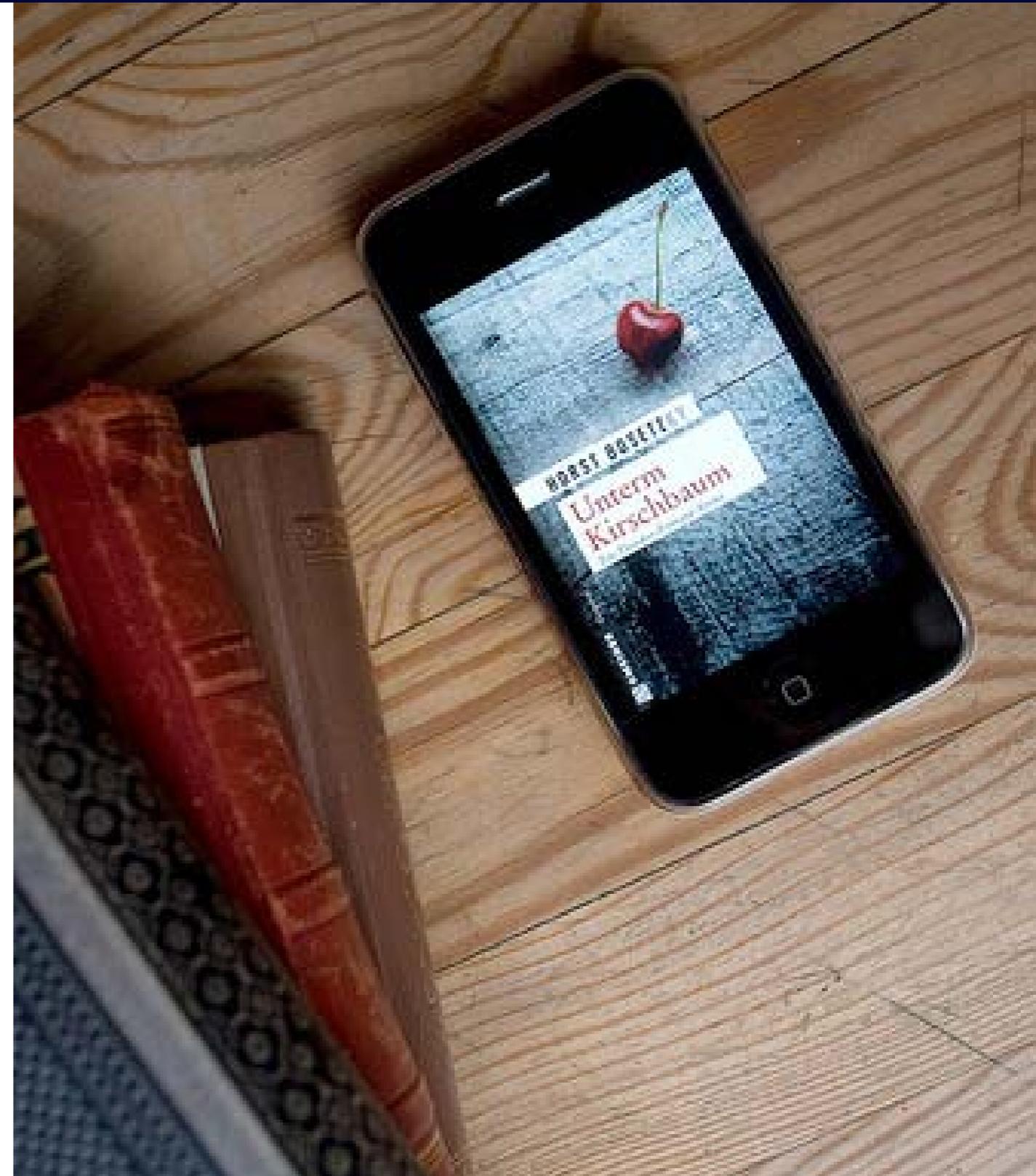
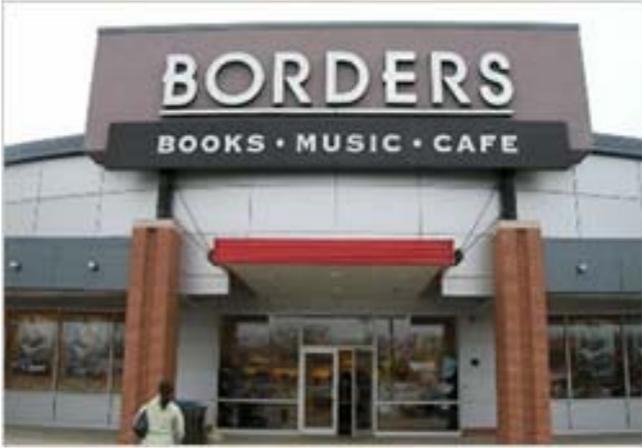


California Student Aid Commission

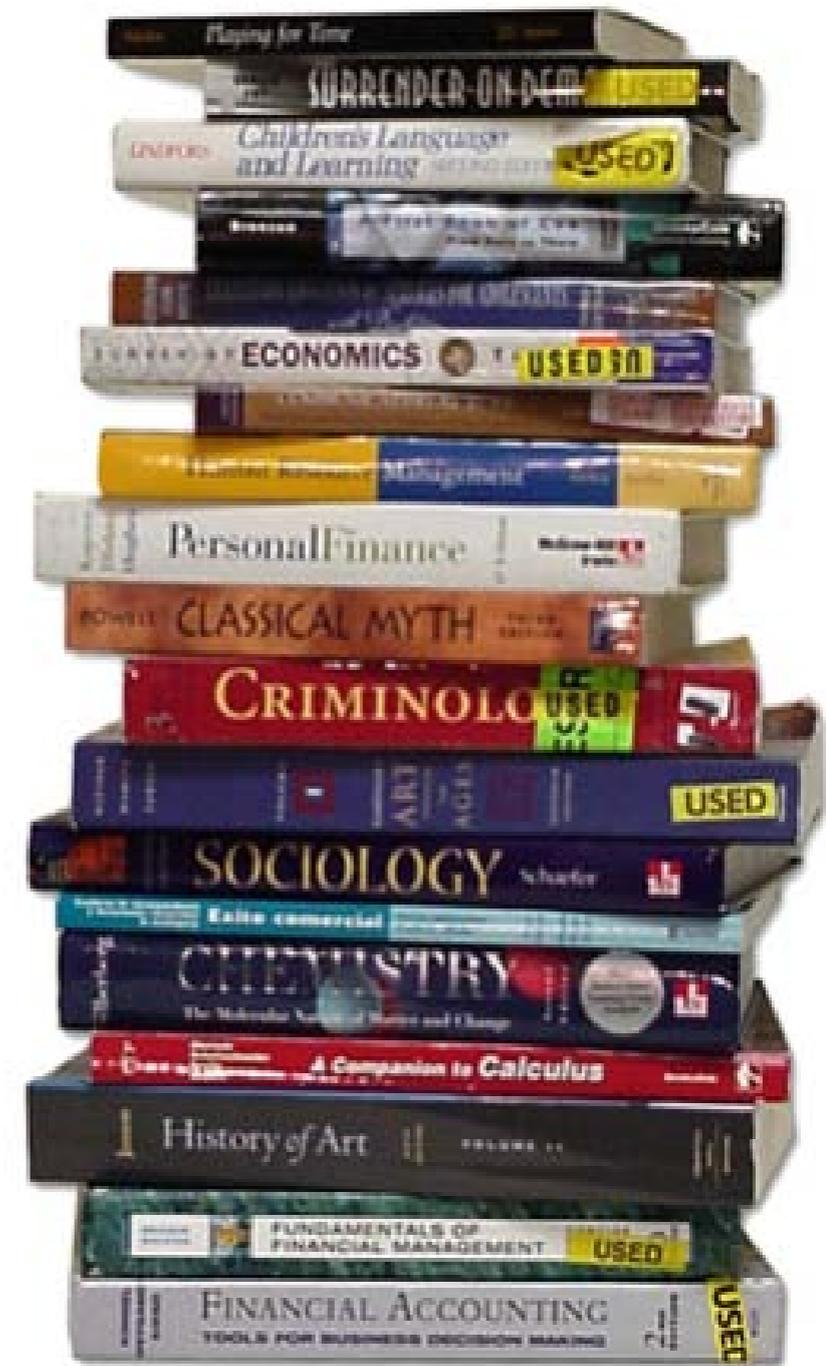
Lowering the cost of
college textbooks



Remember?



Some things stay the same.....

