

Impact of Exchange Programs on American Host Communities

Bureau of Educational and Cultural Affairs

Madison Abreu, Dominique Dempsey, Tess Herdman, Marykate Juliano, Tseganesh Tadele,

Clifford Young, Saliho Touré

Professor Robert Kelley

SISU 419: Diplomacy Lab

American University

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Introduction:

The United States runs a variety of annual exchange programs and intercultural opportunities that bring foreign nations to host communities nationwide. These host communities benefit immensely from the arrival of the program participants. Specifically, research shows that in economic areas, program participation is best seen through: the economic approaches to cultural exchange programs, economic impact of international students, post-cultural exchange economic impact, economic diplomacy, and the impact of temporary workers. The positive relationship between exchange programs of all kinds and host communities suggests that these programs must be continued and developed further. An additional result of the positive correlation reveals the increasing economic advantages of the continuation of these programs, which yields limitless opportunities for the United States.

Economic Approaches to Cultural Exchange Programs:

Questions have been raised as to whether rethinking political and economic policy towards international cultural exchange programs could stimulate greater economic growth within host nations. The international perspective and function of education, and its associated programs, have immensely shifted over the years. There was an adjustment from viewing subsidizing international students as a type of foreign aid in the 1960s and 1970s, to a great reduction in foreign aid in the 1980s and 1990s, to today's full-price marketing approach.¹ This is reflective of a rapidly globalizing economy with a market chock-full of opportunity. In

¹ Liang-Hsuan Chen, "Internationalization or International Marketing? Two Frameworks for Understanding International Students' Choice of Canadian Universities," *Journal of Marketing for Higher Education* 18, no. 1 (September 8, 2008): p. 2, <https://doi.org/10.1080/08841240802100113>.

recognizing the space for economic growth, policy-makers and economists worldwide are espousing the idea that international education should be viewed as a form of international trade in which countries trade human capital "and the associated acceleration of knowledge transfer could become a key factor in promoting economic development in future decades".²

Further, current estimates predict that the international university student population could reach 332 million by 2030, meaning there would be 160 million more (56% increase) international university students in the global higher international education realm and the global economy.³ The ever-increasing international student and cultural exchange participant population have the opportunity to stimulate greater benefits to host nations. These gains would include larger economic performance, gross domestic product growth, knowledge flows, technological innovation, international trade, and foreign direct investment to host nations.⁴ These gains are prevalent in host nations, but their growth potential depends on host nations' view and structure of international cultural exchange programs. With that being said, host nations that have a more-developed, national approach to international education and cultural exchange programs will see more economic prosperity than those nations whose approach may lack a national structure.⁵ Given all of this information concerning the growth of cultural exchange program participants, including international students, and the economic benefits that come with them, it is no wonder that more countries are shifting their view of international participants from a school or local economic tool, to integrating and attracting international program participants into their larger, national economic strategy.

² Nick Adnett, "The Growth of International Students and Economic Development: Friends or Foes?" *Journal of Education Policy* 25, no. 5 (October 6, 2010): 626.

³ Marguerite J. Dennis, "2019 Open Doors Report on International Educational Exchange — Any Surprises?," *Enrollment Management Report* 23, no. 11 (February 2020): p. 3.

⁴ The Conference Board of Canada, *The Economic Implications of International Education for Canada and Nine Comparator Countries*, by Michael Bloom, Kurtis Kitagawa, Debbie Murray, Jacek Warda, Douglas Watt, and Janusz Zieminski. Canada: International Cultural Relations Bureau/Department of Foreign Affairs and International Trade, 1999: 6.

⁵ *Ibid*, p. 6.

