



ISSUE BRIEF : AUGUST 2018

THE “TRUMP SLUMP” IN HIGHER ED

HOW GROWING INTOLERANCE IS HURTING AMERICA’S
COLLEGES, COLLEGE TOWNS, AND STUDENTS

➤ BUSINESS FORWARD

EXECUTIVE SUMMARY

The one million foreign students attending American universities contribute nearly \$40 billion to our economy each year. Foreign student spending supports about 450,000 U.S. jobs, making higher education America's sixth biggest service export.

But enrollment is down at many of those schools because foreigners feel less safe and welcome here. President Trump's rhetoric about immigrants, Muslims, and Mexicans, as well as his dramatic cuts to work visa programs, contributed to a 7 percent drop in foreign student enrollment last year. More foreign students are choosing to go to the UK, Canada, Germany, and Australia, where enrollment is up.

You might think that's a good thing, because it creates room for American students who otherwise might have been denied those seats. But it's actually a big problem.

First, the number of American college students is shrinking. Enrollment dropped by 224,000 last year alone. If they can't fill those empty seats, colleges will cut back.

Second, foreign students pay two to three times as much for tuition as in-state students, which means they are helping keep the cost of your kid's tuition low. In response to years of state budget cuts, public colleges have come to depend on foreign students to keep the lights on, which explains why so many are marketing themselves across the globe.

Third, foreign students are particularly important to science, technology, engineering, and math (STEM) programs. For example, U.S. computer science graduate programs grew by 350 percent from 1995 to 2015, but this growth was driven by foreign students. Without them, we cannot meet American companies' demand for STEM talent.

Last, universities are critical to American innovation and economic growth. For decades, we've attracted the world's best talent, educated them, hired them, helped them start new businesses, and created millions of new jobs.

AMERICA'S \$37 BILLION EXPORT

The one million foreign students attending our universities represent only 5 percent of our student population, but they contribute \$37 billion to our economy each year. Their spending supports 450,000 American jobs. **Higher education is America's sixth biggest service export.**



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This drop is causing schools to raise tuition and cut programs. It's also hurting their bond rating, which increases their borrowing costs. Last December, Moody's downgraded higher education from "stable" to "negative," based, in part, on declining foreign student enrollment.

“I’m mind-boggled... Higher education is a place where we have a major trade surplus with the world. Doing something to hurt that is obviously going to make our trade balance worse.”

- DICK STARTZ
PROFESSOR OF ECONOMICS,
UNIVERSITY OF CALIFORNIA,
SANTA BARBARA

MOODY'S

FEBRUARY 5, 2018

Declining international student enrollment dampens US universities' tuition revenue growth

WHAT COLLEGES ARE SAYING

The current administration's 'America First' mantra is causing [international students] a great deal of anxiety and fear.

- EARL JOHNSON
VICE PRESIDENT,
UNIVERSITY OF TULSA

We could be down 60 students... and I've been told that 30 students equals \$1 million in tuition revenue.

- KEVIN MOORE
ENGINEERING DEAN,
COLORADO SCHOOL OF MINES

We'll be trying to reassure folks that the United States is still a free country, and that we'd love to have them attend our institution.

- TIM ANDERSON
DEAN OF ENGINEERING,
UMASS AMHERST

Inevitably, it does lead them to ask, 'Will I be welcome here?'

- ALLAN GOODMAN
PRESIDENT, INSTITUTE FOR INTERNATIONAL EDUCATION

Our political climate appears to be the problem. [The travel ban] has encouraged international students to look elsewhere for their degrees.

- DENNIS HANNO
PRESIDENT, WHEATON COLLEGE

IMPACT ON PUBLIC UNIVERSITIES – AND YOUR CHILD'S TUITION

At public universities, foreign students pay two to three times more tuition than in-state students. This additional income offsets declining U.S. enrollment and repeated cuts in state funding. As a result, many public colleges are marketing themselves to foreign students across the globe.