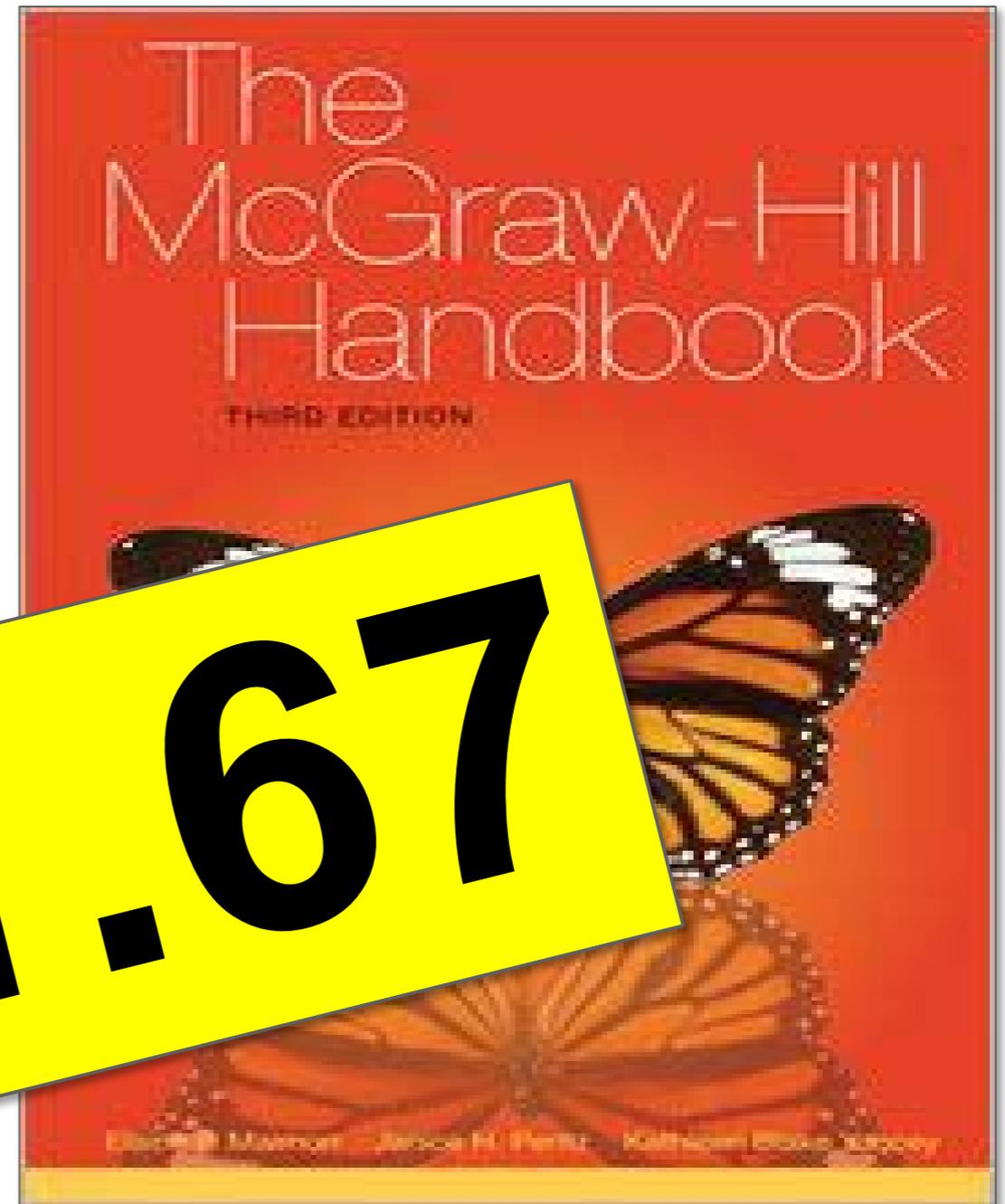


**Textbooks
cost *HOW*
much???**



Popular Writing Textbook

\$101.67



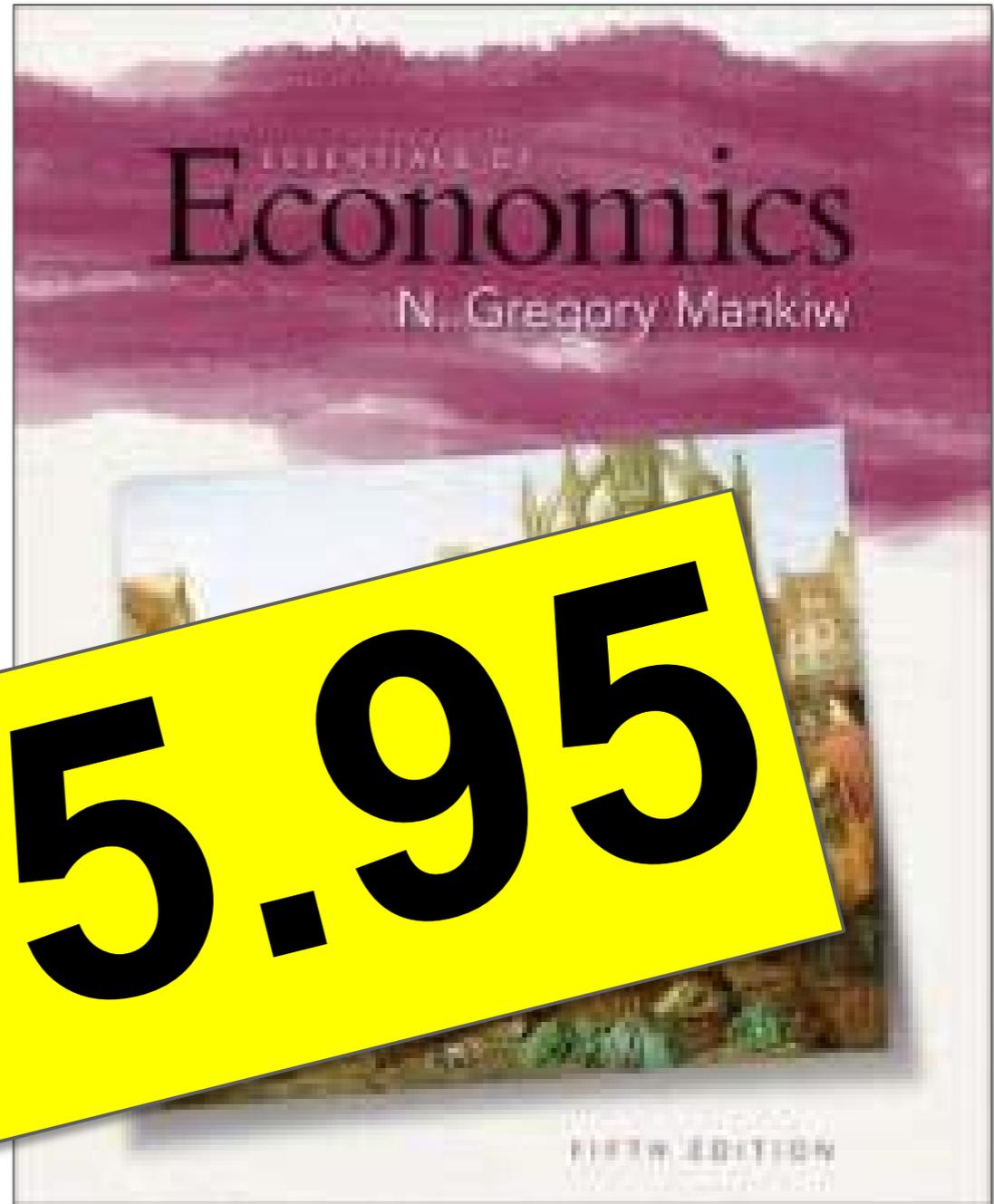
Popular Calculus Textbook

\$224.95



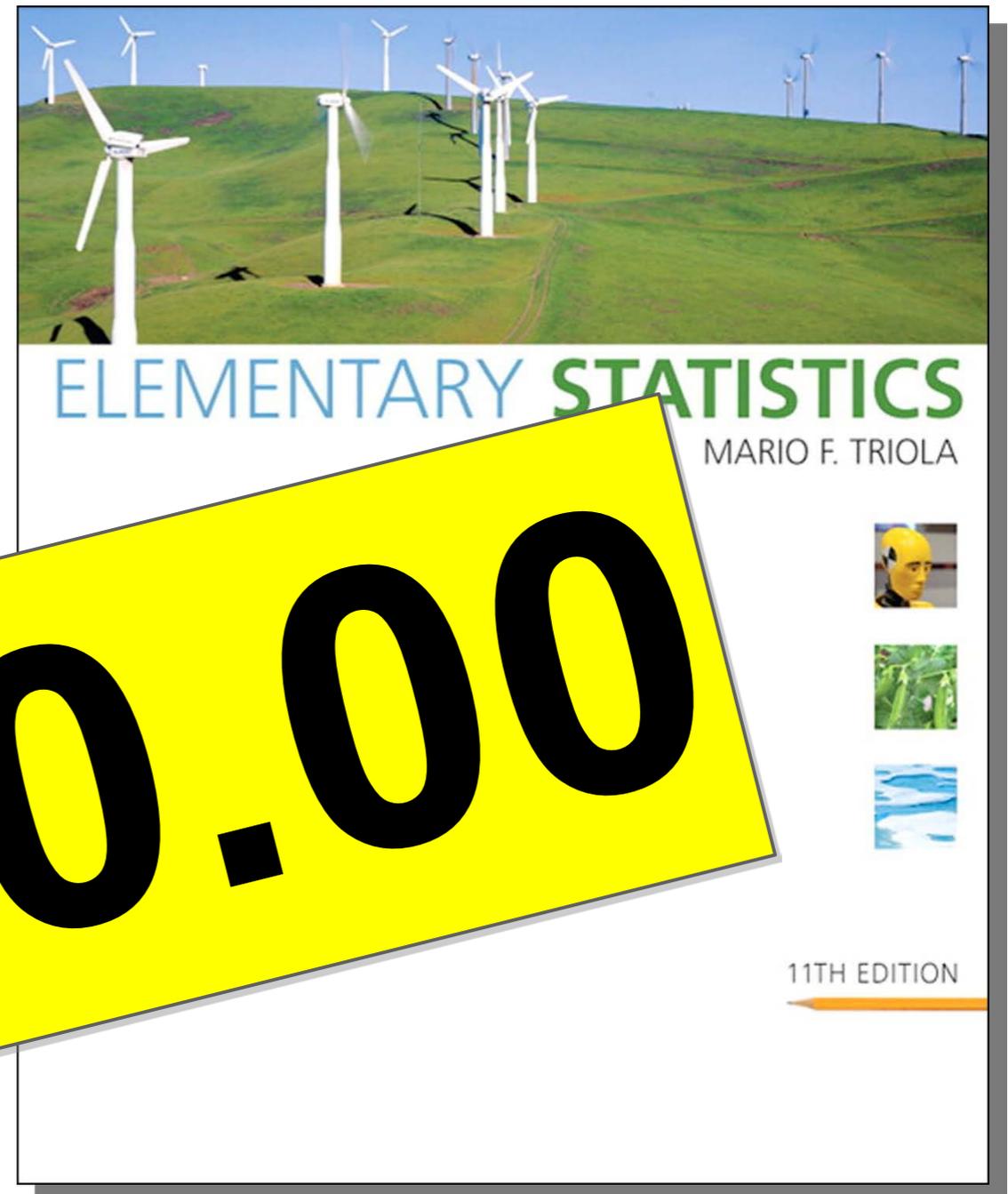
Popular
Econ 101
Textbook

\$255.95



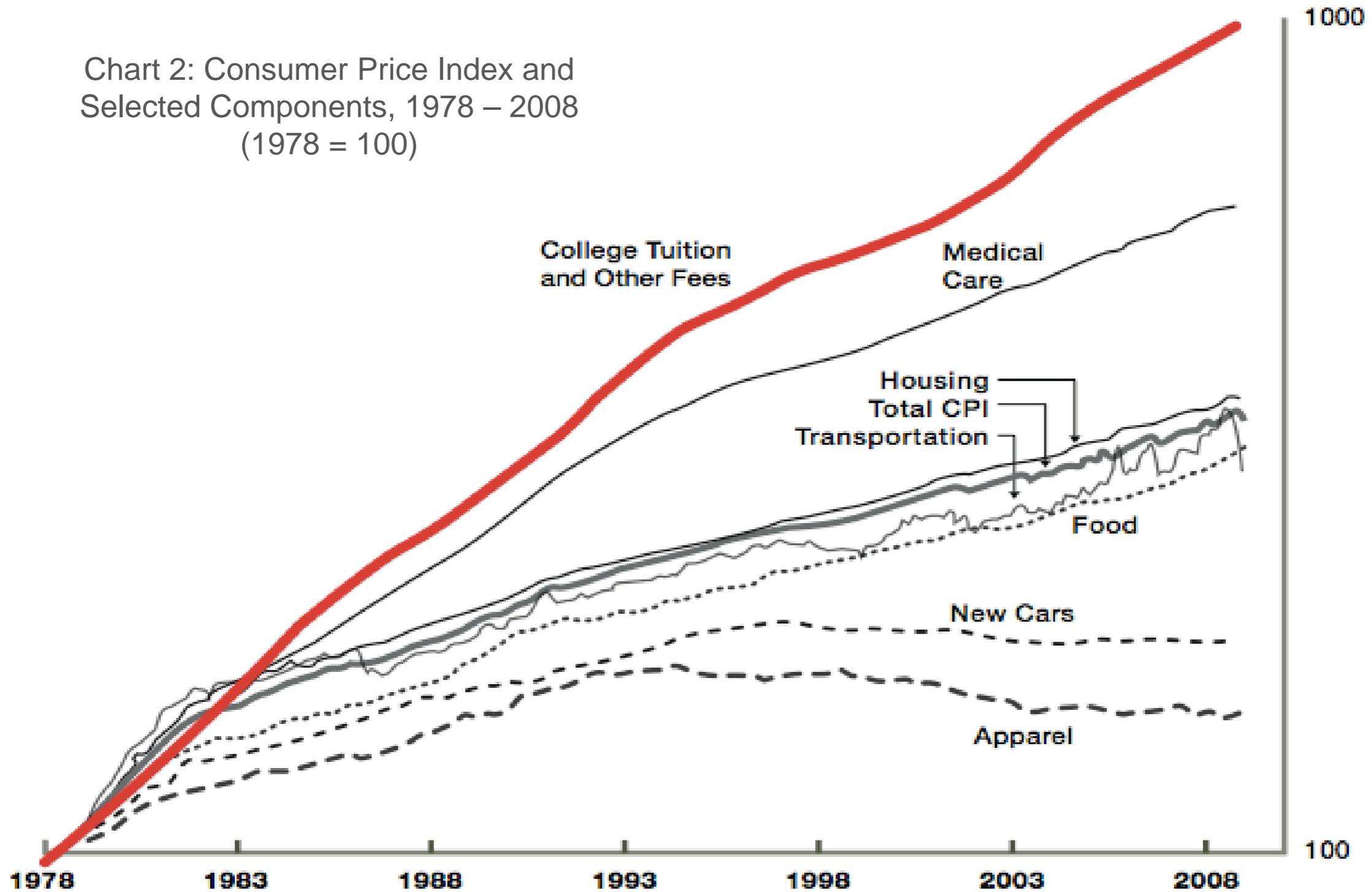
Popular Statistics Textbook

\$150.00

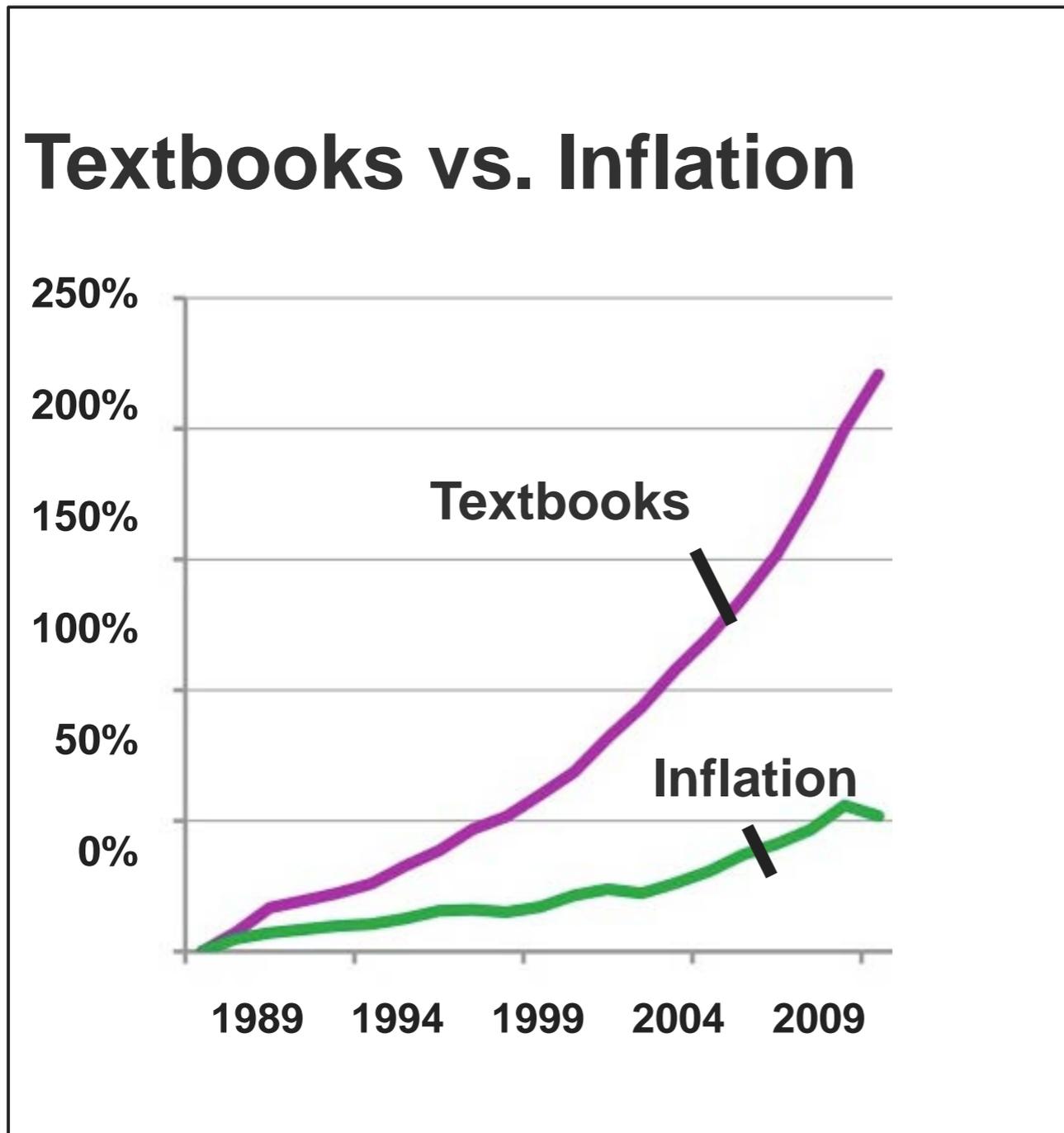


Soaring Text Book Costs

Chart 2: Consumer Price Index and Selected Components, 1978 – 2008
(1978 = 100)



Massive Price Increases



**Prices are
rising**

4 times

inflation

- *Student PIRGs*

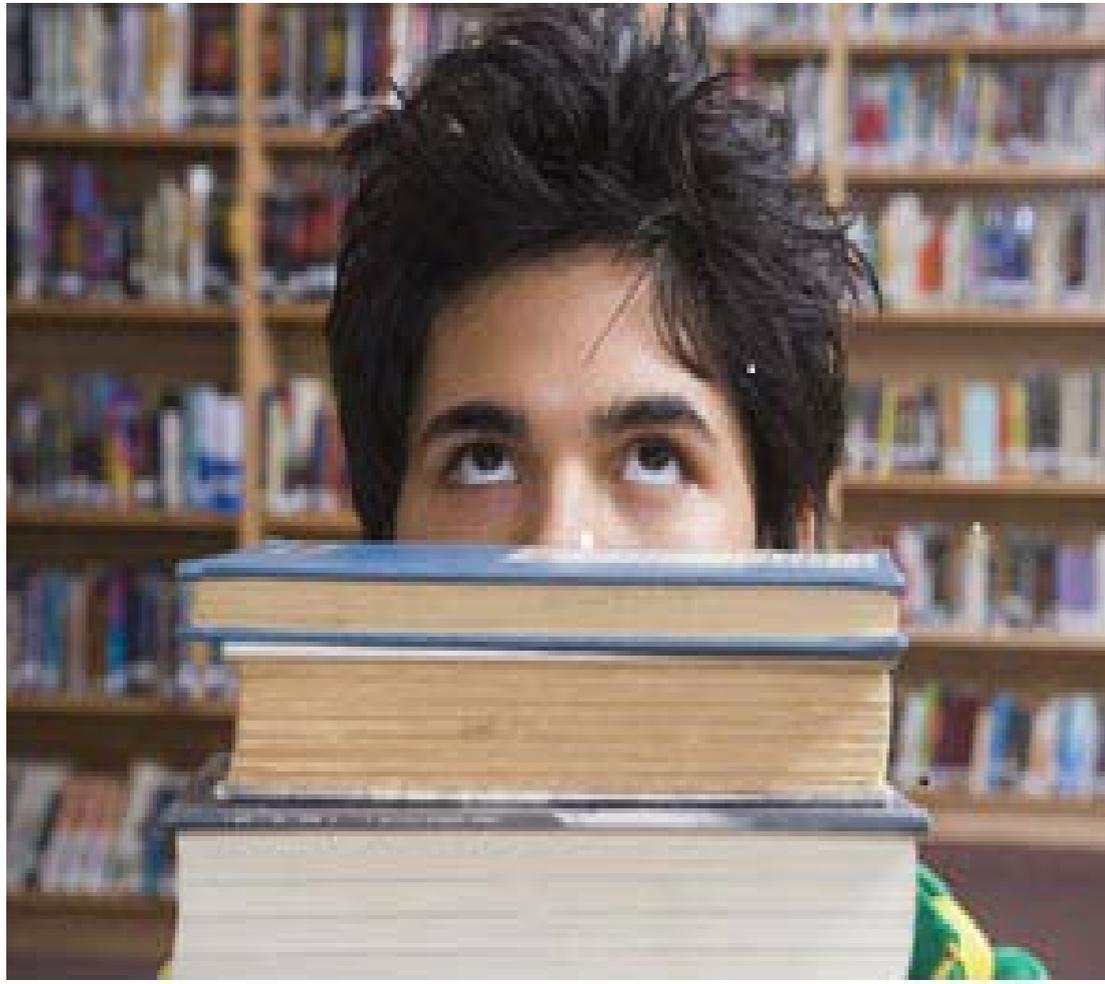


**Students should
expect to spend**

\$1137

per year

- College Board



26% of tuition @
public 4-year

72% of tuition @
comm. College

- **GAO**

“Student loan debt outpaced credit card debt for the first time last year and is likely to top a trillion dollars this year.”