After determining that there is room for extensive economic growth, several nations, including Great Britain, Australia, and Canada, have notably begun to prioritize international cultural exchange programs, reaping great benefits. Shifting to a "marketing-oriented" system, these three countries have started to aggressively market and recruit cultural exchange program participants.⁶ In doing so, these countries have taken to using cultural exchange programs as an economic tool, incorporating them into their larger economic strategy. Part of this strategy includes conducting numerous studies concerning recruiting cultural exchange participants through marketing, and what methods of marketing are deemed most effective.⁷ Through this research, these countries have been able to maximize the benefits that come from cultural exchange programs. Additionally, the positive impact cultural exchange participants have on the tourism industry of their host nations is notable, through which "these students can be considered as inbound tourists and can facilitate the arrival of new visitors," including friends and family.⁸ Through this classification, Great Britain, Australia, and Canada treat cultural exchange programs and higher education as an export service.⁹ This reclassification aids in shifting the view of cultural exchange programs as an economic tool through which they can tap as a larger resource of economic stimulus. Moreover, as a result of integrating cultural exchange programs, along with higher education, into their national economic strategy, Great Britain, Australia, and Canada, have garnered mammoth resources for their higher education institutions and gains to their economies.

⁶ Chen, "Internationalization or International Marketing? Two Frameworks for Understanding International Students' Choice of Canadian Universities," 2.

⁷ Chen, p. 2.

⁸ Xesús Pereira López, Melchor Fernández Fernández, and André Carrascal Incera, "The Economic Impact of International Students in a Regional Economy from a Tourism Perspective," *Tourism Economics* 22, no. 1 (2016): 126.

⁹ *Ibid.*, p. 126.

While the United States has gradually moved towards seeing cultural exchange programs as an important source of economic growth in the past decades, the nation will not receive the full economic benefits of these programs, along with higher education, until they are prioritized in the United States' larger economic strategy. Cultural exchange program participants, including international students, "contribute more than \$45 billion to the U.S. economy and directly or indirectly support more than 450,000 jobs," and "between 8 and 10% of total net tuition comes from international students' tuition and fees" at American universities.¹⁰ Recognizing these numbers, cultural exchange programs contribute great amounts to the U.S. economy and U.S. institutions. Noting the large contributions, it is concerning that the U.S. saw a decrease in the number of program participants and international students for its third year in a row in 2019.¹¹ This raises the question as to why program participants and international numbers are decreasing. This decline can be attributed to a number of factors including the "recent rise in hostility towards immigration in the USA, which has resulted in executive actions to bar immigrants — including students — from certain countries, as well as policy proposals to raise taxes on graduate students."¹² These push factors have been paired with increasing restrictive policies concerning immigration from the current administration. In the 2017 White House budget presented to Congress, the U.S. Department of State wanted to cut funds by almost 75 % to cultural exchange programs in conjunction with increasingly restrictive immigration policies.¹³ While these push factors away from the U.S. are significant, other countries like Great Britain, Canada, and Australia have even stronger pull factors. Many other nations have similar quality

¹⁰ Dennis, "2019 Open Doors Report on International Educational Exchange — Any Surprises?," p. 3.

¹¹ Dennis, p. 2.

¹² Eric T. Stuen and Stefanie Ramirez, "The Effects of Social Networks on the Flow of International Students," *World Economy* 42, no. 2 (2019): 509.

¹³ "How Educational Exchange and Collaboration Supports the U.S. Economy and National Interests," www.theglobalamericans.org (Global Americans, November 1, 2018), <https://theglobalamericans.org/reports/educational-exchange-collaboration-supports-u-s-economy-national-interests/>.

educational institutions that cost significantly less than those in the U.S., safer and friendlier environments, and easily obtainable student and work visas.¹⁴ Considering these push and pull factors, the U.S. must act to reduce their push factors and adapt marketing strategies if it wants to retain the economic benefits it receives from cultural exchange programs. Acknowledging the causes of the diminishing cultural exchange program participant population in the U.S., it is increasingly important for the nation to place a larger focus on marketing and recruiting program participants if the nation does not want to see a loss in its economic gains from these program participants.

In addition to trying to preserve the cultural exchange participant population and the economic benefits that come with them, the United States could further stimulate its economy through shifting to a greater marketing approach. Along with the depreciating global economy, many U.S. states are suffering from revenue loss and rises in unemployment.¹⁵ The answer to assisting these struggling states could lie in cultural exchange programs. One way the U.S. could help these struggling states is engaging in state-specific marketing and recruiting of cultural exchange program participants, in addition to a larger national emphasis on using cultural exchange programs as an economic tool.¹⁶ Through state-specific marketing, local areas could attract cultural exchange program participants to help stimulate their economies. More specifically, cultural exchange program participants can heavily contribute to local economies by enhancing the educational experiences of the domestic student body, developing international business relationships, instituting new businesses, and inspiring innovation.¹⁷ Observing how cultural exchange programs could spark local economic revitalization and assist states, the U.S.

