

The Economic Impact of Study Abroad, Spain

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DRAFT

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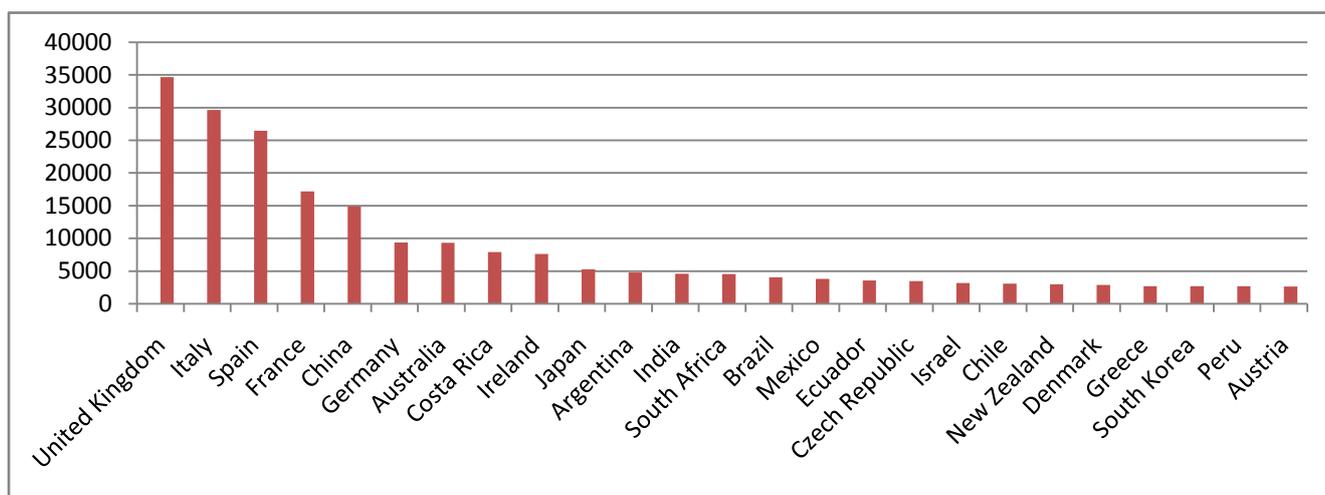
SPAIN EDUCATION PROGRAMS

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Introduction

According to the Open Doors report (2013)¹ published by the Institute of International Education (IIE) Spain was the third leading destination in 2011-2012, receiving 9.3% of the total number of US students who completed academic programs overseas (see Chart 1). The vast majority of these education abroad experiences are administered by US providers or US universities. Students pay the North American organization running the program, and it is common wisdom among a number of Spanish stakeholders that this is a transaction of no economic benefit to the host communities. While some of the fees paid by students will certainly remain in the US it is also right to assert that this trade has an impact on the Spanish economy through participants' living expenses and the items and services purchased and provided at destination.

Chart 1: US study abroad students, leading destinations



This brief study follows the initial report completed by members of the Association of North American Programs in Spain (APUNE) in 2006, and a 2009 revision of methodology and data by C. Grasset. As in its prior versions, we attempt to determine the economic contribution that US universities, program providers, and individual students make to the Spanish economy. To establish the volume of these operations we use a quantitative approach, gathering data from multiple private and public sources through surveys, interviews, and document analysis.

Study Context

Regulations established by the Spanish Ministry of Economy and Competitiveness mandate that all foreign companies investing in Spain file documentation providing data on their transactions to the *Registro de Inversiones del Ministerio de Economía y Competitividad* (RIMEC). This registry maintains data on investments in Spain, by sector, activity, and country of origin, establishing a base for inferences to be drawn on the economic impact of transnational capital flows.

¹ US Study Abroad: Leading Destinations <http://www.iie.org/Research-and-Publications/Open-Doors/Data/US-Study-Abroad/Leading-Destinations/2010-12>

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However, the activities of US higher education institutions and program providers are not necessarily affected by the RIMEC's filing requirement thus remain untraced in foreign-investment official data. Study abroad programs in Spain are not required to request a specific official in-country authorization, so there are no records on how many programs operate, where these are based, their length, or the fees they charge. These circumstances complicate the assessment of their economic impact.

