, but I do have a question, I don't have a lot of knowledge in that area, but I want to know with the e-book and the e-reader, can they get all their books on there? Can they take notes off it and how accessible is it for them if it's taking the place of a textbook to really be able to treat it almost as a textbook? Does it replace it? Is there some shortcomings of that or strengths?

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MR. COHEN: First, let me work backwards, it's hard to go from a traditional book to an e-reader, you really have to embrace it to some degree and you have to give it a chance 'cause giving up that book and flipping the pages, the feeling is very different. It may be harder for me and I was never an iPod touch type of guy, although I'm in technology, I could never go to, my hands always had to feel of paper, so people do have to adapt to it.

As far as the e-readers go, I mean, they're not hard, they're not hard to use, they're designed to sort of be user-friendly, you have to

1
2 change the way in which you traditionally would
3 mark your page in a book, you would not
4 necessarily mark a page number, now you have to
5 mark--your page numbers are very different because
6 e-readers allow you to change the text size, which
7 obviously would change the number of pages in a
8 book. So if you like to have small text, you have
9 fewer pages; you want to have larger text, you're
10 going to have a lot more pages in the book, so you
11 have to figure how you're going to correlate your
12 reading for page numbering purposes.

13 Some of them actually do offer the
14 ability to sort of make cliff notes or footnotes
15 onto your pages. You can dog-ear the pages so you
16 can mark what you want to go back to. You can
17 actually have some very handy features that are
18 available to students where they can actually go
19 to a thesaurus or a dictionary and look up words,
20 in some cases they connect directly online and
21 they'll go to Wikipedia and they'll give you more
22 information about a word that you're looking for.
23 If you were looking for a specific word in the
24 book or a specific series of words in a book and
25 you wanted to search that book, you can search the

1
2 entire book if you forgot where you saw something.
3 So there's a lot more functionality that is
4 available to an e-reader that is not available in
5 a traditional book sense.

6 CHAIRPERSON BARRON: And the access
7 of all of the textbooks, availability of the
8 textbooks for that particular course and other
9 courses, how does that happen?

10 MR. COHEN: At this point in time,
11 from what we've seen is that e-library for
12 textbooks is very small. And I think it has a lot
13 to do with the fact that the readers aren't there
14 yet, the devices that have to be used for certain
15 textbooks which are very graphic or chart intense,
16 they are not transforming directly into an e-
17 reader nicely, that's of service to the students.
18 In our conversations with the publisher where they
19 were concerned about putting their product onto an
20 e-reader at this point in time because of the
21 quality of the e-readers, they didn't want to lose
22 the students, they wanted to make sure that they
23 keep them.

24 There are some new products on the
25 market that are addressing the need for better

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2 textbook style e-readers and let's not forget that
3 we do have desktop PCs and laptops which are very
4 easy to look at when you're looking at graphics
5 and charts and things like that, students can
6 still use those devices, they're just not as
7 mobile as an e-reader maybe or as an iPhone.

8 CHAIRPERSON BARRON: And because
9 the e-reader has limited books that may be
10 available, does the student have to have, if they
11 get a e-reader, they also have to buy textbooks
12 for some other courses and will that keep the
13 price exactly where it was from the--

14 [Crosstalk]

15 MR. COHEN: [Interposing] As of
16 right now, that's true, not all books and not all
17 courses are offering books from what we've seen.
18 There is a very diverse population out there of
19 books, but we're seeing that right now the most
20 books are if you look at the English courses or if
21 you look at philosophy courses, there are more
22 books available because of the normal domain of
23 books, but the textbooks haven't fully converted
24 over yet.

25 CHAIRPERSON BARRON: Council Member

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2 Brewer.

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COUNCIL MEMBER BREWER: Thank you very much. I know, Brian and I know Wendy Letterer [phonetic], who's with him here today, and this is really an impressive group of people, so I thank you because you're doing cutting edge work. I assume this testimony in 20 years when people look at it and say, oh, that was a long time ago, but we're not there yet.

I guess my question is, is there some way that--and I should know this--if you do have an e-book, I know I have friends who have them, but they use them more for recreational reading, what is the cost, do you have a download cost? How does that work? I should know that, but how does that work in terms of if you had to download something? And how does it work in an e-book?

MR. COHEN: There are two different models--

COUNCIL MEMBER BREWER:
[Interposing] Because there's more money, I would assume.

MR. COHEN: The model that Amazon

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2 has with their Kindle where you can only download
3 books directly from Amazon, only their format will
4 work on their Kindle. Generally entertainment
5 type of reading, a bestseller, that will sell for
6 anywhere from \$5 to \$10 less per book than what
7 you'll see on a cover price.

8 Sony e-readers and a couple of the
9 other e-readers that are coming out are looking at
10 a much more generic format. Many of the books
11 that, since they're looking at open access format,
12 many of the open access format books right now are
13 in the public domain, you can download those for
14 free, you can go to your local New York library,
15 you can get those books added to your e-reader.
16 They're beginning to, since there's no true
17 bookstore connected to the other readers, other
18 than Amazon, you would download it from your PC,
19 you would download it through the Internet, you
20 would then connect your e-reader to your PC, you
21 would then synchronize them. However, as I said
22 in my testimony, there more products right now
23 that are actually now becoming more of the model
24 that Amazon has put out there where they'll
25 wirelessly connect through a cell phone carrier

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and, therefore, you'll be able to download directly from some other library source.

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COUNCIL MEMBER BREWER: So I think until the textbook aspect is dealt with, we're still dealing with the cost of textbooks, and it certainly makes sense for the courses for the near future. So my question is, you've got the fund that is available through CUNY, there were, I thought, some federal funds that were going to be available for textbooks, anything other than the date that you talked about change, has there been any actual funding that has come available for students for textbooks? No.

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MR. KENDRICK: Not that I'm aware of.

