AIEA OCCASIONAL PAPER

SPRING 2011

Third-Party Program Providers and Education Abroad: Partner or Competitor?

John D. Heyl •*CEA Global Education*

BRIEF SUMMARY

The role of U.S. based program providers in education abroad has a long history, is relatively complex and sometimes controversial. First, a few terms need clarification. In the widest sense, all entities that organize study abroad programs are "providers." This includes most colleges and universities – including, but not limited to, study abroad or global education offices on campuses - non-university/ non-academic organizations (such as People to People), corporate entities (both non-profit and for-profit), and consortia (such as ISEP, the Associated Colleges of the Midwest and the University of California Education Abroad Program).

Within the education abroad community, however, the term "provider" usually refers to entities – either university-based or corporate - whose main activity is study abroad. This group includes long-standing university-based providers such as New York University, Syracuse University or Arcadia University and corporate entities such as IES Abroad, Council on International Educational Exchange (CIEE), American Institute for Foreign Study (AIFS), CAPA International Education, the School for International Training (SIT) and Semester at SEA (ISE) – all at least 38 years old -, and more recent entrants into this field such as Institute for Study Abroad (IFSA-Butler), AustraLearn, CEA Global Education, Foundation for International Education (FIE), Study Abroad Italy (SAI), International Studies Abroad (ISA) – all 10-25 years old. Within the provider community, a further distinction is useful. Some providers have extensive academic infrastructures (SIT, IES, CIEE, CEA). Others specialize in the complex logistics of study abroad (housing, excursions, travel, etc.), such as ACCENT and STA Travel. Others are mainly (if not exclusively) language institutes, such as ItaliaIdea and the Goethe Institute. Finally, while a few providers manage U.S. accredited universities abroad (e.g., AIFS and Richmond University, London), most providers organize their own programs and transcribe courses through a U.S. university (School of Record); while others work mainly with foreign institutions and rely on those institutions' academic standing and transcript services.

The contention of this article is that third-party providers play a crucial – if largely self-regulated - role in education abroad and one that will likely expand in coming years. A strategic realignment, however, may be coming between U.S. colleges and universities and providers: Will the two see each other more as partners or as competitors in the years ahead?

The reasoning behind the first contention is threefold. First, student demand for international experiences and opportunities will likely continue to grow in an era of globalization and global competitiveness. Parental influence is clearly a major factor in creating this interest and demand for global education. Parents of current college-age students are the first adult generation that saw the Berlin Wall come down, outsourcing and globalization become topics of public debate, and low-cost airfares proliferate. It is understandable that they want their children to gain a feel for other cultures and become competitive in a global job market – in short, to acquire some measure of global competence. Second, U.S. campuses will need to compete for incoming freshman classes (both in terms of numbers and academic quality) by promoting their study abroad opportunities and "global engagement." Third, U.S. campuses will not be able to keep up with this demand on their own, that is, with paid staff managing program advising, visa services, group travel, instruction abroad, housing and emergency support. This will be especially true with the growing student interest in destinations in the developing world but also for those students seeking "real-world" experiences through internships, service learning and volunteering. U.S. campuses, especially in light of very difficult budget constraints, will continue to turn to third-party providers to fill this need. In effect, they will outsource some, most, or all of their study abroad services. This will especially be true for community colleges and campuses with very small international offices as their activity grows and staff resources do not keep pace or even shrink.

The second contention of this article focuses on a counter-trend in education abroad. This counter-trend is for universities to organize their own study abroad programs as a revenue center, frequently housing them in a separate unit such as continuing education or university outreach and recruiting students nationwide and even globally. In this sense, the university is acting much like a provider, charging students sufficiently on popular (profitable) programs to help subsidize less popular (unprofitable) programs. Campuses charging "home school tuition" are often able to realize substantial gains in an account that can be used to support other aspects of internationalization or, increasingly, the campus's general fund. (Forum on Education Abroad, 2007, p. 8) In addition, because the university may process transfer credit and scholarship funds the campus may justify charging separate fees to participate in provider programs. In a survey conducted on SECUSS-L (Beaudin, November 4, 2010), these "administrative fees" ranged from $50 - $1700.

All of the trends noted above will be a challenge for Senior International Officers (SIOs) in coming years as their campus reporting lines change, as the justification for international activities changes, as IE administrators must full-cost their programs (see below) and as ethical questions are raised as international education costs increasingly shift to students.

