

Market Intelligence Brief

**UNITED STATES
OF AMERICA**



2019/2020



INTERNATIONAL
EDUCATION
SERVICES

TABLE OF CONTENTS

1. AT A GLANCE.....	3
MARKET BACKGROUND.....	3
LOCAL EDUCATION TRENDS.....	3
INTERNATIONAL EDUCATION.....	3
2. INTRODUCTION	4
3. DEMOGRAPHICS.....	5
4. ECONOMICS.....	7
5. POLITICS & POLICYMAKING	10
6. EDUCATION	11
PRE-TERTIARY EDUCATION	11
HIGHER EDUCATION	13
KEY POLICIES RELATED TO EDUCATION	15
INTERNATIONAL STUDENT RECRUITMENT	15
<i>Overall inbound trend.....</i>	<i>15</i>
<i>Overall outbound trend.....</i>	<i>16</i>
<i>UK recruitment.....</i>	<i>17</i>
<i>Subject areas.....</i>	<i>19</i>
COMPETITOR ACTIVITY.....	20
TRANSNATIONAL EDUCATION.....	22

1. AT A GLANCE



Market background

- The US is the largest economy in the world and its population of 332 million is the third largest in the world after China and India. Unusually for highly developed nations, the US is home to a relatively young population with 31 per cent of Americans under the age of 25 in 2015.
- Services dominate the US economy contributing 80.5 per cent of GDP, with particularly strong real estate, transport, finance, healthcare and business services sectors. The Covid-19 pandemic has hit the US economy hard, with an anticipated annual GDP contraction of at least 3 per cent, after 2.3 per cent growth in 2019.
- The Trump Administration has shifted US economic policy. This administration has a more inward-looking approach, embodied in President Trump's 'America First' campaign motto. The promise of lower taxes and a reinvigoration of American manufacturing contributed to President Trump's election win in 2016.



Local education trends

- The US is home to the second largest education system in the world after China. There were 4,042 degree-granting tertiary institutions across the US in 2018/19 and some 60 per cent of them were private. Many of the world's top ranked universities are in the US and seven of the top 10 universities in the 2020 THE higher education rankings were American universities.
- The administration of education is a matter of local government in the US and as such there is no uniform education system across the country. Instead, 16,800 local school districts and their education boards are responsible for running schools.
- Although state governments exercise some authority over tertiary institutions, American HEIs are widely self-governing and responsible for their own funding. Smaller colleges are reliant on tuition fees for income and the sudden drop in enrolments caused by the global Covid-19 pandemic has placed significant pressure on them.
- In 2018, there were 19.6 million students enrolled in US higher education institutions. This is below the peak of 20.6 million in 2012, from which numbers have fallen annually since.



International education

- The US is the most popular destination for international students in the world. In 2019, 1,095,299 international students opted to study in the US, a very slight increase of 0.1 per cent on the previous year but an impressive increase of 34 percent since 2013.
- Only a third as many Americans study abroad as international students opt to study in the US, but the number of internationally mobile Americans is increasing gradually. Europe attracts the majority of US international students and the UK is the top destination. There were 30,650 US students at UK HEIs in 2018/19, a 3 per cent from the previous year.
- American HEIs collectively own the largest share of international branch campuses globally. The Cross-Border Education Research Team (C-BERT) lists 109 branch campuses of US colleges globally, roughly a third of the total 311 hosted by all countries. Domestically there are seven international branch campuses operating in the US.

2. INTRODUCTION

The United States of America is world leading by numerous measures. It is the largest economy in the world, home to the third largest population in the world after China and India and is among the most politically influential nations. The hyperbole continues in its position as an education market, where it boasts hosting the largest share of international students globally and is home to the second largest education system in the world after China.

The US represents about 20 per cent of the global economy and had enjoyed relatively stable annual growth between 1.5 per cent and 3 per cent since its 2010 recovery from the 2008 global financial crisis. The global Covid-19 pandemic has however hit the American economy aggressively and its effect continues to worsen. At the time of writing this report, GDP growth predictions were still regularly being downgraded.

President Trump's entry to the White House signaled a major shift in economic policy. The current government has a more inward-looking approach, embodied in President Trump's 'America First' election campaign rally call. The promise of lower taxes and a reinvigoration of American manufacturing contributed to President Trump's election win in 2016.

Where the American education system shines is its tertiary education. The US is home to many of the best universities in the world and is a research powerhouse. Seven out of the top 10 universities in world, as ranked by the Times Higher Education rankings, are in the US and 39 US universities rank in the top 100. The US also ranked second in the 2019 Scimago Journal & Country Rank for research output, outranked only by China.

In 2018, there were 19.6 million students enrolled in US higher education institutions. This is below the peak of 20.6 million in 2012, from which numbers have fallen annually since. The falling enrolment numbers may stem from the rising cost of college, which now costs approximately double what it did in the 1980s. The number of high school graduates is also declining, reducing the student numbers feeding into higher education. The continuing Covid-19 pandemic is expected to severely hit enrolments in 2020 and predictions suggest a decrease between 5 and 20 per cent.

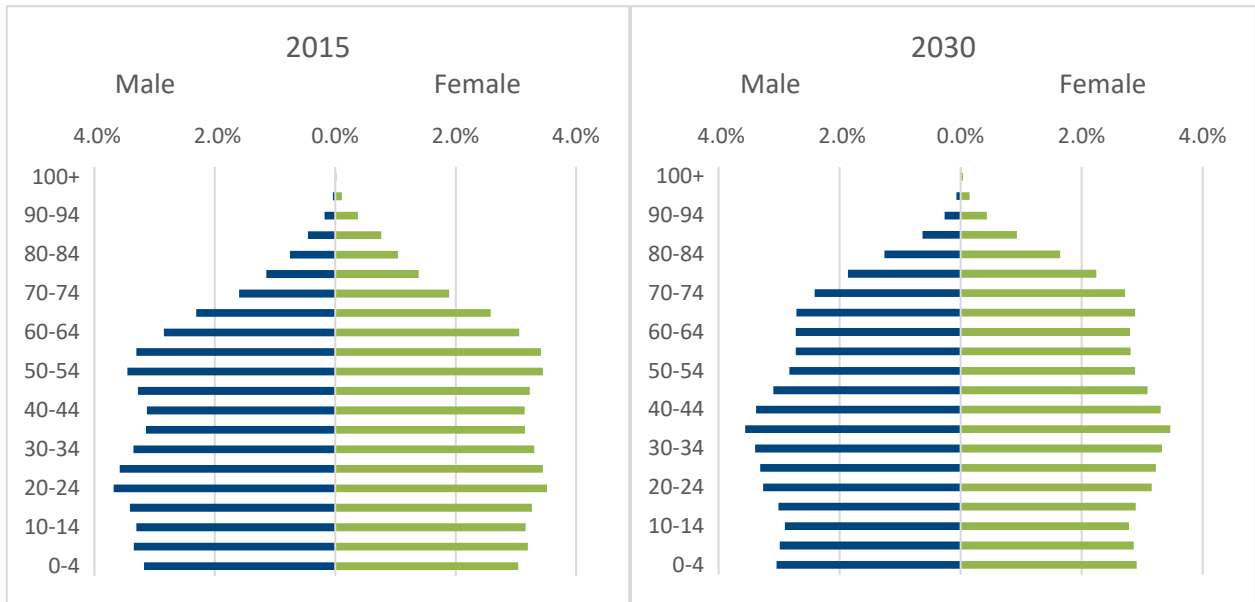
The US is the largest host of international students in the world, the vast majority of whom come from China and India. In 2019, the US hosted 369,548 Chinese and 202,014 Indian students. This is out of a total of 1,095,299 inbound students, a number which has increased by 34 per cent since 2013. While there are not nearly as many US students going abroad for tertiary study, mostly due to the quality of domestic institutions, there is a rising trend for international study. Europe attracts the majority of US international students and the UK is the top destination. There were 30,650 US students at UK HEIs in 2018/19, a 3 per cent increase from the previous year.