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COUNCIL MEMBER BREWER: Somebody mentioned some of the other universities, like Rice, what are some of their programs and how are they effective that are being tried elsewhere in terms of sharing? And is it that something that works in New York or are we too big a campus and too stretched out and we travel more than they might at a campus.

25

MR. KENDRICK: Yeah, I think that

1
2 that would work well for CUNY faculty to take a
3 look at the connections platform. It's not
4 restricted to Rice faculty, so any faculty could
5 go there and either post their own materials there
6 or use the content that's already on the site to
7 build new course materials. So it introduces, not
8 only content that will be free to students in that
9 it's open access, it also will create the ability
10 to really customize classes to take advantage of
11 different materials that are out there and in ways
12 that a textbook is a fixed thing, it doesn't--well
13 it changes too often, but not over the course of a
14 semester.

15 COUNCIL MEMBER BREWER: Right, and
16 do you see that you in the textbook world you're
17 pushing to have availability of a current edition
18 continue for just a little bit of time so it's not
19 the 12th, 13th, or 14th constantly. Is that
20 something the textbook companies are doing or is
21 it only under constant pressure? Because
22 obviously for them, the more editions, the more
23 they get in terms of their revenue. Because I
24 always thought, I mean, I do teach part-time, but
25 I do teach and you're constantly getting told

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2 there's a new version of whatever, it seems like
3 it's exactly the same version as the one you had
4 the year before. I'm just wondering because of
5 this cost factor, if they're really paying
6 attention to that concern.

7 MR. KENDRICK: No, I don't think
8 they have an incentive to pay attention to it,
9 that's going to require collective work on the
10 part of faculty, not only CUNY, but across the--

11 COUNCIL MEMBER BREWER: National.

12 MR. KENDRICK: --country have a
13 deeper realization of these problems of textbook
14 pricing and the kind of issues that the committee
15 is investigating.

16 COUNCIL MEMBER BREWER: Right,
17 because obviously it's not in a revenue, but you
18 could in fact, have a current edition and then
19 more online up to date, that would solve the
20 hardcover issue.

21 MR. ENG: I wish to actually add to
22 what Curtis has just said about your question
23 regarding whether or not we can use an old
24 edition. I think, just like everything else,
25 faculty has to be also learned something, that is

1
2 to say it is a collective effort on our part,
3 because the faculty decides textbooks, not the
4 other way around. If we are more aware of the
5 situation that a lot of things could be done, as
6 we just said that we can use that edition for a
7 couple more times, that certainly would help.

8 At BMCC, I understand when
9 Chairperson Barron was asking the question what
10 example we have to try to change the equation a
11 little bit, we have a faculty member who actually
12 assigned a textbook that's completely free through
13 the open source movement. Basically, he custom
14 made textbook over the Internet and if he can
15 assign the textbook to his class, which he has the
16 complete freedom, it would be free, zero, there's
17 no cost of it. Therefore, more people should be
18 paying attention to that, yet, obviously, we are
19 talking academic freedom, so if we understand more
20 of the issues at hand, how we can help students,
21 how we can drive the price back, it would be
22 helpful through massive [off mic], massive
23 conferences and hearings like this, it would be
24 very useful.

25 COUNCIL MEMBER BREWER: Thank you,

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2 Mr. Chair.

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CHAIRPERSON BARRON: You said that you require a year to have the textbook at least a year before any changes can be made, correct? Do you think that's enough, one year?

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MR. KENDRICK: No, I personally don't think that's enough, but it's a start.

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CHAIRPERSON BARRON: But the year-- and who makes that policy? The CUNY Board of Trustees or...?

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MR. KENDRICK: The ultimate decision for what materials are selected for a class lay with the faculty.

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CHAIRPERSON BARRON: Faculty?

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MR. KENDRICK: The trustees certainly could establish a policy that where a faculty would be encouraged to use textbooks for a longer period of time.

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CHAIRPERSON BARRON: Longer period of time because it seems like that would be something that would be a very.... And then as far as the faculty is concerned, they say a lot of faculty members are not aware of the prices of textbooks. Is something happening to do something

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2 about that where it could be listed somewhere or
3 publishers listing price or something where the
4 faculty becomes more aware of the price of
5 textbooks.

6 MR. KENDRICK: I think the federal
7 legislation of the Higher Education Opportunity
8 Act, which requires colleges to post the ISBN and
9 make information about pricing more readily
10 available to students, and once that information
11 is there, we can also be directing faculty to take
12 a look at that as well, so that they are more
13 sensitized to these issues.

14 CHAIRPERSON BARRON: Anyone have an
15 idea of how much profit the college bookstore
16 makes when students resell their books back to
17 them? Particularly when they buy them for \$100
18 and sell it back for five dollars or something
19 like that? I know that's maybe not an extreme,
20 but is there any idea of the amount of profit?
21 Someone says it's not an extreme. What kind of
22 profits is the bookstore making off of the resale
23 of the books or the purchasing back from students?

24 MR. KENDRICK: I'm going to Barry
25 Kaufman, the university controller to see if he

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2 has--

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[Crosstalk]

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MR. KENDRICK: --about that.

5

Barry?

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[Pause]

7

CHAIRPERSON BARRON: It's a good

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question. [Pause] Well why doesn't he just take

9

a seat and let him....

10

MR. KENDRICK: Here, here.

11

CHAIRPERSON BARRON: Yes, and

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really swear him in, we're talking profits now.

13

We have to swear him in three times.

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BARRY KAUFMAN: Thank you,

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Councilman Barron.

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CHAIRPERSON BARRON: Just for the

17

record, right.

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MR. KAUFMAN: Barry Kaufman, I'm

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the university controller. Could you just repeat

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your question?

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CHAIRPERSON BARRON: [Interposing]

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Yeah, I want to know on the students reselling the

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books back to the bookstore, what kind of profit

24

does the bookstore generally make off that resale?