¹⁴ Dennis, p. 3.

¹⁵ Deborah L. Owens, Prashant Srivastava, and Anika Feerasta, "Viewing International Students as State Stimulus Potential: Current Perceptions and Future Possibilities," *Journal of Marketing for Higher Education* 21, no. 2 (2011): 158.

¹⁶ *Ibid.*, p. 157.

¹⁷ *Ibid.*, p. 159.

needs to take these ideas into consideration when developing their national economic strategy and shifting their view of these programs. Highlighting the recent decline of cultural exchange participants in the United States and how revamping the United States' approach to cultural exchange programs could provide economic relief for struggling states, displays how the United States could largely benefit from switching to strategies similar to other developed nations.

Measuring the Economic Impact of International Students:

As a result of globalization, there has been a steady increase of internationalization of higher education.¹⁸ There has been a steady growth of students migrating to the United States which has proven fiscally intuitive. According to the U.S. Department of Commerce international students have contributed \$44.7 billion to the U.S. economy in 2018.¹⁹ Additionally, a report from the National Association of Foreign Student Advisors concluded that, “international students studying at U.S. colleges and universities contribute[d] nearly \$41 billion to the U.S. economy and support \$458, 290 jobs” during the academic year of 2018-19.²⁰ The report is based on NAFSA’s annual state by state congressional district analysis of economic contributions of international students to the U.S. economy.

However, NAFSA recently released data showing a first ever drop in the international student’s contributions to the U.S. economy, mainly due to a decline in the overall student enrollment of international students during the 2019-20 school year²¹. In 2019-20 international

¹⁸ Garcia, de Lourdes Villarreal, “The ‘Redirecting’ of International Students: American Higher Education Policy Hindrances and Implications,” *Journal of international students* 4, no. 2 (June 22, 2014): 126–136.

¹⁹ Open Doors, “Study Abroad Data Study Abroad Trends International Students Trends Study Abroad Survey International Students Foreign Students Enrollment Report,” <https://www.iie.org/en/Research-and-Insights/Open-Doors/Economic-Impact-of-International-Students>, p. 2.

²⁰ NAFSA, “The United States of America Benefits from International Students,” *National Association of Foreign Student Advisors*, (2018-19): <https://www.nafsa.org/sites/default/files/media/document/isev-2019.pdf>.

²¹ NAFSA, “New NAFSA Data Show First Ever Drop in International Student Economic Value in the U.S.,” (2020):

students contributed \$38.7 billion, which is an approximate loss of \$1.8 billion compared to the previous year.²² As a response to the new data, the NAFSA executive director explains that the travel bans on international students, executive orders, xenophobic rhetoric, and a lack of a coordinated response to the national pandemic contribute to the decline in the enrollment of international students, in turn reducing the amount of value brought in the economy for the 2019-20 year.²³ Before the 2019-2020 decline in the overall student enrollment of international students, over a 10 year period, NAFSA collective evidence revealing an upward trend of the economic benefits of international students' enrollment in the U.S. based on data published by *Open Doors* and the Institute of International Education in partnership with the Bureau of Educational and Cultural Affairs of the U.S. Department of State. Within the analysis exists a direct relationship between the enrollment of international students and economic benefits and jobs in the U.S. NAFSA has reported that international students have contributed in multiple aspects to the growth of the U.S. economy. International students compose of 5.5% overall of the U.S. college enrollments.²⁴

According to Open Doors throughout the 2018-2019 academic year 1,095,299 international students studied in the U.S. in academic and OPT programs.²⁵ The leading fields of study for international students in the U.S are engineering, math computer science, business and management, social sciences, physical and life sciences, fine and applied arts, intensive English, humanities, and education.²⁶ International students have been found to study in large clusters in 3 states. The most prominent states in the U.S where one out of three international students study

[https://www.nafsa.org/about/about-nafsa/new-nafsa-data-show-first-ever-drop-international-student-economic-value-us#:~:text=Washington%2C%20November%2016%2C%202020%20%E2%80%93,4.4%20percent%20\(a%20loss%20of](https://www.nafsa.org/about/about-nafsa/new-nafsa-data-show-first-ever-drop-international-student-economic-value-us#:~:text=Washington%2C%20November%2016%2C%202020%20%E2%80%93,4.4%20percent%20(a%20loss%20of)

²² NAFSA, "New NAFSA Data Show First Ever Drop in International Student Economic Value in the U.S."

