

By David Tobenkin

## Beyond the Bottom Line

### Financial Aid Trends for International Students in the United States

The gauntlet has been thrown down for U.S. higher education institutions to step up efforts to help their current and prospective international students find ways to pay for their education. More global competition for international students, less support from some key international sending countries, and tight financial situations at many colleges mean that many colleges will have to use all the tools at their disposal, and often some creativity, to help entice and support those students and to meet their institutions' internationalization goals.

"Overall, the financial situation for international students to study here is becoming more difficult," says George Kacenga, director of international enrollment management at the University of Colorado-Denver, a public institution. "More international and domestic students are competing for a limited pool of resources. For public institutions relying on out-of-state and international students to offset state budget cuts, discounting the tuition of these same students can be counterproductive. Negotiating scholarships and merit awards at rates that will attract applicants but not break the budget is a difficult task."

In an era when geopolitical developments, the Trump administration's immigration policies, and international education economic trends threaten traditional mainstays of international student source countries, many international enrollment leaders say they are rapidly trying to diversify their international student source countries, and that the strategic use of financial aid is an important component of that drive.

Most international students still pay for their own education. Based on the Institute of International Education's *Open Doors* data of the total number of international students in the United States, self- and family-financed were collectively the primary source of funding for roughly two-thirds (66.5 percent) of the international students in 2015–16. Another 7.4 percent and 6.6 percent of international students received primary funding from foreign colleges or governments and from employers in 2015–16, respectively. But competition for those students is fierce and the risk of recruitment drop-offs is real.

"Many institutions have had a relatively easy time recruiting large numbers of international students from a limited number of countries," says Jessica Sandberg, director of international admissions at Temple University and editor of *NAFSA's Guide to International Student Recruitment, Third Edition*. "I think the financial resources of an institution come into play in their ability to diversify international enrollment. For example, over the last five to 10 years, Temple, like many universities, has been able to recruit international students relatively easily from areas that do not need much institution financial support, such as China, Saudi Arabia, Kuwait, India, and Korea, because international students' families have financial means or because of government scholarships." But the question is whether the pipeline will continue to be filled from those countries. There have already been large-scale cuts to the Saudi and Brazilian international student mobility programs, in part because of falling oil prices. This has resulted in large decreases in students from those countries.

"The challenge is to avoid having all your eggs in one basket in case there is a drop-off from certain countries. This means diversifying beyond the core countries, which some institutions have not yet done. Financial aid is also key to such efforts, ideally developed in part by using the fees of full-paying international students to provide scholarships for students in other underrepresented regions," Sandberg says.

#### Financial Aid Equations

*Open Doors* data found that U.S. institutional funding was the second largest source of funding for



international students in 2015–16, providing the primary funding for 17 percent of international students. "There is no federal financial aid for international students, but students can be considered for funding through federal research grants," says Billie Jo Hamilton, associate vice president of enrollment planning and management at the University of South Florida, a public university. "Likewise, most state aid is limited to the residents of the state, which largely excludes international students."

There is also an important indirect form of funding support for international students at the state level. Many states have sanctioned tuition reciprocity arrangements with foreign countries or their states and provinces—particularly between U.S. states and provinces along the U.S.-Canada border, and between southern U.S. states with Mexico and Latin America—that allow state colleges to offer in-state tuition rates to international students from these countries. In addition, some public university systems are offering scholarships targeted at international students. The Minnesota State Colleges and Universities System, for example, offers a scholarship to international students, whereby international students that meet the criteria of the scholarship receive in-state tuition.

Private lending from U.S. financial institutions is generally not available to international students unless a U.S. citizen or permanent resident is willing to cosign on the loan, which rules out this approach for most international students. And the situation is often not much

better in the home country, Kacenga says: "Students have told me that they can get loans from the banks in their home country, but often family members must cosign and evidence of an expected return to the home country must be provided."

#### Formulating Aid

For institutions that can afford it, the ultimate form of financial aid is to be inexpensive in the first place. "Our out-of-state tuition and fees is \$17,324 per year, whereas at every University of California school, they are at the \$40,000 to \$42,000 range, while the elite privates are in the \$50,000 range," says Glen Besterfield, assistant vice president of international admissions and global partnerships at the University of South Florida. "We've kept our tuition low." Besterfield also says that University of South Florida has agreements with Latin American countries that allow students from those countries to pay the even lower \$6,410 in-state tuition rate, if they receive \$1,000 per year in academic scholarship money.

The increasing reliance on international students as a revenue source at many public universities has led to increasing fees and has made private institutions in many states more financially attractive for international students over the past decade, says Samuel N. Skinner, director of international admission at the University of Hartford, a private institution. One way that Hartford uses scarce university financial aid dollars for international students is to award aid on a semester-by-semester basis, along with \$6,000 to \$16,000 more, depending

on academic performance. “Those awarded below the ceiling can bump up their scholarships in some circumstances, such as earning a 3.0 [grade point average] at the 30-credit point and a 3.3 at the 60-credit mark, which for someone starting at a \$10,000 grant would bump them up to \$13,000 at 30 credits and \$16,000 at 60 credits,” Skinner says.

