

The Economic Benefits of International Education to the United States: A Statistical Analysis

NAFSA estimates that foreign students and their dependents contributed more than \$12.87 billion to the U.S. economy during the 2003-2004 academic year. This conservative figure is based on tuition figures from the College Board, enrollment figures from the Institute of International Education's *Open Doors 2004* report, living expenses calculated from College Board figures and analysis of the data by Lynn Schoch and Jason Baumgartner at Indiana University – Bloomington's Office of International Services. NAFSA's annual *Economic Impact Statements* estimate the amount of money foreign students bring to the U.S. to support their education. This report does not rely on a "multiplier effect." Although this might provide a more accurate estimate of actual economic impact, there is no consensus on the appropriate size of such a multiplier. Along with our partners at the Institute of International Education, the College Board, and Indiana University, we are committed to continuing efforts to improve our data and methodology. By any measure, international education makes a significant contribution to the U.S. economy.

Important Data on International Education Exchange to the United States for the 2003-2004 Academic Year:

- 572,509 foreign students studied in the United States, approximately 4.6 percent of total enrollment in U.S. colleges and universities. They brought more than \$12.87 billion into the U.S. economy.
- The total net contribution to the U.S. economy from international students increased negligibly (less than .1 percent) from the previous year, a result of a 2.4% decline in foreign student numbers, offset by inflation and a slight increase in the overall level of U.S. financial support.
- The top ten countries of origin of foreign students in the United States were (in descending order): India, China, Republic of Korea, Japan, Canada, Taiwan, Mexico, Turkey, Thailand and Indonesia.
- University of Southern California hosted the largest number of foreign students followed by Columbia University, Purdue University, New York University and University of Texas at Austin.
- The New York and Los Angeles metropolitan areas led the nation in numbers of foreign students with 52,424 and 35,062 respectively. The Boston metropolitan area ranked third with 24,266 students.
- Business and management, engineering, and mathematics and computer science continued to be the top fields of study for foreign students in the United States.

Hawaii

Total Number of Foreign Students: 5,371

Part 1: Net Contribution to State Economy by Foreign Students (2003-04)

Contribution from Tuition and Fees to State Economy:		\$41,247,000
Contribution from Living Expenses:		\$93,234,000
Total Contribution by Foreign Students:		\$134,480,000
Less U.S. Support of 25.9%	-	\$34,867,000
Plus Dependents' Living Expenses:	+	\$4,616,000

Net Contribution to State Economy by Foreign Students and their Families:

\$104,229,000

Part 2: Contribution to State Economy by Foreign Students' Dependents (2003-04)

Spouses' Contribution

Percent of Married Students:	12.1%
Percent of Spouses in the U.S.:	85.0%
Number of Spouses in the U.S.:	648
Additional Expenses for a Spouse: (% of student living expenses)	25.0%
Spouses' Contribution:	\$3,119,000
(No. of spouses x 85% x 25% x student living expenses)	

Children's Contribution

Number of Couples in the U.S.:	648
Number of Children per Couple:	0.6
Number of Children in the U.S.:	389
Additional Expenses for a Child: (% of student living expenses)	20.0%
Children's Contribution:	\$1,497,000
(No. of couples x .6 x 20% x student living expenses)	

Net Contribution to State Economy by Foreign Students' Dependents:

\$4,616,000

Part 3: Foreign Student Contribution from Tuition/Fees and Living Expenses (2003-04)

Institution and City	# of Foreign Students	Tuition and Fees (thousands)	Living Expenses and Dependents (thousands)	Less U.S. Support (thousands)	Total Contribution (thousands)
Brigham Young University-Hawaii, Laie	1,150	\$2,577.2	\$16,256.2	\$5,997.7	\$12,835.6
Chaminade University of Honolulu, Honolulu	31	\$385.0	\$612.2	\$180.2	\$817.1
Hawaii Pacific University, Honolulu	1,517	\$14,666.6	\$35,750.0	\$9,047.1	\$41,369.4
TransPacific Hawaii College, Honolulu	215	\$1,300.1	\$2,333.1	\$203.7	\$3,429.6
University of Hawaii: Hawaii Community College, Hilo	22	\$155.0	\$258.8	\$23.2	\$390.6
University of Hawaii: Hilo, Hilo	340	\$2,621.4	\$5,064.9	\$3,501.2	\$4,185.1
University of Hawaii: Honolulu Community College, Honolulu	13	\$91.6	\$152.9	\$13.7	\$230.8
University of Hawaii: Kapiolani Community College, Honolulu	415	\$2,924.2	\$3,904.7	\$383.5	\$6,445.4
University of Hawaii: Leeward Community College, Pearl City	5	\$36.3	\$59.8	\$5.4	\$90.7

University of Hawaii: Manoa, Honolulu	1,657	\$16,446.9	\$33,382.7	\$15,473.6	\$34,356.0
University of Hawaii: West Oahu, Pearl City	4	\$28.1	\$50.7	\$35.9	\$42.9
University of Hawaii: Windward Community College, Kaneohe	2	\$14.1	\$23.5	\$2.1	\$35.5

Methodology: How We Compute Economic Impact

We define economic impact as the amount of money that foreign students collectively bring into the United States to pay for their education and to support themselves while they (and in some cases, their families) are here. The goal of our economic impact formulas is to use data already collected for other purposes to provide a reasonable estimate of the economic resources that foreign students import to the United States to support their education here each year.

The data sets used for these reports come from two sources:

1. The Institute of International Education's *Open Doors 2004* report, funded by the Department of State, provides numbers of foreign students at universities and colleges throughout the United States during the 2003-04 academic year. In many cases, this data provide separate totals for undergraduate, graduate, and non degree students.
2. The College Board provides cost figures for tuition, living, and miscellaneous expenses at U.S. institutions for the 2003-04 academic year.

The extensive data provided by these two sources (which collect it directly from surveys of the institutions involved) allow us to make our estimates sensitive to differences between institutions. However, there are still areas where our estimates and formulas could be improved. For example, we compute economic impact only for students reported in *Open Doors*. Universities that do not provide information to the Institute of International Education are not represented. Also, enrollment reports represent peak enrollment, and not necessarily enrollment levels throughout the year.

Tuition, fees, living expenses, and dollar estimates are derived from College Board data collected on surveys completed by institutions every year. We try to make our calculations sensitive not only to differing costs at institutions, but differing costs for ESL students, undergraduates, graduate students, and students on practical training.

Students on Practical Training: We assume these students earn enough in their U.S. jobs to pay living and educational expenses for the year, and so import no funds for their support. Therefore, net economic impact of students in practical training is zero.

Undergraduates and English Language Programs: The number of undergraduate students at an institution is specified by *Open Doors* data. College Board data provide undergraduate tuition and fee amounts, on-campus room and board amounts, and miscellaneous expenses. These categories are sometimes broken down into averages for international, out-of-state, flat rate, and in-state, students. When multiple averages are available, we choose averages in the order given above.

Economic impact of an undergraduate equals tuition and fees, plus room and board, plus miscellaneous figured at 50 percent of room and board, less U.S. support. We assume: (1) that spring enrollment figures are the same as the fall figures reported, (2) that all students are

enrolled full time for two semesters or three quarters a year, and (3) that students live on campus for the full year. Miscellaneous expenses, enumerated in College Board data, average about 40 percent of room and board expenses. We use a 50 percent figure as an approximation that includes *all* extra expenses except for travel. The percentage of U.S. support for an undergraduate is based upon the institution type. For example, research institutions (based on Carnegie code) provide on average 10.7 percent support for undergraduates; community colleges provide 7.8 percent for undergraduates.