²³ Ibid.

²⁴ NAFSA, "International Students Contribute to Our Economy and American Innovation", (2018) https://www.nafsa.org/sites/default/files/ektron/files/underscore/infographic_econ_value_2018.pdf.

²⁵ Open Doors, "A Quick Look at International Students in U.S," (2019): 1.

²⁶ Ibid.

are California, New York, and Texas.²⁷ This illustrates a correlation between economic prosperity and international student population granted that these states land in the top state economies in the U.S. Additionally, While these three states are the most prominent, in proportion to all international students in higher education 14% study in Massachusetts, 13% in the District of Columbia, 12% in Delaware, 10% in New York, and 8% in Connecticut.²⁸

International students can be found studying at varying higher institutions within the U.S. one question that remains to be answered: what is the primary means that international students pay for their tuition? The primary source of funding for international students to study within the U.S. are 62% international funding sources, 38% U.S. funding sources and 1% other.²⁹ International students primarily support their own educational costs. This trend remains prevalent within the 2019-2020 academic year.

China for the last 10 years has remained the primary source of international students in the U.S.³⁰ In the 2018/19 academic year, 369,548 from China international students contributed to undergraduate, graduate, non-degree and OPT programs in the U.S.³¹ Within the U.S. community college system there are an estimated 86,351 students that have generated \$2.6 billion to the U.S. economy.³² California, a leading state in proportion of all international students in higher education, has reaped immense financial benefits in varying community colleges.³³ The total economic contribution from international students within California which

²⁷ Ibid.

²⁸ Open Doors, “A Quick Look at International Students in U.S.” p. 1.

²⁹ Ibid.

³⁰ “Global Flow of Tertiary-Level Students,” (2019): 1. <http://uis.unesco.org/en/uis-student-flow>.

³¹ Open Doors, “Study Abroad Data Study Abroad Trends International Students Trends Study Abroad Survey International Students Foreign Students Enrollment Report,” <https://www.iie.org/en/Research-and-Insights/Open-Doors/Economic-Impact-of-International-Students>, p. 2.

³² NAFSA Economic Value of International Students at U.S. Community Colleges (2019), <https://www.nafsa.org/policy-and-advocacy/policy-resources/nafsa-international-student-economic-value-tool-v2>.

³³ ACE American Council on Education, Hagedorn Sierra Linda “International Students in Community Colleges: An Unplanned Diversity,” pp. 2-3. <https://www.acenet.edu/Documents/International-Students-in-Community-Colleges.pdf>

includes economic contributions of international students and their families to the U.S. economy.³⁴ This also includes the economic contributions that international students bring to their local campuses and local communities.³⁵ The total financial contribution to California was \$6.8 billion, 74,814 jobs were supported and in total, 161,693 international students were enrolled.³⁶ Within California, Santa Monica College has received \$105.60 million and created 616 jobs, Foothill College has received \$56.90 million and created 329 jobs, Orange Coast College has created \$48.6 million and created 282 jobs, Diablo Valley College has received \$39.90 and made 234 and lastly Santa Barbara City college has made \$36.40 million and created 212 jobs.³⁷ The research suggests that international students' influence on the U.S. economy is expansive and invaluable.

Post-Cultural Exchange Program Economic Impact:

In addition to economic changes as a result of cultural exchange programs during the programs themselves, studies have shown that post-program effects continue to impact American communities and the economy in the long run. This economic impact can be examined through a number of different lenses. However, this section will address this topic in terms of individuals who remain in the United States post-program, global competitiveness, and technological innovation. Overwhelmingly, the literature and studies conducted highlight the economic benefits from post-cultural exchange programs, especially study abroad and international studies in higher education, and prior to COVID-19, international skilled workers have remained in demand in the U.S. economy.

³⁴ NAFSA “Economic Value Statistics: Benefits From International Students” (2019), pp. 4-5.

