

International Student Enrollment and Budgetary Challenges

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Abstract

International students bring both cultural and financial benefits to American higher education institutions, but in recent years there has been a marked decrease in their enrollment. Historically these students have been used to fill gaps left from in-state tuition, but with fewer international students there is pressure on universities to increase enrollment. This discussion frames the enrollment issue in terms of internal factors related to the changing immigration policies, higher tuition prices, and an unwelcome environment. The external factors that contribute to other countries attractiveness such as more lenient immigration policies, easier pathways to citizenship, and changing factors at home and abroad. Recommendations for universities to utilize to attract international students are discussed.

Keywords

International students, international enrollment, immigration

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Introduction

International students are a highly coveted population for higher education institutions all over the world. Universities know that in addition to the financial benefit of admitting high paying students, having a diverse class of students brings a variety of perspectives and promotes a greater understanding of the world. However, in recent years the growth of this group in the United States has slowed due to a number of internal and external factors, leading universities to struggle to fill the gaps in tuition revenue. International students, many of whom pay full tuition and at higher rates than in- and out-of-state residents, are often used as an enrollment strategy to cover costs when domestic enrollment drops or there is a recession. Both of these circumstances are at play in the U.S. To remedy this, this paper will discuss the history and cause of this crisis within university finance, explain the internal and external factors causing the drop in international enrollment, and suggest ways in which the U.S. government and individual universities may address the problem.

Historical Context

The current state of international enrollment shows that of the 4.6 million students studying internationally in 2017, approximately 24% of them are studying in the United States (Zong & Batalova, 2018). The United Kingdom and China follow in line, with 11% and 10% respectively (Zong & Batalova, 2018). At the master's and doctoral levels at Purdue University, international students are a dominant population, between 50-60% of students in doctoral programs are international students (Hegarty, 2014).

The United States' percentage of international student total enrollment has gone down in recent years; in 2001 they comprised 28% of the total enrollment, but in 2018 that number had dropped to 24% (Zong & Batalova, 2018). Spring of 2018 showed that there were 1,169,464 students enrolled in the United States, which is down from 1,201,871 the previous spring (Redden, 2019). During this time there was a 2% decline in Chinese students, and a 1.2% decline in students from India, the third largest population. The population of international students from South Korea fell by 7.6%, and Saudi Arabia, which fell by a staggering 17.1% (Redden, 2019). Overall, 45% of colleges and universities have reported a decline in the growth of international students at their institutions at an average drop of 7% (Ross, 2017). These numbers can be debilitating for schools.

As domestic enrollment has plateaued and begun to decline, universities have turned to the robust international student population to fill in the budget gaps left by fewer domestic students. Just in 2018, the number of high school graduates dropped by 1%, and is expected to only increase by 0.2% over the next nine years, whereas growth in the previous nine years was 6% (Krislov, 2019; Saul, 2018). Until recently, universities did not have much reason to be concerned with the future of their international students, showing ease in the expectation that the lure of American higher education would not be challenged. Between 2001 and 2015, the number of international students rose from 2.1 million to 4.6 million, and it was only within the last three years that those growth rates took a turn (Institute for International Education [IIE], 2017, p. 3).

The Great Recession, state budget cuts, and decreased domestic and international enrollment has resulted in budget shortfalls not easily recovered. It is expected that Midwestern colleges and universities will be the hardest hit by these decreases, as well as second-tier institutions with less international notoriety. At the University of Central Missouri, international student enrollment dropped by 37%, resulting in a budget loss of \$14 million (Saul, 2018). They are scrambling to find other ways to make up for the lost enrollment. The Recession and state budgetary cuts to higher education translated into increased efforts to recruit international students. For example, at the University of California, Berkeley, “the number of international freshmen enrolled in Fall 2011 increased by 50% as compared to the previous year,” (Choudaha & Chang, 2012, p. 6). Public universities in Colorado were subject to an out-of-state enrollment cap, but since international students were not included in this, many of the Colorado schools became new destinations for international students (Choudaha & Chang, 2012).

In addition to the budgetary incentive these students bring to colleges and universities, the economic value of international students to the United States cannot be overlooked. Through tuition revenue, rent, living expenses, and travel, international students added upwards of \$40 billion to the U.S. economy (Fischer, 2018). They also have either created or supported 450,000 jobs (Zong & Batalova, 2018). With this impact on higher education and the economy, it is crucial to understand the reasons that international student enrollment is falling, and options to consider addressing the problems.

