



**Fairleigh
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UNIVERSITY

The Leader in Global Education



Feasibility Study

Establishing a Branch Campus for International Students

Prepared by the Working Group of the
Board of Trustees Strategic Task Force

September 2004

FAIRLEIGH DICKINSON UNIVERSITY
FEASIBILITY STUDY

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FAIRLEIGH DICKINSON UNIVERSITY

FEASIBILITY STUDY

(EXECUTIVE SUMMARY)

ESTABLISHING A BRANCH CAMPUS FOR INTERNATIONAL STUDENTS

Task Force and Objectives

This feasibility study report is the result of a process that began in June 2002 with the creation of a Board Strategic Task Force that was charged with exploring the feasibility of establishing one or more FDU branch campuses for international students in cooperation with Campus Group Holdings Pty. Ltd. (CGH), an Australian company that had successfully developed several international student campuses for a major university in Australia.

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This report is divided into three phases (as was the Feasibility Study), the purpose of each was as follows:

Phase I

Examine the feasibility of establishing an FDU branch campus (or campuses) for international students and whether the University should pursue this initiative with CGH as a partner.

Phase II

Examine prospective sites for an FDU branch campus for international students and determine which site (or sites) are preferred in launching this initiative.

Phase III

Select a site and business model, and develop a final business plan for establishing FDU's first branch campus for international students.

Conclusions

Phase I of the Feasibility Study was concluded in June 2003 with the Task Force recommending, and the Board authorizing, the administration to inform CGH of the University's decision to continue the Feasibility Study for the development of a branch campus (or campuses) to serve international students, and that final approval of this initiative should move through the Board's normal approval process.

Phase II of the Study, in which a careful and thorough review of multiple demographic and non-demographic data collected for each prospective site was undertaken, concluded in June 2004 with the

Task Force recommending, and the Board approving, two sites for further consideration and development of business plans—the greater Los Angeles area and Vancouver, Canada. In addition, as a result of CGH's failure to recruit international students to the main FDU campuses under a master agreement that was initiated in the spring of 2000, a decision to move forward without CGH was reached.

Phase III of the Study, which was nearing completion at the time of this writing in late September 2004, focused mostly on the site determined by the Task Force Working Group to be the preferred site for the University's first branch campus for international students—Vancouver. The preferred business model and final business plan for Vancouver are presented and reviewed in the third and final phase of the report.

Final Steps

The Working Group plans to present the results of the entire Feasibility Study to the full Task Force as well as to other University constituencies in the coming months, and then to the full Board of Trustees for final approval at its meeting in December 2004.

FAIRLEIGH DICKINSON UNIVERSITY

FEASIBILITY STUDY

(PHASE I)

A BRANCH CAMPUS FOR INTERNATIONAL STUDENTS

Background

In the fall of 1999, the University adopted a mission that is consistent with the ideal on which it was founded—to be “a university of and for the world.” Since then, the University has done a great deal to bring the world to its New Jersey campuses through its distance learning initiative, Global Virtual Faculty™, affiliation with the United Nations, and enhanced recruitment of international students. It has also reached out to leading universities abroad to establish comprehensive academic affiliations based on articulation agreements that bring increasing numbers of international students to its main campuses each year.

While these successes have certainly advanced the University’s mission and have helped prepare FDU students to become “world citizens,” the University must focus on major strategic initiatives that will increase its visibility and distinguish it as *the leader in global education*.

In June 2002, the Board of Trustees created a Strategic Task Force to explore the feasibility of establishing one or more branch campuses outside of New Jersey. Such campuses would offer a narrow range of degree programs (i.e., in business, communications, computer science, information technology, and management information systems) and would target international students as the primary market.

This report is one result of a year-long study and seeks to address two key questions:

- Should the University pursue the feasibility of developing a branch campus outside of New Jersey, which would be dedicated primarily to serving a student body made up of international students?
- Should the University pursue the development of such a campus (or campuses) with Campus Group Holdings Pty. Ltd. as its partner?

International Higher Education Enrollment Trends

The number of international students from non-English-speaking countries desiring to pursue both undergraduate and graduate level education in English-speaking countries has grown exponentially over the past decade. Of the more than 1.8 million students pursuing higher education outside of their home country, over 1.2 million elect to study in an English-speaking country.

In order of preference, the three primary enrolling countries are the:

- United States
- Australia
- United Kingdom

The U.S. is the preferred location for international students. During the 2000-01 academic year, there were more than 600,000 international students studying in the U.S. These students added over \$12.8 billion to the U.S. economy. Nearly 400,000 new international students enter the U.S. every year. While the countries of origin have changed since September 11, 2001, and the INS has imposed new review restrictions, the absolute number of international students coming to the U.S. to study each year continues to grow.

Within the U.S., five geographic regions (states) emerge as the primary choices of international students:

International Students in the U.S., 2000-01 (Source: Institute of International Education)

Region	Enrollment
California	74,281
New York	58,286
Texas	37,735
Massachusetts	29,395
Florida	25,366

These data represent regions (states) selected by international students over at least the last decade. Similar information is available about geographic preferences for other countries (the U.K. (London); and Australia (Sydney)).

Further data reveal that international student enrollment growth is slowing in Australia and in the U.K. Higher education institutions are approaching optimum capacity with respect to the ratio of domestic to international students in both countries.

In contrast, the U.S. has significantly greater higher education capacity. While Australia and the U.K.'s percentage of international student participation is projected to decline, the U.S.'s outlook is continued growth. This position is supported by the U.S. State Department and the INS. The U.S.'s position as the number one sought after education destination for international students remains strong.

One other English-speaking country, New Zealand, has the capacity to grow its number of international students as well, but has a relatively small number of colleges and universities.

Interestingly, the same study year identified that one popular assumption is a myth. Common wisdom says that international students come to the U.S. because they want a traditional American college experience: ivy covered halls, an American roommate, participation in student organizations, and frequent personal conversations with professors and students.

However, the data fly in the face of this assumption. Across the U.S., a significant majority of the international student population lives off-campus. They tend to reside with others from their home country, report little involvement with student organizations, and come to campus for only classes or use of the library. And, as on-line library access grows, library visits are declining as well.

International students do not necessarily desire an American college experience. They come because they want an American education and degree. The campus, student activities, and interaction with American students are peripheral to their goals.

The Australian Higher Education International Student Market

The quality of the Australian higher education community is well-recognized around the world. Apart from the Australian National University, which was constituted under an Act of the Federal Parliament, all of Australia's universities were established and are recognized under State or Territory legislation. The Federal Government has principal responsibility for funding the 37 public universities, although universities are increasingly seeking funds from the wider community, in part as a result of the Government's stated intention to alter the public-private funding mix.

As early as 1989, Australian university leaders were looking to international student enrollment as a means to augment or enhance the gap between government funding and operational costs. In 1993, there were 37,152 international students enrolled at Australian universities. In 2001, the number had grown to 112,342. International student enrollment represents nearly 16% of the current 726,196 higher education population in Australia.

This growth in international student enrollment was the result of a conscious plan developed by The Australian Vice Chancellor's Committee of The Council of Australia's Presidents. Every three years, the Committee updates its *International Relations Strategic Plan*. It then develops an *Annual International Relations Work Plan*.

Another very creative and productive approach has been the creation of offshore programs. These are degree-granting programs offered in partnership with overseas higher education institutions. In 2001, Australian universities had 1,009 active offshore relationships.

The plan has been hugely successful. In 2001, Australian higher education derived 12% of its annual income from in-country, fee-paying international students, and 7% from offshore degree programs.

Australia and Australian universities see global higher education as a ripe marketplace and have taken important strategic moves to be a world player.

One Particularly Successful Model

In 1995, Central Queensland University (CQU), a public tertiary institution, signed a cooperative agreement with Campus Group Holdings Pty. Ltd. (CGH), a private company. Consequently, a fascinating and highly effective model of higher education delivery emerged.

Over time, five free-standing campuses were established by CQU, working collaboratively with CGH, to provide full academic degree programs to international students. Four sites are presently in Australia and one in Fiji. Central Queensland University provides the modular curriculum and complete academic oversight of all programs. Campus Group Holdings leases commercial office space and provides student marketing and recruitment functions, as well as daily site management. All income and expenses pass through and are audited by the University.

These international student campuses currently have an aggregate enrollment of nearly 11,000 students.

This model has been extremely successful—so much so that two years ago 40% of CQU's income came from its international student campuses. In fact, there was concern that further growth would move the income realized by CQU from its international student campuses out of proportion to its main campus revenue. For that reason, CQU capped international student enrollment at its present number.

