

RESEARCH UNIVERSITIES GOING GLOBAL Project

A BRIEF

WHERE ARE THE INTERNATIONAL STUDENTS IN CALIFORNIA?
The answer might surprise you

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The following brief is part of a larger study by the authors on the economic impact of international students and is drawn from a pending proposal to create a California Global Higher Education Hub in the San Francisco/Bay Area.

International students studying in the U.S. contribute an estimated \$18.8 billion to the U.S. Economy in 2009-10 – which is probably a low estimate.¹ These students are increasingly a major source of “export” revenues and a “service” sector of the economy where the U.S. is highly competitive.

The US Market

As shown in Table 1, California and New York are the biggest players in international education – combined they represent about 27 percent of the U.S. market share of these students, according to data collected by the Association of International Educators.

Table 1 - International Student Numbers and Economic Impact in Top Ten States – 2009-10

Top States for International Students	# of Students	Tuition and Fee (000,000)	Est Total Economic Impact (000,000)	% of Total Students	% Tuition and Fee of US Total	% Est Total Economic Impact US Total
California	94,279	\$1,611	\$2,834	13.65%	12.30%	15.09%
New York	76,146	\$1,598	\$2,296	11.02%	12.20%	12.23%
Texas	58,934	\$774	\$1,259	8.53%	5.91%	6.71%
Massachusetts	35,313	\$980	\$1,253	5.11%	7.48%	6.67%
Illinois	31,093	\$694	\$869	4.50%	5.30%	4.63%
Florida	29,708	\$555	\$827	4.30%	4.24%	4.40%
Pennsylvania	28,097	\$736	\$888	4.07%	5.62%	4.73%
Michigan	24,214	\$546	\$658	3.50%	4.17%	3.50%
Ohio	22,370	\$447	\$584	3.24%	3.41%	3.11%
Indiana	18,569	\$419	\$514	2.69%	3.20%	2.74%
Total US	690,923	\$13,095	\$18,776	100.00%	100.00%	100.00%
Top Ten Totals	418,723	\$8,360	\$11,982	60.60%	60.60%	63.82%
Top Five Totals	325,473	\$6,212	\$9,338	47.11%	47.44%	49.73%

Source: Association of International Educators 2010

California's Market Share

California's estimated share of the US total market in international students is 13.9 percent, and 12.6 in tuition and fee revenue. Because public universities in California are the primary providers of higher education in the state (enrolling about 80 percent of all students), a higher proportion of international students is in these institutions. This helps account for the relatively lower fee revenue where, on average, out-of-state students are charged a tuition rate still below most privates – although this is changing. But their overall economic impact is larger, at 15.6 percent of the national total, than, for example, Ohio because of the higher cost of living in California.

In which California colleges and universities are these students enrolled?

Table 2 provides a list of the top twenty nationally accredited higher education institutions (HEIs) in California in terms of total enrollment of international students in 2009-10. It is an interesting mix. The University of Southern California (USC) is the largest in enrollment, with nearly 8,000 – indeed it has the largest number of international students in the nation.

In USC's case, increasing the presence of international students was not really about the money – it is a private university and international students pay the same tuition as domestic students. It may have to do with creating a more global environment. But the biggest objective was to substantially increase in the number of these students at the undergraduate level because of their relatively consistent higher test scores, thus helping to boost USC's standing in national and world rankings.

Table 2 - Top 20 California HEI's by International Student Enrollment 2009-10 and Economic Impact

