HIGHER EDUCATION

Challenges in Attracting International Students to the United States and Implications for Global Competitiveness

Statement of George A. Scott, Director
Education, Workforce, and Income Security Issues

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What GAO Found

GAO identified the following key issues that may affect the United States’ ability to continue attracting the world’s most talented international students to our universities and colleges:

- The global higher education landscape is changing and providing more alternatives for students, as other countries expand their educational capacity and technology-based distance learning opportunities increase. For example, enrollment in college-level distance education has nearly quadrupled since 1995. In addition, U.S. universities are establishing branch campuses in other countries and partnerships with international institutions, allowing international students to receive a U.S. education without leaving home. Greater competition has prompted some countries to offer courses in English and to expand their recruiting activities and incentives. Some countries also have developed strategic plans or offices focused on attracting international students.

- The cost of obtaining a U.S. degree is among the highest in the world and rising, which may discourage international students. Average tuition in 2003 at public U.S. colleges and universities was second only to Australia. Moreover, tuition and associated costs continue to rise. While the effects of high and rising costs and related factors are difficult to estimate, some policymakers are concerned they may be discouraging international students from coming to the United States.

- Visa policies and procedures, tightened after September 11 to protect our national security, contributed to real and perceived barriers for international students. Post-September 11 changes included a requirement that almost all visa applicants be interviewed, affecting the number of visas issued and extending wait times for visas under certain circumstances. GAO has made several recommendations to strengthen the visa process in a way that reduces barriers for international students while balancing national security, and recent changes have improved the process. Processing times for certain security reviews have declined, and recent data show more student visas issued in the last few years. The Department of State also has taken steps to ease the burden on students, including expediting interviews and extending the length of time that some visa clearances are valid. We are continuing to study aspects of these issues.

The United States must maintain an appropriate balance between protecting national security interests and ensuring our long-term competitiveness. Monitoring current trends and federal policies is essential to ensuring that the United States continues to obtain talented international students in the face of greater global competition.
Chairman Delahunt, Chairman Hinojosa and Members of the Subcommittees:

I am pleased to be here today to discuss the challenges in attracting international students to the United States and implications for global competitiveness. Over 2 million students worldwide study outside of their country of origin and make economic and foreign policy contributions to their host countries. The United States has relied on undergraduate and graduate students from other countries to support both economic and foreign policy interests. International students have been important sources of innovation and productivity in our increasingly knowledge-based economy, brought needed research and workforce skills, and strengthened our labor force. For those students returning home after their studies, such exchanges support federal public diplomacy efforts and can improve understanding among nations.

The United States' competitiveness in a global society must strike a proper balance among protecting our national security interests, ensuring our long-term competitiveness, and building bridges with other nations and their people. It is also essential that we continue to develop our own domestic capacity.

My testimony today touches on several of the key issues that may affect the United States' ability to continue attracting the world’s most talented international students to our universities and colleges. My remarks today are drawn primarily from previous GAO reports, and the framework for discussing the issues is based on the perspectives and insights from the Comptroller General’s forum held in September 2006 to discuss American global competitiveness in higher education that included leaders from government, universities, research institutions, higher education organizations, and industry. The forum participants' suggestions and views reported here are not intended to reflect the views of GAO. All of the work on which this testimony is based was performed in accordance with generally accepted government auditing standards.

In summary:

- The global landscape of higher education is changing and providing more alternatives for students, particularly as other countries expand their educational capacity and technology-based distance learning opportunities increase.
- The cost of obtaining a degree in the United States is rising, which may discourage international students from enrolling in our colleges and universities.
- Visa policies and procedures, tightened after September 11, 2001, to protect our national security interests, may have contributed to real and perceived barriers for international students seeking to enter the country, but recent changes have helped ease barriers.

Background

The United States has historically sought to attract international students to its colleges and universities. In recent years international students have earned about one-third or more of all of the U.S. degrees at both the master’s and doctoral levels in several of the science, technology, engineering, and mathematics (STEM) fields. In academic year 2002-2003 alone, international students earned between 45 percent and 57 percent of all the STEM degrees in the United States.²