³⁵ Ibid.

³⁶ Ibid, p. 5.

³⁷ Ibid, p. 3.

The number of international participants who choose to remain in the United States after their exchange programs have ended has drastically increased over the past few years. According to a 2018 Pew Research Center study, approximately 1.5 million international students who studied in the American higher education system remained in the U.S. post-program between 2004 and 2016 and worked through the federal government's OPT program.³⁸ Additionally, many international individuals who wish to stay require an H-1B visa. In 2016 alone, the U.S. government reserved an extra 20,000 H-1B visas for international students who graduate with advanced degrees to ensure their presence in the U.S. workforce, especially in science, technology, engineering, and mathematics (STEM)-related fields.³⁹ It is an important concession to recognize that not all H-1B visa recipients are products of cultural exchange or study abroad programs. However, trends prior to 2016 show that a majority of international students intended to remain in the U.S. post-program to work as a result of better economic conditions and job markets.⁴⁰ The U.S. government continues to prioritize former international students in the H-1B visa program as to assert U.S. global competitiveness and continue scientific innovation.

According to that same Pew Research Center study, 53% of those individuals who remain specialize in STEM fields.⁴¹ These individuals are highly valued in this field and continue to increase the country's technological advancement. Additionally, many policies in recent years have seemingly made it easier for these individuals in STEM to gain permanent residency in

³⁸ Neil G. Ruiz and Abby Budiman, "Increase in Foreign Student Graduates Staying and Working in U.S.," *Pew Research Center's Global Attitudes Project* (blog), May 10, 2018. <https://www.pewresearch.org/global/2018/05/10/number-of-foreign-college-students-staying-and-working-in-u-s-after-graduation-surges/>.

³⁹ Kevin Shih, "Labor Market Openness, H-1b Visa Policy, and the Scale of International Student Enrollment in the United States," *Economic Inquiry* 54, no. 1 (2016): 124. <https://doi.org/10.1111/ecin.12250>.

⁴⁰ Tang Li, "Relationship between Economic Activity and the Size of the International Student Population in OECD Countries - ProQuest," 2014. p iii. <https://www.proquest.com/docview/1564239153/fulltextPDF/C04C0AFB54BA4C61PQ/1?accountid=828>.

⁴¹ Neil G. Ruiz and Abby Budiman, "Increase in Foreign Student Graduates Staying and Working in U.S."

order to further advance the field in the U.S.⁴² A two decade study spanning from 1990-2010 after the establishment of the H-1B visa program concluded that just a one point increase of international STEM workers in a city's total employment increased wages for college-educated native workers by 7-8% and non-college-educated native workers by 3-4% while, overall, increasing productivity in local economies.⁴³ Historically, we can see the economic value of international STEM workers on local economies. However, it is important to note that there is little information available to determine if these individuals formerly participated in cultural exchange programs in the U.S. Additionally, this data can only account for trends as of 2010 nor global attitude changes towards the U.S. since 2016.

This influx of remaining international students has continued to influence the identity and competitiveness of the American workforce. The increase of international students is interconnected with the increase of skilled and highly skilled workers in host countries after program completion.⁴⁴ Both local economies and the U.S. economy as a whole benefit from the influx of these skilled workers into the market. Nearly one-quarter of the \$1 billion U.S. startup companies are accredited to what were once International students.⁴⁵ These startups continue to boost the American economy, create new jobs, and increase innovation. Additionally, individuals in the H-1B visa program have created new jobs in STEM and economic linkages in local economies such as Silicon Valley in California that have continued to flourish in correlation with diversity and economic openness.⁴⁶ Post-exchange program participants who remain in the U.S. to work increase market competitiveness both domestically and abroad which

⁴² Catalina Amuedo-Dorantes and Delia Furtado, "Settling for Academia?: H-1B Visas and the Career Choices of International Students in the United States," *Journal of Human Resources* 54, no. 2 (2019), 1. <https://doi.org/10.3368/jhr.54.2.0816.8167R1>.

⁴³ Giovanni Peri, Kevin Shih, and Chad Sparber, "STEM Workers, H-1B Visas, and Productivity in US Cities."

⁴⁴ Tang Li, "Relationship between Economic Activity and the Size of the International Student Population in OECD Countries." p. 2.