**The
New York
Times**

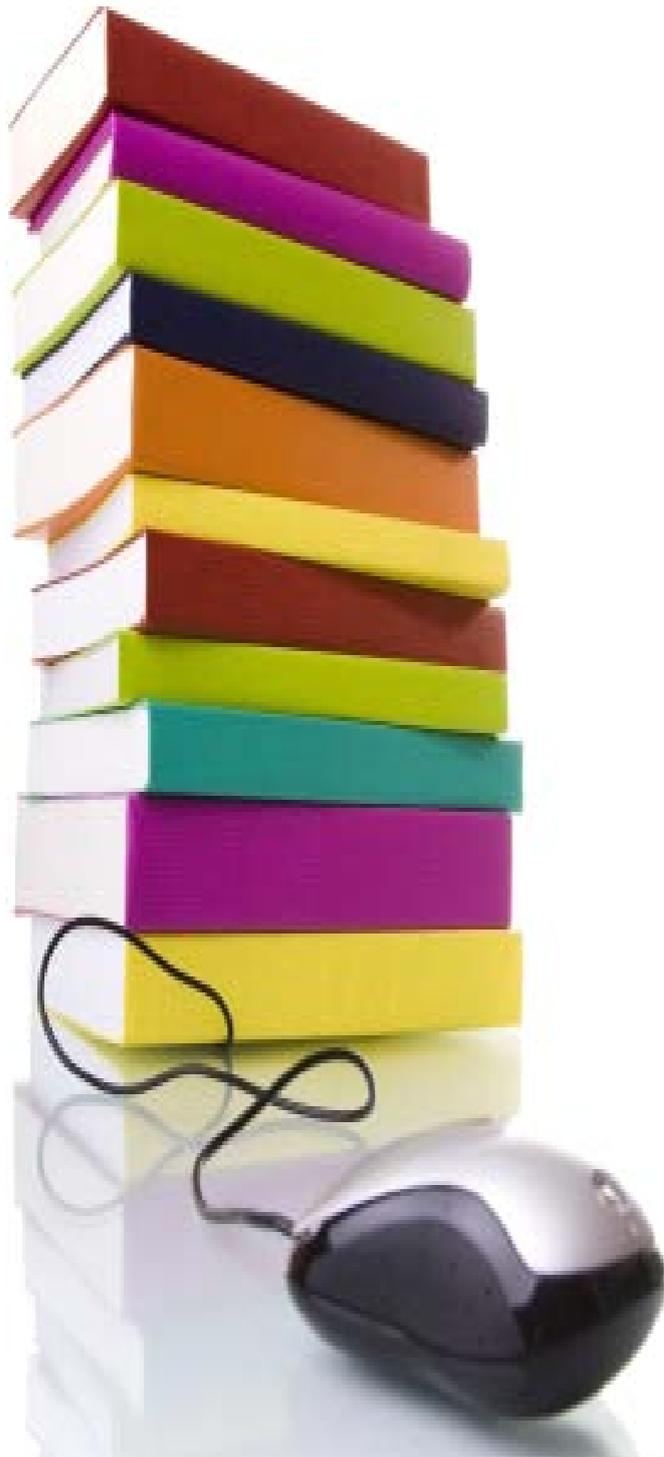




7 in 10 students surveyed hadn't bought a required text due to cost.

- *Student PIRGs*

Why 20MM is Involved



Excessive Textbook Costs

- Between 1986 and 2004 textbook prices rose 186% in the United States (double the rate of inflation)
- At community colleges, textbooks can comprise 75% of the total cost of school.
- The average textbook costs 20% more in the United States than it does in the United Kingdom.
- When a new textbook edition is published, it is 12% more expensive than the previous textbook edition.
- “New” editions cost 45% more than used old editions.
- Average length between publishers issuing “new” editions is 3 years.
- Five conglomerates control 80% of textbook production in the U.S.

Cal Grant B: Publisher's Billion Dollar Fund

Taxpayers



Cal Grant B:
\$200 Million

Students



Publishers



Cal Grant B: Publisher's Billion Dollar Fund

Publishers



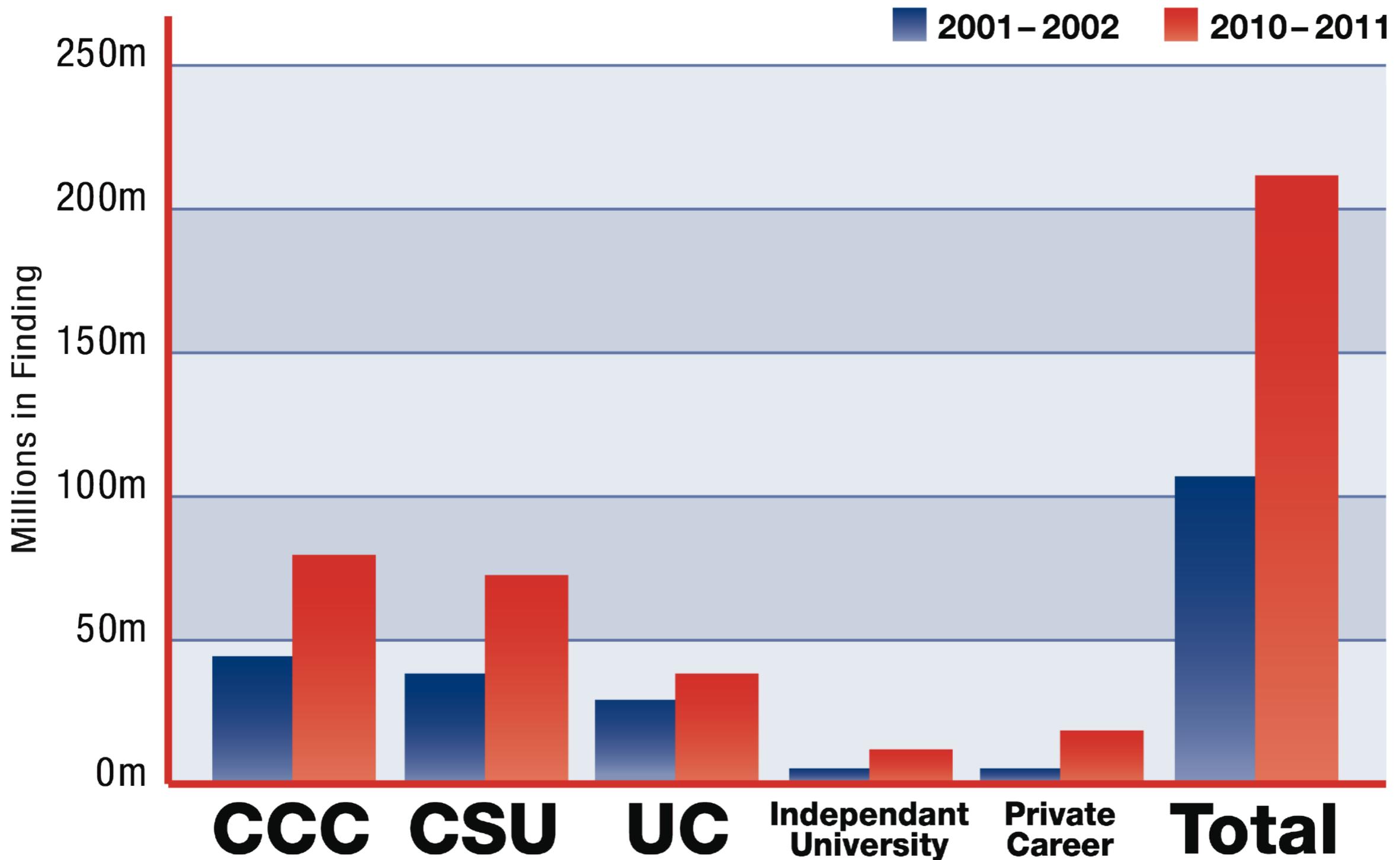
- **Record Profit: \$4 billion in 2010**
- **Cal Grant B voucher system ensures lock-in.**
- **6 Publishers control 86% of total market.**

Publisher Practices

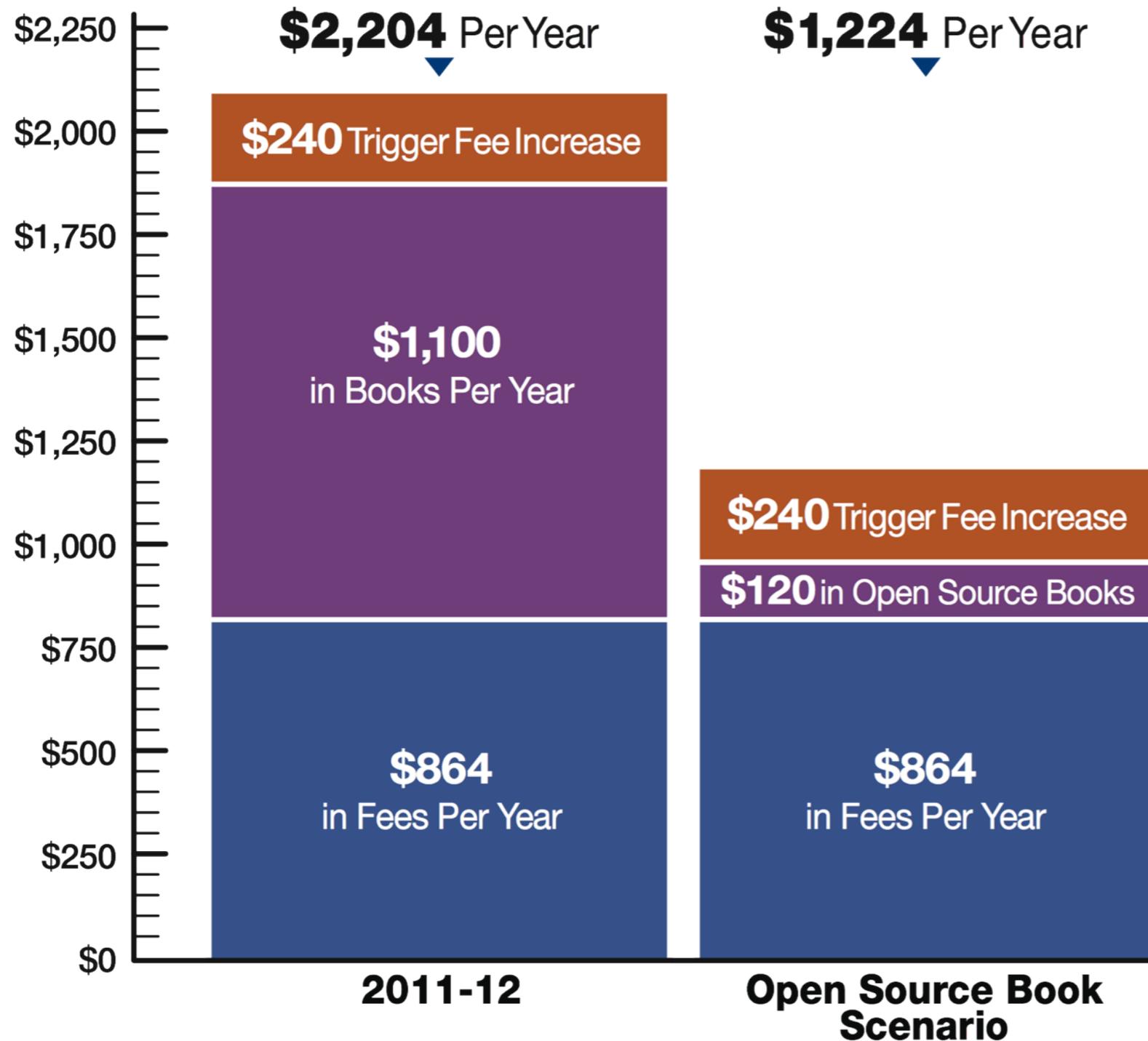


**Record
Profits**

Cal Grant B 10 Year Funding Increases



California Community Colleges

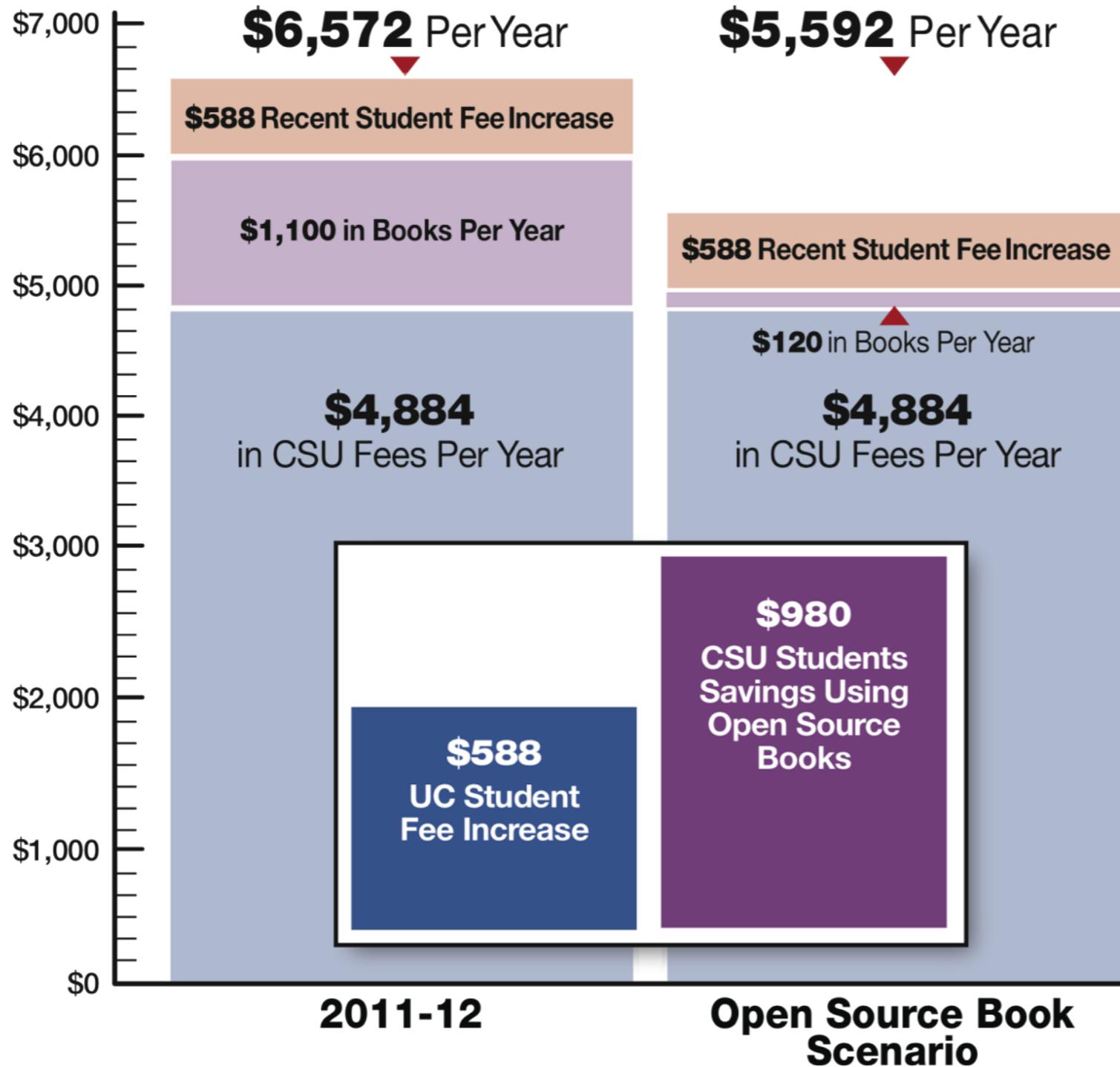


Savings for Students

- ▶ 45% cost reduction for every student every year.
- ▶ The \$240 fee increase is covered 5 times over with savings from open books.
- ▶ \$980 savings per year for the student.
- ▶ The \$980 savings nearly pays for the student fees itself.