Several organizations and public institutions attempt to monitor the numbers of US students attending academic programs in Spain, including: Spain's Ministry of Foreign Affairs, keeping track of applications for visas (for stays longer than 90 days); the Institute for International Education (IIE), polling US universities on their study abroad figures; and associations such as EDUESPAÑA (Spanish universities, service providers, language and business schools) and APUNE, regularly surveying their members. All of these sources have limitations on the information they are able to access and record, and all share a common interest in increasing participation in education abroad programs. We employ a combination of data from all sources.

A number of US programs in Spain use the resources of local higher education institutions for all or a part of their academic component. This relation will typically take place with the US institution paying fees under one of the following three formats:

- Paying a per-student fee for students to enroll in standard courses (direct enrollment)²
- Hiring faculty members to teach specific subjects
- Paying a per-student fee for their students to enroll in study abroad courses (within island programs, specifically designed for US students)
- Tuition exchange programs
- Any combination of the options above

Given the complexity of tracing and assessing the tuition fees which remain in the host country, under such a broad range of arrangements, this study will focus on solely on the economic impact of non-academic items and services, classified in three distinct categories:

- a. **Program items and services**, including all items and services provided by institutions and program providers to their students
- b. **Student expenses**, including individual spending in addition to program items and services typically provided
- c. **Personnel costs**, including those incurred while hiring in-country personnel to provide student services before, during and after the education abroad experience takes place.

We used findings from the 2011-2012 Open Doors report to determine the percentages of students attending programs of different lengths, while our data on costs (program items and services and student expenses) was gathered in 2013. This required some adjustments. We acknowledged the fact that the number of students attending Academic Year and Calendar Year programs (3.2% in 2011-2012) had been decreasing for the past decade, and assumed that the longest length of stay (2013-2014) was 4 months.

² As much as 80% of tuition at public higher education institutions in Spain is sponsored by national and state taxes. When these institutions host US programs under a direct-enrollment model, the amounts they charge could also fall under national and state funding.

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Research Questions

We use the following research questions, to assess the economic impact of US study abroad on the Spanish economy:

1. How many US students attended academic programs and what was the length of their stay in Spain? (see Table 1);
2. What is the average cost of in-country items and services typically provided by institutions and program providers to their students? (see Table 2);
3. What is the average student expense, in addition to items and services typically included in programs? (see Table 3); and
4. What is the average personnel cost to provide in-country student services, before during and after the education abroad experience takes place? (see Table 4).

We employed multiple sources of data including Spanish organizations and public administrations to produce an accurate figure and to strengthen the credibility of findings among diverse stakeholders.

Table 1: Number of students and length of their stay in Spain

Sources of data	Data collected	Details
IIE Open Doors Report	Number of US students attending study abroad programs in Spain	26,480 in 2011-2012
IIE Open Doors Report	Percentages of students attending study abroad programs of different duration	<ul style="list-style-type: none"> • 4-months / 38.7% • Quarter-8 weeks / 16.9% • Summer-Jan. / 44.1%
Ministerio de Asuntos Exteriores	Number of US students who requested visas to attend study abroad programs in Spain for terms of 90 or more days.	19,500 visas in 2013-2014 (individuals attending +90-day programs)
EDUESPAÑA	Number of students attending programs of less than 90 days / Institutional survey	50,000

Table 2: Cost of in-country items and services typically provided by institutions and program providers

Sources of data	Data collected	Details
Studyabroad.com	Program descriptions: Items and services typically included in program fees	Random sample from each source: <ul style="list-style-type: none"> • Semester programs (20) • Summer programs (20)
Goabroad.com		
GoOverseas.com		
APUNE	Cost of in-country items and services included in semester programs	Program directors' survey (11 respondents)
APUNE	Cost of in-country items and services included in summer programs	Program directors' survey (7 respondents)
Service Providers	Prices of items and services	Personal communications

Table 3: Student spending, in addition to items and services typically included in programs

Sources of data	Data collected	Details
Students attending APUNE programs in Spain	Additional monthly student expenses (not included in program fees)	Students' survey (113 respondents)

Table 4: Personnel cost to provide in-country student services, before during and after the education abroad experience

Sources of data	Data Collected	Details
Forumea.org ³	Student/staff ratio	The Forum Pathways Survey
APUNE		APUNE Coordinator's interview
APUNE	Students/staff ratio for semester programs	Program directors' survey (11 respondents)
	Students/staff ratio for summer programs	Program directors' survey (7 respondents)
	Personnel costs / semester programs	Program directors' survey (11 respondents)
	Personnel costs / summer programs	Program directors' survey (7 respondents)
Instituto Nacional de Estadística (INE)	Yearly salary for workers in the services sector	Encuesta trimestral de coste laboral