Higher Education Seeks Answers to Leaner Years

June 7, 2017
By Jon Marcus

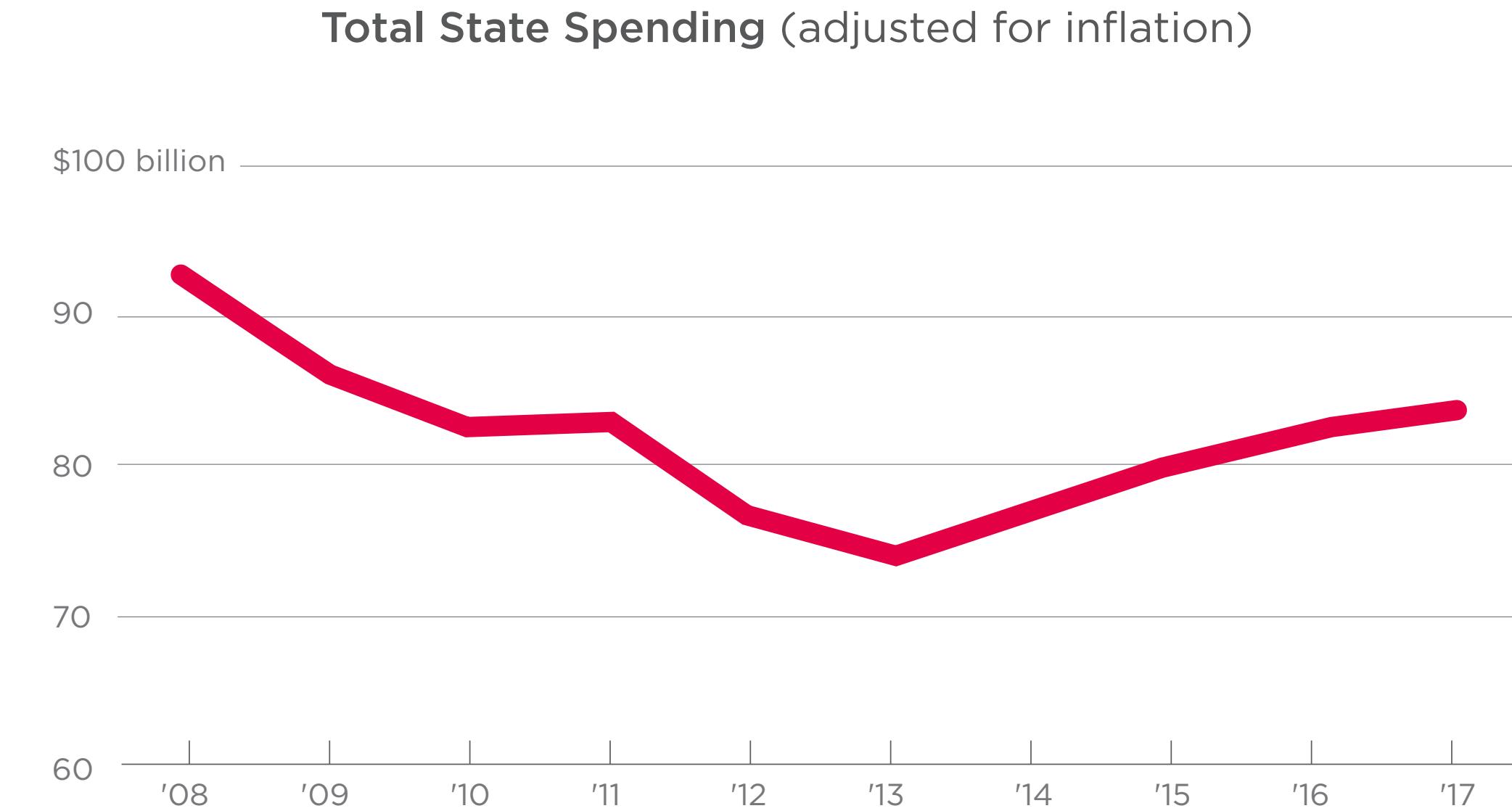
“Because of a dip in the number of 18 to 24-year-olds, among other reasons, for example, enrollment has been dropping for five years, meaning that there are about 300,000 fewer undergraduates to divvy up among America’s campuses than there used to be.”

The New York Times

The number of American college students is shrinking. Enrollment dropped by 224,000 last year alone, and colleges are struggling to cover the decline in revenue. If they can't fill those empty seats, colleges will cut back.