25

MR. KAUFMAN: I can't answer the

1
2 question in terms of what the bookstore makes in
3 way of profit. What the college does is usually
4 have a commission, that they get a straight
5 commission on sales at the bookstore. So what the
6 bookstore makes on that, I think the university
7 doesn't know and it may vary by college in terms
8 of what they're charging for the books.

9 CHAIRPERSON BARRON: You don't have
10 any idea--well you know how much the book
11 originally costs--

12 MR. KAUFMAN: Right.

13 CHAIRPERSON BARRON: --and then you
14 do have an idea of how much they're purchasing it
15 back from the student from, right?

16 MR. KAUFMAN: Well what you know is
17 what the total sales would be for textbooks and
18 for other items in the store, but usually the
19 college doesn't receive an invoice or at least a
20 printout of what each book is sold for.

21 CHAIRPERSON BARRON: Well, do they
22 get a total sale of the resale sold books?

23 MR. KAUFMAN: I don't believe they
24 get information on resales as much as on total
25 sales of textbooks and that might include both the

1
2 new books and the resales. And in some instances,
3 the contracts that the colleges have with the
4 vendors, with the vendors who are running the
5 bookstore, exclude the resales from their
6 commission, it only applies to new books.

7 CHAIRPERSON BARRON: What's the
8 percentage of the commission from the college?

9 MR. KAUFMAN: It'll vary depending
10 upon how the college has been able to negotiate
11 price.

12 CHAIRPERSON BARRON: [Interposing]
13 Well just throw some numbers out there.

14 MR. KAUFMAN: I would say it could
15 be as much as 7%, 10%, maybe 10% it'll vary though
16 by school.

17 CHAIRPERSON BARRON: I think it'll
18 be important for this committee if you could find
19 some kind of way. So we need to see that number
20 because that's where a lot of students are getting
21 ripped off, at the resale level; if we can get
22 some of those numbers it would be very helpful for
23 the committee. Eric?

24 COUNCIL MEMBER ULRICH: Mr. Chair,
25 perhaps Mr. Downing, as Chief Librarian at Baruch,

1
2 would be able to give more detail or for instance,
3 an idea of what that number may be. I know that
4 you're dealing with the CUNY system on a macro
5 level, but surely as an example, it may not be
6 representative of all of the CUNY schools, but
7 perhaps Mr. Downing could give us some indication
8 as to what the profit the college makes.

9 MR. DOWNING: Well first let me say
10 what I can tell you about the determination of the
11 resale for the student is what we see with the
12 bookstore. They will quote a price to buy back
13 the book from the student based upon whether the
14 book has already been adopted for the following
15 semester. So one of the problems we have on
16 campus is getting faculty to make their textbook
17 commitments as early as possible to maximize the
18 value of the book when the bookstore buys it back.
19 When our faculty wait after the sell back period
20 to choose their books for the next semester,
21 they're virtually worthless to the bookstore
22 because they do not want to stock them on the
23 local shelves unless the courses for next semester
24 are going to pick them up.

25 COUNCIL MEMBER ULRICH: So let me

1
2 get this straight, if an instructor says, yes, I
3 will use this textbook for the next semester, and
4 then the student is able to sell that back to the
5 bookstore at a higher rate than obviously if the
6 instructor for that particular course was not to
7 prescribe that same textbook, but certainly,
8 again, there is a profit been made. And on
9 average, what would you say that profit might be?
10 Can you give us an example, just one example?

11 MR. DOWNING: Well as a librarian
12 I'm not involved with that, all I know is that
13 there is a commission schedule that is handled
14 through an Auxiliary Enterprises Corporation,
15 they're a private 501(c)(3)s that are set up--

16 COUNCIL MEMBER ULRICH: Right.

17 MR. DOWNING: --on the campuses to
18 manage the relationships with the bookstores and
19 the other vendors on campus, and so whatever the
20 Auxiliary Enterprises Corporation fee schedule is
21 on that campus with that bookstore, that would
22 apply. So it's going to vary from campus to--

23 [Crosstalk]

24 COUNCIL MEMBER ULRICH:

25 [Interposing] But you're also the chief

1

2 information officer, so you would have no clue as
3 to what an example of those numbers might be.

4

CHAIRPERSON BARRON: No, he
5 wouldn't have had it as a librarian, but the
6 Comptroller--

7

MALE VOICE: Yeah.

8

CHAIRPERSON BARRON: --who deals
9 more with the contracts and things that go through
10 the system, should be able to, we should build
11 able to get that information from the Comptroller
12 who functions more with--

13

[Crosstalk]

14

COUNCIL MEMBER ULRICH:

[Interposing] I just can't understand how nobody
15 has an example, has one simple example.

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MR. KAUFMAN: [Interposing] Each
18 college, and the reason being is that what I'm
19 looking at, as you said, is at the macro level,
20 and each college is in essence negotiating its own
21 contract or its own contract with the college
22 bookstore and--

COUNCIL MEMBER ULRICH:

[Interposing] Now who negotiates that contract at
25 the college?

1
2 MR. KAUFMAN: That is done usually,
3 could be by the vice president for finance and
4 administration, it could be through the Auxiliary
5 Enterprise Corporation, it could be the business
6 officer, but it's not necessarily done at the
7 central level.

8 COUNCIL MEMBER ULRICH:

9 [Interposing] So nobody seems to know what those
10 numbers are.

11 MR. KAUFMAN: Well I don't say
12 nobody seems to know it, at the central level, I
13 don't have that information handy, but as
14 Councilman Barron said we should keep that
15 information and make it available to the members
16 of the committee.

