

Pittsburg State University

STUDENT GOVERNMENT ASSOCIATION

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House Taxation Committee

Mr. Chairman,

The high cost of textbooks across the state is a burden on the students of Kansas. It is with these concerns that I testify, on behalf of the students I represent at Pittsburg State University and the students represented by the members of the Kansas Board of Regents Students' Advisory Committee, in support of HB2011, which would exempt required university and college textbooks from sales tax.

The rising cost of tuition is always the biggest concern when talking about higher education and it should be. However, it is important to consider the often forgotten additional costs of attending college, like textbooks. The price of new textbooks has risen three times the rate of inflation since 1977, a 1,041% increase according to an NBC News analysis of data from the Bureau of Labor Statistics. According to The College Board, the average cost of textbooks and supplies that a student pays every year is \$1,240. Over the four years it takes to earn a bachelor's degree, total textbook expenditures comes out to \$5,080. For that money, a student could attend another semester and a half at Pittsburg State University.

As a result of these costs, students have taken cost-saving measures. Buying used textbooks, renting textbooks, and selling textbooks back are not uncommon. While renting will not go away, digital textbooks and access codes are becoming more common. Both digital textbooks and access codes do not allow students to buy used or to sell back. Worse, with access codes, students can't even keep the book because they lose access to it when the code expires.

Students are also delaying or avoiding purchasing textbooks. According to a Wakefield study, 85% of students have delayed or avoided buying course materials. Of those that have delayed or avoided purchasing course materials, 91% said the cost was the reason for delaying or avoiding. In the same study, half of the students who delayed or avoided said that it negatively impacted their grades. Therefore, student academic performance is suffering as a result of high textbook costs.

In preparation for this testimony, I presented it to different student groups. After my presentation, I had students approach me and tell me their own stories of how the cost of textbooks has affected them. One student told me about how her family saved up for college tuition but had to wait another month to purchase the textbooks. Another student told me of her time working in a university bookstore and of the times students would leave in tears because of

not being able to afford their textbooks. It is not just statistics, Kansas students are feeling the burden of high textbook costs.

Another study, performed by Morning Consult on behalf of Cengage, examined the financial impact textbook costs have on students. Its results were even more concerning. 85% of students surveyed indicated that textbook costs were the second most financially stressful aspect of attending university (tuition costs ranked first). To afford their textbooks, the study also found that 20% of students changed their majors and 40% skipped meals!

The Morning Consult study also examined the demographic impact of textbooks. It found that 60% of African Americans and 64% of Hispanics have opted not to buy the required textbooks. The study also showed that 48% of men found paying for textbooks financially stressful with 38% taking out a loan to pay for textbooks compared to 60% of women with 47% taking out a loan. The high costs of textbooks is disproportionately hurting women and minorities.

We understand that this will impact the state budget through a decrease in tax collections. As such, we devised our own fiscal impact analysis. Although we trust the calculations of the Division of the Budget, our experience as university students has prompted us to believe that their fiscal note has left out some relevant details due to the difficulty and uncertainty in estimating textbook costs.

Our estimate takes into account the difference full-time and part-time students pay for textbooks. When we factored in part-time and full-time enrollment, the total annual expenditures on textbooks came to \$110 million. Exempting sales tax from these purchases would result in a decrease of \$7.1 million in sales tax collected annually. \$5.9 million would be taken from the State General Fund and \$1.2 million from the State Highway Fund.

There was also one more issue we had with the Division of the Budget's fiscal note, and our estimate above suffers from the same problem. Both estimates assume that all textbooks will be purchased in state where sales tax would be collected. Sales of online textbooks typically will not be taxed. Even Amazon, where they charge sales tax on items they sell, has said that half of its sales are from third-party sellers who do not charge sales tax. It is quite a bit more difficult to estimate how many students purchase their textbooks online which is why we understand why the Division of the Budget would not want to estimate that but, being on campus and around students, we know this number is not insignificant. For your consideration, we have included a table listing what the cost would be to the state if a given percentage of sales took place online and tax-free.