RQ1: Determining the number of students enrolled and the length of their study abroad programs in Spain

In the year 2013-2014 the Ministry of Foreign Affairs granted 19,500 visas to students attending programs of 90-days or longer⁴. According to Open Doors data (2011-2012), approximately 38.7% of study abroad students (see Figure 1) attended programs of this length (one semester, calendar year, two quarters, and academic year combined). To determine length of stay for 2013-2014, we adopted the percentages quoted in Open Doors (2011-2012) under two assumptions:

- The total number of students attending programs in Spain would not decrease from 2011-2012 to 2013-2014; and
- The percentages of students attending academic year and calendar year programs would continue to decrease

Under these assumptions, approximately: 38.7% of students would have attended 4-month programs; 16.9% of students would have attended programs between 8 weeks and a quarter; and 44.1% of students would have attended summer or January term programs.

³ Spencer, Kreutzer, and Shallenberger (2008) The Forum Pathways Survey <http://www.forumea.org/Pathways2008.cfm>

⁴ M. Perez-Bedmar, private communication (June 2014)

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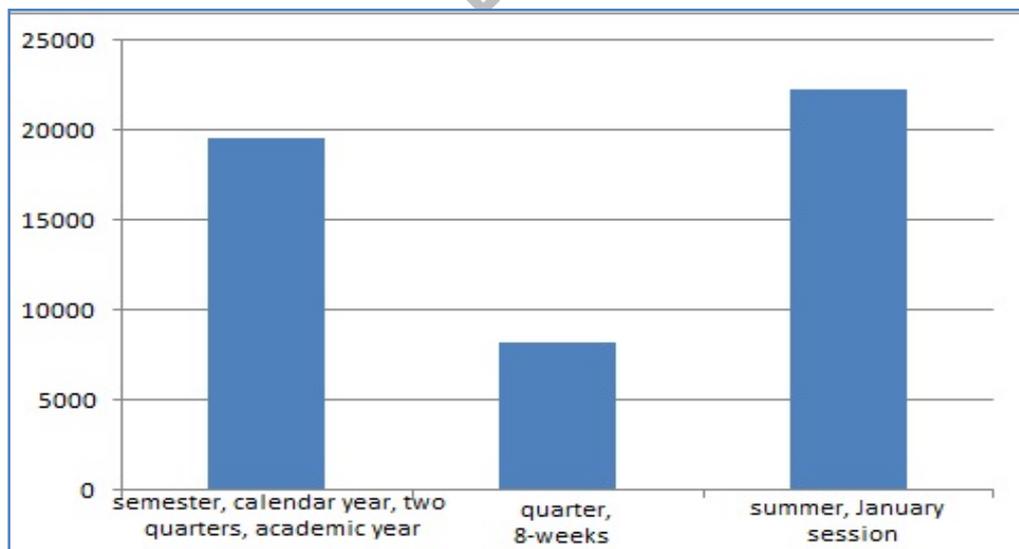
Figure 1: Distribution of students by program duration⁵

DURATION OF U.S. STUDY ABROAD, 2001/02 - 2011/12											
PERCENT OF U.S. STUDY ABROAD STUDENTS											
Duration of Study	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Summer Term	34.4	32.7	37	37.2	37.2	38.7	38.1	35.8	37.8	37.7	37.1
One Semester	39	40.3	38.1	37.5	36.9	36.3	35.5	37.3	35.8	34.5	35.0
8 Weeks or Less During Academic Year	7.3	9.4	8.9	8	9.5	9.8	11	11.7	11.9	13.3	14.4
January Term	6	5.6	5.7	6	5.4	6.8	7.2	7	6.9	7.1	7.0
Academic Year	7.8	6.7	6	6	5.3	4.3	4.1	4.1	3.8	3.7	3.2
One Quarter	3.9	3.8	3.3	3.3	3.3	3.4	3.4	3.3	3.1	3	2.5
Two Quarters	0.5	0.4	0.5	1.3	0.9	0.5	0.6	0.5	0.4	0.5	0.4
Calendar Year	0.5	0.5	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1
Other	0.6	0.6	0.3	0.5	1.3	0.1	0	0.2	0.1	0.1	0.3
Total	160,920	174,629	191,321	205,983	223,534	241,791	262,416	260,327	270,604	273,996	283,332