The US is best considered a major competitor rather than a strong potential market for TNE. In 2017, the US hosted only seven international branch campuses, two of which were branches of UK institutions. In the same year there were 109 US branch campuses globally, roughly a third of the world total.

3. DEMOGRAPHICS

The US is one of the world’s most populous countries, ranking third after China and India. According to the most recent national estimates, the population of the US reached 323 million in 2016 and is projected to exceed 332 million by the end of 2020. The population is growing steadily, and the rate of increase is predicted to slow only very slightly over the next 40 years.¹

Figure 1: USA’s population pyramid, 2015 and 2030



Source: UN WPP

The fertility rate in 2018 was 1.7 births per woman, a figure which has dropped slightly every year since 2007. Women are having fewer children across the developed world, and the US has a higher fertility rate than the global high-income nation average of 1.6 despite the falling trend.² However, this is below the replacement rate of 2.1 births per female, indicating that the population will eventually begin to decline.

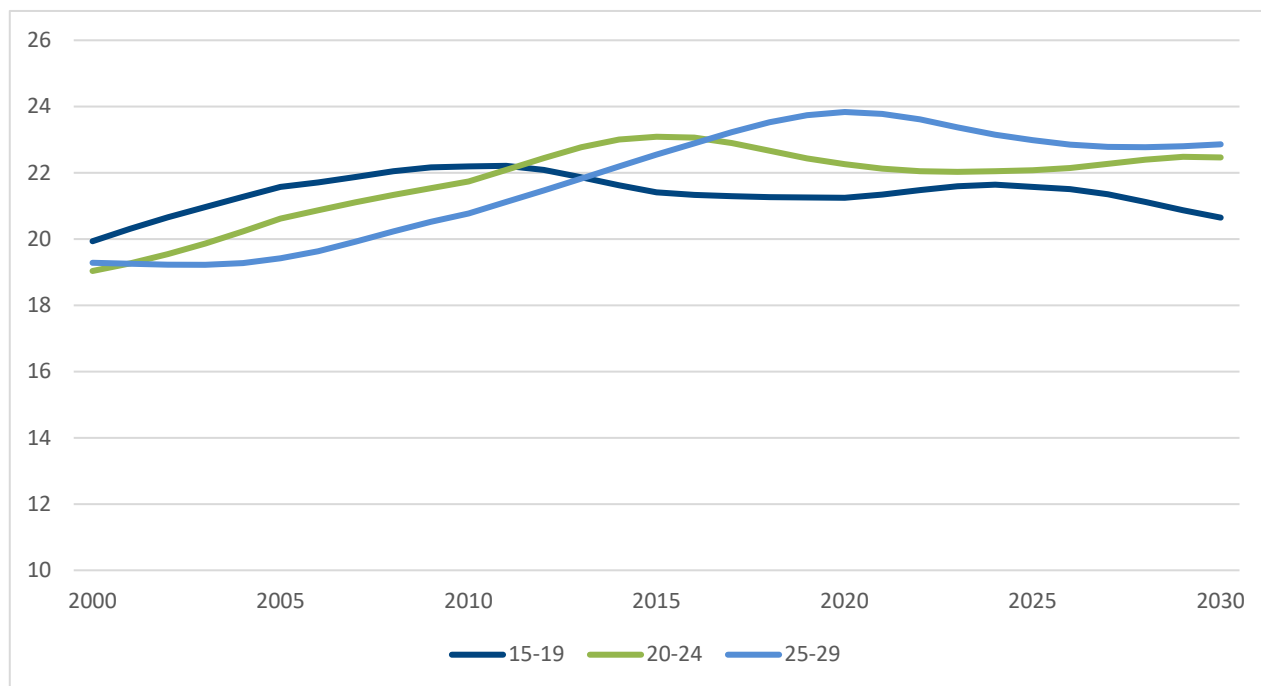
Unusually among high-income countries, the US is home to a relatively young population. According to Pew Research using generational age brackets, those aged 23-38 in 2019 (often referred to as Millennials) were the largest adult generation.³ As presented in Figure 1, 31 per cent of the population was under the age of 25 in 2015.

¹ [Projected population size and births, deaths, and migration](#), United States Census Bureau, accessed 19 August 2020.

² [Fertility rate, total \(births per woman\)](#), World Bank, accessed 19 August 2020.

³ [6 demographic trends shaping the U.S. and the world in 2019](#), Pew Research Center, 11 April 2019.

Figure 2: USA's student age population (millions)



Source: UN Population Division

The student age population (ages 15-29) increased by 15.6 percent between 2000 and 2020, reaching 67.3 million in 2020 and accounting for 20 per cent of the total national population. The rate of growth slowed annually and began to fall in 2018. Overall, the youth population is now predicted to decline into the foreseeable future.

The population aged 15-19 peaked in 2011 and is expected to experience a slight bump over the coming years and peak in 2024. The 20-24 age group follows the same trend but with a five-year delay, peaking in 2015 with a new high predicted for 2029. The 25-29 age group is predicted to peak in 2020 and level off in 2028.

The US classifies ethnicity in very broad terms, likely due to the diversity of its citizens. According to the US Census Bureau, 60.1 per cent of the population were White Americans in 2019, 13.4 per cent were African American and 18.5 per cent Hispanic. The remainder were classified as Asian (5.9 per cent), American Indian (1.3 per cent) or Pacific Islander (0.2 per cent). About 3 per cent reported belonging to two or more races.⁴

The US is a majority Christian country, but the share of the population identifying as Christian is in steep decline. In a 2019 survey conducted by Pew Research Center, just 65 per cent of those surveyed described themselves as Christian, down from 77 per cent in 2009. The religiously unaffiliated, consisting of the atheist and agnostic population, have meanwhile increased from 17 per cent in 2009 to 26 per cent in 2019. Due to the highly diverse population of the US, most of the world's major religions are represented in smaller numbers.⁵

The US does not have an official language. Despite numerous attempts in Congress to make English the official language, the motion has never successfully passed. English does however remain the predominant language of business, politics and everyday life in the US.⁶

⁴ [QuickFacts – United States, United States Census Bureau](#), accessed 19 August 2020.

⁵ [In U.S., Decline of Christianity Continues at Rapid Pace](#), Pew Research Center, 17 October 2019.

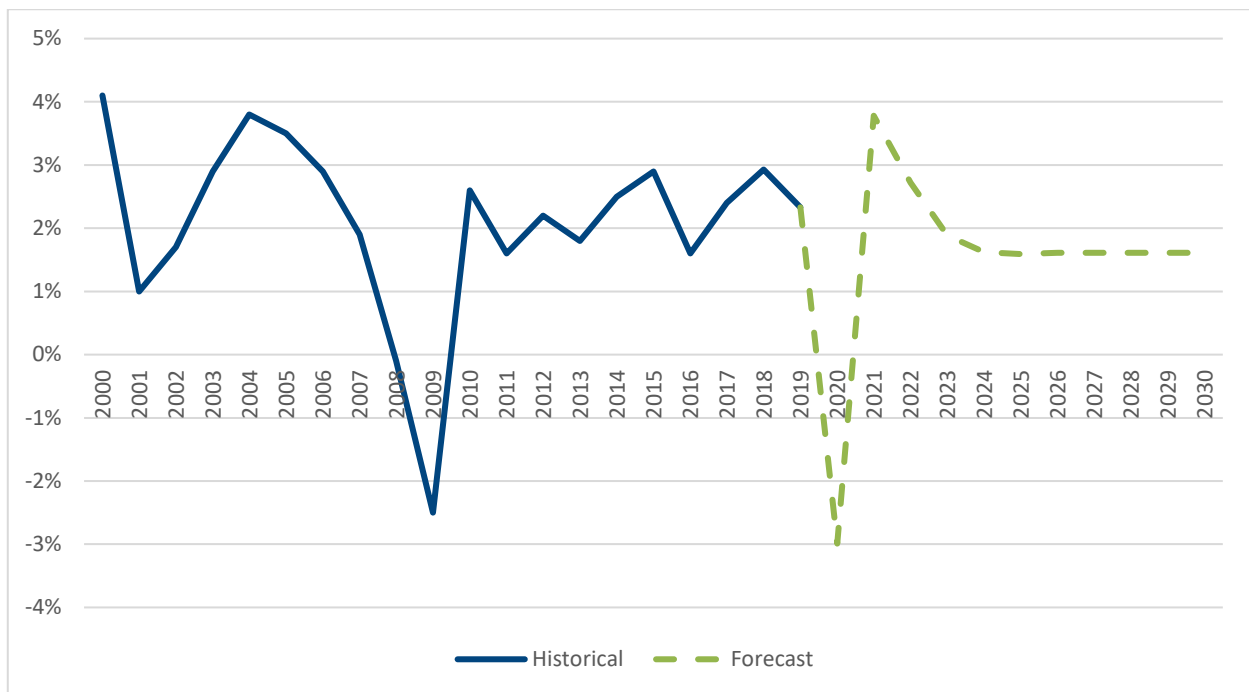
⁶ [Constitutional Topic: Official Language](#), US Constitution, accessed 19 August 2020.

