

# Assembly Bill 403

## Fair Access to College Textbooks Act

Assembly Member Ash Kalra

### SUMMARY

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Assembly Bill (AB) 403 would add consumer protection provisions to automatic billing agreements for instructional materials utilized by higher education institutions.

These provisions include requiring opt-in by students, ensuring prices that are automatically charged are lower than other options, mandating students' access to the materials on the first day of the term, and disclosing the full amount of the fee to students during course registration.

### BACKGROUND

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Following decades of exponential growth that far exceed inflation, textbook prices have plateaued in recent years as the result of affordability measures such as investment in open educational resources (OER). Reacting to this plateau in profits, some publishers are entering into contracts with institutions of higher education that leverage "inclusive access" agreements, also known as automatic billing.

Automatic billing allows publishers to add the costs of course materials directly into a student's tuition bill. Under this model, students are typically purchasing digital textbook access codes that act as a subscription to a publisher's digital library for a set amount of time. Students are then unable to access learning materials after their subscription ends, and since they never owned a physical product, they cannot recoup costs on the used textbook market.

Automatic billing is detrimental to student affordability as it stifles a student's ability to access course materials through other means thereby creating a monopoly for certain publishers. In 2020, multiple class-action lawsuits by students across the country allege that publishers are using automatic billing to kill the used textbook market and are violating antitrust laws.

A recent report by U.S. Public Interest Research Group reviewed 51 contracts at 30 different institutions and found alarming patterns. Many

contracts failed to fully disclose their discount structure, had limits on access to a printed version of materials, and had no limits on price increases.

In addition, 68% of contracts reviewed contained quotas for student subscriptions, which, if not met, would eliminate any discounts, nullifying the benefit of the automatic billing contract.

Although the argument can be made that these textbooks are required, many students choose not to purchase books without hindrance to their success in the course. A fall 2020 survey by U.S. PIRG found that 67% of California students skipped buying a textbook due to cost. With many lower income students facing food and housing insecurity, the freedom to make that purchasing decision can make all the difference in their mental, physical, and financial wellbeing, without taking away from their academic success.

### SOLUTION

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AB 403 will place much needed parameters on automatic billing contracts to ensure that student financial welfare is at the forefront.

Specifically, the bill protects students by requiring that a student opt-in for any automatic billing for instructional materials, the price assessed to each student be less than the price at which a student could acquire similar materials from other sources generally available, the instructional materials assigned be available by the first day of the course term, and the full amount of the automatic billing charge be disclosed to the student in the course listing.

### SPONSOR

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California Public Interest Research Group  
Michelson Center for Public Policy

### CONTACT

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