

International enrollment under Trump – could there be a fallout?



# Loss of International Full Pay Tuition Revenue

| Hypothetical School                  | <u>2016-2017</u> |
|--------------------------------------|------------------|
| Total Students                       | 400              |
| % International Students             | 18%              |
| # of International Students          | 72               |
| # of Domestic Students               | 328              |
| % of Financial Aid Students          | 37%              |
| # of Domestic Financial Aid Families | 148              |
| % of Domestic Students Receiving Aid | 45%              |
| Boarding Tuition                     | \$60,000         |
| Day Tuition                          | \$40,000         |
| Boarding Students                    | 75%              |
| Boarding Students                    | 300              |
| Day Students                         | 25%              |
| Day Students                         | 100              |
| Amount Financial Aid granted         | \$5,000,000      |
| Average financial aid grant          | \$35,000         |

| 25% Fewer International Students       | <u>2017-2018</u> |
|--|------------------|
| % of International Students            | 14%              |
| # International Students Lost          | 18               |
| # of International Students            | 54               |
| Lost Revenue                           | \$1,080,000      |
| New Financial Aid Budget               | \$3,920,000      |
| # of average financial aid grants lost | 31               |
| # of fewer domestic students           | 31               |
| Total Number of Students Lost          | 49               |
| Total Students                         | 351              |

# Loss of International Full Pay Tuition Revenue

- There are many ways to avoid this but they are very school specific
  - Cut budget – especially athletic facilities
  - Endowment
    - Increase drawdown
    - Capital campaign
  - Increase domestic population
    - Lower entrance standards
  - Maintain/increase financial aid awarded
    - Raise money
    - Cut budget
- Fewer students means fewer:
  - Academic offerings
  - Athletic teams
  - Extra-curricular activities
  - Faculty and staff
  - And surplus facility capacity

Will Trump (physically) stop them?



# What Trump has said pre-election:

- “Donald J. Trump is calling for a total and complete shutdown of Muslims entering the United States until our country's representatives can figure out what is going on.” December 7, 2015
- “The J-1 visa jobs program for foreign youth will be terminated and replaced with a resume bank for inner city youth provided to all corporate subscribers to the J-1 visa program.” 2015, no longer on website
- “When foreigners attend our great colleges & want to stay in the U.S., they should not be thrown out of our country.” Twitter August 18, 2015
- “I want talented people to come into this country—to work hard and to become citizens. Silicon Valley needs engineers, etc.” Twitter August 18, 2015

# Could there be an immigration ban?

- Thus far, there are more questions than answers. What will Trump actually do?!
- Trump's post-election comments have demonstrated some balance.
- Trump's cabinet appointees indicate that he will pursue many of his hard line stances.

# Key Cabinet Appointees thus far:

- **Attorney General**, Jeff Sessions “Mr. Sessions is a strong proponent of strict immigration enforcement...”
- **Chief Strategist**, Stephen Bannon “a right-wing media executive and the chairman of the president-elect’s campaign. Many have denounced the move, warning that Mr. Bannon represents racist views.”
- **Commerce Secretary**, expected nominee Wilbur Ross “ Mr. Ross has said the United States must free itself from the “bondage” of “bad trade agreements,” and has advocated threats to impose steep tariffs on China.”
- **National Security Advisor**, Michael Flynn “General Flynn has been outspoken about his view of the threat posed by Islamist militancy and was an ardent supporter of Mr. Trump during the campaign.”
  
- But.....**U.N. Ambassador**, Nikki Haley “The daughter of immigrants from India, she was a prominent and frequent critic of Mr. Trump early in his run.”

New York Times, [Donald Trump is Choosing His Cabinet. Here’s the Latest List.](#)

# Immigration Ban & F-1 Student Visas

- 1.13 million F & M students studying in the USA (SEVIS, February 2015).
  - China (31%), India (16%), Saudi Arabia (6%), South Korea (6%), Canada (3%), Vietnam (2%), Taiwan (2%), Brazil (2%), Japan (2%), Mexico (2%)
- International education is a huge “export” business.
  - \$30bln+ a year to US economy
- Trump “favors” business – could be a positive?
- Trump “favors” Americans – could be a negative?
- Would an immigration ban include F-1 student visas?



Will international students choose (not) to come?



