

Testimony of David North,
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on

The Uniting Students in America (USA) Proposal

a joint subcommittee hearing before

THE U.S. HOUSE OF REPRESENTATIVES

COMMITTEE ON FOREIGN AFFAIRS

SUBCOMMITTEE ON

INTERNATIONAL ORGANIZATIONS, HUMAN RIGHTS, AND OVERSIGHT

William D. Delahunt (D-MA), Chairman

and

COMMITTEE ON EDUCATION AND LABOR

SUBCOMMITTEE ON

HIGHER EDUCATION, LIFELONG LEARNING, AND COMPETITIVENESS

Rubén Hinojosa (D -TX), Chairman

June 19, 2008

Room 2172, Rayburn House Office Building

Testimony of David S. North

My testimony today deals with one key, but narrow, part of this dialogue: to wit, who currently pays for the education, particularly, the graduate education, of foreign students now studying in the U.S.? We need a better understanding of where we are now before we start to change things.

Stepping back a moment from this dollars-and-cents discussion, one could make a totally non-economic argument for the importation of at least some students from overseas. For several decades in the last century many foreign leaders, particularly from the former colonies, had been educated in America, and were friendly to the U.S. That was and is a purely good thing.

Further, at the university level, it is helpful to U.S. students to have non-U.S. students in their classes – particularly in the fields of the arts, the humanities, and the social sciences. It makes for a more cosmopolitan experience for the Americans involved.¹ Unfortunately, most foreign students, particularly at the graduate level, are studying science, mathematics, and engineering, fields where the students' overseas backgrounds are of lesser value.

But, foreign students, like soy beans grown in Iowa and exported to China, as a plus for the American balance of payments? Although the Institute for International Education (IIE), a New York-based advocacy organization, has been pressing this point, but the facts suggest otherwise.

It has been argued for years by advocates that foreign students contribute to America's balance of payments because of money they bring with them from abroad. A careful analysis shows that such arguments have three fundamental flaws: 1. the calculations ignore the massive, partially-hidden subsidies to higher education coming from American tax dollars and endowment funds; 2. the calculations supporting the balance-of-funds argument use highly questionable data-collection techniques; and 3. other, stronger studies show that foreign students are heavily reliant on U.S. funds to support their graduate educations.

But before we tackle these issues, a few facts about foreign or international students (the terms will be used interchangeably) in the U.S.

First, there are a lot of them. *Open Doors 2007*, the most recent of IIE's annual reports on the subject, reports that there were 582,984 of them in the 2006-2007 academic year, or 3.9% of the universities' total enrollment. Further, their numbers, after a mild post-9/11 dip, keep rising.

Second, most of them are graduate, not undergraduate students; most are here to secure academic credentials that will help them find jobs, either in the U.S. or elsewhere. Thirdly, the big majority of them are from Asia, with the largest single groups, again according to *Open Doors 2007*,² coming from India, 83,833, and China (including Hong Kong), 75,445.

Finally, most graduate students (both domestic and foreign) are both workers and students; they are usually employed on campus, at least during the school year. The lucky ones are hired to do research for their professors, often on subjects useful to their own dissertations; less lucky ones teach underclassmen or perform other chores around the campus; members of a small third group have the mixed blessings of a fellowship, which provides money for living expenses without requiring work; this arrangement, however, does not bring the student into the close touch with his or her professor that goes with a job as a research assistant.

Graduate students, as a group, play an important role in the academic labor force, particularly of the larger universities. Without them, and their often ill-paid work, much academic activity would slow considerably.

One of the principal impacts of the large numbers of foreign graduate students, I concluded after an extensive study for the Alfred P. Sloan Foundation, was that they had made a profound impact on the labor market of America's graduate schools, loosening it and thus tending, indirectly, to undermine a motive for the recruitment of American women and minorities by these graduate schools. Further, their presence resulted in the lowering of the wages for everyone enrolled in them, and in science and engineering generally.³ America's academic Establishment does not agree.

Let's return to the economic arguments.

"International students contributed \$14.5 billion to the U.S. economy in 2006/2007."⁴

That's the IIE claim. It is a balance-of-payments argument that is annually reported by – and never examined by – the media. It is an argument totally without merit.

