

INTERNATIONAL

# International Students Bailed Out Colleges in the Last Recession. They Won't This Time.



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Visitors in Beijing crowd into the U.S. exhibition area during the China Education Expo 2012, when times were better for international education in the United States.

By Karin Fischer | SEPTEMBER 12, 2019

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International students bailed out public universities during the recession that began in 2008, their tuition helping fill the budgetary hole left by state funding cuts.

But as another downturn looms, colleges won't be able to rely on students from overseas as a safety net. Several factors – including changes in American visa policy, the perception of the United States now as unwelcoming to outsiders, and the trade war with China, the largest source of foreign students – have already led to two years of declines in new international enrollments. And few experts expect a turnaround.

They certainly don't anticipate the boom in students from overseas that occurred during the most recent recession. From 2007 to 2012, the number of international students on American campuses increased by 30 percent. At public research universities, the growth was even greater – the number of foreign freshmen there soared 112 percent.

According to a report published by the National Bureau of Economic Research, a 10-percent decrease in state appropriations was accompanied by a 12-percent increase in foreign enrollments at public research universities. At flagships and research-intensive

institutions that are members of the Association of American Universities, the impact was even greater – foreign enrollments increased 17 percent.

“Our results tell a compelling story about the link between changes in state funding and foreign enrollment in recent years,” the authors write. “In the absence of the pool of foreign students, many universities would have faced larger cuts to expenditures and potentially greater increases in in-state tuition charges.”

On average, the uptick in international students accounted for about 17 percent of the increase in tuition revenue, as colleges sought to backfill cuts in state appropriations. At some institutions, however, international students were an even more crucial source of funding, accounting for 40 percent or more of the increase in tuition revenue.

But not all colleges “were able to, chose to, were forced to” enroll international students to reduce the recession’s pain, says Brendan Cantwell, an associate professor of education at Michigan State University and the author of a study that looked at the budgetary impact of international enrollments. Both he and the NBER researchers found that doctoral and research universities saw gains in tuition revenue from enrolling international undergraduates, while bachelor’s- and master’s-level institutions did not.

Universities that rate highly in global rankings and have more of a brand name overseas appear better positioned to attract international students. Universities with higher math scores on standardized tests also tended to benefit. “Foreign students don’t usually come for English literature or American history,” says Breno Braga, a research associate at the Urban Institute and one of the authors of the NBER paper. “They’re here for good engineering programs, for computer science, for STEM.”

At the same time, Braga and his colleagues found that the most selective public universities experienced less of an international enrollment impact. That’s probably because they already attract domestic out-of-state students who can pay full tuition. For example, at the University of Michigan, where about 30 percent of the freshman class is from out of state, international students accounted for 7 percent of the increase in tuition

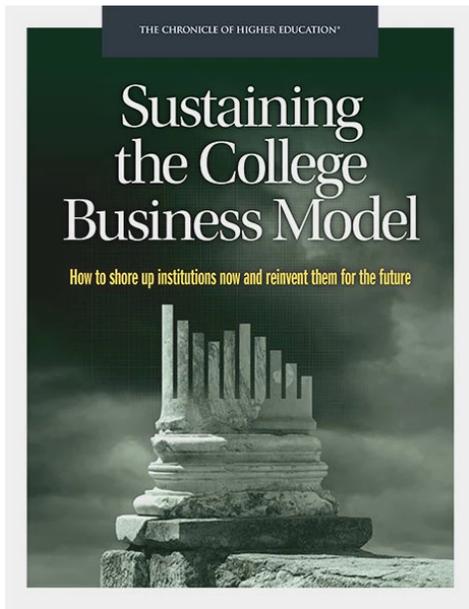
revenue during the last recession. At Michigan State, where 90 percent of freshmen hail from Michigan, foreign-student enrollment produced more than a quarter of the increase in tuition revenue.

Of course, the influx of international students over the past decade hasn't just helped balance colleges' bottom lines. Nafsa: Association of International Educators estimates that students from overseas injected \$39 billion into the American economy. An analysis by Studyportals, a company that recruits international students, puts the direct and indirect impact even higher, at \$57 billion.

"International students are bringing both talent and treasure," says Rahul Choudaha, Studyportals' executive vice president for global engagement and research, who is the report's author.

But Choudaha and others who study global-student mobility say it was a perfect storm of factors that made international students key to getting public colleges through the last recession – and that strong headwinds make a similar outcome unlikely in the next downturn.

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For one thing, the decline occurred at a time when international education was being elevated on college campuses, included as a high priority in strategic plans and mission statements. Increasing the number of students from abroad could then be seen as “linked to a core educational mission,” Cantwell says.

The University of Minnesota-Twin Cities, for instance, already had a plan in place to increase enrollment of international undergraduates as part of a diversity effort before the recession, says Robert B. McMaster, vice provost and dean of undergraduate education. Foreign enrollment there jumped from 1 percent to 5 percent of the total.

## **‘Other Choices’**

Today, with an “America First” policy in the White House, the consensus around globalization’s good has frayed. Public colleges are more likely to embrace strategies that emphasize how they are serving the needs of local students and the local economy, Cantwell says.

A decade ago, American colleges could look to other countries, such as Australia and Britain, for models of using international students to offset demographic declines and cuts in taxpayer support. Now more global competitors are vying for students, many with advantages such as lower tuition, friendlier work and immigration policies, and reputations for openness and safety.

In addition, some students may opt to stay at home, as educational quality improves in countries like China and India, historically two of the largest sources of foreign students. “Yes, the United States remains a strong destination,” Choudaha says, “but we can’t make the assumption that students don’t have other choices.”

There were also factors pushing students in other countries to seek foreign degrees. In China, a rising middle class could suddenly afford to send their children to be educated abroad. Fast-forward 10 years, and the threatened trade war between the United States and China could destabilize the Chinese economy and lead its government to devalue the currency, making an American education more expensive for families there.

The Bush and Obama administrations loosened rules that made it easier for young Chinese students to get visas. Under President Trump, some restrictions have been reimposed, particularly for students in certain science and technology fields. In addition, the U.S. government has stepped up its scrutiny of Chinese students and researchers, while the Chinese Ministry of Education has warned of the “risks” of studying in the United States.

And the start of the academic term brought a number of high-profile cases in which international students trying to return to campus were turned away at U.S. border screenings and had their visas revoked.

Meanwhile, dueling Chinese-American tariffs, softening economies abroad, and other indicators are leading economic analysts to ask when, not if, the current economic expansion, longest in modern American history, will end.

Given the importance of international students to public research universities during the past recession, it could leave them especially vulnerable. But Cantwell, the education professor at Michigan State, argues that these institutions are actually in better shape, in part because international tuition allowed them to stave off deeper cuts a decade ago and regain their financial footing.

Regional public institutions and small liberal-arts colleges may be in a tougher spot entering another downturn, he says, because they never fully recovered from the last one. Without a windfall of international students, larger research universities may also more directly compete with them with them for local students.

At the University of Minnesota, recruiters are getting ready for six weeks of international travel this fall. Having students from around the globe has been a boon to the campus, McMaster says, but it's not a trend that administrators want to bank on. Just last year, the number of international students in the freshman class plummeted 25 percent, although this fall their number has rebounded.

There's a "capriciousness" to such enrollments, McMaster says. "Moving forward, I don't think we'll pull either the international or the nonresident lever. It's just too risky."

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