Meanwhile, state spending on higher education remains well below what it was before the financial crisis.

STATE SPENDING ON HIGHER EDUCATION IS WELL BELOW PRE-RECESSION LEVELS



IMPACT ON SCIENCE, TECHNOLOGY, ENGINEERING AND MATH

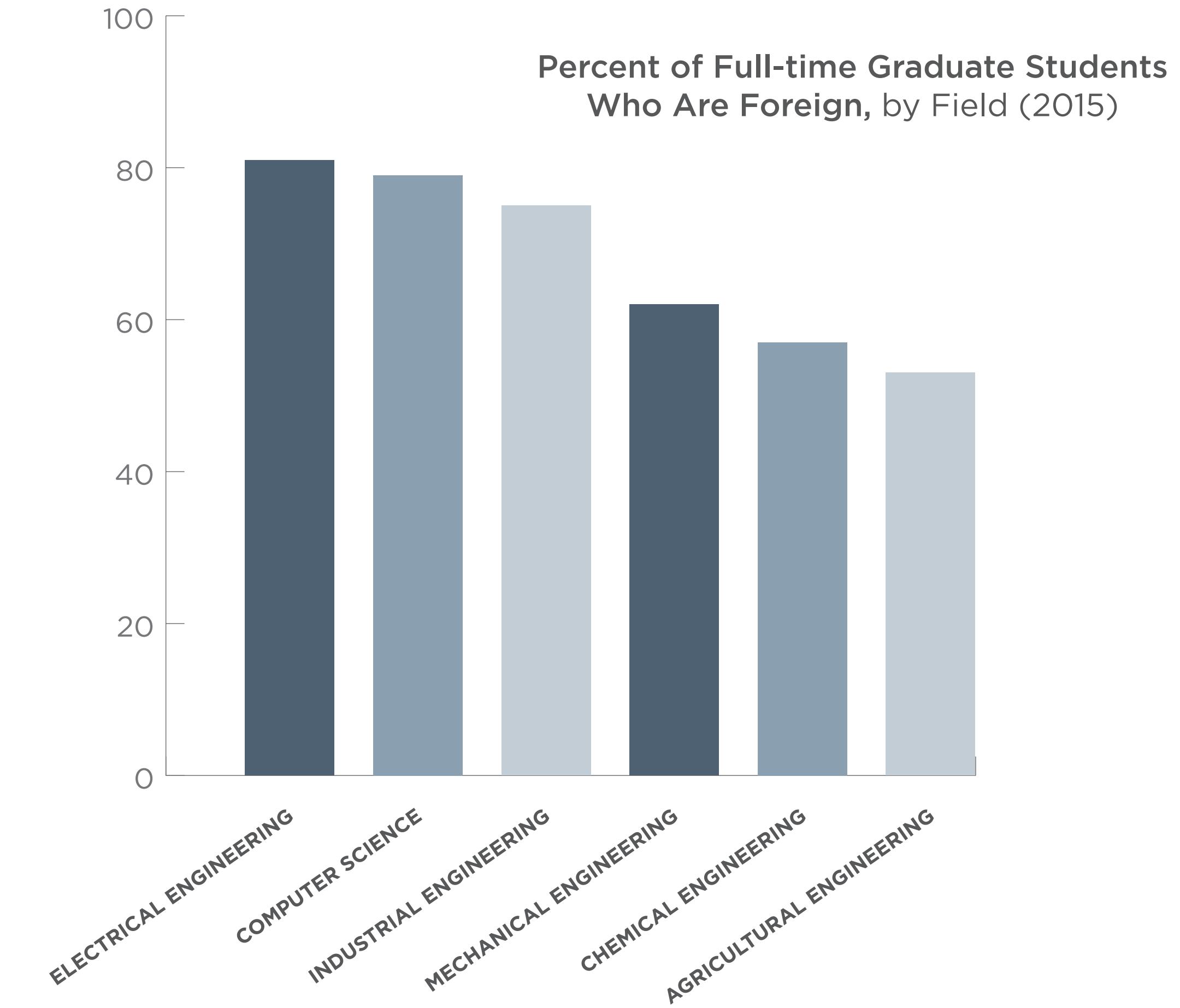
Foreign students are particularly important to STEM programs.

