

Date of Hearing: July 11, 2017

ASSEMBLY COMMITTEE ON HIGHER EDUCATION

Jose Medina, Chair

SB 727 (Galgiani) – As Amended May 18, 2017

**SENATE VOTE:** 40-0

**SUBJECT:** Public postsecondary education: instructional materials: innovative pricing.

**SUMMARY:** Authorizes a public postsecondary educational institution to adopt policies that allow for the use of innovative pricing techniques and payment options for textbooks and other instructional materials. Specifically, **this bill:**

- 1) Authorizes the University of California (UC), California State University (CSU), and California Community Colleges (CCC), to adopt policies that allow for the use of innovative pricing techniques and payment options for textbooks and other instructional materials.
- 2) Specifies that polices adopted may include, but are not necessarily limited to:
  - a) Bulk pricing arrangements that enable students to purchase course materials or texts that are delivered by any of the following methods:
    - i) Digitally;
    - ii) Through a technology that is, or the license of which is, required to only be used within a course; and,
    - iii) Delivered in print format.
- 3) Requires that adopted innovative pricing techniques and payment options include an opt-out provision for students, and may be adopted only if there is documented evidence that the proposed options, if adopted, would actually reduce the cost of the textbooks or other instructional materials for students taking a course.
- 4) Prohibits any policy adopted pursuant to this bill from violating, or being inconsistent with, the academic freedom of faculty as it relates to the assignment and use of instructional materials.

**EXISTING LAW:**

*State law.*

- 1) Establishes the Donahoe Higher Education Act, setting forth the mission of the UC, CSU, and CCC (Education Code (EC) Section 66010, et seq.).
- 2) Requires, in part, the CSU and CCC, and encourages UC, to work with their respective academic senates to encourage faculty to give consideration to the least costly practices in assigning textbooks and to work with publishers and college bookstores; and, college bookstores to work with the academic senates of each campus to review the process and

timelines involved in ordering and stocking textbooks and to create bundles and packages of instructional materials that are economically sound (EC Section 66406).

- 3) Establishes the College Textbook Transparency Act, which, in part:
  - a) Defines "textbook" as a book that contains printed material and is intended for use as a source of study material for a class or group of students, a copy of which is expected to be available for the use of each of the students in that class or group, specifying that "textbook" does not include a novel;
  - b) Defines "adopter" as any faculty member or academic department or other adopting entity at an institution of higher education responsible for considering and choosing course materials to be used in connection with the accredited courses taught at that institution;
  - c) Encourages adopters to consider cost in the adoption of textbooks; and,
  - d) Requires each campus bookstore at any public postsecondary educational institution to post in its store or on its Internet Web site a disclosure of its retail pricing policy on new and used textbooks (EC Section 66406.7).
- 4) Requires, as of January 1, 2020, any person, firm or corporation that publishes textbooks offered for sale at the UC, CSU, CCC, or a private college or university, to make the textbooks available for sale in electronic format (EC Section 66410).
- 5) Establishes the College Textbook Affordability Act, which, in part:
  - a) Encourages faculty to accelerate the adoption of lower cost, high-quality, open educational resources in order to reduce costs for college students;
  - b) Establishes the Open Educational Resources Adoption Incentive Program ; and,
  - c) Defines "open educational resources" as high-quality teaching, learning, and research resources that reside in the public domain or have been released under an intellectual property license, such as a Creative Commons license, that permits their free use and repurposing by others, and may include other resources that are legally available and free of cost to students (EC 67421, et seq.).

*Federal law.* Authorizes an institution of higher education to include the costs of books and supplies as part of tuition and fees if the institution does one of the following:

- a) The institution does all of the following:
  - i) Has an arrangement with a book publisher or other entity that enables it to make those books or supplies available to students below competitive market rates;
  - ii) Provides a way for a student to obtain those books and supplies by the seventh day of a payment period; and,

- iii) Has a policy under which the student may opt-out of the way the institution provides for the student to obtain books and supplies.
- b) Documents on a current basis that the books or supplies, including digital or electronic course materials, are not available elsewhere or accessible by students enrolled in that program from sources other than those provided or authorized by the institution; and,
- c) The institution demonstrates there is a compelling health or safety reason (Code of Federal Regulations, Title 34 Section 668.164).

**FISCAL EFFECT:** According to the Senate Appropriations Committee, pursuant to Senate Rule 28.8, negligible state costs.

**COMMENTS:** *Cost of instructional materials.* According to the February 2015 Student Public Interest Research Groups (Student PIRGs) report, entitled, "Open Textbooks: The Billion-Dollar Solution," the cost of a college degree has increased significantly over the past decade. The report finds that, as of 2013, seven in 10 seniors at public and private nonprofit colleges, graduated with student loan debt; and, that as a nation, Americans hold over \$1 trillion in student loan debt. Additionally, the report finds that, during the same time that the cost of obtaining a college degree increased, college textbook costs have skyrocketed. Though textbooks do not represent the majority of costs in pursuing a college degree, they are one of the largest out-of-pocket expenses that students face each year. The report states that, "Since 1978, college textbook costs have increased 812 percent. To put that in context, it means that textbook prices have increased at 3.2 times the rate of inflation."

Citing data from the College Board, the report finds that, the average undergraduate student should budget between \$1,200 and \$1,300 for textbooks and supplies each year; which averages to be as much as 40 percent of tuition at a two-year community college, and 13percent at a four-year public institution.

A 2014 Student PIRG study found that 65 percent of students skipped buying or renting a textbook because it was too expensive, and 94 percent of those students felt that in so doing, their grade would suffer in a course. Additionally, almost half of the students said the cost of textbooks impacted how many courses they were able to take.

*Purpose of the measure.* According to the author, "This bill helps to address the crisis of increasing college costs and mounting student debt."

This measure authorizes the UC, CSU, and CCC to adopt policies that allow for the use of innovative pricing techniques and payment options for textbooks and other instructional materials.

*Innovation in textbook prices.* According to the Association of American Publishers, currently, just over 20 postsecondary educational institutions, comprised of UCs, CSUs, CCCs, and independent non-profit colleges, participate in an immediate access model pilot that aligns to the requirements as set forth in this measure.

*Committee comments and amendments.* This measure is silent as to whom postsecondary educational institutions should consult with when developing its policies.

*Committee Staff recommends, and the author has agreed to accept, the following amendment:*

**66406.6.** (a) Each public postsecondary educational institution may adopt policies that allow for the use of innovative pricing techniques and payment options for textbooks and other instructional materials. *Each public postsecondary educational institution may consult with students, faculty, financial aid officers, counselors, campus bookstores, or other appropriate campus interests.*

Additionally, should students be required to opt-out of rather than opt-in to the provisions set forth in this measure? In order to provide campuses the flexibility in choosing an appropriate model, *Committee Staff recommends, and the author has agreed to accept, the following amendment:*

(c) Innovative pricing techniques and payment options adopted pursuant to this section shall *include an opt-out provision for students, and may* be adopted only if there is documented evidence that the proposed options, if they are adopted, would actually reduce the cost of the textbooks or other instructional materials for students taking a course.

**REGISTERED SUPPORT / OPPOSITION:**

**Support**

None on file

**Opposition**

None on file

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