4. ECONOMICS

The US is the largest economy in the world, though it will likely soon be overtaken by either China or India. The US represents about 20 per cent of the global economy.⁷ It is a nation endowed with an abundance of natural resources, a moderate climate, and a founding Constitution drafted with the principles of liberal economics in mind. Built on a spirit of entrepreneurship and opportunity, the US continues its longstanding place as a world-leading innovator.⁸

In the decade since the 2010 recovery from the 2008 financial crisis, the US enjoyed relatively stable growth between 1.5 per cent and 3 per cent annually. However, the global Covid-19 pandemic has hit the American economy aggressively, causing a 32.9 per cent contraction in GDP in the second quarter of 2020, its lowest in history.⁹ At the time of writing, GDP growth predictions were still regularly being downgraded. Annually, GDP is expected to contract by at least 3 per cent in 2020.

Figure 3: Real GDP growth and forecast



Source: IMF, Euromonitor forecasts

Services dominate the US economy, though manufacturing does still play a lesser role. Services contribute 80.5 per cent of GDP, with real estate, transport, finance, healthcare and business services performing particularly well. The Covid-19 pandemic has hit the services sector hard, especially tourism and retail. Manufacturing contributes 11.7 per cent of GDP. Strong manufacturing industries in the US include the aerospace industry, telecommunications, chemical production, electronics and the computer industry. Agriculture is no longer a significant part of the US economy and only employs 1.4 per cent of the workforce due to farming being predominantly a large-scale industry with few workers over large areas of land.¹⁰

⁷ [United States Economy Overview](#), FocusEconomics, 30 June 2020.

⁸ [The U.S. Economy: A Brief History](#), U.S. Diplomatic Mission to Germany, accessed 20 August 2020.

⁹ Gross Domestic Product, 2nd Quarter 2020 (advance estimate) and Annual Update, BEA, 30 July 2020.

¹⁰ [USA Country Profile](#), Euromonitor, 27 July 2020.

President Trump's entry to the White House began a major shift in economic policy. The current government has a more inward-looking approach, embodied in President Trump's 'America First' theme. The 2017 Tax Cuts and Jobs Act was the largest overhaul of the US tax system in 30 years, which cut taxes at almost all levels, but corporate tax in particular dropped.¹¹

The Trump Administration has stated commitment to reviving American manufacturing. While employment in manufacturing did indeed rise steadily until 2019, the Covid-19 pandemic has wiped out more than half of the jobs gained over the last decade. Offshoring has continued since President Trump's inauguration and nearly 1,800 factories moved overseas between 2016 and 2018. The trend of an annual net loss of manufacturing plants each year since 1998 has not abated since President Trump's election.¹²

Perhaps the greatest challenge for the US economy before the Covid-19 pandemic was the ongoing trade war with China. Since July 2018, both countries have imposed import tariffs on the other. President Trump has long accused China of unfair trading practices and the theft of intellectual property. So far, the US has imposed tariffs on more than US\$360 billion of Chinese goods and China has responded with tariffs amounting to over US\$110 billion on US goods.¹³ In the medium term, companies are likely to look for alternative supply chains. In the long term, continued conflict threatens a shift in the economic spheres of influence of the two countries.¹⁴

Prior to the Covid-19 pandemic in February 2020, unemployment was at 3.5 per cent, a record low for the past 20 years recorded by the U.S. Bureau of Labor Statistics. However, the pandemic brought unemployment to its highest point in the same time frame, peaking at 14.7 per cent in April 2020. The official figure had fallen considerably to 8.4 per cent in August, but this is still almost triple the unemployment rate in February.¹⁵ However, as of September 2020, less than half of the 22 million jobs lost in the early stages of the pandemic have been recovered.¹⁶

Rising income inequality is a key issue in the US. Over the past 50 years, the highest earning 20 per cent of American households have taken an ever-larger share of earnings and in 2018 made more than half (52 per cent) of total US income, 9 per cent more than half a century ago.¹⁷ American income inequality is currently the highest in the G7. In 2017, the OECD estimated that the US had a Gini coefficient of 0.39, where 0 represents perfect equality and 1 represents perfect inequality. Germany had the lowest Gini coefficient of the G7 states at 0.29.¹⁸

The US remains the largest recipient of Foreign Direct Investment (FDI) inflows in the world despite a year-on-year decline of 2.9 per cent in 2019 to US\$246 billion. It was also the second largest investor in the world in terms of FDI outflow, after Japan.¹⁹ The dominant position of the US in global investment is reflected in its high position on international performance indicators. The US placed sixth out of 190 economies in the World Bank's 2020 Ease of Doing Business Index, outperformed only by New Zealand, Singapore, Hong Kong SAR, Denmark and South Korea.²⁰ It did however lose the top spot in the 2019 WEF Global Competitiveness Index to Singapore, shifting down to second place. Its score dropped two points to 83.7, the largest decline of the 141 economies ranked.²¹

¹¹ [Explaining the Trump Tax Reform Plan](#), *Investopedia*, 20 January 2020.

¹² [We can reshore manufacturing jobs, but Trump hasn't done it](#), *Economic Policy Institute*, 10 August 2020.

¹³ [A quick guide to the US-China trade war](#), *BBC*, 16 January 2020.

¹⁴ [How to navigate the US-China trade war](#), *Financial Times*, 28 February 2020.

¹⁵ [Civilian unemployment rate](#), *U.S Bureau of Labor Statistics*, accessed 25 August 2020.

¹⁶ [Powell Says Rates Are Likely to Stay Low for Years](#), *The New York Times*, 4 September 2020.

¹⁷ [6 facts about economic inequality in the U.S.](#), *Pew Research Center*, 7 February 2020.

¹⁸ [Income inequality](#), *OECD*, accessed 26 August 2020.

¹⁹ [Foreign direct investment \(FDI\) in the US](#), *Nordea*, accessed 26 August 2020.

²⁰ [Doing Business 2020](#), *World Bank*, 24 October 2019.

²¹ [The Global Competitiveness Report 2019](#), *World Economic Forum*, 24 September 2019.

Inflation was 1.8 per cent in 2019 and is expected to increase by 0.7 per cent in 2020.²² The US dollar is one of the strongest currencies in the world and the most used in international transactions.²³ More than 60 countries peg their currencies to the US dollar due to the importance and trading power of the currency.²⁴ The average US dollar to GB pound sterling exchange rate in 2019 was US\$1.28 to the pound, a rate which has remained fairly stable since 2016.²⁵

²² [USA: Country Profile](#), *Euromonitor*, accessed 26 August 2020.

²³ [The lowdown of the US dollar](#), *Travelex*, accessed 26 August 2020.

²⁴ [What is Currency Peg?](#), *AvaTrade*, accessed 26 August 2020.

²⁵ [British Pound to US Dollar Spot Exchange Rates for 2019](#), *Exchange Rates UK*, accessed 26 August 2020; [XE Currency Charts: USD to GBP](#), *XE*, accessed 26 August 2020.

