

SB 183: Summary of Findings from the Maryland Digital Marketplace and Textbook Rental Program Feasibility Reports

In accordance with Maryland State Senate Bill 183 (the College Textbook Competition and Affordability Act of 2009), the Maryland Higher Education Commission in consultation with the University System of Maryland, St. Mary's College of Maryland, Morgan State University, the Maryland Association of Community Colleges, and the Maryland Independent College and University Association conducted a feasibility study regarding:

- 1) the establishment of one or more textbook rental programs in Maryland that would allow students to lease textbooks on a per book, per credit hour or per course basis, including an analysis of start-up costs and funding options such as private sector donations and grants;
- 2) the establishment of a statewide digital marketplace for college textbooks and supplemental material; and the accessibility of the digital marketplace and any and all electronic textbooks and supplemental material to blind and print-disabled students and faculty members.

In response to this charge, MHEC assembled two intersegmental subcommittees (one for each study). A summary of the findings for each study is provided below. The full reports are attached.

I. Summary of findings from the Maryland Digital Marketplace Feasibility Study

Due to the lack of actual implemented digital marketplace (DMP) infrastructures and substantive evidence of successful DMP programs, best practices or outcomes, a full feasibility study was not practical. Instead, this study may be considered a literature review covering the scope, key factors, definitions, models and best practices of the initiatives identified nationwide. The report also includes information currently available regarding the components of the DMP, descriptions of two innovative state initiatives for implementing an infrastructure and recommendations for further study. Key components of DMP initiatives include electronic textbooks, no-cost online textbooks, open education resources, print on demand, electronic readers and online collections of educational content.

The centerpiece of a digital marketplace must be an enabling infrastructure of technology and support services with which institutions, students, faculty, bookstores, publishers and other content providers can interact efficiently. This infrastructure would consist of: 1) a transaction clearinghouse, which would process each multi-part transaction; collect funds from the purchaser, distribute royalties, fees for resources, and/or commissions; secure rights through a digital rights management capability; and track content; and 2) marketplace web applications, which would enable transactions with content providers and institutional portals.

As the state explores the possibility of establishing a statewide DMP, the following should be taken into consideration:

- The college textbook marketplace is evolving and changing due to emerging technology and competition.
- As the recent Public Interest Resource Group (PIRG) study notes, digital does not necessarily mean reduced cost for students, particularly when printing and other total cost of ownership factors are added up (Nelson, 2008).
- Digital rights management capabilities and transactional processes needed for both fee-based and no-cost content must be considered as part of a state-wide structure.
- Short- and long-term efforts to improve textbook affordability must be led by college and university faculty, bookstores, publishers and other stakeholders to interact efficiently.
- Emerging models in the textbook industry include direct to consumer, institutional and the traditional bookstore. Information and insight may be gleaned from programs and companies

working in the area to include: California State University's Digital Marketplace, the OhioLINK eText Project, CourseSmart, Amazon.com, VitalSource, CafeScribe and the National Association of College Stores (NACS).

- The Department of Justice and the Department of Education issued a joint warning to colleges and universities regarding the use of e-readers and the accessibility of the blind (Sorenson, 2010).
- While e-texts have gained popularity, they have become more inaccessible for the blind and print-disabled because of steps to protect the intellectual property of vendors.

Recommendations:

The study team proposes the following recommendations for statewide research and policy initiatives:

- Exploring the status of accessibility for blind and print-disabled students.
- Conducting a needs assessment for state-wide enhancements of access.
- A need for an industry initiative or incentive to create a universal access model for e-texts or cross-platform model for e-readers.

II. Summary of findings from the Maryland Textbook Rental Program Feasibility Report

Information was gathered through a review of other state's higher education institutions' textbook rental programs. The information obtained was subjectively evaluated to: 1) identify the major types of textbook rental programs, 2) develop a set of textbook rental program "lessons learned," and 3) determine the key factors to consider in implementing a successful Maryland textbook rental program.

The results of this study indicate that under the "right conditions" higher education institutions can implement academic and economically viable textbook rental programs of significant scope leading to student textbook savings of approximately 55%, when compared to a new textbook. Key issues to be addressed to secure the proper conditions include: an appropriate Maryland rental organization structure, assuring institutional autonomy and academic freedom in textbook rental programs, assuring the rental programs' economic feasibility and selecting the most favorable textbook rental business model.

Recommendations

Based on the findings, it is recommended that MHEC (through a Textbook Rental Subcommittee) proceed with continued study of a statewide textbook rental program and establish a MHEC Textbook Rental Coordinating Committee, comprised of representatives from all Maryland higher education institutions, to centrally coordinate, facilitate and support the Maryland institutions electing to implement textbook rental programs.