A sign of this increasingly competitive field is the explosion in the number of third-party providers (in the corporate sense) over the past 10-15 years. At the 2010 NAFSA conference in Kansas City over 60 education abroad providers (exclusive of university-based entities) promoted their programs at the Expo and accounted for over 15% of all exhibitors (NAFSA, 2010). This explosion has taken place for a number of reasons: (1) the market for study abroad has grown dramatically – over 400% in the past 20 years; (2) this growth in the demand for study abroad opportunities goes well beyond the capacity of colleges and universities to provide a sufficient number and breadth of programs on their own; (3) the growing demand has created numerous niches in this growing field – including programs that specialize in developing world study sites, internships, service learning and advanced language study – so the community of providers has diversified from large, multi-site entities to small, "mom and pop" operations focusing on very narrow student interests; and (4) the Internet has made it possible for students to seek out programs that fit their specific academic needs and adventurous spirit, well beyond the bounds of the campus itself.

The actual scale of provider-administered study abroad continues to be difficult to determine. A Forum study in 2007 suggested that providers are involved in a significant portion of U.S. study abroad experiences. Because of the inherently hybrid nature of many study abroad programs, providers may be involved in as little as 10% or as much as 100% of an individual program. Respondents to the Forum survey, for example, indicated that providers played a part in about 50% of programs administered by U.S. institutions in which providers administered at least one "special course" of the program and when none of the institution's faculty were onsite. (Forum, 2007, p. 5). Open Doors reporting (Chow & Bhandari, 2010, p. 85) offers another data point; campuses report working with "other institutions/organizations" (but excluding including consortia, partner universities abroad, etc.) about 27% of the time. Taking into account these data, it is probably safe to assume that providers are involved in at least 25% of U.S. study abroad. This translates to about 65,000 students for 2008-2009. Going forward, the reduction of fixed asset programs (i.e., those with campus-funded resident directors and staff abroad) due to campus budget cuts might well encourage universities to rely more on provider organizations for semester-length study. On the other hand, the proliferation of short-term/summer study abroad programs may reduce the overall role of providers in this sector, even as the total numbers of students providers touch increase.

SOME CURRENT ISSUES WITH THIRD PARTY PROVIDERS:

Quality Assurance in an Expanding Marketplace: The expanding numbers and wide variety in services offered by third-party providers – and the ease with which students can access their programs – make the determination of the quality and credibility of these programs difficult to assess for both students and university administrators. Reliance on comments from peers and colleagues is often the only available form of assessment. For example, study abroad advisors post questions daily on the SECUSS-L listserv asking for information on providers that are unknown to the advisor, but who must, in turn, advise students who are asking about provider programs they have found on their own.

Increasingly, U.S. higher education institutions follow a more formal approach to quality control set by their regional higher education accreditation associations (SACS, WASC, NEASC, etc.). Typically, the accreditation review includes information on key provider partnerships as part of scheduled accreditation self studies and site visits to U.S. campuses. In addition, the Forum for Education Abroad created the Standards of Good Practice for Education Abroad. The Forum, the leading institutional membership association in the U.S. that focuses on study abroad and based at Dickenson College (PA), manages the Quality Improvement Program (QUIP) that offers the opportunity for both campus-based and provider-managed study abroad programs to be peer reviewed in connection with Forum Standards.

A third approach practiced by many campuses is to maintain a list of "approved" providers that have been vetted by campus faculty and staff to meet the standards of the home college or university. In this case, the campus itself becomes the gatekeeper to provider programs for students who wish to study abroad, receive financial aid and scholarships and transfer credit back to their home campus. While many campuses prefer to keep the list of approved providers relatively small – especially with reduced international travel funds to evaluate provider programs first-hand - student demand will continue to press for the approval of an increasing array of provider options.

In general, the programs, practices, and services of third-party providers remain largely self-regulated. That is, they are shaped by the program goals, professional involvement, financial resources and understanding of market forces by the providers themselves. The success of individual providers thus has more to do with their professional reputation for quality and, in the case of niche providers, their ability to meet unique needs of partner campuses. Overall, campus education abroad staff and faculty carry most of the burden to determine the quality of academic programs and related services providers offer.