I talked a lot about how much tax revenue the state could lose. I would like to finish my testimony by saying that the tax revenue is not completely lost. Tax exemption on textbooks would allow university bookstores to be more competitive against online retailers. Moreover, increased revenue from sales in university stores will be returned to the university campus, which will allow the university to make improvements to campus without a need to raise tuition.

As college students, we should be thinking about our future by saving money and investing. However, we do not have the luxury to do so. There are things we need to buy to live and the tax not collected on textbooks would be used to buy other things. It may be used to buy food, to pay rent, to get gas to visit our parents once in a while, or to cover any other number costs we incur while in college. Tax is charged on all of these things. Part of the money we save by not paying tax on textbooks will still make it into state funds.

In summation, the cost of textbooks has been increasing at a higher rate than inflation, rendering textbooks out of budget for many students, which then has a negative impact on their grades. It is important that the state and institutions of Kansas work to insure that college remains affordable for their students and, while tax exemption for textbooks is only one small change that can be made, the tax exemption will allow students to keep more money in their bank account to use on other necessities.

Respectfully,

A handwritten signature in cursive script that reads "James Cox". The signature is written in black ink and is positioned above a solid horizontal line.

James Cox

Legislative Affairs Director, Pittsburg State University Student Government Association

Table 1	
Metrics	Value
Total Cost of Books per Semester:	\$ 310
KICA Total Credit Hours Enrolled:	238,632*
KBoR Total Credit Hours Enrolled:	4,018,624**
Average Number of Credit Hours:	12
State Sales Tax:	6.5%
*Kansas Independent College Association	
**Kansas Board of Regents	

Table 2	
Calculation	Value
Total Cost of Books per Semester:	\$ 310
Average Number of Credit Hours:	÷ 12
Cost per Credit Hour:	\$ 25.83
Cost per Credit Hour:	\$ 25.83
Total Credit Hours Taken:	x 4,257,256
Total Sales:	\$ 109,964,922.48
Total Sales:	\$ 109,964,922.48
State Sales Tax:	x 6.5%
Sales Tax Revenue:	\$ 7,147,719.96

HB2011 Fiscal Note Adjusted for Part-time Enrollment and Online Purchases

Table 3 Estimated State Fiscal Effect				
	FY 2019 SGF	FY 2019 All Funds	FY 2020 SGF	FY 2020 All Funds
Revenue	--	--	\$ (5,900,000)	\$ (7,100,000)
Expenditure	--	--	\$ 1,200	\$ 1,200
FTE Pos.	--	--	--	--

Table 4 Adjustment for Online Purchases					
Percent Purchased Online	10%	20%	30%	40%	50%
Revenue	\$ (7,100,000)	\$ (7,100,000)	\$ (7,100,000)	\$ (7,100,000)	\$ (7,100,000)
Revenue Adjusted for Online Purchases	\$ (6,390,000)	\$ (5,680,000)	\$ (4,970,000)	\$ (4,260,000)	\$ (3,550,000)

The Students' Advisory Committee estimates that HB 2011 would decrease state tax revenues by \$7.1 million in FY 2020. These estimates were formulated using the metrics in Table 1 provided by the Department of Revenue, Kansas Board of Regents, and Kansas Independent College Association. The calculation breakdown is displayed in Table 2. The average dollar amount spent on textbooks provided by The College Board (\$310) was divided by the average number of credit hours taken by full-time and part-time college students in order to formulate the average textbook cost per credit hour taken. The average cost of textbooks per credit hour came out to \$25.83. This number was multiplied by the aggregate number of credit hours taken by higher education students in Kansas (4,257,256). This calculation estimates \$109.9 million in total textbook sales, leaving \$7.1 million in state revenue after the 6.5% sales tax.

The Students' Advisory Committee's estimate of \$7.1 million dollars in state revenue assumes that all textbook purchases occur in-store. Many students can forgo sales tax by purchasing textbooks online. Table 4 breaks down the fiscal effect of online purchases. If 10% of books are purchased online, the effect on state tax revenue will decline to \$6.4 million. This number continues to decline to \$3.6 million if 50% are purchased online. The exact number of online textbook purchases in Kansas is unknown, but Table 4 displays the fiscal impact for up to 50% of purchases existing online.