17 COUNCIL MEMBER ULRICH: Thank you.

18 CHAIRPERSON BARRON: Yeah, we have
19 to have that information, that's critical if we're
20 serious about looking at reducing costs, and this
21 is also tied into whether or not the faculty
22 member says we're going to use that book again.
23 So if that book is not used again and the student
24 purchased it, they couldn't even resell it the
25 next go around, but if we had 2, 3, 4 years of the

1
2 same use, unless there's some earth shattering new
3 information in that particular course, but there
4 usually isn't when they have new editions, there's
5 often a preface, a paragraph, or something. So I
6 think it's important that we do get that
7 information as we tackle this serious problem. We
8 want to see what's in our abilities to make some
9 changes and what's outside of us and we've got to
10 put pressure, but sometimes we do have the power
11 to make some of those internal changes.

12 COUNCIL MEMBER ULRICH: I also
13 think it would be a good idea if the
14 administration at these particular colleges were
15 to encourage the members of departments to meet,
16 as I know they do on other matters, it doesn't
17 have to be a regular basis, but maybe on an annual
18 basis, to decide collectively whether or not they
19 really need to use the newest edition which has--

20 CHAIRPERSON BARRON: Right.

21 COUNCIL MEMBER ULRICH: --the
22 copyright on page 4, rather than on page 3.

23 CHAIRPERSON BARRON: Exactly.

24 COUNCIL MEMBER ULRICH: And just so
25 you understand why I'm being a little ferocious

1
2 with the--I'm looking for the correct terminology
3 here--with the profit that each college makes is
4 that I want to make sure that the decision to use
5 or not use new editions is not driven by how much
6 money the college is going to make and that's why
7 those numbers are important I think to this
8 committee.

9 CHAIRPERSON BARRON: Critical.

10 MR. KAUFMAN: I think it's
11 important also, if I can just add something to
12 that, and that in some instances, and I think this
13 may be in some of the material that Councilman
14 Barron referred to, the decision to use a new
15 edition is not always with a faculty remember.
16 Once the publisher comes out with a new edition,
17 that old edition disappears, that is it's very
18 often not available--

19 CHAIRPERSON BARRON: Yeah--

20 MR. KAUFMAN: --so a new edition
21 then becomes the basis for assigning a textbook.

22 CHAIRPERSON BARRON: See, this is a
23 scam for that industry. It's similar to the
24 automobile industry, every three years they may
25 come out with a new car, however, they have a used

1
2 car sale industry that's not controlled by them,
3 so, therefore, those used cars can stay around for
4 a long time. In this particular industry, they
5 have the power and authority to take those used
6 books off the market, those old editions off the
7 market so you are at the mercy of these greedy
8 publishers. Now where they can be checked at is on
9 the faculty level in determining which books that
10 we want to use and if yours is a book that's
11 always changing every year, we won't use that one,
12 and then look at some other means of providing
13 textbooks for that particular course.

14 Faculty, they have a key role in
15 checking this textbook industry and that's why we
16 really--I've got to get with faculty, we're going
17 to be talking to the union because a lot of it
18 comes from that and in some instances, I'm sure
19 it's not a lot, but they have friends that publish
20 stuff and they want to make sure that their
21 friend's books get purchased and this hurts
22 students.

23 So we need to look at all of these
24 factors that is driving this textbook price and
25 faculty plays a key role in that, university plays

1
2 a key role in it, and certainly the publishers and
3 the wholesalers, which might be something we all
4 need to team up on to put them in check because
5 it's totally out of control and I think the
6 oversight is sorely needed.

7 Let me ask you this about faculty,
8 I don't know if this is in your purview, but I
9 know faculty is usually evaluated by their
10 teaching methods, of course, and their research
11 and the public service and things of that nature.
12 They also need to be evaluated on their textbook
13 assigning, are they aware of the pricing of
14 textbooks, are they assigning textbooks that are
15 focused on gaining base knowledge in that
16 particular course and not on profits for others,
17 or looking at profits for the bookstore or the
18 publisher or a friend who's an author--that should
19 be a part of a faculty member's evaluation, how
20 are they dealing with their materials for that
21 course, so that students are not abused and that
22 we are making sure that faculty is doing all that
23 they can, the university is doing all that they
24 can, and we in the City Council, the federal
25 government, the state is doing everything we can

1

2 to protect students from this ripoff industry
3 because that's exactly what it is.

4

5 I want to thank you very much. Do
6 you have any more questions? Thank you very much.
7 I want to adjourn this hearing and you will be
8 hearing from us again. Oh, we have another panel?

8

FEMALE VOICE: Yes.

9

CHAIRPERSON BARRON: I'm sorry.
10 Call the next panel. Thank you very much. I
11 thought that was it.

12

FEMALE VOICE: I apologize in
13 advance if I mispronounce these names, I believe
14 it's Jade Roth from Barnes & Noble and Ganesan
15 Ravishanker of Pace University.

16

CHAIRPERSON BARRON: Oh that's
17 right, I forgot about them.

18

[Off mic]

19

COUNCIL MEMBER ULRICH: These
20 people are--

21

[Off mic]

22

CHAIRPERSON BARRON: That's right,
23 no, you had every--

24

[Pause]

25

CHAIRPERSON BARRON: It was good.

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2 [Pause]

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3

FEMALE VOICE: Okay, and I would
4 ask you both also do you swear or affirm that the
5 testimony that you're about to give is, to the
6 best of your knowledge, truthful and accurate?

7

JADE ROTH: Yes.

8

FEMALE VOICE: Please state your
9 name for the record before you start.

10

GANESAN RAVISHANKER: My name is
11 Ganesan Ravishanker, I am the Vice President For
12 Information Technology and Chief Information
13 Officer at Pace University.

14

Thank you for giving me the
15 opportunity to speak here. I'm going to be
16 talking about the Amazon Kindle pilot program at
17 Pace University.