Consequently, CGH entered into an agreement with Southern Cross University, another leading Australian university, to further penetrate the Australian market. The first Southern Cross campus dedicated to international students became operational in 2001.

The CQU model has an eight-year history of amazing success. One key element of that achievement is CGH's ability to recruit and deliver international students—students who want to study in an English-language environment.

Campus Group Holdings

Campus Group Holdings (CGH) was formed in 1995 and is a privately owned company operating extensively in Australia, Asia and with an increasing presence in the U.S., U.K. and Europe.

Campus Group Holdings is a unique organization that spans all categories of education.

The main marketing arm of CGH is its Global Assessment Certificate (GAC). This certificate training program provides English-language instruction, as well as fundamental skill development in areas such as writing, reading, science, mathematics, and technology-related topics. It is intended to prepare international students for success in higher education—specifically in the U.S., U.K., Australia, New Zealand and Canada.

The Global Assessment Certificate (GAC) is the first global university preparation program that is specifically designed to provide international students access to English-medium universities

worldwide. Currently the GAC is taught in the major international student markets globally. By 2005, the GAC will be delivered in twenty-two countries, teaching 31,000 students in 225 locations.

Campus Group Holdings recently signed a formal agreement with the respected, U.S.-based ACT Inc.—the alternative testing service to the SAT. The following is from their joint press release:

Strategic Alliance to Create Global Education Opportunities

A strategic alliance between ACT Inc. and Campus Group International Education Services (CGIES) creates a unique quality assurance benchmark that will enable universities in the United States, Australia, New Zealand, Canada, and the United Kingdom to confidently recruit students from diverse educational backgrounds from around the world.

...

The incorporation of these ACT programs and services into the GAC program will enable international students to verify that they possess the skills necessary for success in a university degree program and help them achieve their ultimate goal—the opportunity to enter and complete a university degree program in an English-speaking country.

...

Campus Group Holdings' success in Australia resulted in a request by the New Zealand government to create similar campuses for international students there. An agreement between CGH and the New Zealand government was finalized in 2001 and the first campus (The New Zealand International Campus—NZIC) is now operational.

FDU's Involvement with Campus Group Holdings

In December 2000, the University sent a fact-finding team to Australia to visit several Central Queensland University (CQU) campuses dedicated to international students and operated under an agreement with Campus Group Holdings (CGH). The team was composed of senior staff and a faculty representative. The team was assigned the responsibility of assessing the feasibility of developing additional FDU locations in the U.S. to serve international students, patterned after the highly successful Australian model.

Much has happened in the intervening two plus years. In particular, the events of September 11, 2001 caused the University to place a moratorium on this initiative.

In spring 2002, the University re-opened discussions with CGH. These discussions led to the development of a master agreement between FDU and CGH. Under the terms of this agreement, and among other academic program initiatives, the University had one year to decide if it wanted to develop a U.S.-based campus to serve primarily international students, in cooperation with CGH. If the University decides to pursue this endeavor, FDU and CGH will work together to develop a branch campus with a start-up date targeted for some time in 2004. Consideration of this project was one of the primary reasons for establishing the Board of Trustees Strategic Task Force. It should be noted that if the University decides not to go forward with this initiative, CGH will partner with another U.S. university to develop campuses in the U.S. for international students, as this is a key component of their strategic plan.

In December 2002, Carl Viola, Executive Vice President, and Dr. Christopher Capuano, Director of the School of Psychology, visited Australia and New Zealand to re-evaluate the CGH operations and assess the feasibility of moving this initiative forward.

Both individuals were and continue to be impressed with the growth in enrollment at each of the Australian locations. Equally important is the commitment made by CGH to the academic quality of CQU program offerings and the positive comments made by members of the senior administration of CQU regarding the working relationship between the two organizations.

Evaluation of the Concept and Opportunity for FDU

In formulating a response to the two initial questions and developing a recommendation, the Task Force considered many different dimensions to the concept of international student campuses. It summarized its consideration with the following points:

Positive Attributes of International Student Campuses

- Consistent with the University's mission.
- Provides an opportunity to obtain resources that can support the continued growth of the main campuses in New Jersey.
- Can help diversify the international student body on the two New Jersey campuses.
- Gets the FDU name to new areas in the U.S., facilitating a move from a regional to a national university.
- Predicated on a model that has proved successful, both academically and financially.

Areas of Concern with International Student Campuses

- Need to obtain licensing approval in the state where a branch campus is established.
- The international climate is becoming increasingly unstable, which could have a negative impact on the number of students allowed into the U.S. (although, as stated earlier, the data do not seem to support such a trend).

Recommendation

The University is heavily dependent on tuition and tuition-related revenue to meet its operating budget. The annual growth in enrollment for the two New Jersey campuses can only be expected to grow marginally from year to year. This is particularly true now that the College at Florham is nearing its capacity for full-time undergraduate students. The University must establish new positive cash flow locations that can help fund the initiatives that must be taken to keep the FDU-New Jersey campuses competitive.

The Strategic Task Force has responded positively to the key questions posed at the outset of this phase of the Feasibility Study. There is strong, documented evidence to the academic substance, viability and financial potential of international student campuses. An in-depth evaluation of Campus Group Holdings has confirmed the accuracy of all activities and integrity of its operations. There are no significant costs associated with moving this project to the next step.

The Strategic Task Force recommended, and the Board of Trustees approved, the following resolution at the Board's June 2003 meeting.

The Board hereby authorizes the administration to inform Campus Group Holdings of the University's decision to continue the Feasibility Study for the development of a branch campus (or campuses) to serve international students.

It is further recommended that the administration move the request for final approval of this initiative through the Board's normal approval process. This would include the presentation of a complete business plan to the Board's Finance and Budget Committee and the presentation of an academic program delivery model to the Board's Educational Affairs Committee.

FAIRLEIGH DICKINSON UNIVERSITY

FEASIBILITY STUDY

(PHASE II)

A BRANCH CAMPUS FOR INTERNATIONAL STUDENTS: PROSPECTIVE SITES**I. Background**

Four years ago, the University adopted a bold new mission—to be a leader in the global higher education marketplace. In doing so, it committed itself to preparing students to be “world citizens,” to promoting its position as *the leader in global education*, and to focusing on strategic initiatives that are aligned with these goals.

Since then, the University has done a great deal to promote its new mission through its distance learning initiative, Global Virtual Faculty™, affiliation with the United Nations, and enhanced recruitment of international students. In addition, it has reached out to leading universities around the globe to establish comprehensive affiliations based upon articulation agreements that are designed to bring increasing numbers of international students to its main campuses from more diverse parts of the world. A list of the University’s affiliations with universities around the globe is provided in Appendix I. In addition to noting the programs articulated in each agreement, Appendix I provides the aggregate number of students coming to its main campuses from each of the agreements each year. For agreements established within the last year or two, projected rather than actual student numbers are reported.

In light of the University’s recent successes, the projection that the domestic student market in the U.S. will peak in 2008, and the likelihood of the continued migration of international students to the U.S. to complete undergraduate and graduate degrees, the University recently decided to explore the possibility of expanding its base of operations to include branch campuses devoted primarily to serving international students. This new strategic initiative was proposed in keeping with the University’s desire to advance its position as *the leader in global education* by promoting its presence and visibility beyond the State of New Jersey, and to identify new revenue streams that would contribute to its continued growth and long-term fiscal stability.

The locations proposed in the initial phase of the Feasibility Study, each of which is thoroughly reviewed in this (the second) phase of the Feasibility Study, included:

- California
- Florida
- New York
- New Jersey (including the Metropolitan Campus)
- London, England

London was added to the list of prospective domestic sites given the University’s longstanding presence in the U.K. and its ability to offer degree programs anywhere in the U.K. without requiring additional approvals.

Two additional sites were added during the second (current) phase of the Feasibility Study. The two sites were:

- Texas

- Vancouver, Canada

Texas was added because of the high number of international students, particularly of Asian descent, who are studying there. Moreover, the climate in Texas is similar to that of several of the other sites being considered, and the cost-of-living in Texas is less than that of New York, San Francisco, Los Angeles, and London.

Vancouver was added to the list of prospective sites in light of recent reports that increasing numbers of visa applications to study in the U.S. have been denied or delayed due to stricter security measures since 9/11. Vancouver is a site that CGH recommended as an alternative to the Pacific Coast of the U.S. given that Canada has less onerous visa requirements and because Vancouver is in the same geographic region as California. In addition, Vancouver is Canada's main connection to several Pacific Rim countries and has become increasingly diverse as large numbers of Chinese, Japanese, and South Asians have settled in the city. Vancouver's Chinatown is second only to San Francisco's.

