



RETHINK 2020

**FIVE TRENDS
TO WATCH**



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INTRODUCTION

The world is undergoing what feels like a seismic shift. The United States and China are decoupling; severe weather is wreaking havoc from Canberra to California; the UK has left Europe; and the outbreak of a novel coronavirus has threatened to stop globalization in its tracks. While none of these events is directly related to international higher education, each one poses fundamental risks to an industry that relies so heavily on the free movement of people.

No one knows what the next decade will bring, but it is looking increasingly likely that the 2020's could be far more volatile than the 2010's. For education institutions, this means that the strategies which proved effective in the last decade will not suffice in the next one. The genesis of this report is our belief that in order to successfully navigate an increasingly unpredictable landscape, we need to step back and examine past outcomes in order to assess emerging trends before moving forward.

First and foremost, we need to think more broadly and comprehensively. A superficial read of headline numbers is not enough to underpin international strategies, and looking only at one host destination country without considering the wider context of other markets leads to errant conclusions. Rising geopolitical tensions and the strains of climate change also mean that market growth – while welcomed – needs to be scrutinized through the lens of diversification for sustainability. This report shines a spotlight on five fundamental, and often overlooked, trends that are driving growth in the major English-speaking market and could change the face of international education in the years to come.

Consider that, in 2019, the total population of international students across the four major host destinations – the UK, UK, Australia and Canada – grew by more than 115,000, according to the latest student visa issuance data. That's adequate enough evidence to conclude that a growing cohort of students believes the financial investment involved in overseas study remains worthwhile. But what's more important to note is the distribution of growth, which has become highly imbalanced, rather than to simply focus on the increase in numbers alone.

And when we talk about imbalance, the US is perched upon the lighter end of the scale. Canada saw the number of new study permits¹ expand by more than 50,000 in the last year², while the international student populations increased by 34,000 in both the UK and Australia over the same period. Conversely, in the United States, the net issuance of student visas declined by over 4,000 in 2019, continuing a four-year drop in visa demand.

What are the sources of this growth? Or, in the case of the US, lack thereof? In this exclusive ***Rethink 2020: Five Trends to Watch*** report, we look beyond the apparent differentials of tuition cost, global brand and perceptions of personal safety and delve into what lurks below the surface. While traditional influencing factors will continue to anchor student decision-making, we dig deeper to gauge the foundational undercurrents which are driving student mobility towards the English-speaking world.