For example, U.S. computer science graduate programs grew by 350 percent from 1995 to 2015, but this growth was driven by foreign students. Without them, we cannot meet American companies' demand for STEM talent.

The increase in both the size and number of graduate programs in science and engineering at U.S. universities indicates U.S. student enrollment has not been held down by the lack of available slots at U.S. graduate schools.

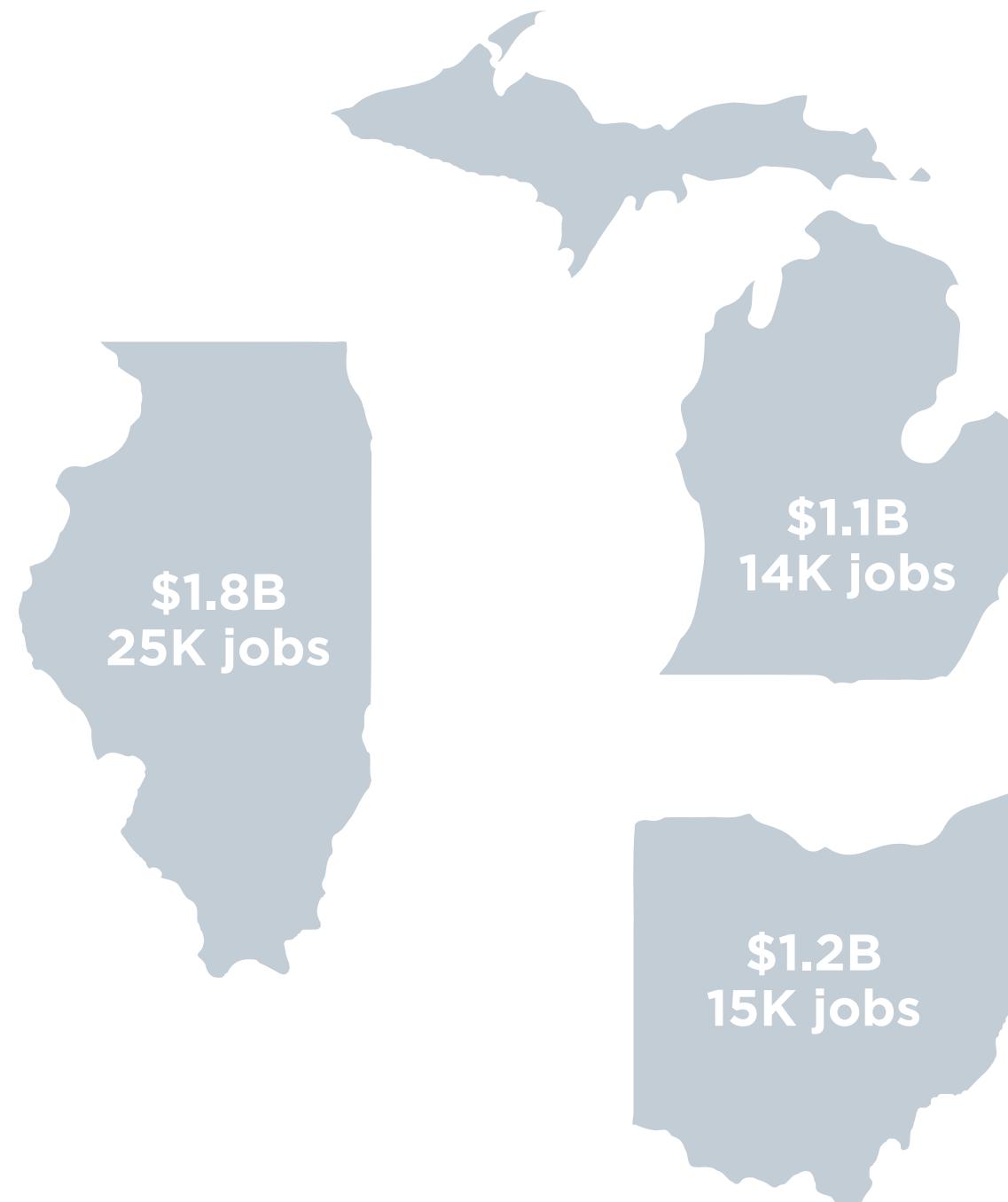


"THE IMPORTANCE OF INTERNATIONAL STUDENTS TO AMERICAN SCIENCE AND ENGINEERING"
OCTOBER 2017



FOREIGN STUDENT DROP-OFF IS HURTING SCHOOLS IN “TRUMP COUNTRY” MOST

Foreign students spend more than \$7 billion across the Midwest, supporting 88,000 Midwest jobs. Foreign students in Michigan, Ohio, and Illinois, alone, account for \$4 billion in spending and 54,000 jobs.



“

For the first time in 14 years in this field, last fall, I was asked by a student in Rome if Indiana was a red state or a blue state.

”

- JOHN WILKERSON
ADMISSIONS,
INDIANA UNIVERSITY

“

[I] was turned away by prospective students who would ask whether Tennessee was a red or blue state. I'd say, 'Well, we're a red state,' and they would literally walk to the next table.

”

- CHARLES WILKERSON
TENNESSEE TECHNOLOGICAL
UNIVERSITY

As Flow of Foreign Students Wanes, U.S. Universities Feel the Sting

“Schools in the Midwest have been particularly hard hit – many of them non-flagship public universities that had come to rely heavily on tuition from foreign students, who generally pay more than in-state students...”

