

Benefits and Costs of International HE Students

Comments by

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Overall comments

- A lot of interesting stuff, a lot to like
- But I will focus where I disagree
- Methodology overstates benefits to UK economy; there is a strong case so why exaggerate?
- Allocation to constituency ignores London campuses?
- Focuses on total benefit/costs but policy question is what happens at the margin if offer made more/less attractive

Methodology overstates benefit to UK economy

- Take 'direct' effects and apply a multiplier (approx 2)
- The estimates exclude displacement effects (fn71)
- They are important in an economy with low unemployment
- E.g. literature on estimates of cost of Brexit-induced fall in trade with EU allows for displacement effects
- Multiplier of 0.5 on direct effects rather than 2 as here
- So likely that true net benefits are only 25% of quoted gross benefits
- £10bn not £40bn; still a lot of money

Regional Distribution; looks great for levelling-up

Region	UCAS tariff	2021 Number	2018-21 Growth	London-based?
South-East	110	605	2320%	✗
Yorkshire and Humber	103	1050	1809%	✗
Wales	112	985	937%	✗
Yorkshire and Humber	124	2055	690%	✗
London	102	2235	684%	✓
North-west	114	975	680%	✗
North-east	118	5255	596%	✗
Scotland	129	4020	587%	✗
Northern Ireland	129	5770	556%	✗
South-East	136	1365	550%	✗
South-East	107	9645	535%	✗
London	109	5305	493%	✓
London	96	700	483%	✓
North-west	115	1960	460%	✗
East Midlands	100	3155	458%	✗

But many unis have a London presence..

Region	2021 Number	2018-21 Growth	London-based?	London presence?
South-East	605	2320%	✗	✓
Yorkshire and Humber	1050	1809%	✗	✓
Wales	985	937%	✗	✓
Yorkshire and Humber	2055	690%	✗	✗
London	2235	684%	✓	✓
North-west	975	680%	✗	✗
North-east	5255	596%	✗	✓
Scotland	4020	587%	✗	✓
Northern Ireland	5770	556%	✗	✓
South-East	1365	550%	✗	✗
South-East	9645	535%	✗	✗
London	5305	493%	✓	✓
London	700	483%	✓	✓
North-west	1960	460%	✗	✗
East Midlands	3155	458%	✗	✓

The wrong question?

Don't look at students as a whole

- Often discussions of policy tend to be binary, international students good or bad, yes or no
- But policy question is whether the offer should be more or less generous i.e. at margin
- Universities are not just selling an education, they are also selling an increased opportunity to work in the UK
- The graduate visa alters the balance between work and study motives
- Some students will be prepared to pay even if
 - Qualifications are worthless
 - The only work they can get is minimum wage