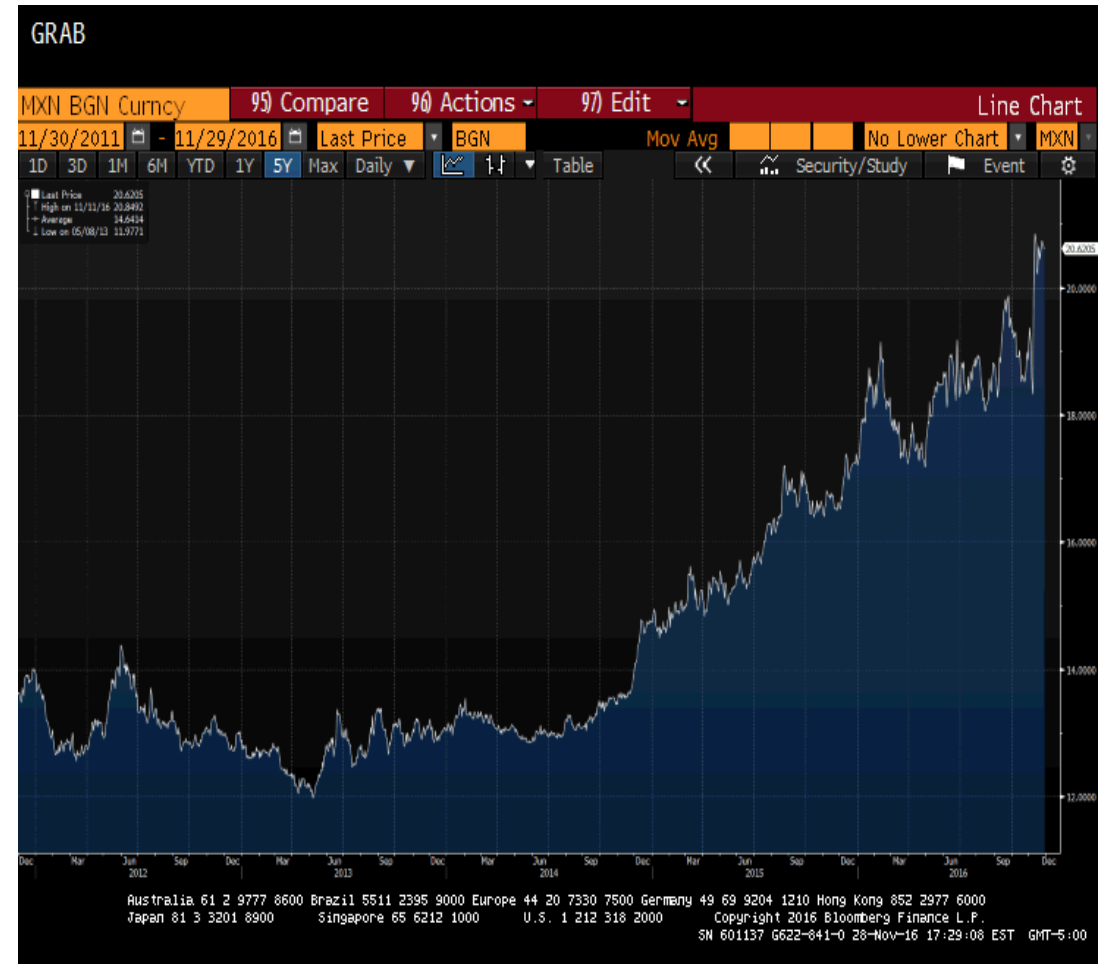
# Will they chose (not) to come?

- “A survey of international students earlier this year revealed serious concerns about a Trump presidency. The March poll of 40,000 students in 118 countries by two international student recruiting firms found 60 percent of respondents were less likely to attend U.S. universities if Trump were elected, compared to 3.8 percent who felt that way about Hillary Clinton.
- In Mexico, about 80 percent of survey respondents said they would be less likely to attend U.S. universities during a Trump presidency. The country sent nearly 17,000 students to the United States last year.
- Sharp declines have occurred before, in response to changes in tone in other countries. The number of Indian student visa applications in Australia, for example, fell by 46 percent immediately following attacks on Indian students in that country in 2009.”

The Hechinger Report, [Number of international students at U.S. universities hits new highs amid Trump worries](#)

# FX Implications – Can they afford to come?

Mexican Peso 1 year (25%) and 5 year (55%)



# One reaction from a Mexican Father, 12/05/16

“Thank you very much David,  
I tried to reach you last Thursday without success!