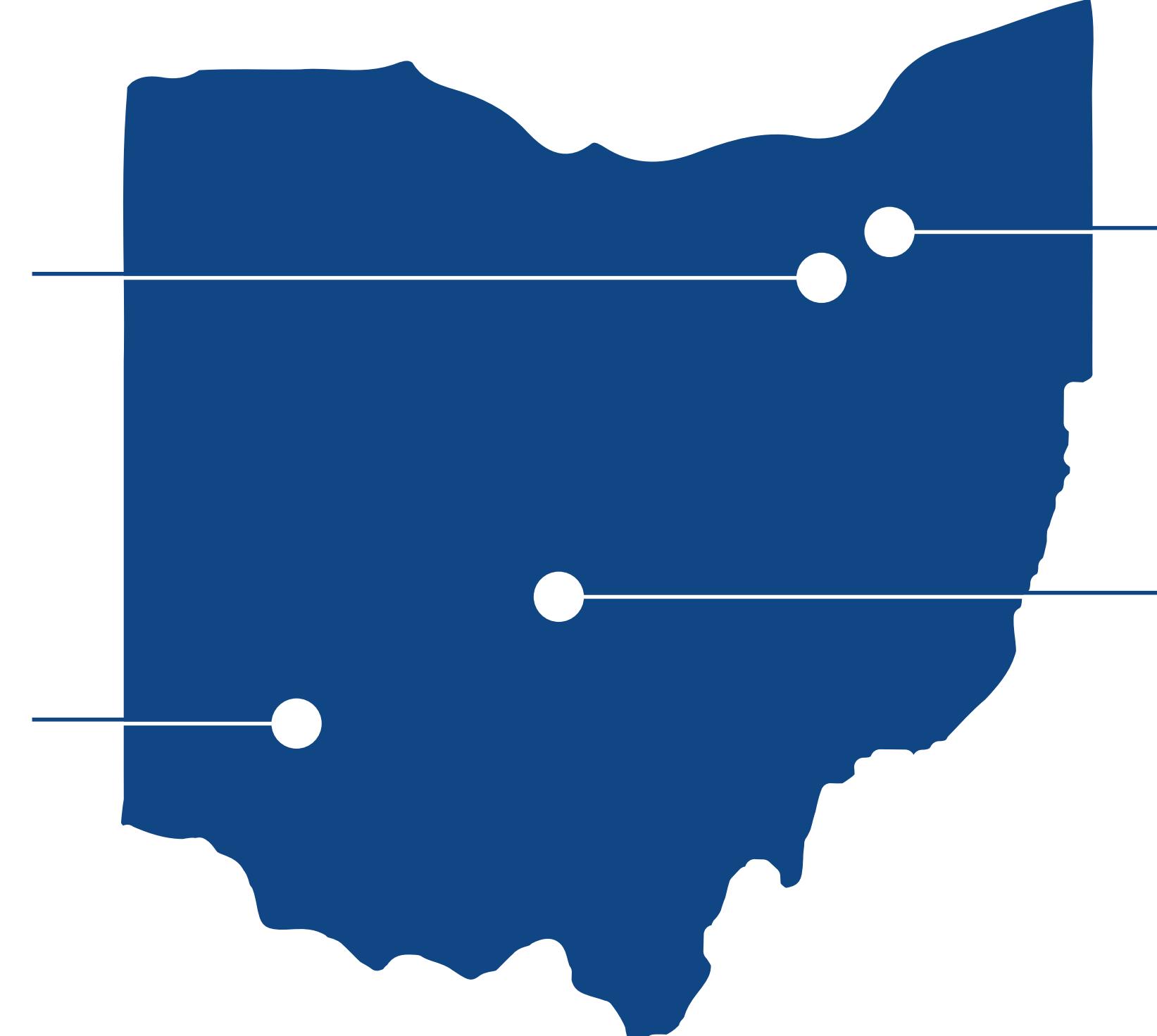
The New York Times

CASE STUDY: OHIO

Foreign students contribute \$1.2 billion and nearly 15,000 jobs to Ohio's economy.

University of Akron, facing a budget deficit, proposes to increase its marketing and recruitment of foreign students.

At Wright State in Dayton, a 22 percent drop in foreign enrollment (from 1,889 to 1,475) led the school to cut language and music programs and its swim team.



Kent State saw enrollment of Indian students fall from 1,017 to 265. It lost 1,000 international students in 2017.

At Ohio State, foreign students are 86 percent of graduate computer science students and 81 percent of graduate electrical engineering students.