Internal Factors

There are many reasons attributed to why the international student numbers are not at the levels seen in previous years. Certainly, the “American First” policy equivocated by President Trump has resulted in a frosty atmosphere, but the last three years do not account for the students from countries not targeted by the president’s negative immigration policies. Instead, there may be more internal factors relating to the American context that pull students to other countries, or even to stay within their home country.

Changing Immigration Policies

The current political climate towards immigrants and foreign nationals is certainly having an effect on the enrollment of international students. Rhetoric surrounding “America First” and new immigration policies have resulted in fewer visas being issued and more difficulty entering and exiting the country. Some students mentioned the fear of not being allowed back into the country if they were to go home for summer or winter breaks (Lee, 2008). Others said they had friends who intentionally did not come to the United States because of the lengthy and overall humiliating visa process (Lee, 2008).

China is the number one country of origin for international students, with one-third of all international students coming from this country. However, the United States as early as 2019 has tightened the requirements for Chinese students to be admitted into some STEM fields (Altbach, 2019). It has also begun limiting the duration of visas for Chinese students, making it more difficult to enter the country, and resulting in students having to reapply annually (Fischer, 2019). With Chinese students contributing \$12 billion per year to the U.S. economy, this is not

only debilitating to universities, but the country as a whole (Fischer, 2019). Chinese students are also the largest group of international doctoral students and are often in areas of study that do not attract very many American students (Fischer, 2019). These conditions are in addition to the increased vetting of Middle Eastern exchange students, who after September 11, 2001 have consistently faced difficulty in applying for admittance to the United States. This chilly political environment makes coming and staying in the U.S. increasingly difficult, and that is even if they can afford it.

Rising Tuition Costs

It is a common misconception that international students come from the wealthiest families abroad, and therefore they are more willing and able to field the brunt of tuition hikes. Universities see these students, especially the bachelor's degree seeking students, as a stable, long-term revenue stream, as most of them are funded independently and not through financial aid (Choudaha & Chang, 2012). Still, international students are not immune to price increases. Tuition is staggeringly high for these students:

In 2016, the typical foreign student attending a selective American college paid \$23,500 in tuition and fees, more than three times the price a U.S. citizen paid. Tuition for international students increased by nearly \$5,000 since 2012, while tuition for Americans went up only \$450 (Cooper, 2018, para. 3).

These tuition increases not only close gaps in enrollment and in-state tuition caps, but are often used, "to invest and subsidize the education of the lower-income students, which is part of their mission, by attracting more full-pay students from abroad" (Jastrzebski, 2018, para. 12). The problem is that roughly 60% of international students report having financial difficulties in paying for their American education (Sherry et al., 2010). Colleges and universities offer few scholarships for these students, and therefore the question on the minds of international students when deciding between which countries to study in is whether the university is looking to support and educate a global citizenry, or are they being used for the financial gain for the school? If the university does not consider it in their mission to support these students and show that they are welcomed then they will go elsewhere, which is being seen in today's numbers.

Unwelcoming Environment

It is not purely the logistics and visa nuances that push students away from the United States, but the environment they encounter once they arrive. Lee and Rice (2007) report that international students are more likely to face discrimination, with students from the Middle East being most at risk. These students face different trials based on their backgrounds, with students from English speaking countries being less likely to report instances of racism than their counterparts. Students who have experienced discrimination are less likely to exhibit destination loyalty, resulting in them being less likely to stay at those institutions and be more likely to speak poorly of the country and institution (Jamaludin et al., 2018).

While there are certainly issues of discrimination and bias in the countries that compete with the United States for students, the recent uptake in anti-immigrant rhetoric has brought out

greater feelings of fear amongst students. The COVID-19 outbreak has been one such incident that has escalated this speech and resulted in increased incidents of discrimination against people of Asian descent. STOP AAPI HATE is a reporting center specifically for coronavirus-related discrimination cases. In its first month of reporting beginning March 19, 2020, almost 1500 cases of verbal harassment, shunning, and physical assault have been reported (STOP AAPI HATE, 2020). 58% of these cases occurred in New York and California, which are also the top two states for international students (IIE, 2019; STOP AAPI HATE, 2020). The campus and political environment, along with the financial strain of coming to school in the U.S., makes it increasingly hard for international students to wish to come here.