18

Pace University is one of the seven
19 colleges and universities that are piloting the
20 use of Amazon's Kindle DX, that's an alternate
21 [off mic] conventional textbooks during the fall
22 semester of 2009. Approximately 80 students
23 enrolled in undergraduate courses in biology and
24 marketing and graduate courses in nursing and
25 publishing are participating in the pilot. The

1
2 primary objective of the pilot study is to assess
3 how both the faculty and students are able to
4 adjust to the use of e-books in teaching and
5 learning process. However, the financial model
6 for the e-book is certainly a strong factor that
7 has the potential to introduce a paradigm shift.

8 An initial survey of Pace
9 University students and faculty reveals a very
10 high level of acceptance, as for less enthusiasm.
11 Though the list of desirable features for the
12 device is fairly long, primarily driven by the
13 preference for a unified device that does
14 everything, the most important feature desired
15 pertains to the way certain charts and images are
16 rendered in the Kindle and inability to manipulate
17 them. This can be a serious impediment in trying
18 to read assigned textbook on Kindle DX.

19 The easy portability of the device,
20 searchability, note taking, and annotation
21 capabilities are cited as the strengths of the
22 Kindle device. On average, college students are
23 expected to spend between 400 and \$600 in textbook
24 purchases a semester, which adds a considerable
25 financial burden to the students. Any

1
2 alternatives such as the Kindle has the potential
3 to reduce the overall cost of textbooks if the
4 device itself is priced right, if most commonly
5 used textbooks are licensed for their reader, and
6 if the e-books are discounted a significant amount
7 compared to the printed books.

8 The pros and cons of the
9 traditional textbook model with e-book readers has
10 been discussed widely, so I will not go into them
11 in detail here.

12 It's important to state here that,
13 unless the e-book vendor can make a strong
14 financial case, the Kindle in every backpack will
15 simply remain an attractive sound bite.

16 Often a comparison is made between
17 Apple's iTunes model for music and the need for
18 textbook publishers to adapt such a model, but
19 textbooks or chapters from the textbooks are sold
20 at the affordable prices.

21 Unlike music, college textbooks
22 have a defined audience in students who have no
23 choice but to buy them at the price that the
24 publishers set, often driven up by production
25 values much higher than a paperback or a mass

1
2 market hardcover, for instance, as well as the
3 costs of the intellectual property and the need to
4 update them with constantly changing information.
5 Kindle-like devices are beginning to address this
6 problem by eliminating the cost of producing a
7 printed book, while still compensating for the
8 very valuable intellectual and editorial
9 contributions, although it may be that the total
10 cost of the device and the e-books are not yet low
11 enough for many students to adopt, the technology
12 production and opening of standards may make this
13 a reality soon.

14 JADE ROTH: Hi, my name is Jade
15 Roth, I'm the Vice President of Books for Barnes &
16 Noble College booksellers, I've worked for Barnes
17 & Noble for 28 years.

18 On behalf of our company, I would
19 like to thank Chairman Barron, the Council of City
20 of New York and the members of the Higher
21 Education Committee for the opportunity to address
22 the issue of costs of textbooks for CUNY students.

23 I guess the benefit of going last
24 is that many of the issues have been discussed, so
25 I won't belabor my lengthy testimony, I would

1
2 simply say I guess two things. In today's world,
3 the price of textbooks is set by the publisher,
4 the selling price is then set by the bookseller,
5 which is pretty much a standard margin of about
6 25%. That's pretty much a standard margin if it's
7 Barnes & Noble or one of our competitors or the
8 institution themselves. And to put that into some
9 type of comparison, this sweater I'm wearing is
10 probably a 70% margin item, so textbooks, for the
11 most part, are a low margin business.

12 The faculty do select the product
13 and, unlike a traditional model where a retailer
14 would simply buy what he or she thinks the
15 customer wants, the bookseller here buys what the
16 faculty has selected as the best material for
17 their students. We then look to save the students
18 as much money by getting as many used books as
19 possible.

20 In the CUNY system, we have some
21 challenges. As we go into the buyback--that's
22 when we pay cash for students, it's primarily at
23 finals, when they're finished with their books--we
24 as a company have a benchmark of 90% of adoptions
25 that we like to have going into that period so we

1
2 can pay students 50% of the value they paid for
3 their book. We are contractually obligated to pay
4 50% in virtually every campus that we serve. But
5 going into CUNY, we have this past year, 39% of
6 the adoptions against our benchmark of 90%, that
7 is much better than last year where we only had
8 35% of the adoptions.

9 So the challenge as a bookseller
10 that we face is, one, not being able to pay the
11 students a 50% and having that student walk away
12 from the buyback counter feeling that we've ripped
13 them off and in the other case not having as many
14 used books as we would like to have going into the
15 upcoming term. Because as a bookseller, when we
16 pay somebody 50% for their unwanted book, we keep
17 it on that campus, we recycle it, and we charged
18 the next the student 75%, so they have a discount
19 and that same book is recycled again and again.
20 That's a very important program for us for saving
21 students money today.

22 We've also talked a lot about
23 digital products and what the savings there are,
24 and that is a very much in evolving world. We
25 have sold digital books on the shelf next to our

1
2 new and used since 2003. I will tell you that
3 very few students want them today and they're not
4 looking for them for a number of reasons, some
5 that we've heard about, the limitations of the e-
6 book readers and other things like that. But one
7 of the biggest prohibitions right now to digital
8 books is the disconnect between the content that's
9 used on a campus and the content that is available
10 in digital format. As an example, last year, as a
11 company, we sourced over 207,000 different
12 textbook titles for the 640 schools that we serve
13 nationwide. Of those, only about 15,000 had a
14 digital component. So there is a huge difference
15 between what the faculty are using on the campus
16 and what is available digitally.

17 For us, when we're not controlling
18 the products. since that's set by the faculty, we
19 have to do whatever we can to make sure that that
20 student is happy. In our world, that means
21 providing choices and savings for options, so we
22 provide used books as best we can, we provide
23 digital where available, we unbundle the bundles
24 when we can with the faculty members' acceptance
25 of that, and we try to give the student as many

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2 options as possible.