I think with some of the federal policies and some of the actions they've taken have put the U.S. in a somewhat negative light.

- DAVE GARCIA
SENIOR ASSOCIATE VICE PRESIDENT,
KENT STATE

Professors require a significant number of graduate students and there are not enough domestic students alone in certain fields.

- STUART COOPER
PROFESSOR,
OHIO STATE UNIVERSITY

THE BIG PICTURE

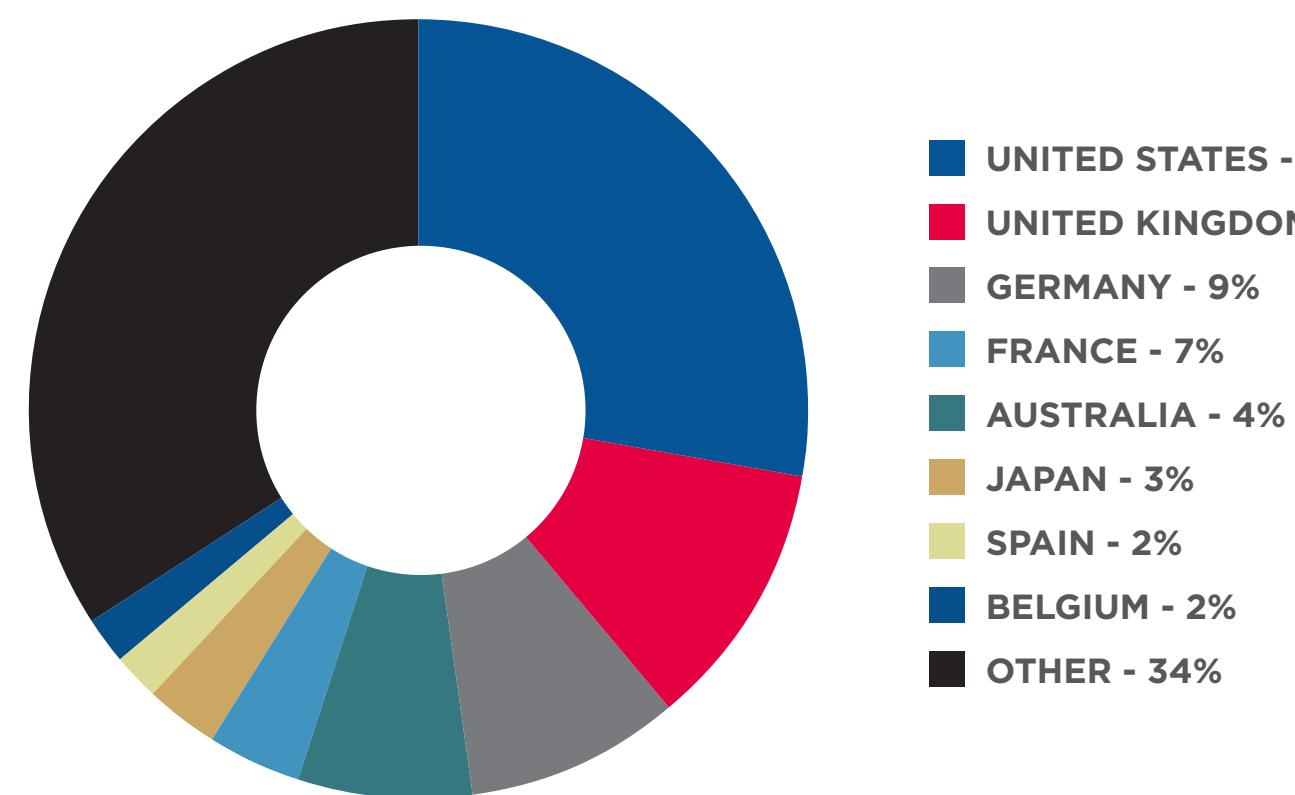
For decades, American universities have attracted the world's best talent, educated them, helped American companies hire them, and helped them start new businesses. Those foreign students created millions of new jobs—and inspired future generations of talent to come to the U.S.

