

Sauk Valley Community College
June 30, 2025

Action Item 4.8

Topic: **Amendment #2 to the Follett Bookstore Operating Agreement**

College Health Metric: **Student Services – The College provides quality and supportive services to students.**

Presented By: **Dr. David Hellmich, Dr. Jon Mandrell, and Kent Sorenson**

Presentation:

The *Sauk Ready: Textbook Program* is an affordability initiative aimed at ensuring all participating students receive access to their required course materials by the first day of class. Operated through the college's bookstore vendor, Follett Higher Education Group, the program provides materials at a flat, predictable rate of \$27.50 per credit hour, reducing barriers to academic preparedness and student success. Student participation remains optional with a clear opt-out pathway.

To formally implement the Sauk Ready: Textbook Program, the College has negotiated Amendment #2 to the current 2016 bookstore operating agreement with Follett. This amendment outlines the scope, pricing, delivery expectations, invoicing, opt-out processes, and compliance with federal regulations under 34 C.F.R. § 668.164, which governs the inclusion of books and supplies as part of institutional charges.

Key components of Amendment #2 are as follow:

- Formal adoption of the Follett ACCESS Program for Sauk Valley Community College
- Annual schedule and pricing agreement for Fall, Spring, and Summer terms
- Delivery timelines to ensure students receive materials no later than the seventh day of each term
- Invoicing structure and reconciliation process
- Student opt-out process aligned with U.S. Department of Education regulations
- Exclusion of ACCESS program revenue from commissionable sales
- Requirements for student success data sharing and compliance documentation

This amendment serves as a foundational step in operationalizing the previously Board-approved Sauk Ready: Textbook Program. The program represents a strategic partnership that supports both student success and institutional priorities around affordability, access, and compliance.

Recommendation:

The administration recommends the Board of Trustees approve Amendment #2 to Bookstore Operating Agreement with Follett Higher Education Group, LLC, as presented, effective April 1, 2025, to formally implement the Sauk Ready: Textbook Program.

AMENDMENT #2 TO BOOKSTORE OPERATING AGREEMENT

This Second Amendment ("Amendment") for Follett ACCESS is made as of April 1, 2025 ("Effective Date") between Sauk Valley Community College ("School") and Follett Higher Education Group, LLC, f/k/a Follett Higher Education Group, Inc., ("Follett").

WHEREAS: School and Follett are parties to a certain Agreement dated June 1, 2016 *and as amended* by a First Amendment dated May 29, 2018 (together, the "Agreement"). All defined terms used herein shall have the meaning as set forth herein or in the Agreement.

WHEREAS: The parties desire for School to participate in Follett's ACCESS Program hereinafter referred to as "Program" or "Follett Access Program"; and

WHEREAS: The parties desire to amend the Agreement in certain respects as more specifically set forth herein;

NOW, THEREFORE, for good and valuable consideration as described herein, the sufficiency and receipt of which is hereby acknowledged, intending to be legally bound, School and Follett agree, effective April 1, 2025:

1. Section_20 of the Agreement is amended by deleting in its entirety and inserting in its place the following:

20 Follett Access Scope & Terms

Program Scope:

School has agreed that Follett ACCESS will be delivering all required Course Materials for the Program for the Academic Terms and Cohorts detailed in the attached Schedules.

Follett has taken the following steps to provide these services to the campus:

1. Analyzed historical adoptions and adoption trends to project the cost of adopted materials for the terms in the attached and any subsequently revised Schedules and developed custom pricing for the School.
2. Negotiated pricing with publishers.
3. Developed systems and processes to provision both print and digital materials to students.

General Provisions:

Follett shall administer the Program in accordance with Federal Regulations (U.S. Department of Education Regulations in 34 C.F.R § 668.164), ensuring that all services and practices align with the federal definition of tuition and fees as they relate to the inclusion of books and supplies.

Schedules:

The attached Schedules will be executed annually over the term of the Agreement. The Schedules contain details on scope, pricing, enrollment, deadlines, and course materials adoptions guidelines that are required to deliver the Program. This information will be updated, revised and executed annually.

Follett agrees to ensure that all required books and supplies are made available to enrolled students no later than the seventh day of the payment period for each academic term, regardless of format (digital or print), and shall notify the School promptly of any anticipated delays.

Pricing:

The mutually agreed upon Pricing between the School and Follett will be updated in the attached schedules for each academic year of the Program. Follett will provide a firm price proposal for the upcoming academic year (Fall, Spring, and Summer terms) by January 31, annually.

Fee Waiver and Refunds:

Follett will waive or refunds fees for fee-exempt or refund eligible students consistent with School policies.

Course Material Adoptions:

Follett will deliver course materials in the format and manner described in the attached Schedules. Adoption processes and deadlines will be managed by the Course Materials Adoption Committee (Committee) as described in the attached Schedules.

Student Success Data:

The School agrees to provide grades, retention, and graduation data to Follett at or before the dates detailed in the attached Schedules. Format and scope of Student Success Data will be mutually agreed between Follett and the School.

Marketing Materials & Communication Template:

Marketing and communicating the Program to stakeholders is vital. Follett will provide communication best practices, marketing materials, and templates for the School to communicate the Program to students and faculty.