Applying these percentages to the data obtained from the Spanish Ministry (see Chart 2) would allow us to make the following assumptions on numbers of students:

- 19,500 / enrolled in programs averaging 4months in length (38.7% of students)
- 8,515 / quarter, 8-weeks or less (16.9% of students)
- 22,220 / summer, January session (44.1% of students)

Chart 2: Numbers of students by duration of programs attended



⁵ Open Doors report (2013) US Study abroad: Duration of study abroad, <http://www.iie.org/Research-and-Publications/Open-Doors/Data/US-Study-Abroad/Duration-of-Study-Abroad>

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The total figure, adding up all lengths of stay, would amount to 50,235 US students attending academic programs of different lengths. While this is well above the 26,480 figure in Open Doors, the difference might be accounted to the fact that not all US institutions report their data to the IIE. In the year 2013 EDUESPAÑA surveyed its member institutions, and concluded that approximately 50,000 US students had completed courses of less than 90 days in Spain⁶. When added to official sources quoting 19,500 students enrolled in +90-days terms, this figure would result in almost 70,000 individuals. While EDUESPAÑA's figures may well be accurate, we opted for a more conservative approach and therefore assumed that there were 50,235 participants in academic programs of all lengths in the academic year 2011-2012 in Spain.

RQ2: What is the average cost of in-country items and services typically provided by institutions and program providers to their students?

We reviewed a random sample of 20 semester and summer programs from three specialized search engines (Studyabroad.com, Goabroad.com, and GoOverseas.com), to compose a list of items and services typically provided by US programs in Spain. To calculate costs for these items and services we circulated a survey among members of the Association of North American Programs in Spain (APUNE) as well as with service providers who work with multiple US study abroad programs. Data gathered was used to compile one table for semester programs (see Table 5) and another for summer programs (see Table 6).

Table 5: Semester costs of program items and services

Description Of Service / Item (4-month semester)	Estimated Cost Per Month	Total Cost Per 4- Month Term
Room (double occupancy) and Board (all meals)	759	3,036
Local Orientation and welcome-related activities (airport pick-up, tours, lunches, receptions, etc....)	197	197
Local cultural activities (visits to museums, day trips, theatre plays, concerts, bullfights, etc....)		134
Local end of semester activities (receptions, graduation, re-entry events/workshops, etc ...)		72
Excursions (includes 2-day and or longer trips)		392
TOTAL SEMESTER COSTS FOR PROGRAM ITEMS AND SERVICES		3,831 Euros

The majority of the costs listed in Table 5 and Table 6 are self-explanatory, but the criteria used to compute some of the amounts are described in the following paragraphs.

ROOM AND BOARD

We assume all programs provide housing in double rooms and full board, based on the following premises,

- Students are expected to eat three meals per day. If these are not included in their program fees, individual participants would pay for the additional meals. Thus, we include the cost for all meals in this section and exclude meals from individual student costs outside of items and services provided.
- Housing in double rooms is normally less expensive than in single rooms. We opt for a more conservative approach and assume all students are housed in double rooms.

⁶ O. Berdugo, June 2014 interview

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MEDICAL INSURANCE

Medical insurance, covering all medical expenses and repatriation costs, is required to obtain a student visa, and typically included in university and program providers' fees. We polled directors to find whether this was a host-country or home-country expense, and found that the vast majority of programs contract their students' insurance in the US.

Table 6: Summer costs of program items and services

Description Of Service / Item (5-week summer session)	Per-Student Total
Room (double occupancy) and Board (all meals)	736
Local Orientation and welcome-related activities (airport pick-up, tours, lunches, receptions, etc....)	170
Local cultural activities (visits to museums, day trips, theatre plays, concerts, bullfights, etc....)	90
End of semester activities	57.50
Excursions	157.50
TOTAL SUMMER COSTS FOR PROGRAM ITEMS AND SERVICES (PER STUDENT)	1,211 Euros

RQ3: What is the average student spending, in addition to items and services typically included in programs' fees?