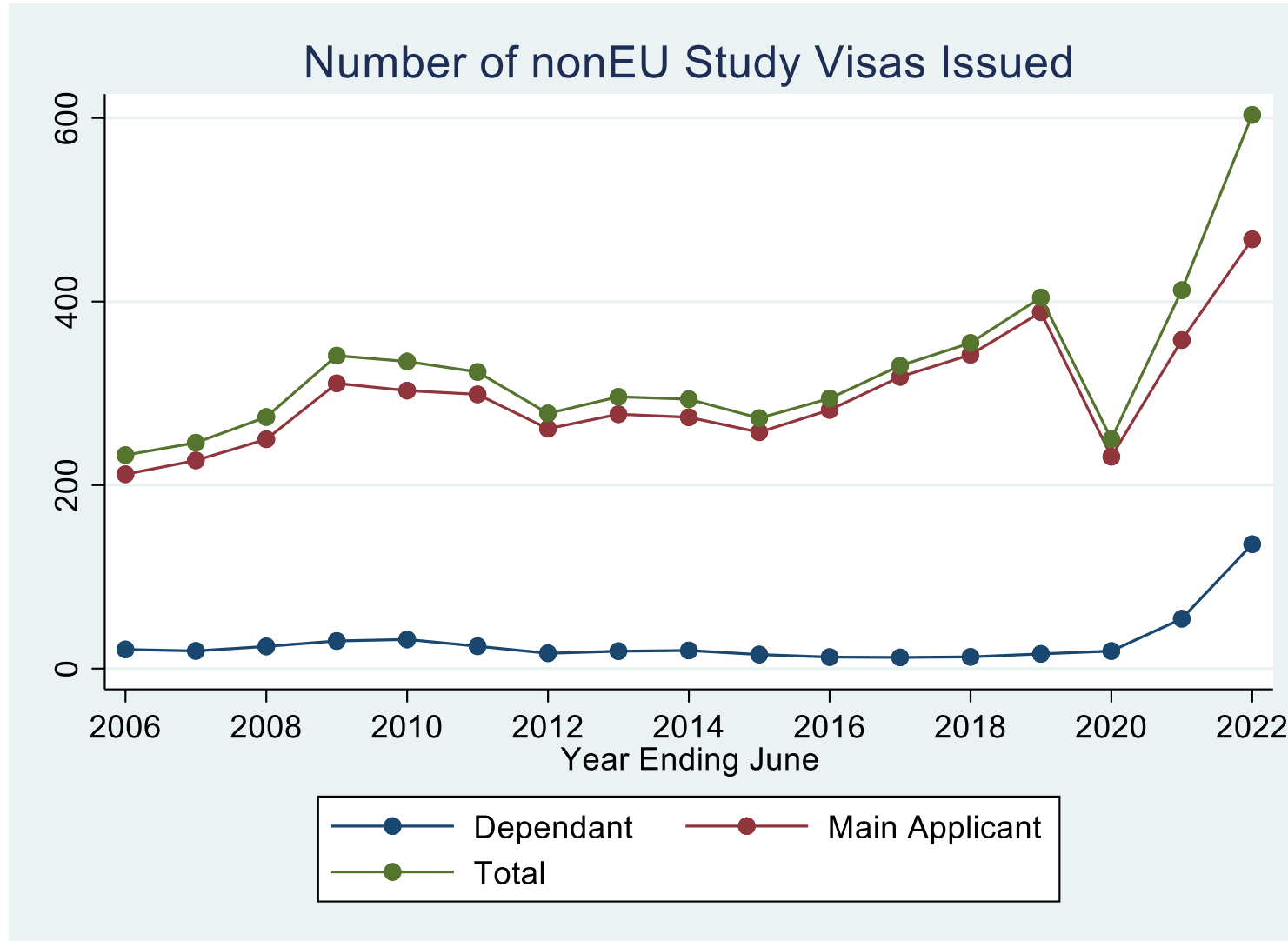
How so?

- A one year masters can be found for £15k
- Another £3k in visa fees + charges
- Can work 70% of time while studying + 2+ years after
- This is £50k minimum
- More than double if there is a dependent
- This can be an attractive economic proposition so demand will be high but mostly driven by work rights
- Limits on numbers are quality concerns of Unis – but perhaps some really like the money?