Many of the cost factors needed to develop a business plan will vary by location. Once the preferred location is identified, the Strategic Task Force will proceed with the development of a business plan to determine the overall financial viability of the location selected. The business plan, which will be the focus of the third and final phase of the Feasibility Study, will also include the organizational structure, both within CGH and the University, necessary for the successful development and management of the branch campus.

A timeline for completion of Phase II of the Feasibility Study was developed in June 2003. This timeline was intended to provide the Board with the information needed to make a final decision on the new campus location and corresponding business plan at its June 2004 meeting. Subsequently, the timeline was amended to include Phase III of the Feasibility Study as well as a series of dates and key meetings that were determined by the Task Force to be important steps leading up to the June 2004 Board meeting.

Timeline

September 10, 2003	First Draft of Phase II of the Feasibility Study to be completed.
September 22, 2003	Board Executive Committee update and overview of activities, progress, and next steps.
October 7, 2003	Meeting of the Board Strategic Task Force on International Student Campuses at which the Draft of Phase II of the Feasibility Study will be discussed, as well as action steps for moving forward.
October 8, 2003	Meeting of the full Board. The Draft of Phase II of the Feasibility Study will be provided to the Board in its meeting materials for informational purposes, review, and comment.
November 10, 2003	Final Draft of Phase II of the Feasibility Study to be completed.
November 19, 2003	Final Draft of Phase II of the Feasibility Study to be shared with the Board Strategic Task Force on International Student Campuses, the

	Board Finance Committee, and the Board Executive Committee for discussion at meetings on November 24, 2003.
November 24, 2003	Board Strategic Task Force on International Student Campuses to determine the preferred location for the first branch campus.
December 10, 2003	Meeting of the full Board for approval of Phase II of the Feasibility Study as well as the preferred location for the first branch campus for international students.
February 1, 2004	Draft Business Plan (Phase III of the Feasibility Study) to be completed and shared with the Board Strategic Task Force on International Student Campuses, the Board Finance Committee, and the Board Executive Committee for discussion at meetings on February 9, 2004.
March 3, 2004	Meeting of the full Board. The Draft Business Plan will be provided to the Board in its meeting materials for informational purposes, review, and comment.
May 10, 2004	Final Business Plan and Agreement/Contract with CGH to be completed and shared with the Board Strategic Task Force on International Student Campuses, the Board Finance Committee, and the Board Executive Committee for discussion at meetings on May 24, 2004.
June 9, 2004	Meeting of the full Board. Approval of the Final Business Plan and authorization to take all actions necessary to establish the first branch campus for international students.

II. Study Objective

The primary objective of this (the second) phase of the Feasibility Study was to review the pros and cons associated with establishing a branch campus in each of the prospective locations, as well as in major municipalities within each of these locations, and to present data—both demographic and non-demographic data—on issues pertinent to initiating a project of this scope and magnitude.

In Section III of this phase of the Feasibility Study, each of the following issues is examined by prospective location:

- market size and characteristics;
- competition;
- growth potential;
- maximum size of operation;
- availability and cost of student housing;
- state and local licensing and accreditation requirements;

- impact on FDU’s image and main campus operations (including a statement concerning the perspective/desirability ratings of each of the following constituencies on establishing an international student campus in New Jersey or elsewhere: faculty, alumni, corporate sector, and current international and domestic students);
- success in meeting the University’s mission and major strategic objectives; and
- financial implications (including real estate costs, labor costs, and other variables pertinent to each site).

In order to meet the timeline for completion of the second phase of the Feasibility Study, the Working Group of the Strategic Task Force sought the assistance of an outside firm, Julian J. Studley, Inc., for completion of certain elements of its analysis of each site. Studley, a real estate brokerage firm that specializes in tenant services and has extensive experience working with institutions of higher education (e.g., NYU, Duke, Cornell, University of Maryland, and others), in addition to extensive experience in the completion of feasibility studies where multiple sites are being considered, was instrumental in providing key demographic data on each site as well as a ranking of the top ten sites from which the Working Group made its final selection.

In Section IV of this phase of the Feasibility Study, an academic delivery model for use at FDU branch campuses is provided. The model was developed to maximize quality control, product similarity across sites, integration with main campus programs and faculty, and ease of delivery. An overview of anticipated admissions criteria and practices for branch campuses is also provided in this section.

Section V presents the perspective of FDU’s prospective partner, Campus Group Holdings, Pty. Ltd, with respect to its preferred location.

The study concludes with a summary of the pertinent findings and a final recommendation of “where” FDU should establish its first branch campus for international students.

III. Review of Pertinent Issues by Prospective Location

It is important to note at the outset that a significant proportion (upwards of 65%) of all international students studying in major English-speaking countries come from Asia. Moreover, the experience and success that Campus Group Holdings (CGH) has enjoyed in managing the international student campuses of Central Queensland University (CQU) in Australia has stemmed largely from its ability to recruit students from South and Central Asia generally, and from Pacific Rim countries specifically.

Therefore, in completing this study, the Strategic Task Force placed an emphasis on Asians and Pacific Islanders as prospective international students at an FDU branch campus.

A. Market Size and Characteristics (primary data source: Open Doors, 2002, published by the Institute of International Education (IIE), with support from the State Department’s Bureau of Educational and Cultural Affairs).

- From 1997 to 2001, the number of international students enrolled in English-speaking countries (the U.S., U.K., Australia, New Zealand, and Canada) increased by 26 percent, from 910,168 students to 1,148,158 students. The U.S. was the destination for about 48 percent of the students, with Australia and the U.K. a distant second at about 20% each.
- In both 2001 and 2002, the U.S. experienced its largest growth rate of international students in over twenty years (6.4% growth in each year). In 2002, the number of international students studying in the U.S. reached 582,996, an enrollment 27.3 percent higher than in 1997.
- During the same time period (2001 and 2002), the countries of origin for international students studying in the U.S. included India (11.5%), China (10.8%), Korea (8.4%), Japan (8.0%), and Taiwan (5.0%). Thus, five countries, all from South and Central Asia, accounted for

approximately 44 percent of all international students studying in the U.S. When including the other Asian countries sending students to the U.S., the total percentage rose to 65 percent.

- California is the leading host state for international students with 78,741 (13.5% of the total students). Other leading states are New York (62,053), Texas (44,192), Massachusetts (29,988), Florida (28,303), and Illinois (25,498). The combined total for New York and New Jersey is 75,569.
- Among metropolitan areas, New York City attracts the largest number of international students (35,737). New York is followed by Los Angeles (28,573), Boston (24,117), Washington D.C. (21,727), and Chicago (16,170). In California, the combined San Francisco-San Jose-Oakland area hosts 24,608 international students.
- The most popular fields of study for international students in the U.S. are business and management (20%) and engineering (15%). The fastest growing fields are mathematics and computer science, which have increased by 13 percent and 18 percent in the last two years, respectively.
- International students enrolled at institutions in London in 2001 totaled 26,505. As a metropolitan area, London attracts about as many international students as the Los Angeles area, the SF-SJ-OAK area, and Boston, but less than New York City. Almost half of all international students studying in the entire U.K. are from Western European countries. A total of 59,106 international students from Asian countries chose the U.K., as opposed to 301,929 students from Asian countries studying in the U.S. in 2001. Collectively, these data suggest that U.S. locations are targeting a different segment of the international student market than the U.K., which is important to keep in mind when planning ahead.
- Based on information obtained more recently, Vancouver, Canada has emerged as a prospective site. According to the Association of Universities and Colleges of Canada, the number of international students studying in Canada has risen to unprecedented levels, with approximately 42,000 full-time international students studying in Canadian colleges and universities in 2001—a 30 percent increase since 1998. British Columbia, Vancouver in particular, has become a magnet for Asian and Asian Pacific students, especially since 9/11 when U.S. immigration requirements became more stringent.

B. Competition

Data on U.S. colleges and universities enrolling the largest number of international students are presented in Appendix II. The following are summary and supplementary points.

