



FAVORABLE

House Appropriations Committee

Senate Bill 927

Institutions of Higher Education – Prohibition Against Incentive Payments – Foreign Student Exemption

March 26, 2021

Chair McIntosh, Vice Chair Chang, and members of the committee, my name is David Di Maria. I am the Associate Vice Provost for International Education at UMBC and a resident of Howard County. I have more than fifteen years of experience working as an international education administrator at public universities in four states. Maryland is the only state of which I am aware that has a legal prohibition on paying incentive payments for the recruitment of international students.

Thank you for considering this testimony in support of [Senate Bill 927 \(Pinsky\) Institutions of Higher Education – Prohibition Against Incentive Payments – Foreign Student Exemption](#). We appreciate the partnership of Senator Pinsky to develop this bill, which enhances the capability of our state’s higher education institutions, both public and private, to recruit international students in a manner that is in alignment with the best practices in higher education.

I submit this testimony as an industry expert having served as President of the American International Recruitment Council and a scholar whose research has focused on international students and the global engagement strategies of higher education institutions. Additionally, I am the author of [guidelines](#) for successful relationships with commission-based international recruiters.

Increased Competition for Global Talent

The global competition for talent is real and it is only going to increase further as many developed countries, including the United States, face demographic shifts resulting in fewer traditionally aged college students. While the share of international students studying in the U.S. has [steadily declined](#) – [from 28%](#) of the world’s 2.1 million international students in 2001 to 21% of the world’s 5.3 million international students in 2019 – other countries have made significant gains in attracting global talent due to [national strategies](#).

As one of the authors of a [recent study](#) focused on factors driving international enrollment growth and decline, I can attest that partnership with third-party recruiters is among the most important tactics institutions can take to grow international enrollment. In fact, universities that work with such entities are 1.73 times more likely to experience growth.

Due to the complexities of operating in increasingly competitive international markets, universities around the world contract with third-party, commission-based counselors who have local knowledge and contacts. In fact, it is estimated that one in five international students engage the services of such a counselor prior to enrolling at an institution outside of their country. For some countries, this percentage is much higher.

Consider that [nearly 50%](#) of all international students studying in New Zealand are recruited through private counselors while in Australia that figure is closer to [75%](#). Meanwhile, an estimated [69% of Canadian institutions](#) utilize incentive-based recruitment strategies and [49% of U.S. higher education institutions](#) incorporate incentive-based recruitment into their international recruitment strategy.

The American Council on Education [reports](#) that the percentage of US higher education institutions working with commission-based recruiters rose from just 17% in 2011 to 45% in 2016 based on a national survey conducted every five years.

Economic Impact

International students provide a significant economic boost as these students are ineligible for federal or state financial aid.

Consider that at the undergraduate level, [83.9% of international students](#) rely on personal and family income to pay for their education in the U.S. While it is more common for graduate students to receive financial support due to research or teaching assistantships, that fact is that [60.7% of international graduate students](#) rely primarily on funding from abroad.

When you subtract all funding from U.S. sources, international students [contributed \\$761.4 million to Maryland's economy](#) and [\\$38.7 billion to the U.S. economy](#) in 2019. These dollars supported 415,996 American jobs, including [8,725 jobs in Maryland](#).

55% of the dollars spent by international students supports the higher education sector, which in turn helps colleges [sustain high-tech academic programs](#) and [keep tuition lower](#) for in-state resident students. In addition, [18% of every dollar](#) spent by international students goes to apartment rentals and other forms of accommodation; 11% goes to restaurants, 9% to retail, and the rest to other sectors of the local economy.

Safeguarding the Interests of Students and Enrolling Institutions

While some have concerns about the use of incentives to recruit international students, there are many safeguards in place to protect students and institutions.

Several of the top sending countries, including China and India, have [regulatory frameworks](#) in place that govern the actions of commission-based recruiters.

Additionally, government agencies in many of the top destination countries, including Australia, Canada, and the United Kingdom, have [ethical principles and standards](#) in place that govern the behaviors of commission-based recruiters sending students to those countries.

In the United States, safeguards also exist that serve to protect the interests of students and institutions.

The [American International Recruitment Council](#) (AIRC) is a 501(c)(3) non-profit membership association recognized by the U.S. Department of Justice and the Federal Trade Commission as a Standards Development Organization (SDO) for the field of international student recruitment. AIRC was founded in 2008 by senior U.S. education leaders to safeguard the interests of both international students and enrolling institutions through the promotion of ethical, standards-based international recruitment strategies. AIRC's robust certification program promotes quality assurance by enforcing transparency and high professional standards on the part of commissioned-based recruiters.

The National Association for College Admission Counseling also provides [guidelines](#) for its members to use in vetting, contracting, and otherwise responsibly engaging commission-based international recruiters.

Finally, the U.S. Commercial Service's (a division of the U.S. Department of Commerce) [Global Education Training and Services Team](#) assists U.S. higher education institutions with vetting commission-based recruiters in various countries around the world.

Considering the increased competition for global talent and the need for the University System of Maryland to be in alignment with the practices of our competitor institutions, I appreciate your favorable consideration of SB 927.