External Factors

In addition to the unwelcoming environment of American colleges and universities, the rising cost of attendance, and the difficulties surrounding the visa process, there are many factors related to other countries' attractiveness that are causing the U.S. to lose its competitiveness as a destination for international students. The changing conditions of higher education at home, greater options for citizenship, and more lenient immigration policies have resulted in students choosing to move away from the U.S. as the dominant player in international student education.

Changing Factors at Home and Abroad

One of the original draws for students to come to the U.S. for university study is the superior quality of American institutions compared to their home country institutions, but as circumstances change within the U.S. and in students' home countries, this is no longer the case. One of the most common reasons students from China provide is that there is a, "growing supply of high school graduates whose families can afford a U.S. education and the unmet demand for high-quality education at home" (Choudaha & Chang, 2012, p. 10). However, enrolling in an institution abroad can have unhappy consequences. The lack of information, along with losing one's support network, a new language and culture, and discrimination, makes staying at home an inviting option (Lee, 2008). Additionally, the United States also does not have the economic hegemony it once enjoyed. India and China have been making higher education a priority, investing in this area in order to keep more students at home (Mooney & Neelakantan, 2004). They also have a rising middle class, with strong economies to support high paying jobs (Mooney & Neelakantan, 2004). With these positive indicators, more students are beginning to weigh the benefit of education in their own countries.

Other countries have not been immune to the fall in international student enrollment, better quality higher education options in student's home countries are taking students away from countries like Australia, New Zealand, and the United Kingdom as well. In 2008, Central Queensland University in Australia dismissed 200 faculty and staff members and Melbourne University had to deal with a \$5 million budget deficit caused by the fall in international student enrollment (Hegarty, 2014). What changed for these countries was the investment in the recruitment of students following these drops. The United Kingdom, Canada, New Zealand, Australia, and some Asian countries have all placed an emphasis on the recruitment of new students, putting government money into the initiative (Alberts, 2007). With the patterns of

enrollment changing, countries are looking for alternative ways to draw students to their country and universities.

Paths to Citizenship

In the United States it is important to note, “international students are non-immigrants having a permanent residence abroad as defined by the Department of Homeland Security and are expected to return to their country upon the completion of the purpose of their stay” (Hegarty, 2014, p. 224). The implication of this policy is that students coming into the U.S. are expected to not have any desire to become legal permanent residents (LPR) or citizens, and expressing any indication that one is not planning to leave the U.S. should not be said in an interview with the U.S. consulate when applying for a student visa. It is therefore less attractive for an international student to come to the U.S. to study when they know that the government discourages long-term stays and makes it more difficult to establish residency.

In this realm, other countries are attempting to lure students from the United States with more straightforward paths to long-term residency. In November 2016, Canada adjusted its immigration process to better retain international students in the workforce, by giving additional points to applicants for residency who hold job offers and whose degrees were obtained in the country (Hemmadi, 2016). China did something similar, giving international students more options for internships and easier ways to obtain residency permits (IIE, 2018). Australia, one of the main U.S. competitors for international students, has created a fast track for international students in currently skill-deprived industries to obtain citizenship (Ziguras & Law, 2006). With the U.S. having conflicting visa policies regarding study and citizenship, students looking to work abroad following graduation have incentives to go to locations other than the U.S. with more flexible policies.

More Lenient Immigration Policies

Within the United States, international students are highly restricted in the kinds of work they are able to do while a student and limited in the kinds of opportunities they may pursue before and after graduation. Other countries have worked diligently to facilitate the education and mobility of these students, offering easier options to transfer between schools, and better options for staying in the country post-graduation:

China, Japan, and South Korea [...] have solidified mutual exchange agreements and joint education programs through a collaborative initiative, known as the Collective Action for the Mobility Program of University Students (CAMPUS Asia). Initiated in 2011, CAMPUS Asia launched its second pilot round in 2016, facilitating undergraduate and graduate regional mobility through academic credit transfer agreements, dual degree and joint degree offerings (IIE, 2018, p. 6).

The U.S. is notorious for students having difficulty transferring students between schools, and that is not even considering options between states or other countries. The ability to transfer credits between countries and earn joint degrees is an opportunity not commonly utilized in American higher education.