- The principal competitors for international students in southern California are USC, Santa Monica College, and UCLA.
- The principal competitors in the SF-SJ-OAK area of California are Stanford and UC-Berkeley.
- In Florida, there are three areas of international student concentration. When considering several schools, it appears that the Miami area attracts the most students. In that area, the main competitors are Florida International University, the University of Miami, Miami-Dade Community College, and Florida Atlantic University. The largest single concentration of international students in Florida is in Gainesville, an area dominated by the University of Florida. Following Miami and Gainesville is the Tampa-St. Petersburg area, where the principal competitor is the University of South Florida.
- The competitors in the New York/New Jersey area are well known. In New York City, the principal competition comes from NYU, Columbia, and several schools in the City University system (principally Baruch College). In New Jersey, the principal competitors are Rutgers, NJIT, and Princeton. These are institutions that FDU has competed with successfully for several years.
- Texas is the third most popular state for international students and has experienced continued growth over the national average during the last few years. The leading competition in Texas

varies by location between the University of Texas at Austin, Texas A&M, the University of Texas at Houston, and the Texas community college system.

- In London, excluding the Imperial College of Science, Technology & Medicine, which is a special case, the principal competitors are Middlesex University, the University of Westminster, and the University of Greenwich. A competitive advantage for FDU in London is its affiliation with Wroxtton College, a known entity in the U.K. FDU will not enter this market as an unknown.
- In Vancouver, FDU's principal competitors will be the University of British Columbia, Simon Fraser University, and the University of Victoria. FDU will have a competitive edge over the Canadian institutions because, when given a choice, international students would prefer an American degree over a degree from a Canadian college or university.

A major advantage that FDU will have in establishing a foothold in whatever market it chooses will be its affiliation with Campus Group Holdings (CGH) and their developing GAC (Global Assessment Certificate) and iTAP (International Targeted Admissions Profiler) programs. Students enrolled in these programs around the world will be made aware of the advantages of pursuing their studies at FDU—in New Jersey or at any branch campus the University might establish outside of New Jersey. International students directed to FDU by CGH will help form the nucleus of FDU's initial enrollment in whatever geographic market it enters. Thus, FDU will not have to compete directly with locally established institutions for a critical mass of students upon entering a new geographic area. However, once established, FDU should expect to compete with local institutions on the basis of price, quality of its programs, and student support services.

During an October 2003 visit to the Central Queensland University (CQU) international student campuses in Melbourne and Sydney, which was made by several members of the Strategic Task Force Working Group, an important finding was uncovered. Upwards of 60% of the international students attending CQU branch campuses are transfer students from other Australian universities. International students are apparently drawn to the “name” institutions in Australia, but find it extremely difficult to excel in these institutions due to insufficient communications and study skills, large class sizes, and lack of key support services.

The importance of this finding, assuming it will generalize to the U.S., is that international students transferring to an FDU campus from other U.S. colleges and universities might offset the slowed growth in new international student enrollments observed since 9/11 (see Section F for newly released data), which may continue for some time due to difficulties and delays that new students are experiencing in obtaining visas to study in the U.S. The availability of international students transferring from other U.S. colleges and universities should reinforce FDU's ability to meet its enrollment projections.

C. Growth

Data gathered by Campus Group Holdings (CGH), based on a forecast of global student mobility through 2025—provided by the Institute of International Education, indicates that the demand for higher education worldwide and the number of international students studying in the U.S. and other English-speaking countries will continue to grow. The worldwide growth rate for all international students is expected to average 5.8 percent per year from 2000 through 2025. The largest rate of growth is expected to come from Asian countries, with an expected annual growth rate of 7.8 percent. International student growth from Western European countries is expected to increase at an average rate of only 1.3 percent. Driving factors include rising disposable incomes, low availability of quality schools in developing countries, restricted availability of quality schools in developed countries, increased value placed on international education by consumers and employers, growing demand for language training and a wider cultural experience, globalization of many industries, and new technologies making it easier for education to be delivered across boundaries. Given these overall growth expectations and what is known about the distribution of

international students among the sites under consideration, the following site-specific conclusions can be drawn.

California

California is the leading destination for international students, especially those coming from Asian countries. As this group is expected to grow at a faster rate than international students in general, the University can expect substantial growth in the number of international students choosing California as their destination for an American higher education.

New York/New Jersey

The growth of international students choosing New York/New Jersey as their destination should be similar to the growth rate in California. However, while the destinations in California are geographically diverse, most international students choosing the New York/New Jersey area will continue to choose the greater New York City area. Thus, the growth in New York and New Jersey should concentrate within the area traditionally served by the University's New Jersey campuses.

Texas

Recent information shows that Texas, mostly in the Houston and Austin areas, has experienced a growth rate of international students well above the U.S. average (a 17% increase for 2001-02 versus a U.S. average of 6.4%), with a substantial percentage of students coming from Asian countries (about 40% in 2001-02). Texas provides the warm weather site that many international students desire and a lower cost of living than the metropolitan areas of California and New York/New Jersey. Texas is now the third most popular destination for international students.

Florida

Florida, like Texas, experienced a rate of growth in international students in excess of the average rate for the U.S. in general (12% growth in 2001-02 compared to the U.S. rate of 6.4%). Ignoring Gainesville, most international students choose schools in the southeastern part of the state (the Miami area). The outlook in Florida should be similar to Texas.

[See Appendix III for a more up-to-date analysis of international student enrollments and other pertinent data by state.]

London

The data indicate that London is a popular destination for students coming from Western Europe, but quite a bit less so for students coming from other parts of the world. As the Western European group is expected to grow at a significantly slower rate, it would appear that growth opportunities in the London area will be limited.

Vancouver

The Canadian higher education community has done much work in globalizing its academic and research programs and in attracting international students, and its efforts are paying off. As noted earlier, the number of international students studying at colleges and universities in Canada has risen dramatically in recent years, with approximately 42,000 full-time international students studying in Canada in 2001—a 30 percent increase since 1998.

Vancouver, British Columbia has the fourth largest Asian population among the sites being considered in this study. However, when considered as a percentage of its total population, Vancouver has the largest Asian population of all sites considered in this study, with over 34% of its population being Asian or Pacific Islander. Moreover, the local economy and culture are heavily influenced by Vancouver's large Asian community.

Also, similar to New Jersey’s public institutions of higher education, public institutions in Canada are working to address capacity issues. Cuts in funding to public institutions in Canada have influenced their ability to meet the capacity demands for both domestic and international students. These factors, in addition to those cited above, place FDU in a good position to establish a branch campus in Vancouver.

D. Maximum Size of Operation

Based on the Australian model, it was envisioned that the University could develop a series of U.S. and internationally based campuses to serve predominately international students over the next ten to twelve years. The maximum enrollment at each campus would be approximately 2000 students.

The table that appears below was provided by Campus Group Holdings (CGH). It reflects CGH’s experiences in developing five branch campuses in Australia with Central Queensland University as well as the anticipated continued migration of international students to the U.S. in the coming years.

	2005	2006	2007	2008	2009
Student Numbers					
Low Case	75	200	300	400	600
Base Case	125	275	475	675	1,125
High Case	220	650	900	1,400	1,850

E. Availability and Cost of Student Housing

In Australia, Central Queensland University (CQU) began its first international student campus with the premise that it needed to provide some level of student housing. However, after only a short period of time, CQU realized that the overwhelming majority of international students enrolling at its campus secured housing in the surrounding areas. As a result, it sold its residence facilities and did not include student housing in its plans for other international student campuses.

Based on the CQU model and the University’s own experience that only 8 to 10% of its international students choose to live on campus, the Task Force, in its study of prospective sites, placed a high value on the availability of student housing in areas immediately surrounding a prospective site.

As part of their analysis, Julian J. Studley, Inc. provided an overview of the availability and cost of student housing by site. This section is broken out from the section on financial implications (Section J) because student housing is not a cost to FDU or CGH; however, it is an important consideration for selecting an appropriate location and maximizing student enrollments (see Studley’s *International Student Campus Location Feasibility Analysis—A Comparison of North American Finalist Submarkets* for more information concerning availability and cost of student housing). Studley’s report is available for review upon request.

F. Summary and Interpretation of Newly Released Data

After five years of steady growth, the number of international students attending colleges and universities in the U.S. in 2002-03 showed only a slight increase over the previous year, up less than 1%, bringing the total number of international students studying in the U.S. in 2002-03 to 586,323, this according to *Open Doors, 2003*—the annual report on international education published by the Institute of International Education (IIE), with support from the State Department’s Bureau of Educational and Cultural Affairs.

While there were significant decreases in the number of students from many countries (primarily Muslim countries), several countries did in fact enjoy strong increases (e.g., India up 12% from the previous year, Korea up 5%, and Kenya up 11%). Likewise, while some of the MSAs (metropolitan statistical areas) considered in this study showed decreases (e.g., Houston down 0.3% and Oakland down 1.9%), some MSAs showed increases—and in some cases—even dramatic increases (e.g., San Jose up 19.7%).