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We're a retailer, we're not a wholesaler, we do buy from a wholesale company, but in our industry, the wholesalers, of which you mentioned the four that there are, typically are used book wholesalers, their role is not as a middleman between the publisher and the retailer, we buy the majority of our books directly from the publisher, but actually as a national used book wholesaler to make sure that used books are getting out to campuses and being recycled when they can't be recycled locally.

So we work very hard on having an array of options at different price points and different formats for the students and to give them the best value we can when they are at the buyback counter.

CHAIRPERSON BARRON: Thank you very much. So I just want to get some things clear, you're saying Barnes & Noble are not a wholesaler?

MS. ROTH: No, we use MBS Textbook Services, they're out of Columbia, Missouri. They are a privately held company, we do share common ownership.

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CHAIRPERSON BARRON: [Interposing]
Well you do some of that, but you also buy
directly from the publisher.

MS. ROTH: We do buy directly from
the publisher.

CHAIRPERSON BARRON: Right, and
they say in this nation, according to most
studies, there are four major wholesalers and they
list--

MS. ROTH: [Interposing] Used book
wholesalers.

CHAIRPERSON BARRON: --and they
list Barnes & Noble as one of them. In most of
the studies that I've read list Barnes & Noble as
one of the four major wholesalers.

MS. ROTH: The company we use does
have common ownership with us, it's MBS Textbook
Exchange.

CHAIRPERSON BARRON: [Interposing]
Oh, you didn't say that the first time.

MS. ROTH: No, I did.

CHAIRPERSON BARRON: Oh, oh, okay.

MS. ROTH: It's MBS Textbook
Exchange.

1
2 CHAIRPERSON BARRON: Right, so you
3 all have some joint ownership, so you see it's
4 not--some wiggle room, but Barnes & Noble is a
5 wholesaler. It is considered by most a
6 wholesaler, along with the Nebraska, along with
7 the College Books of America, along with--what's
8 the other one? Folly...

9 MS. ROTH: [Off mic] Book Company.

10 CHAIRPERSON BARRON: Right.

11 MS. ROTH: Texas Book Company.

12 CHAIRPERSON BARRON: Yes, I mean,
13 these are the wholesalers. Now that 25%, you
14 certain that it's never marked up more than 25%
15 from a direct purchase from the publisher? Or--

16 MS. ROTH: Well what I was talking
17 about was there are two 25%, there is the first
18 one, which is the selling price and that's an on
19 average selling price. So I'll give you an
20 example, if I get a book for \$100, that's the cost
21 I've paid the publisher, the selling price listing
22 on that book would be \$133, that's a 25% margin,
23 that's the case in most instances. We have
24 agreements with schools or contracts with schools
25 where we discount, we have agreements with schools

1
2 that have different pricing models, but that is
3 the industry standard. If you were to talk to the
4 National Association of College Stores in Ohio, I
5 think that's the number that they would give you.

6 CHAIRPERSON BARRON: What is Barnes
7 & Noble's profit that you made last year off this
8 business of bookselling? What was your profits?

9 MS. ROTH: I don't have the details
10 in front of me, but I'd be happy to get back to
11 you on that.

12 CHAIRPERSON BARRON: I would
13 appreciate that.

14 MS. ROTH: Absolutely.

15 CHAIRPERSON BARRON: And you said
16 on the reselling of the books that you, at 39%
17 instead of the 90% that you wanted to, if I can
18 get clear on that.

19 MS. ROTH: Oh, the adoptions--

20 CHAIRPERSON BARRON: Adoptions,
21 right, yes.

22 MS. ROTH: --is what I was talking
23 about. So what I was saying--

24 CHAIRPERSON BARRON: [Interposing]
25 And what do you mean by adoption? I just want to

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understand that better.

MS. ROTH: [Interposing] The adoption is the course and book information that we get from the professor. So, for example, at finals, when we are buying back used books from students, which is when they mostly want to sell them, we like to have 90% of all the course and book information in so we can pay more students for those same books that are being used next term. With the CUNYs, going into this finals period, we only had 39%. So we did not know in 61% of the cases if the book was being reused again.

CHAIRPERSON BARRON: And your relationship with the college, the universities, because the university has to get a certain commission, right. So help me understand all of the stakeholders and sharing the responsibilities and the profit margins and just help me understand that a little better.

MS. ROTH: Okay.

CHAIRPERSON BARRON: You get it from the publisher, then you've got a deal with the university and you have to the deal with

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students, and so how does all of that play out?

MS. ROTH: When we enter into an agreement with the university, we are contractually obligated to do certain things. One is the selling price of the books that we sell is set by the contract; two, the cash back that we pay to the students at buyback is set by the contract, and we have an obligation to carry every book for every student, regardless of where that book comes from or how difficult it may be or what the terms of that book are. So those are the broad strokes of an arrangement we would have with the university. We also pay a percentage of our sales, as you've heard earlier, back to that college or university.

In terms of what we do as booksellers, we spend a great deal of our time working with faculty through e-mail, through our website, one-on-one with department assistance to get the course and book information, that's the beginning of the whole process for us. So when we go into fall, as an example, we start March 1 to try to get the course and book information for the courses that are going to be taught in September.

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2 The reason we start so early is, one, so when we
3 come to finals week, we can pay students more and
4 have more used books to set resale the next term,
5 but also so we can work that national used book
6 wholesale market. Because as I mentioned in our
7 industry, the wholesalers are really about used
8 books, they're about bringing used books,
9 reselling them to other college campuses, whether
10 their ours or others. And so the longer time
11 you're working course and book information with
12 the used book wholesaler, the more used books you
13 get, used books are a finite commodity.