Several federal agencies coordinate efforts to attract and bring international students to the United States and implement related requirements. The Department of State (State) manages the student visa application process, administers some student exchange programs, offers grants to facilitate international exchanges, and provides information promoting educational opportunities in the United States. State’s Bureau of Educational and Cultural Affairs supports a global network of more than 450 advising centers around the world that provide comprehensive information about educational opportunities in the United States and guidance on how to access those opportunities. In addition, the Undersecretary for Public Diplomacy and Public Affairs has undertaken ongoing efforts at outreach. For example, the office has organized several delegations of American university presidents to travel overseas with the Undersecretary in order to emphasize the United States’ interest in welcoming international students. The Department of Homeland Security enforces immigration laws and oversees applications for changes in

immigration status. It also administers the Student and Exchange Visitor Information System (SEVIS), an Internet-based system that maintains data on international students and exchange visitors before and during their stay in the United States. Finally, the Department of Education (Education) sponsors initiatives to encourage academic exchanges between the United States and other countries, and the Department of Commerce offers various activities to help U.S. educational institutions market their programs abroad.

Students or exchange visitors interested in studying in the United States must first be admitted to a U.S. school or university before starting the visa process. Most full-time students enter the United States under temporary visas, which usually permit them to stay for the duration of their studies but may require renewals if they return home before their studies are complete. In order to apply for a visa at a U.S. embassy or consulate, students are required to submit a SEVIS-generated document issued by a U.S. college or university or State-designated sponsor organization when they apply for a visa. State advises student applicants to apply early for a student or exchange visitor visa to make sure that there is sufficient time to obtain an appointment for a visa interview and for visa processing. Among the long-standing requirements for students applying for a visa is that they demonstrate an “intent to return” to their country of origin after they complete their studies. Graduates who wish to stay and work in the United States beyond the time allowed by their student visas generally need to receive approval for a change in status, for example, through a temporary work visa or through permanent residency.

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3. A visa allows a foreign citizen to travel to a U.S. port-of-entry and request permission from the U.S. immigration officer to enter the United States. It does not guarantee entry into the United States.

4. Section 641 of the Illegal Immigration Reform and Immigrant Responsibility Act of 1996 (IIRIRA), as amended, requires the creation and implementation of a program to collect information relating to nonimmigrant foreign students and exchange visitor program participants during the course of their stay in the United States. Pub. L. No. 104-208, Div. C, Tit. VI, § 641, 110 Stat. 3009-704 (1996), codified as amended at 8 U.S.C. § 1372. The program became known as SEVP (Student and Exchange Visitor Program), and its core technology became known as SEVIS. It is administered by the Bureau of Immigration and Customs Enforcement (ICE) within the Department of Homeland Security (DHS), and is an Internet-based system that maintains data on foreign students and exchange visitors before and during their stay in the United States.

5. The U.S. academic institution or program sponsor provides the appropriate SEVIS-generated form when the applicant has been academically admitted to the institution or accepted as a participant in an exchange program. To ensure that they will be able to arrive in time for the start of their educational program in the United States, applicants need to request and receive the appropriate visa-qualifying document from the U.S. institution or program sponsor well in advance of their planned arrival in the United States.
Although the United States continues to enroll more international students than any other country, the number of international students enrolled in U.S. higher education institutions leveled off and even dropped slightly after 2001, as shown in figure 1. Figure 2 shows that the U.S. share of international students worldwide decreased between 2000 and 2004. According to the Institute of International Education, the decline in the number of international students attending U.S. higher education institutions between 2002 and 2003 was the first drop in over 30 years.\textsuperscript{6} While some preliminary data suggest that international student enrollment numbers may be rebounding, enrollments have yet to return to previous levels. Nevertheless, the United States continues to be a prime study destination for international students for numerous reasons: its high-quality higher education institutions, top-ranked graduate programs, strong research funding, English-language curriculum, and a diverse foreign-born faculty.

Figure 1: Estimated Number of International Students Enrolled in U.S. Higher Education, 1984/1985 to 2005/2006

Estimated number of international students

Source: Institute of International Education (IIE) data.
The Global Higher Education Landscape Is Providing More Options for Students

As worldwide demand for higher education continues to rise, changes in the global higher education landscape have provided students with more options. For example, technological advancements have spurred online courses and even completely online programs that cater largely to nontraditional students having work and family commitments. Between 1995 and 2001, enrollment in distance education at the college level nearly

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Figure 2: Estimated Percentage of All International Higher Education Students Enrolled in a Selection of Countries by Destination, 2000 and 2004

Estimated percentage

<table>
<thead>
<tr>
<th>Country</th>
<th>2000</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Zealand</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>Japan</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Canada</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Australia</td>
<td>3</td>
<td>6</td>
</tr>
<tr>
<td>France</td>
<td>5</td>
<td>7</td>
</tr>
<tr>
<td>Germany</td>
<td>7</td>
<td>8</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>10</td>
<td>13</td>
</tr>
<tr>
<td>United States</td>
<td>20</td>
<td>27</td>
</tr>
<tr>
<td>Other OECD countries</td>
<td>12</td>
<td>14</td>
</tr>
<tr>
<td>Non-OECD countries</td>
<td>8</td>
<td>11</td>
</tr>
</tbody>
</table>

Source: Organisation for Economic Co-operation and Development (OECD) data.