The Association of North American Programs in Spain (APUNE) sponsored an *Economic Impact Report*, in the summer of 2006 "in order to analyze the economic impact of North American students and university programs in Spain" ⁷ (Economic impact report, 2006, p. 1). The study attempted to produce data demonstrating "the economic value of study abroad programs and the rising flow of tourism that benefits many regions in Spain" (p. 1). For this study APUNE polled students attending its 60 member programs, obtaining data from 68 individual respondents. Findings of this study identify US' **student spending** trends in Spain. According to APUNE, "the average North American study abroad student spends approximately 900 euro per month during their time in Spain" (Economic impact report, 2006, p. 4). The criteria employed in the study was that this monthly figure: (a) would only include amounts spent in addition to housing and meals; and (b) would exclude the cost of travel to and from Spain. The APUNE study found that US students in Spain spent, on average, 900 Euros per month, excluding travel and room and board costs.

In the 2006-2007 academic year Suffolk University Madrid Campus polled its students with the purpose of finding how much money they were spending on items and services not included in the program fees. Suffolk University Madrid offers a comprehensive package where price includes all in-country student expenses except for independent travel, telephone calls, local transportation (within Madrid), and personal spending. Results of the survey indicated that the average spending per semester (outside comprehensive program fees) was 3,600 Euros for a 16-week term, thus averaging 900 Euros per month (see Table 7). The Suffolk University 2006-2007 data is aligned with the APUNE survey findings.

⁷ For additional information on APUNE's *Economic impact report 2006*, please contact Ms. Monica Perez-Bedmar at coordinator@apune.org

Table 7: Student spending data from the Suffolk University Madrid (2006-2007) survey

Item	Monthly Average	4-month Semester Average
Local transportation / Transportation pass	45	180
Cell Phone	30	120
Independent travel (mostly to other EU countries and northern Africa)	425	1700
Leisure activities (bars, restaurants, parties, movies, shopping, taxis, etc....)	400	1600
TOTAL STUDENT SPENDING (for a 4-month semester)		3600

We updated the data from the APUNE and Suffolk University (2006-2007) polls, in fall 2013 using a survey circulated among students attending US education abroad programs in Spain. A summary of the data from 113 responses is presented in Chart 3. The monthly average per-student spending, in addition to programs items and services, was found to be of 555 Euros per month (see Table 8). This would add-up to 2,220 Euros for a four-month semester, a figure significantly lower than that in the 2006-2007 surveys. While reasons for this decline in students' spending are unclear to us, the economic crisis might have led to lower more-competitive prices for services, combined with lesser spending power of students.

Chart 3: Monthly amounts spent by students in addition to items and services included in program fees (student survey, 2013)

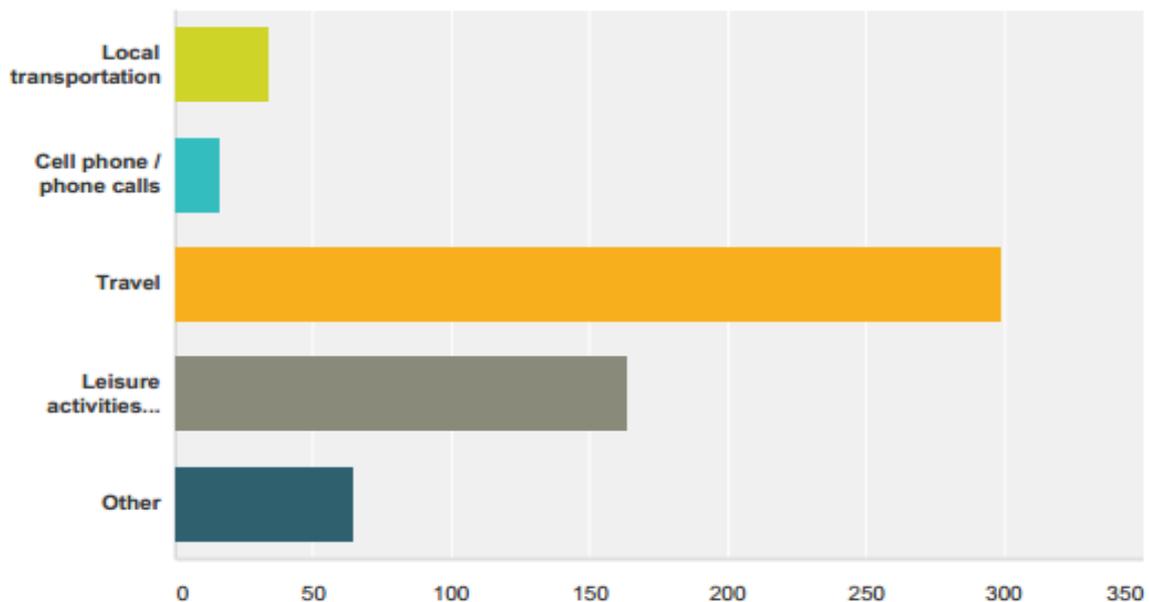


Table 8: Average per-student spending, for items and services not included in program fees (student survey, 2013)