14 When we get to the rush or the
15 first day of class, we want to have every book on
16 the shelf for every student, we want to give them
17 as many options as humanly possible--so new, used
18 digital if available, bundled, unbundled--

19 CHAIRPERSON BARRON: [Interposing]
20 Let me just ask you this--cut you for a minute--

21 MS. ROTH: Yes.

22 CHAIRPERSON BARRON: --so how
23 quickly do you get this resale information or
24 reusing of the book information from the faculty?
25 Because the sooner you get that, wouldn't it be a

1
2 better opportunity for you to give the student
3 more--

4 MS. ROTH: [Interposing]

5 Absolutely--

6 CHAIRPERSON BARRON: So how--

7 MS. ROTH: --and that's why we
8 start March 1 to get it for the fall, but as we
9 went into the biggest selling period for students
10 to sell their books back to the bookstore, we only
11 had 39% of that information in from the faculty on
12 CUNY.

13 CHAIRPERSON BARRON: So what
14 happened there? Why was that? Why did that
15 happen?

16 MS. ROTH: Well it could be for a
17 lot of reasons, it could be that the university
18 hadn't assigned courses yet, it could be that they
19 weren't sure what classes were being scheduled or
20 not scheduled, it could be that faculty were
21 taking more time and more care to determine the
22 best educational materials for their students,
23 there could be a myriad of reasons.

24 CHAIRPERSON BARRON: Only 61%, a
25 61%, that's high, that's a high percentage.

1
2 MS. ROTH: It's a high percentage,
3 when our company goal is 90% at that time.

4 CHAIRPERSON BARRON: How many CUNY
5 campuses are you on?

6 MS. ROTH: We serve 11.

7 CHAIRPERSON BARRON: Eleven of the
8 campuses. Do you know how much profit you make
9 from the CUNY campuses?

10 MS. ROTH: No, but I could get back
11 to you on that as well.

12 CHAIRPERSON BARRON: Okay, if you
13 can get me that, I would appreciate it. Do know
14 why the 25% and when we hear students, I don't
15 hear too many students getting no 50%. The
16 reports from the students are very contradictory
17 and contrary to what you're saying, so I don't
18 know who monitors to make sure that this is
19 happening because every college campus I've gone
20 to, every student we've spoken to, most of the
21 students don't get a fraction of the amount of
22 money back from reselling the books.

23 MS. ROTH: Well that's--

24 CHAIRPERSON BARRON: So this--

25 MS. ROTH: No, that makes perfect

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2 sense because if you think that we only went into
3 our buyback period knowing what 39% of the
4 adoptions were, that means that the bulk of the
5 books we were buying back, we didn't know if they
6 were being reused or not. And if you don't know
7 if they're being reused or not, you pay what's
8 called a national wholesale price.

9 CHAIRPERSON BARRON: And what's
10 that?

11 MS. ROTH: It's a price that is set
12 in the market, when we get that book, say it's
13 anywhere from 10 to 30% of the selling price, when
14 we buy that book for that student, we don't keep
15 it on the campus, we send it to a wholesaler--

16 CHAIRPERSON BARRON: [Interposing]
17 Say the book is \$100 and you didn't get the
18 information from the faculty, you don't know
19 whether it's going to be used or not, how much
20 would you give the student for that \$100 book that
21 they paid?

22 MS. ROTH: If the book were still
23 of value, which means the publisher didn't go into
24 a new edition or something like that, we would pay
25 typically 10 to 30% so \$10-\$30 for that book.

1
2 CHAIRPERSON BARRON: Ten dollars
3 for \$100 book?

4 MS. ROTH: It doesn't have value--
5 [Crosstalk]

6 CHAIRPERSON BARRON: [Interposing]
7 And then you'll go to sleep at night. Ten dollars
8 for--

9 MS. ROTH: And we don't--
10 [Crosstalk]

11 MS. ROTH: --that book.

12 CHAIRPERSON BARRON: --and some
13 people even think the \$10 is high because it might
14 be three or four dollars, but--

15 [Off mic]

16 CHAIRPERSON BARRON: --see it's is
17 a real problem there, it's a real problem there,
18 you know finding--and this is what happens in
19 these kinds of, it's the blame game, you know
20 they'll blame the faculty, the faculty blames the
21 wholesaler, the wholesaler blames the publisher,
22 and then nobody says, I am being greedy, it's me,
23 I'm making more than I should be making and I'm
24 hurting these students, not too many people will
25 say that, even though you're not responsible, I'm

1
2 sure there is higher ups in the Barnes & Noble who
3 might be more responsible, but something is wrong.
4 It's not as neat as this presentation is coming
5 across, you know 25% and 39 and if I can get it up
6 to 90 and the faculty they'll tell me in time,
7 I'll do it. It's not that neat, something is
8 fundamentally wrong, and it's--

9 MS. ROTH: [Interposing] Well,
10 maybe I can explain what happens to that book.

11 CHAIRPERSON BARRON: Okay, okay.

12 MS. ROTH: So if we buy that book
13 for \$10, it doesn't have any value on the campus
14 on that specific campus, it's not being reused, we
15 don't have an adoption for it, we don't know
16 what's happening, so we take that, we pack it up,
17 and we send it to wholesaler. That wholesaler
18 then gets orders from college and university
19 bookstores nationwide--us, our competitors,
20 institutional stores--and they send that book back
21 out to another school. So a book that is bought
22 at St. Francis could go to UCLA if it didn't have
23 any more value at the St. Francis campus. So--

24 [Crosstalk]

25 CHAIRPERSON BARRON: [Interposing]

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2 Well why don't you all tell a student when they
3 come to you, say we're going to take your book and
4 we're going to sell, you should get the money from
5 St. Francis, hook them up with St. Francis so they
6 get \$90 or \$100. So it is possible for you to
7 take \$10, you get the book, send it back to them,
8 and then St. Francis can sell that book for \$100?