Note: Information in this graph includes only those countries for which both 2000 and 2004 data were available, except for Canada, for which the year of reference is 2002. GAO did not assess the reliability of the data for the percentage of students enrolled in schools outside the United States. Also, the definition of international students is not uniform across countries.

*Other OECD countries include Austria, Belgium, Denmark, Finland, Greece, Hungary, Iceland, Ireland, Italy, Korea, Luxembourg, Mexico, the Netherlands, Norway, Poland, Portugal, the Slovak Republic, Spain, Sweden, Switzerland, and Turkey.

*Non-OECD countries include Brazil, Chile, India, Malaysia, the Russian Federation, South Africa, and others.
quadrupled to over 3 million students, according to Education’s most recent data.

In addition, international partnerships allow institutions to share faculty members and facilitate study abroad opportunities. International branch campuses now provide international students the opportunity to receive an American education without leaving their home country.

Greater competition has prompted some countries to embrace instruction in English and encouraged other systems to expand their recruiting activities and incentives. Germany alone offers nearly 400 courses in English that are geared toward international students. In terms of recruiting, several of the participants during our global competitiveness and higher education forum suggested that some countries appear more committed to attracting international students than the United States or are now competing with the United States for the best and the brightest students. Japan offers the same subsidized tuition rates to international students as domestic students, while Singapore offers all students tuition grants covering up to 80 percent of tuition fees as long as they commit to working in Singapore for 3 years after graduation. France and Japan have also strengthened and expanded their scholarship programs for international students. Some countries’ recruiting efforts include providing scholarships to international students who may not be able to afford the costs of obtaining a higher education degree in the United States.

In addition, some countries have also developed strategic plans or offices that address efforts to attract international students. The German Academic Exchange Service and EduFrance offer examples where government agencies have been tasked with international student recruitment. Participants at GAO’s forum on global competitiveness expressed concerns that the United States lacked such a national strategy for recruiting international students and emphasized a need to both explore new sources of international students as well as cultivate U.S. domestic capacity.

Rising Cost of U.S. Higher Education May Discourage Some International Students from Coming

As the cost of attending college in the United States rises, international students may be discouraged from coming here to study. Higher education in the United States ranks among the most expensive in the world. As shown from OECD data in table 1, in 2003-2004 annual average tuition at
public U.S. colleges and universities ($4,587) was second only to Australia ($5,289) and more than 2.5 times higher than Europe’s system with the highest tuition fees, that of the United Kingdom. In terms of private higher education providers, U.S. institutions ranked the highest at more than $17,000 per year followed by Australia ($13,420), Italy ($3,992), and Portugal ($3,803).

Table 1: Estimated Annual Average Tuition Fees Charged by Select OECD Countries’ Tertiary-Type A Educational Institutions (School Year 2003-2004)

<table>
<thead>
<tr>
<th>OECD countries</th>
<th>Public institutions</th>
<th>Private institutions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>$5,289</td>
<td>$13,420</td>
</tr>
<tr>
<td>United States</td>
<td>4,587</td>
<td>17,777</td>
</tr>
<tr>
<td>Canada</td>
<td>3,267</td>
<td>--</td>
</tr>
<tr>
<td>New Zealand</td>
<td>2,538</td>
<td>3,075</td>
</tr>
<tr>
<td>Italy</td>
<td>983</td>
<td>3,992</td>
</tr>
<tr>
<td>Portugal</td>
<td>868</td>
<td>3,803</td>
</tr>
<tr>
<td>Austria</td>
<td>853</td>
<td>800</td>
</tr>
<tr>
<td>Spain</td>
<td>801</td>
<td>--</td>
</tr>
<tr>
<td>Belgium (Other)</td>
<td>658</td>
<td>751</td>
</tr>
<tr>
<td>Belgium (Flanders)</td>
<td>540</td>
<td>536</td>
</tr>
<tr>
<td>Hungary</td>
<td>351</td>
<td>991</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>0</td>
<td>3,449</td>
</tr>
<tr>
<td>Denmark</td>
<td>0</td>
<td>--</td>
</tr>
<tr>
<td>Finland</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Iceland</td>
<td>0</td>
<td>3,000</td>
</tr>
<tr>
<td>Slovak Republic</td>
<td>0</td>
<td>--</td>
</tr>
<tr>
<td>Sweden</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Netherlands</td>
<td>--</td>
<td>1,565</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>--</td>
<td>$1,794</td>
</tr>
</tbody>
</table>