5. POLITICS & POLICYMAKING

The 13 founding colonies on the North American continent declared independence from Britain in 1776 to form the United States of America. Over the course of the 18th and 19th centuries, 37 new states were added, resulting in the 50 states that make up the US today. The global influence of the US increased gradually since its founding and after World War II the centre of global power shifted from Europe to the US. It remains the global hegemon today but with the rise of the east, geopolitical power dynamics are changing once again. The coming years are likely to bring dramatic change to American politics and the nation's global influence.

The US has a federal constitutional republic which divides power between federal and state government. The federal government consists of three divisions; the legislative, executive and judicial branches. The legislative branch consists of a bicameral legislature comprising the 490-member House of Representatives and the 100-member Senate. This branch commands the sole authority to enact legislation, declare war and to confirm presidential appointments. The judicial branch at the federal level is led by the Supreme Court. The president leads the executive branch and is Commander-in-Chief of the armed forces. The president is responsible for implementing laws written by Congress and appoints the heads of the federal agencies, subject to Congressional approval.²⁶ All powers not granted to the federal government are reserved for state governance. In practice this includes providing education, police departments and a local judicial system, implementation of welfare and regulation of local industry.²⁷

Presidents are elected to serve a maximum of two four-year terms. The next election will be on 3 November 2020, and the two major-party candidates are President Donald J. Trump (Republican) and former Vice President Joe Biden (Democrat). President Trump was inaugurated as the 45th President of the United States in January 2017 after defeating Democrat candidate Hillary Clinton in November 2016. President Trump was a businessman and TV personality before running for the presidency as the Republican candidate.²⁸ His time in the White House has been fraught with controversy. The Trump administration has been characterised by unpredictable foreign policy, an ongoing trade war with China and increasing social division domestically.²⁹

The current government has given the US a drastically different global outlook, reflected in changes to its policy. President Trump has taken a hard line on immigration, strengthening the enforcement of existing immigration laws and approving the construction of a border wall along the US-Mexico border.³⁰ Economic policy has shifted to look inwards and has centred on deregulation, tax cuts and attempts to revive the disappearing American manufacturing sector. From the very first day of the Trump administration, the government has controversially worked to reverse former President Obama's signature healthcare reform, the Affordable Care Act, so far with some but limited success.³¹

As the most significant player in global relations, the US is member of and hosts a number of international organisations. Both the World Bank and IMF have their headquarters in the US capital, Washington DC.³² President Trump has withdrawn the US from a number of international agreements, including the Trans-Pacific Partnership and the Paris Climate Accord.³³

²⁶ [Our Government](#), *The White House*, accessed 27 August 2020

²⁷ [Government 101: State Governments](#), *Vote Smart*, accessed 27 August 2020.

²⁸ [Donald Trump](#), *Biography.com*, accessed 27 August 2020.

²⁹ [Trump's Foreign Policy Moments](#), *Council on Foreign Relations*, accessed 27 August 2020.

³⁰ [Trump Administration Immigration Policy Priorities](#), *The White House*, accessed 27 August 2020.

³¹ [Trump is Trying Hard To Thwart Obamacare. How's That Going?](#) *NPR*, 14 October 2019.

³² [How to Contact the IMF](#), *IMF*, accessed 27 August 2020; [Contacts](#), *World Bank*, accessed 27 August 2020.

³³ [The United States Officially Withdraws from the Trans-Pacific Partnership](#), *Office of the United States Trade Representative*, accessed 27 August 2020; [On the U.S. Withdrawal from the Paris Agreement](#), *U.S. Department of State*, 4 November 2019.

6. EDUCATION

The US is home to the second largest higher education system in the world after China and is the top destination for internationally mobile students.³⁴ Education is primarily administered by state governments and managed by districts, particularly primary and secondary education which receives about 92 per cent of funds from non-federal sources. Education receives the largest share of state budget in each of the states and territories of the US. At the federal government level, the Department of Education (ED) oversees both the school and higher education systems.³⁵ Although most authority over education management is a state matter, the ED is responsible for distributing federal financial aid, collecting data on America's schools and focussing national attention on educational issues.³⁶

The 2017 round of the OECD's Program for the International Assessment of Adult Competencies (PIAAC) study found that 19 per cent of American adults performed at the lowest levels in literacy (scored as "level one or below" in the study), while 48 per cent of American adults performed at the highest levels in literacy (level three or above). While US adults scored above the average among participating countries, it lags behind other high-scoring nations such as Japan and Finland.³⁷

Pre-tertiary education

Primary and secondary education is governed by local school districts and their boards. School policy tends to be uniform across each school district but may vary considerably from other school districts. There was a total of 16,800 school districts across the US in 2019.³⁸ Most states issue a basic curricular framework and some issue a list of approved textbooks. Compulsory attendance varies by state, but the majority of states require students to attend school through age 16, while others require schooling to age 17 or 18. Private schools are governed by their own appointed boards of trustees and raise their own funds without government support. They determine their own curricula and graduation policies.

Pre-tertiary students study for 12 grades, and pre-tertiary education is generally referred to as "K-12 education." The "k" denotes kindergarten, which is technically a 'pre-primary' programme that begins at age five. Elementary education lasts for four to seven years starting from age six. Students then progress to a lower secondary school known as either middle or junior high school which usually lasts three years. High schools generally span grades nine through 12. Due to the decentralisation of the US education system, the structure of pre-tertiary schooling varies widely and grade divisions in schools varies between states. Some common models are listed here, where the given figures designate elementary, middle and high school. In the case of only two figures, elementary and middle school are combined: 5+4+3; 6+2+4; 6+3+3; 6+6; 8+4.³⁹

K-12 education is virtually universal. In 2019, there were a total of 56.6 million American students in elementary (including kindergarten) and secondary education. Public school enrolments accounted for the majority of students, with 50.8 million students or 90 per cent of the total. Of these public school enrolments, 3.7 million were enrolled in kindergarten, 35.5 million in K-8 education (elementary through middle school) and 15.3 million in high school.⁴⁰ Admission to public school is automatic based on residency, while some private schools may require entrance examinations.

³⁴ [Inside the world's largest higher education boom](#), *The Conversation*, 10 April 2017.

³⁵ [About ED](#), U.S. Department of Education, accessed 2 September 2020.

³⁶ Ibid.

³⁷ [Fast Facts: Adult Literacy in the United States](#), *National Center for Education Statistics*, accessed 1 September 2020.

³⁸ [About ED](#), U.S. Department of Education, accessed 2 September 2020.

³⁹ [Education in the United States of America](#), *World Education News and Reviews*.

⁴⁰ [K-12 School Enrollment & Student Population Statistics](#), *EducationData.org*, accessed 2 September 2020.

There were 87,498 K-8 schools and 26,727 high schools in 2018. The number of elementary schools has risen slightly since 2000, when there were 86,433 schools. The number of high schools has however dropped by nearly 1,000 schools, down from 27,575 in 2000.⁴¹

There is no national school graduation exam. University entry instead requires a copy of academic transcripts, results of a standardised admission test, the most common of which are the SAT and ACT tests; and the submission of a collection of essays.⁴² However, there is a growing test optional movement which calls for the removal of standardised admission tests from university admission requirements. This movement has been accelerated by the Covid-19 pandemic.⁴³

Unlike the UK system, the US pre-tertiary system takes a generalist learning approach. A typical high school curriculum includes: four years of English, four years of history or social studies, three years of mathematics, three years of science, two years of foreign language, four years of technical, vocational or business education, one year of computer science, and two to three years of other subjects (though this may vary by state and district).⁴⁴

In high school, many students have the opportunity to take “Advanced Placement” classes (AP), a programme offered by the College Board. These classes are college-level courses that count towards high school graduation and can also count towards university or college credits, depending on the score on the end-of-year exam. The AP exams occur in May each year and are scored on a five-point scale, with a five considered equivalent to an “A” grade and a four equivalent to a “B.”⁴⁵ Some US high schools offer International Baccalaureate programmes.