As some prognosticators struggle to rationalize what might have caused a sudden dip in the steady growth of international students coming to the U.S., most major surveys (e.g., IIE Online Survey, 2003) believe it was due to more stringent visa regulations in the U.S. that have been slow to come online since 9/11 but seem to be improving, to significantly increased security measures directed at international students coming from Middle-Eastern countries, and to a sluggish global economy. Nevertheless, many prognosticators believe that the slowed increase observed in international student growth in the U.S. in 2002-03 is only a blip in a likely pattern of continued and sustained growth through 2025.

Most reports indicate that international students still cite the U.S. as their number one destination for a college education, despite the increased difficulties they face in trying to come to the U.S. Based on these reports and the likelihood that visa applications to the U.S. should process more efficiently over time, many believe that the international student market in the U.S. will continue to experience steady growth. This belief is supported by the fact that certain countries that were not subjected to more stringent security measures in 2002-03 did in fact show “dramatic” increases in growth.

In addition, it is worth noting that, while FDU and Campus Group Holdings (CGH) plan to recruit international students to FDU branch campuses from GAC (Global Assessment Certificate) centers located in countries throughout South and Central Asia—many of which showed strong increases in growth during 2002-03 (see Appendix IV, *Open Doors, 2003* data on leading countries of origin of international students), recent focus groups run with international students at the Central Queensland University (CQU)-Melbourne Campus in Australia revealed an interesting finding—that over 60% of the 1000 or so international students studying at the CQU-Melbourne Campus transferred from another major university in Australia. And, somewhat surprisingly, the primary reason that students cited for leaving other major public and private universities in Australia was that Australian universities, in addition to being very costly, do not provide the necessary support services that international students need to excel in their studies.

This finding, assuming it will generalize to the U.S., should reduce concern about the slowed growth in new international students studying in the U.S. during 2002-03 and, more importantly, should reinforce FDU’s commitment to providing first-rate support services to international students at its branch and main campuses.

G. State Licensure and Accreditation

California

All independent (non-public) institutions of higher education must apply for licensure from the Council of the California Educational Authority to operate in California and, in seeking licensure, all institutions must meet all requirements of Part 59 of the California Education Code (Private Postsecondary and Higher Education Institutions), specifically Chapter 7 (Private Postsecondary and Vocational Institutions), Article 6 (General Standards for All Private Postsecondary Institutions, Sections 94800-94848) and Article 8 (Standards and Evaluation Procedures for Degree-Granting Institutions, Sections 94900-94905). Article 6 concerns itself with issues pertaining to minimum requirements and compliance with the physical plant and administration of the proposed institution, while Article 8 deals with minimum requirements and compliance with respect to academic programs of the institution.

After an institutional license has been granted, all institutions are required to seek program approval from the California Postsecondary Education Commission, which functions in a manner similar to the Commission on Higher Education in New Jersey for approval of specific academic degree programs. The Commission's responsibility is to monitor quality, unnecessary duplication, regional supply, demand for programs, etc. The Commission oversees the three public systems in California (the California community colleges, the California State University, and the University of California) as well as all independent colleges and universities. All academic "degree" programs must be approved by the Commission.

Institutional accreditation of independent colleges and universities in California is provided by the Western Association for Schools and Colleges—the regional equivalent to Middle States under the U.S. Department of Education. Accreditation for an FDU branch in California would not require accreditation by the Western Association since Middle States accreditation, under the rules and regulations established by the U.S. Department of Education, would follow FDU to any of its branch campuses—in the U.S. or elsewhere.

Florida

The requirements for licensure and accreditation of independent institutions of higher education in Florida are presented below. As is the case in California, licensure is required in Florida, but accreditation is not.

New rules and regulations of the Florida State Department of Education (New Law (Chapter 1005, Florida Statutes for nonpublic postsecondary education)) for review and licensure of new institutions took effect January 7, 2003. Under the new law, the Commission for Independent Education was established as an entity within the Florida Department of Education and has statutory responsibilities in matters relating to nonpublic, postsecondary educational institutions. The Commission's objective is to establish and maintain a seamless educational system with many functions, including but not limited to consumer protection, program improvement, institutional policies and administration, data management, and the licensure of all independent schools, colleges and universities.

There are three levels of approval or licensure by the Commission, each of which is described below:

1. Approved-applicant status is extended to all institutions that have submitted a complete application for a provisional license (but may have some omissions or deficiencies) and paid all attendant fees. Under this approved-applicant status, the Commission shall provide the institution a list of omissions or deficiencies, and institutions can only advertise, offer programs, collect tuition and fees, etc. for the programs specifically approved by the Commission. Once omissions or deficiencies are provided for or corrected, the institution may be awarded a provisional license.
2. Provisional Licensure is granted to an institution for initial licensure, for a period not to exceed one (1) year, when the Commission determines that the applicant is in substantial compliance with the standards for licensure. Provisional licensure may be extended for up to one (1) additional year.
3. Annual Licensure shall be granted to an institution holding a provisional license or seeking renewal of an annual license, upon demonstrating full compliance with licensure standards. Annual Licensure may also be extended for up to one (1) additional year.

Licensed institutions may not conduct a program unless specific authority is granted in its license. The granting of a license is NOT accreditation.

An institution may also apply for licensure “by means of accreditation” from the Commission for Independent Education (this is a separate application and is “voluntary”). The conditions for licensure by means of accreditation are as follows:

- a) The institution has operated legally in the state for at least five (5) consecutive years.
- b) The institution holds institutional accreditation by an accrediting agency evaluated and approved as having standards substantially equivalent to the Commission’s licensure standards (e.g., Middle States).
- c) The institution has no unresolved complaints or actions within the past 12 months.
- d) The institution meets minimal requirements for financial responsibility as determined by the Commission.
- e) The institution is a Florida corporation (institution must petition for a charter to incorporate in the State of Florida).

Texas

According to the Texas Education Code, Subchapter G, 61.301 through 61.319, and Subchapter H, 61.401 through 61.405, which regulates the awarding or offering of degrees, awarding or offering of credit toward degrees, and the use of certain academic terms by private and out-of-state public postsecondary educational institutions, FDU, given its accreditation by the Middle States Association of Colleges and Schools, would be considered “licensure exempt” in the State of Texas. Upon submitting an application for a certificate of authorization to grant degrees in Texas, along with a description of its plans to establish a branch campus and demonstration that it qualifies for exemption as an institution of higher education (via proof of Middle States accreditation), the Texas Higher Education Coordinating Board would authorize FDU to begin operations at a branch campus.

Following this approval, FDU would need to inform Middle States of the Texas Higher Education Coordinating Board’s initial (temporary) approval to establish an FDU branch campus in the State of Texas, and Middle States would then need to conduct an on-site survey of the branch campus to verify compliance with Middle State’s criteria for such a campus.

In completing its survey, Middle States would be required to invite the Southern Association of Colleges and Schools to participate in the survey, to provide representatives to examine the institution, and to supply comments on the branch’s ability to meet the standards of institutional accreditation as set forth by both Middle States and the Southern Association. FDU would have to inform the Southern Association of the impending site visit by Middle States at least six (6) weeks prior to a scheduled visit, this in order to facilitate coordination between the two accreditors.

Following the site visit, FDU would need to submit a copy of the report of the recognized accreditor (Middle States) and the Southern Association’s comments to the Texas Higher Education Coordinating Board. After examining the reports of the recognized accreditor and the Southern Association, the Commissioner on Higher Education may issue continuing approval of the branch campus, place conditions on continuing approval, or revoke the Board’s temporary approval of the branch campus.

Final approval of the branch campus by Middle States must be made within two (2) years of the initial (temporary) approval by the Texas Higher Education Coordinating Board, or the Board’s approval will automatically lapse. If Middle States were to deny approval of the branch campus, then the Board’s temporary approval would expire immediately.

Finally, the Texas Higher Education Coordinating Board requires regular reviews of a branch campus and its programs, including site visits—this according to the normal schedule for accreditation of the institution and its campuses by Middle States.

No other approval, licensure or accreditation is required to establish a branch campus in the State of Texas.

New York

Similar to California and Florida, licensure is required to establish a branch campus in New York, but accreditation is not. Licensure and accreditation are separate procedures. Licensure and specific approvals of an institution and its specific degree programs with the New York State Education Department is now carried out for the Education Department by the New York State Board of Regents and the Commissioner of Education, acting together as a State approval agency. State approvals normally include a Regents charter or permission to confer degrees and program registration letters from the State Education Department for each program. Licenses (or registrations) are valid for a period of two (2) years, and renewals must be submitted at least 120 days prior to expiration of a current license or registration.

