

# North America

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# Overview

- ▲ Net importer of IE services
- ▲ A major source of students in the degree and postgraduate degree sectors
- ▲ A major destination for NZ students particularly at postgraduate level
- ▲ Two markets – Study Abroad and Full degree
- ▲ Possible new opportunities in e-learning and corporate training
- ▲ Very strong competition from Australia Education International and the British Council



# Barriers

- ▲ **Changing US student tastes – shorter Study Abroad experience sought, but becoming more adventurous in country choice**
- ▲ **Some qualifications recognition issues (but not in Study Abroad)**
- ▲ **Regulatory issues in managing Federal Aid in the Full Degree Student market with unintended consequences – situation may improve**
- ▲ **Increased competition from other English speaking countries**
- ▲ **NZ admissions procedures not fast enough in turning around applications**



# New Zealand profile

- ▲ Our profile builds off:
  - ▲ reputation from students who have been before
  - ▲ wider profile for NZ (LOTR, America's Cup, Rugby, Pure NZ, etc.)
  - ▲ non-education factors (geography, outdoor lifestyle, etc.)
- ▲ Well regarded as a destination, but overshadowed by Australia
- ▲ Better profile in Canada than the US, but we can't take it for granted
- ▲ Little known about NCEA or the complex undergrad/postgrad transition



# Country Overview



# United States – Elementary and High School

- ▲ Federal, State and District level responsibilities
- ▲ Many thousands of school districts, similar to pre 1989 period in NZ
- ▲ Federal government has increased leverage through NCLB
- ▲ Students graduate from high school – very few states have external exams
- ▲ SATs/ACTs key driver of admissions, along with community service



# United States – Higher Education Sector

- ▲ Extremely large system with each state having different approach
- ▲ Federal government - no role except Student Aid, and data collection/analysis
- ▲ States fund their own public institutions with high subsidies (in state fees between US\$5000-\$9000)
- ▲ Out of state enrolments and private institutions receive no subsidies
- ▲ High proportion of needs based and merit based grants and scholarships
- ▲ Tight labour market – college graduates in short supply



# United States – Higher Education Providers

- ▲ Around 4000 colleges awarding degrees, around 1200 offer post-graduate study, and around 250 universities most well known.
- ▲ Relatively high proportion of private colleges at all levels of quality, with private sector growing faster (static situation for state colleges)
- ▲ Diverse sources of income – from foundation, research funds, benefactors
- ▲ Regional accreditation system and subject/industry accreditation bodies



# United States – Higher Education Costs

- ▲ **Costs have been escalating last few years, students now starting to think about study outside US.**
- ▲ **Cost increases have been slower last two years**



# United States – Study Abroad Students

- ▲ Increased incentives for community college students to study abroad
- ▲ Focus will be on very short-term study (1-3 months) during summer vacation
- ▲ Potential for short-term (1-3 month) secondary school study abroad
- ▲ Most enrolments come via programme managers (Australearn, Butler, etc.)
- ▲ Provide up-to-date information to programme managers
- ▲ Desirable to have a universal database with all programmes and fees in one place (NZVCC?)



# United States – Full Degree Students

- ▲ All NZ universities now registered with US ED making study in NZ affordable
- ▲ Reputation needs to be protected – compliance with US ED requirements essential
- ▲ Need to increase recruitment investment to expand the market as competition is well established (Australia/UK)
- ▲ NZ institution presence low in student fairs compared to Australia /Britain
- ▲ Bologna process should make recruitment easier not harder in short term



# Canada

- ▲ End of the Ontario bubble (changeover to shorter school cycle)
- ▲ Positive economy continues, development strongest in Ontario and Alberta
- ▲ Interest amongst officials in NZ international education strategy – look to see increased sense of direction in future from Canadian government
- ▲ Students very well informed about NZ (unlike US students) and view NZ positively, but more price sensitive than US students
- ▲ Some market growth in Study Abroad possible
- ▲ Considerable growth in Full Degree market possible particularly if NZ\$ fell



# Policy developments/ directions



# United States – Primary & Secondary Education

- ▲ NCLB reauthorisation will be difficult because of change in representation in house and senate
- ▲ Major legislative reform unlikely
- ▲ Fascination with accountability and schools reform
- ▲ Increasing role for private sector



# United States – Higher Education

- ▲ New reports that indicate difficulties in US education system:
  - ▲ Tough Choices or Tough Times
  - ▲ Secretary's Commission on Higher Education
- ▲ Cost of higher education has risen sharply in the US and Canada over last few years, but constrained in NZ by FCCM
- ▲ Static participation levels in North America and no improvement in minority group participation



# United States – Higher Education (cont'd)

- ▲ Drop out rates are high, particularly with buoyant labour market
- ▲ Rapid expansion of private sector for profit - internationally as well
- ▲ Democratic changeover in Senate and Congress sees proposals for massive increase in grants and subsidies
- ▲ Federal loan interest rates expected to fall below 4%
- ▲ Lower costs will stimulate demand for higher education



# Canada

- ▲ **Similar cost trends, but less obvious policy response – but will be influenced by US trends**
- ▲ **Increase in interest in affordable but high quality education offshore**
- ▲ **Variety of responses at provincial level**



# Implications for New Zealand



# Competitive Forces

- ▲ **More Competitive – expect to work harder to retain Study Abroad and Full Degree students as Australia and Britain expand offshore capacity**
- ▲ **Price may become more competitive with exchange rate, but focus still has to be on quality of experience and quality of education**
- ▲ **Specialisation - identify and pursue strengths and focus on fewer and deeper relationships and arrangements**



# Competitive Forces

- ▲ “Co-opitition” – major universities (Ivys and best State systems) are increasing investments in collaborative research and exchange of staff over and above student exchange and study abroad
- ▲ Partner with the best you can get, don’t go down market. Plenty of room for all.



# Partnering

- ▲ Review opportunities for serious collaboration across countries, internationalisation of the curriculum, joint awards, etc. to increase exposure.
- ▲ Look to private sector for models where governance, management and curriculum expertise is shared
- ▲ Consider ongoing growth in adult enrolments and e-learning. Not a traditional market and the students aren't enrolling in traditional colleges in the US.
- ▲ Look to get NZ content onto major e-learning platforms – will increase exposure and revenue [more research needed]
- ▲ See more TNE in private sector (how long until Phoenix or Career Education arrive in NZ?)



# Marketing

- ▲ Universities could focus more on the Full Degree market as these students create larger revenues. Factor in some key NACAC fairs. Do the sums for return on investment.
- ▲ Potential to sell early specialisation in NZ and shorter degree, but need to consider carefully the reconnect at postgraduate level in the US
- ▲ Opportunities probably exist in corporate training market – fast expanding – but more research needed.
- ▲ Use alumni networks – stay connected – keep them informed of opportunities in NZ – most likely group to return
- ▲ Consider alumni networks and friends of the institution in the US/Canada for fundraising