California State University

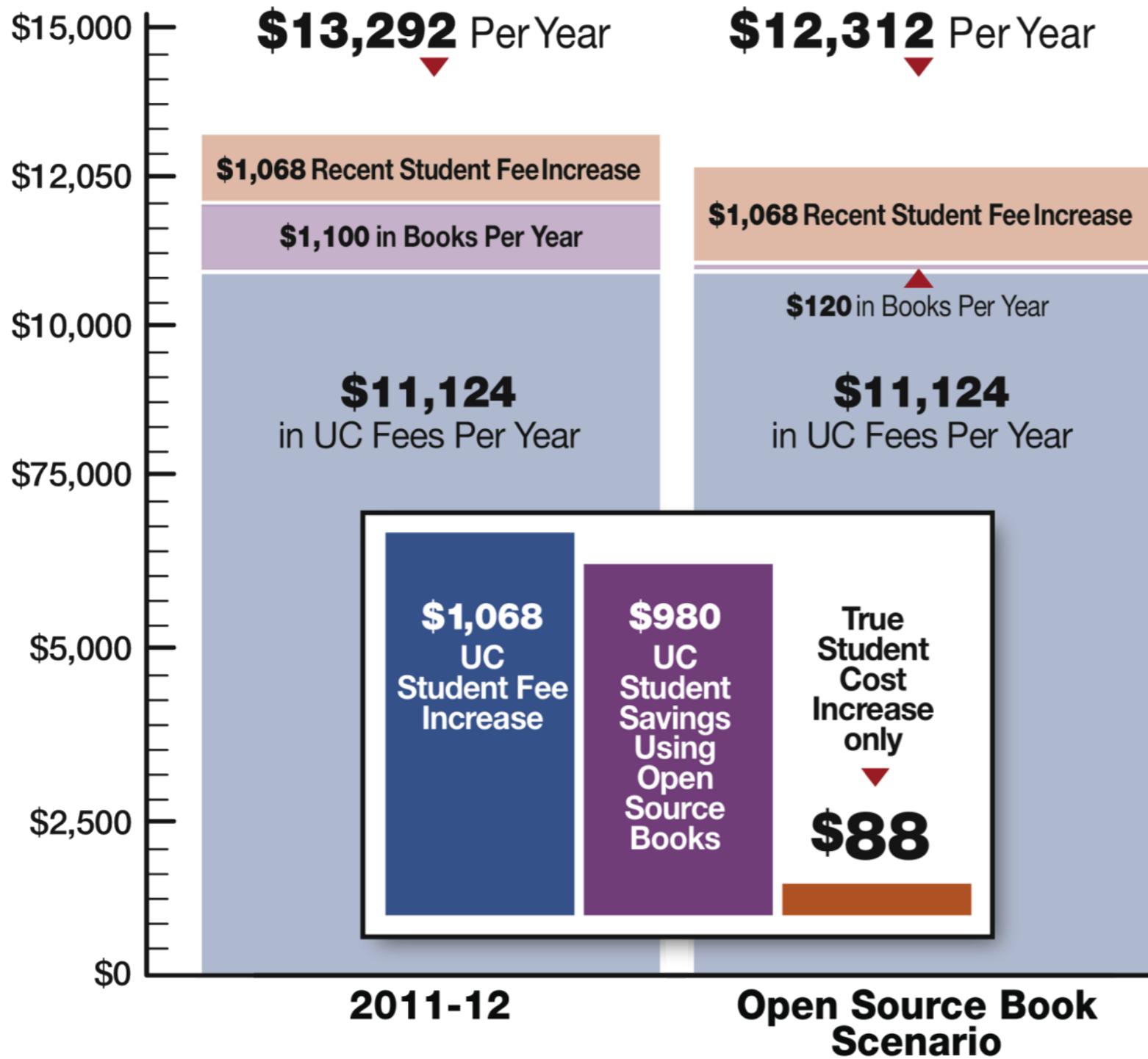


Savings for Students

- A 15% decrease in costs for lower division CSU students offsets the 12% increase by CSU Trustees.
- The \$588 fee increase is nearly covered 2x with savings from open books alone.
- Students save \$932 even with a student fee increase by purchasing open source books.



University of California



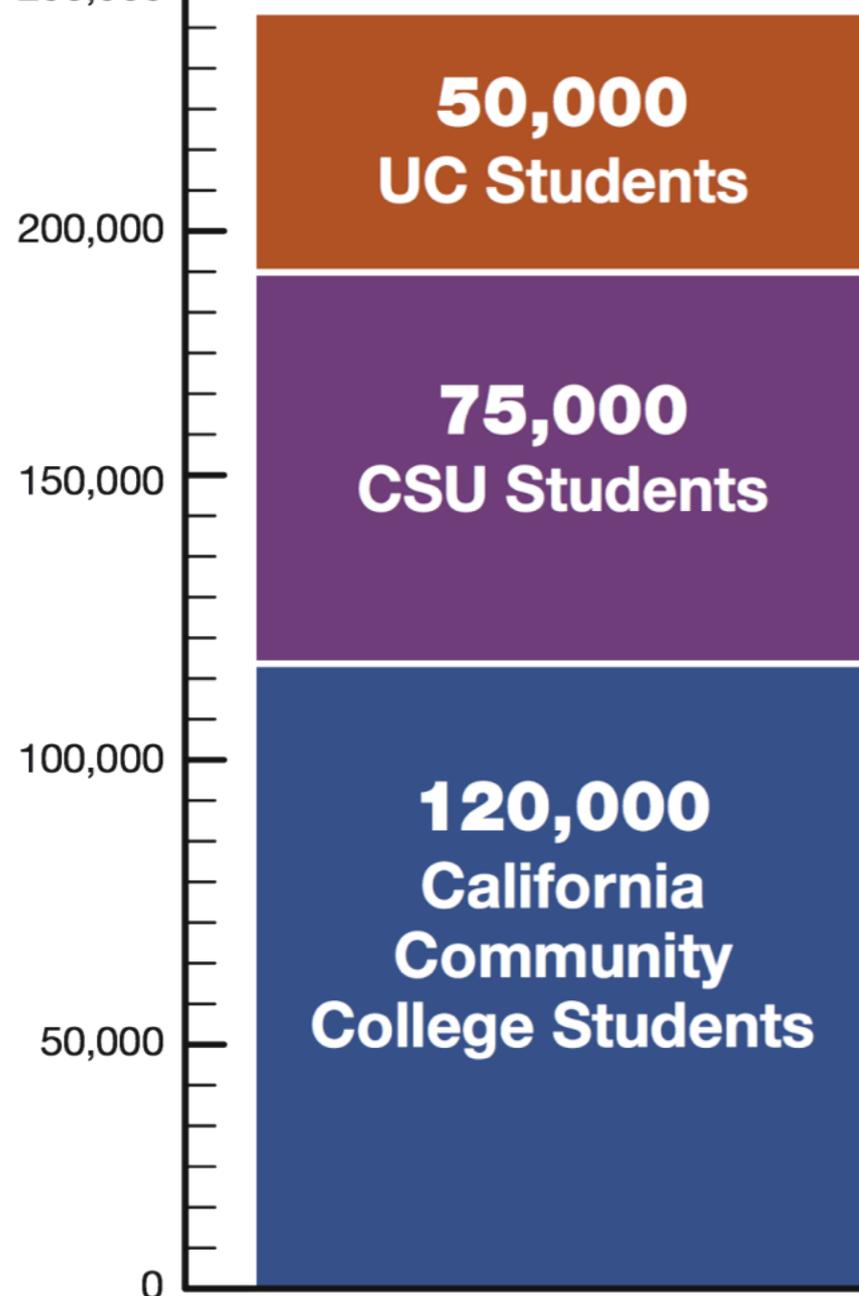
Savings for Students

- A 7.3% decrease in costs for lower division UC students offsets the 9.6% increase by Regents.
- The \$1,068 fee increase is nearly covered with savings from open books alone.
- 92% of the recent student increase is offset with open book program.



One Course - One Year - One Purchase

2010 Academic Year

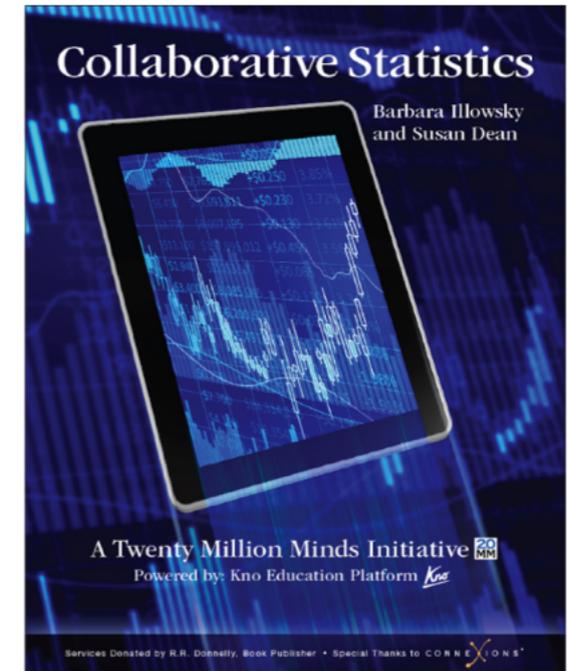


254,000 Students took the General Statistics Course

Estimated Average Spent:

- New: \$36 Million
- Used: \$21 Million
- Publisher E-Book: \$14 Million

“Free up \$30 Million Dollars in student costs for just one course. Imagine 25 Courses?”

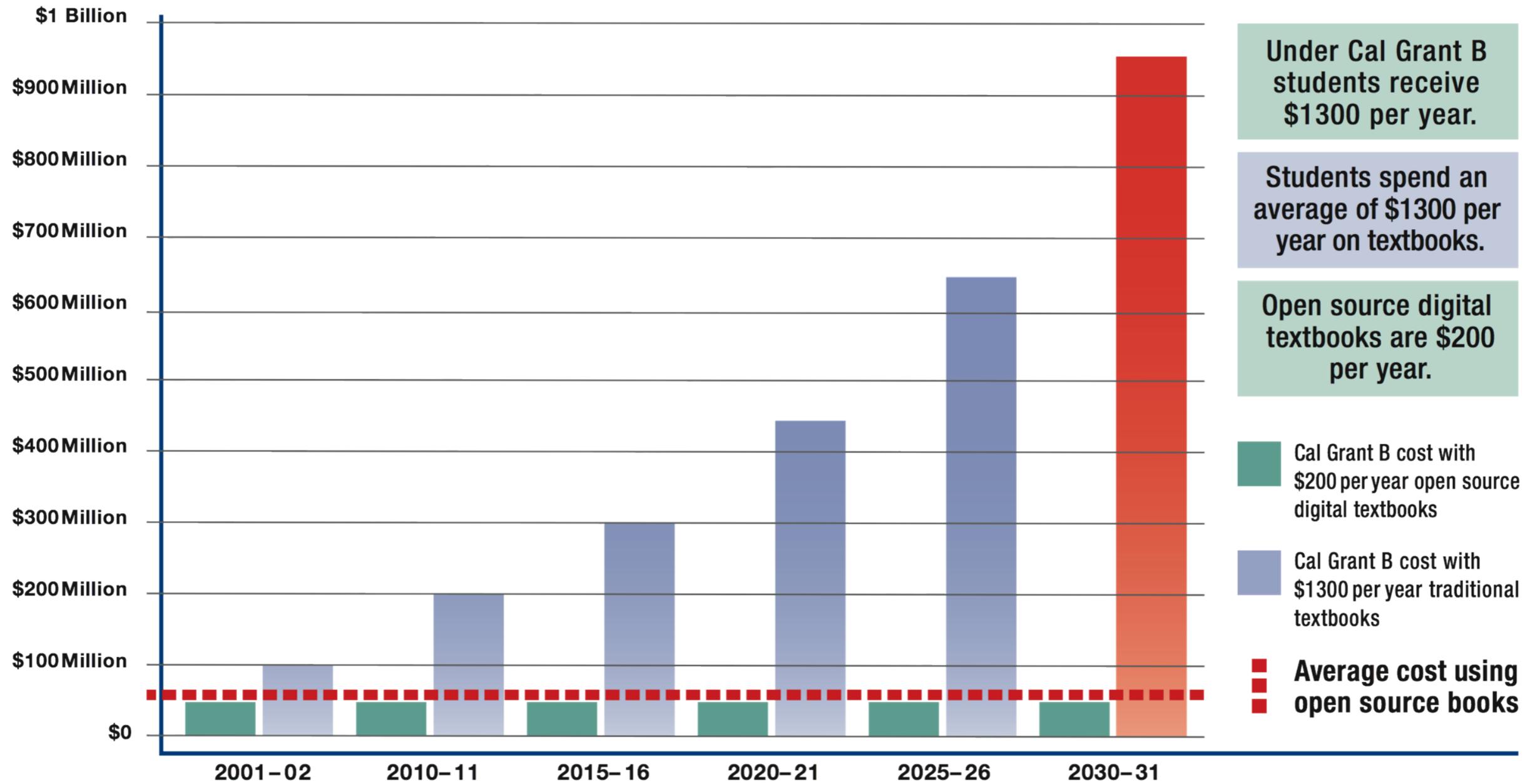


Total Cost to UC, CSUS and Community Colleges:

