

## COMPETING FOR GLOBAL TALENT: The Race Begins with Foreign Students

by Jeanne Batalova, Ph.D.\*

### EXECUTIVE SUMMARY

In order to retain its competitive edge in global knowledge production and its leadership in research and education, the United States has to remain open to talented people from around the world. However, the status of the United States as the preferred destination for foreign students and scholars faces serious challenges. As global competition intensifies for professionals and high-tech workers, doctors and nurses, and university students and researchers, will the United States remain in the forefront in attracting the best and the brightest? Recognizing that today's foreign students are potential contributors to the American knowledge-based economy, as well as ambassadors of public diplomacy abroad, it is in the national interest of the United States to maintain its historical openness to foreign students. By developing a concerted strategy to attract and retain skilled and educated students and workers from around the world, the United States can turn its existing strengths into long-term competitive advantages, building upon its international reputation for superb education and cutting-edge research.

Among the findings of this report:

- Beginning in 2002/03 (the first academic year after the terrorist attacks of September 11, 2001) the annual growth rate of total and graduate-level enrollments by foreign students in U.S. colleges and universities fell significantly.
- The decline in total foreign student enrollment in 2003/04 was the first in 30 years, while the decline in foreign graduate student enrollment in 2004/05 was the first in 9 years.
- Tightened visa procedures and entry conditions for international students, which were implemented in the aftermath of the September 11<sup>th</sup> attacks, have dampened the demand for student visas. The number of F-1 student-visa applications submitted each year dropped by nearly 100,000 between Fiscal Year (FY) 2001 and FY 2004, particularly among students from Middle Eastern, North African, and some Southeast Asian countries.
- Australia, Canada, South Korea, and many European countries have been actively recruiting foreign talent in order to alleviate labor shortages in skill-intensive sectors of their economies, stimulate research and development, and increase their access to foreign markets. To attract students from abroad, these nations use a combination of American-style educational programs, free or subsidized tuition for foreign students, and eased routes for permanent immigration for foreign students after graduation.
- While foreign students' share of the total student population barely changed in the United States between 1998 and 2003, it increased by nearly half in Australia, more than tripled in New Zealand, and almost doubled in Sweden.
- China and India, which together account for 25 percent of all foreign students and about 28 percent of all international scholars in the United States, are committing significant resources to boosting their own innovative and educational capacities in order to aid their economic development and better meet the educational needs of their rapidly growing populations.

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## INTRODUCTION

The United States is a magnet for foreign talent. Immigrants account for more than one-third of Nobel laureates from the United States and, since 1990, nearly half of U.S. Nobel laureates in science.<sup>1</sup> The United States gains 62 future patent applications for every 100 foreign students who receive Ph.D.s in science and engineering from U.S. universities.<sup>2</sup> In order to retain its competitive edge in global knowledge production and its leadership in research and education, the United States has to remain open to talented people from around the world. However, the status of the United States as the preferred destination for foreign students and scholars faces serious challenges. As global competition intensifies for professionals and high-tech workers, doctors and nurses, and university students and researchers, will the United States remain in the forefront in attracting the best and the brightest? Recognizing that today's foreign students are potential contributors to the American knowledge-based economy, as well as ambassadors of public diplomacy abroad, it is in the national interest of the United States to maintain its historical openness to foreign students. This means having in place policies and structures that facilitate the admission of international students and researchers, and maintaining the reputation of the United States as a welcoming nation that values diversity.

## IMPACT OF FOREIGN STUDENTS ON THE UNITED STATES

Foreign students and scholars make many important contributions to American social and economic life. They enrich the cultural and educational experiences of

U.S. students and enhance the reputation of American universities as world-class learning and research institutions.<sup>3</sup> They contribute significantly to the innovativeness and competitiveness of U.S. businesses.<sup>4</sup> Foreign students make the United States one of the most profitable educational destinations in the world. For example, during the 2004/05 academic year, spending by foreign students and their dependents contributed \$13.3 billion to the U.S. economy.<sup>5</sup> High-level government officials, including Secretary of State Condoleezza Rice, recognize international students and exchange visitors for their role in public diplomacy and promotion of American values abroad. Foreign students who return home and become key public figures are likely to be allies of the United States on foreign policy and national security issues.<sup>6</sup>

The ability of the United States to attract foreign talent undoubtedly brings important educational, economic, and political advantages. Yet the recruitment of U.S.-born young people into institutions of higher learning should not be left to chance. Some researchers raise concerns that the increasing admission of foreign graduate students, especially in science and engineering (S&E) fields, has a negative impact on the enrollment of U.S.-born students and their future opportunities and earnings in the job market. There are those who argue that this is especially relevant for minority students such as African Americans and Hispanics who are likely to face the most competition from foreign students, first when being considered by admissions committees and then for funding resources.<sup>7</sup> Economist George Borjas, on the other hand, maintains that the “crowding effect” is strongest for white

<sup>1</sup> National Research Council, *Policy Implications of International Graduate Students and Postdoctoral Scholars in the United States*. Washington, DC: National Academies Press, 2005, p. 2, 60.

