



## Mind the gap: International student tuition and COVID-19

The COVID-19 pandemic has upended public education systems around the world. Schools are shut, children are at home, and teachers and parents are anxiously waiting for what comes next. In British Columbia, trustees in many school districts are also considering budget cuts for the 2020–21 school year in advance of an expected and precipitous drop in international students—and international tuition revenue.

Such cuts, however, would be very damaging, both to public education and economic recovery.

**Physical distancing necessary to keep children and education workers safe will require more, not, less staffing and supports. Public spending will be the driving force in getting societies out of the deepest economic crisis since the Great Depression. In this situation, budget cuts and any resulting job losses are the last thing school districts should be considering.**

Instead, the provincial government should cover any revenue losses of school districts due to lower numbers of international students coming to BC for the upcoming school year. In the long term, the provincial Ministry of Education should create a provincial international student program that overcomes the current system of competition and inequity between districts.

### How we got here

International tuition has been an increasingly important source of revenue for British Columbia school districts since the turn of the millennium. During a decade and a half of provincial austerity and declining enrollment, some school districts found that they were able to patch gaps in provincial funding with an expansion of international programs, especially given that these programs currently charge students on average around \$15,000 per year in tuition fees. In fact, there was open encouragement to do so from a succession of governments slowly depriving schools of resources.

In 2018–19, the last year of available financial data, tuition fees from out-of-country students generated \$260 million for school districts in British Columbia, or five per cent of total revenues. This is a significant amount. It is also, however, one very unequally distributed around the province. Three districts—West Vancouver, Coquitlam and Burnaby—rely on international tuition for over ten per cent of their revenues and ten districts (out of 60) rely on international tuition for over seven per cent of revenues.

On the other hand, there are ten school districts that have no international student revenues and 17 more which generate less than one per cent of their overall revenues from international tuition, primarily in the North and the Interior. Schools in Metro Vancouver and southern Vancouver Island are simply more attractive to international students in a competitive,

“market-based” model (as is, for example, Rocky Mountain school district, which receives nine per cent of revenues from international students due to its outdoor recreational attractions).

This market-based model is thus inherently inequitable—and inherently unstable. Just one year ago, a BCTF research report highlighted the risks of this model: “Basing funding on a market model produces vulnerabilities to external conditions. As an example, the one time in the past twenty years with a year-over-year decrease in international students was at the point of the Great Recession in 2008. An international financial crisis or a *global outbreak of illness such as SARS* could create a precipitous fall in the numbers of students.”<sup>1</sup>

This last scenario is unfortunately what has come to pass, leaving many districts in a dangerous lurch. Turning to the “market” for international students to make up for government funding that does not keep up with education needs is not just a British Columbia phenomenon. It is increasingly prevalent around the global North, even more so in higher education. The Financial Times reports that universities from the UK to Canada to Australia will be in crisis as revenues drop by double-digit percentages due to a loss of international students amidst a global pandemic that has brought international travel and relocation to a near standstill.<sup>2</sup>

### **Possible impacts**

The precise impacts of the coronavirus crisis on school district revenues from international tuition are still unknown, but we can make some reasonable estimates based on a range of scenarios and information coming from school districts. The Greater Victoria school district has estimated that around 40 per cent of international students may not return for the 2020–21 school year, leading to a proportional loss of revenues. The Coquitlam school district, which generated \$35 million in revenues from international students in 2018–19, also estimates that losses will be in the millions.<sup>3</sup>

So, for example, if around half of all international students do not return for the 2020–21 school year, districts across the province will lose approximately \$130 million. A loss of one-third of international student revenue would still be close to a \$100 million gap and a loss of two-thirds would approach \$200 million. Given the draconian travel restrictions currently in place, we may see losses at the upper end of this range.

---

<sup>1</sup> Kuehn, L. (2019). International Students—Tuition Revenue—and Inequity— Continues to Grow. Retrieved from [bctf.ca/publications/ResearchReports.aspx?id=50830](http://bctf.ca/publications/ResearchReports.aspx?id=50830)

<sup>2</sup> Coronavirus: Universities face a harsh lesson. *The Financial Times*. Retrieved from [www.ft.com/content/0ae1c300-7fee-11ea-82f6-150830b3b99a](http://www.ft.com/content/0ae1c300-7fee-11ea-82f6-150830b3b99a)

<sup>3</sup> Strandberg, D. (2020, April 17). Millions in jeopardy as SD43 approaches budget deadline. *Tri City News*. Retrieved from [www.tricitynews.com/news/millions-in-jeopardy-as-sd43-approaches-budget-deadline-1.24118980](http://www.tricitynews.com/news/millions-in-jeopardy-as-sd43-approaches-budget-deadline-1.24118980)

As districts have relied on international tuition to patch holes in excessively tight budgets— spending on public education, while rising in dollars, has fallen by nearly a third relative to BC’s GDP and spending per student remains over \$1,500 lower in our province than the Canadian average— these revenue losses will have a noticeable impact on teaching and education assistant positions, and school resources. Without support from the provincial government, districts will be forced cut teachers, EAs and administrative staff.

**A loss of one-third to two-thirds of international students would translate to potential job losses of 450 to 900 teaching positions**, depending on how much international tuition pays for teacher compensation. Some of these potential losses can be met by not hiring replacements for retiring teachers and other “redundancies”. This, however, would still lower the overall teaching force in BC from year to year.

Fewer teaching positions would have negative public health and economic impacts. With the coronavirus pandemic ongoing into the 2020–21 school year, BC schools will be adapting to physical distancing and other measures to limit the rate of new coronavirus infections. Fewer teachers would make effective implementation of these measures, including smaller classes, much more difficult.

At the level of the provincial economy, any additional layoffs by school districts would slow down the recovery from the economic crisis precipitated by the necessary public health measures needed to contain the coronavirus pandemic. Public spending and public sector employment will be among the keys to a faster recovery. Government should be stimulating economic demand in any way possible, which means putting income in people’s pockets and keeping teachers on the public payroll.

The sums needed to cover a loss of half to even three-quarters of international tuition revenue are 0.2 to 0.3 per cent of the pre-coronavirus BC budget for 2020–21 or 0.04 to 0.05 per cent of provincial GDP. These are relatively small sums that should be part of the economic stimulus furnished by the BC government, with the help of the federal government and the Bank of Canada (already on-going).

After the acute crisis is over, the provincial Ministry of Education should undertake a comprehensive review of the international student program and create a provincial international student program that overcomes the current system of competition and inequity between districts. International students bring much to the diversity of our education system, but their presence should not be an object of financial competition between school districts.

We need a provincial program that distributes international tuition revenues equitably across the province and ensures that all school districts have the opportunity to host international students in order to provide equity in access to diverse cultures as part of the educational experience of both BC and out-of-country students. A new provincial program should also be resilient to future shocks, whether another wave of COVID-19, another pandemic or an economic crisis. International revenues cannot be used to paper over austerity.

**The current crisis in school district budgets exposed by the coronavirus pandemic is completely avoidable. In a public health and economic crisis, it is the responsibility of the provincial government to immediately mend the gaps in district funding, guarantee teaching positions are not lost and ensure the safety of students, teachers and our communities.**

*BCTF Research Note*

*Michal Rozworski*

*April 22, 2020*

MRjr:tfu