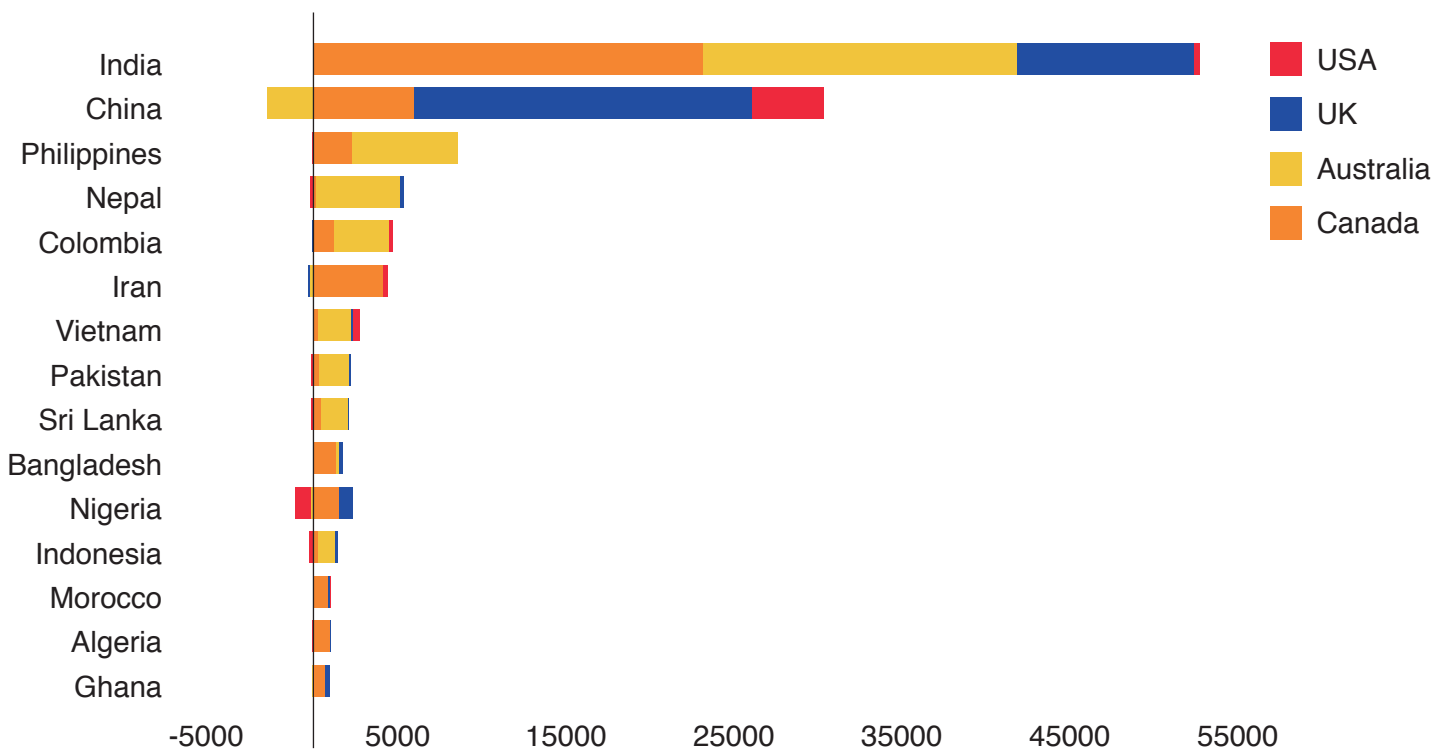
¹ Canada's equivalent of student visas

² Through October 2019



INDIA RISES WHILE CHINA DEPENDENCE PERSISTS

15 fastest growing student markets across four major English-speaking host destination countries* 2019



Source: National statistical agencies; *Refers to the number of student visas issued worldwide (USA and UK), new study permits (Canada), or commencements across all education levels (Australia). Current through September 2019 (US and UK) and October 2019 (Canada and Australia)

Canada and Australia have leaned into the Indian student market in the last year. In 2019, Canada attracted more new international students than any other major English-speaking host destination country, and nearly half of this growth was due to one country: India. In fact, India overtook China as Canada's largest overseas student market in 2017, making Canada unique among the four major English-speaking host destination countries (a phenomenon that was highlighted in our Rethink China report). The gap has grown considerably since then, with Indian students receiving 24,000

more new study permits than their peers from China³ in 2019.

Across the four major English-speaking host markets, India overtook China as the most important source of growth in students in 2019. In addition to India, four other major markets in South Asia – Nepal, Pakistan, Sri Lanka, and Bangladesh – all appear among the top 10 fastest growing markets for the major English-speaking host countries. Southeast Asia is not far behind, with three of the top 12 fastest growing markets.

³ Through October 2019



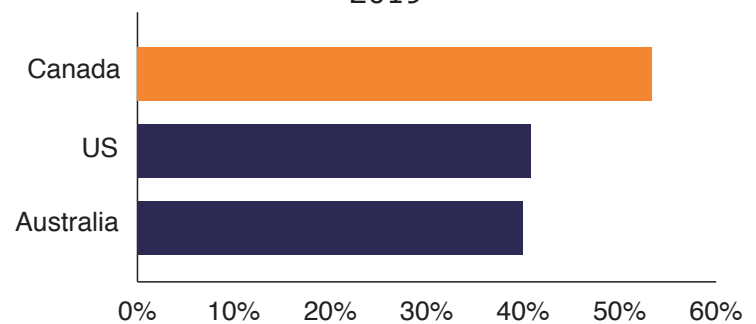
Canada accounted for nearly 45 percent of all growth across the four major English-speaking destination markets in 2019. And while India and China contributed the largest share of growth in new study permits over this period, 47 countries received at least 100 more Canadian study permits in 2019 than the year prior. Canada is succeeding in attracting new students from a geographically diverse pool, with multiple countries from Latin America, Sub-Saharan Africa, the Middle East, and East Asia represented among its 15 largest growth markets in 2019.