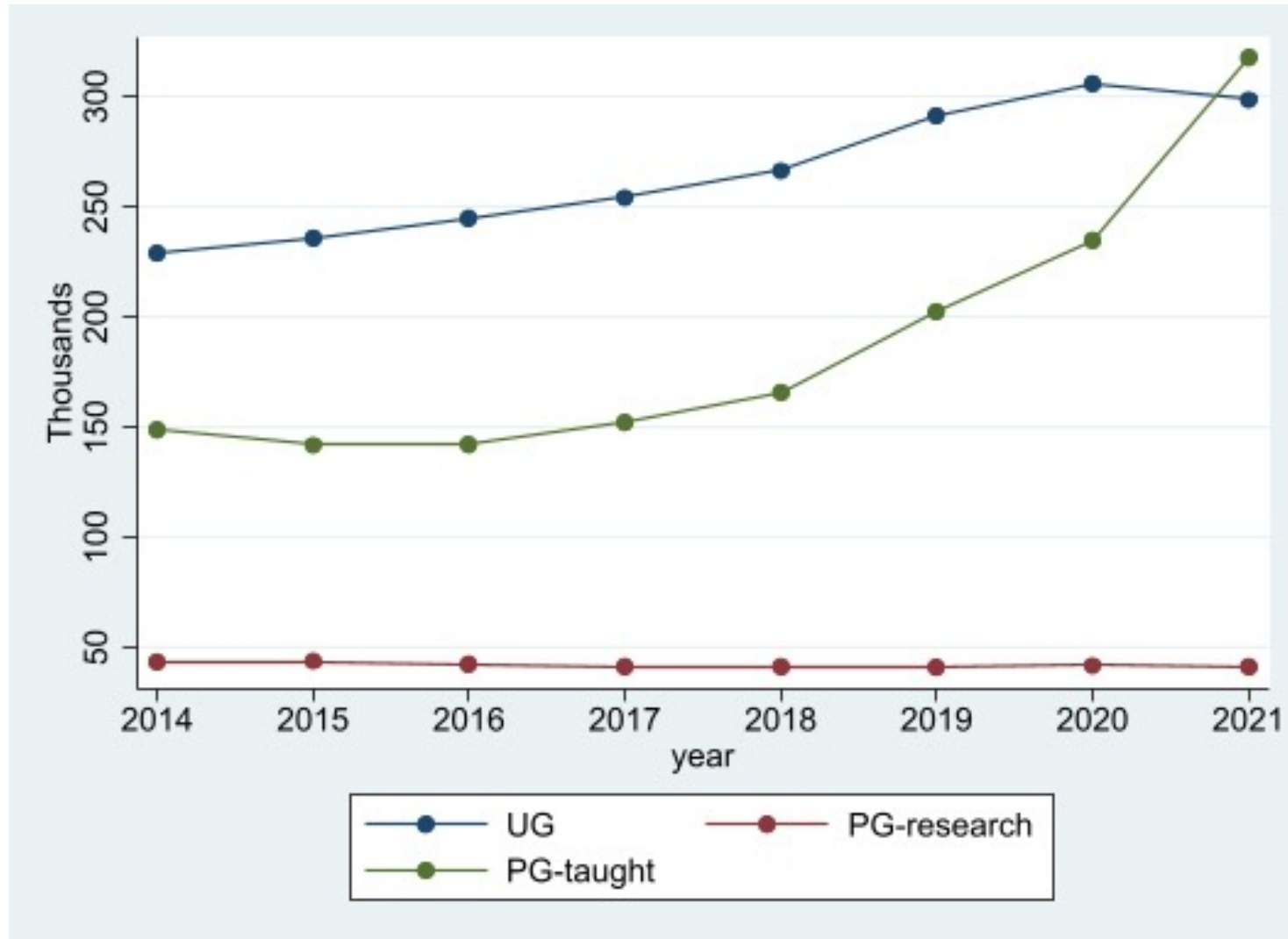
Don't know if this is happening but there are some signals we would expect to see if it was

- Rapid growth especially:
 - one-year masters rather than undergraduate
 - Dependents more than main applicants
 - From lower-income countries
 - Into lower-quality institutions
- Switching to other work visas if they can
- Poor employment outcomes
- All of these things seem to be happening