Given that the New York State Board of Regents is also recognized as a national accrediting body, New York State Board of Regents accreditation entitles an institution to Title IV funds under the Higher Education Act, as does Middle States accreditation. Institutional accreditation in New York, which is “voluntary,” is possible only after certain, specific outcomes are achieved (i.e., success with respect to student achievement in relation to an institution’s mission). Institutions may begin the process of application for accreditation prior to attainment of required outcomes (after at least one graduating class), but site review will not be scheduled prior to passing the outcomes threshold.

New Jersey

To establish a branch campus in New Jersey, an in-state institution must seek approval of the Commission on Higher Education following the procedure outlined in Subchapter 6 (Off-Campus Offerings), Section 9A:1-6.2 (Branch Campuses).

To summarize, a formal request including a statement justifying the need for the site and a description of the proposed courses/programs must be submitted to the Commission. The request must also include evidence that the proposed courses/programs are comparable to those on the main campus(es), along with evidence that the institution has provided for effective monitoring controls to maintain quality. The request must also provide information on the standards in N.J.A.C. 9A:1-1.5 through 1.12, with special attention to evidence of the following: the classroom, laboratory, computing and library facilities are adequate; the provisions for administration, support staff and counseling are sufficient; and the qualifications of faculty, a suitable ratio of whom should be full-time employees of the institution, are appropriate.

The Commission, upon receipt of the request, would provide all New Jersey institutions of higher education a summary of the request and invite them to inform the Commission within 30 days as to how they would be affected by the proposed branch campus.

If no concerns are raised, the Commission staff shall forward the request directly to the Commission for action. If concerns are raised, the Commission staff shall forward all materials to the President’s Council for review and recommendation within 60 days.

Any new programs to be offered at a branch campus must undergo review by the President’s Council, as would be required for any new programs on a main campus.

London, England

No licensure requirement exists in the U.K. for foreign institutions of higher education as long as their origin is made clear.

FDU is permitted to offer any full degree program in the U.K. (at Wroxton College, in London, or at any site for that matter) that it is authorized to offer at either of its main campuses in New Jersey. Degree programs offered by FDU in the U.K. would be recognized as American degrees, not British degrees, and students could attend a program for its entire duration leading to a degree of Fairleigh Dickinson University. (Note: degrees could not be issued in the name of Wroxton College since Wroxton College is not recognized to have degree-granting powers in the U.K.; Wroxton College is simply a site at which FDU degrees may be offered.)

The British Accreditation Council (www.v-bac.org) is responsible for accrediting degree programs in the U.K. and ensuring that they fall within the U.K.'s national qualifications framework. Accreditation by the British Accreditation Council is “voluntary” for both British and foreign institutions.

Vancouver, Canada

In accordance with the *Private Post-Secondary Education Commission Act* of British Columbia, registration with the Commission is mandatory if an institution is offering, or intending to offer, training or instruction (through an instructor or by use of written, audio or video materials, or by computer programs) to persons aged 17 or older.

A registered private post-secondary institution may be a sole proprietor, a partnership, a limited company, a corporation, or a society (domestic or foreign).

In order for an application for registration to be considered complete, the following items must be completed and/or submitted to the Commission office: a registration fee, a materials fee, proof of financial security (bond, letter of credit, or cash to cover “unearned” revenue), a completed application form, a completed program information form, a balance sheet and proforma budget, an institutional admissions policy and procedures, evidence of a student contract, full disclosure of advertising practices, a student complaint resolution policy and procedures, and a student dismissal policy and procedures.

An institution accepting international students must also submit an agent contract (if in fact it uses an agent to sell and promote its programs) and evidence of an international student contract (separate and distinct from a domestic student contract).

In addition, an institution must submit evidence supporting that it provides and maintains premises and equipment that meet any applicable zoning by-laws and are suitable for the delivery of the curriculum for each of the programs it offers.

All of the above items must be submitted before an institution’s request for registration can be processed. Under the provisions of the *Act*, institutions seeking registration may not provide or offer training until their registration has been approved and a Certificate of Registration has been issued by the Executive Director of the Commission, which is normally for a period of one year, after which annual re-registration is required. Re-registration includes resubmission annually of some of the items required in the initial registration plus the institution’s current financial statements, including balance sheets and an income statement, all of which must meet general accounting principles.

In addition, American degree-granting institutions must provide documentary evidence that they are accredited by an accreditation agency recognized by the U.S. Department of Education (e.g., Middle States).

An additional requirement of particular interest is that institutions requiring students to pay tuition in advance of completing a specific course or program of study must post security against the highest amount of “unearned” revenue that they hold at any one time during the 12-month duration of their registration. “Unearned” revenue is defined as all tuition received from, or on behalf of, a

student before the completion of the training program. The higher the payment an institution receives from a student, the higher their liability and, consequently, the greater the amount of security to be posted. Once an institution has declared its maximum “unearned” revenue at the point of registration, that amount becomes a condition of the institution’s registration, and the institution may not exceed that figure. Therefore, it is very important that an institution ensures that it calculates its “unearned” revenue accurately and that it has an appropriate system for tracking this revenue.

In accordance with Section 6 of the *Private Post-Secondary Education Commission Act*, registered institutions are required to post a financial security equal to 75% of the maximum “unearned” revenue that the institution holds at any one time during a 12-month registration period.

H. Impact on FDU’s Image and Main Campus Operations

Five important constituencies were identified as important to assessing the impact of this initiative (the development of international student campuses and prospective sites) on FDU’s image and main campus operations: faculty, alumni, the corporate sector, current international students, and current domestic students. The paradigmatic approach (and strategy) of gathering data from each of the above mentioned constituencies was the construct of a questionnaire that was administered to a pre-selected focus group in each constituency. Questions properly framed to elicit the needed information were asked; for example, whether the initiative creates greater interest in FDU by the constituency, how the initiative relates to them specifically, perceived opportunities, and whether one or more locations is favored?

While the survey was designed to take in answers to specific questions asked, the focus groups were intended to provide an opportunity to ensure that the correct questions were being asked and framed in a manner appropriate to the constituencies’ interests. This combination of survey and focus group brought to the Feasibility Study useful information regarding the impact of this initiative on the University’s image and main campus operations, as related to the various sites under consideration.

A summary of the data and major opinions of each constituency is provided below.

Faculty Focus Group

Eight faculty, mostly from the Metropolitan Campus, participated in this focus group. The programs that were best represented were, ironically, those proposed for offering at FDU branch campuses (specifically—business, communications, computer science, information technology, and management information systems).

The group was unanimous in its agreement that developing branch campuses to serve international students would advance FDU’s position as *the leader in global education*. In fact, the group saw this initiative as the single most meaningful and substantive initiative proposed since FDU’s new mission was announced several years ago.

However, despite unanimity that this initiative is likely to create greater interest in FDU among faculty, current students, and prospective students (both domestic and international students), the group felt very strongly that establishing international campuses should be given high priority over establishing domestic campuses and should be done in a way that does not draw or depend excessively on main campus resources (human or financial resources). Nearly all of those in attendance were concerned that domestic campuses might lead to a “perception” that FDU was developing domestic campuses for the purpose of increasing its revenue base, not to advance its position as *the leader in global education*. In addition, many believed that it would be very difficult to obtain licensure to establish a domestic campus outside of New Jersey, but that it would not be difficult to establish an international campus in either of the two international locations (London or Vancouver) or elsewhere.

A few faculty also expressed concern that accredited programs might be difficult to establish at branch campuses (domestically or internationally) and that careful consideration should be given before deciding which programs to offer.

Alumni Focus Group

Eight alumni participated in this group. Three had master's degrees from FDU, and the remaining five had undergraduate degrees. The degree areas for the group included corporate finance, business management, accounting, industrial management, and corporate communications.

First, the general sentiment resonated with maintaining the integrity of an FDU degree, whatever the initiative. Second, they urged a cautious approach, preferably through a pilot program done "properly," "correctly," "rightly." Third, there was some question of the meaning of "leader in global education," which changed the focus to students having "an international experience abroad." Fourth, four participants believed that the initiative would create greater interest in FDU, two were skeptical, and one indicated it could be a positive or a negative. They all expressed concern about the "competition." Several expressed interest in "a business plan." Fifth, there was agreement on the academic programs with information technology, business, and computer science stressed most. Sixth, California and Florida were perceived as too competitive, while Texas, Vancouver, and London appeared more favorable. Two preferred the New York/New Jersey area but voiced concern about "cannibalizing" existing campuses.

