Which universities will be hit hardest by Trump’s war on foreign students?

It’s not the Ivy League

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If college presidents were hoping Donald Trump would tire of lambasting America’s universities, the latest tirades against international students have left them freshly agog. On June 4th Mr Trump escalated his attacks against Harvard, issuing an order suspending the university from a student-visa programme, which would stop foreigners from attending. Of wider impact is the government’s decision to pause scheduling new visa interviews for foreign students, no matter where they aim to study. Beyond the damage this is doing to America’s reputation, and its prowess in research, the tumult has bean-counters across the country’s higher-education system wringing their hands.

Many American colleges and universities were facing financial problems long before Mr Trump’s return to the White House. Americans have soured on higher education, after years in which participation grew fast. The share of high-school leavers going straight to college fell from around 70% in 2016 to 62% in 2022. In December Moody’s, a rating agency, said a third of private universities and a fifth of public ones were operating in the red.

Looming demographic change will bring more trouble. The total number of high-school graduates in America may fall by around 6% by 2030 and 13% by 2041, according to one estimate. The impact will vary widely by region: in some north-eastern and mid-western states (which for historical reasons have a surfeit of universities) the decline could be as high as a third.

Foreign students are not an antidote, but they are helping offset some pain. The million or so foreigners studying in America are roughly double the number in 2000. They pay far higher fees than locals for undergraduate courses—in some public universities as much as three times the rate, says William Brustein, who has led international strategy at several of them. Over half the foreigners are postgraduates; these courses tend to bring outsize profits.

Though America has more foreign students than any other country, it would seem to have room for more: they make up only about 6% of those in higher education, compared with over 25% in each of its main competitors—Britain, Australia and Canada. For now, alas, growth is the last thing anyone expects. The risk is both that the number of foreigners who turn up this autumn will fall sharply, and of a longer-lasting depression caused by future applicants turning to countries that seem more welcoming than America.

The big question is who might suffer the most if there is a bust. Ultra-elite institutions may look exposed: around 28% of Harvard’s students and a whopping 40% at Columbia come from abroad. But these institutions have many ways to balance the books: last year tuition fees (both domestic and foreign) and payments for room and board made up only about 20% of Harvard’s total income, compared with over 80% at the least prestigious private universities. Demand for spots at the highest-ranking universities is rarely affected by a slowdown and their home-grown students could pay more.

The trouble might be greater for second- and third-tier institutions, where foreign students are not quite so numerous but are often more important to the bottom line. For many years public universities ramped up foreign enrollment to make up for declining funding from the state where they are located. The best of these institutions were able to boost revenues by attracting high-paying Americans from out of state, whereas the rest had no choice but to pay agents and marketers to bring in overseas students. [...]