



# Prospectus for an Institutionally Funded First-book Subvention

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## 1.1 Introduction

The Association of American Universities (AAU) and the Association of Research Libraries (ARL) are working together, through a Task Force on Scholarly Communication, and in consultation with the Association of American University Presses, to ensure a robust system of scholarly communication in the humanities and qualitative social sciences. The Task Force seeks to address the economic challenges facing scholarly monograph publishing and to exploit digital communication technologies to move the academy towards a sustainable, innovative, and open system for supporting humanistic research.

Specifically, the Task Force intends to address the inability of a market model to adequately support research monograph publication based primarily on scholarly merit. This prospectus describes a faculty title subvention designed to ensure the long-term economic viability of foundational scholarly monographic publishing, while promoting the emergence of innovative digital models.<sup>1</sup>

## 1.2 Context

Scholarly monographs serve two principal functions: 1) they present original scholarship that provides the foundation for synthetic analyses, and 2) they serve as a critical component of professional credentialing for the humanities and qualitative social sciences. First books by junior faculty represent a subset of scholarly monographs that is especially important in the tenure and promotion process.

The first book “problem” is often summarized as follows: Faculty in most humanistic disciplines and some social science fields must publish at least one monograph for tenure, with publication by a university press being the *de facto* standard. For a variety of reasons—largely, but not exclusively, budgetary and usage based—university libraries have curtailed their purchasing of such monographs. Due to financial pressures, including lower sales and the additional costs of distributing digital editions, university presses have difficulty covering the costs of publishing specialized monographs, forcing them to reduce the number they publish and making it difficult for scholars to publish first books with high-quality presses for tenure consideration.

While broadly true, this characterization camouflages the inherent cause of the market failure: that a primary external benefit of monographs—their use for professional credentialing—is not captured by a monograph’s price. Remedying the market failure, therefore, requires that academic institutions address the way monograph publishing is funded. Implementing a rational funding model will stabilize the current system and provide continuity as new digitally enabled publishing models emerge. Moreover, a supply-side funding approach can also promote change throughout the scholarly publishing value chain, facilitating experimentation in digital distribution, encouraging the evolution of digital research publication genres, and facilitating new forms of post-publication quality review and certification. Exploiting these opportunities will require the ongoing coordination and motivation of universities, faculty authors, and university presses.

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<sup>1</sup> This prospectus is based on “A Rational System for Funding Scholarly Monographs,” a white paper prepared for the AAU-ARL Task Force on Scholarly Communications in November 2012 by Raym Crow of Chain Bridge Group ([www.chainbridgegroup.com](http://www.chainbridgegroup.com)).

A full description of the analyses and documentation of factual assertions may be found in that report at

<http://www.arl.org/storage/documents/publications/aau-arl-white-paper-rational-system-for-funding-scholarly-monographs-2012.pdf>.

### 1.3 Faculty Title Subvention

The Task Force proposes that North American colleges and universities subvent the publication of their faculties' peer-reviewed first books, making them freely and openly available as digital works. The system will cover a range of scholarly research publications, including book- and mid-length manuscripts, born-digital works, and other substantial publication types specific to individual disciplines. Institutions will subsidize these faculty works directly through funds controlled by the provost or school dean and set aside at the time of a faculty appointment. New licensing regimes may be needed to address the right of authors and universities to post open editions while granting credentialing presses the ability to provide rich metrics to stakeholders and pursue the commercial exploitation of value-added editions.

This title subvention for funding first books and other specialized research publications will:

- Increase access to scholarly monographs;
- Preserve functions critical to the legitimacy of the current system—including the communication of research and support for professional credentialing—without insulating the existing practices and systems from change;
- Align with the values, practices, and behaviors of the scholars the system serves, both for communicating research and for professional advancement;
- Support the authors of specialized research by ensuring them a place in the mainstream of scholarly communication;
- Accommodate evolving practices for communicating scholarly research; and
- Maximize buy-in and participation across critical stakeholder groups.

The proposed title-subvention model builds on critical elements of the current system while positioning that system—and the stakeholders acting within it—for innovation and change.

### 2.1 Limitations of a Market Model

It has long been recognized that the cost of producing specialized scholarly monographs cannot be recovered through a market model based solely on individual title sales. The very existence of North American university presses represents, in large part, an attempt to provide an alternative to commercial publishing.