- PDF on Web: **\$0 Free**
- Enhanced Interactive: **\$4.9 Million**

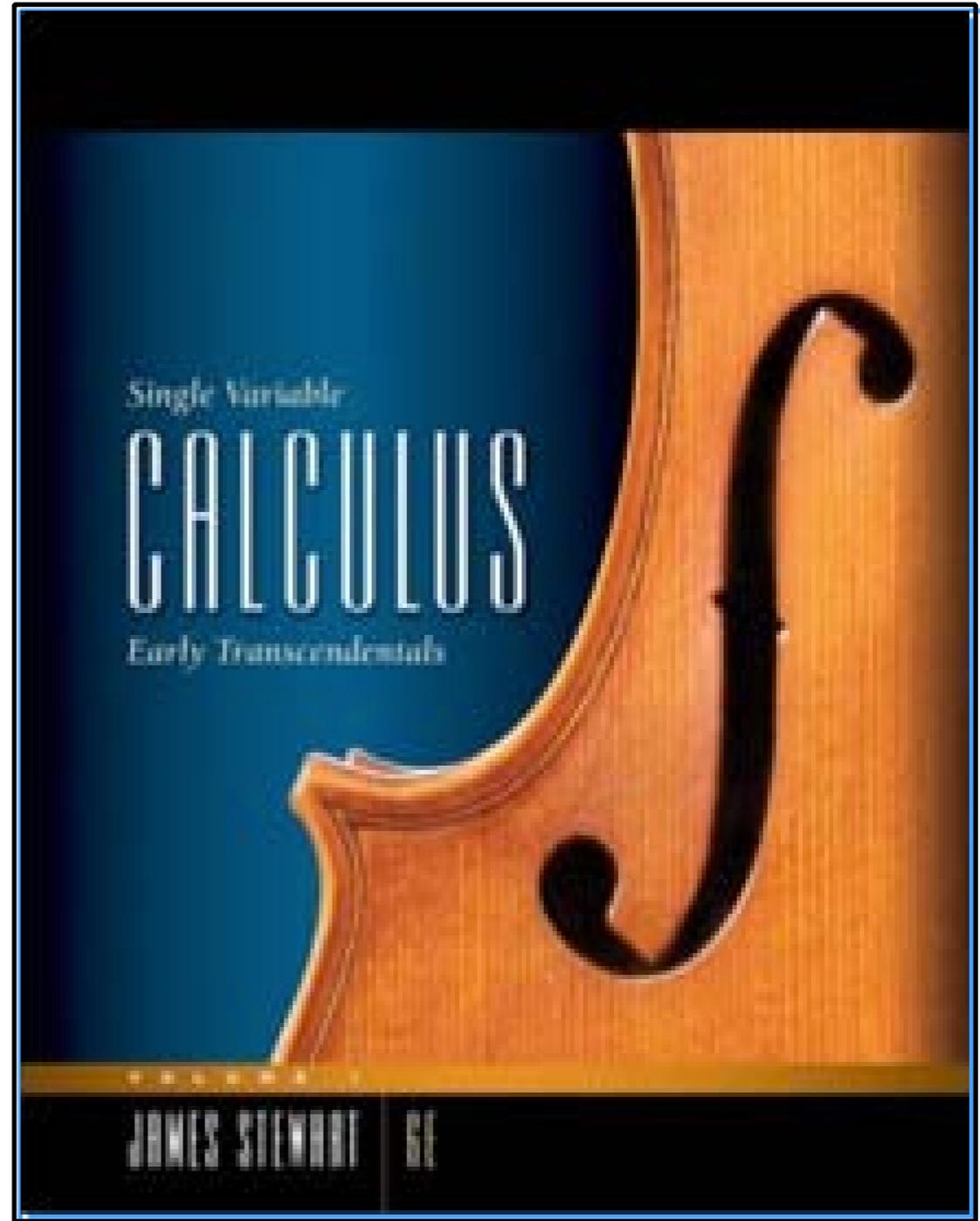
Cal Grant B Projected Savings

Cost savings: 9 billion over the next 20 years



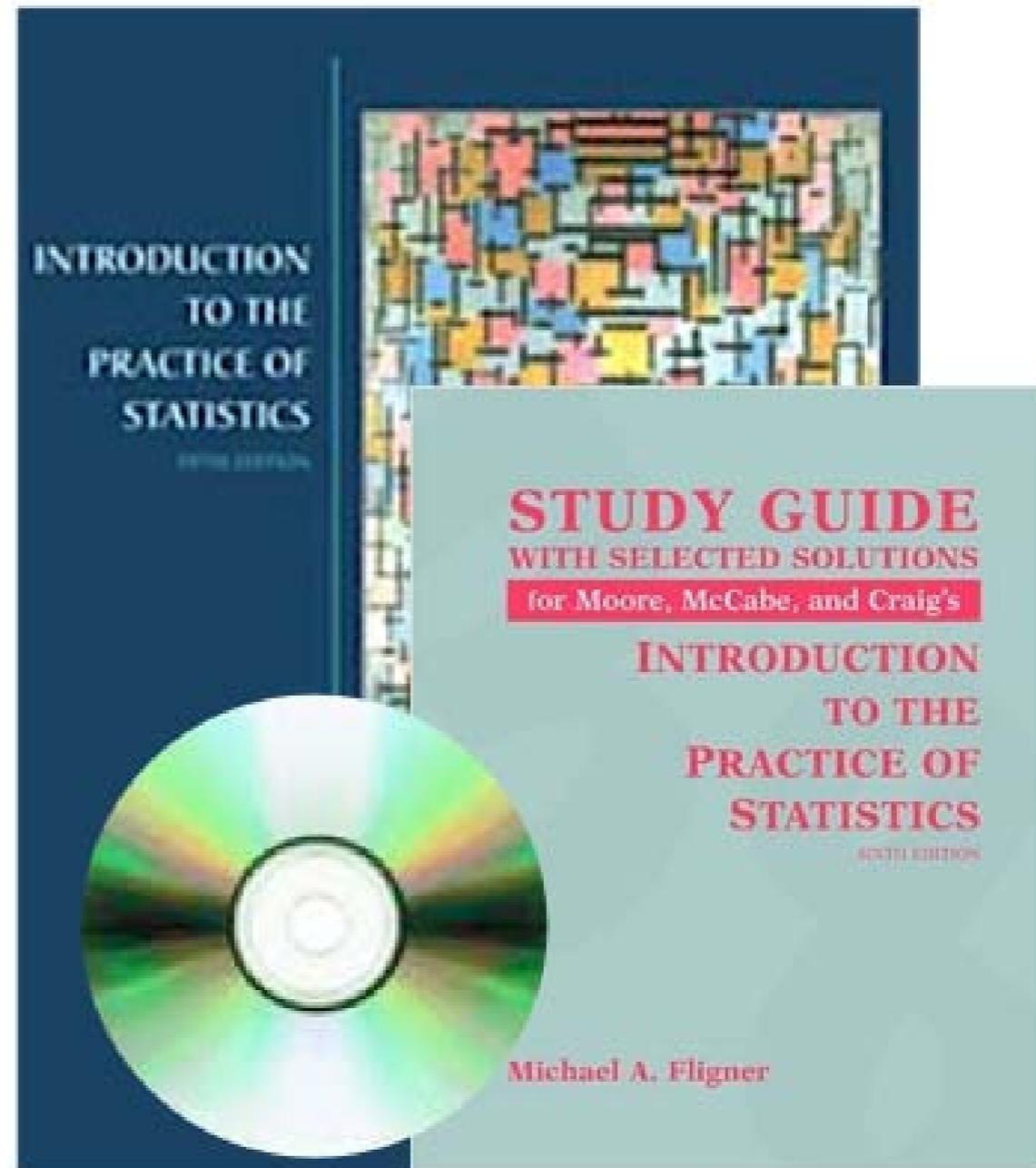
Publisher Practices

**Unnecessary
New Editions**



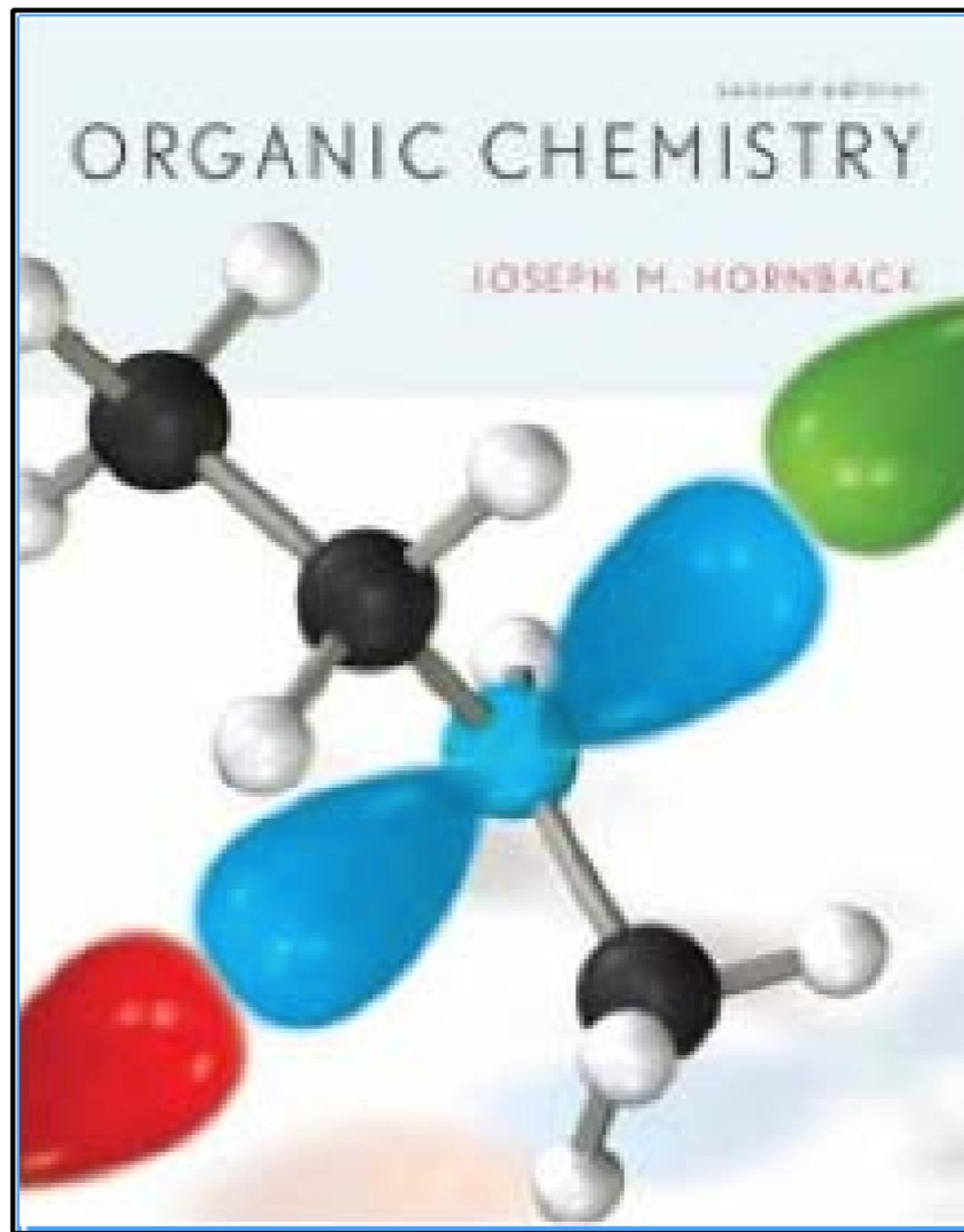
Publisher Practices

Costly
Bundles



Publisher Practices

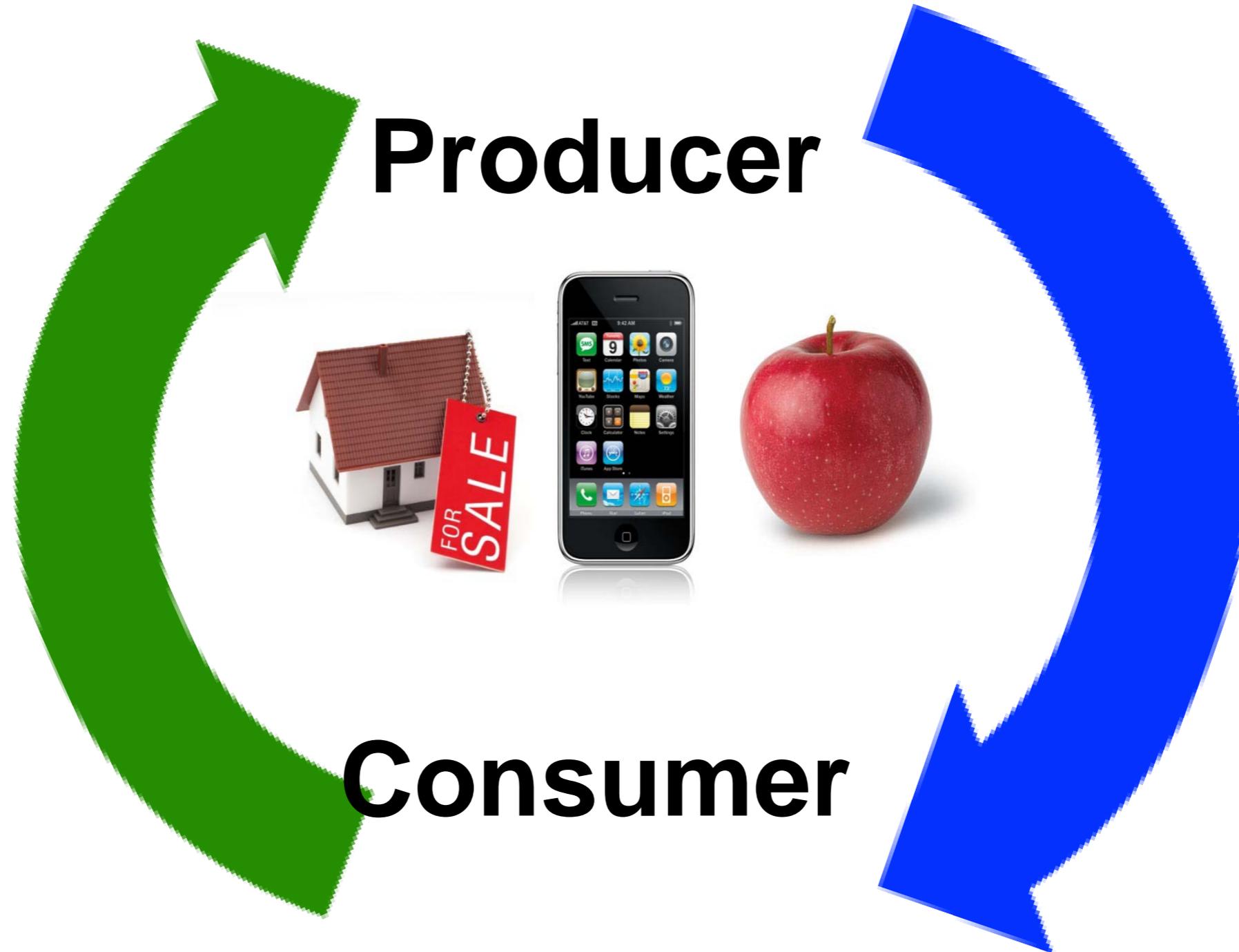
Limited
E-Books



Market Failure



Market Failure



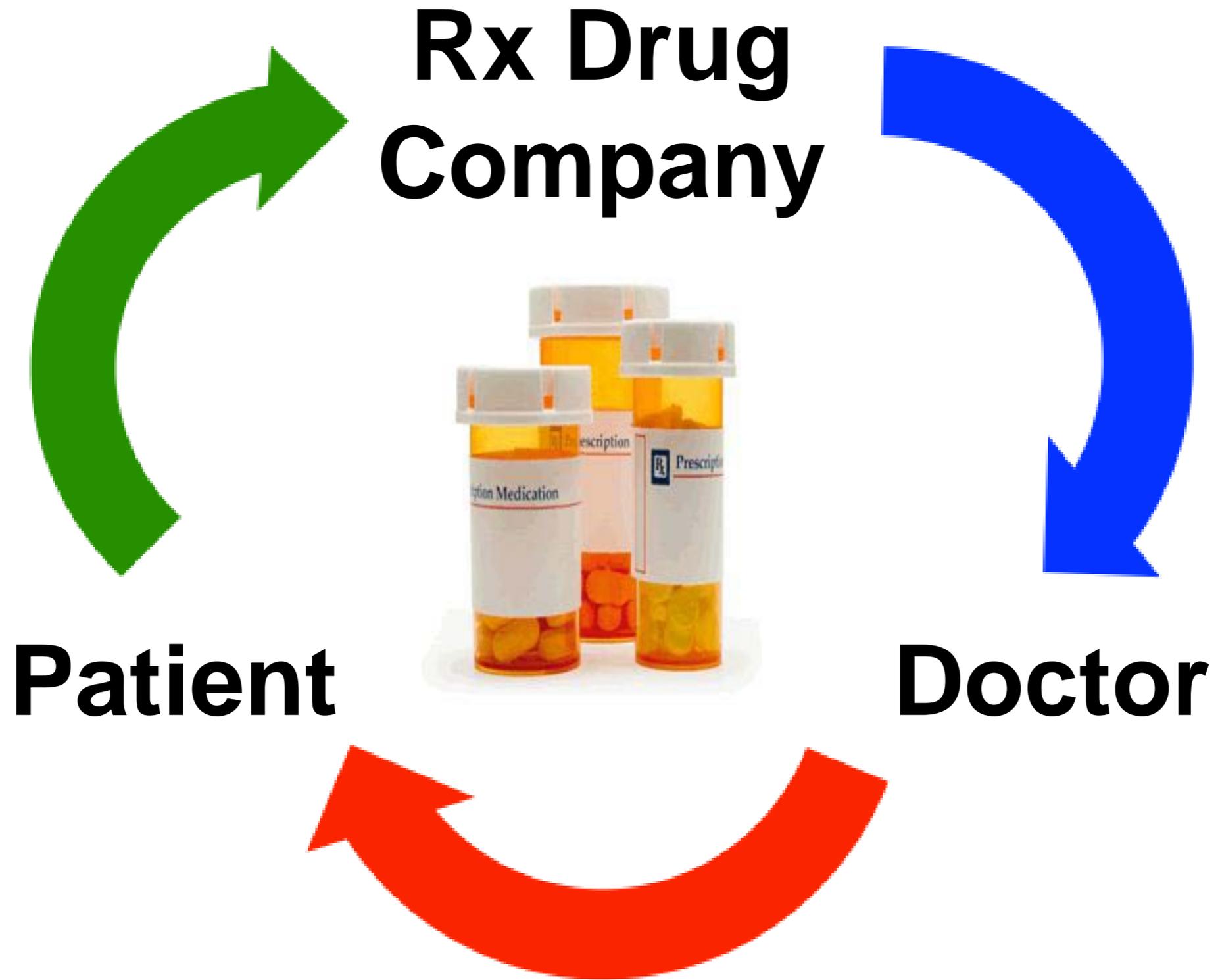
Market Failure



Market Failure



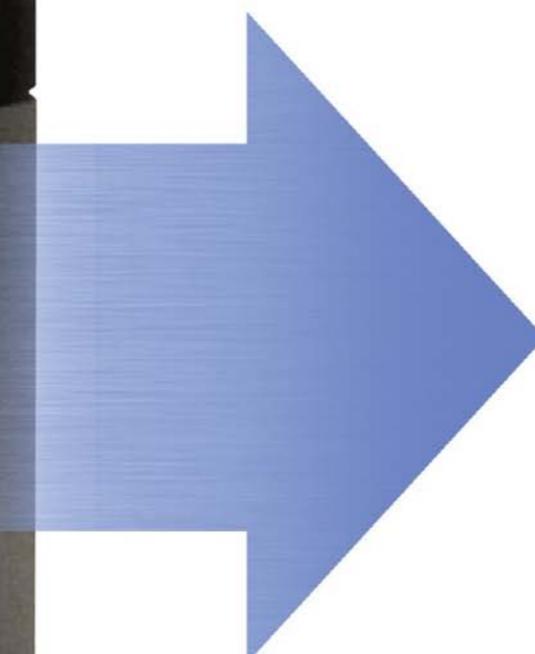
Market Failure



Technology is Moving Fast!



1986 Cell Phone



Today's Cell Phone



Today' Lap Top

Education is at a Crossroad

Whenever

Wherever

Whatever



A Massive Power Shift



24 Hours.
minute

The amount of video uploaded to YouTube every

2 Billion.

The number of YouTube videos viewed per day.



4 Billion.

The number of images hosted on Flickr.

Congress.

That's 13 times more than the Library of



27 Million.

The average number of "tweets" per day on Twitter.

7 Hours.

The time it took for LeBron James to amass first

150,000

Twitter followers.



500 Billion

Amount of Minutes spent per MONTH on

Facebook.

Minutes

With over 500 Million users, would be 3rd most populated country in the world.

Digital Generation Pull

Digital Native



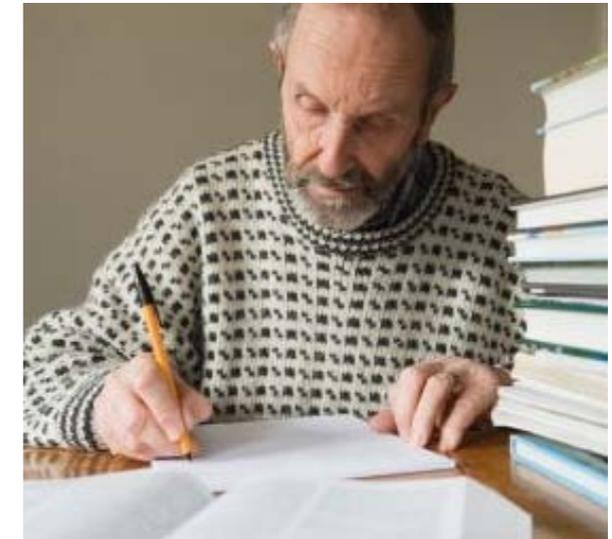
- whatever
- whenever
- wherever
- multi-task
- networked
- trans-media navigators
- crowd wisdom

Static content transformed
by dynamic participation