<sup>2</sup> Stuart Anderson, “America’s Future is Stuck Overseas,” *New York Times*, November 16, 2005.

<sup>3</sup> Ruth Ellen Wasem, *Foreign Students in the United States: Policies and Legislation*. Washington, DC: Congressional Research Service, January 24, 2003, p. 1.

<sup>4</sup> National Research Council, *Policy Implications*, 2005, p. 12.

<sup>5</sup> NAFSA: Association of International Educators, *Restoring U.S. Competitiveness for International Students and Scholars*. Washington, DC: June 2006, p. 3.

<sup>6</sup> NAFSA: Association of International Educators, *Panel Discussion: Dialogue, Not Monologue: International Educational Exchange and Public Diplomacy*, Washington, DC, November 16, 2005.

<sup>7</sup> Julian R. Betts, *Have Inflows of Immigrants Diminished Natives Educational Attainment? A Review*. San Francisco, CA: Public Policy Institute of California, 1999; David North, “Some Thoughts on Non-Immigrant Student and Worker Programs.” In B. L. Lowell, ed., *Foreign Temporary Workers in America: Policies That Benefit the U.S. Economy*. Westport, CT: Quorum Books, 1999, p. 57-94.

male students and that foreign graduates of U.S. doctoral programs have an adverse impact on the earnings of their native-born counterparts in the labor market.<sup>8</sup>

However, other researchers point out that there are many other factors affecting how many U.S.-born young people enter S&E degree programs. These factors include shrinking birth cohorts of native-born men eligible to pursue graduate studies, alternative career opportunities, and perceptions of the attractiveness of S&E careers in comparison to law, medicine, and business.<sup>9</sup> Thus, the National Research Council recommends focusing closely on the “pull factors” which influence whether students enter S&E graduate programs—time required to obtain the degree; availability of fellowships, research assistantships, and teaching assistantships; and perceived desirability of S&E employment opportunities—in efforts to promote the interest of domestic students in S&E fields.<sup>10</sup>

## FOREIGN STUDENTS AND SCHOLARS IN THE UNITED STATES: YESTERDAY AND TODAY

The United States has been a destination for education and research for generations of foreign students and scholars, and this remains true today. In 2000, of all skilled

immigrants living within the 30 member countries of the Organisation for Economic Co-operation and Development (OECD),<sup>11</sup> about half lived in the United States.<sup>12</sup> Similarly, nearly 30 percent of the 2.1 million foreign students who studied in OECD countries in 2003 chose to do so in the United States.<sup>13</sup>

Foreign graduate and undergraduate students have been coming to the United States to study science and medicine since the mid-1950s. Later, these students were joined by others interested in studying, researching, and obtaining practical training in computer and telecommunication sciences, business, education, law, social sciences, and the humanities. The number of international students in the United States has increased from 34,000 in 1954/55 to more than 565,000 in 2004/05. The share of foreign students as a percentage of the total U.S. student population rose as well, from 1.4 percent in 1954/55 to 4.1 percent in 2004/05.<sup>14</sup>

However, beginning in 2002/03 (the first academic year after the terrorist attacks of September 11, 2001) the annual growth rate of total and graduate-level enrollments by foreign students fell significantly. In the case of total enrollment, the number of foreign students actually declined in each of the following

<sup>8</sup> George J. Borjas, *The Labor Market Impact of High-Skill Immigration*. Cambridge, MA: National Bureau of Economic Research, March 2005; George J. Borjas, *Do Foreign Students Crowd out Native Students from Graduate Programs?* Cambridge, MA: National Bureau of Economic Research, March 2004.

<sup>9</sup> Frank D. Bean & Susan K. Brown, *A Canary in the Mineshaft? International Graduate Enrollments in Science and Engineering in the United States*. Background paper prepared for the Forum on the Impact of Foreign Graduate Student Enrollment on the Economy, Universities, and Security. Irvine, CA: University of California at Irvine, Merage Foundations & National Academy of Sciences, October 16-17, 2005; Gnanaraj Chellaraj, Keith E. Maskus & Aaditya Mattoo, *International Graduate Students and U.S. Innovation*. World Bank Policy Research Working Paper 3588, May 2005; National Research Council, *Policy Implications*, 2005; Mark C. Regets, *Research and Policy Issues in High-Skilled International Migration: A Perspective with Data from the United States* (Discussion Paper No. 366). Bonn, Germany: Institute for the Study of Labor, September 2001.

<sup>10</sup> National Research Council, *Policy Implications*, 2005, p. 135.

<sup>11</sup> Australia, Austria, Belgium, Canada, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Japan, South Korea, Luxembourg, Mexico, Netherlands, New Zealand, Norway, Poland, Portugal, Slovak Republic, Spain, Sweden, Switzerland, Turkey, United Kingdom, United States.