For many students, some of the perks of attending school in one country over another is the opportunity to stay and work as a benefit of student status after graduation. For students in the U.S., the Optional Practical Training program is one reason students choose to come. After the implementation of the program, participation grew from 29,340 in 2003-2004 to 76,031 in 2010-2011 (Choubaha & Chang, 2012). Today that number is roughly 154,000 (NAFSA, 2017). This program has a complex application process and many restrictions and reporting requirements. The United Kingdom, in an effort to draw in more students, loosened its requirements and has allowed for up to two years of stay following graduation and allowed additional time for students to pay back loans (Hegarty, 2014). For non-EU students attending school in Germany, they are allocated an entire 18 months just to find a job in order to be allowed to continue residing there, and many will take advantage of that (IIE, 2017). For comparison, the U.S. allows for 90 days while on Optional Practical Training before students must leave the country or pursue other educational opportunities. Australia, where many universities have incredibly high international student percentages and are highly reliant on this population, has implemented many liberal policies to recruit and retain students after a period of conservatism that hurt enrollment and sent institutions riling to make up budgets. Australia has experienced similar turns towards liberal immigration policies and have seen the number of visa applications jump significantly following their implementation (Choudaha & Chang, 2012). Australia, and many countries like it, have found that friendlier immigration policies have had a positive effect on their international enrollments.

Recommendations and Implications

The one commonality underwriting these phenomena is that other countries around the world have governments that actively support the training, mobility, and residency of international students. They put money towards increasing the quality and number of students in their countries. With this in mind, there are a number of policies that have the potential to increase international student enrollment.

Increased Recruitment Efforts

Underway at many universities, effort must be put into contacting and recruiting international students and targeting specific populations that are currently experiencing growth. Due to the importance of international students in tuition revenue streams, 62% of universities have increased their recruitment efforts, with 31% specifically targeting China (Hilts, 2018). With Trump's new policies towards this population causing the number of visa issuances to decrease from the previous year, institutions might wish to turn focus to other countries on the rise such as Indonesia, Bangladesh, and Nigeria. As these countries are not being as vetted as the Middle East or China, there is greater possibility for students to have an easier time being issued visas and paving the way for students.

Creating More Inclusive, Supportive Environments

As the United States has gotten a reputation for being less hospitable to international students and immigrants in the last few years, universities will have more difficulty recruiting

students if they do not address issues of discrimination and bias on campus, as well as better assisting their students find community. Requiring cross-cultural communication trainings, webinars on the needs of international students, and greater opportunities for cross-cultural engagement between domestic and international students can assist with building better environments for students. As international students largely learn about opportunities by reputation and word of mouth, ensuring that current students feel welcomed and included on the college campus will impact later enrollment numbers.

Immigration Changes

Finally, key to the success of international students is the support of the government for policies that will assist students being admitted and remaining within the United States. The current academic culture has resulted in institutions that are hinging on international students to fill out their budgets. While not ideal for the financial security of the university, a government immigration policy that facilitates the mobility of these students helps the stability of universities. Until the current immigration policies change, the best option that universities have is to employ a strong international student service office to help students navigate the complex regulatory environment the country is currently in. More positive policy and support would make it easier for international students to contribute to the wider campus community, and the economy as a whole.

Conclusion

The days of America being the unchallenged destination for students looking to study abroad is over. Despite the knowledge of the diversity of thought and expertise that international students bring to campus, too often they are considered in terms of the tuition revenue they bring to a struggling university budget. The impact of international students on the U.S. cultural landscape and economy make it so that the government must consider ways in which to continue to attract students. But the current political climate, harsh immigration policies, and an unwelcome university culture and climate have made the United States a more undesirable place to study. Adding to this are other countries competing for students, combining increased recruitment efforts and better in-home higher education options with more hospitable immigration policies and paths to citizenship. In this difficult and competitive time, the United States must create policies and environments that are inviting to these populations. With declining domestic enrollments and decreased state funding for public education, international students will continue to be viewed as high paying sources of revenue, and so steps will need to be taken to improve the recruitment process and experience of international students. Improving the culture of higher education is a long process, and government policies have the potential to change every four years, but it is critical to support these students or else lose out on not only a solid revenue stream, but an increasingly globally minded student population.

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