⁴⁵ Ibid, p. 3.

⁴⁶ AnnaLee Saxenian, "Silicon Valley's New Immigrant High-Growth Entrepreneurs," *Economic Development Quarterly* 16, no. 1 (February 1, 2002): 29. <https://doi.org/10.1177/0891242402016001003>.

can have negative effects on native workers in local communities, but tend to be positively affected by the jobs created by these visa holders.

It is important to note that the Trump Administration and COVID-19 have drastically changed the international students' presence in the economy and, as a result, the individuals who choose to stay and work after programs. As mentioned prior, STEM-hubs like Silicon Valley that rely on these workers, many of whom are participants in the H-1B visa program, feel paralyzed in the hiring of talented, educated individuals as a result of President Trump's travel and immigration restrictions over the past four years.⁴⁷ Likewise, COVID-19 has restricted travel overall, drastically impacting the U.S. economy as a whole. However, under the assumption that post-program participants typically choose the H-1B visa program, especially in STEM-related fields, there is a correlation between these individuals and economic prosperity in the U.S. It is recommended that connecting exchange programs participants and H-1B visa participants will be effective in future evaluations of the ECA programs.

Economic Diplomacy

These cultural exchange programs not only have had positive impacts on the United States' economy, but also on economic diplomacy. Exchange programs have resulted in the forging of business relationships between program participants and Americans alike, the expansion of influence of American businesses abroad, and the development of the necessary skills for these businesses to succeed in the international economy.

These are possible because exchange programs build diplomatic and political goodwill across the globe that the U.S. government can leverage for its long-term national interest goals, as well as create links and opportunities that further American business interests overseas and at

⁴⁷ Hannah Kuchler, "Silicon Valley Stalls Hiring of Foreign Tech Workers - ProQuest," (August 9, 2017), <http://www.proquest.com/docview/1936703175?accountid=8285>.

home.⁴⁸ According to Global Americans, a think tank specialized on the Americas, exchange programs are enormously important for maintaining competitiveness through widening markets for American businesses, therefore, U.S. policymakers should defend these programs.⁴⁹ Furthermore, in addition to promoting American's businesses abroad, exchange programs have increased domestic and international investment opportunities for American businesses. Moreover, in regards to educational exchange, the experience of studying in the U.S. develops long-lasting personal and business connections that can withstand efforts by U.S. competitors that aim to diminish U.S. influence.⁵⁰ Effectively, this creates a network of allies around the world that are more inclined towards supporting the U.S.

The Mandela Washington Fellowship, a flagship program of the Young African Leaders Initiative that provides up to 700 young leaders from Sub-Saharan African with the opportunity to hone their skills in the U.S., added the reciprocal exchange component to the fellowship to build on relationships that alumni cultivated with businesses, industry experts, and organizations as part of their exchange.⁵¹ Reciprocal exchanges pair American entrepreneurs with former international exchange participants. With these experiences, American businesses have gained greater insight into how to enter new markets around the world.⁵² The reciprocal exchange program offers a clear pathway for exposure to foreign markets.

3 Day Startup, an organization in Austin, Texas, credited the reciprocal exchange component through the Mandela Washington Fellowship, for providing them with exposure to the Malawi market, and their relationship established with young African entrepreneurs.⁵³

⁴⁸ Global American, "How educational exchange and collaboration supports the U.S. Economy and National interest," *Global American*, (2018): 1.
<https://theglobalamericans.org/wp-content/uploads/2018/04/GA-Education-FINAL-5-24.pdf>, p. 3.

⁴⁹ Ibid, p. 3.

⁵⁰ Ibid, p. 4.

⁵¹ Neetha Tangirala, "International Exchange programs and the opportunity for U.S. business," *IREX*, 2017: 1.
<https://www.irex.org/insight/international-exchange-programs-and-opportunity-us-businesses>.

⁵² Ibid.

⁵³ Ibid.