Indeed, Canada is also unique among the major English-speaking host countries in pursuing an explicit strategy “to diversify the countries from which international students come to Canada.” However, student interest in Canada out of India is growing so quickly that it’s struggling not to grow more dependent on this market. While Canada has pivoted to decrease its reliance on China since 2015, study permit issuance to Chinese students eclipse those coming from smaller markets, no matter the growth. The underlying tension for Canada is balancing diversification with growth, and that struggle is reflected in its heavy reliance on only two markets to support international enrollments. In fact, Canada is more reliant on its top two sending markets than any other major English-speaking study destination.

(Note: While the UK issues an even greater share of its tier-4 student visas to China and India, this dataset does not include European students, who do not require visas to study in the UK. If European students are included, the share of tier-4 visas issued to the UK’s top two markets would be significantly lower than Canada’s.)

Canada’s dependence on India and China has decreased slightly from its peak in 2018, but it remains far more reliant on these two markets than either Australia or the United States. If Canada wishes to diversify its international student body, it will have to look beyond India and likely accept an overall slower rate of growth.

Portion of total student visas/permits issued to applicants from China and India* 2019

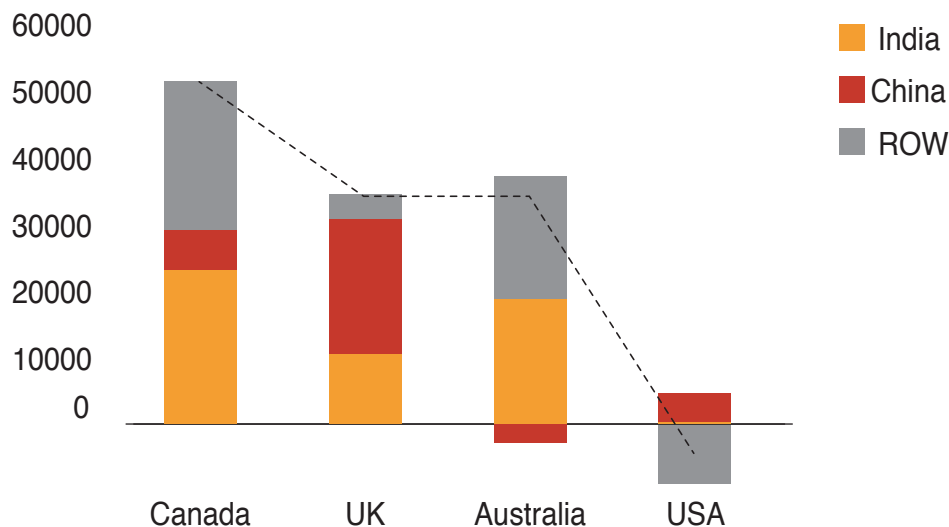


Source: National statistical agencies; *Refers to the number of student visas issued worldwide (US), new study permits (Canada), or commencements across all education levels (Australia)



A DIRECTIONLESS UNITED STATES CONTINUES TO FALTER

**Net change in student visa issuance
by four major English-speaking countries***
2019



Source: National statistical agencies; *Refers to the number of student visas issued worldwide (USA and UK), new study permits (Canada), or commencements across all education levels (Australia). Current through September 2019 (US and UK) and October 2019 (Canada and Australia)

The United States is seeing flat or shrinking demand from nearly every corner of the globe. In the race to attract the next generation of international students, especially when compared with Canada, the home of the prestigious Ivy League and other world-renowned universities has fallen far behind the pack.

Among the 15 international markets that grew the most in 2019, the United States did not draw increased student numbers from any of them, except for China and Vietnam. In fact, the US saw its net issuance of student visas decline year-on-year in eight of these 15 growth markets.