The US performed above the OECD average for reading (505) and science (502) in the 2018 PISA study, and below average in mathematics (478). The trend in mean performance has remained stable in each subject since 2010 with no significant improvement or decline. In reading, the proportion of top performers increased significantly by almost 4 per cent to 13.5 per cent.⁴⁶

Technical and vocational education and training (TVET) is known as career and technical education (CTE) in the US and is the practice of teaching specific career skills to students in middle school, high school and post-secondary institutions. CTE is divided into 16 “career clusters”: (1) Agriculture, Food, and Natural Resources; (2) Architecture & Construction; (3) Arts, A/V Technology, and Communications; (4) Business Management and Administration; (5) Education and Training; (6) Finance; (7) Government and Public Administration; (8) Health Science; (9) Hospitality and Tourism; (10) Human Services; (11) Information Technology; (12) Law, Public Safety, Corrections, and Security; (13) Manufacturing; (14) Marketing; (15) Science, Technology, Engineering, and Mathematics (STEM); and (16) Transportation, Distribution, and Logistics.

In many states, students are exposed to CTE through single-semester or single-year classes in middle and high school. In the 2016/17 school year, 98 per cent of public school districts offered CTE programmes to high school students, though the activities varied by district. In high school, students can choose to attend vocational institutes or concentrate on one of the career clusters. In 2017, the top three most popular career clusters in US high schools were arts, audio-visual technology, and communication; business management and administration; and health science.⁴⁷ In 2014, there were about 12.5 million high school and college students enrolled in CTE in the US.⁴⁸ In 2014, there were 16

⁴¹ Ibid.

⁴² [About the Higher Education system in the US](#), *Astarfuture*, accessed 2 September 2020.

⁴³ [Research Universities Join the Test-Optional Movement](#), *Inside Higher Ed*, 15 June 2020.

⁴⁴ [Education in the United States of America](#), *World Education News and Reviews*, June 2018.

⁴⁵ Ibid.

⁴⁶ [PISA results from PISA 2018 - United States](#), *OECD*, December 2019.

⁴⁷ [Bridging the Skills Gap: Career and Technical Education in High School](#), *U.S. Department of Education*, September 2019.

⁴⁸ [The World TVET Database: United States](#), *UNESCO*, May 2014.

million students enrolled in trade schools. Vocational education is often mistakenly perceived as a less prestigious route for education.⁴⁹

Higher education

Higher education institutions are more internally governing than schools but state governments do have some coordinating authority over tertiary institutions. They issue corporate charters to institutions, regulate standards to some degree and may exercise additional authority over public institutions.⁵⁰

In 2018/19, there were a total of 4,042 degree granting tertiary institutions across the US. The majority of higher education institutions are private and in 2018/19 they accounted for 60 per cent of the total. The number of higher education institutions has however fallen since 2012/13 when there were 4,726 across the country, nearly 700 more than in 2018/19.⁵¹ Some American colleges and universities are facing severe financial pressure and current business models are forcing smaller colleges to close. Some experts predict that 25 per cent of US colleges will disappear over the next 20 years.⁵² While public HEIs receive most of their funding from state governments, private institutions are reliant on student tuition and fees for revenue.

In 2018, there were 19.6 million students enrolled in US higher education institutions. This is below the peak of 20.6 million in 2012, from which numbers have fallen annually since.⁵³ College enrolment is relatively high, with 40.9 per cent of 18-24-year olds enrolled. College enrolment is higher among the female population with 44.3 per cent of women enrolling compared to 37.6 per cent of men.⁵⁴ Women have outnumbered men in the US higher education system since the 1980s and are predicted to remain in the majority.⁵⁵

The falling enrolment numbers may stem from the rising cost of college, with costs approximately double what it was in the 1980s. The number of high school graduates is also declining, reducing the student numbers feeding into higher education. The 2012 peak in enrolments was the result of the largest cohort of high school graduates ever.⁵⁶ The continuing Covid-19 pandemic is expected to severely hit enrolments in 2020. Current predictions suggest a decrease of between 5 and 20 per cent. This will have major repercussions for college revenue and Harvard University has reported it expects a drop in revenue of US\$415 million in 2020.⁵⁷

The US is one of the most expensive places to study in the world. The cost of tuition varies greatly, ranging from around US\$5,000 for some smaller two-year colleges to around US\$50,000 for elite private universities. While it is common for universities around the world to set different tuition fees for local and international students, American universities differentiate between in-state students and out-of-state students. For example, a public four-year college may charge in-state students around US\$10,000 in tuition annually while out-of-state students may have to pay over US\$26,000. Although the advertised or “sticker” cost of tuition is extremely high, a large proportion of students benefit from some form of financial aid scholarships, grants, assistantships and work-study schemes especially at the

⁴⁹ [The Stigma of Choosing Trade School Over College](#), *The Atlantic*, 6 March 2019.

⁵⁰ [Organisation of U.S. Education](#), *U.S. Department of Education*, accessed 4 September 2020.

⁵¹ [Degree-granting postsecondary institutions by control and level of institution](#), *NCES*, accessed 4 September 2020.

⁵² [Expert predicts 25% of colleges will “fail” in the next 20 years](#), *CBS News*, 31 August 2019.

⁵³ [Total fall enrollment in degree-granting postsecondary institutions by attendance status sex of student and control of institution](#), *NCES*, accessed 4 September 2020.

⁵⁴ [Percentage 18-24 year-olds enrolled in college by level of institution and sex and race/ethnicity of student](#), *NCES*, accessed 4 September 2020.

⁵⁵ [Total fall enrollment in degree-granting postsecondary institutions by attendance status sex of student and control of institution](#), *NCES*, accessed 4 September 2020.

⁵⁶ [Minorities and the Recession-Era College Enrollment Boom](#), *Pew Research Center*, 16 June 2010.

⁵⁷ [One of the big three rating agencies sees college enrollment down as much as 20% for colleges this fall](#), *Business Insider*, 9 June 2020.

most prestigious universities. For example, approximately 91 per cent of students at the Massachusetts Institute of Technology receive financial aid.⁵⁸

In addition to financial assistance from institutions, the US Department of Education administers Federal Student Aid in the form of loans, grants and work study funds to eligible US citizens and residents. Federal Student Aid is the largest provider of student financial assistance in the US. Although the aim of Federal Student Aid is to make education beyond high school more attainable for all Americans regardless of socioeconomic status, there is currently a student debt crisis with national student debt levels at \$1.5 trillion. The student debt crisis disproportionately affects low income and first generation students and graduates of vocational programs, religious schools and historically black schools.⁵⁹ US students are able to use Federal Student Aid loans at eligible schools and universities outside of the US.⁶⁰

At the undergraduate level, students can study for an associate degree (completed in two years) or a bachelor's degree (four years). Associate degrees are typically offered at community and junior colleges, and many of these programmes allow students to transfer to a four-year programme to complete a bachelor's degree. Other associate degree programmes are vocationally orientated and are designed to prepare students for immediate workforce entry.⁶¹ The US undergraduate education model differs from the rest of the world in its liberal education model, which requires students to take a significant amount of general education courses in addition to courses for their major.

Graduate programmes usually require applicants to have a bachelor's degree and many universities require the GRE (Graduate Record Examination) or the GMAT (Graduate Management Admissions Test). Master's programmes typically last one to two years and doctoral degrees last at least four years beyond a master's degree. Due to the generalist nature of undergraduate degrees, specialist professions such as medicine and law require significant schooling beyond a bachelor's programme as well as licensing tests that vary by state.⁶²

Distance learning is well established in the US and remains a growing market. In 2018, there were 6.9 million students studying either partially or exclusively through distance learning programmes, up from 5.4 million in 2012. This accounts for 35.3 per cent of all students and nearly of these (3.3 million) studied exclusively through distance learning. Although overall undergraduate students studying either partially or exclusively through distance learning far outnumber postgraduates, distance learning attracts considerably more postgraduates to study an entire degree through distance learning.⁶³

The US is home to many of the best universities in the world and is a research powerhouse. Seven out of the top 10 universities in the world, as ranked by the Times Higher Education 2020 rankings, are in the US and there are 39 US HEIs ranked in the top 100.⁶⁴ The US also ranks second in the 2019 Scimago Journal & Country Rank, outranked only by China. It produced 605,796 citable documents in 2019 and received 0.89 citations per document.⁶⁵ It ranked first on the 2020 Nature Index, which tracks research articles published in 82 high-quality natural science journals between 1 July 2019 and 30 June 2020.⁶⁶ In 2018, the US federal government spent US\$127.2 billion in research and development funding. While federal R&D funding has declined over the last several years, business funding of R&D has continued to increase. In 2018, the federal government accounted for 22 per cent of all R&D funding, business

⁵⁸ [The cost of studying at a university in the United States](#), *TimesHigherEducation*, 27 May 2020.