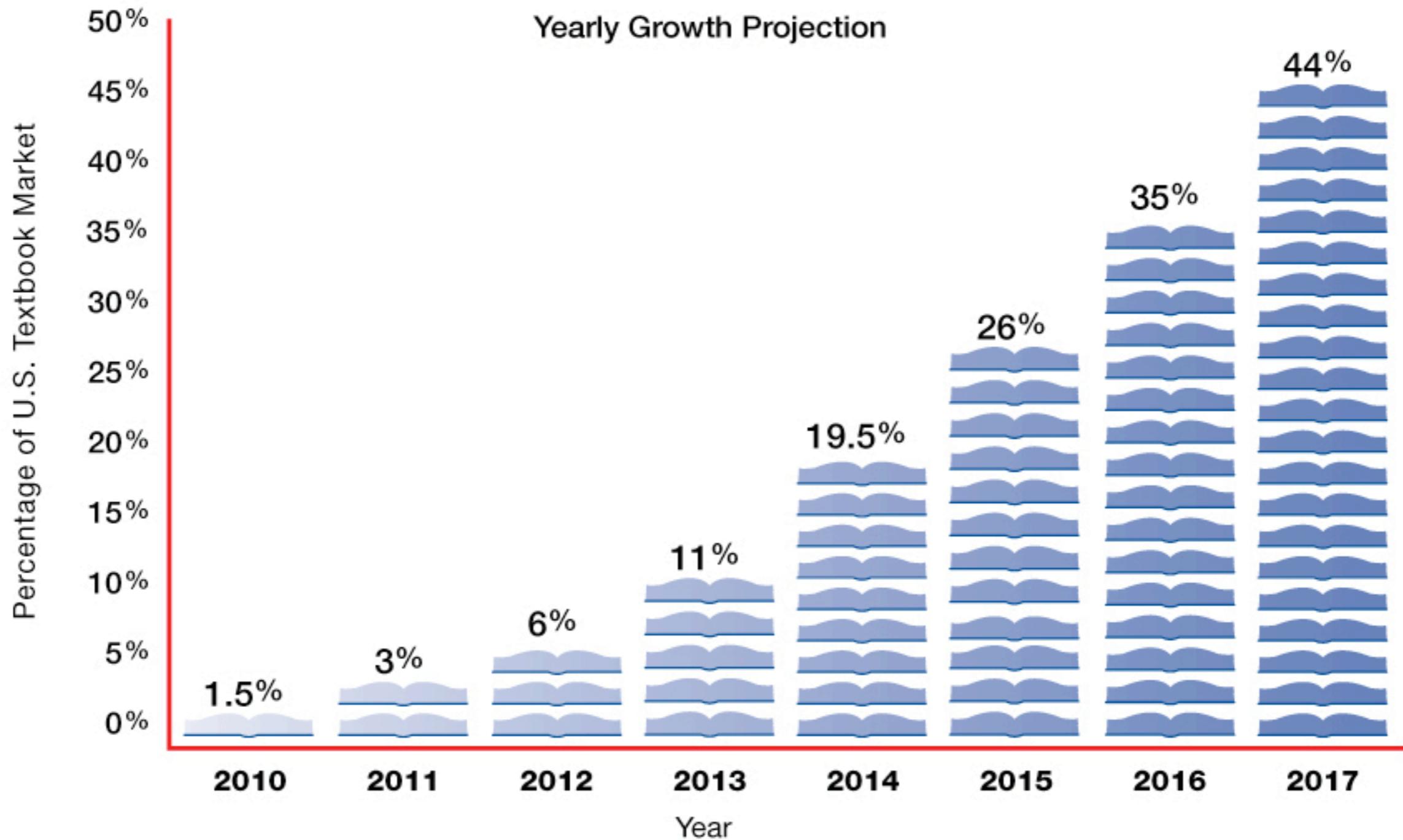
Rise of personalized learning
leveraged off instructors and students

Digital Immigrant



- specific information
- limited availability
- institutional access
- single focus
- proprietary users
- proprietary platform users
- expert driven

Digital Textbook Sales



A Digital, Online World

- The past two years have seen a relentless migration to online content formats and delivery.
- Self-paced eLearning products and services reached \$18.2 billion in 2010.
- Growth rates in on-line segments like higher education are growing nationally at 16.8 percent per year. Nearly 20 percent in our California Community Colleges.
- On-line college courses will equal the number of students who attend classes in traditional classroom by 2015.



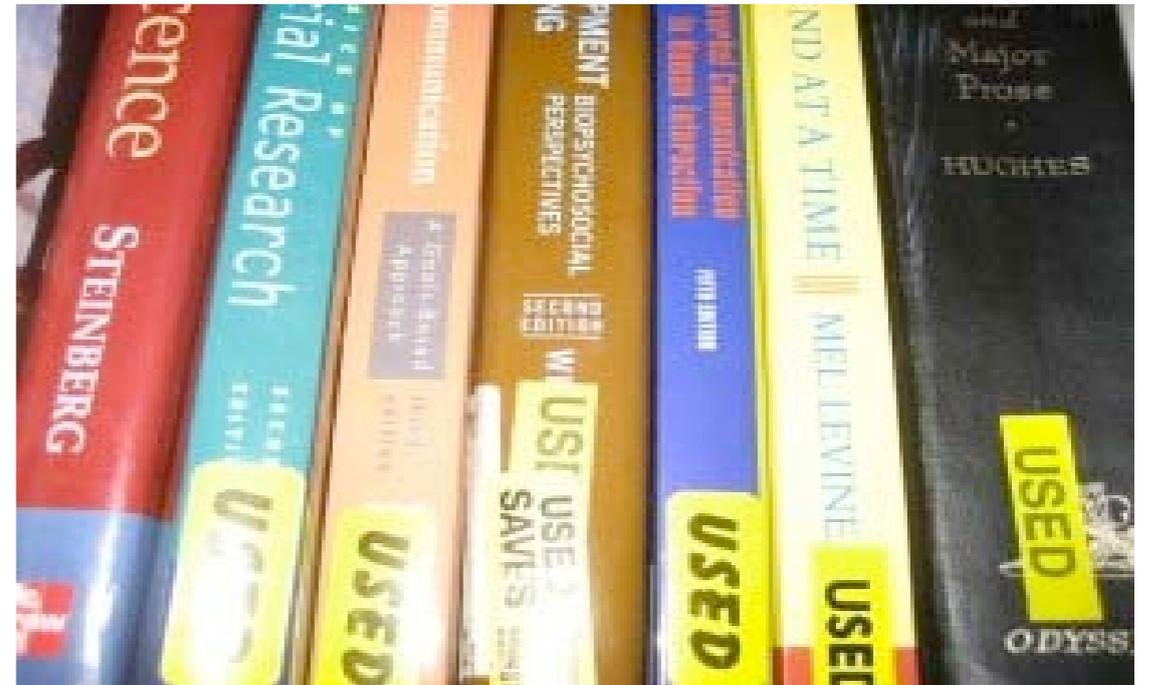
A Digital, Online World

- There has been a 5 year spike nationally and a 19 percent yearly increase in on-line courses California Community College since 1999.
- University of Phoenix, Kaplan and Western Governors University drew from our traditional community college population in record numbers in 2010.
- Growing trend for turn-key preloaded on-line portals with targeted vertical content: both certification and licensure content.



Used Books

- 75% the new cost in the bookstore
- 60% of the new cost online
- Buy from friends, classmates



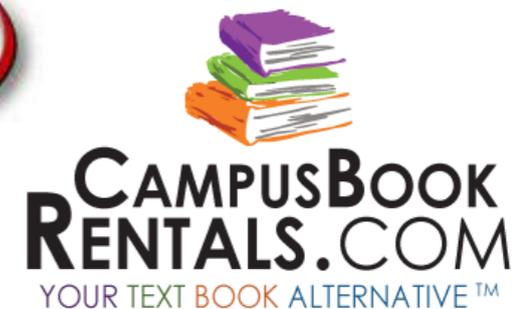
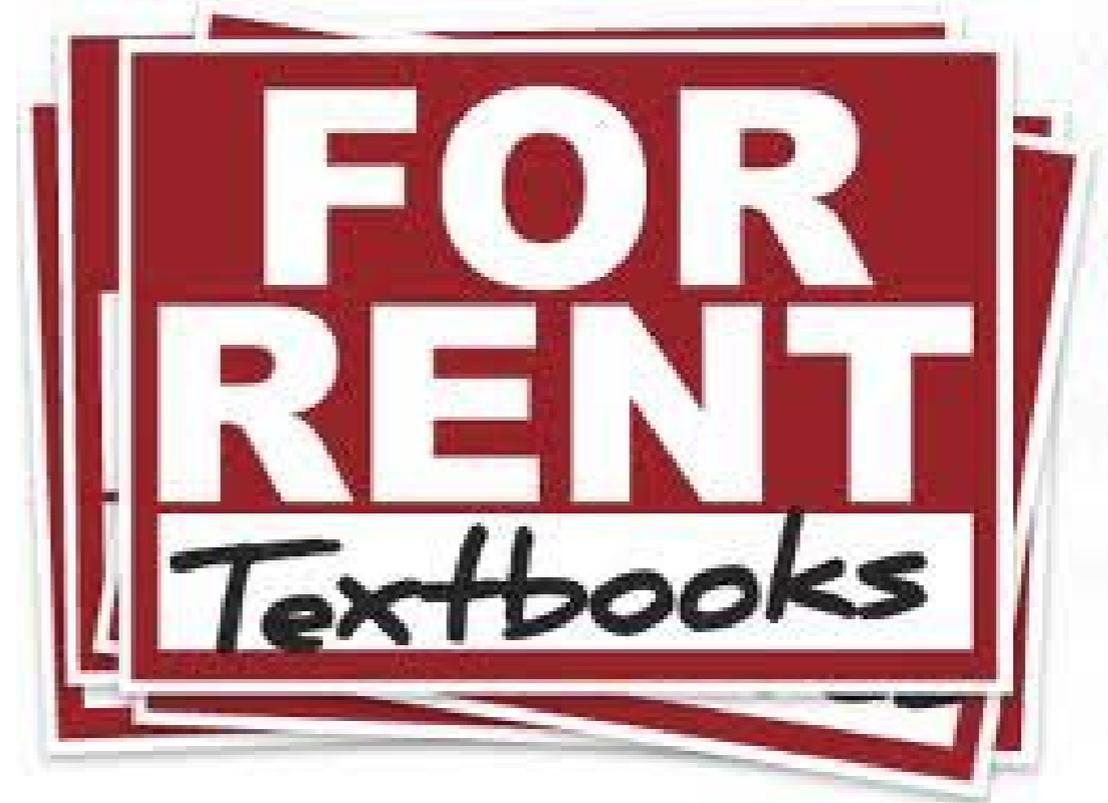
amazon®

ebay®



Renting

- 40% of the new cost per semester
- Online or on campus (new)
- Up-front savings, no buyback blues



