

Higher Education

More foreign students stay home, leaving holes in U.S. college budgets

A growing number of universities are linking spending cuts to the loss of students from other countries, who often pay much higher tuition.

Yesterday at 5:00 a.m. EDT

By Jon Marcus

Harrison Keller was starting his second year as president of the University of North Texas last fall when he was abruptly confronted with a big problem.

Enrollment was down. And the source of the decline made it much more impactful: In the wake of Trump administration moves to deny and revoke visas, deport international students and impose travel bans, 2,800 students from abroad whom the university expected to show up had stayed away.

Full-tuition-paying international students — especially graduate students, who Keller said bring \$20,000 to \$25,000 each to his bottom line — are critical to balancing the budget, underwriting services and keeping costs lower for their domestic classmates.

The loss of so many of them in the fall pushed the university \$45 million into the red, Keller said, forcing it to eliminate 71 academic programs. And a continuing decline in the number of international students will mean \$47 million more in lost revenue in the next academic year, according to university projections. (Keller said he expects the loss to be closer to \$25 million thanks to ongoing spending cuts.)

“I picked a hell of a time to become a college president,” Keller said.

New federal data suggests the problem could be getting worse. The number of student arrivals was down by 5 percent in March, compared with the same period last year, and fell almost 8 percent in April and 1 percent in May, compared with the same months last year. That’s on top of a drop of nearly 22 percent in the number who arrived in the United States last summer versus the summer before.

“It leaves a really big hole in the budget, which has to get filled one way or another, either by increasing tuition or cutting services,” said Dick Startz, a professor of economics at the University of California at Santa Barbara. International students pay more than three times what California students do on that campus and subsidize financial aid for their American classmates.

Many American students and their families may not have realized how important full-tuition-paying international students are to university finances, said Domenico Ferraro, an associate professor of economics at Arizona State University who has studied the issue.

Now the consequences are becoming clear.

Nationwide, international students make up 6 percent of enrollment but account for 12 percent of revenue at colleges and universities, research conducted at Princeton University found — and at institutions particularly dependent on them, more than 30 percent. Those figures are from 2016, before international student numbers rose even more, meaning the revenue impact is probably higher now.

The money from international students has kept tuition and fees lower for domestic students while enabling higher spending on services, the Princeton study found. It also concluded that, contrary to assertions by critics, international students aren’t crowding out American ones. This, too, has become even more true since the period covered by the study, as fewer U.S. high school graduates choose to go to college, leaving seats in classrooms empty.

“We have a great opportunity, which we’re engaged in blowing,” Startz said of the potential for international students to close both those enrollment and financial gaps.

Instead, the Moody's bond-rating agency warns, the drop in the number of international students is causing "significant financial stress" and creating a credit risk for universities and colleges — especially the 15 percent with the largest international enrollments.

"It definitely hurts. There's no question," said Ruth Johnston, vice president of the consulting arm of the National Association of College and University Business Officers. "You're not bringing revenue in, and there are so few revenue sources for higher education in the first place."

Since January of 2024, there have been more than 300 instances of universities and colleges eliminating programs, closing departments and laying off faculty and staff members, according to the tracking database CollegeCuts. A growing number of schools cite international enrollment declines as a trigger.

Northwestern University said a projected international enrollment drop was among the reasons it eliminated 425 positions last year, froze hiring and put off building projects. The University of Southern California cut nearly 1,000 jobs, including academic advisers, after listing expected declines in the number of international students — applications from whom fell 23 percent at USC — among its financial problems.

DePaul University laid off 114 employees in December after its number of students from abroad fell 30 percent overall and international graduate student enrollment by two-thirds. Falling international graduate student enrollment was also given as a cause of budget cuts and buyouts at Boston University, and declining international enrollment in general for a rare budget deficit at Syracuse University. The same is true of deficits and layoffs at New York's New School, the University of Texas at Arlington, Niagara College and the Stevens Institute of Technology.

Among other universities that cited international enrollment drops as a factor behind deficits, budget cuts and layoffs: the University of Michigan School of Public Health, the School of the Art Institute of Chicago, Eastern Illinois University, the College of Wooster and Kent State University. The president of the California College of the Arts blamed Trump administration pressure on international students for worsening an enrollment decline and a budget deficit in announcing plans to close the college.

Universities' vulnerability to the decline in the number of international students is a problem partly of their own making. As domestic enrollment has fallen — down by about 2 million students since 2010 — colleges and universities increasingly recruited from abroad. The number of international students in the U.S. rose during that period by more than 60 percent, to nearly 1.2 million, according to the Institute of International Education.

For every 10 percent cut in state appropriations for public research universities, those universities recruited 16 percent more international students, research by scholars at the University of Michigan and elsewhere found.

The strategy wasn't only about filling seats. It was to keep money coming in at a time when American families were chafing at the cost of higher education and demanding more financial aid.

Yet even as colleges and universities grew more dependent on this money — and before the Trump-era crackdowns — threats emerged to the continued supply of students from abroad. There was more competition from other countries, and the U.S. share of the market for international students began to fall.

A dramatic example of what's beginning to happen in the U.S. is well underway in Canada. The number of international students is down by 73 percent in that country since the government set a limit on them in 2024, responding to anti-immigration sentiment and complaints that international students were driving up housing costs in some cities.

International undergraduates pay almost six times as much as their Canadian classmates in tuition, according to the government agency Statistics Canada.

Three-quarters of tuition revenue in Ontario, the most populous province, came from international students, the Canadian consulting firm Higher Education Strategy Associates estimated. Now that the international student numbers have plummeted, Ontario universities will have lost \$1.5 billion in income by the end of this year, in U.S. dollars, according to the Council of Ontario Universities, resulting in significant cuts to programs and services. Sixty percent of universities and colleges in Canada were planning budget cuts, a survey found. At least one, the Manitoba Institute of Trades and Technology, blamed declining international student numbers for forcing it to close.

Tuition fees in Canada haven't gone up, Usher said. But while domestic students "aren't necessarily paying more, they're getting less."

This story about international students was produced by The Hechinger Report, a nonprofit, independent news organization focused on inequality and innovation in education. Additional reporting by Liz Willen.

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