

121 International student fee-reliant higher education systems: A literature and policy review of the British case

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Research Domains

Higher Education policy (HEP)

Abstract

In 2020-2021, 17% of income at UK universities came from international student tuition fees. At some institutions, over 50% of tuition fee revenue comes from international students (HESA, 2023). Over-reliance on international student fees is a risk across the higher education sector in the UK as well as in other countries. This presentation will share findings from two reviews: (1) an international literature review on system- and institutional-level preparation for funding loss; and (2) a policy document analysis of relevant UK higher education system-level policies and guidelines on institutional funding and higher education funding sustainability. Together, these reviews will inform a discussion of research and policies that may enhance the resilience of higher education institutions in the UK in the event of revenue loss.

Full paper

In 2020-2021, 17% of income at UK universities came from international student tuition fees. That same year, 22% of students at UK institutions were international according to the Higher Education Statistics Agency (HESA, 2023). But at several universities in the UK, international students represented over 50% of the incoming student body (Walsh, 2022) and brought in more than 50% of the tuition fee revenue. For example, in 2021-2022, fees from international students represented 65% of the total tuition fee revenue of University College London. Over-reliance on international student fees is a risk across the higher education sector in the UK as well as in other countries. Part of this risk is because international students overwhelmingly come from a few countries. In 2021-2022, in the UK, 27% of international students came from two countries: China and India (HESA, 2023). The recruitment of international students often relies on recruitment agents, a practice that has been problematised (Nikula et al., 2023). In the UK, the diversity of international students has decreased following 2020-2021 (HESA, 2023), in part due to the reduction of students from the EU following Brexit (Amuedo-Dorantes & Romiti, 2021), with the number of EU students dropping by 53% from 2020/2021 to 2021/2022 according to data from HESA.

Over reliance on revenue from overseas international students (in part to compensate for the loss of EU-nationals) is a newer system characteristic, partially driven by decreasing public funding for higher education institutions as well as the growth of the higher education sector and geopolitical factors (Dobson, 2021; Scott, 2012). To date, funding from international student tuition fees has been growing in the UK. But this might be a temporary phenomenon. As the UK engages in system-level conversations about sustainable university funding (Universities UK, 2023) and promotes policies that may affect international flows to the UK (e.g., through changing visa policies), research on preparation for potential revenue losses from international tuition fees is timely and strategically important for the higher education system.

This topic is of practical and immediate significance, yet it has received little attention in the academic literature. Previous research has documented the loss of revenue from international students in Australia and New Zealand (Gao & Ren, 2020), discussed the implications of this loss of revenue for the business model of universities (Ross, 2020), analysed the lack of financial risk disclosure in 2019 annual reports (Carnegie et al., 2022), and emphasized the impact that funding loss from international tuition revenue had at Australian universities, especially in terms of layoffs among university staff (Doidge & Doyle, 2022). But existing literature primarily relies on the Australian context and there is little research in the UK context.

To address this gap, our presentation will discuss results from two reviews. First, we will present results from a literature review on higher education system- and institutional-level preparation for funding loss. This literature review will map what is known about how higher education systems and institutions prepare for potential loss of funding from

international student tuition fees. Yet because we know that the body of literature on this topic is underdeveloped, this literature review will also include system- and institutional-level preparation for funding losses regardless of the type (e.g. loss of government funding, decrease in domestic students etc.). This literature review will have an international scope, encompassing publications beyond the specific case of the UK higher education system. Second, we will conduct and present results from a policy document analysis of relevant higher education system-level policies and guidelines in the UK.

By presenting findings from both the literature and policy reviews, we hope to shed insight into the financial risk deriving from the overreliance on overseas students' tuition fees from specific destinations, whilst outlining possible pathways for higher education institutions to deal with such risk and harness classroom and on-campus cultural diversity. The authors also hope to use the SRHE presentation as a forum to discuss their plans to collect empirical data on preparation for and responses to losses in higher education funding and gather valuable feedback from SRHE attendees.

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