E-Books

- **50% of the new cost (in print)**
- **Usually a 180-day subscription**
- **Some limits on printing and access**



vitalsource



BARNES & NOBLE
BOOKSELLERS

E-Readers

- Many different devices available
- Cost \$379- \$1000+
- Additional cost for content



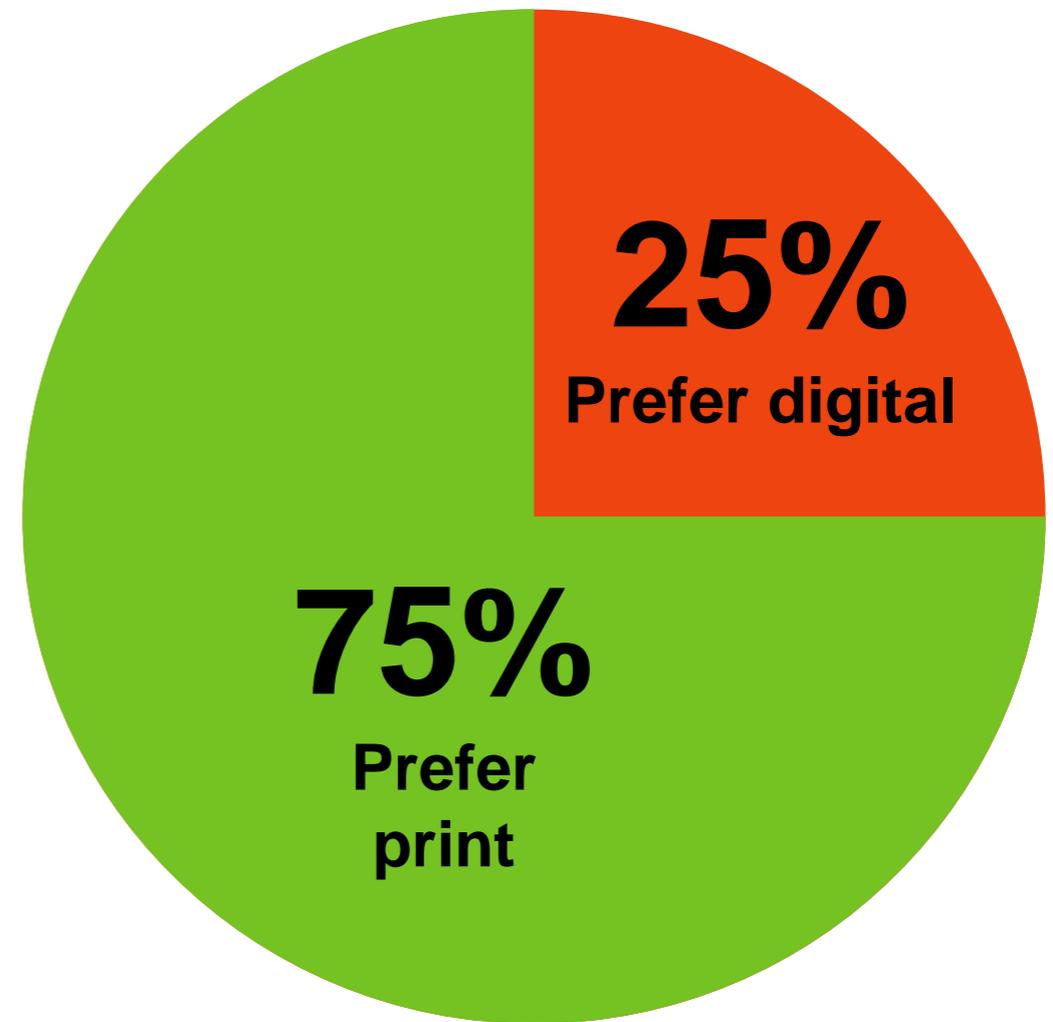
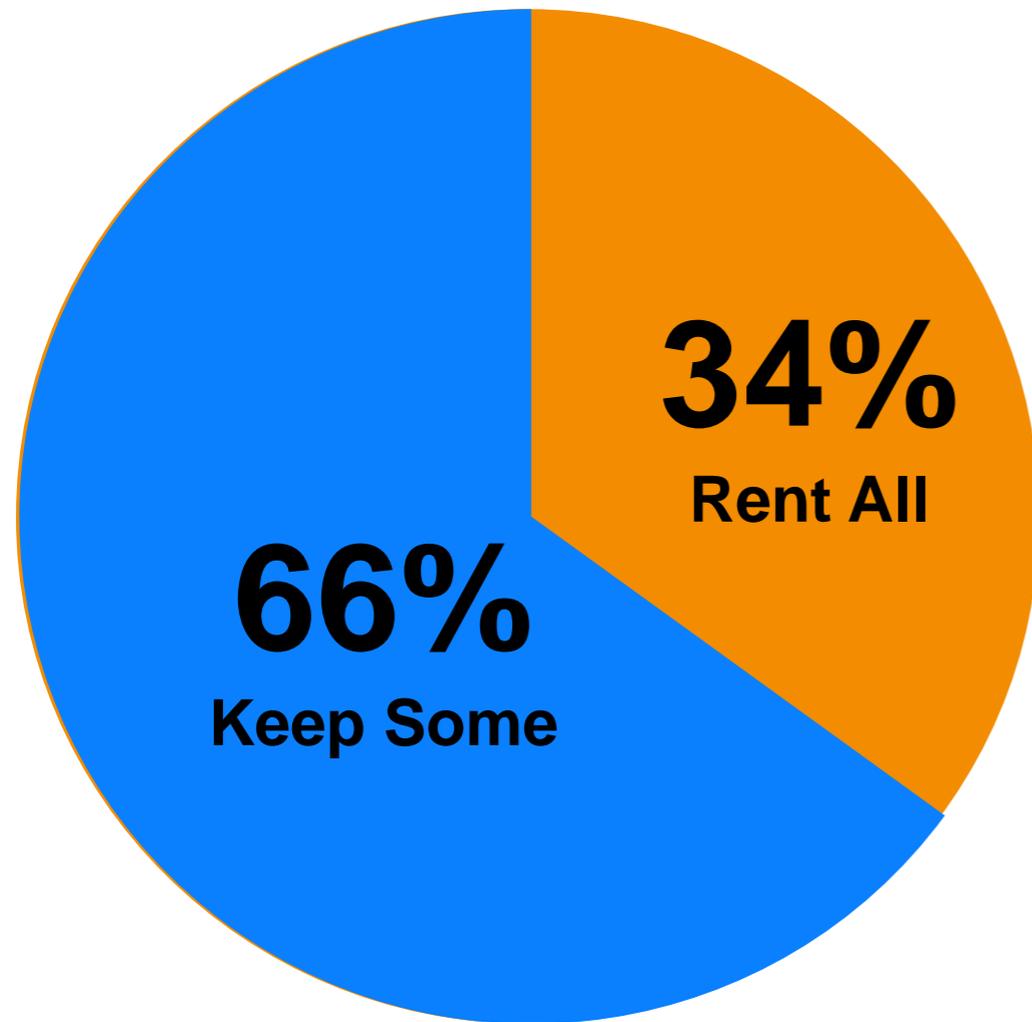
iPad

*Kno*TM

enTourage
eDGeTM

amazonkindle

Student Preferences





**We can do better
than that.**

Open Educational Resources



“Educational materials offered under a license allowing the public to freely use, adapt and distribute the content”

Open. Shared. Public.

Homework

Syllabi

Labs

Assessments

Lecture

Notes

OER

Videos

Textbooks

Tutorials

Exercises

**What does “open”
actually mean?**

Open Licensing



vs.



**Some Rights
Reserved**

**All Rights
Reserved**

Open Licensing

Rights:

- **Freely use the work**
- **Adapt, remix, revise the content**
- **Create and distribute copies**

Conditions:

- **All: Credit the author**
- **Some: Share under same license**
- **Some: Use must be not for profit**