Cost: The cost equation that makes provider study abroad viable is quite simple. On the one hand, cost control is managed in part by students who compare costs of providers offering the program they seek, including programs offered by the home campus. Study abroad is, after all, a market, and providers monitor their price structures very carefully. On the other hand, as higher education costs escalate much faster than inflation (at both public and private institutions), study abroad costs, even with relatively high-priced providers, are often seen as a small part of an ever larger price tag for a four-year education. With elite public universities joining the list of many private institutions charging $50,000 per year ($200,000 over four years) for a full education package, the differential for a provider program abroad of $10,000-15,000 per semester no longer seems excessive (Brainard, 2010). The current reality: The price elasticity for higher education in the U.S. is so great that, for a growing number of students and parents, study abroad costs may not be the most significant consideration in overall education costs (Cressey & Stubbs, 2010, pp. 264-266).

Largely because of severe budget constraints on campuses these days, campus administrators appear to be divided on how to deal with study abroad and the role of the provider. Some see study abroad as a drain on campus revenues (especially if students pay third-party providers for semester- or year-long services abroad) and, despite global rhetoric to the contrary, seek to cap the total number of students permitted to study abroad in a given year. Others see study abroad as a profit center and expect it to be managed as a business, much like executive or online education. This is not new for many study abroad offices that have had to pay staff salaries and other office expenses from study abroad revenues. But it tends to blur the lines between campus-based study abroad programs and those delivered by third-party providers.

The issue of cost poses a new dilemma for international educators. For much of the past two decades international educators have focused on numbers – numbers of annual study abroad participants, numbers of international students, numbers of sponsored students, numbers of international grant winners. And in the area of study abroad, campus offices have often relied on third-party providers to deliver those numbers.

But campus leaders are now monitoring a different number – the marginal cost of supporting international activities, including study abroad. This poses a challenge to all involved in international education because substantial study abroad costs (in particular faculty costs) have typically been heavily subsidized for campus-based programs; these subsidies are not available for third-party providers. For example, the faculty resident director model - with faculty salaries and benefits paid by the home campus but little measurable productivity flowing back to the campus – may not be sustainable in the current budget climate. If study abroad were truly central to a campus mission – as with the philosophy or history department - its costs would be included in the tuition charged students (Bier, 2010). But in the vast majority of U.S. colleges and universities, study abroad still finds itself on the periphery, struggling to serve student needs, advance campus internationalization and pay its way.

Provider Role in National Policy Objectives: Although the Paul Simon Foundation Act continues to languish in Congress, Obama administration leaders have recently emphasized the role that study abroad can play in the larger public diplomacy efforts of the U.S. Whereas the Simon legislation favored university campuses as the gateway for funding study abroad participation, provider organizations have certain advantages in fulfilling the goals of public diplomacy. It may be easier, for example, for providers to scale up programs already established in countries designated as critical to U.S. foreign policy. Of course, the most compelling cases for federal support will also involve campus partners.

Provider Contributions to the Profession: Whereas colleges and universities would seem to have unusual advantages in establishing formal agreements with counterpart universities around the world, these relationships are often episodic in terms of actual interaction and often involve low levels of student exchange. Program providers, on the other hand, develop consistent relationships with varied entities in the locations in which they manage programs. Permanent staff onsite make the difference, something it is increasingly difficult for U.S. universities to maintain. This staff also permits providers to sustain an unusually high level of local cultural knowledge, local academic and other professional networks, and experience managing a diverse population of U.S. students abroad. This expertise is different from that of the typical campus-based study abroad administrator, but it is highly relevant to the professional field of education abroad.

Research on the motivations and benefits of study abroad is a challenge for most professionals in the field. This research is increasingly being conducted by academics in education fields who work with study abroad offices to identify appropriate subject populations. Providers also have developed research and white papers that address current issues in the field. For example, IES has conducted research on career choices by participants in their programs over 20 years (Dwyer & Peters, 2010). Developing this kind of longitudinal study is difficult for any entity, but providers can sometimes mobilize the kind of resources that make this research possible.

Providers have also played crucial roles in the professionalization of education abroad, in particular, in support of early histories of the field, annual recognition of campus internationalization, a research focus in the Journal of Studies in International Education (1997) and the founding of the Forum on Education Abroad (2002)(Sideli, 2010). Providers also serve on boards of professional associations, organize sessions at professional conferences and financially support/sponsor professional activities that explore neglected aspects of education abroad. Some providers offer professional development programs – such as CIEE's faculty development seminars and annual conferences - for faculty and staff from participating colleges and universities. This can be a valuable resource to advance campus internationalization for schools that are facing budget cuts and staff reductions.

