

The Economic Crisis: Projected Impact on Undergraduate Study Abroad.

DAAD workshop—NAFSA conference
2009

U.S. economic downturn

- Increased unemployment
 - Uncertainty about the future
 - Depressed housing market
 - Depressed stock market
 - Low interest rates
 - Borrowing money is more difficult
 - Decline in tax revenue at the state level
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Impact on colleges

- ❑ Sharp cutbacks in state funding for public institutions
 - ❑ decline in income from endowment funds that can be used for operations
 - ❑ wealthier universities most affected.
 - ❑ Increase in student interest in public institutions where tuition is lower
 - ❑ Growing student interest in professional fields rather than liberal arts
 - ❑ Freezes in salaries for administrators and faculty members at many institutions
 - ❑ Cut back in travel funds
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College reactions

- ❑ Some limits on ability for students to use financial aid in study abroad
 - ❑ Review of financial aid analysis for study abroad with tighter controls on student spending
 - ❑ Quotas on the number of students permitted to study abroad
 - ❑ Direction of students to less expensive programs in less expensive countries, e.g., South America rather than Spain.
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Potential impact on students

- Where private colleges charge their own tuition and financial aid travels, little change.
 - When private colleges allow students to pay program fee, study abroad is less expensive.
 - Financial aid does not cover summer school study.
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NAFSA survey: Summer applications as of March 22st

Applications exceeding last year:
20.7%

Applications the same as last year:
27.4%

Applications below last year: 51.9%

NAFSA survey: Summer
withdrawals as of March 22st

Withdrawals the same or fewer than last
year 66.1%

Withdrawals greater than last year
33.9%

NAFSA survey: Fall applications as
of March 22nd

Applications exceeding last year:
33.6%

Applications the same as last year:
31.2%

Applications below last year: 35.2%

NAFSA survey: Fall withdrawals as
of March 22nd

Withdrawals the same or fewer than last
year 80%

Withdrawals greater than last year
20%%

NAFSA survey: Financial aid

Increase in inquiries 68.7%

Increase in applications 46.8%

College/University responses

- Extending deadlines 18
- Increasing scholarships 18
- Increasing promotion of programs 13
- Identifying or creating low cost programs 12
- Cutting or freezing prices 9
- Helping students apply for scholarships 8

IES profile

- Full year, semester, summer, customized 2008/09 5500 students
- Germany: two Centers:
Berlin/Freiburg 2008/09 416 students 7.5% of total enrollment of American students in Germany

2009/10 vs. 2008-09

- 2008-09 record enrollments
 - 2009-10 (as of May 22nd)
 - **Summer 2009**
 - **Summer 2009**
 - Applications: -4.2%
 - Confirmations: -18.9%
 - **Fall 2009**
 - Applications: -2.9%
 - Confirmations: -4.2%
 - **Academic Year 2009-10**
 - Applications: -6.7%
 - Confirmations: -12.5%
 - **Customized programs in pipeline** +27%
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IES response-fees

- reduced prices wherever possible, in some cases over \$4,900 (see the attached Fall semester prices);
 - decreased prices in 15 semester programs;
 - decreased or held flat the total program fee of all but 1 academic full year program;
 - made very modest price increases elsewhere in summer and semester programming. Where semester term prices have been increased, the increases average 1.25% or only \$200.
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IES response—budget review

- Salary freeze for all staff and faculty except in countries where law does not permit
 - Freeze in home stay fees
 - Negotiated reduced fees with overseas providers (e.g., universities, landlords)
 - Reviewed staff world wide with an eye to reducing numbers through attrition and a minimal number of layoffs
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IES response: budget review

- Targeted budget cuts in non-essential areas.
 - Reduced overseas travel and conferences.
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Looking into the future

- If the economic downturn continues it will have an impact.
 - Many colleges that traditionally support study abroad with financial aid may have enrollment issues.
 - Increasing numbers of students will opt for community colleges and public institutions.
 - Students will not opt for study abroad unless it clearly benefits their economic goals: Offerings therefore must fit students' academic objectives.
 - Programs that interface well with U.S. academic sequences will benefit.
 - Colleges will prioritize their own study abroad programs—especially college run short term programs.
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Looking into the future-general trends

- Study abroad in the U.S. has been increasing for the last decade.
 - Interest is growing among students in a broader range of disciplines.
 - The U.S. university age population will level off: According to U.S. Census Bureau projections, college-age (ages 20–24) individuals will grow from 18.5 million in 2000 to 21.7 million by 2015, then decrease to 21.0 million by 2020
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Looking into the future

- The percentage of study abroad students who are of European origin is significantly higher than the proportion in the general population.
 - The percentage of the U.S. college population that is of Asian or Latin American origin is increasing rapidly, while the European-origin numbers are declining.
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My predictions

Semester and full year study abroad numbers will remain stable.

Short term numbers will increase.

The trend towards countries outside of Europe will continue—for reasons of economics and interest.

The trend toward broader disciplinary interest in study abroad will continue.

More students will seek out programs that offer concrete benefits:

- foreign language development

- courses that fit their academic and career goals

- internship opportunities

- program cost will be a consideration
