

## Foreign admits to U.S. grad schools plunge

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*For the first time since 2004, international admissions to U.S. graduate schools are down. The deteriorating job market and problems with visas and financing are to blame.*

In a startling reversal from recent years, U.S. graduate schools' admission offers to prospective international students fell sharply this year, with several countries seeing double-digit declines, according to a report by the Council of Graduate Schools (CGS).

The 3% average decline is the first in five years and would have been far worse if not for increases in China and the Middle East. Educators are now worried about foreign student enrollment this fall and diversity in graduate programs in years to come. Depending on how many accepted students actually show up on campus in coming weeks, international enrollments could stay level or plunge.

"The declines this year were steeper than I expected," says Nathan Bell, the author of the report and the council's director of research and policy analysis. "It is very unlikely that we will see any increase at all in first-time enrollment of international students this fall, and that will be a shift from what we've seen."

Though the report found a 4% increase in international applications, the total number of international applications received this year is still below 2003 application levels at many of the 253 schools that responded to the survey.

The findings come a time when international students are increasingly getting cold feet about coming to study in U.S. graduate schools. Many are worried about their job prospects and the daunting challenges associated with obtaining an H-1B visa to work in the U.S. after graduation. A number have had trouble securing financing to study in the U.S., a problem exacerbated this year when many graduate schools lost the contracts for the co-signer loan programs on which many international students had depended, and had to scramble to find replacements.

Experts say international students are increasingly turning their sights to business programs in Asia and Europe, where a number of top business schools have emerged in recent years.

Indeed, that appears to be the case for students from India and South Korea, who helped fuel the U.S. international application boom in recent years. Applications from both India and South Korea fell in 2009, with declines of 12% and 9% respectively. The decline in interest from these countries was reflected in the admissions offers doled out to students this year, which were down 16% for both India and South Korea, according to the survey.

"That is just a tremendous drop. It does make me nervous because we have relied on those countries very heavily for many of our programs," says James Wimbush, dean of the graduate school at Indiana University and a professor of business administration. "When we start to see declines like this, this concerns us because it will affect the composition of the students in our programs."

Many students from countries such as India say they are thinking twice now before accepting an offer to attend a top U.S. business school. Manish Bage, 29, an electrical engineer who worked in sales for seven years, decided to turn down an offer from Duke University's Fuqua School of Business (Duke Fuqua Full-Time MBA Profile) this year, in favor of attending the Indian School of Business.

"The recession made me double-think taking out a \$130,000 loan and my ability to pay it back if I don't get a job in the U.S. and was forced to return to India," says Bage, who is now a student at the Indian School of Business. "The present U.S. government policies showing a bias against H-1B workers also made me reconsider the job prospects in the U.S. post-MBA."

#### Chinese applicants offset decline

The one bright spot in the report came from China, where applications were up 14% and the Middle East and Turkey, a region that posted a 22% increase. Admissions offers, meanwhile, were up 13% for China and 10% for the Middle East and Turkey—without which the 3% overall decline would be a lot worse.

Applications from China continue to be strong because there is a strong demand for graduate education due to recent growth in China's undergraduate education market, says Bell. But there are not enough spots for students in China's top graduate schools and, as a result, many prospective Chinese students continue to turn to the U.S. for graduate education, he says.

While the appeal of studying in the U.S. may be losing some of its luster for some international students, demand from domestic applicants continues to grow, with upticks in applications and admissions offers. While 75% of graduate schools received more applications from prospective U.S. students in 2009 than 2008, just 55% received more international applications. At the same time, 58% of the schools surveyed reported an increase in offers of admission to U.S. citizens, while just 45% of schools reported an increase for international students this fall.

"If this decline in admissions turns into a decline in enrollment, this could mark the first time we see a shift from recent trends, with U.S. citizens making up a larger share of first-time enrollees this fall, and international students a smaller share," says Bell, who notes that the council will release the results of an upcoming report on international enrollment at graduate schools in November.

The shift is perhaps being felt most acutely in business schools, which are a big draw for international students; 61% of all foreign students in the U.S. are in the business, engineering and physical science fields, CGS says.

Applications to business programs were up 7% this year, but admission offers were down 5%, the biggest gap of any of the academic fields surveyed in the report.

This finding could be attributed to a deluge of international applications this year at the top business schools in what was an especially competitive year, says Bell.

"The top-tier business schools get inundated with applications and the acceptance rate is very low, even in a good year, so it seems like it was a little harder this year perhaps for international students," says Bell.

At the University of North Carolina's Kenan-Flagler Business School (UNC Kenan-Flagler Full-Time MBA Profile), applications from foreign students were down 16% vs. a year ago. Application volume from India was down about 25% this year, while South Korea applications sank 20% ; the countries represent two of the five largest international markets for the school, says Sherry Wallace, Kenan-Flagler's director of MBA admissions. As a result, the school admitted 20% fewer foreign students this year. International enrollment for the fall now stands at 22% of total enrollment, down from 29% in a typical year, Wallace says.

The school purposely exercised more caution this year when it came to making admissions offers to international applicants, Wallace says.

"We wanted to make sure that the students that were given the opportunity to enroll were people that were going to have the best chance of being successful in a trying economy," she says. "Obviously, we think we are doing that every year, but perhaps we paid more attention this year."

International enrollment also has dipped at Babson College's Olin Graduate School of Business (Babson Full-time MBA Profile), where foreign students comprise 35% of this year's incoming full-time MBA class, down from 44% last year, says Dennis Nations, Babson's MBA admissions director. International application volume at the school stood at 59% of total applications this year, up from 56% the previous year, with applications still steady from countries like India, South Korea, and China, Nations said. But admitted students faced a number of challenges when it came to accepting admission offers this year, he noted, from securing loans to worrying about their job outlook post-graduation. For some, studying in the U.S. was too great a risk to take, he says.

"There are those that are admitted to the program who say, 'At the end of the day I want to be employed, and I have better prospects for that outside of the U.S.' " he says. "Many employers have put international diversity off to the side, because they know they have more bureaucratic challenges to work through now to get those students employed, and that message has gotten out loud and clear to students."

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