<sup>12</sup> Frédéric Docquier & Hillel Rapoport, *Skilled Migration: The Perspective of Developing Countries*. World Bank Policy Research Working Paper 3382, August 2004, p. 5.

<sup>13</sup> Organisation for Economic Co-operation and Development, *Education at a Glance: OECD Indicators 2005*. Paris: 2005.

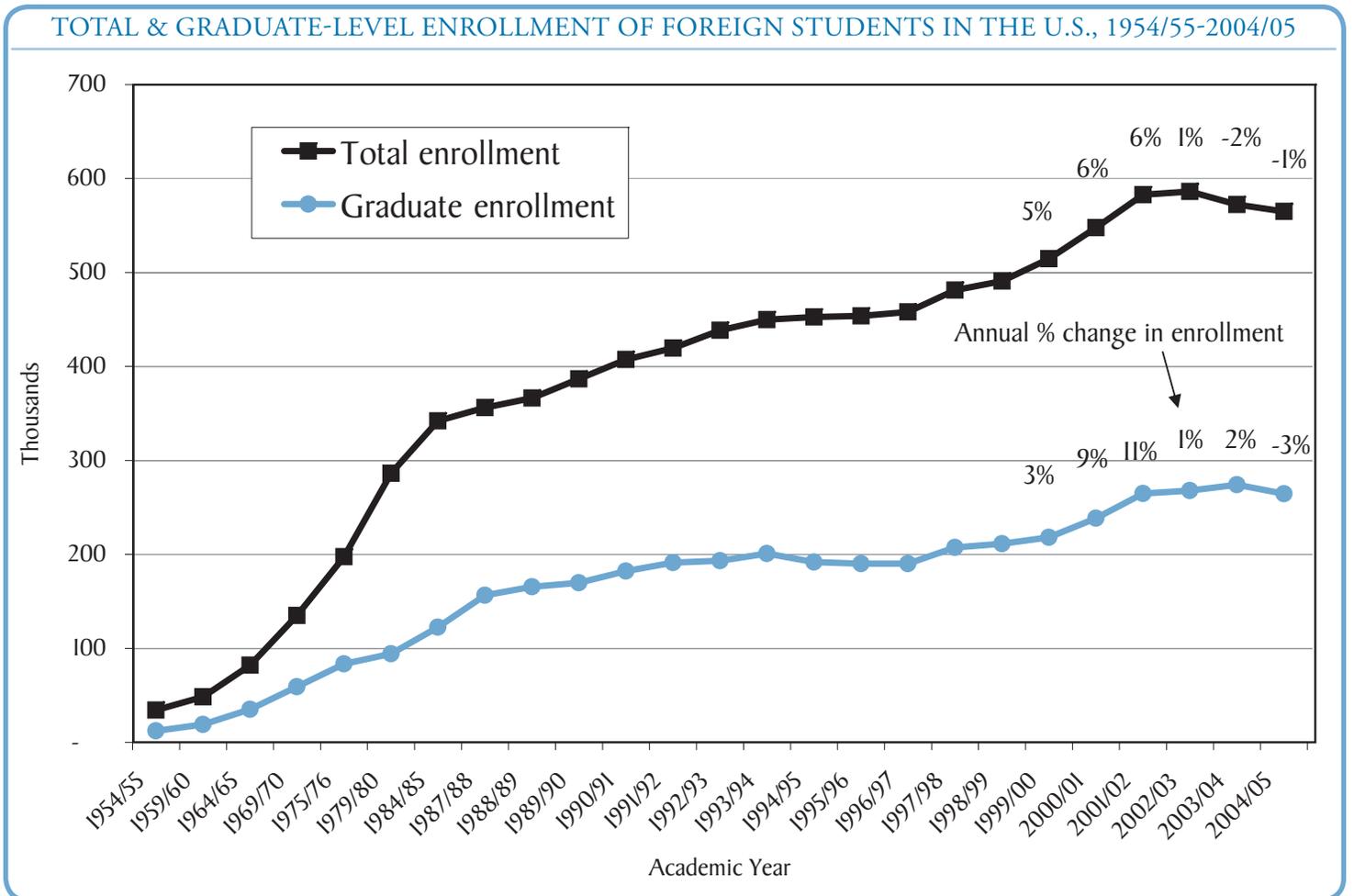
<sup>14</sup> Institute of International Education, *Open Doors 2005: Report on International Educational Exchange*. New York, NY: 2005, Data Table: “International Student and Total U.S. Enrollment,” available at <http://opendoors.iienetwork.org/?p=69692>.

two years, while the number of graduate-student enrollments declined in 2004/05. The decline in graduate enrollment was the first such instance in 9 years and the decline in total enrollment in 2003/04 was the first in 30 years! {Figure 1}<sup>15</sup>