In business, it's called a "virtuous cycle," a reinforcing feedback loop that drives innovation, growth, jobs, and wages.

But competition for talent is growing more intense (particularly in science, math and engineering). While the size of the higher

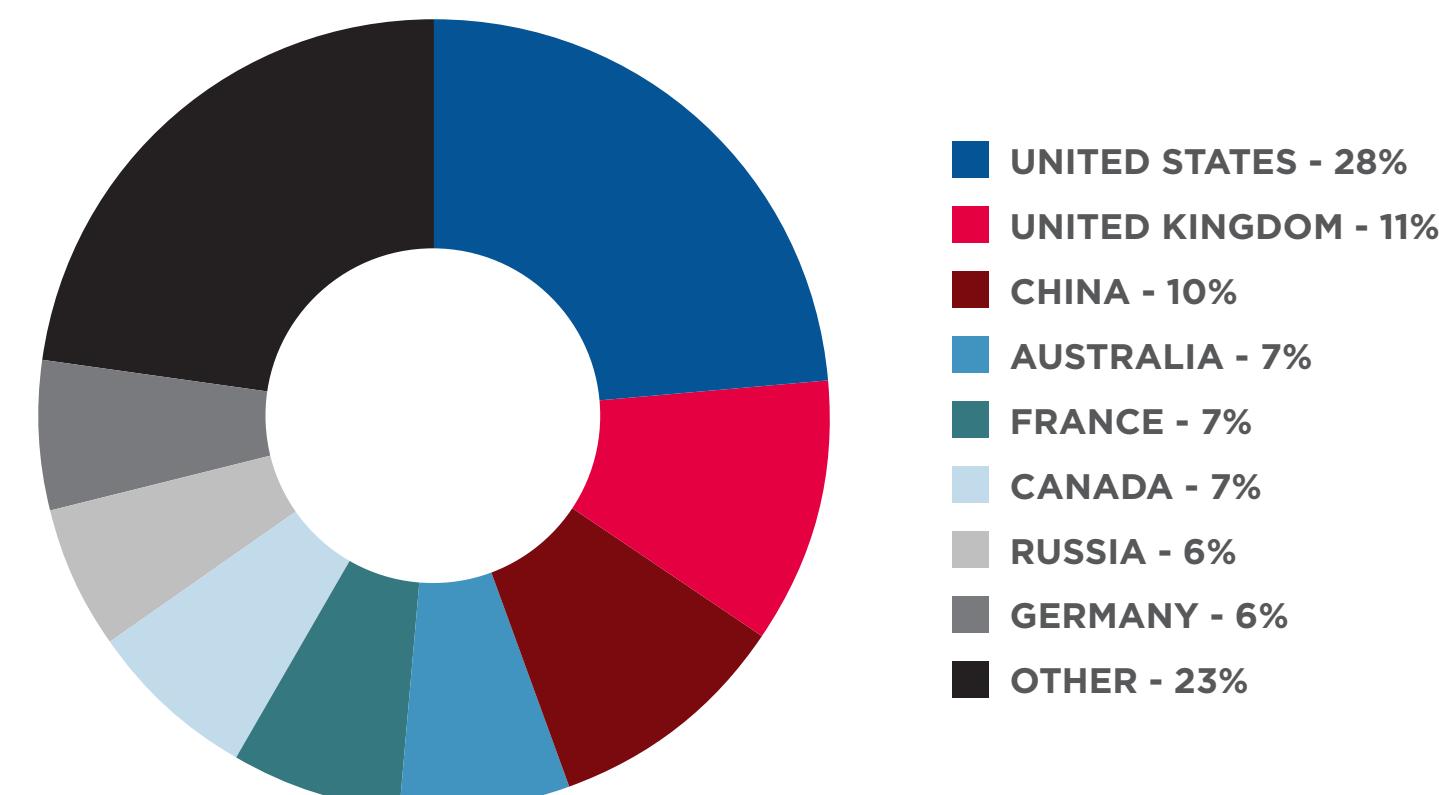
education industry has grown, the U.S.'s share has shrunk. As the U.S. discourages foreign students, the UK, Canada, Germany and Australia are making it easier for them to study there—and stay in the country after they graduate.