Moreover, 3 Day Startup stated that “We would not be in Malawi without the support of the Mandela Washington Fellowship, the U.S. Department of State, and the International Research & Exchange Board (IREX), who have given us a platform to cultivate meaningful connections.”⁵⁴ Alexis Taylor, a program manager at 3 Day Startup, stated that for small businesses, reciprocal exchanges provide them the opportunity to strengthen their position within a market, and gain insight, which increases their ability to compete.⁵⁵ Overall, exchange programs like the reciprocal program provide U.S. businesses and entrepreneurs access to foreign markets on a more personal level.

Measuring the Economic Impact of Seasonal Exchange Participants:

According to a 2017 study on the U.S. State Department Summer Work Travel program (SWT) conducted by EurekaFacts, a full-service market and social science research firm, and commissioned by the Alliance for International Exchange, the SWT program boosts the U.S. economy and protects American jobs.⁵⁶ The employer sample size of the survey included 405 employers with 67% of employers classifying their primary industries as hospitality or food service such as hotels, resorts, and restaurants.⁵⁷ This study lends support to the idea that SWT is acting to fill gaps in the American economy and fulfilling its intended purpose.

The SWT program’s stated goal is, “[to] help American employers meet critical seasonal labor demands.”⁵⁸ Based on the aforementioned EurekaFacts study, survey data details 96.8% of employers report seasonal labor shortages.⁵⁹ Therefore, SWT participants fill the critical labor gap. As a result, these participants help to increase business revenues, allow businesses to

⁵⁴ Ibid.

⁵⁵ Ibid.

⁵⁶ EurekaFacts LLC, “Summer Work Travel Program Review,” *EurekaFacts LLC*, (August 22, 2017): p. 1. <https://www.eurekafacts.com/wp-content/uploads/2018/10/SWT-Impact-Evaluation-Final-Report.pdf>.

⁵⁷ Ibid, p. 34.

⁵⁸ Ibid, p. 4

⁵⁹ Ibid, p. 3.

operate at full capacity, and avoid laying off permanent American workers.⁶⁰ Half (50.8%) of the employers of SWT participants surveyed stated that the absence of SWT participants would have a “big negative impact” on their revenue.⁶¹ An overwhelming majority of the employers of SWT participants (91%) were satisfied or very satisfied with the effect of the SWT program on their businesses.⁶²

The analysis of the study suggests that “SWT participants supplement the existing workforce rather than compete for existing jobs with local workers.”⁶³ In fact, in view of adverse effects on business revenues and services in the absence of the program, the SWT program potentially protects American workers from being permanently laid off. An overwhelming majority of employers (87.4%) reported that the lack of the SWT program equals negative business outcomes.⁶⁴ According to a calculation based off of 94,983 participants in 2016, the “total estimated contribution of SWT exchange participants to the U.S. economy was about \$509 million.”⁶⁵ Based on the survey of over 300 SWT participants, on average, participants contributed \$1,117 each to the U.S. economy.⁶⁶ Additionally, SWT participants spent “78% of their wages in the U.S.”⁶⁷ The same study found that “nearly three quarters of participants (74.1%) described their opinions of American people as becoming more positive or much more positive after completing the program.”⁶⁸ This supports the conclusion that the program also acts as a positive source of cultural exchange in addition to its economic role.

A 2016 study interviewing hiring managers in North and South Carolina found that the J-1 program was the most valuable for employers when their costs were high or their cap on

⁶⁰ EurekaFacts LLC, “Summer Work Travel Program Review,” p. 4.

⁶¹ Ibid, p. 6.

⁶² Ibid, p. 3.

⁶³ Ibid, p. 7.

⁶⁴ Ibid, p. 40.

⁶⁵ Ibid, p. 44.

⁶⁶ Ibid, p. 46.

⁶⁷ Ibid, p. 46.

⁶⁸ Ibid, p. 29

H-2B workers had been met.⁶⁹ The article also suggests that labor shortages in seasonal tourist areas could result from high costs of living or because the jobs are too temporary, underpaid, or physically difficult to attract domestic workers who desire long-term employment.⁷⁰ This evidence is in line with the argument that the SWT program does not reduce employment opportunities for domestic workers.

The Bureau of Labor offers an explanation for the decline of seasonal employment among American youth as a shift in priorities. The youth indicate greater participation in summertime academic programs (i.e. internships) as opposed to seasonal jobs: “those enrolled in schools or colleges are increasingly placing more value on other summer time activities like academic pursuits or internships.”⁷¹ If this trend continues, it is probable that the need for SWT workers will continue, or even potentially increase.