After the Trump effect, and the exchange rate, I will postpone my son’s  
year in the USA.

Thank you for your help. Maybe later.

Sincerely,

XXXX ”

# What are their alternatives?

- English Speaking Countries:
  - Canada – biggest beneficiary?
  - U.K. – BREXIT
  - Australia – Perhaps not the most “accepting” culture, although it has improved.
- Stay at home – rise of international schools abroad, especially China
  - (Boston College’s) Professor Altbach added that it is “very likely” that Australia, Canada and other countries offering English-language degree programmes will benefit from the potential rise in prospective overseas students seeking other places to study. But, he said that the UK is “likely to be in the same situation as the US” as globally it is perceived as “unwelcoming to foreigners”.  
[Times Higher Education, US fears decline in international students after Trump election](#)

O Canada! Our home and native land!



# US vs. Canadian Boarding Schools

## **USA - International Boarding Tuition**

- Approximately \$60,000

## **Canada - International Boarding Tuition**

- Brentwood College
  - CAD 62,900 / \$46,835
- Ridley College
  - CAD 60,900 / \$45,346
- Upper Canada College
  - CAD 61,560 / \$45,838

# U.K. & BREXIT – What is the impact?

- For UK Universities, the consensus is “negative”

“According to a survey from a student recruitment consultancy, Hobsons, 30 per cent said they were not likely to come to the UK, while six per cent said they would definitely not choose Britain as a study destination as a result of the EU referendum.

Asked for alternative study destinations, 32 per cent of the 1,014 respondents said they would choose Canada, 21 per cent chose Germany, while 20 per cent showed an interest in heading to either an American or Australian university. (83% of respondents were outside of the EU.)”

The Independent, [Brexit: Almost a third of international students less likely to come to the UK to study, survey finds](#)



# UK & BREXIT – Boarding Schools

- For independent schools, still more questions than answers.
  - Student visas may become more challenging.
  - Environment may be less welcoming.
  - EU faculty could be forced to leave or may chose to leave.
  - Will Switzerland become more popular?
  - Sterling's depreciation has made UK education much cheaper.

# British Pound and BREXIT = weaker

1 year £1/\$1.50 >> £1/\$1.25 (17%)



2000 - 2010 £1/\$2.10 to £1/\$1.40



# U.K. Boarding Schools and BREXIT

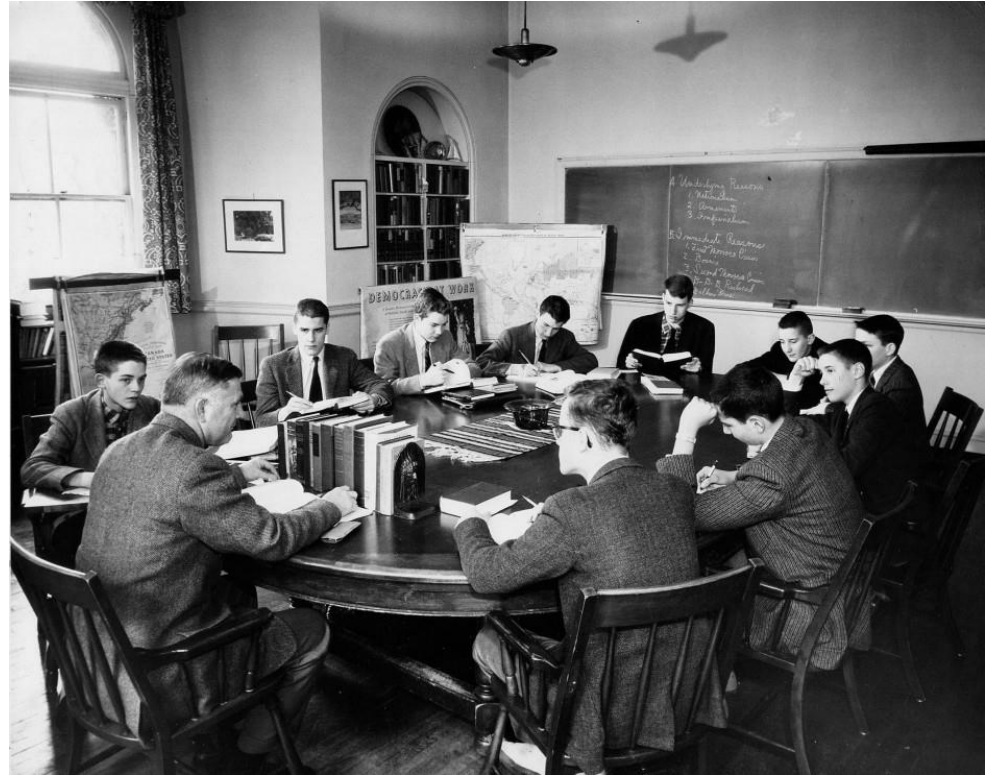
- Gordonstoun School, Scotland
  - £35,922 / \$44,543      If Pound were at \$1.70 = \$61,067
- Radley College, Radley (near Oxford)
  - £35,490 / \$44,008      If Pound were at \$1.70 = \$60,333
- St. Paul's School, London
  - £35,169 / \$43,610      If Pound were at \$1.70 = \$59,787
- UK schools are now similarly priced to Canadian schools. The 4<sup>th</sup> year is essentially “free” vs. US schools.