1Higher education institutions in the United Kingdom are privately controlled. However, because they are funded largely by the state, they are commonly regarded as public institutions in international comparative analyses.
Moreover, student costs at U.S. colleges and universities continue to rise. Figure 3 depicts average undergraduate tuition and room and board costs between 1976 and 2004 for full-time students in degree-granting programs at both 4-year public and private higher education institutions as well as public 2-year institutions. Average costs for private colleges and universities have risen the most since 1990, from $13,237 to $26,489. However, in percentage terms the most growth took place at 4-year public institutions; the change between 1990 and 2004 was approximately 118 percent compared to a 100 percent increase at 4-year privates and an 83 percent increase at 2-year institutions.

Note: In equivalent U.S. dollars converted using purchasing power parity (PPP), by type of institutions, based on full-time students. Zero values indicate no tuition and dashed values indicate that data were either missing or the category was not applicable. These figures represent the weighted average of the main Tertiary-type A programs and do not cover all educational institutions. However, the figures reported can be considered as good proxies and show the difference among countries in tuition fees charged by main educational institutions for the majority of students. Tertiary-type A programs are largely theory-based and designed to provide sufficient qualifications for entry to advanced research programs and professions with high skill requirements. They have a minimum cumulative theoretical duration of three years’ full-time equivalent, although they typically last four or more years.

Moreover, student costs at U.S. colleges and universities continue to rise. Figure 3 depicts average undergraduate tuition and room and board costs between 1976 and 2004 for full-time students in degree-granting programs at both 4-year public and private higher education institutions as well as public 2-year institutions. Average costs for private colleges and universities have risen the most since 1990, from $13,237 to $26,489. However, in percentage terms the most growth took place at 4-year public institutions; the change between 1990 and 2004 was approximately 118 percent compared to a 100 percent increase at 4-year privates and an 83 percent increase at 2-year institutions.

Note: In equivalent U.S. dollars converted using purchasing power parity (PPP), by type of institutions, based on full-time students. Zero values indicate no tuition and dashed values indicate that data were either missing or the category was not applicable. These figures represent the weighted average of the main Tertiary-type A programs and do not cover all educational institutions. However, the figures reported can be considered as good proxies and show the difference among countries in tuition fees charged by main educational institutions for the majority of students. Tertiary-type A programs are largely theory-based and designed to provide sufficient qualifications for entry to advanced research programs and professions with high skill requirements. They have a minimum cumulative theoretical duration of three years’ full-time equivalent, although they typically last four or more years.
International students generally do not rely on U.S. federal funding to study in the United States. According to the Institute of International Education’s Open Doors 2004/2005 report, which provides data on international student mobility patterns from U.S. universities, an estimated 71 percent of all international students reported their primary source of funding coming from personal and family sources or other sources outside of the United States. The effects of high and rising tuition and other factors on international enrollment patterns are difficult to estimate, but some
policymakers are concerned that costs may be discouraging some international students from coming to U.S. higher education institutions.

<table>
<thead>
<tr>
<th>Changes in U.S. Visa Policies Contributed to Real and Perceived Barriers for International Students to Enter the Country, but Recent Improvements Have Helped Ease Some of the Burden</th>
</tr>
</thead>
<tbody>
<tr>
<td>After September 11, State and Homeland Security, as well as other agencies, took various steps to strengthen the visa process as an antiterrorism tool. This has made the visa process more robust, but may have contributed to real and perceived barriers for international students as well as fueled perceptions that international students were not welcome. Almost all visa applicants must now be interviewed by a consular adjudicating officer at a U.S. embassy or post; this requirement has both affected the number of visas issued and extended wait times for visas under certain circumstances. We have reviewed aspects of the visa process and have made many recommendations to strengthen the process in a way that reduces barriers for international students while balancing national security interests. In October 2002 we cited the need for a clear policy on how to balance national security concerns with the desire to facilitate legitimate travel when issuing visas and made several recommendations to help improve the visa process. In 2003, we reported that the Departments of State, Homeland Security, and Justice could more effectively manage the visa process if they had clear and comprehensive policies and procedures as well as increased agency coordination and information sharing. In 2005 we reported on State’s management of J-1 exchange programs. Separately in 2005, we reported on the department’s efforts to improve the time required to process visas for international science students and scholars as well as others. In 2004 we found that the time to adjudicate a visa depended largely on whether an applicant had to undergo a Visas Mantis security check. Visas Mantis security checks target</td>
</tr>
</tbody>
</table>