	City	Students	Tuition & Fees	Living & Dependents	Minus Financial Aid	Est Total Economic Impact
University of Southern California	Los Angeles	7,987	\$249,546,590	\$166,755,297	\$161,347,078	\$254,954,809
University of California - Los Angeles	Los Angeles	5,685	\$139,937,483	\$141,059,338	\$84,096,126	\$196,900,695
Stanford University	Stanford	3,934	\$126,098,186	\$92,965,752	\$93,709,573	\$125,354,365
University of California - Berkeley	Berkeley	3,883	\$107,452,160	\$118,112,934	\$74,980,621	\$150,584,473
Academy of Art University	San Francisco	3,534	\$52,882,938	\$93,705,574	\$28,666,811	\$117,921,701
Santa Monica College	Santa Monica	3,212	\$17,869,500	\$75,578,488	\$4,219,980	\$89,228,009
San Jose State University	San Jose	2,611	\$38,759,261	\$49,642,640	\$12,228,393	\$76,173,508
De Anza College	Cupertino	2,576	\$11,894,169	\$62,077,315	\$3,704,177	\$70,267,307
San Francisco State University	San Francisco	2,572	\$32,526,944	\$55,890,193	\$11,547,470	\$76,869,667
California State University - Northridge	Northridge	2,372	\$29,225,428	\$52,321,654	\$10,955,049	\$70,592,034
University of California - Davis	Davis	2,346	\$62,743,249	\$62,181,666	\$39,646,027	\$85,278,888
California State University - Long Beach	Long Beach	2,324	\$28,596,722	\$41,595,822	\$9,489,082	\$60,703,463
University of California - San Diego	La Jolla	2,320	\$54,185,208	\$50,508,789	\$33,761,395	\$70,932,602
San Diego State University	San Diego	1,899	\$23,770,240	\$45,265,277	\$22,724,459	\$46,311,058
University of California - Irvine	Irvine	1,775	\$41,160,575	\$38,105,574	\$30,223,449	\$49,042,700
California State University - Fullerton	Fullerton	1,742	\$22,816,245	\$30,255,463	\$7,049,778	\$46,021,930
California State University - East Bay	Hayward	1,557	\$20,810,723	\$31,518,643	\$6,831,407	\$45,497,959
Diablo Valley College	Pleasant Hill	1,508	\$9,804,060	\$29,353,988	\$1,875,092	\$37,282,956
California State University - Los Angeles	Los Angeles	1,327	\$16,773,051	\$23,405,847	\$5,344,984	\$34,833,913
City College of San Francisco	San Francisco	1,322	\$7,290,036	\$22,756,684	\$1,378,489	\$28,668,232
Foothill College	Los Altos Hills	1,125	\$5,654,942	\$26,670,351	\$1,440,020	\$30,885,273
TOP 20 Totals		57,611	1,099,797,710	1,309,727,287	645,219,458	1,764,305,539
Top 20 % of State Total		61%	68%	62%	73%	62%
TOP 10 Totals		40,712	868,935,908	970,290,850	525,101,305	1,314,125,453
Top 10 % of State Total		43%	54%	46%	60%	46%

Source: Association of International Educators 2010

Other major universities follow USC, with 5,685 at UCLA (USC's Los Angeles neighbor), Stanford with 3,934, Berkeley with nearly the same number at 3,883. But then the remaining HEIs include a mix of one small private and vocationally oriented institution (the Academy of Art University in San Francisco), a number of other University of California and California State University campuses, and impressive numbers at some five California Community Colleges (CCC) – local colleges that are *not* commonly thought of as destinations for international students.

Among the publics, it really is about the money first, and perhaps other, more enlightened reasons after that. How else to account for the significant number of international students at some local community colleges? These colleges have certainly redirected resources to recruit abroad with the explicit goal of increased revenue.

The search for additional revenue streams is a universal reaction of cash-starved public colleges and universities. But in the case of California, and probably elsewhere in the US, there is a select group of providers.

The top twenty HEIs in enrollment controlled 61 percent of California's total international student market last academic year; some 68 percent of the tuition revenue (at \$1.1 billion), and 62 percent of the total estimated economic impact (at \$1.8 billion) – discounting for a larger financial aid commitment by these institutions compared to their less competitive lower performers.

A look at the top ten California HEIs indicates that the dominant players in terms of enrollment, and in tuition revenue, are even more concentrated, representing 43 percent of the enrollment of these students, and 54 percent of the related revenue. As shown in Table 3, international nationals are concentrated in a select group of community colleges with certain characteristics.

Surprising Enrollment Numbers in the Community Colleges

There are 110 California Community Colleges. Among our top 20 CCC performers, the top eleven or so have significantly higher enrollments, with Santa Monica Community College having by far the largest– some 3,212 when compared to the last college in this list, Riverside Community College, with only 281 students.

