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**Written Testimony on Behalf of Barnes & Noble College  
Booksellers, LLC**

Submitted by Stephen J. Falke  
Regional Director

Before the House Education Committee  
House Consumer Affairs Committee  
Joint Public Hearing

April 14, 2010

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## Testimony on Behalf of Barnes & Noble College Booksellers, Inc.

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My name is Steve Falke. I am a Regional Director for Barnes & Noble College Booksellers and have worked for Barnes & Noble for 23 years and been involved in academic retailing for the past 35 years. On behalf of our company I would like to thank you for the opportunity to submit testimony regarding HB 1286 and to highlight the ways in which we strive to reduce the cost of textbooks for the students we serve.

Barnes & Noble College Booksellers serves nearly 640 college and universities nationwide. I currently oversee the operation of 60 store locations serving 24 institutions of higher education in the state of Pennsylvania. As college booksellers, we understand textbook affordability issues and have developed many programs to reduce the cost of textbooks and educational materials.

First, we strive to provide as many used books to our students as possible. In the textbook world, the used book is the single most effective way for us to lower the price of textbooks. It is our primary job to get what the faculty wants, to have the right books on the shelf for the first day of class, to have a large selection of used books, and to provide great customer service. Students in Pennsylvania and nationwide have told us loud and clear that used books, which provide for approximately 25% savings over new textbooks, are what they prefer.

Here's how the process works: Faculty select the educational materials they feel best suit their needs - whether that's a stand-alone textbook, a bundle, a customized publication or a digital textbook. The bookstore team actively gathers this information by meeting with faculty, department assistants and chair-people. This process can take months. Once we get the course and book information, we make sure it is complete and accurate; often times we contact the publisher to make sure we have the most up-to-date data. Once we do, we begin to source the books. This textbook process is designed to make sure that the right book is on the shelf when the student needs it, but just as importantly, it has been developed to maximize the number of used books we have to sell so we can save students money.

The first part of sourcing used textbooks is called "cash back". This is when we give cash to students for their unwanted books. If faculty members tell us what they will be using for the upcoming term, we pay students 50% of the selling price when they sell that book back. Because most students sell their books during finals week, we work very hard to ensure we have faculty course and book information (known as "adoptions") at this time. It is our company goal to have 90% of all faculty adoptions by finals. We have been working with the campuses we serve to assist our faculty in completing the process in a timely manner to maximize savings to our students.

While we are actively seeking used books from students, we also work with used book wholesalers to collect more used texts. These companies work as national clearinghouses for textbooks and are our second source for used books. This used textbook process continues until about 6 weeks prior to the first day of classes. At this point, we release orders for new books to the publishers to ensure we have all the books needed for the students when they return to school. We also match our adoptions to the list of digital titles that are available to ensure we are providing students with as many format and cost-saving choices as possible. E-textbooks typically save students between 30% and 50% off the new textbook selling price.

Because used books are a finite commodity, you can never meet the demand for them. The used percentage is in direct correlation with the speed by which we get the adoptions. The later the adoption, the fewer books we can buy from students and the less time we have to get used books in the national market.

But we are always looking for new ways to save students money. This past January, we piloted a textbook rental program on twenty-five of our campuses. This program, in which students can save over 50% off the new textbook price on selected titles, was tremendously successful with the students and faculty we serve. We are working with all of our campuses to explain how rentals work and when they are appropriate for a given campus. We expect to have several PA schools join the rental program this fall.

Finally, we will be fully compliant with Federal legislation requiring full transparency of class and textbook information as of July 1, 2010. We are working closely with all of our campuses to ensure both the timeliness and accuracy of the information provided. This information will be accessible by students, as well as by any other public entity.

While we strive to save students money, we also provide a revenue stream to the institutions we serve. In accordance with our contracts, we pay Pennsylvania schools a percentage of our sales. These funds are used by the schools in a myriad of ways, which can include the funding of teaching positions, students services, scholarships and more. Private booksellers and Internet sellers do not have any contractual or fulfillment relationship or obligation in this process.

It is important to note that while we price textbooks according to our contracts with the institutions we serve, private, off-campus bookstores have no such constraints, and yet textbook pricing actually varies little. Nationwide, bookstore margins average 25% on textbooks. In addition, many of our stores offer a program called the "Lowest Price Guarantee" which allows us to match prices of local booksellers. We

believe that an aggressive used book program is the best and most effective way to save students money.

In regards specifically to House Bill 1286, Barnes & Noble College Booksellers has one suggestion in the section pertaining to the unbundling of college textbooks and supplemental materials. We suggest adding language that states: *that the combined price of the unbundled items, if purchased separately, shall not exceed the price of the items if purchased as a bundle.* We believe the addition of this language will only serve to make the legislation stronger.

Barnes & Noble is proud to serve the students and faculty of the campuses we service in Pennsylvania. We hope to continue to work collaboratively with you and with those campuses to find solutions that keep textbook prices affordable. On behalf of our organization, I thank you for the opportunity to express our opinions on House Bill 1286, college textbooks and best practices to provide the textbooks needed at prices that are affordable.