



THE ROOSEVELT INSTITUTION

Phone: (202) 483-2515 • Fax: (202) 483-2657 • 1527 New Hampshire Avenue, NW, 4th floor, DC 20036

Advisory Board Highlights:

Rep. Tom Allen
Patricia Bauman
Coit D. Blacker
Sec. Bill Perry
Gov. Richard Celeste
Elizabeth Coleman
Jim Dean
Rep. Rosa DeLauro
Larry Diamond
Dick French
Katrina vanden Heuvel
Amb. Bill vanden Heuvel
Rep. Zoe Lofgren
Chuck Middleton
Dee Dee Myers
John Podesta
Neil Proto
Miles S. Rapoport
Sec. Robert Reich
Anne Roosevelt
Jim Roosevelt
Kermit Roosevelt
Hon. Joe Simitian
Theda Skocpol
Steven Swig
Hon. Steve Westly
And many others...

The Roosevelt Institution is a national network of student think tanks, dedicated to connecting college students' ideas to policy makers, and in the process, changing how our generation views policy and government.

During the 2006-2007 school year we focused on developing policies to solve the energy crisis, increase socio-economic diversity in higher education, and make the economy work for working families.

To find out more about the Roosevelt Institution or to download all of our ideas related to these challenges, please visit our website at rooseveltinstitution.org.

Tax-Free Textbooks

Nekpen Osuan, Baylor University

Textbooks should have a tax-free week each semester, to encourage students to buy their books at the beginning of the academic term.

Tuition deregulation, among other things, has led to a 51 percent increase in public university tuition since 1994. Meanwhile, the median household income in Texas has only increased by 27 percent. The average family arguably spends a greater portion of its income on higher education than all other levels of education combined. As a result, the average Texas undergraduate finishes college with \$17,176 in debt, 28th in national rankings. To help alleviate the escalating financial burden of education for all families, the Texas state legislature enacted a tax-free weekend in 1999 that exempts many school essentials from the state sales tax. Although this initiative benefits both consumers and businesses, it has not been extended to textbooks, an item that primarily benefits higher education students.

KEY FACTS

- Tuition deregulation, among other things, has led to a 51 percent increase in public university tuition since 1994.
- Meanwhile, the median household income in Texas has only increased by 27 percent.
- The average Texas undergraduate finishes college with \$17,176 of debt, 28th in national rankings.

ANALYSIS

Every effort to assist students seeking a higher education is beneficial in the form of social surplus; even the smallest form of aid is a public investment in human capital, which translates into a stronger and more productive workforce. According to the Texas Comptroller, every dollar appropriated to higher education returns \$5.50 to the Texas economy. Overall, this investment increases the state's economic capacity by roughly \$23.1 billion per year. The U.S. Government Accountability

Office found in 2005 that textbook prices have doubled at twice the rate of inflation over the past two decades. To make matters worse, the state government and private banks and lenders currently use the Consumer Price Index (CPI) to adjust financial aid and loan interest rates, though economic research has shown that the Higher Education Price Index (HEPI),

which more accurately measures change in prices specific to the university-associated spending, is nearly four times the CPI.

TALKING POINTS

- Tuition deregulation has led to a dramatic increase in higher education costs.
- Textbooks represent a sizable portion of a student's yearly budget but are not included in state tax holidays designed to discount school supplies.
- Including textbooks in tax holidays would decrease the financial burden of higher education for lower- and middle-income families.



THE ROOSEVELT INSTITUTION

Phone: (202) 483-2515 • Fax: (202) 483-2657 • 1527 New Hampshire Avenue, NW, 4th floor, DC 20036

Campus Chapters active or organizing at:

- American
- Amherst
- Arizona State
- Bates
- UC Berkeley
- Binghamton
- Brown
- Carnegie Mellon
- U Chicago
- Claremont
- Columbia
- Cornell
- UC Davis
- Denver
- Duke
- George Mason
- Georgetown
- George Washington
- U Georgia
- Georgia Tech
- U Hartford
- Harvard
- U Iowa
- Iowa State
- Johns Hopkins
- Kalamazoo
- Kent State
- Kenyon
- Lesley
- Louisiana State
- Marist
- U Maryland
- MIT
- McGill
- U Michigan
- Michigan State
- Middlebury
- UMN Twin Cities
- Morehead
- UNLV
- UNC Chapel Hill
- Northwestern
- NYU
- Oberlin
- Ohio State
- Otis
- U Penn
- Penn State
- Pepperdine
- Princeton
- Rice
- Rutgers
- UC Santa Barbara
- U South Carolina
- Stanford
- UTenn Chattanooga
- UT Austin
- Tulane
- U Utah
- Vanderbilt
- Vassar
- UVA
- Wash U St. Louis
- Wesleyan
- Wheaton MA
- Whitman
- UW Madison
- UW Whitewater
- Yale

AUDIENCE

According to the College Board, the average student at a four-year public institution spends \$843 on textbooks per year. In Texas, this would amount to about \$69.55 saved per consumer every year, creating a financial incentive for buying required textbooks on-time. Alleviating this financial burden will assist higher education students in meeting the increasingly steep costs of pursuing a post-secondary degree. When students are not able to afford cyclical costs like textbooks every semester, they are tempted to jeopardize the success of their education by putting off buying required texts until they face examination in a course. The Texas Legislature Senate Education Committee can play a vital role in preventing such a dilemma by adopting this policy intervention in order to confront the issue.

NEXT STEPS

One way to make higher education more accessible would be to provide one week in each academic semester where textbooks are exempt from the 8.25 percent state sales tax, a natural progression of the current tax-free weekend. The textbook tax-free week would be seven days after the MLK holiday and seven days prior to Labor Day, a period of time gauged to benefit the greatest number of students in the state. Providing a one-week span for the tax exemption makes sense given that students usually have a one-week window to adjust semester schedules and return or exchange books purchased at the campus bookstore. A way to alleviate the shrink in the state budget that would be caused by this tax break would be to remove items on the current tax-free weekend list that do not directly benefit education, like hunting and fishing gear.

SOURCES

* A full list of sources is available upon request.