The big community college players tend to be in relatively wealthy communities that, through local tax measures, provide much more robust funding for their colleges: Santa Monica, De Anza (in the heart of Silicon Valley), Foothill, Pasadena, and Santa Barbara. They then, it appears, have more resources for recruiting and developing networks. The other top players are also all in large metropolitan areas and are relatively large in terms of enrollment.

Table 3 – Top 20 California Community Colleges by International Student Enrollment 2009-10 and Economic Impact

	City	Students	Tuition & Fees	Living & Dependents	Minus Financial Aid	Est Total Economic Impact
Santa Monica College	Santa Monica	3,212	\$17,869,500	\$75,578,488	\$4,219,980	\$89,228,009
De Anza College	Cupertino	2,576	\$11,894,169	\$62,077,315	\$3,704,177	\$70,267,307
Diablo Valley College	Pleasant Hill	1,508	\$9,804,060	\$29,353,988	\$1,875,092	\$37,282,956
City College of San Francisco	San Francisco	1,322	\$7,290,036	\$22,756,684	\$1,378,489	\$28,668,232
Foothill College	Los Altos Hills	1,125	\$5,654,942	\$26,670,351	\$1,440,020	\$30,885,273
Pasadena City College	Pasadena	1,120	\$6,274,510	\$25,349,668	\$1,409,131	\$30,215,047
Santa Barbara City College	Santa Barbara	1,115	\$7,194,969	\$29,221,769	\$1,685,472	\$34,731,266
Orange Coast College	Costa Mesa	970	\$6,019,920	\$22,379,391	\$1,265,814	\$27,133,497
Peralta Community College District	Oakland	950	\$5,618,690	\$20,955,470	\$1,184,379	\$25,389,782
El Camino College	Torrance	921	\$4,566,744	\$21,319,145	\$1,178,296	\$24,707,593
Los Angeles City College	Los Angeles	841	\$3,978,175	\$20,181,230	\$1,106,655	\$23,052,749
East Los Angeles College	Monterey Park	707	\$3,874,360	\$17,029,375	\$931,511	\$19,972,224
Santa Ana College	Santa Ana	581	\$3,019,500	\$13,254,854	\$738,522	\$15,535,832
Glendale Community College	Glendale	505	\$2,139,620	\$11,466,359	\$606,058	\$12,999,921
Citrus College	Glendora	485	\$2,931,504	\$11,364,023	\$657,504	\$13,638,023
Mission College	Santa Clara	425	\$1,948,224	\$10,741,360	\$612,026	\$12,077,558
Fullerton College	Fullerton	364	\$1,997,632	\$5,992,528	\$356,985	\$7,633,175
Mt. San Antonio College	Walnut	364	\$1,766,421	\$8,546,221	\$473,721	\$9,838,921
Cerritos College	Norwalk	307	\$1,810,728	\$7,299,154	\$405,982	\$8,703,900
Riverside Community College	Riverside	281	\$1,313,400	\$6,312,492	\$339,847	\$7,286,045
CCC Top 20 Totals		19,679	106,967,105	447,849,864	25,569,660	529,247,309
% of State Total		21%	7%	21%	3%	19%

Seeking Tuition and Fee Income

The tuition and fee income brought to these institutions is significant and will likely grow as they seek to expand revenue streams. UC, CSU and our sample top 20 CCC all have very similar enrollment totals for international students – ranging from 19,679 at the CCC, and 19,095 at CSU - see Table 4.

Table 4 – International Students Enrolled in California's Public Universities and Sample Community Colleges 2009-2010

	Students	Tuition & Fees	Living & Dependents	Minus Financial Aid	Est Total Economic Impact
UC International Students	18,924	\$477,766,626	\$485,776,162	\$315,494,789	\$648,047,998
CSU International Students	19,095	\$246,143,326	\$365,563,164	\$81,739,376	\$529,967,114
Top 20 CCC International Students	19,679	\$106,967,105	\$447,849,864	\$25,569,660	\$529,247,309
Selected California Public HEI Sub-Totals	57,698	\$830,877,057	\$1,299,189,190	\$422,803,825	\$1,707,262,422
% of State Total	61%	52%	62%	48%	60%

But fee revenue is very different among the institutional types, with UC generating nearly double what CSU earned, and nearly five times that of the CCC. This is because UC is charging much higher tuition and fees, now nearly approaching peer publics for out-of-state students and creeping up to elite privates.