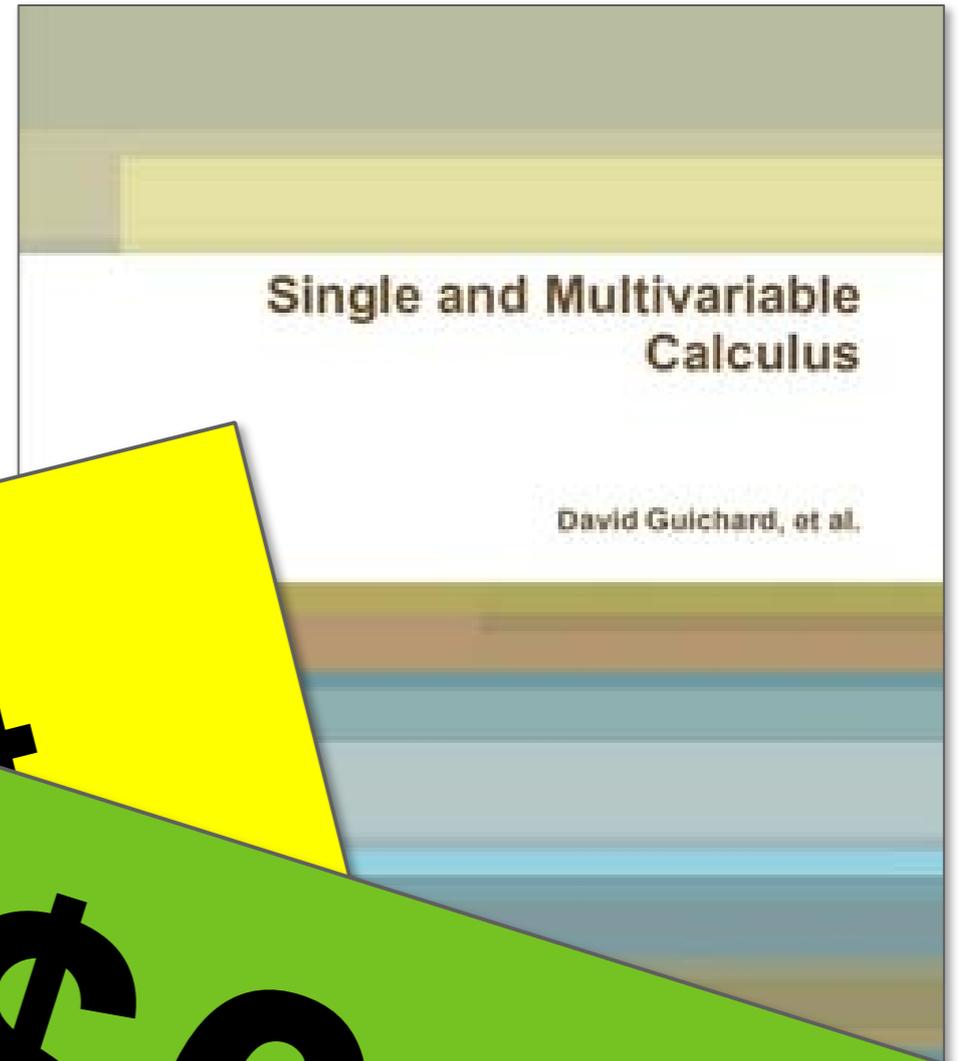
Open Writing Textbook



\$25 print

\$0 pdf

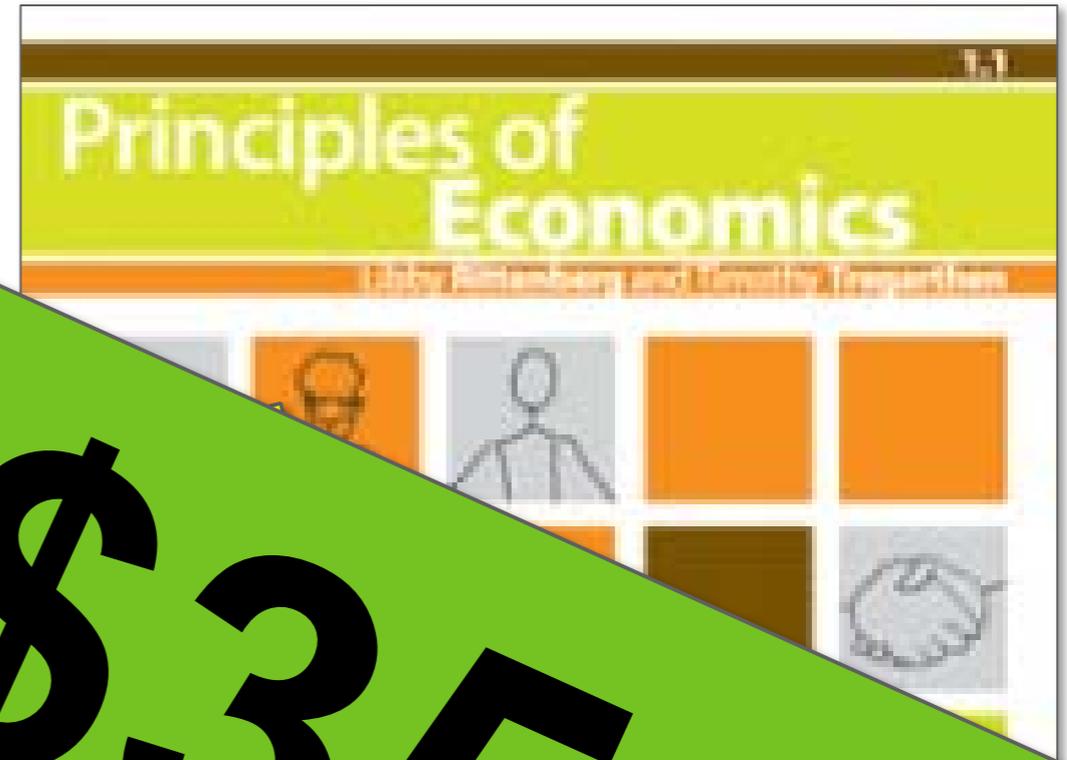
Open Calculus Textbook



\$12 print

\$0 pdf

Open Econ 101 Textbook



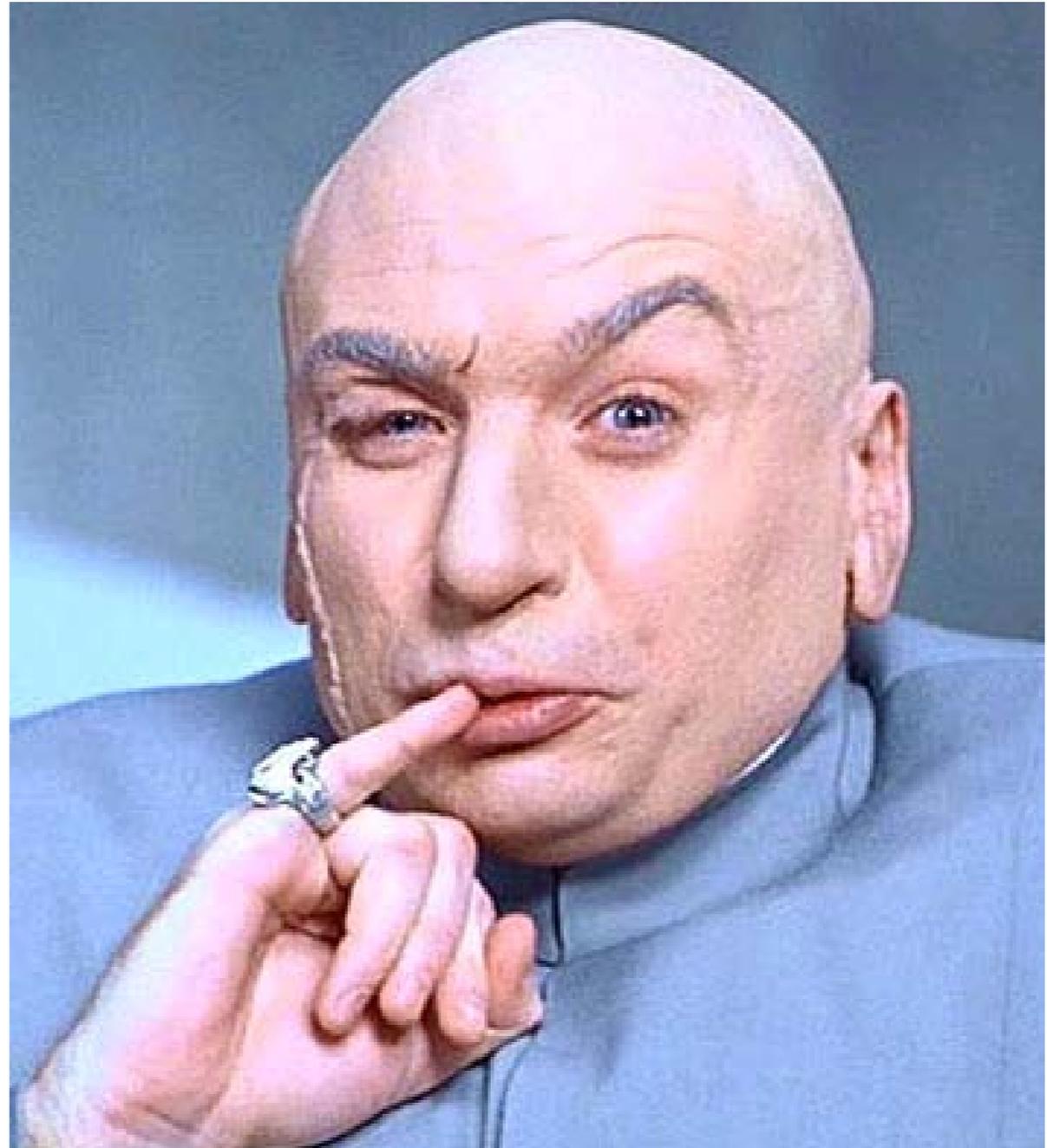
\$45

\$35

\$0 html

pdf

**What's
the
catch?**



**There
isn't
one.***



*** Obviously there are still some challenges.**

What is an Open Textbook?

Open educational resources

(OER) means teaching, learning, and research resources that reside in the public domain or have been released under an intellectual property license that permits their free use or repurposing by others.* An open textbook is a type of open education resources.



<http://www.federalregister.gov/articles/2010/08/05/2010-19296/secretarys-priorities-for-discretionary-grant-programs#p-106>

Revenue Comparison: Open vs. Closed Textbooks

Price Per Unit				Used	Converted
	Price Distrib.	Designer Textbook	Open Textbook	Designer Textbook	Open Textbook
Student Pays	100.0%	\$150.00	\$91.61	\$112.50	\$41.75
Retailer Receives	25.0%	\$37.50	\$0.00	\$84.38	\$0.00
Wholesaler Receives	5.0%	\$7.50	\$0.00	\$5.63	\$0.00
Printer Receives	20.0%	\$30.00	\$30.00	\$0.00	\$30.00
Publisher Receives	50.0%	\$75.00	\$61.61	\$0.00	\$11.75

Cost Comparison: Open vs. Closed Textbooks

Assuming the same costs.



		Designer Textbook	Open Textbook	Designer Textbook	Open Textbook
Publisher Costs					25% Update
Research and Writing		\$6.76	\$6.76	\$0.00	\$1.69
Author Review Changes		\$0.75	\$0.75	\$0.00	\$0.19
Developmental Editors		\$8.04	\$8.04	\$0.00	\$2.01
Developmental Artists		\$2.39	\$2.39	\$0.00	\$0.60
Vetting		\$2.00	\$2.00	\$0.00	\$0.50
Design Artists		\$2.00	\$2.00	\$0.00	\$0.50
Copy Editor		\$0.75	\$0.75	\$0.00	\$0.19
Checking / Rechecking		\$1.30	\$1.30	\$0.00	\$0.33
Production Setup		\$3.00	\$3.00	\$0.00	\$0.75
Publisher COGS		\$27.00	\$27.00	\$0.00	\$6.75
Publisher Gross Margin	64.0%	\$48.00	\$34.61	\$0.00	\$5.00
	\$41.75	\$34.50	\$34.50	\$0.00	\$5.00
Profit Before Taxes		\$13.50	\$0.11	\$0.00	\$0.00
Percent of Revenue		9.0%	0.1%	0.0%	0.0%
				Used	Converted

Sources: TAA Myths Flyer 2009 • SmartTrend Stock Analysis • Georg von Holtzbrinck GmbH publishing group

OER Models

Individuals

- **Wider distribution of work**
- **Sabbatical projects**
- **Personal motivation**



Robert Beezer

“The world didn’t need another linear algebra book. It needed a free one.”

linear.ups.edu

OER Models

Institutions

- Pool resources with other colleges with similar needs
- Pass policies supporting faculty use of OER



**Community College
Consortium for OER**

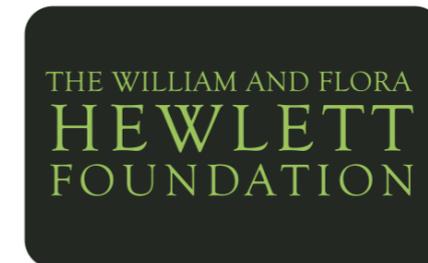
More than 200
colleges working to
review, create and
promote OER.

oerconsortium.org

OER Models Foundations

- Grants or prizes to OER authors
- Support the development of sustainable models

BILL & MELINDA
GATES *foundation*



OER Models

State Government

- Investment in OER to reduce higher education costs
- Federal investment in OER that improves access/quality
- Steinberg Legislation



WA recently launched OER library for its 81 largest courses.

The 1st year will save students \$1.3 million.

opencourselibrary.org

OER Models

Federal Government

- Invest in “generic” OER content that can be localized
- Require open license for all taxpayer funded resources

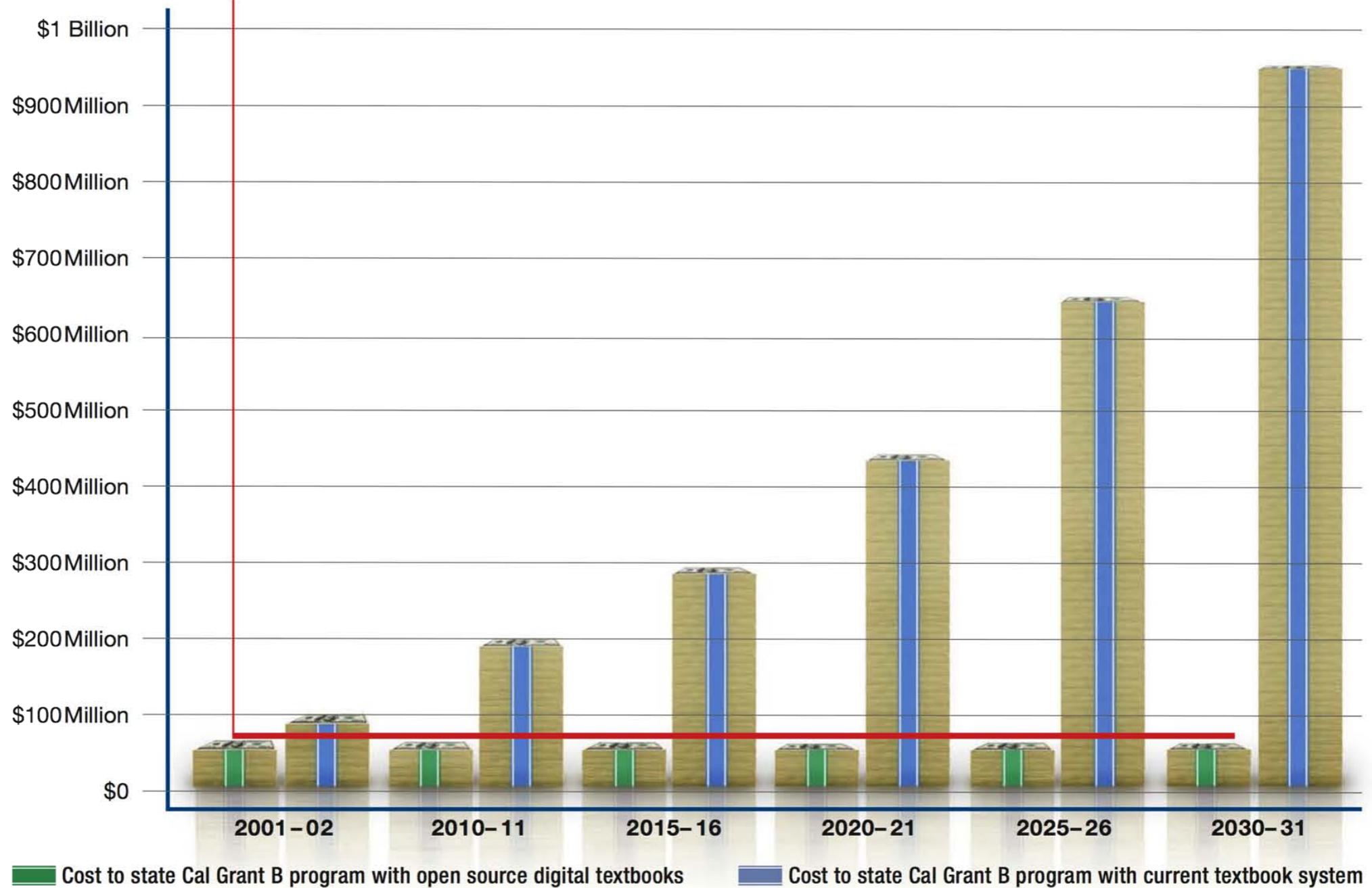


US Dept. of Labor created \$2 billion grant program to improve job training.

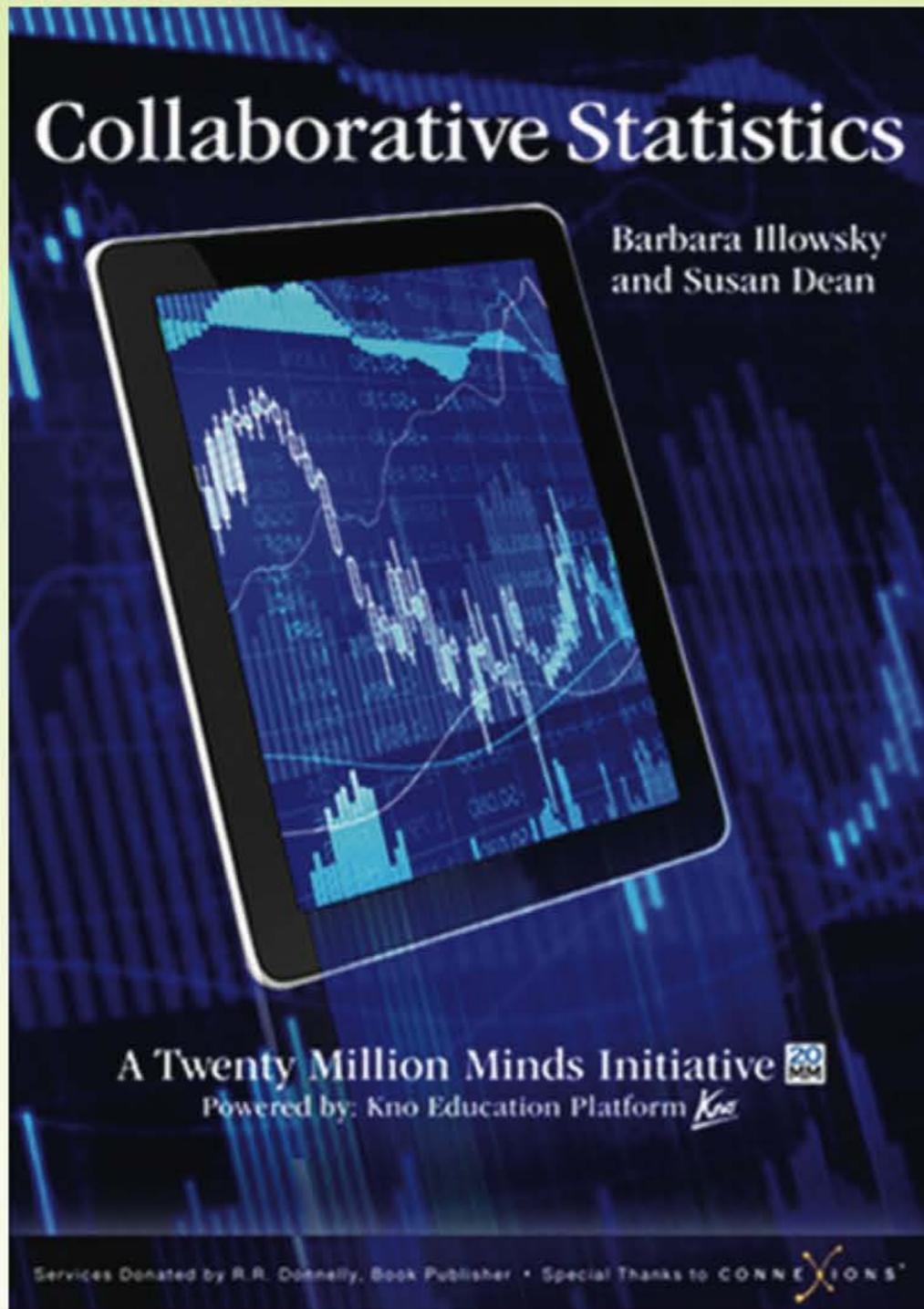
The first wave of grants required a CC BY license on all materials created.

Cal Grant B Projected Savings

Cost savings total \$9.359 Billion over the next 20 years



Announcing the First in Our Series



The not-for-profit **20 Million Minds Foundation** has collaborated with digital textbook software provider Kno to produce the first in a new series of “open source” digital textbooks which are intended to cover the top 25 courses taken by US undergraduates. “Collaborative Statistics” is currently available free of charge for an enhanced digital version, with features including highlighting tools, smart links, flashcards and video links.

20 Million Minds President Dean Florez, a former California Senate Majority Leader, estimates that, given the price of print textbooks for the average statistics course (\$150) and the large number of students taking statistics in our CA Community Colleges system (120,000 students), the adoption of this free Web 2.0 ebook would save students over \$10-\$15 million per year.

We hope that our outstanding faculty will consider using open source textbooks like Collaborative Statistics as they make their textbook choices for the next semester. Open source textbooks provide faculty the ability to remix, repurpose and reuse content. This provides greater academic freedom and ultimately more student-centric learning with more affordable peer-reviewed quality content.



The Digital Content Learning Curve

2014

Open and free educational content supply 10% of the education marketplace

2015

Digital textbooks represent 25% of learning content

2017

Average amount spent on textbooks declines by 25%

2016

60% of students over 15 possess tablet devices

2019

Revenue from content services reaches 35% of market

2018

Two of the top five learning content providers are not textbook publishers

2020

For-profit schools make up 25% of Higher Education