A university press system, subsidized by a small group of institutions, functioned adequately as long as market sales were sufficient to minimize the financial support required from the host institutions. However, as library purchasing has declined, the financial commitment required of press institutions has increased. Presses have long evaluated the viability of publication projects based on the work's advancement of its field, its quality as validated by peer review, and the size of the potential audience. As institutional subsidies to university presses reach their limits, presses face increasing pressure to eschew narrow markets in areas no longer supported by market sales. Considerations of commercial viability now negatively affect more titles. Consequently, the effects of the inherent market failure are no longer hidden: the system cannot deliver an adequate supply of monographs, especially in narrow or specialized fields, thus constricting the communication of foundational scholarship and compromising the tenure and promotion system. An alternative framework for publishing monographs will also need to address structural shifts in the academy, such as the increase in adjunct faculty, who may have different publication needs.

The press system's current reliance on market revenue, coupled with the breakeven requirement under which most presses operate, also constrains meaningful innovation in other components of the research dissemination value chain. Transforming the publishing model for monographs, therefore, requires an alternative funding model that frees the system from harmful market constraints. Changing to a faculty title-subvention model has the potential to accelerate experimentation with digital distribution, encourage the evolution of digital-specific research publication genres, and facilitate new forms of quality review and certification. Moreover, such a funding model will allow university presses, libraries, and other institutional stakeholders to form effective partnerships that leverage the complementary competencies of each.

## 2.2 Press Sustainability Pressures

On average, university presses operate on a combination of earned revenue (80% – 90% of total income) and institutional subsidies (5% – 15%), supplemented by title subventions and endowment income (5%). As earned revenue supplies most of their operating budgets, presses must manage their publishing activities to balance mission fulfillment and revenue generation. These averages mask the significant differences between the few large presses and the many smaller presses. In general, first books constitute a larger component of the publishing programs of small presses, which have fewer lines of business to cross-subsidize them. As a result, this proposal will have a greater impact on the many smaller presses.

To break even on an operating basis, the titles a press publishes need to recover direct production costs, including first copy costs (such as composition and copyediting) and variable costs (such as printing and distribution), and contribute enough revenue, on average, that the press can cover its indirect overhead costs. Typically, titles with a broad audience and/or a long sales life contribute to covering a press's overhead, and presses with strong backlists can offset some of the losses from specialized frontlist monographs. However, for about 80% of university presses, sales from other types of titles are not sufficient to offset the losses from specialized monographs.

As a significant proportion of the operating losses absorbed by university presses are attributable to losses incurred from publishing scholarly monographs, such losses represent the collective responsibility of all institutions with junior faculty for whom presses publish first books. Now that university library purchasing has slowed, and no longer distributes the financial burden adequately, the deleterious effect of over 1,600 colleges and universities free riding on fewer than 100 university presses is becoming increasingly pronounced.<sup>2</sup>

## 2.3 The Undersupply of Monographs

On average, approximately 1,500 assistant-rank, tenure-track faculty seek publication of a first book each year.<sup>3</sup> North American university presses publish approximately 4,800 books in the humanities and qualitative social sciences annually, some 1,300 of which are estimated to be first books authored by junior faculty.<sup>4</sup> Given these estimates, approximately 85% of assistant-rank humanities and social science faculty seeking to publish a first book could get published by North American university presses in an average year.

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<sup>2</sup> There are 1,608 public and private nonprofit research, master's, and baccalaureate institutions, 92 of which have university presses. (Per the 2010 Carnegie Classification, National Center for Educational Statistics, IPEDS Institutional Characteristics.) See the table in §3.3 for detail.

<sup>3</sup> Based on the total number of assistant-rank, tenure-track faculty ultimately considered for tenure, and assuming an average tenure window of six years. For detail, see Crow (2012), Appendix A, notes 3 – 6.

<sup>4</sup> For detail, see Crow (2012), Appendix A, notes 10 & 11.

However, the issue is not simply the absolute number of monographs published. Anecdotal evidence suggests that many presses are forced to turn away a significant number of manuscripts they might otherwise consider worthy of publication. Because a market model requires publishers to make publishing decisions based (at least in part) on commercial viability, rather than solely on scholarly merit, some fields—including art history, literary criticism, non-Western history, and interdisciplinary studies—are underserved, while highly specialized fields can be effectively precluded from publication altogether.