# UK & BREXIT – Boarding Schools

- Could BREXIT be a positive for American Boarding Schools?
  - Perhaps it would have been...but then our election
  - Are we now on equal ground? Can we point the finger at the Brits as well?

Trump and Domestic Enrollment  
Management  
Trumponomics

# Is there a Trump positive for enrollment?



# Could Trump bolster domestic enrollment at independent \$chool\$?

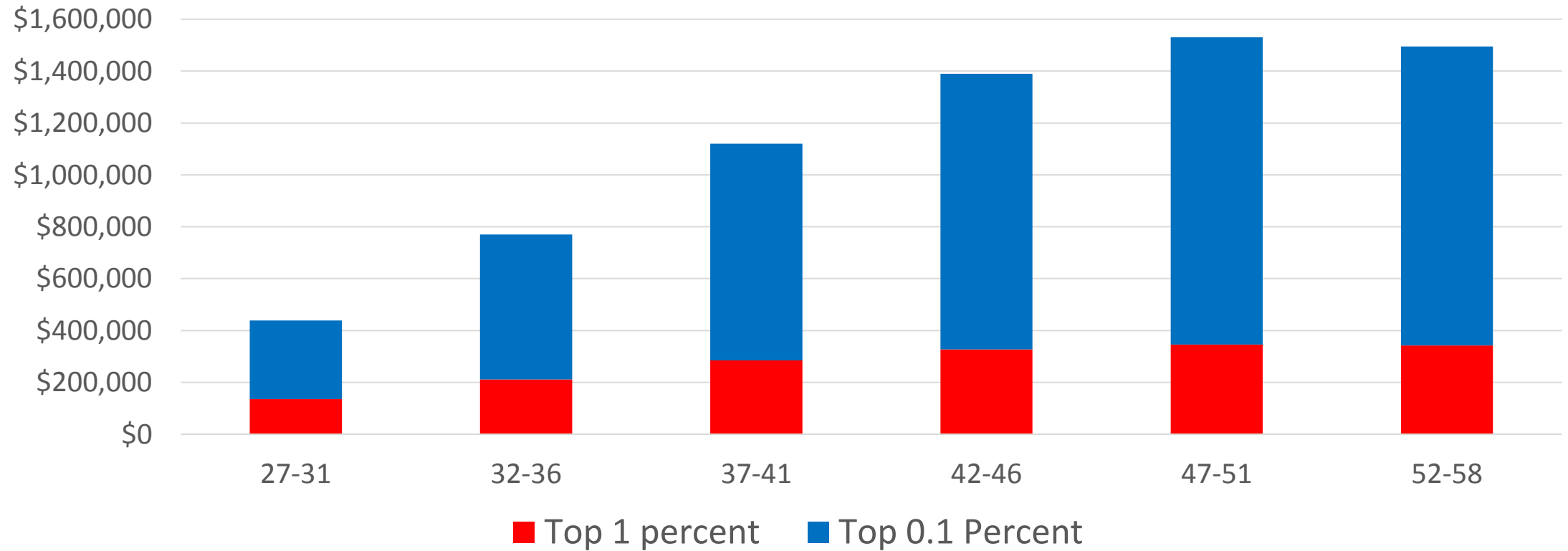
- A Trump-Led Trip Back to the Gold-Plated '80s
  - “Proposed cutting the top rate to 33% from 39.6%, cutting the corporate rate to 15% from 35%, trimming the capital gains tax and eliminating the estate tax. These would be the largest tax cuts for the wealthy since the Reagan reductions of 1986.”
  - “According to the Tax Policy Center the after-tax incomes of middle-class and lower-income taxpayers would grow less than 2% under the Trump plan. The incomes of the top 1% of earners, by contrast, would soar about 14%.”