PROSPECTS

For all of these reasons, a likely future for third-party providers is that they will become more like academic institutions just as international offices become more like providers in how they manage education abroad (Williamson, 2010). A convergence is more likely than divergence as education abroad expands in the U.S. Indeed, there is substantial shared interest on the part of both provider and campus. A convergence of another kind is also likely. Providers will merge to form larger, more truly global, entities with U.S. accreditation and foreign university alliances. This is the possible realignment mentioned earlier in this article. The field will continue to be diverse, however, since the cost of entry into the provider marketplace will remain relatively low. The interesting part of this future will be what innovative models and practices emerge to make this shared interest a reality for an increasing number of students.

REFERENCES

Beaudin, G. (2010). Administrative fees. SECUSS-L, November 4, 2010.

Bier, A. G. (October 12, 2010). Comment on Williamson, W. Study Abroad: Revenue Drain or Stream*? Chronicle of Higher Education* (Global Edition).
Retrieved October 27, 2010, at http://chronicle.com/article/Study-Abroad-Revenue-Drain-or/124850/.

Brainard, J. (October 31, 2010). A Public University Joins the Expanding 50K Club of College Prices. Chronicle of Higher Education. Retrieved November 3, 2010, at http://chronicle.com/article/A-Public-University-Joins-the/125207/.

Chow, P. & Bhandari, R. (2010). Open Doors 2010 Report on International Educational Exchange. New York: Institute of International Education.

Cressey, W. & Stubbs, N. (2010). The Economics of Study Abroad. In Hoffa, W. & DePaul, S. (Eds.), pp. 253-294. *A History of U.S. Study Abroad: 1965 – Present*.

Dwyer, M. & Peters, C. (2010). The Benefits of Study Abroad: New Study Confirms Significant Gains. Retrieved October 5, 2010, at http://www.transitionsabroad.com/publications/magazine/0403/benefits_study_abroad.shtml.

Forum on Education Abroad. (October 2007). Results of Survey on Program Management in Education Abroad. Retrieved March 10, 2010, at http://www.forumea.org/documents/ForumSurveyExec10-05-07.pdf

Hoffa, W. & DePaul, S. (Eds.). (2010). A History of U.S. Study Abroad: 1965 – Present. *Frontiers Journal, Inc*.: Carlisle, PA.

International Institute of Education (IIE). 2010. *Open Doors 2010 Fast Facts*. Retrieved on November 20, 2010, at http://www.iie.org/en/Who-We-Are/News-and-Events/Press-Center/Press-Releases/2010/2010-11-15-Open-Doors-US-Study-Abroad.

Keller, J. & Frain, M. (2010). The Impact of Geo-Political Events, Globalization and National Policies on Study Abroad Programming and Participation. In A History of U.S. Study Abroad: 1965 – Present, pp. 15-53. *Frontiers Journal*, Inc.: Carlisle, PA.

NAFSA. (2010). 2010 *Exhibitors*. Retrieved November 2, 2010, at http://acsearch.nafsa.org/ExhibitorSearch.aspx.

Redden, E. (August 20, 2007). Intermediaries in Study Abroad. *Inside Higher Education*. Retrieved February 10, 2011, at http://www.insidehighered.com/news/2007/08/20/abroad#Comments

Sideli, K. (2010). The Professionalization of the Field of Education Abroad. In A History of U.S. Study Abroad: 1965 – Present, pp. 369-417. *Frontiers Journal, Inc*.: Carlisle, PA.

Williamson, W. (October 7, 2010). Study Abroad: Revenue Drain or Stream? *Chronicle of Higher Education* (Global Edition).
Retrieved October 27, 2010, at http://chronicle.com/article/Study-Abroad-Revenue-Drain-or/124850/.

The author thanks Edna Wilson, Gail Bier, Kathleen Sideli and an anonymous AIEA reviewer for their insightful comments on an earlier version of this Issue Brief. Any factual or interpretive errors that remain are the responsibility of the author alone.

The **Association of International Education Administrators** (AIEA), a membership organization formed in November 1982, is composed of institutional leaders engaged in advancing the international dimensions of higher education. The purposes of the Association are to:

- Provide an effective voice on significant issues within international education at all levels,
- Improve and promote international education programming and administration within institutions of higher education,
- Establish and maintain a professional network among international education institutional leaders,
- Cooperate in appropriate ways with other national and international groups having similar interests.

ASSOCIATION OF INTERNATIONAL EDUCATION ADMINISTRATORS
PO Box 90404, Duke University
Durham, NC 27708, 919.668.1928
aiea@duke.edu • www.aieaworld.org