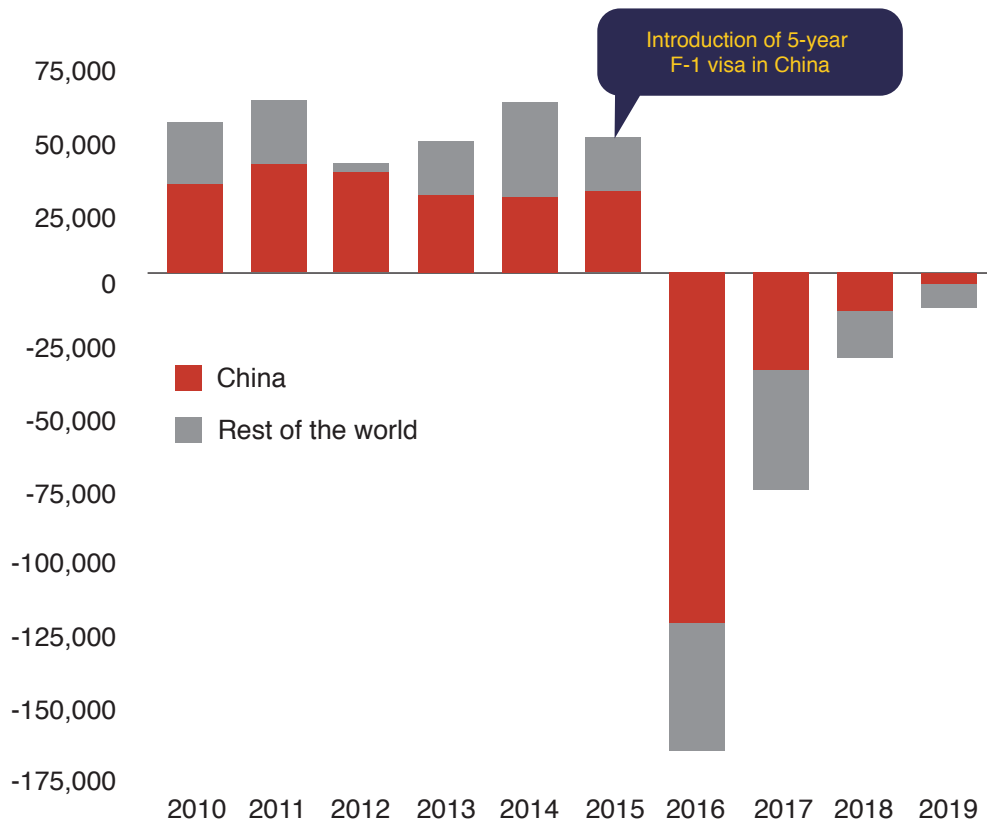
While China was a lone bright spot for the US in 2019, the number of F-1 student visas issued to Chinese nationals in the last year was still nearly

50,000 fewer than in 2016. Beyond China, no international market saw F-1 issuance grow by more than 500 visas in the last year. Meanwhile, visa issuance to seven different countries declined by more than 500 in 2019, led by Mexico, Brazil, Nigeria, Japan, and Saudi Arabia. If the growth profiles of the other major English-speaking host destination countries are defined by their geographic diversity, then the United States is managing a similar feat, only in reverse.

While the downturn in F-1 student visa issuance is on the surface attributable to America's inward turn under the current administration, the tide began to shift in fiscal year 2016⁴ – one year before President Trump's surprise election. That the visa issuance decline has continued every year since then – while the other major English-speaking



Annual net change in F-1 student visa issuance worldwide



Source: U.S. department of State, Bureau of Consular Affairs, note: each year represents fiscal year (Oct-Sept)

markets have enjoyed robust growth – is probably evidence that the United States is being perceived as less-welcoming to the rest of the world.

Moreover, this story goes well beyond the China market. While the introduction of the five-year F-1 visa for Chinese students in November 2014 caused a dramatic downturn in F-1 issuance to Chinese students beginning the following year, net issuance to students from the rest of the world also dropped sharply in 2016 and that has yet to recover.

All told, there were 114,000 fewer F-1 student visas issued to non-Chinese students in 2019 than in 2015 – a 30 percent decline in four years. The