⁵⁹ [America's Student Debt Crisis Explained](#), *World Economic Forum*, 13 September 2019.

⁶⁰

⁶¹ [Education in the United States of America](#), *World Education News and Reviews*, June 2018.

⁶² *Ibid.*

⁶³ [Number and percentage of students enrolled in degree-granting postsecondary institutions by distance education participation location of student level of enrollment and control of level of institution](#), *NCES*, accessed 4 September 2020.

⁶⁴ [World University Rankings 2020](#), *Times Higher Education*, accessed 3 September 2020.

⁶⁵ [Scimago Journal & Country Rank](#), *Scimago*, accessed 4 September 2020.

⁶⁶ [United States of America](#), *Nature Index*, accessed 9 September 2020.

accounted for nearly 70 per cent, higher education accounted for 3.6 per cent, other non-profit accounted for 4 per cent, and non-federal governments accounted for 0.8 per cent.⁶⁷

Key policies related to education

Spending on education at the federal level is limited. The 2019 budget requested US\$59.9 billion for the Department of Education, a 10.5 per cent decrease from the 2017 budget. This accounts for an exceptionally small 0.2 per cent of the total US\$4.4 trillion budget.⁶⁸ However, at the state level education takes the largest share of the budget. In 2017, education accounted for an average of 30 per cent of state budgets.⁶⁹ Spending on public education is not even across states and can vary quite drastically. In 2016, the state of New York spent the most per student, spending US\$20,000 on each student annually, whereas Utah spent about a third of that on each of its students.⁷⁰

Ensuring that education remains predominantly a state matter is of key importance in some conservative circles. In April 2017, President Trump signed the Education Federalism Executive Order which instructed the Department of Education to evaluate whether the federal government had overstepped its legal authority in education and whether regulations that mandate top-down school education policies should be rescinded.⁷¹

The Department of Education reaffirmed its international strategy in its 2018 report “Succeeding Globally Through International Education and Engagement”. The strategy attempts to better equip American students for the modern hyper-connected world through the implementation of international education programmes and engaging with allies and multilateral organisations in dialogue. This is deemed critical for: assisting students in finding meaningful employment; fostering an informed and engaged citizenry; strengthening diplomatic ties; and supporting global relationships.⁷²

The Optional Practical Training (OPT) programme allows international graduates to remain in the US for one year following graduation to be in employment in their field of study. International graduates in STEM fields are eligible to apply for a 24-month extension to their OPT programme. However, the Trump Administration has expressed concerns since 2017 that OPT may negatively affect American workers. Universities meanwhile worry that limitations on OPT may put off international students from applying to US colleges at a time when fewer students are applying to the US out of pandemic fears and anti-immigrant rhetoric.⁷³

International student recruitment

Overall inbound trend

The US is the largest recipient of internationally mobile students in the world. According to IIE’s Project Atlas, the US welcomed 1,095,299 international students in 2019, a very slight increase of 0.1 per cent on the previous year but an impressive increase of 34 per cent since 2013.⁷⁴

The vast majority of inbound students come from China and India, sending 369,548 students and 202,014 students respectively in 2019. South Korea (52,250), Saudi Arabia (37,080) and Canada

⁶⁷ [U.S. Research and Development Funding and Performance: Fact Sheet](#), Congressional Research Service, 24 January 2020.

⁶⁸ [An American Budget – Budget of the U.S. Government](#), Office of Management and Budget, accessed 03 September 2020.

⁶⁹ [State and Local Expenditures](#), Urban Institute, accessed 3 September 2020.

⁷⁰ [The States That Spend the Most \(and the Least\) on Education](#), Governing, August 2016.

⁷¹ [Federal role in education has a long history](#), *The Conversation*, 27 April 2017; [Executive order to pull feds out of k-12 education a good start](#), *Libertarian*, 10 May 2018.

⁷² [Succeeding Globally Through International Education and Engagement](#), U.S. Department of Education, accessed 03 September 2020.

⁷³ [Administration to Revisit Reforming F-1 Optional Practical Training Program](#), *The National Law Review*, 10 June 2020.

⁷⁴ [Project Atlas – United States](#), IIE, accessed 4 September 2020.

(26,122) follow, albeit sending considerably fewer students. Engineering programmes attract the largest share of international students with 230,780 enrolments in 2019.⁷⁵

The US does appear to be struggling to attract more international students and the rate of increase in has fallen for three consecutive years. The small gains that were made were driven by programs that allow international students to train in the US after the completion of their studies.⁷⁶

Almost all American universities run scholarship programmes. According to the Fulbright Commission, more than 600 American universities offer scholarships worth over US\$20,000 to international students. Scholarships are also available from private organisations and donors with varying criteria for eligibility.⁷⁷

Overall outbound trend

According to IIE, the US sends only a third as many international students as it receives, a total of 341,751 outbound students in 2019. Europe attracts the majority of these, and the five most popular destinations are all situated on the continent. Of these, the UK takes the top spot followed closely by Italy and Spain.⁷⁸ Many US students choose to study full degrees outside of the US as a cost-saving measure due to the rising tuition fees at US HEIs.

The number of American tertiary students studying abroad increased by 20.6 per cent between 2013 and 2019 and looks set to continue growing into the near future.⁷⁹ IIE launched the Generation Study Abroad initiative in 2014, setting a goal to double US outbound student numbers by the end of the decade. While the target was not met, the commitment to increase outbound study remains.⁸⁰ While the number of US students going abroad for full degree programmes is slowly increasing, it is more common for American students to undertake short-term study abroad programmes, such as summer programmes or programmes that are eight weeks or less.

⁷⁵ Ibid.

⁷⁶ [Growth in international student enrollment stalls under Trump administration](#), *Politico*, 18 November 2019.

⁷⁷ [Scholarships available in the US for international students](#), *Times Higher Education*, 2 May 2018.

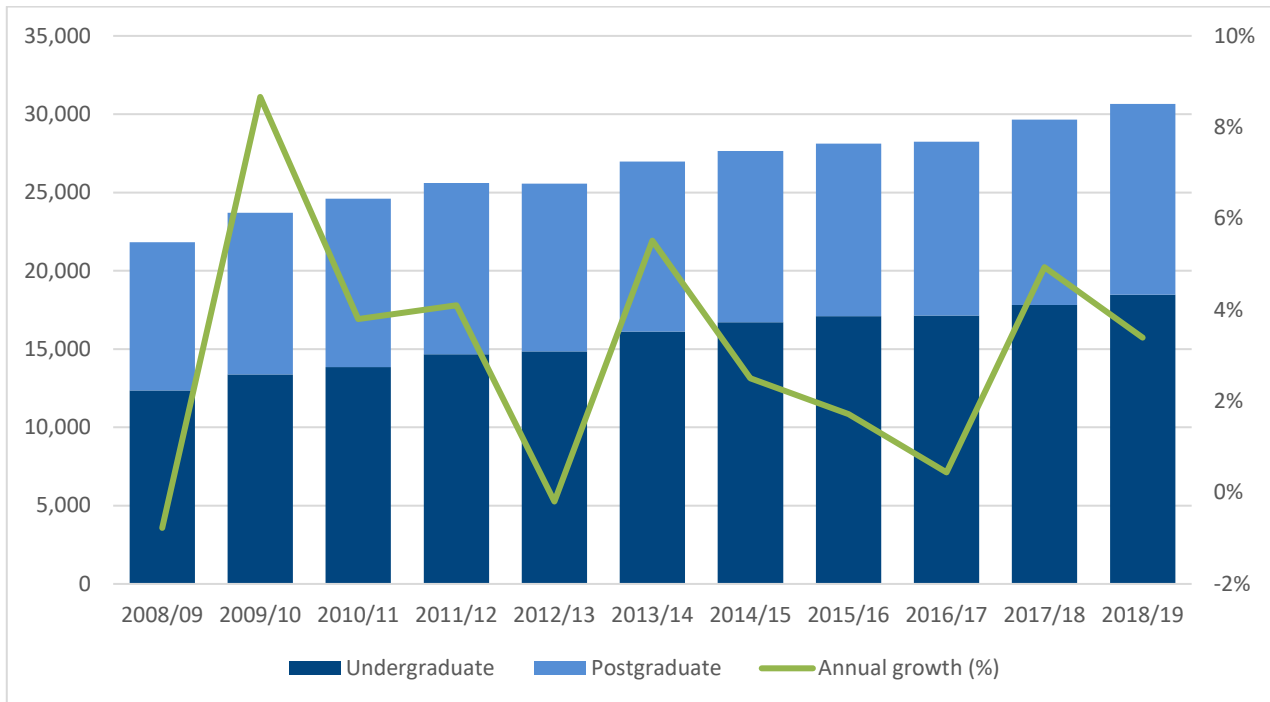
⁷⁸ [Project Atlas – United States](#), *IIE*, accessed 4 September 2020.