The preferences for establishing branch campuses abroad favored London (Europe), Vancouver, the Far East, and Australia/New Zealand. In response to the question of the University pursuing the initiative, seven said "yes" and one responded "no." Of the six affirmative responses, campuses abroad were preferred to U.S.-based campuses, with the underlying caveat of "caution" expressed by five, while one alumnus expressed "yes" with enthusiasm.

Corporate Sector Focus Group

Three members of the corporate sector participated. In general, they expressed tepid support for U.S.-based campuses for international students, while expressing unanimous and enthusiastic support for branch campuses abroad. They equated the University's mission statement with the broader reach of a "global education." Vancouver and New Zealand were noted as particularly attractive and potentially valuable site locations. Guangdong Province (China) and London were also suggested as sites. The interest level in the initiative was viewed as helping to fulfill the new logo's claim and one that "may help change perceptions of FDU." In summary, as one member put it, "pursue it aggressively."

International Student Focus Group

Six international students from the Metropolitan Campus participated in a lively discussion. They hailed from Brazil, Columbia (two students), Ghana, Kazakhstan, and Vietnam. All but one were undergraduates (freshman, sophomore and senior levels represented)—majoring in business management (two students), international business, international studies, marketing, and political science.

The sentiment among this group was overwhelmingly positive. All indicated that the initiative would, without question, advance the University's position as *the leader in global education* as well as the perceived value of an FDU degree. All felt that FDU would become a more attractive institution to international students if it were to develop branch campuses in the U.S. and around the world. While the group acknowledged that U.S.-based campuses would be more attractive to international students, all agreed that establishing branch campuses internationally would be more attractive to domestic students and would be more consistent with the University's mission statement.

Among the sites listed as most desirable in the U.S., California, New York, and Florida received the most attention. Europe and Australia/New Zealand were seen as most appealing among the international sites, with the Far East noted by a lesser number of students.

Areas of study recommended for offering at branch campuses tended to match the students' interests, but all agreed that programs selected for delivery at FDU branch campuses should be "international" in theme and "universal" in their application.

Domestic Student Focus Group

Six undergraduate students participated, representing three majors: psychology, business management, and criminal justice; four were out-of-state students and two were in-state; five were resident students and one was a commuter. One student had previously studied abroad. All responded "yes" to the question—"Would you be interested in studying at an FDU branch campus in another country?"

The initiative for developing branch campuses to serve international students was viewed unanimously as favorable and something that would create greater interest in FDU. Five students believed that the initiative would advance FDU's mission and the perceived value of its degrees.

Although the group viewed U.S.-based campuses for international students as having little appeal to them, they did in fact recognize its potential for increasing the diversity of a qualified international student body. A consensus on site locations favored the states under consideration in this study, with one student adding Chicago, Illinois and Washington, D.C., and a second the mid-West and Northwest regions of the country. All agreed that proximity to major cultural centers and transportation was a must.

The greater part of student interest focused on establishing branch campuses abroad. Europe, the Far East, and Australia/New Zealand were favorable to all, with two students adding Central and South America. Although the group responded unanimously to the question—"Do you think the University should pursue this initiative?"—there was sentiment that the "University must not forget its main campuses in New Jersey."

I. Impact of Campus Site and Initiative on University Mission and Major Strategic Objectives

As noted in the opening section of this phase (as well as in Phase I) of the Feasibility Study, the development of branch campuses to serve international students is consistent with the University's mission and represents a logical step in its continued advancement as a leader in the global higher education marketplace. In addition, expanding the University's base of operations to include additional campuses within the U.S., and eventually outside the U.S., is critical to fulfilling the University's ultimate objective and most important strategic initiative, which is to solidify its position as *the leader in global education*.

A national and eventually international network of "strategically" located campuses, reflecting the University's commitment to becoming a "global" university, would distinguish FDU from the rest of the field. To this end, the location of its first and subsequent branch campuses for international students must be considered carefully and with this specific goal in mind.

In order for the University to promote its visibility beyond the New York/New Jersey area, from a regional university to a national and ultimately to an international university, sites outside the University's current geographic region should be given high priority.

While market and other demographic data presented in this phase of the Feasibility Study indicate that the New York/New Jersey area is indeed a desirable location for establishing a branch campus for international students, and that the Metropolitan Campus itself might be considered an ideal location to begin such an initiative, the Task Force Working Group, in addition to all of the University constituencies polled in this study (the faculty, alumni, the corporate sector, and current

international and domestic students), believe “very strongly” that the University should look outside its current geographic area in beginning this initiative. Moreover, the University should give high priority to international locations.

The consensus within the Working Group is that the Metropolitan Campus, while promoting and valuing an international student presence, is nearing capacity with respect to the number of international students it enrolls and, therefore, must seek to increase the “diversity” of its international student enrollments (both graduate and undergraduate), not the “number” of its international student enrollments. In reaching this consensus, the Working Group was most sensitive to an argument made by several domestic students who participated in its focus group—“that many domestic students perceive that they are a minority on the Metropolitan Campus, and that this perception is becoming pervasive among prospective students and their parents.”

In addition, the suggestion that the University should consider establishing a separate campus (or extension) for international students in the Bergen/Passaic area of New Jersey, or possibly in New York City, failed to receive much support among the Working Group members or any of the focus groups, primarily because establishing an international student campus close to home would be inconsistent with the University’s mission to broaden its image as *the leader in global education*, and because establishing an international student campus close to home would run the risk of cannibalizing international student enrollments on the University’s main campuses.

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The development of branch campuses to serve international students would have a positive financial impact on the University’s ability to make progress toward the achievement of other strategic objectives. While the full impact cannot be determined until a business plan is completed in the final and third phase of the Feasibility Study, the anticipated revenue from branch campuses is projected to be significant and necessary to fund the University’s core enterprise (the College at Florham and the Metropolitan Campus).

The University is highly dependent on tuition revenue to meet its operational expenses. Close to ninety-five percent of the University’s revenue is derived from tuition and tuition-related activities, with two-thirds of tuition collected from full-time undergraduate students. The College at Florham will reach its capacity for full-time undergraduates during the fall 2004 semester. The Metropolitan Campus is projected to reach its full-time undergraduate capacity (in the residence halls) during the fall 2006 semester. Given that the University and other private institutions are losing more and more of their part-time enrollments to public institutions—due to price differential, that the University is limited in its ability to continue to raise tuition for full-time undergraduates above the cost-of-living, and that it has an ongoing obligation to continue to address its academic support and infrastructure needs, the University must look outside its current geographic area for new sources of revenue. The need for new revenue streams is further heightened by the University’s limited endowment and lack of an ongoing comprehensive campaign.

Establishing branch campuses that would be significantly less costly to operate than its main campuses and would enroll international students who must attend full-time and receive little, if any, financial aid would provide the University with a new and much needed source of revenue. Moreover, the initial financial investment in such an initiative as well as the amount of time that it would take for a branch campus to become cash positive would depend, to a large extent, on the relationship that the University establishes with Campus Group Holdings (CGH) and the site-specific costs required to start and maintain such a campus. Based on the model adopted by Central Queensland University (CQU), branch campuses devoted primarily to serving international students become cash positive during the latter part of their second year of operation. If the University adheres to the timeline established for the development of its first branch campus, the campus

would become cash positive just prior to the Metropolitan Campus reaching its undergraduate (residential) capacity in fall 2006.

J. Financial Implications

Each geographic location will have varying costs associated with the leasing of facilities, the labor force, etc. As noted earlier in this phase of the Feasibility Study, the Task Force engaged an international real estate brokerage firm, Julian J. Studley, Inc., to better ascertain these costs.

Studley’s detailed analysis of several major metropolitan statistical areas (MSAs) within the U.S. is presented under separate cover (available for review upon request). Their analysis, in addition to presenting site-specific data pertinent to financial implications, provides a final ranking of prospective sites as well as information that can be used to augment other sections of this study.