Concerns have been raised by the International Labor Recruitment Working Group (ILRWG) that SWT lacks protections for student workers from being exploited by their companies and that this may lead to participants developing a negative view of the United States.^{72,73} This includes concerns about economic exploitation such as wage theft and also more serious allegations of human trafficking. The Polaris anti-trafficking hotline stated that they received sixty-seven self-reports of human trafficking from J-1 workers between 2015 and 2017.⁷⁴ ILRWG has recommended instituting a requirement for a cultural component for J-1

⁶⁹ William C. Terry, “Solving Seasonality in Tourism? Labour Shortages and Guest Worker Programmes in the USA,” *Area* 48, no. 1 (2015): 116. <https://doi.org/10.1111/area.12242>.

⁷⁰ *Ibid.*, p. 117.

⁷¹ EurekaFacts LLC, “Summer Work Travel Program Review,” *EurekaFacts LLC*, (August 22, 2017): p. 7. <https://www.eurekafacts.com/wp-content/uploads/2018/10/SWT-Impact-Evaluation-Final-Report.pdf>.

⁷² “Shining A Light on Summer Work A First Look at the Employers Using the J-1 Summer Work Travel Visa” (*The International Labor Recruitment Working Group*, 2019) <https://migrationthatworks.files.wordpress.com/2020/01/shining-a-light-on-summer-work.pdf>.

⁷³ “Culture Shock: The Exploitation of J-1 Cultural Exchange Workers” (*The Southern Poverty Law Center*, February 2, 2014), <https://www.splcenter.org/20140201/culture-shock-exploitation-j-1-cultural-exchange-workers>.

⁷⁴ “Shining A Light on Summer Work A First Look at the Employers Using the J-1 Summer Work Travel Visa” (*The International Labor Recruitment Working Group*, 2019), p. 27.

programs, strengthening labor protections for these workers, and spreading information about legal recourse for J-1 workers when their rights are violated.⁷⁵ The Southern Poverty Law Center echoes the ILRWG's recommendation of a ban on jobs with no cultural exchange component.⁷⁶

A 2017 article highlighted the shifting business models of many American companies to focus on temporary, flexible workforces as a root cause for the exploitative problems with the program.⁷⁷ The very nature of the J-1 worker program being concentrated in vacation areas has also been identified as an issue for adequate housing and transportation, as the cost of living in these areas during peak tourist season forces many participants into employer-controlled housing.⁷⁸ This study states that interventions by the Department of State to prevent sponsor negligence by revoking sponsor authorization for the next year if companies violate their requirements have been beneficial.⁷⁹ However, many J-1 participants do leave with a positive view of the United States⁸⁰, and many communities now rely on this seasonal influx, so it is vital to preserve the positive aspects of the program while addressing structural issues that leave participants vulnerable to exploitation.

Conclusion:

Researching the economic impact of exchange program participants on host communities and the United States, more generally, has revealed an overwhelmingly positive relationship between the two parties. The following subgroups analyzed showcase the aforementioned relationship: viewing the approaches to cultural exchange programs, evaluating the impact of

⁷⁵ Ibid, p. 29.

⁷⁶ "Culture Shock: The Exploitation of J-1 Cultural Exchange Workers" (The Southern Poverty Law Center, February 2, 2014).

⁷⁷ Catherine Bowman and Jennifer Bair, "From Cultural Sojourner to Guestworker? The Historical Transformation and Contemporary Significance of the J-1 Visa Summer Work Travel Program," *Labor History* 58, no. 1 (2016): 18. <https://doi.org/10.1080/0023656x.2017.1239889>.

⁷⁸ William Terry, "Precarity and Guest Work in U.S. Tourism: J-1 and H-2B Visa Programs," *Tourism Geographies* 20, no. 1 (2017): 95. <https://doi.org/10.1080/14616688.2017.1336784>.

⁷⁹ Ibid, p. 98.

⁸⁰ Ibid, p. 103.

international students, analyzing the effects of the post cultural economic impact, and the effect of seasonal exchange participants. Consequently, the United States gains tremendously regarding the economics of the many exchange programs and opportunities.

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