### 3.1 Key Elements of a Title Subvention

Supporting the dissemination of faculty research is central to the mission of universities. A subvention model funded by the institutions that benefit most directly will address free riding and make the monograph publication system more equitable and stable in the long-term. The key elements of a faculty title subvention system may be outlined as follows:

- North American colleges and universities will agree to pay a subvention for each faculty first book published. Over time, universities and presses may agree to expand the subvention to cover subsequent scholarly books under some circumstances.
- To qualify for an institution's subvention, a book must be accepted by an eligible publisher. Manuscripts from faculty at participating institutions will have no advantage over those from faculty at other institutions. University presses and other qualifying publishers will apply the same editorial standards as they do currently, but without reference to a title's potential commercial return. With appropriate quality criteria and a clear oversight process, the program could be expanded beyond North American university presses to include other nonprofit publishers of sufficient editorial quality.
- The subvention amount—which will cover first-copy costs and a specified contribution to overhead—will be set at a level sufficient to remove publisher financial risk, while being acceptable to participating institutions.
- The subvention will pay for open provision of a basic digital edition.<sup>5</sup> This open content may be distributed via multiple channels, including dedicated repositories, with presses and academic libraries playing active roles in aggregating, hosting, promoting, curating, and preserving the open content made available.
- The new model will provide a systematic approach to tracking usage across multiple channels that allows institutions and presses to measure the impact of individual publications and the effectiveness of the subvention model itself.
- Publishers will retain the right to sell print and value-added digital versions; though, the incremental cost of doing so will be at their own risk and expense. By retaining a proprietary interest in the sales of print and enhanced digital versions, publishers will remain motivated to maintain a title's visibility via marketing, metadata improvement, and distribution via popular ebook channels.

An institutionally funded faculty book subvention will insulate the evaluation of scholarly merit from market considerations, retain existing quality signaling, and—if adequately supported—increase discoverability and accessibility via open dissemination. A title subvention model may also encourage the introduction of new publishing channels (for both traditional and new-form digital scholarship) and innovations in the research publication value chain, including new peer review regimes and a shift to

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<sup>5</sup> Although the open version would not have the enhanced functionality provided by some proprietary ebook formats, the library version would be accessible to the print disabled or visually impaired.

digital-first editorial workflows, production, and dissemination. For existing presses to realize these gains, the first-book subvention system will need to lower risk and reduce losses.

### 3.2 Benefits of a Faculty Title Subvention

A faculty title subvention funded by the authors' host institutions will address the principal causes and effects of the market failure for monographs. Such a model will:

- Decouple monograph publishing decisions from commercial viability—

A title subvention will ensure that the scholarship of junior faculty has the opportunity to be published irrespective of commercial return and will provide an adequate supply of monographs for communicating scholarship.

- Align funding with the value delivered to individual institutions—

The current press-subsidy model will grow less stable given the growing financial burden on press-hosting institutions. A title-subvention model will distribute costs equitably across all the institutions that benefit from monograph publishing as a driver for professional credentialing, thus stabilizing the system. Implementing the system will not completely eliminate the subsidies presses require from their host institutions, as such subsidies cover a wide range of mission-critical publishing beyond the publication of first books.

- Retain quality signaling—

The academic credentialing process relies on peer review and editorial selection, and North American tenure and promotion committees continue to signal a strong preference for the quality associated with publication by a university press. A title subvention model will sustain this quality assurance process, while allowing for innovation in quality metrics for monographs.

- Broaden publishing channels—

Although university presses and commercial scholarly publishers now represent the principal publication channels for first books, universities might elect to extend subventions to new types of publishing, including scholar-led and campus-based publishing programs. A title subvention can ensure economic efficiency and allow for innovative, and potentially disruptive, new publishing channels to complement and compete with incumbents in the existing system.

- Increase discoverability, functionality, and accessibility—

By providing effective open access to digital monographs, a title subvention will increase the discovery, use, and utility of individual titles, and of the entire corpus of monographic literature, thus increasing the return on an institution's investment in its faculty and their research production.

- Coexist with other models—

The scholarly publishing environment will remain pluralistic, and a title subvention will be able to complement other models, whether supply-side or market based.

Delivering these benefits, a faculty title subvention can provide a robust response to the failure of the market model for monographs.

### 3.3 Average Cost by Institution Type

The title subvention will be set at a level sufficient to cover standard first-copy costs—that is, the fixed direct costs of producing a monograph and making it freely and openly available before print or other distribution costs are taken into account—and to contribute equitably to covering a press’s overhead costs. A preliminary analysis has demonstrated the program’s conceptual feasibility, based on testing a hypothetical subvention of \$20,000 per title.

