

Closing the Loop: Funding Comprehensive Internationalization through Inbound Recruitment – a Performance-based Reinvestment Model

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Many college and university presidents have made it a standard part of their talking points to set increasing targets for study abroad, faculty international engagement and curricular internationalization. While those charged with achieving these international objectives applaud this increased attention to the importance of internationalization, many also note that in this economic environment the rhetoric is rarely matched by the budget to achieve these lofty goals. In fact, international budgets are often simultaneously being cut, even as ever-higher objectives are set. This problem is particularly acute at public institutions.

With diminished resources and increasing expectations, is it better for international officers to encourage lower expectations? We think not. Far better would be to persuade campus leadership to adopt a new funding approach that will increase our capacity to achieve the objectives that have been so publicly and repeatedly advocated, by both campus and national leaders. But to do this we need entirely new sources of funds; ideally, funds that are sustainable and within our ability to nurture and grow.

In 2006, a new performance-based reinvestment model was proposed at the University of Cincinnati, and the leadership at that time agreed to a pilot. The model called for reinvesting a portion of tuition from incoming fee-paying international students to support comprehensive internationalization, including expanding inbound and outbound efforts. These included funding study abroad scholarships, creating a new scholarship program for incoming international undergraduate students, and increasing the size and scope of the International Admissions Office. Since that time, several other institutions have been experimenting with this performance-based funding model, which we believe will become a dominant approach in the coming years.

The approach we advocate must be customized to suit each institutional context. The authors are not recommending a standard reinvestment rate or a list of specific activities these funds should be directed into. Those issues can, and should, be resolved locally to meet each institution's unique needs and priorities. What we are proposing here is a general principle: that a portion of new money derived from international student tuitions should be reserved for reinvestment in internationalization efforts. Simple though this concept is, for many universities it will require a significant change of practice as administrations often do not differentiate between revenue sources, and do not automatically reinvest profit back into its revenue source.

Given the tremendous diversity of universities and their internationalization efforts, we have included three case studies from three public institutions. It is our hope that these case studies will serve both as inspirations and templates for other universities to emulate as they grapple with developing sustainable funding models for their internationalization efforts.

The University of Cincinnati

In the admissions field, UC is best known as the first major, public university to openly embrace the agency-based recruitment with a per capita compensation model. UC also was a founding member of the American International Recruitment Council (AIRC), a federally recognized standard development organization which has developed an accreditation process for international student recruitment agencies. UC has also embraced a number of creative approaches to international recruitment, including forging new international partnerships, expanding its brand through traditional and social media, and enacting a number of institutional changes to accommodate its students. These changes include creating new scholarship programs, adapting admissions procedures that meet the needs of international students, and expanding the support services that this growing population needs upon arrival. These efforts have resulted in dramatic international undergraduate student enrollment growth, nearly tripling in only five years.

It should be noted, however, that UC is a relatively new player in terms of international recruitment. For example, it did not create an international admissions office (or have any staff devoted to international recruitment and/or admission) until 2007. Fortunately, the current university leadership has strongly advocated for campus internationalization efforts, including making substantial investments in related projects. For example, soon after his 2009 arrival, President Williams granted a \$500,000 permanent budget increase towards study abroad initiatives and the International Admissions Office has increased its budget almost ten-fold since its founding in 2007.

However, despite its many success stories, and unquestionable enrollment results, UC – like many universities – continues to struggle in terms of systematically funding its internationalization efforts. Since the initial pilot in 2006, university officials have supported numerous budget proposals to reinvest funds from international student tuition payments into to comprehensive internationalization efforts. However, these efforts have so far occurred only on an *ad hoc* versus institutionalized and formal basis. So, while there has been no lack of support for internationalization, there has been an absence of commitment to systematic reinvestment. This disconnect between *ad hoc* support and a sustainable “virtuous cycle of reinvestment” results in consistent budget uncertainty, inefficient budget processing, and increased cost of doing business. For example, the *ad hoc* approach prevents an institution from benefiting from longer term arrangements that are often less expensive than year-to-year arrangements. It also creates an environment of uncertainty where an office is unable to plan and utilize its resources efficiently and rather is forced to move from periods of aggressive spending to periods of

aggressive non-spending as it awaits funding decisions. To address these issues, the university is exploring adopting the reinvestment model advocated here, so that a dependable source of additional funding can be reinvested going forward. This policy shift will allow for more budget clarity, while meeting strategic objectives advocated by our president, such as increasing the number of incoming international students and increasing the number of our students participating in study abroad programs.

California State University, Long Beach

California State University, Long Beach (CSULB) is performing well among its peers in many aspects of international education – study-abroad programs, international student enrollment, globalizing the campus and internationalization of its curriculum. CSULB ranks second in the nation among Masters comprehensive universities for most international student enrollment. Similarly, CSULB is seventh among its peers for sending students to study abroad. The mix of short-term and long-term programs seems to balance well with both categories being on top ten list among its peers.