Despite the recent declines in enrollment, students from around the world still come to the United States to pursue

their educational dreams. Yet just six countries—India, China, South Korea, Japan, Canada, and Taiwan—accounted for 52 percent of all foreign students enrolled in U.S. colleges and universities in 2004/05 {Figure 2}.<sup>16</sup> More than one third of all foreign students were enrolled in S&E programs, while more than one in six studied business and management and one in ten were in social sciences and humanities {Figure 3}.<sup>17</sup>

Figure 1:



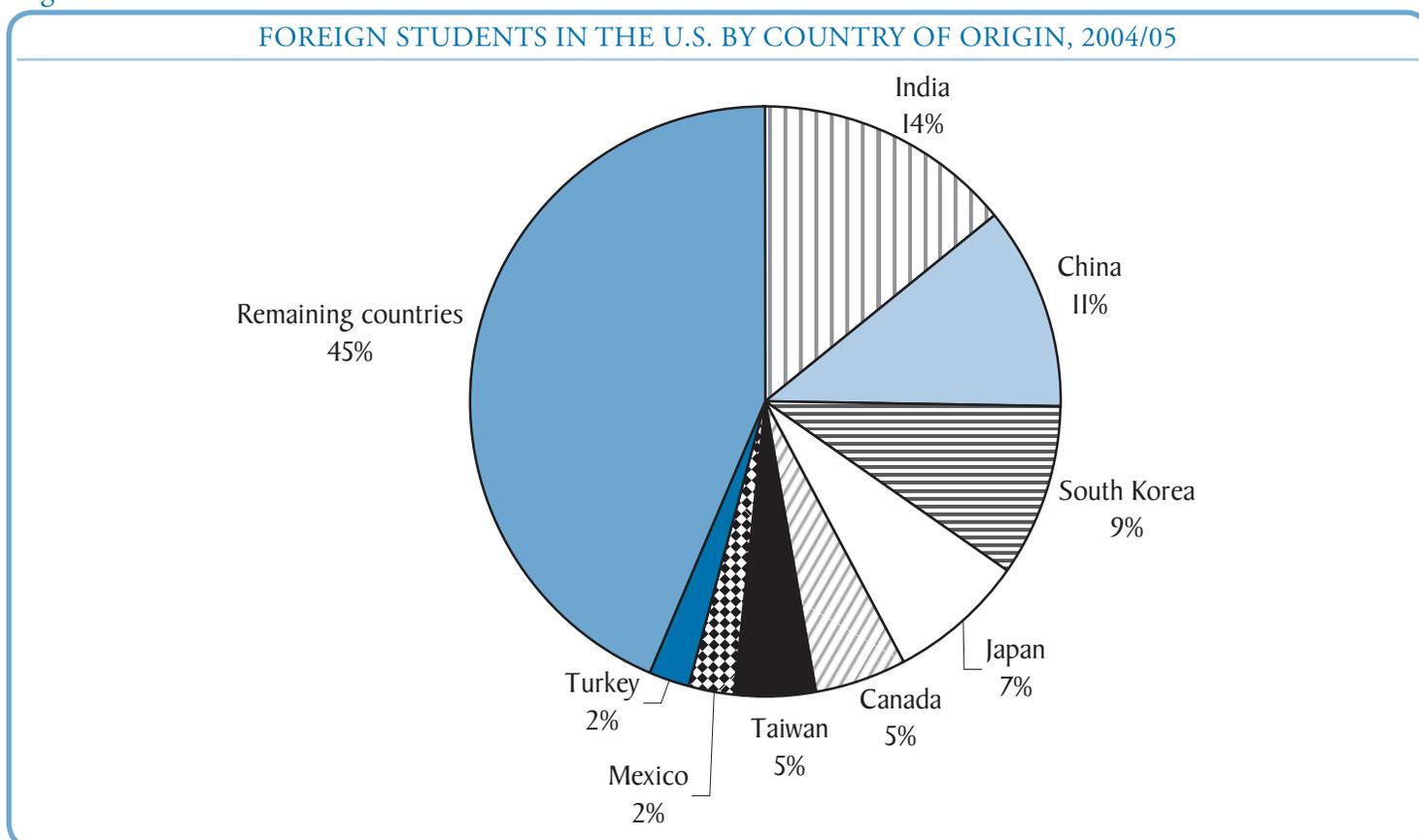
Source: Institute of International Education, *Open Doors 2005*, Data Table: “International Students by Academic Level, Selected Years 1954/55 - 2004/05,” available at <http://opendoors.iienetwork.org/?p=70949>.

<sup>15</sup> *ibid.*, Data Table: “International Students by Academic Level, Selected Years 1954/55 - 2004/05,” available at <http://opendoors.iienetwork.org/?p=70949>.

<sup>16</sup> *ibid.*, Data Table: “Leading 25 Places of Origin of International Students, 2004/05,” available at <http://opendoors.iienetwork.org/?p=69691>.

<sup>17</sup> *ibid.*, Data Table: “International Students by Field of Study, 2003/04 & 2004/05,” available at <http://opendoors.iienetwork.org/?p=69694>.