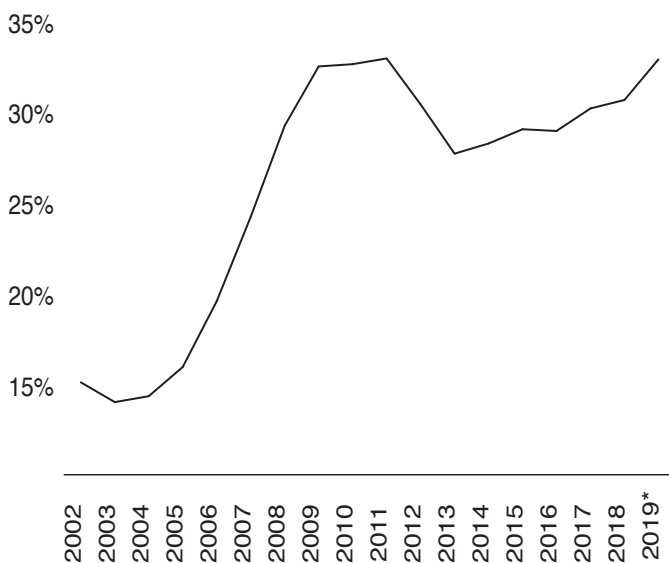
causes of this dramatic decline go well beyond one country and, more worrying still, will likely extend beyond one administration.

⁴ Ending September 2016



AUSTRALIA LEANS INTO ITS VOCATIONAL SECTOR

Vocational students as % of new international enrollments in Australia



Source: Austrade, *Through October 2019

While Australia has proven adept at developing new markets for international recruitment, it has also relied far more heavily on enrollments in its vocational sector to do so. In fact, new enrollments in Australia’s vocational education and training (VET) sector accounted for 65 percent of growth across all sectors in 2019⁵. This continues a trend dating back more than a decade, with the share of vocational students among all international enrollments more than doubling from 14.3 percent in 2004 to 32.4 percent in 2009. A decade later, the proportion remains the same: 32.8 percent of all new international enrollments were in the vocational sector in 2019.

Australia’s heavy reliance on vocational students to drive growth in new international enrollments distinguishes this market from the other major English-speaking host countries. Consider that in 2011, the vocational sector also made up roughly one-third of all new international enrollments in the UK, but by 2019, vocational students received fewer than five percent of all UK tier-4 visas. In the United States, international enrollments in vocational or associate degree programs made up only six percent of all international students in 2020⁶.

Australia’s education institutions are managing to grow their international student populations despite a drop-off in demand from the world’s largest sending student market – China – which is no small feat. However, university study is generally what underscores a country’s ability to innovate and build a competitive workforce, and it is what puts a higher education system on the global rankings map. To have so many international students on short-term programs, with some inevitably motivated to simply gain a foothold in Australia, this type of growth is unlikely to provide a foundation upon which internationalization can truly deepen and expand.

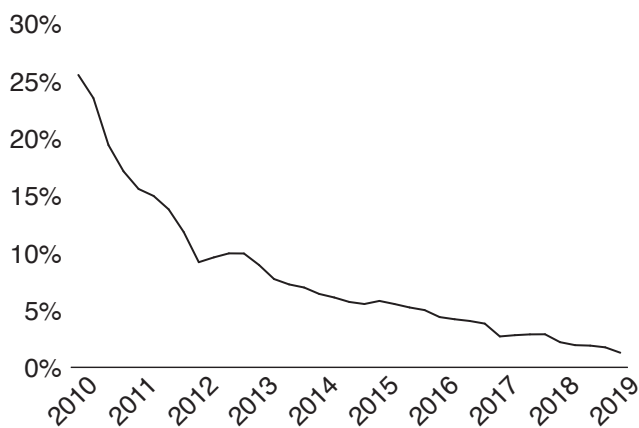
⁵ YTD through October 2019 data compared with YTD through October 2018 data.

⁶ SEVIS By the Numbers, January 2020. Note: this figure includes all “active” international students, not only new enrollments.



UK STUDENT VISA REFUSAL RATE RAPIDLY DECLINES

UK tier-4 visa refusal rate*
12-month rolling sum



Source: UK Home Office,
*excludes tier-4 child applicants and dependents

While 2019 was undoubtedly a good year for the UK education sector overall, the underlying data suggests that there is also reason to be dubious. Namely, the refusal rate among tier-4 visa applications has been on a steadily downward trajectory for the last decade, dropping from 25 percent of all applications in 2010 to less than 1.5 percent in 2019.

Much of this decline in the tier-4 refusal rate is attributable to the UK Home Office’s decision in 2014 to revoke the licenses of UK education institutions to sponsor international students if more than 10 percent of their students were refused student visas. The policy shift essentially devolved the responsibility for screening eligible students to the same institutions that would benefit directly from enrolling more international students.