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foreigners who might be involved in violation or evasion of U.S. laws by
exporting goods, software, technology, or sensitive information, aiming to
prevent proliferation of weapons of mass destruction and conventional
weapons. Between January 2004 and June 2006, almost 28 percent of all
visa applications sent for Mantis security checks were for students or
exchange participants. State has acknowledged that long wait times may
discourage legitimate travel to the United States, potentially costing the
country billions of dollars in economic benefits, including from foreign
students, and adversely influencing foreign citizens’ impressions and
opinions of our nation.

Much progress has been made over the years with respect to the visa
process. Since 2002, State and other agencies have implemented many of
our recommendations aimed at strengthening the visa process as an
antiterrorism tool while improving processes to facilitate legitimate travel.
In particular, State has issued standard operating procedures, in
consultation with Homeland Security, to inform consular officers on
issues such as special security checks and student visa requirements. In
2005, we reported a significant decline in both Visas Mantis processing
times and cases pending more than 60 days. Recent visa data show an
increase in the number of student visas issued in the last few years.
According to State Department data, the combined student visa issuance
levels for fiscal year 2006 increased by about 20 percent from fiscal year
2002. See figure 4 for the issuance trends for individual student visa
categories.

Broader efforts to facilitate travel to the United States for international
students have also been implemented. State has expedited interviews for
students. In addition, the length of time that some visa clearances are valid
has been extended. In February 2007, State issued guidance to posts that
applicants should receive an appointment for a student visa interview

13In March 2007, the Deputy Secretary of State for Visa Services testified that, according to
Department of Commerce figures, international students contribute $13.5 billion each year
to institutions they attend and the surrounding communities in which they live.

14GAO, Border Security: Streamlined Visas Mantis Program Has Lowered Burden on
Foreign Science Students and Scholars, but Further Refinements Needed, GAO-05-198

15For purposes of this testimony, unless otherwise noted, when we refer to student and
exchange visitor visas we are referring to F-1 and J-1 visa categories only. The F-1 is for
individuals seeking to study at accredited American higher education institutions and the
J-1 is for participants in visitor exchange programs.
We are continuing to study aspects of these issues, including visa delays and Visas Mantis security checks, which we will be reporting on in the coming months.

**Figure 4: Student Visa Issuance Trends, Fiscal Years 2002 to 2006**

[Graph showing student visa issuance trends from 2002 to 2006]

Source: GAO analysis of Department of State data.

**Concluding Observations**

The United States must maintain an appropriate balance between protecting national security interests and ensuring our long-term competitiveness. The United States has relied on undergraduate and graduate students from other countries to support both economic and foreign policy interests. Changes designed to protect national security in the wake of September 11 may have contributed to real and perceived barriers for international students, and the subsequent decline in international enrollments raises concerns about the long-term competitiveness of U.S. colleges and universities. Rising U.S. tuition costs

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In July 2004, State issued a cable to posts that directed them to give priority scheduling to persons applying for F, J, and M visas. As explained in the cable, students and exchange visitors are often subject to deadlines, so State directed posts to have well-publicized and transparent procedures in place for obtaining priority appointments for them.
and growing higher education options worldwide further demonstrate that the United States cannot take its position as the top destination for international students for granted. While federal efforts to reduce barriers for international students have helped, monitoring current trends and federal policies is essential to ensuring that the United States continues to obtain talented international students in the face of greater global competition.

Mr. Chairman, this concludes my prepared statement. I would be happy to respond to any questions you or other members of the subcommittees may have at this time.

For further information regarding this testimony, please contact me at (202) 512-7215. Individuals making key contributions to this testimony include Sherri Doughty, Carlo Salerno, Marissa Jones, John Brummet, Eugene Beye, Carmen Donohue, Eve Weisberg, Melissa Pickworth, and Susannah Compton.
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