**Average Annual First-Book Subvention Cost by Institution Type\***

Institution Type (Carnegie Classification Description)	Average Title Subventions Per Institution Per Year		Average Annual Subvention Exposure Per Institution	
	Public	Private, nonprofit	Public	Private, nonprofit
Research Universities (very high research activity)	3.41	3.67	\$ 68,100	\$ 73,300
Research Universities (high research activity)	2.25	3.44	\$ 45,100	\$ 68,800
Doctoral/Research Universities	2.55	0.81	\$ 51,100	\$ 16,100
Master's Colleges and Universities (larger programs)	1.30	0.54	\$ 25,900	\$ 10,800
Master's Colleges and Universities (medium programs)	1.10	0.33	\$ 22,100	\$ 6,600
Master's Colleges and Universities (smaller programs)	0.88	0.28	\$ 17,600	\$ 5,600
Baccalaureate Colleges--Arts & Sciences	1.62	0.12	\$ 32,400	\$ 2,400
Baccalaureate Colleges--Diverse Fields	0.90	0.13	\$ 17,900	\$ 2,600
Baccalaureate/Associate's Colleges	0.49	0.20	\$ 9,900	\$ 4,000

\*Based on tenure-track faculty in the humanities.

An institutionally funded faculty book subvention will redistribute costs across all institutions, most of which have incurred little or no cost previously for their faculties’ publications. Based on preliminary modeling, using the hypothetical subvention amount, the average cost per year, by institution type, will range from approximately \$73,000 for the largest private research universities to \$2,400 per year for small private baccalaureate colleges (see the table above).

Across all types of academic institutions, the average cost per year of the title subvention will be trivial relative to total expenditures for academic support in the humanities and social sciences. For perspective, the average annual book subvention will represent less than 1.0% of current faculty support costs for all types of institutions, and less than 2.0% of library expenditures for virtually all institution types.

### 4.1 Stakeholder Benefits & the Need for Collective Action

The extensive cultural, economic, and institutional interdependencies of the current monograph publishing system prevent individual stakeholder groups—including faculty, university administrations, university presses, academic libraries, and scholarly societies—from adopting alternative strategies unilaterally. The type of collective solution proposed by a title subvention system can overcome the constraints impeding individual stakeholder groups:

#### *Colleges & University Administrations —*

A first-book subvention will benefit colleges and universities by stabilizing the system on which institutions base tenure decisions and opening access to a significant corpus of scholarly literature.

The legitimacy of an institutionally funded title subvention will depend on active support from university provosts and college deans, and the collective participation of a critical mass of North American colleges and universities. Research universities and large master's institutions represent 75% of the faculty affected, and the participation of those institutions will be especially important to the success of the system.

Despite the local and system-wide benefits that a title subvention system will deliver—and the trivial costs to participating institutions—achieving the necessary level of participation will require that institutions enjoy exclusive benefits and social incentives sufficient to overcome the temptation to continue free riding.

#### *Faculty—*

Despite the already widespread, if unsystematic, use of book subventions, faculty attitudes sometimes equate book subsidies with vanity publishing. Active endorsement of the title subvention system by a majority of university provosts and college deans will help overcome this perception. If a critical mass of institutions publicly agree to participate in the system, no stigma will attach to individual faculty applying a title subvention. Further, demonstrating that a title subvention does not undermine the editorial independence of publishers will also increase faculty acceptance of the system.

#### *University Presses—*

An institutional title subvention will reduce or eliminate the financial risk of publishing specialized first books, without negatively affecting the quality or reputation of a press. Widespread participation by university presses will reinforce the legitimacy of the system and, by putting all presses on an equal footing, insulate editorial decisions from the perception of vanity publishing.

A title subvention will not induce the publication of substandard monographs, as an acquisitions strategy that favored subventions over quality would be ruinous to the reputation of a press, and by damaging the press's ability to attract quality titles for a broader audience, would weaken the press financially as well.

Securing press participation should prove manageable given the small size of the initial target universe, the extent to which the program supports the core mission of presses, and the potential economic benefit to press host institutions.