Perhaps unsurprisingly, the refusal rate for tier-4 visa applications has continued dropping since 2014, and is now less than one quarter the rate from when the policy was announced less than six years ago. Today, nearly 99 out of 100 students applying for tier-4 visas are approved, helping boost international enrollments. In the United States, by comparison, only 75 applicants out of 100 were issued student visas in 2019⁷.

The UK’s falling student visa refusal rate, combined with the large proportion of Chinese students enrolling at its universities, raises questions about how the educational offer at these education institutions might be impacted. A cohort intake largely comprised of students from a single country and the lowering of what can be perceived as the barriers to entry make sustaining growth a challenge, if not an impossibility.

What’s more, the law of arithmetic dictates that the tier-4 refusal rate does not have much further to fall. This begs the most salient question: can the UK education sector carry over its strong growth momentum from 2019 into 2020 without sacrificing the quality upon which its brand depends?

⁷ Bureau of Consular Affairs, U.S. Department of State



GLOBAL VOLATILITY INCREASINGLY IMPACTS RECRUITMENT

Even the most well-developed recruitment strategies cannot counter some of the factors contributing to current global volatility. Geo-political concerns are on the rise, and with the official UK exit from the EU and the US administration's expansion of its "travel ban" to additional countries, that looks unlikely to ebb soon. However, universities must also contend with a new scenario that may influence where international students study, and that centers around the impact of climate change.

With dramatic video footage of the recent devastating fires in Australia viewed around the world, the international education sector is waking up to the reality that environmental concerns could influence student decision-making. At the height of the fires, both Australian National University and the University of Canberra closed their campuses due to poor air quality concerns in the area⁸, and education providers and governments have been convening to discuss how to best message the strengths of the country's education offer and combat misinformation⁹. Earlier, fires ravaged California, causing a number of campus closures and class cancellations¹⁰ as well as rolling power outages in an attempt to contain the fires' spread. What is concerning is that the appeal of both Australia as well as the state of California – the state that draws the most international students in America – is at least partly rooted in a perceived outdoor lifestyle and an appealing environment.

From a broader perspective, some international education leaders are proposing measures to reduce the carbon footprint¹¹ of a sector whose very existence has relied on extensive travel, whether it be students traveling overseas for study, universities embarking on extensive student recruitment tours or administrators gathering for global education conferences. Considering the many factors that contribute to student decision-making, it remains difficult to tangibly quantify how or even whether the climate crisis will

influence student decision-making. However, few can argue the role the world's weather plays in shaping global events will lessen in magnitude.

There is discussion, too, that climate change is playing a role in the spread of disease, such as the current coronavirus¹² that has essentially shut down travel to and from China. With the cancellation of a number of standardized tests in China and the curtailment of recruitment activities, this is even more evidence of how non-education-related factors are shaping internationalization. Over the next decade, the international education sector will face an existential decision: either rethink ways to mitigate risk – particularly as it relates to student decisions – or deny the impact of environmental change. Hope is no longer a strategy.

⁸ <https://www.studyinternational.com/news/universities-shut-down-bushfires-australia/>

⁹ <https://www.smh.com.au/politics/federal/bushfires-pose-costly-risk-to-australia-s-booming-international-education-market-20200114-p53rdc.html>

¹⁰ <https://www.insidehighered.com/news/2019/10/29/california-fire-s-and-power-outages-close-campus>

¹¹ <https://www.universityworldnews.com/post.php?story=20200108084344396>

¹² <https://www.thedailybeast.com/get-ready-for-more-coronavirus-nightmares-thanks-to-climate-change>



Our Services

1

We support education institutions in the development, implementation, and optimization of their internationalization strategies. Using hard data and rigorous analysis, we provide answers to questions surrounding:

- Education policies
- Student recruitment
- Partnerships
- Subject demand
- Competitor landscaping

2

We scan the market to provide insights about the latest trends in international education, casting a wide net and always separating the signal from the noise. We combine deep knowledge of education policy with data science.

3

We develop and manage in-house indices to benchmark the performance of education programs, institutions, and markets.

4

We conduct surveys, focus groups, and targeted interviews of students and stakeholders to get the answers straight from the source.

Contact us

www.education-rethink.com
Anna@education-rethink.com
Jeremy@education-rethink.com