⁷⁹ Ibid.

⁸⁰ [IIE Generation Study Abroad Initiative](#), *IIE*, accessed 4 September 2020.

UK recruitment

Figure 4: US students in HE programmes in the UK

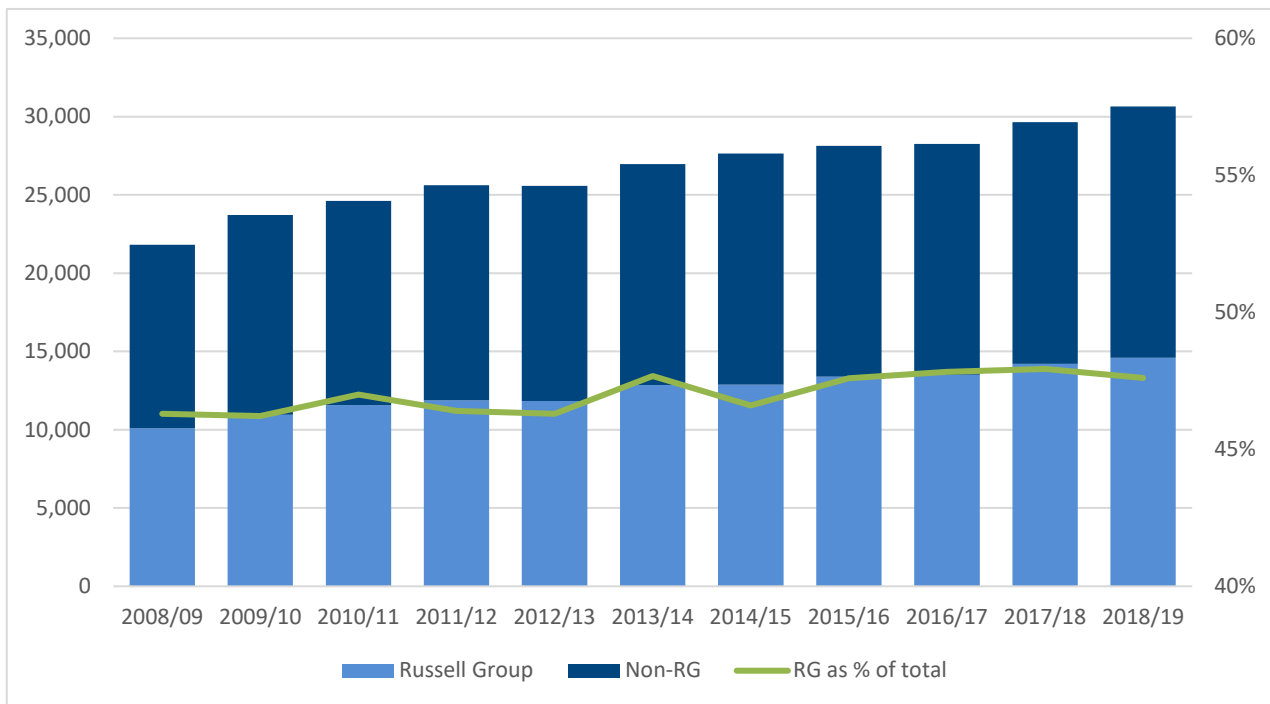


Source: HESA

The UK is the most popular destination for internationally mobile American students at the tertiary level. There were 30,650 US students at UK HEIs in 2018/19, increasing by 3 per cent on the previous year, a continuation of consecutive growth since 2012/13. Despite not falling since 2012, growth in enrolment has been sporadic, shifting between 0 per cent and 6 per cent.

Undergraduates account for about 60 per cent of enrolments, a proportion which has hardly changed over the last decade.

Figure 5: Russell Group vs Non-Russell Group Enrolments



Source: HESA

Enrolments in Russell Group institutions have remained steadily just below 50 per cent for over a decade. There was a very slight increase from 46 per cent to 48 per cent between 2008/09 to 2018/19. US enrolments appear to be driven more by location in the UK rather than prestige, with the exception of Oxbridge, as the vast majority opt to study either at Scottish or London institutions. The popularity of Scottish HEIs is due in part to the length of degree programmes, since Scottish institutions have the same four-year undergraduate degree programmes as US institutions.

Subject areas

Figure 6: New UK enrolments according to subject area, YoY change

	Total new UK enrolments in 2018/19	Undergraduate			Postgraduate		
		New UK enrolments in 2018/19	Change from previous year	5-year trend	New UK enrolments in 2018/19	Change from previous year	5-year trend
Social studies	4380	2320	8.4%		2060	2.0%	
Combined	4205	4190	-19.4%		15	50.0%	
Historical & philosophical studies	3375	1575	6.4%		1800	-1.9%	
Business & administrative studies	2895	1205	4.8%		1690	2.4%	
Creative arts & design	2680	1510	14.0%		1170	3.1%	
Languages	2625	1730	6.1%		895	-3.2%	
Biological sciences	2340	1405	12.0%		935	9.4%	
Education	1490	1050	138.6%		440	-2.2%	
Physical sciences	1045	515	6.2%		530	-0.9%	
Law	875	555	6.7%		320	6.7%	
Engineering & technology	840	500	9.9%		340	9.7%	
Mass communications and documentation	775	335	6.3%		440	2.3%	
Subjects allied to medicine	745	265	10.4%		480	10.3%	
Veterinary science	605	585	12.5%		20	0.0%	
Computer science	600	300	5.3%		300	9.1%	
Medicine & dentistry	495	145	16.0%		350	14.8%	
Mathematical sciences	305	175	12.9%		130	18.2%	
Architecture, building & planning	225	55	-8.3%		170	13.3%	
Agriculture & related subjects	145	60	50.0%		85	6.3%	

Source: HESA

Social studies is the most popular subject area for American students studying in the UK, followed by combined programmes and historical and philosophical studies. While business and administrative studies usually tops enrolment numbers, it is only the fourth most popular subject area for American students in the UK.