Figure 2:



Source: Institute of International Education, *Open Doors 2005*, Data Table: “International Students by Academic Level, Selected Years 1954/55 - 2004/05,” available at <http://opendoors.iienetwork.org/?p=69691>.

Foreigners pursuing opportunities in American education come to the United States not only to study but also to teach and do research. The Institute of International Education reports that nearly 90,000 foreign scholars taught and engaged in research in 2004/05 in approximately 350 of the largest doctoral degree-granting institutions in the country.<sup>18</sup> The number of foreign scholars has increased by 8 percent since 2003/04 and by 54 percent since 1994/95.<sup>19</sup>

China—the source of 19 percent of all foreign scholars in the United States—was the leading country of origin in 2004/05. Together with South Korea (9.3 percent), India (8.7 percent), Japan (6.3 percent), and Germany (5.4 percent), these five countries accounted for nearly half of all foreign scholars in the United States.<sup>20</sup> Health sciences and life/biological sciences each accounted for about 22 percent of all foreign scholars, followed by physical sciences (13.2 percent) and engineering (11.6 percent).<sup>21</sup>

<sup>18</sup> Foreign scholars are defined as non-immigrant, non-student academics (teachers or researchers in the United States on temporary visas such as J-1, H-1B, O-1, and TN visas).

<sup>19</sup> Institute of International Education, *Open Doors 2005*, Data Table: “Visa Status, Sex, and Primary Function of International Scholars, 1993/94 - 2004/05,” available at <http://opendoors.iienetwork.org/?p=69723>.

<sup>20</sup> *ibid.*, Data Table: “International Scholar Totals by Place of Origin, 2003/04 & 2004/05,” available at <http://opendoors.iienetwork.org/?p=71227>.

<sup>21</sup> *ibid.*, Data Table: “Major Field of Specialization of International Scholars, 1993/94 - 2004/05,” available at <http://opendoors.iienetwork.org/?p=69719>.

Figure 3:

## FOREIGN STUDENTS IN THE U.S. BY FIELD OF STUDY, 2004/05

Field of Study	Number of foreign students enrolled	Share of total foreign-student enrollment
Business and Management	100,079	17.7%
Engineering	92,952	16.5%
Mathematics and Computer Sciences	50,747	9.0%
Physical and Life Sciences	49,499	8.8%
Social Sciences	46,085	8.2%
Fine and Applied Arts	28,063	5.0%
Health Professions	26,301	4.7%
Humanities	15,850	2.8%
Education	15,697	2.8%
Agriculture	7,519	1.3%
Other (including law, journalism & general studies)	59,700	10.6%
Intensive English Language	16,133	2.9%
Undeclared	27,982	5.0%
Optional Practical Training (OPT)	28,432	5.0%
<b>TOTAL</b>	<b>565,039</b>	<b>100.0%</b>

Source: Institute of International Education, *Open Doors 2005*, Data Table: “International Students by Field of Study, 2003/04 & 2004/05,” available at <http://opendoors.iienetwork.org/?p=69694>.

## CHALLENGES TO AMERICA’S LEADERSHIP IN THE COMPETITION FOR GLOBAL TALENT

The United States is not the only country seeking to attract the best and the brightest. Australia, Canada, South Korea, and many European countries also have been actively recruiting foreign talent in order to alleviate labor shortages in skill-intensive sectors of their economies, stimulate research and development, and increase their access to foreign markets.<sup>22</sup> Given the recent drop in the enrollment of foreign students in U.S. colleges and universities—a reversal of a generally upward fifty-year trend—has the United States already lost its competitive edge in attracting students and scholars? Clearly not. However, there is no time to spare in the face of three major trends that pose a serious challenge to America’s continued leadership.

### Post-9/11 Effects: Reality and Perception

Tightened visa procedures and entry conditions for international students (especially those from the Middle East), which were implemented in the aftermath of the September 11<sup>th</sup> attacks, have dampened the demand for student visas. For example, estimates show that the number of F-1 student-visa applications submitted each year dropped by nearly 100,000 between Fiscal Year (FY) 2001 and FY 2004.<sup>23</sup> Decreases were most pronounced among applications from students in Middle Eastern, North African, and some Southeast Asian countries. There is evidence that students from these regions are increasingly choosing to study in Europe, the Middle East, Asia, and Oceania rather than in the United States.<sup>24</sup> Although it is difficult to quantify, the atmosphere of heightened national security and restrictive visa policies after September 11 undoubtedly

<sup>22</sup> Michael Peter Smith & Adrian Favell, eds., *The Human Face of Global Mobility: International Highly Skilled Migration in Europe, North America and the Asia-Pacific*. New Brunswick, NJ: Transaction Publishers, 2006; Organisation for Economic Co-operation and Development, *International Mobility of the Highly Skilled*. Paris: July 2002; Gail Mclaughlan & John Salt. *Migration Policies Towards Highly Skilled Foreign Workers: Report to the Home Office*. London: Migration Research Unit, Geography Department, University College, March 2002.

