

Do Students Pay Too Much for Textbooks?

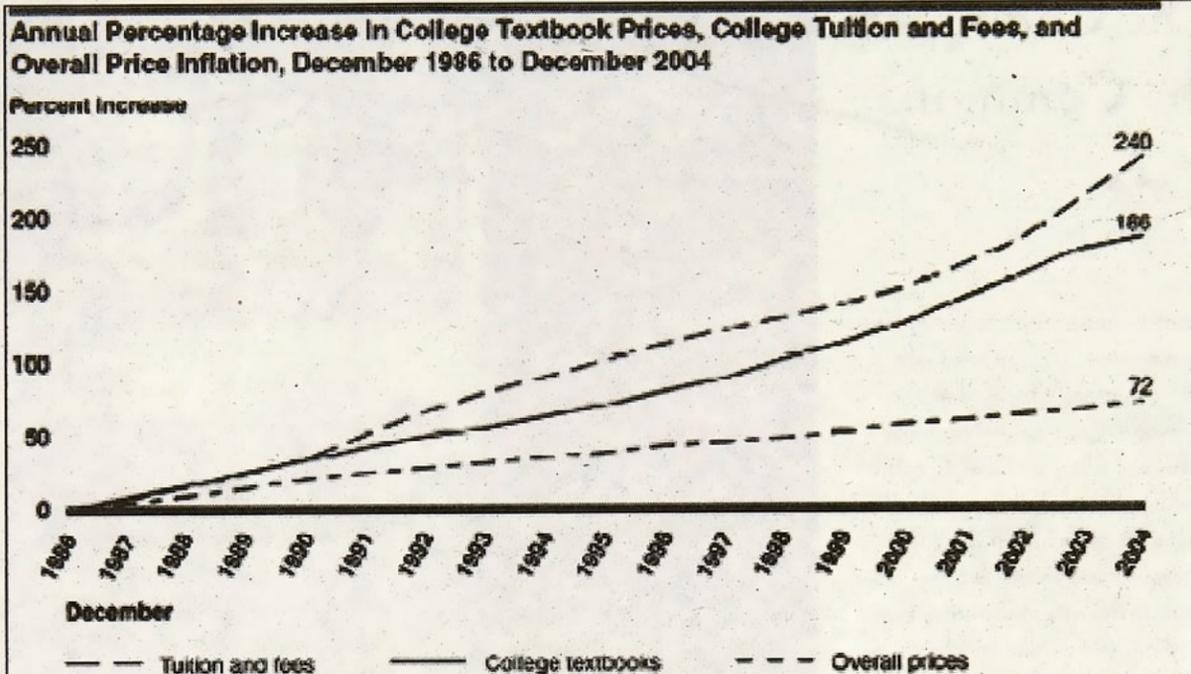
Some find solace for high on-site prices in the online marketplace

by Dean Erickson

When asked if she thinks textbooks at the bookstore are too expensive, senior Lorraine Wookey said, "Yes they are. They always are."

It's important to remember that college stores are not traditional retailers, like Barnes and Noble. They are unique in that they do not select the bulk of their inventory. Also because college stores are 'service driven,' they attempt to provide the lowest possible prices for students as opposed to trying to make the largest profit.

Andrew Ross, manager of Concordia's bookstore, said that for new textbooks, Concordia typically obtains their books directly from publishers. The publishers are the ones that establish the amount the book is going to cost, not the college bookstore. College stores establish a retail price—the amount a student pays for the textbook. According to the National Association of College Stores, the difference between what the college store paid for the textbook and the amount they charge the student is currently 22.3 percent on average.



After the store expenses have been paid, a college store makes about four cents for every dollar's worth of new textbooks. In Concordia's case, the money made goes back to the institution or into student programs to help defray other costs of higher education.