Items / Services	Average monthly amount
Local transportation	33
Cell phone / phone calls	16
Travel	299
Leisure activities (bars, parties, movies, shopping, etc....)	164
Other	43
Per student monthly average	555

RQ4: What is the average personnel cost to provide in-country student services, before during and after the education abroad experience

Personnel expenses vary greatly for US study abroad offices and programs in Spain. According to Spencer, Kreutzer, and Shallenberger (2008) in the US “Organizations that feel they are staffed appropriately have a mean student to staff ratio of 47:1. Organizations that feel they are currently understaffed have a mean student to staff ratio of 70:1” (p. 6). However, their report includes a minimal number of responses from non-US based personnel.

When estimating numbers of personnel working at study abroad sites in Spain one has to acknowledge the fact that these programs provide housing, meals, student group travel, and numerous other services, including responding 24/7 for the health and safety of students in a foreign environment. Although according to the Spencer, Kreutzer, and Shallenberger survey organizations are staffed appropriately with a student to staff ratio of 47:1, for the majority of the APUNE programs the average ratio is 13:1⁸. This study will therefore adopt the 13:1 student ratio when estimating expenditures for in-country personnel for semester programs. For this report’s purpose we will assume that US higher education institutions would not hire local personnel for quarter, 8-week, January term, or summer sessions, but would rather send one or two faculty members and would outsource all student services.

There is little data available on salaries for education abroad position in Spain. To assess expenditures in this area, again we looked at data from the Spencer, Kreutzer, and Shallenberger (2008) Forum on Education Abroad’s report, on average salaries for Directors of International Education and Study Abroad advisors. According to these authors data gathered from CUPA-HR indicates that the average salary for Directors of International Education is \$81,032. According to the same source, the average salary for an Advisor is \$39,087.

Figures on salaries, published by the Spanish Instituto Nacional de Estadística (INE), helped to further establish a rationale to assess personnel expenditures. According to the INE, the average monthly salary for the third quarter of the year 2013, was 2.460,64 Euros⁹. This is approximately \$38,000 (exchange rate used 1 Euro = \$1.30) per year, an amount almost matching that quoted by Spencer, Kreutzer, and Shallenberger (2008) for

⁸ APUNE director's survey, Fall 2013

⁹ INE: Costes Laborales por Trabajador y mes, retrieved on October 10, 2014 from <http://www.ine.es/jaxi/tabla.do?path=/t38/p604/a2000/l0/&file=07050c2.px&type=pcaxis&L=0>

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International Education Advisors in the USA. Lacking access to more specific data, for the purpose of this report we used \$38,000 as the yearly salary for all in-country staff. We are aware of the dangers of not making a distinction between program directors and support-staff workers, and intend to revise this section when more specific data on personnel and positions becomes available.

Assuming the ratio of students to staff is of 13:1, programs of different length would require the following personnel (see Table 9),

1. Semester programs: 19,500 students at 13:1 ratio, 1,500 staff hired for an average of four months
2. Quarter/8-week programs: 8,515 students, no staff hired ; and
3. Summer programs/Jan. session: 22,220 students, no staff hired.

Table 9: Total costs for local personnel

Costs for local staff hired by US programs				
Program length	Number of students	Number of staff	Months hired	Total
Semester programs	19500	1,500	4	14,763,840 €
Quarter programs	8515	284	0	0
Summer programs	22220	0	0	0
Total personnel costs for an academic year				14,763,840 €

Conclusions

According to the calculations in the previous sections of this report, the economic impact of study abroad in Spain would have exceeded 197,675,842.50 Euros in the 2013-2014 academic year, as shown in Table 10. This is a significant increase from the approximately 140 million Euros of the previous (2009) report. While this is still a minimal part of the country's gross domestic product (GDP), worth approximately 1,045 billion Euros in 2013, it is none the less a significant amount. In addition to the immediate measurable impact of US study abroad students attending programs in Spain, there are other economic and social returns on investment (SROI) to be considered beyond the scope of this study, including the long-term impact of international education on individuals¹⁰.

Findings, by type of expense and program length, are shown in Chart 4.