New York Times, November 27, 2016

# What the 1% earn

The Atlantic Monthly, Oct. 30, 2014

## The 1% and 0.1% by age





# The majority of students are the 1%

- 50% to 75% of student bodies are full pay.
  - These families could find themselves better off under Trump.
- Will this make independent schools more affordable?
  - Could families with two to four children now consider independent schools?
- If so, will parents/students opt for day or boarding schools?

## An extra 14% of....

- \$250,000 = \$35,000 > 58% of boarding school tuition
- \$350,000 = \$49,000 > 82% of boarding school tuition
- \$500,000 = \$70,000 > One full tuition + \$10,000 annual fund gift
- \$750,000 = \$105,000 > 88% of two boarding school tuitions
- \$1,000,000 = \$140,000 > Two full tuitions + \$20,000 annual fund gift

# Trumponomics + Trump Diplomacy = Political and Economic Uncertainty

- U.S. stock markets have moved higher following Trump's election.
  - Record high levels should help the 1%
- USA has had a seven year expansion. A downturn during the next four years could be possible.
- Trump's "America First" foreign policy could make for a challenging international economy. Tariffs & trade wars could lead to a global recession.
- Potential for collision course with China on many fronts.
- Trump's phone call with Taiwanese "President" Tsai Ing-wen
  - Trump's ignorance, disregard of protocol, or [intentionally provocative](#)?

# Trump - Education and School Choice

- Trump has *proposed* a \$20bln federal program to encourage school choice.
- Trump selected Mike Pence as his running mate for many reasons - is education one?
- Mike Pence is a strong supporter of School Choice.
  - In 2012, 4,000 Indiana students received vouchers, \$15mm cost.
  - In 2016, 30,000 Indiana students received vouchers, \$131mm cost.
    - 52% did not attend public schools pre-program.

Washington Post, [Pence accomplished what Trump wants for national education: Vouchers and charters.](#)

- Trump nominated Betsy DeVos as Secretary of Education.

# Will Betsy DeVos help or hurt independent schools?

- “Betsy DeVos... a former chairwoman of the Michigan Republican Party and an education activist who is a passionate believer in school choice...”

New York Times, [Donald Trump is Choosing His Cabinet. Here's the Latest List.](#)

# A few implications of School Choice

- Pro voucher program
  - Could vouchers direct more public school children to independent schools?
  - Is this a Christian based philosophy to direct children to parochial schools?
- Pro charter school
  - Would an increase in charter schools create competition for independent schools?

A possible case study - Cape Cod, Massachusetts has school choice and highly regarded Sturgis Public Charter School. It also has Cape Cod Academy, Falmouth Academy, and a few parochial schools.

# Independent school international admission landscape over the next four years

- Due to Trump's unpredictability and contradictory statements, we just don't know.
  - December 2016 – April 2017 will be key
- It could be more challenging, especially with certain markets.
- Schools may need to do more explaining and “selling”.
  - Isolated from issue in our New England Independent School “Bubble
  - Many [examples](#) of U.S. students protesting Trump
  - However....
  - Many towns where schools are located are Trump supporters
  - Some current parents voted for Trump, *which does not make them bad people*. The election had two disliked and unpopular candidates and people voted based upon many factors.
- Independent schools are financially exposed due to business models but somewhat more sheltered culturally than American colleges.

# Independent school international admission landscape over the next four years

- ***Use this as an opportunity to reevaluate your international student population.***
  - Why are you enrolling international students?
  - Can you financially survive without them?
  - Does your financial model need to be overhauled?
  - Are you providing international students with a “best in class” experience?
  - Are American students benefitting from their international classmates?
- Hope for the best, prepare for the worst.
- Focus on making your school GREAT again ☺!



# CSSOB Institutional Consulting Services

- Commonwealth Student Services of Boston provides consulting services to independent schools. We have a ***unique insight*** due to our complementary student concierge and educational consulting businesses. ***We have particular interest in advising schools on their international student enrollment strategy and how to best integrate these students.*** We are also available to discuss these topics with schools' boards.
- Please contact us to learn how we can assist you with your international student population. [dkorb@cssob.com](mailto:dkorb@cssob.com)



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