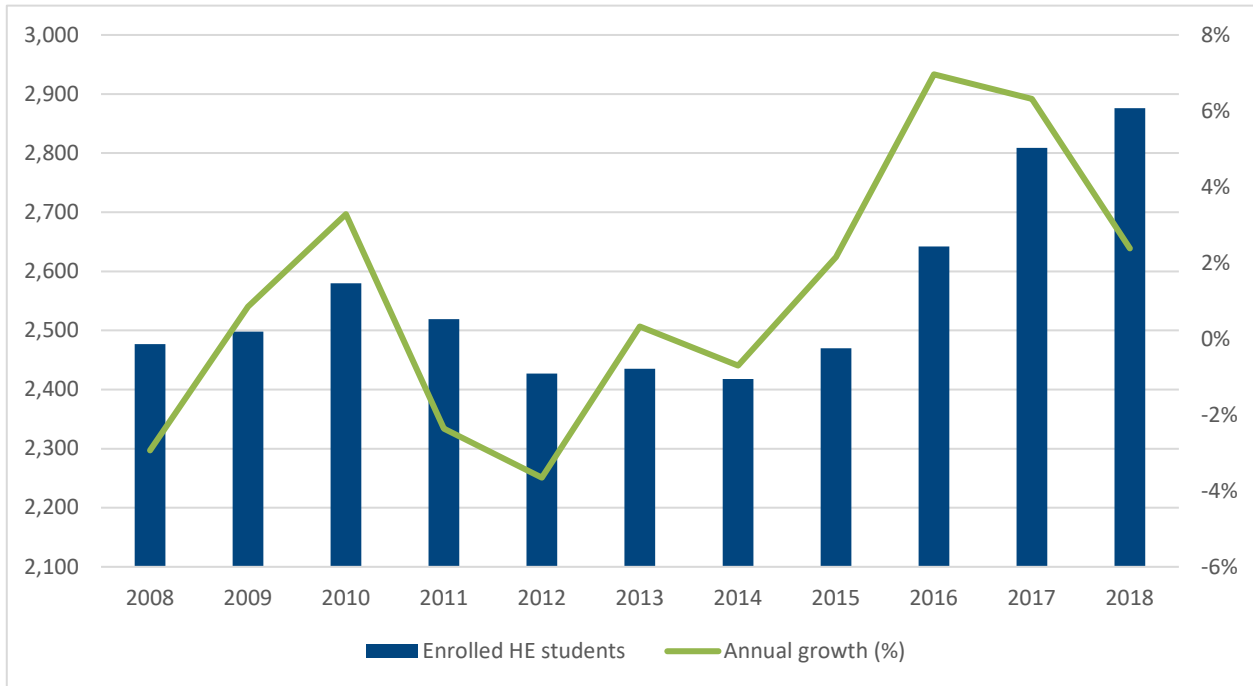
In sharp contrast from most international enrolments in the UK, combined programmes are highly popular among US students and by far the most popular study option at the undergraduate level. Despite numbers falling sharply by 19.4 per cent in 2018/19, the 4,190 enrolments accounted for 22.7 per cent of all US undergraduate enrolments in the UK. Social studies and languages are the next most popular undergraduate subject areas, with 2,320 and 1,730 enrolments in 2018/19 respectively.

Social studies is the most popular postgraduate study area with 2,060 enrolments in 2018/19, followed by historical and philosophical studies, and business and administrative studies. Combined postgraduate programmes do not attract US students as they do at the undergraduate level and there were only 15 US enrolments on them in 2018/19.

Other than combined programmes and architecture, building and planning, all undergraduate subject areas grew in 2018/19. There were four postgraduate subject areas showing a minor decline in student numbers but overall postgraduate enrolment is also still growing.

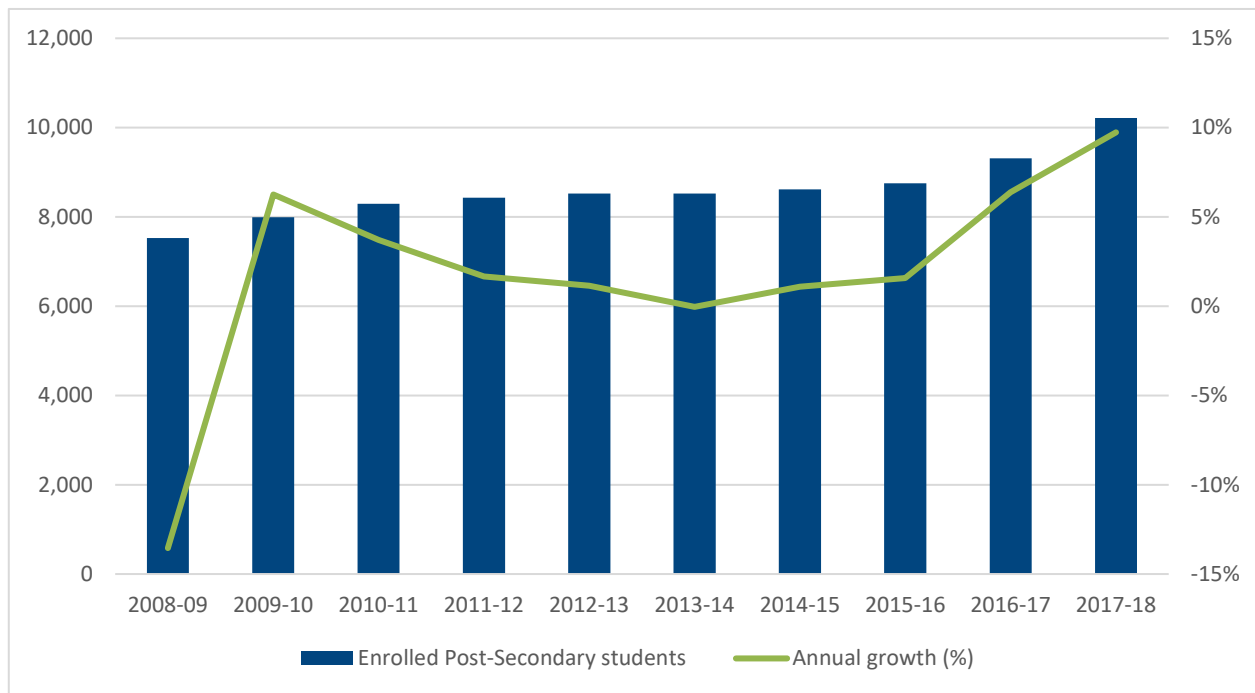
Competitor activity

Figure 7: US HE enrolments in Australia



Source: AusTrade

There were 2,876 American students studying in Australia in 2018. Australia does not attract a significant portion the US market, but enrolments have grown quickly since 2014, increasing by 19 per cent in four years. Despite the recent growth, enrolments in Australia remain less than a tenth of those in the UK.

Figure 8: US HE enrolments in Canada

Source: StatCan (to 2016-17); British Council estimate based on data from StatCan and Immigration, Refugees & Citizenship Canada (2017-18)

US enrolments in Canadian institutions were stagnant between 2011/12 and 2015/16, but they started to grow quickly again in 2016/17. In 2017/18, US enrolments in Canada grew by 10 per cent to 10,215, the fastest growth in a decade. Canada has worked in recent years to attract more international students and the growth over the three years may be the result of their efforts.

Transnational education

Likely due to the quality and scale of its domestic higher education system, there is little demand for UK TNE in the US, but it is a growing market. According to HESA, there were 6,995 enrolments in UK TNE in 2018/19, increasing by 2.1 per cent on the previous year and by 21 per cent since 2012/13. The majority of enrolments in 2018/19 were in master's programmes, accounting for 59 per cent of the total.

Excluding enrolments in programmes at Oxford Brookes University, the Open University and London University, there were 4,675 US students on UK TNE programmes in 2018/19, a 3.3 per cent increase from the previous year.⁸¹

The largest share of branch campuses globally are run by American colleges. The Cross-Border Education Research Team (C-BERT) lists 109 branch campuses of US colleges globally, roughly a third of the total 311 hosted by all countries. Domestically there are seven branch campuses situated in the US.⁸² UK institutions have some limited TNE presence in the US through branch campuses. Glasgow Caledonian University and the University of Manchester are among the small number of branch campuses hosted in the US.⁸³

⁸¹ [The Scale of UK TNE](#), *Universities UK International*, accessed 9 September 2020. UUKi includes analysis excluding Oxford Brookes University, the Open University and London University because together, they account for 49 per cent of all TNE course enrolments. This means that small variations in one can impact the understanding of the performance and spread of TNE among UK universities.

⁸² [Transnational Education and Globalization: A Look into the Complex Environment of International Branch Campuses](#), *World Education News + Reviews*, 28 May 2019.

⁸³ [Branch Campuses](#), *C-Bert*, 20 January 2017.