#### *Academic Libraries—*

Besides asserting academy control over a significant corpus of scholarly research output in the humanities and social sciences, a faculty first-book subvention could increase the capacity of campus-based publishing partnerships to provide monographs and other research publications. The greatest leverage may result from academic libraries working in partnership with presses to aggregate, host, promote, curate, and preserve the growing corpus of open-access digital monographs that the system will provide.

#### *Scholarly Societies—*

As professional credentialing standards in the humanities and social sciences are informed by individual disciplines and the scholarly societies that represent them, societies can play a critical role in signaling the legitimacy of a first-book subvention system. Additionally, some societies sponsor monograph publishing programs that might qualify for title subventions under the system. Marshaling broad society support will legitimize the model and accelerate the coordination of institutional participation.

For practical reasons, a system of institutionally funded faculty book subventions will need to be implemented collectively and across stakeholder groups in order to 1) confer legitimacy on the digital-first, open-access distribution of first books, and 2) thus preserve the value of the monograph for institutions credentialing faculty. Such a collective action can be designed to maximize the participation of academic institutions, publishers, and other stakeholders.

#### **4.2 Program Design & Planning Issues**

The next step in assessing the viability of an institutionally funded book subvention system will be to develop a detailed feasibility analysis and implementation plan. Such a plan will address program design, financial analyses, and collaboration with key stakeholders, including the following issues:

*Coordinating participation*—Achieving broad participation by institutions and presses will require assurance contracts, or other coordinating mechanisms, that target multiple college and university associations, as well as the relevant presses. Coordinating participation will also require the definition of exclusive benefits.

*Administration & governance*—The optimal level of administration required for a book subvention system will need to be determined. Governance options range from a voluntary compact to a more formal arrangement, better suited to establishing policies, inducing participation, and signaling the program’s legitimacy.

*Qualifying publishers*—Initially, the faculty book subvention might target the North American university presses on which the current system largely relies. However, the first-book subvention model could be applied to other nonprofit publishers, including society publishers, campus-based publishing programs, and scholar-led initiatives. Managing the list of qualifying publishers will be critical to ensuring that institutions continue to perceive value in the quality certifying activities that their faculty book subventions cover and to guarding that investments in new and existing channels are not duplicative.

*Scope of coverage*—The program described here focuses primarily on first books. However, the subvention could be extended to include other scholarly monographs, as well as new forms of digital research publications.

*Set subvention level(s)*—A supply-side funding approach will need to ensure that a title subvention accurately reflects the value delivered to the institutions providing the funding. The process for establishing appropriate subvention levels will also need to ensure the economic efficiency of the system. The subvention levels will need to address a broad range of operating structures among university presses and other nonprofit publishers, while motivating cost efficiencies and encouraging innovation.

*Establish format, license, and platform expectations*—Considerations related to online discoverability and the measurement of use will be essential to demonstrating the system’s impact. Distribution approaches capable of supporting performance metrics that satisfy the requirements of all types of stakeholders will be needed. Careful consideration will be given to the file format, identifiers, metadata, citation and annotation features, apparatus, and affordances of the reading and researching experience of the open editions.

The Task Force proposes to develop a feasibility analysis comprising the planning components described above and incorporating feedback from key stakeholder groups in the design of the system. Such an analysis will yield a specific plan for how such a system can be coordinated and launched.

### 4.3 Summary

Adopting a rational and equitable title-subvention model for funding scholarly monographs will preserve the essential elements of the current system, while facilitating innovations in communicating and certifying scholarly research. A system based on institutionally funded faculty book subventions will:

- separate publishing decisions for scholarly monographs from market considerations, removing publishing constraints on specialized fields;
- increase the visibility, discovery, and measurable use of scholarly research by providing open-access dissemination, thus helping to accelerate changes in tenure publication policies and practices;
- signal the legitimacy of digital-first dissemination of monographs and new forms of digital scholarship;
- protect the reputation and economic viability of university presses and other nonprofit publishers; and
- encourage the development of alternative publishing channels, including press-library partnerships, campus-based publishing initiatives, innovative quality certification regimes, and new digital distribution systems.

The AAU-ARL Task Force believes that university administrators—working with their faculties, university presses, and scholarly societies—can create a more effective system for scholarly publishing in the humanities and qualitative social sciences. This new system will complement the market revenue and institutional subsidies now supporting scholarly publishing, and will preserve the essential components of the current system, while incorporating new digital capabilities to create a sustainable and open system for disseminating the expanding forms of research and scholarship.