<sup>23</sup> Stephen Yale-Loehr, Demetrios G. Papademetriou & Betsy Cooper, *Secure Borders, Open Doors: Visa Procedures in the Post-September 11 Era*. Washington, DC: Migration Policy Institute, 2005, p. 177.

<sup>24</sup> Heath Brown, *Findings from the 2005 CGS International Graduate Student Admissions Survey II: Final Applications and Admissions*. Washington, DC: Council of Graduate Schools, 2005, p. 6; Organisation for Economic Co-operation and Development, *Education at a Glance*, 2005, p. 5.

affected the perception that prospective foreign students had about the United States. Many students, perhaps thinking that the United States no longer welcomed them, chose to postpone their studies or go somewhere else altogether.

These trends prompted educational experts and organizations such as NAFSA: Association of International Educators, the Council of Graduate Schools, and the Institute of International Education to act swiftly in delivering a message to congressional representatives and officials in the Departments of State, Education, and Homeland Security to not lump together individuals who might present a security risk with well-intended foreign students and researchers. These organizations rightly argued that while safeguarding the country from terrorists who might abuse the immigration system is crucial, the United States cannot afford to treat everyone as a threat.

Since then, the Department of State and U.S. embassies abroad have gone a long way towards streamlining procedures for interviews and visa processing. In addition, U.S. colleges and universities have worked hard to reassure foreign students and scholars that they are welcome by expanding recruitment efforts abroad, improving infrastructure and informational support on campus, and offering some financial assistance to offset increased visa fees and tuition costs.<sup>25</sup> Yet, as pointed out by a recent NAFSA report, “Restoring U.S. competitiveness will require a concerted strategy, involving many agencies as well as higher education itself, to make the United States a more attractive destination for international students and scholars both in word and in deed.”<sup>26</sup>

### International Competition for Foreign Students and Scholars is Intensifying

The post-9/11 tightening of visa policies in the United States has coincided with efforts by Australia, New Zealand,

Canada, France, Sweden, and other countries to expand their share of the international education market by aggressively recruiting foreign students. These countries use a combination of American-style programs, free or subsidized tuition for foreign students, and eased routes for permanent immigration for foreign students after graduation.

Canada and Australia—traditional competitors of the United States for foreign students—recently began using immigration policies to attract and retain students from abroad. Australia has made it easier for eligible foreign graduates of its universities to apply for immigrant visas while they are still in the country.<sup>27</sup> In contrast, there is no direct path to permanent residency for foreign students in the United States unless they are sponsored by a U.S. employer or a U.S.-citizen spouse.

Australia also allows foreign graduates of its universities to apply immediately after graduation for an 18-month work visa. Similarly, beginning in 2005 Canada extended the duration of its post-graduate work program from one to two years for those foreign students who are willing to relocate and work outside of the three greater metropolitan areas (Montreal, Toronto, and Vancouver). In the United States, optional practical training (OPT) is limited to 12 months regardless of the type or location of work or the level of the degree obtained.

Furthermore, since April 2006, Canada has allowed eligible foreign students to work off-campus to offset tuition costs and gain experience in the Canadian labor market. In addition, spouses and common-law partners of full-time foreign students are allowed to apply for a work permit.<sup>28</sup> In contrast, in the United States, neither foreign students nor their spouses are allowed to work off-campus.<sup>29</sup>

As English becomes a universal language not only in business but also in education, educational institutions in

<sup>25</sup> Institute of International Education, *Fall 2005 International Student Enrollment Survey*. New York, NY: November 2005, p. 11; Eugene McCormack, “Enrollment of Foreign Students Falls for a 2nd Year,” *Chronicle of Higher Education*, November 18, 2005.

<sup>26</sup> NAFSA: Association of International Educators, *Restoring U.S. Competitiveness*, 2006, p. 5.

<sup>27</sup> Leslyanne Hawthorne, “Picking Winners: The Recent Transformation of Australia’s Skilled Migration Policy,” *International Migration Review* 39(3), Fall 2005, p. 663-696. Canada’s *Immigration and Refugee Protection Act* (IRPA) of 2002 stipulated that facilitating the entry of students was one of the law’s key objectives. Applicants who have studied or who have a spouse who has studied for two years in Canada can obtain an extra five points under the Canada’s current points system.

<sup>28</sup> Citizenship and Immigration Canada, Press Release: “Off-Campus Work Permit Program Launched,” April 27, 2006.

<sup>29</sup> Foreign students on F-1 visas may be permitted to work off-campus while they study only if they can prove financial hardship.

many non-English speaking nations—Nordic countries, the Netherlands, Germany, Hungary, and Denmark—are offering programs in English, especially in science and engineering.<sup>30</sup> Studying in Europe has always been less expensive than in the United States, Australia, or Canada and many foreign students are taking advantage of the lower tuition costs by choosing European colleges and universities.