First, as most people with the slightest exposure to the finances of higher education know, there is a huge factor in this equation, the partially hidden subsidies from tax payers, at state schools, and from endowments at private ones. These subsidies are overwhelmingly from U.S. sources, and are completely excluded from IIE's statistics.

Secondly, The Institute uses, and knowingly uses, highly flawed methodology to get its multi-billion dollar balance of payments estimate, as I describe at some length in the attached backgrounder published by the Washington's Center for Immigration Studies. The key question is what percentage of the funds used to pay for foreign students comes from U.S. sources.

Does the IIE ask the foreign students? No. Does IIE seek financial data from the universities? No.

What it does is it asks its constituents – the foreign student advisers – to estimate the source of their tuition and living expenses. While some of my best friends are precinct captains I would not conduct a study of say, Chicago's government, by collecting all my data from Mayor Daley's precinct captains – but that is what the IIE does to get its key estimates – it goes to its

foreign student advisers.

Thirdly, there are far better reports on this subject, such as the annual survey of people getting doctorates in this country. It is supported by six major federal agencies and conducted by the highly respected National Opinion Research Center in Chicago – an organization with which I have no ties. While the IIE reports that their own resources (i.e. money from overseas) is the main source of financial support for 55% of the foreign doctoral students, the National Opinion Research Center's publication, the Summary Report places that figure at 5.3% – a remarkable difference.⁵

The really significant number in the Summary Report is this: when PhD candidates on temporary visas (F-1 and J-1) are asked to name the primary source of their financial support, 90% of them say American sources. Ninety percent.

And while in many years only about half of the foreign student advisers participate in the financial aspects of IIE's annual surveys, the participation of the new PhDs in the Summary Report is close to 100% – I gather, from my own research, that you don't get that long-sought PhD degree until you complete the survey.

I conducted my own study of the budgets of foreign born doctoral students in science and engineering for the Alfred P. Sloan foundation and my findings were quite similar to those of the Summary Report. I have also, for several years, been running a program at the University of Maryland to help graduate students with their income tax filings, and encounter only relatively minor infusions of overseas moneys in the foreign students' finances.

I might add that the bill before you deals with supporting overseas undergraduates with American scholarships. My sense - which does not disagree with IIE's statements on this point – is that the degree of American support for foreign undergraduates attending US institutions is far lower than it is for graduate students – which is my area of expertise.

But before creating a major program to spend more U.S. money on foreign students – which is the subject of this hearing – we, as a nation, ought to consider how much we are already supporting the foreign students outside any federal program specifically created for that purpose.

A more comprehensive, statistics-and footnote-filled essay of mine on this subject, published by the Center for Immigration Studies in Washington, entitled "Who Pays: Foreign Students Do Not Help with the Balance of Payments," is attached to my testimony. It is also available on-line at <www.cis.org/publications>.

End Notes

1. I was a graduate student, once upon a time, in political science. Unfortunately, I missed most of the cultural stimulation noted above. As a Fulbright and the only American in a small graduate program at Victoria University College in Wellington, New Zealand, I had an American education, an experience as a sacrificial candidate for my party for a seat in the New Jersey state legislature, and some time with an assertive American advertising agency – capitalism was then pretty passive in New Zealand -- so I was the exotic presence.
2. Bhandari, R and Chow, P (2007). *Open Doors 2007: Report on International Educational Exchange*, New York, Institute of International Education, p. 36.
3. North, D, 1995 *Soothing The Establishment; The Impact of Foreign-Born Scientists and Engineers on America*, Lanham, Maryland, University Press of America.
4. *Open Doors 2007, op cit.* p 14.
5. Hoffer, T.B., Hess, M., Welch, V, and Williams, K. 2007. *Doctorate Recipients from United States Universities: Summary Report 2006*. Chicago: National Opinion Research Center. (The report gives results of the data collected in the annual Survey of Earned Doctorates; it is financed by six federal agencies, NSF, NIH, USED, NEH, USDA, and NASA and conducted by NORC.) Table 22.