¹⁰ See *SAGE: Beyond immediate impact*. (2009, February) <http://cehd.umn.edu/projects/sage/>; The empirical basis for adopting a civic rationale for internationalization (November 2011) <http://link.springer.com/article/10.1007/s10734-011-9485-0#page-1> ; and Study abroad and its transformative power (2010) http://home.southernct.edu/~kennedym4/GlobalLearning/Study_Abroad_and_its_Transformative_Power.pdf

Table 10: Approximate total in-country expenditures resulting from US students attending study abroad programs in Spain in the academic year 2012-2013 (Euros)

PROGRAM LENGTH	NUMBER STUDENTS	PROGRAM ITEMS & SERVICES	ADDIT. STUDENT SPENDING	PERSONNEL COSTS	TOTAL AMOUNT
Semester	19,500	3,831/student 74,704,500 total	2,220/student 43,290,000 total	14,763,840	132,758,340
Quarter/8-weeks	8,515	1,915.50/student 16,310,482.50 total	1,100/student 9,366,500 total		25,676,982.50
Summer/ Jan. Session	22,220	1,211/student 26,908,420 total	555/student 12,332,100 total	No local staff	39,240,520
TOTAL ALL PROGRAMS	50,235	117,923,402.50	64,988,600	14,763,840	197,675,842.50 €

Recommendations

US study abroad programs in Spain have a significant economic impact on the host country. A lack of accurate data on the financial volume of these programs hinders stakeholders awareness on their benefits to the Spanish economy and the country's society.

Adequate resources and procedures should be made available to: (a) maintain records on the activity of US universities and study abroad organizations in Spain; (b) promote research on the economic and social benefits of US study abroad programs; and (c) continue to distribute these data among the host stakeholders, including public authorities.

The second-level and long-term influence of study abroad students on the Spanish tourism industry and the social return on investment (SROI)¹¹ to the host communities should be the subject of future studies.

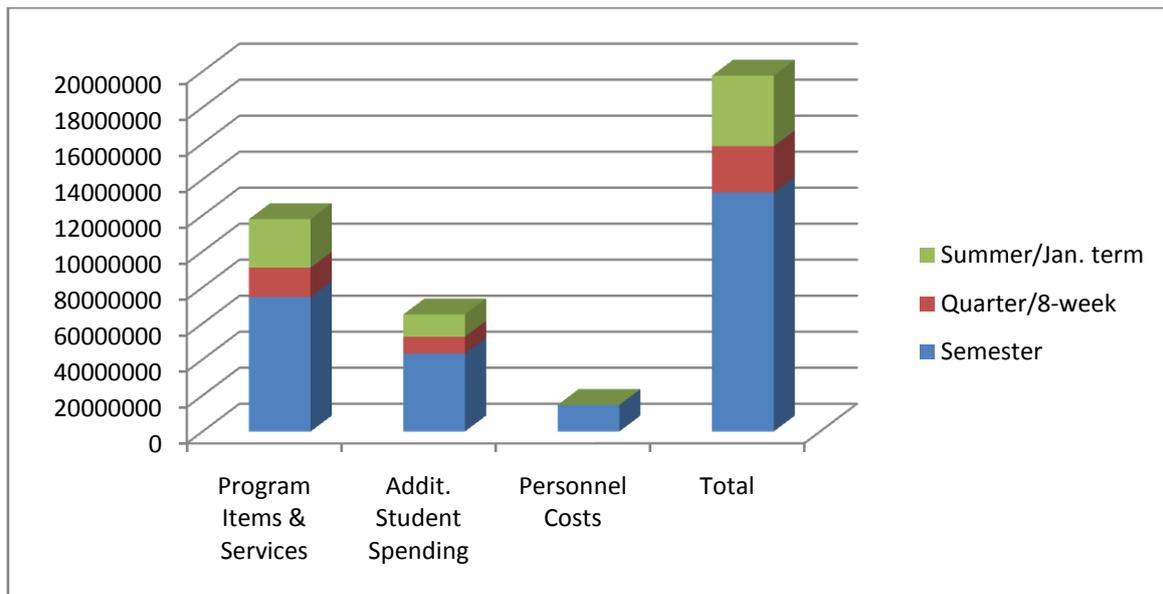
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¹¹ See a working definition of SROI at http://www.sroi-canada.ca/about/cost_to_value.html

Chart 4: Study findings, by type of expense and program length



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