Invoicing & Payment Terms:

For Follett Access classes, the following shall be the invoicing and payment process:

- a) **Initial Invoice:** Invoicing for the Access Program will occur no later than two (2) weeks from the start of classes for each semester/term, including for each sub-term, if applicable. The charges will be reflective of transactions incurred through the date of invoice generation. The Initial Invoice will be sent to the campus in Follett's standardized format with terms of net thirty (30) days.

Initial Invoice Payment Terms: Within thirty (30) days of the Initial Invoice Date, School shall either (i) pay Follett such Initial Invoice amount in its entirety if the amount is not disputed; or (ii) alternatively, pay Follett at least ninety percent (90%) of the Initial Invoice amount with the remainder to be reconciled per below:

- * Any amounts outstanding after payment in accordance with the foregoing provision (ii) shall be subject to the Parties reconciling, in good faith, any discrepancies to make a final determination of the Initial Invoice. Such payment or credit will be due no later than thirty days (30) days after the final class add/drop date.

- b) Subsequent invoices, Adjustments, and Payment Terms: Invoices and adjustments for subsequent adds, drops and other charges/credits between the Parties will be generated regularly for changes through the end of the semester/term, delivered in Follett's standardized format with net terms of thirty (30) days.
- c) Until Follett is paid in full for invoiced Access Program fees and/or Reconciliation amounts, Follett reserves the right to: (i) withhold commission payments until Follett receives such Access Fees, (ii) set off outstanding invoiced amounts against commissions payments payable to School and (iii) charge interest on past due amounts at a rate as permitted by applicable law.
- d) Follett further reserves the right to hold provisioning of the Access Program for future semester/terms if any invoice remains unpaid beyond the final due date.
- e)

Opt-Out:

Follett shall collaborate with the College to implement and maintain a clear and accessible opt-out process in accordance with 34 C.F.R. § 668.164(c)(2). The opt-out process must ensure that students are not automatically charged for materials if they elect not to participate in the Program.

Tax:

The parties agree that all ACCESS sales made by Follett to School are in fact sales for the purpose of resale to the students. As such, School agrees that:

1. School is, in fact, the "seller" of the textbooks and other educational materials to the students, and is responsible for the collection and remittance of any and all sales, use and other applicable transaction taxes assessed on the "Program" sale of textbooks and other education materials to students.
 - If School provides a sales tax resale certificate to Follett, Follett will exclude ACCESS fees charged to School from the sales tax base.
 - If School does not provide a sales tax resale certificate to Follett, Follett ACCESS fees may be subject to sales, use or other applicable transaction taxes per applicable state requirements. Any such taxes will be stated on the invoice
2. School agrees to provide Follett with an updated sales tax resale certificate if current resale certificate expires, or if School information on the resale certificate changes.

Inventory on Termination:

Follett ACCESS Program materials will be included as part of any inventory that the School must purchase, or require a third party to purchase, on termination of the Agreement. Follett will withhold any commission ninety (90) days before Termination takes effect until such time that settlement on the inventory is received.

Commission:

Access revenue is specifically excluded from the definition of "Commissionable Sales" in this Agreement. Follett will not pay commission on the Equitable Access Program.

Compliance Review:

Follett shall provide documentation and data upon requires to support the College's compliance with Department of Education regulations concerning timely delivery, op-out execution, and

student access. The includes enrollment counts, opt-out reports, delivery timelines, and material availability records.

Performance:

Failure by Follett to meet the timelines, availability standards, or opt-out requirements in accordance with 34 C.F.R. § 668.164 shall entitle the College to withhold payment for affected students or seek reimbursement for any portion of Title IV funds deemed ineligible due to such noncompliance.

2. Section 10.1 of the agreement, as previously amended by a First Amendment dated May 29, 2018, is amended by deleting the definition of commissionable sales and inserting the following:

10.1 Follett shall pay commission to the School in an annual amount equal to the sum of:

10% of all Commissionable Sales up to \$1,000,000; plus

“Commissionable Sales” is defined as all collected net revenue (in compliance with generally accepted accounting principles) generated through the Store or the Store website, less Equitable Access revenue, voids, refunds, sales tax, campus debit card fees, discounted sales to authorized School faculty, staff, departments and others as may be mutually agreed to under this Agreement, Follett-funded scholarships, handling fees associated with non-return of rental textbooks, sales with pass-through income, items sold at less than an inherent 20% margin (e.g. computer hardware and software), advertising expenses that directly draw consumers to the store/website (e.g., paid search and social media expenses) and Follett MarketPlace sales. Where Follett sells digital content as an agent, Follett’s agency fee shall be the applicable gross revenue.

3. In the event of a conflict between terms and conditions, this Second Amendment takes precedence over the Agreement and any prior Amendment(s). Except as specifically amended hereby, the Agreement shall continue in full force and effect in all respects.

IN WITNESS WHEREOF, School and Follett have caused this Amendment to be executed by their authorized officers as of the date first written above.

**FOLLETT HIGHER EDUCATION
GROUP, LLC**

By: _____

Name: _____

Title: _____

Date: _____

SAUK VALLEY COMMUNITY COLLEGE

By: _____

Name: _____

Title: _____

Date: _____