Non-Western countries such as Singapore, Qatar, and Malaysia also are using creative recruiting programs to become important regional players in international education.<sup>31</sup> For example, Singapore offers incentives for well-known universities such as MIT and John Hopkins to establish satellite campuses in the country. By offering a combination of world-class education in English and a path to permanent residency for foreign students, Singapore hopes to double its foreign-student population by 2010.<sup>32</sup>

As these recent developments in international education illustrate, many countries not only have learned from the success of foreign-student programs in the United States, but have advanced even further, moving the United States from the position of being *the only player* to being just *one of the players*, albeit a major one. While foreign students' share of the total student population barely changed in the United States between 1998 and 2003 (increasing from 3.6 to 4.3 percent), it grew from 12.7 to 18.7 percent in Australia, more than tripled in New Zealand (increasing from 3.7 to 13.5 percent), and nearly doubled in Sweden (growing from 4.5 to 8.0 percent).<sup>33</sup>

### China and India Work to Keep Their Students at Home

China and India together account for 25 percent of all foreign students and about 28 percent of all international scholars in the United States. However, nowadays, these traditional sources of foreign students studying in the United

States are committing significant resources to boosting their own innovative and educational capacities in order to aid their economic development and better meet the educational needs of their rapidly growing populations. China increased state funding for higher education from \$4 billion in 1998 to more than \$10 billion in 2003 and experienced an almost fivefold increase in the number of students completing undergraduate and graduate studies.<sup>34</sup> India also has made substantial investments in higher education, using resources from public and private sources, both domestic and international. China and India also are tapping heavily into the scientific and business networks of their diasporas in the United States, Europe, Australia, and Canada. Attractive opportunities in their domestic educational systems, and the promise of relatively well-paid jobs and high socioeconomic status in their countries' emerging economies, are great incentives for bright young Chinese and Indian nationals to stay—or return—home.

## CONCLUSION

Since the race for foreign students has already begun, it is difficult to imagine bringing it to a complete halt. However, the impacts on the United States of the trends discussed above can be mitigated. Given the internationalization of higher education and the increasing global competition for foreign talent, the United States has to play to its strengths and be flexible enough to adjust its course of action when needed. More specifically, the United States has to pay attention to the following:

➤ **Quality of education.** The United States is still many steps ahead of other countries in the superb quality of its educational system. As *The Economist's* special issue on higher education reports, the United States has a monopoly on the world's top universities—17 out of the top 20 universities are in the United States.<sup>35</sup> The United States also offers a plethora of educational options that are not matched in

<sup>30</sup> Organisation for Economic Co-operation and Development, *Education at a Glance*, 2005.

<sup>31</sup> Organisation for Economic Co-operation and Development, *Education at a Glance*, 2005; Brenda S. A. Yeoh, "Bifurcated Labour: The Unequal Incorporation of Transmigrants in Singapore," *Journal of Economic and Social Geography* 97(1), February 2006, p. 26-37.

<sup>32</sup> Damien Duhamel, "Can Singapore Become the Boston of Asia?" *Singapore Business Review*, October 2004, p. 40-42.

<sup>33</sup> Organisation for Economic Co-operation and Development, *Education at a Glance*, 2005, p. 267.

<sup>34</sup> Howard F. French, "China Luring Scholars to Make Universities Great," *New York Times*, October 28, 2005.

<sup>35</sup> *The Economist*, "The Brains Business: A Survey of Higher Education," September 10, 2005.

quantity or diversity by any other country: universities and colleges ranging from small liberal arts schools to major research institutions; numerous opportunities for funding, scholarships, and teaching and research assistantships; a high degree of flexibility in choosing coursework and majors; and an extensive range of extracurricular activities.

➤ **A welcoming environment.** Today, foreign students and scholars have the option to study and engage in research practically anywhere in the world. The United States has already built a reputation as a diverse and welcoming environment in which one's "foreignness" is seen as a way to enrich the educational and cultural experiences of others. This is not the case in many European or Asian countries, which until recently have been (or have perceived themselves to be) monocultural. However, the reality on the ground—clear visa and admission policies—has to match the image the United States is trying to project. As NAFSA has pointed out, there is a great need for better coordination among the agencies responsible for foreign students in order to achieve a balance between securing the country's safety and removing barriers that block access to vital human resources.<sup>36</sup>

➤ **Providing a path for permanent immigration.** Beyond streamlining the admissions process, the United States must improve its ability to retain those skilled foreign students who would like to stay permanently. There is little statistical data on how many foreign students become permanent residents. Estimates suggest that in the late 1990s about 7 percent of foreign students adjusted directly from an F-1 student visa either through employment sponsorship or marriage to a U.S. citizen, while another 7 to 8 percent adjusted from H-1B temporary visas for workers in "specialty occupations."<sup>37</sup> A 2004 survey found that about 68 percent of foreign doctoral students intended to stay in the United States after graduation.<sup>38</sup> However, it is unclear how many will be able to do so because the current immigration system is not well-equipped to allow permanent immigration for foreign students or skilled workers in general. Annual caps on permanent and

temporary employment-based visas and a mere 12-month OPT program are obstacles not only for foreign students interested in testing the waters in the United States, but also for U.S. employers who would like to test the creativity and skills of their new workers.