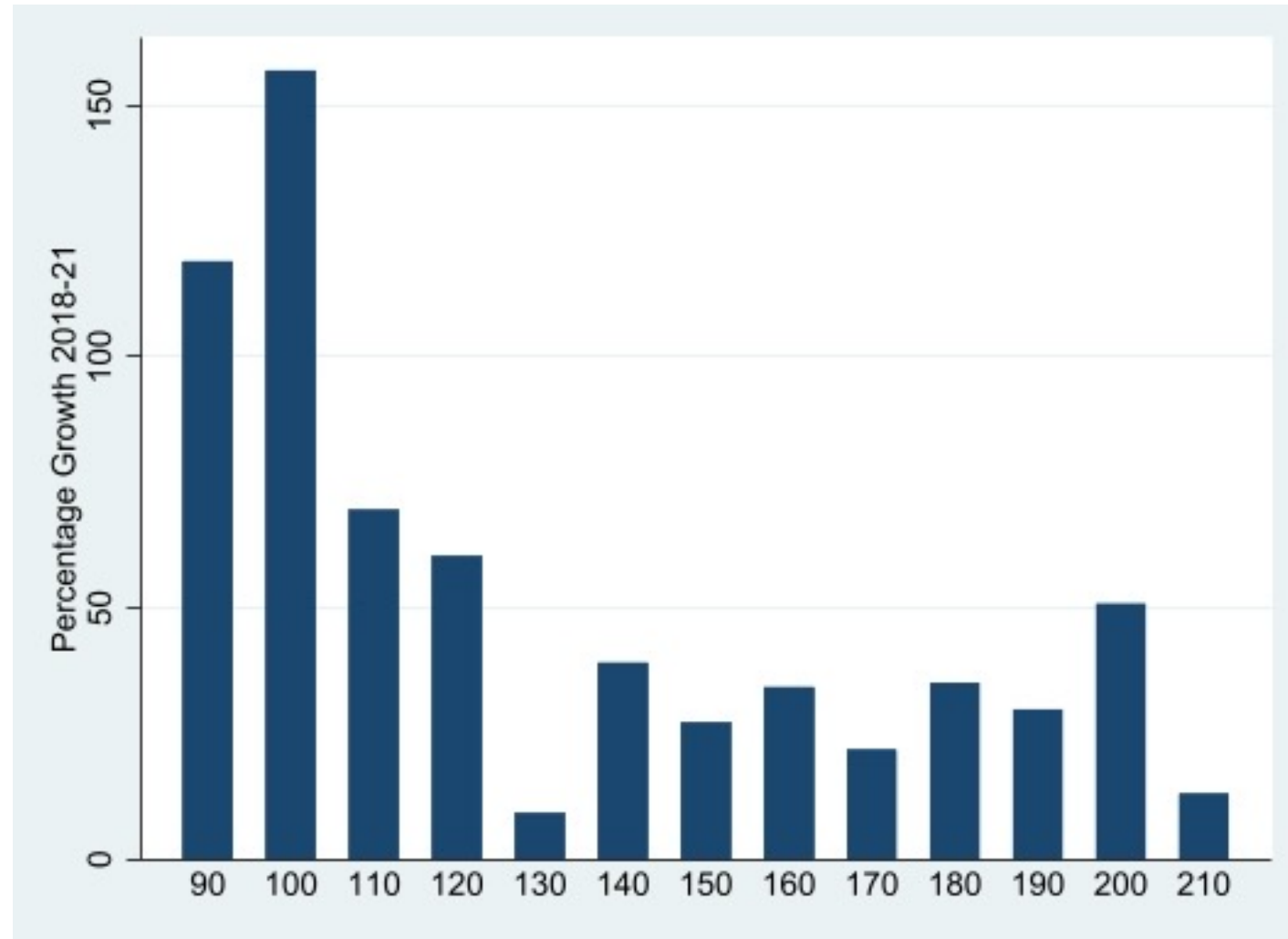
Rapid growth in total numbers



Mostly in PG-Taught



Much faster growth of PG-taught students in less selective institutions (UCAS entry tariff)



We see reports like this happening....

UK: more students switching to skilled worker visa on arrival

Posted on Nov 30, 2022 by Nick Cuthbert

Posted in [Government](#), [Immigration](#), [News](#), [Work rights](#), under [Europe](#).

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Stakeholders in the UK sector are reporting increasing numbers of international students dropping out soon after enrolment in order to accept employment offers in the care sector.

Consistent with past cohorts;
Earnings at 25th percentile; 2009 cohort after 10 yrs

level	UK	Non-EU	EU
First-deg	20500	21600	23100
PG-taught	21600	18300	26000
PG-research	30400	34400	37000

- UK and EU students show expected pattern; higher quals = higher earnings
- But not nonEU
- Don't see this for the average or the top
- Many high-earning graduates but a poorly performing tail

Where are we now?

- Looks increasingly possible there will be some changes to Graduate Visa.
- This is bad if a kneejerk reaction to record-breaking headline net migration figures
- But there are underlying issues
- Ended up here partly because of failure to do due diligence on Graduate Visa when introduced.
- Little/No thinking about risks:
 - Very Fast Growth (numbers should not be everything but not nothing either)
 - Gaps between rhetoric and reality
 - Possibility of scandal
- HE sector sometimes an architect of its problems not just a victim?