CSULB's commitment to international education is well documented beginning from its mission statement to be a diverse, student-centered, globally-engaged public university committed to providing highly-valued undergraduate and graduate educational opportunities through superior teaching, research, creative activity and service for the people of California and the world. The emphases on “global” and “international” perspectives are key components of the university's overall strategic plan.

However, CSULB has never had a strategy for international enrollment management, nor has it had plans for international student recruitment or retention. Other than for case-by-case, one time *ad hoc* funding, there has never been a systematic source of ongoing funding for this purpose. In the summer of 2010, the Provost restructured the entire international education department bringing all elements of international programs together under one roof. This reorganization has already created much needed synergies within the international education areas. Last year CSULB developed a comprehensive strategic plan for international education. This restructuring has also, for the first time, allowed CSULB to view all international students - matriculated degree seeking, English language students as well as exchange students at the university collectively as part of the institution's vision of globalizing the campus. One of the core elements of the Comprehensive Strategic Plan for International Education at CSULB is the Performance Based – Sustainable Funding Model. As such, starting the Fall 2012 semester 20% of all new revenue, from the first year's tuition, generated by increased international student enrollment will be set aside to directly support international education programs at CSULB. About half of this new pool of funds (10%) will go towards compensating the recruitment agencies and the remainder will be used to support other international initiatives such as scholarships for study-abroad and faculty incentives for teaching and research. Similar to University of Cincinnati, CSULB is also a member of the American International Recruitment

Council (AIRC) and has begun to use the agency-based recruitment model. With this new reinvestment approach, the university plans to double its international student population within the next 5 years.

While the core staff positions for international education department will continue to receive support from the general fund, the flexibility of the performance based funding source will allow strengthening the international education support infrastructure further.

It is estimated that the funds will grow from several hundred thousand dollars to over a million within the next few years. As the allocation is based on performance, there is incentive to grow the international student enrollment. Once realized, this funding model will help CSULB's overall internationalization efforts sustainable.

The desire and commitment to internationalization at CSULB has always been there. What was lacking was a plan to action and a systematic and sustainable funding source. CSULB hopes that the adoption of the performance-based funding model will create a sustainable environment for all international education programs at the university.

State University of New York System (SUNY)

In 2009, the SUNY system decided to implement a system-wide approach to growing resources for purposes of internationalization. Although this 64 campus system had a long history in coordinating study abroad programs, there had never been any coordinated effort at international student recruitment. There had also never been any system-level support for study abroad scholarships, faculty internationalization grants, or other strategic needs.

SUNY committed to an agency-based recruitment model – exclusively utilizing AIRC certified agencies - which campuses would be allowed to opt into. Because of the diversity of SUNY's colleges and universities, it was understood from the outset that no model would fit all. However, the system strongly believed that agency contracts should be managed on a centralized basis, and instructed campuses that if they wished to utilize international student recruitment agencies, then they would only be permitted to do so through the centrally coordinated process being developed.

Participating campuses – now numbering 36 – agreed that 18% of the first year's tuition of all students recruited through the agency pipeline would be reserved for the effort. 10% of the tuition fee would be used to compensate agents, while 8% would go into a "Global Reinvestment Fund," managed by the system Office of Global Affairs. The Global Reinvestment Fund would be redistributed back to the opt-in campuses based on principles developed by the participating campuses, but with the commitment that the vast majority of funds would be utilized to create study abroad scholarships for financially needy and under-served groups, with smaller amounts targeting faculty internationalization efforts in the form of small grants.

SUNY's goals are ambitious. Its first recruiting year under this plan (FY2012/13) has only recently concluded. SUNY's first year target is 200 international students through its agency recruitment channel. Based on an assumed scholarship amount of \$1,000 per student, this should yield about fifty new study abroad scholarships. By year five, when SUNY's target is 2,150 new international students, this will yield about 1,000 study abroad scholarships, along with as many as 50 faculty internationalization grants at \$2,000 each. As with CSULB, a smaller percentage of this revenue goes to support scaleable administrative needs.

Without this reinvestment plan such goals would be virtually impossible to achieve, without the largesse of a major donor. Through adoption of a performance-based revenue model, SUNY will create a sustainable virtuous circle that will create opportunity for thousands of students who would otherwise have no opportunity to study abroad.

Test Your Own Assumptions

See for yourself how this model can work for your institution. A forecasting model has been developed by SUNY, which allows all types of institutions - both small and large, public and private - to concretely demonstrate how international tuition income can produce capacity improvements in a very short time. The model can be downloaded here:

<http://www.suny.edu/global/documents/PBRGM.xlsx>.

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