Currently there is an annual cap of 65,000 on new H-1B petitions. Non-profit organizations and institutions of higher education, as well as workers renewing their H-1B visas, are exempt from the cap. The cap for FY 2007 was reached on May 26, 2006, four months before the new fiscal year had even begun. With passage of the Visa Reform Act of 2004, an additional 20,000 H-1B visas became available each year for foreign students who complete graduate programs in U.S. universities. Yet there has been no increase in the number of available permanent employment-based immigrant visas since the Immigration Act of 1990.

Given that other nations are investing a great deal of resources and capital to secure a larger share of foreign students and workers, a bill introduced in the U.S. Congress on May 2, 2006 by Sen. John Cornyn (R-TX) and his co-sponsors—the Securing Knowledge, Innovation, and Leadership (SKIL) bill (S. 2691)—is a welcome development. With regard to foreign students, the bill would extend the OPT period from one to two years and enable U.S. employers to apply for permanent residency on behalf of their foreign workers while they are still doing their OPT program. Further, it would exempt from the annual immigrant visa cap U.S.-educated foreign professionals with advanced degrees and those who have been awarded a medical specialty certification based on post-doctoral training and experience in the United States. It also would exempt from the annual H-1B visa cap any professional who has earned a post-graduate degree from an accredited U.S. university.<sup>39</sup>

➤ **Taking advantage of increasing global mobility.** Expansion of distance learning via the Internet and a preference for a cosmopolitan life style among many skilled and well-educated

<sup>36</sup> NAFSA: Association of International Educators, *Restoring U.S. Competitiveness*, 2006, p. 8.

<sup>37</sup> B. Lindsay Lowell, "Foreign Student Adjustment to Permanent Status in the United States." Presented at the 10th International Metropolis Conference, Toronto, October 18, 2005.

<sup>38</sup> *Washington Post*, "Foreigners Returning to U.S. Schools," March 25, 2006, p. A02.

<sup>39</sup> Office of Sen. John Cornyn, Press Release: "Cornyn Legislation, SKIL Bill, Promotes Economic Competitiveness, Growth," May 2, 2006.

individuals are other trends that will affect the competition for foreign talent. Barring unforeseen world events that restrict the global movement of people, one may expect that the mobility of highly skilled and highly trained persons between countries will increase in the future. The United States can take advantage of increasing global mobility, rather than being constrained by it, through the strengthening of ties with students in other countries via the establishment of more satellite campuses of U.S. universities, expanding opportunities for virtual learning, and committing more resources to international informational exchange and collaboration in science and technology—while still keeping the doors open to those who want to settle here permanently.

Recognizing that today's international students and postdoctoral scholars are the entrepreneurs and workers of tomorrow, representatives of U.S. colleges and universities, academics, and U.S. employers are keeping the topic of foreign students fresh in the minds of policymakers and the public.<sup>40</sup> To maintain its leadership in technological and scientific innovation, the United States has to recruit the best students and workers regardless of their national origin. By developing a concerted strategy to attract and retain skilled and educated students and workers from around the world, the United States can turn its existing strengths into long-term competitive advantages, building upon its international reputation for superb education and cutting-edge research.

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<sup>40</sup> Stuart Anderson, "America's Future is Stuck Overseas," 2005; Christopher Grimes & Edward Alden, "Academics Warn of Crisis Over Visa Curbs," *Financial Times*, May 13, 2004.

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The IPC's mission is to raise the level of informed awareness about the effects of immigration nationally, regionally and locally by providing policymakers, academics, the media, and the general public with access to accurate information on the role of immigrants and immigration policy in all aspects of American life.

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The American Immigration Law Foundation is an IRS-designated 501(c)(3) non-profit, educational, charitable organization dedicated to increasing public understanding of the value of immigration to American society and to advancing fundamental fairness and due process under the law for immigrants.

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## COMPETING FOR GLOBAL TALENT: The Race Begins with Foreign Students

by Jeanne Batalova, Ph.D.

In order to retain its competitive edge in global knowledge production and its leadership in research and education, the United States has to remain open to talented people from around the world. However, the status of the United States as the preferred destination for foreign students and scholars faces serious challenges. As global competition intensifies for professionals and high-tech workers, doctors and nurses, and university students and researchers, will the United States remain in the forefront in attracting the best and the brightest? Recognizing that today's foreign students are potential contributors to the American knowledge-based economy, as well as ambassadors of public diplomacy abroad, it is in the national interest of the United States to maintain its historical openness to foreign students. By developing a concerted strategy to attract and retain skilled and educated students and workers from around the world, the United States can turn its existing strengths into long-term competitive advantages, building upon its international reputation for superb education and cutting-edge research.



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