

Potential Online Textbook Initiatives

Scholarly Publishing Office

University of Michigan Library



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1) Executive Summary

1.1 Introduction

This document provides a framework within which the Scholarly Publishing Office of the University of Michigan Library (SPO) can assess the relative attractiveness of several alternative publishing programs to reduce textbook costs for Michigan students.

This document describes SPO's planning context and objectives (Section 2); provides an overview of current open textbook initiatives relevant to SPO; describes three potential textbook-related initiatives that SPO might undertake to realize savings for Michigan students (Sections 4-6); and compares the relative benefits of each program (Section 7).

1.2 Textbook Programs Assessed

This document assesses three programs that SPO might offer to lower textbook costs for Michigan students:

- 1) An online price clearinghouse for textbooks assigned for Michigan courses. Some studies indicate that providing access to comparative price information could reduce student textbook costs by as much as 50%.¹ SPO could license or build a Michigan-specific service overlaying an existing online price clearinghouse service.
- 2) An open-access textbook adoption program that promotes existing no- or low-cost e-textbook options to Michigan faculty. Navigating the welter of nonprofit and commercial providers of alternative e-texts requires more effort than many faculty will expend. SPO could identify, screen, and seek adoption of e-text alternatives to high-cost texts in high-enrollment courses.
- 3) An opportunistic textbook publishing program. Such a program would publish free or low-priced textbooks in digital and print-on-demand formats, with a primary focus on the needs of Michigan faculty and students.

1.3 Program Comparison

Although SPO's investment in textbook programs would generate a quantifiable savings to Michigan students, there would be no direct financial return to SPO. However, each of the programs described in this document could create social value relevant to SPO's mission. We have used a Program ROI index²—that is, the relative return a program generates after recovering costs—to compare the financial efficiency with which SPO could create the mission-value for each program.

The exhibit below shows the Program ROI index for the price clearinghouse, open textbook placement, and textbook publishing programs described in Sections 4, 5, and 6 respectively.

SPO Textbook Programs, ROI Comparison

SPO Textbook Program	5-Year		
	Savings	Cost	ROI Index
Online Price Clearinghouse	\$687,400	\$366,530	0.88
Open Access Textbook Placement Program	\$2,699,513	\$339,800	6.94
Open Access Textbook Publishing Program	\$2,699,513	\$1,328,010	1.03

¹ Thomas P. DiNapoli. *Textbook Pricing Disparities*. New York, Office of the State Comptroller, December 2008.

² Program ROI = (student savings from the program – cost of the program) / cost of the program. See Section 4.4.

From a Michigan perspective, the textbook placement program would be more cost effective than a publishing program, as it leverages existing open textbooks to realize savings for Michigan students, while the publishing program requires a greater investment to realize the same local savings. However, by creating new content, the textbook publishing program would likely result in student savings at other institutions, and those savings have not been accounted for in the above comparison. There should also be a modest operating efficiency were SPO to pursue both the open textbook placement and the textbook publishing programs simultaneously.

The online clearinghouse program merits further investigation, as the conservative cost assumptions used in this analysis may understate its potential return. If SPO (or another Michigan office or department) is able to license an existing textbook price clearinghouse platform with little or no development or operating costs—a realistic scenario given the growth plans of some of the providers—the program’s return should prove higher than indicated here.