Universities need to think carefully about exactly how much tuition they require from international undergraduate students, says David L. Di Maria, associate provost for international programs at Montana State University (MSU). Di Maria says that in his experience, offering a few thousand dollars in discounts from standard out-of-state and international student rates can sometimes make the difference between attracting international students and losing them. For MSU, for example, in-state students are charged \$6,890 in tuition and fees per year, which he says is lower than the cost of education to the university. Standard out-of-state tuition is \$23,190. By offering strategic discounts averaging around \$3,000 annually on the out-of-state price, the school can assist international students and yet still recoup enough from them to help keep tuition affordable for in-state students, Di Maria says.

Many institutions also vary grant amounts based upon the ratio of students from different countries and by major. “We do want to spread our aid across all degree programs,” Skinner says. “If we have a person who wants to study philosophy from Fiji, that is rare and will get a long, hard look in terms of being considered for merit-based scholarship. This student may present a more compelling argument for scholarship than a mechanical engineering student from India based simply on the number of applicants.”

**Thinking Outside the Usual**

Creativity in managing financial aid also means collecting information about all potential funding sources at an institution, which can be a challenge at larger

institutions. Often funding sources are department specific. Hidden or overlooked sources of funding do exist, some say, such as artistic, athletic, and merit-based programs. “Concordia College’s ‘maroon and gold guarantee’ ... is designed to show high-achieving students that the cost for tuition, room, and board at Concordia [a private college in Minnesota] will be no more than the cost of tuition, room, and board at the public University of Minnesota, and possibly less. This represents an aid commitment by us of \$23,136 for the 2017–18 academic year,” says Concordia College Director of International Admissions Matthew Beatty. “That program is also available to international students.”

Temple University’s Jessica Sandberg says that because her university has a Division I athletic program, it has dedicated funds to support international student athletes. Another form of financial support involves reserving on-campus jobs for international students, Kacenga says. Many international students are also not aware of the financial support that research and teaching assistant positions can provide.

Looking for potential foreign sources of funds can often involve some detective work and may involve cross-referencing information from different information sources at the U.S. college, including the international office, the financial aid office, admissions, and alumni relations, Kacenga says.

“Many [U.S. colleges] treat their sponsors as proprietary information, but participating in the Washington International Education Conference (WIEC) in Washington, D.C., is a great way to get introductions to embassy officials who often have ties to corporate sponsors in the foreign country,” says Kacenga. “Connecting with alumni and asking current students about their own funding sources will also prove valuable. It may even be that the immigration team on campus has seen Financial Guarantee

Letters (FGLs) from sources the admission team isn’t aware of yet that would be a great place to start looking for relationships. I also advise students to reach out to their home country’s embassy in Washington, D.C., and to ask the education attaché how other students have funded their education. I’ve seen students discover an alumni group who will help sponsor their studies, or a regional group of expats who were excited to support their efforts.

In many cases, colleges must compete to be on registries to be eligible for foreign country sponsorship efforts, Temple’s Sandberg says. “Recently, we enrolled one of our first-ever sponsored students from Oman, which likely resulted from visits to and communications with Oman by our [assistant vice president] to get Temple on their list. Inclusion is partly determined by reputation and ranking, but also the more contact you have, the more likely you will be placed on the list.”

Not surprisingly, more competition is resulting in more transparency about financial aid in U.S. colleges’ international marketing materials, Beatty says. “I’m seeing greater need for transparency so that international students can do cost comparisons,” Beatty says. “More and more students break down of the cost of attendance, and some [university] marketing materials will now say: ‘Here is the cost of attendance, but if your ACT score is this, you come from this country, and you get this TOEFL score, you will get this amount of financial aid.’ Many are also increasing disclosure on return on investments in education.”

Touting the value of an American education is another strategy. “While the budget may not be easily allocated to international students, U.S. colleges could highlight the return on investment, such as on-campus job opportunities for international students and career prospects after graduation,” says Jessica Brandt, director of research at World Education Services (WES). “In our report, *How Master’s Students Choose Institutions: Research on International Student*

*Segmentation*, the findings clearly show that career prospects are consistently one of the most important factors when applying to a U.S. college/university, across different countries and regions.”

It is important to be realistic about costs and the likelihood of finding appropriate funding sources, Beatty says. In many cases, the role of a college financial officer should be to advise students to pursue a less expensive educational option, such as community college, Beatty says.

**Not Just Money**

Several international educators say that visa and immigration issues and concern about an unwelcome climate toward

international students are overtaking financial aid issues as a deciding factor in international students’ decisions. “We are concerned because we have 500 students enrolled with us on visas, of whom maybe 60 percent are Muslims,” University of Hartford’s Skinner says. “We can’t afford to have half of our international students go away... Alumni and some parents say that they have concerns about what their child should have to put up with, about their safety, and about the danger of disruption of their education if they travel. We have been working since the recent federal election to communicate with our students and parents that we

will hold true to our values and not acquiesce to the whims of the current administration.”

There is also increasing concern about subsidizing budgets with revenue from international students’ out-of-state tuition. Some have suggested this might lead to institutions favoring international student admissions over local students. “That is a hot question,” says Sandberg, “I think the vast majority of students, faculty, and staff at Temple support an influx of international students, the growth of internationalization, and the modest use of Temple funds to support them.” ■

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