Top Host Destinations



2001

2.1 MILLION
STUDENTS



2017

4.6 MILLION
STUDENTS



I don't know if this country is really where I want to stay, especially if there are so many questions about what could happen to foreign people here



- EMILY HUANG
SENIOR, UCLA

SOURCES

Enrollment and Economic Contribution

Visit the Institute for International Education's *Open Doors* 2017 report: <https://bit.ly/2MO8Uho>

NAFSA has produced a "Student Economic Value Tool" that provides state-by-state enrollment and spending totals: <https://bit.ly/2aO3nYj>

Export data is from the U.S. Commerce Department: www.commerce.gov

Additional information on foreign students is available at: <https://bit.ly/2rJX1jT>

Drop in Foreign Student Interest and Impact on Schools

For a survey of enrollment in the most recent school year, see:

International Students in the U.S.: Fall 2017 Trends, October 6, 2017 <https://bit.ly/2MPji8v>

For commentary on the impact on U.S. colleges, college towns, and students, see:

Sharp drop in international student visas worries some US colleges, CNN, March 14, 2018 <https://cnnmon.ie/2KSAgRv>

Why U.S. colleges and universities are worried about a drop in international student applications, Washington Post, July 13, 2017 <https://wapo.st/2MyuSYY>

Some US colleges pinched by drop in foreign students, China Daily, March 16, 2018 <https://bit.ly/2KRYxHy>

College applications from international students are taking a hit, USA Today, April 12, 2017 <https://usat.ly/2ouxmKN>

Budgets Suffer After A Drop In International Student Enrollment, NPR, January 15, 2018 <https://n.pr/2B3HwFu>

Drop in foreign applicants worries U.S. engineering schools, Science Magazine, February 14, 2017 <https://bit.ly/2kJd246>

Targeting China, Trump Threatens Student Visas. That Would Hit a Big U.S. Export, Wall Street Journal, March 16, 2018 <https://on.wsj.com/2GzRen6>

Heavy Recruitment of Chinese Students Sows Discord on U.S. Campuses, Wall Street Journal, March 17, 2018 <https://on.wsj.com/2MMP85P>

How International Students Are Changing U.S. Colleges, Wall Street Journal, <https://bit.ly/1pxwRhd>

As Flow of Foreign Students Wanes, U.S. Universities Feel the Sting, New York Times, January 2, 2018 <https://nyti.ms/2CxnUOH>



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