DATE: May 29, 2015

TO: Dr. Diana Natalicio, President

FROM: Lori Wertz, Interim Director, Auditing and Consulting Services

SUBJECT: 15-SRP-01 Faculty Authored Textbooks

Background:

Guidelines for the use of faculty authored textbooks at The University of Texas (UT) System institutions are outlined in Board of Regents' Rules and Regulations, Series 30000, Rule 31004:

Sec. 7 Materials Authored by Faculty. Although the authorship of books, outlines, manuals, and similar materials by members of the faculty and staff should be encouraged, the prescribed use of these for students is a responsibility that goes beyond that of the individual author. Whenever an approved fee includes a charge for such materials distributed through the classroom, the prices should be as low as possible, consistent with the payment of any required royalty to the author or authors.

7.1 Required Approval. Textbooks, notebooks, manuals, or other materials for the use of students of an institution, written or prepared by a member of the faculty of that institution, shall not be prescribed for the use of students in that institution or sold to such students until approved by the dean, chief academic officer, and president of an institution, pursuant to policies included in the institutional Handbook of Operating Procedures. At a minimum, these policies should provide for consultation with departmental faculty.
The University of Texas at El Paso (U EP) Handbook of Operating Procedures (HOOP) provides detailed guidance in Chapter 4 Academic Policies and Faculty Personnel Matters:

4.13.2.3 Textbooks, notebooks, manuals or other materials for the use of students, written by a member or members of the faculty of the University shall not be prescribed for use by students until approval has been obtained. Use of such materials must be approved, first, by the departmental faculty having jurisdiction, and must be accompanied by reasons for the proposed adoption as well as indication of the proposed prices and profits. Approval must also be obtained from the Department Chair, the appropriate Academic Dean, the Provost, and the President of the University. Authorization shall be effective only to the end of the fiscal year (August 31) for which approval has been given.

Additionally, the Provost’s Office Statement of Ethics in Course Materials Adoption states, “The sale of textbooks, workbooks, notes, etc., to fund faculty and/or student travel or other activities is prohibited unless otherwise expressly approved by the Provost or President. Further, because textbook prices should be set as low as possible per the Regents’ Rules, theoretically there should be no excess proceeds beyond the “required royalty” to deposit into a departmental gift account.”

Process:

Faculty members must submit a completed UEP Authorization for Use of Textbooks, Notebooks, Manuals and other Classroom Materials Form (authorization form) to the Dean of the College and the University Bookstore if they wish to use their own textbook for a UEP course. The form must be submitted annually.

Objective and Scope:

Auditors reviewed the current procedures for the authorization of faculty textbooks for use from Fall Semester 2013 through Spring Semester 2015 to determine whether:

1. Faculty textbook adoption forms, processes and procedures are in compliance with Board of Regents’ Rules and the University HOOP.

2. Current policies and procedures are being followed.

3. Current policies and procedures adequately cover digital textbook contracts with The Follett Higher Education Group Bookstore (the Bookstore).

4. Financial gain from faculty textbook adoption is consistent with book royalty payments, and is reviewed by impartial parties to avoid a conflict of interest or the appearance of a conflict of interest.
Results of Review:

1. The faculty textbook adoption form is in compliance with UT System Board of Regents’ Rule 31004 and University Policies and Procedures.

   The UTEP Authorization for Use of Textbooks, Notebooks, Manuals, and other Classroom Materials Form was modified in 2012 to ensure compliance with UT System Rules and University policies. The format and content of the form was updated again in May 2014 to ensure evidence of:

   - Departmental Review
     Faculty authored textbooks must be approved by the faculty member’s department on an annual basis in accordance with the Board of Regents’ Rule 31004.

   - University Approval
     Faculty authored textbooks must receive signature approval from the Department Chair, the Dean of the College, the Provost, and the University President. Approvals must be renewed every fiscal year. Authorization shall be effective only to the end of the fiscal year (August 31) for which approval has been given, per UTEP HOOP. A copy of the approved form must be sent to the Bookstore.

   - Fair Pricing
     Pricing information is provided on the form to determine whether a fair sales price is offered to the student per Rule 31004 requirement that “prices should be as low as possible, consistent with the payment of any required royalty to the author or authors. The current authorization form now includes the book’s cost to the student and the profit earned by the faculty author.

   No exceptions were noted.

2. Current policies and procedures are not enforced or monitored.

   Authorization forms for faculty authored textbooks are not on file at the bookstore, yet auditors identified several faculty authored textbooks in use. The Online Adoption to Order Course Materials link for the bookstore does not require disclosure of faculty authored textbooks.

   Auditors also identified faculty authored textbooks used in UTEP courses that were never offered for sale in the Bookstore. The bookstore should be able to offer all textbooks for sale in order to provide easy textbook access to all students. For example, most student athletes, veterans, and students with textbook loans purchase all textbooks from the bookstore.
When textbook selections are not submitted to the Bookstore, additional costs and delays occur as staff search for a vendor and expedite shipments to provide textbooks to the students in a timely manner.

**Recommendation:** Accountability for maintaining and monitoring the authorization forms should be assigned to the Provost's Office and coordinated with the Bookstore to ensure all faculty textbooks are appropriately approved in a timely manner.

The authorization form should prominently display the requirement to send a copy of the approved form to the Bookstore. If a professor is using their online tool to submit the book order, the form can be copied and pasted in the notes section of the tool.

3. **Current policies and procedures for pricing Follett Digital Textbook and Course Materials Contracts need to be updated to promote best value pricing for students.**

The Bookstore offers a digital textbook service called Bright Wave to UTEP students. Many textbooks are offered in both printed and digital versions.

If a faculty member does not have a royalty contract with a publisher for the printed edition, he or she can sign a contract with the Bookstore and exclusively offer the book in digital format. Current policy allows the faculty author to independently determine the amount of monetary compensation he/she will receive per volume sold for digital books. The Bookstore charges a fee for offering the digital textbook, allows the professor to set the student sales price, and refunds the difference to the faculty member.

**Recommendation:** Additional guidelines for digital textbook contracts should be included in the UTEP HOOP. The faculty author of the textbook should not have the sole authority to determine revenue earned per volume sold.

4. **Financial gain from online faculty textbook adoption is not consistent with book royalty payments and is not monitored by third parties.**

Auditors reviewed the sales of one digital textbook, “A Guide to First Year Composition” which is required for several entry level classes at the University. The UTEP English Department earns $15 per volume sold. The sales revenue is deposited in a gift cost center at the University which the department uses to fund travel and other discretionary items.

The English Department received over $65,000 from the sale of the guide since August 2013. The profits were voluntarily sent to the First Year Composition Handbook Gift Fund.

Conflict of Interest: There is not a policy to monitor, control, or restrict the distribution of the revenue earned by the faculty author. A conflict of interest or at least the appearance of a
conflict of interest is present since faculty members determine their profits from sales of their own textbook to a captive audience of students enrolled in their class.

A conflict of interest may also exist in the peer review process when departmental faculty review each other’s books.

**Recommendation:** Additional guidelines are necessary for the distribution of profits from all faculty authored textbooks to ensure textbook process remain as low as possible for students.

**Conclusion:**

Many policies and procedures for faculty authored textbooks have been updated and are readily accessible on the UTEP website. However, a process for monitoring needs to be implemented to ensure compliance. New policies for digital textbook pricing should also be implemented to ensure that students are offered the lowest cost options possible for course materials. The Provost’s Office will implement a plan to monitor the approval of faculty-authored textbooks.

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