9 MS. ROTH: No, they wouldn't sell
10 it for 100. that would be the new selling price,
11 but they would sell it--but at some point that
12 book has a liability because, as we've heard
13 earlier today, a publisher goes into new a
14 edition, say every two to four years, then that
15 used book, whatever is left, has absolutely no
16 value at all.

17 CHAIRPERSON BARRON: So tell me
18 again for the used book that does have value, the
19 ones that come back and the faculty member is
20 going to use it again--

21 MS. ROTH: Right, so--

22 CHAIRPERSON BARRON: --what happens
23 then?

24 MS. ROTH: --so there we would pay
25 the student 50%--

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2

CHAIRPERSON BARRON: [Interposing]

3

That happens all the time?

4

MS. ROTH: It happens as often as

5

we can because as--

6

CHAIRPERSON BARRON: [Interposing]

7

No, I'm talking about in terms of it being used

8

again. Is that being monitored, that it's

9

happening all the time? How can we know for sure

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that that's happening? Even if it's your policy,

11

how can we know for sure, is there any oversight,

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any monitoring done where we know that every

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student that comes back with a book to be resold,

14

that the faculty is using again and you get it in

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a timely fashion, in fact that they're going to

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get the 50%?

17

MS. ROTH: Well, it would be a

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violation of our contract not to do so, a school

19

could audit us at any given point. It's also in

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our best interest, quite honestly, to keep it on

21

that campus because we can make one student

22

happier when they're at the buyback counter and we

23

can make another student happier when they resell

24

it.

25

[Crosstalk]

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2 CHAIRPERSON BARRON: No, I mean, we
3 can keep it on the campus but suppose you keep it
4 on the campus for 10, 15, 20% and not the 50%,
5 because too many students are saying that they're
6 just not getting real money--

7 MS. ROTH: [Interposing] Well
8 there's also--

9 CHAIRPERSON BARRON: --for their
10 books, whether the faculty is using them again or
11 not.

12 MS. ROTH: Well there's some other
13 issues here too. I mean, if you went to a college
14 or university bookstore today and walked down the
15 textbook aisles, you would see a whole different
16 look than what you saw 10 or 15 years ago. You
17 would see core textbooks, new and used, you would
18 see bundles, and you would see looseleaf now more
19 than ever, there's looseleaf textbooks. It's very
20 hard to buy a looseleaf book back because you'd
21 have to sit there and count every page and make
22 sure that every page was there so you could make
23 sure that the next student who purchased it had a
24 full book, if you will. There are textbooks sold
25 with access cards that go to homework assessment

1
2 modules that are good for 30 days or 60 days or 90
3 days and once that access code has been used, it
4 doesn't have any other usage, we call that
5 textbook with a disposable component and once that
6 disposable or consumable component is used, the
7 textbook has less value for the faculty member who
8 is using both pieces very much.

9 CHAIRPERSON BARRON: Yeah, you
10 know, it's difficult to unbundle when the faculty
11 member is assigning homework on a CD-ROM and not
12 in the textbook and then--

13 MS. ROTH: That's exactly right.

14 CHAIRPERSON BARRON: --unbundling
15 is a very, very challenging thing. It seems like
16 there's a lot of stuff going on here that really
17 needs to be oversighted, it really needs
18 particular attention to.

19 The faculty members once they--so
20 if you get it early enough from the faculty
21 member, that would be a plus.

22 MS. ROTH: That's a plus, a huge
23 plus for the students.

24 CHAIRPERSON BARRON: For the
25 students and the earlier you get the information

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from the--

MS. ROTH: And a thing that came up earlier today was the length of time a faculty member may choose to use that book. On some campuses like Nassau Community College, they have a high reuse rate of two to three years on the textbooks--

CHAIRPERSON BARRON: Yeah, that's the other--

[Crosstalk]

MS. ROTH: --so the used book mix is much, much, much higher there than at other campuses.

CHAIRPERSON BARRON: So what is your sense and your experience, do you see the turnover, is it one year, two years? What has been your experience of the turnover of new editions coming out?

MS. ROTH: Well new editions, as noted before, I would say two to four years.

CHAIRPERSON BARRON: Two to four years, is it more two than four?

MS. ROTH: Depends on the discipline. There is also--

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CHAIRPERSON BARRON: [Interposing]

Have you seen a lot of one-year turnovers?

MS. ROTH: No, no, but what we do see which, again, was really not prevalent five years ago is the advent of customized materials. Customized materials are customized to a course, to faculty member, to a campus, they are designed by the publisher with the faculty member to work intrinsically as part of the course, so they're a wonderful item if they are used well by the faculty member and, presumably they are because the faculty member helped design them with the publisher. Unfortunately, that item has limited resale value because it's often customized so much for that course, that faculty member, or that campus, that there is no national market for that, and if it is not used again, then there's no national usedbook market either.

CHAIRPERSON BARRON: Well you know I'd like for you to be part of our team here to make these textbook prices come down. I certainly want the information if you can get me the information we requested, and if you leave your information with us, I think I have some of it

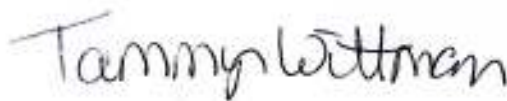
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2 here, that I would like to sit down with you in
3 the very near future as we put our method together
4 to see to it that we bring down this skyrocketing
5 cost of textbooks and make it more accessible and
6 affordable for our students.

7 MS. ROTH: I would--

8 CHAIRPERSON BARRON: I thank both
9 of you for the testimony. Thank you very much and
10 this hearing is adjourned.

C E R T I F I C A T E

I, Tammy Wittman, certify that the foregoing transcript is a true and accurate record of the proceedings. I further certify that I am not related to any of the parties to this action by blood or marriage, and that I am in no way interested in the outcome of this matter.



Signature_

Date October 5, 2009