The market for international students is different for both CSU and CCC. At UC, most of the international students are in graduate and professional programs. Across the ten campuses, some 18 percent of graduate students are foreign nationals, with Berkeley at 27 percent; at the undergraduate level, the percentage in 2009 was around 4 percent – although there is a new goal at the UCwide level to raise the number of out-of-state US and international students to 10 percent, largely to draw increased income.ⁱⁱ

Seeking additional revenue, Berkeley announced plans to increase that to 20 percent of all undergraduates. At CSU, almost all the international students are at the first-degree level, and obviously all CCC students are undergraduates. Because most international students within the UC system, thus far, are at the graduate level, there are different dynamics in attracting top international talent. It requires more generous and competitive financial aid packages as the University of California, and particularly the more prestigious campuses, compete with increasingly wealthy privates like Stanford and MIT to attract top graduate students.

Hence, UC gives out much higher amounts in financial aid. Taking this into account, the net impact on the state economy is less varied among the public segments in California: CSU and the sample CCC group are almost exactly the same, generating \$529 million each, while UC pumps in about \$648 million.

However, if UC grew more dramatically at the first-degree level, the economic impact would be disproportionately more significant than, say, at the CCC because of the tuition revenue, and the net impact on the local labor pool.

Again, this estimate of economic impact assumes that these international students are not displacing fee-paying “native” students – a big assumption in light of recent reductions in access to all three “segments” in California’s public higher education system.

With or without a statewide or regional strategy, some increase in the number of international students in California is inevitable.

Thinking Strategically

There is a growing world demand, particularly for enrollment in a high profile state like California with an array of prestigious universities and known brand name HEIs; and at the same time, a thirst by public universities and colleges to draw in additional revenue, particularly in light of over two decades of real declines in state and local government support for public education.

As we have noted in an earlier publication:

States need to more fully comprehend that their collection of both public and private universities and colleges are national and global assets that can, by more actively recruiting, enrolling, and supporting international students, make states more economically competitive. The first states to more fully understand this, and follow-up with concrete policies and funding, will reap large benefits.ⁱⁱⁱ

In a pending study, we will offer a pathway for the San Francisco/Bay Area (SF/BA) to bolster its economic future via a higher education hub strategy. Currently, college and universities in San Francisco enjoy brand name recognition, anchored by two of the world’s most prestigious universities, UC Berkeley and Stanford, along with the University of California – San Francisco, and a network of CSU and community colleges. Collectively, they are attractive to talent from throughout the world, not least because they are part of California’s world-famous public higher education system.

In our larger study to be published on-line via the CSHE website, we imagine a San Francisco/Bay Area (SF/BA) hub of public and private colleges and universities in the region, supported by a public-private partnership and intended to attract talent globally and to help create the world’s most attractive knowledge hotspot.

ⁱ Association of International Educators, “The Economic Benefits of International Education to the United States for the 2009-10 Academic Year: A Statistical Analysis, NFSA: New York, November 2010: <http://www.nafsa.org/publicpolicy/default.aspx?id=23158>;

ⁱⁱ See University of California Accountability Report – Graduate and Professional Student Profile, 2009: http://www.universityofcalifornia.edu/accountability/documents/accountabilityreport09_grad.pdf

ⁱⁱⁱ See John A. Douglass and Richard Edelstein, “The Global Competition for Talent: The Rapidly Changing Market for International Students and the Need for a Strategic Approach in the US,” CSHE Research and Occasional Paper Series (ROPS), CSHE.8.2009, December 2009: On recent data regarding international graduate students in the US, see Sarah King Head, “US: Chinese help spur modest graduate increase,” University World News, Nov 10, 2010: <http://www.universityworldnews.com/article.php?story=20101110133853841>