Used textbooks are a different story. The gross margin is higher—35.1 percent. Used textbooks require more handling and incur more operating expenses. They also present a higher risk to the store. Unlike new textbooks, used textbooks can't be returned if they're not sold. There's also a chance that a new edition of the textbook may make them obsolete.

A study conducted by the Government Accountability Office (GAO) found that college textbook prices have risen at twice the rate of annual inflation over the last two decades.

As for online textbooks, they are cheaper when compared to college stores because individuals, wholesalers or retailers can sell textbooks at prices greatly reduced in comparison to those available to college stores. The Internet has made it possible to pass along lower prices on textbooks to consumers, placing them in direct competition with college stores. This adds to students' distrust and frustration regarding college textbook prices.

"The bookstore has seen a drop in sales due to online purchases, but it's not a significant drop," Ross said.

In spite of the attention paid to online sales of books and course materials, students reported purchasing only 23 percent of their textbooks online.

Recently, Congress has considered the overall cost of a

higher education (tuition, housing, textbooks and supplies), and their potentially negative impacts on access and affordability, as a matter of national importance. Recent reports of escalating textbook prices and instances in which publishers sell U.S. textbooks in other countries at lower prices led 14 members of Congress in 2004 to investigate such matters.

The GAO did conclude "that given the current market environment, textbook prices will continue to rise." Since Congress requested the GAO study, it's likely that its contents will contribute to the ongoing higher education policy debates at the federal, state and institutional levels. In addition to the federal study, several states are also studying this issue. It's possible that the report may trigger legislative and other policy proposals in the future.

LCMS funding gone

CSP Endowment Smaller than most

by Dean Erickson

Many students, including freshman Zachary Enko, are uncertain of what Concordia's small endowment actually means.

"The small size of the campus," he said.

The reason as to why Concordia's endowment is significantly smaller than most Minnesota Universities is because up until the mid-1980s Concordia was supported through the Lutheran Church Missouri Synod (LCMS).

Currently, Concordia's looking at an endowment around \$20-22 million, drastically less than the majority of Minnesota private universities. Macalester University

(established relatively the same *ENDOW continued on page 5* *ENDOW continued from page 4* date as Concordia) has an endowment of \$525 million, or about twenty-five times the endowment of Concordia.

In a report by the Minnesota Private College Council in June 2005 states that Minnesota private universities have a combined endowment of \$2.2 billion. There are twelve universities with less than \$100 million, Concordia being one of those twelve universities.

"It's harder now to get money when people think we have money," Michael Dorner, Vice President of Finance, said.

The majority of universities in Minnesota and throughout the country have been raising funds since birth. Concordia, established 113 years ago, received their financial funding not from donors but from the LCMS. It wasn't until the mid 1980s that the LCMS stopped funding the Concordia

University systems and allowed them to raise their own money. The reasoning as to why LCMS no longer provides financial funds is because the church simply began growing too rapidly and needing the funds.

An example of how things should work is that if the operating budget is \$30 million, then the endowment should be double that—\$60 million. At the moment, Concordia has to rely mostly on student tuition, which accounts for about 72 percent of the total budget.

Concordia has two main types of endowments—scholarships and development. Currently there are 170 different endowments through Concordia. Of those, 150 are designated as student scholarship endowments.

"The criteria for awarding scholarships are really up to the donor," Mary Kay Bensen, Director of Research and Grants, said.

Concordia's preference is for

endowments to have as few restrictions as possible. The most favorable criteria would simply state that the annual income is to be used for scholarships for students attending Concordia.

The historical minimum for establishing a named endowment at Concordia was \$2,500 before 1990. During 1990-2000, the minimum was \$5,000. From 2001 till the present, the minimum for establishing a named endowment is \$30,000. The Board of Regents set this minimum amount (\$30,000) because of the cost of administration for managing small endowments. It is important to note that the \$30,000 can be provided over a period of years, but generally not more than five. This is typical of most institutions.

"We encourage donors to contribute any amount to already established endowments," Bensen said.