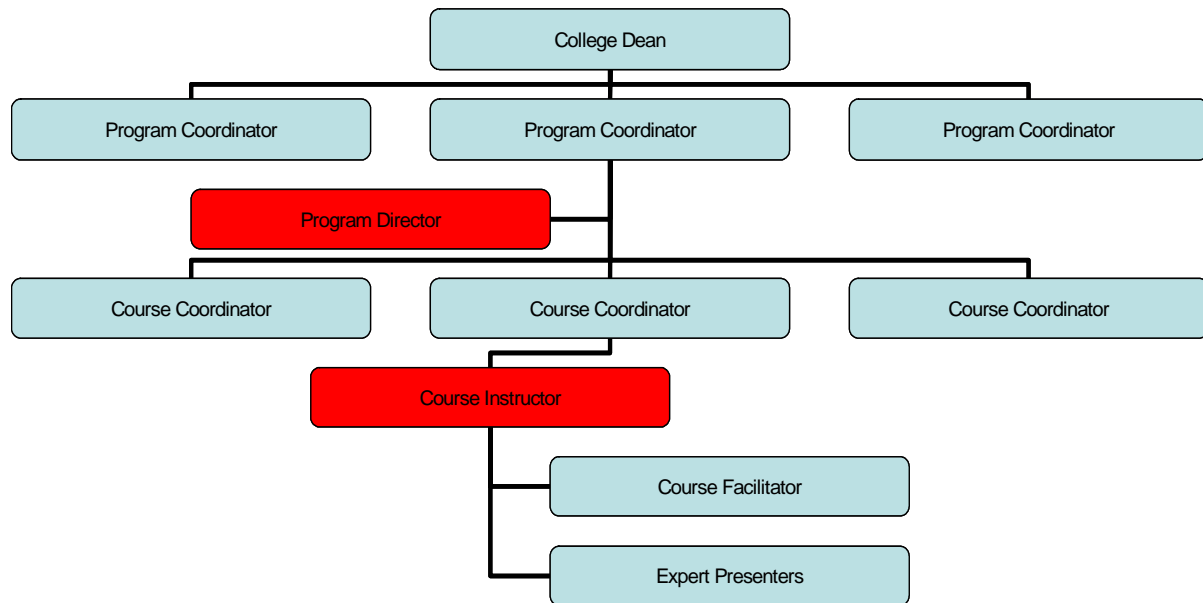
IV. Quality Control

Two key elements associated with the development of the initial branch campus and hopefully future branch campuses devoted to serving international students are the ability to ensure that the programs delivered meet the University’s standards for quality, and that the quality of instruction and academic experiences is equivalent at each site. The academic delivery model presented below is intended to meet these objectives, regardless of the distance of a branch campus from the University’s main campuses in New Jersey.

In addition, the proposed academic delivery model was designed to permit integration of branch campus programs and faculty with main campus programs and faculty, and to maximize ease of delivery and academic oversight by main campus faculty.

Academic Delivery Model

The proposed academic delivery model for programs to be offered at a branch campus is illustrated below.



A description of each of the positions in the model follows.

Program Coordinator

The program coordinator would be an FDU main campus faculty member appointed by the appropriate College Dean to provide general oversight for the program as well as its quality assurance. This individual would have regular contact with the Program Director, College Dean, and other academic leadership associated with the University's international student campus(es). This individual might also serve as a Course Coordinator and Expert Presenter for one or more courses in the program, and possibly as a Course Facilitator.

Program Director

The program director would be an on-site (branch campus) full-time faculty member hired by FDU to teach, provide administrative oversight for a program, and implement quality assurance measures—working in concert with the Program Coordinator. This individual would be granted release time from teaching to perform administrative duties. In addition to serving as a Course Instructor for one or more courses in the program, this individual might also serve as an Expert Presenter and possibly as a Course Facilitator.

Course Coordinator

Each course would have a Course Coordinator. This individual would be an FDU full-time faculty member who regularly teaches the course on a main campus of FDU, is familiar with the content of the course, and can provide “expert presentation” on one or more topics within the course. This individual would be responsible for writing the course curriculum (course syllabus) with input from the Course Instructor, and would take responsibility for general oversight of the course, delivery of its content to the standards of FDU, and defining its learning objectives, outcomes (competencies), and quality assurance measures.

Course Instructor

Each course would have a Course Instructor. This individual would be a qualified full- or part-time faculty member who possess an appropriate terminal degree and/or appropriate professional experience for the course, and whose responsibility would be to deliver (teach) the course at the branch campus.

Course Facilitator

Each course may or may not have a Course Facilitator. This individual's responsibility would be to facilitate interaction between different cohorts of students taking the same course on the main or branch campuses of FDU. Activities may include regular or periodic synchronous or asynchronous interactions via the Internet (e.g., live chats or threaded discussions on a specific topic), video conferencing, etc. The Course Facilitator would likely be the Course Instructor, Course Coordinator, or an Expert Presenter in the course.

Expert Presenters

These individuals, like Course Instructors, would be qualified professionals who possess terminal degrees appropriate to their professions and/or are recognized “experts” in their fields (have a significant record of accomplishment). Expert Presenters would provide 1-2 hours or more of expert presentation (e.g., PowerPoint presentations) on a pre-selected topic in the course to which they serve as an Expert Presenter. These presentations would be recorded and reproduced on electronic media (CDs or DVDs) for distribution and use by the Course Instructor(s) and students enrolled in the course at a given (each) branch campus. It is expected that the Course Coordinator, Course Instructor, and others would provide expert presentation in a given course, and that each course would contain 4-8 hours of expert presentation—a majority of which would be provided by FDU main campus faculty.

Advantages of the Model

The major advantages of the proposed academic delivery model are:

- It's cost-effective in its delivery.
- It permits oversight (control) of academic programs by FDU full-time faculty.
- It allows for significant involvement/integration of FDU full-time faculty, which is important for:
 - achieving a “true” global academic infrastructure,
 - maintaining FDU and professional accreditation standards and requirements concerning FDU full-time faculty participation, and
 - general uniformity of an FDU degree worldwide.
- It allows for integration of students across main and branch campuses of FDU, which is essential for:
 - a global education, and for
 - FDU to distinguish itself as “the leader in global education.”

An additional advantage of the proposed academic delivery model is that it permits flexibility in its application to different programs. Given that the model is a blend of onsite instruction and distance learning technologies, more or less onsite instruction and FDU full-time faculty involvement via distance learning technologies is permitted, as appropriate to a specific degree program and its curriculum.

Admissions Criteria and Practices

In establishing branch campuses for international students, the University will maintain the admissions criteria and practices used at its main campuses. No international students, new or transfer students, will be admitted to a branch campus unless they qualify for admission to one of the University's main campuses.

V. Partner's Preference

Campus Group Holdings (CGH) has a distinct preference for the initial campus site to be on the Pacific Coast of North America—in San Francisco, Los Angeles, or Vancouver. While the market data may very well show that any major city in the U.S. could handle an international student campus, the Pacific Coast is preferred given its relative ease of access from Australia, which will be essential in setting up and running the initial campus.

Moreover, not only is access to the Pacific Coast relatively easy in terms of travel, but also in terms of crossover of working hours—this due to time zone differences. The Atlantic Coast of the U.S., for example, really only allows for two hours of crossover per day (and this only during certain seasonal periods), whereas the Pacific Coast of the U.S. and Canada permit as many as six hours of crossover during the same seasonal periods.

In addition, ease of access for targeted students (Asians), general cost of living, and quality of life issues are attractive on the Pacific Coast. A site on the Pacific Coast will be an increasingly easier sell than say New York and/or New Jersey.

VI. Summary and Recommendation

A comprehensive analysis of the key factors identified as being important to the selection of a site for the University's first branch campus for international students was undertaken by the Working Group of the Board's Strategic Task Force, with significant input provided by Julian J. Studley, Inc. Studley provided the Working Group with a detailed review of several metropolitan statistical areas (MSAs) in the U.S. as well as a final ranking of the top ten MSAs. In completing its analysis, the Working Group kept the full Strategic Task Force, in addition to various Board committees and the full Board itself, informed of the progress that was being made through periodic updates at regularly scheduled meetings over the past six months.

After completing its analysis, which considered the demographics, competition, growth potential, and availability and cost of leased space and student housing at each site, as well as the licensing

requirements, new procedures for issuing student visas, and the site preference of the University's prospective partner—Campus Group Holdings Pty. Ltd. (CGH), the Working Group unanimously recommends that two sites be advanced to the third and final phase of the Feasibility Study, which would entail the development of a detailed business plan to determine the financial viability of the initiative at each of the two sites. The two sites recommended by the Working Group, with unanimous support by the full Strategic Task Force, are the greater Los Angeles area and Vancouver, Canada.

The greater Los Angeles area was ranked highest using the weighted criteria established by the Strategic Task Force and weighted through a process that included members of the Task Force, Campus Group Holdings, members of the Executive Vice President's Cabinet, and members of the University's Board of Trustees.

Vancouver, like London, was not included in the final weighted analysis prepared by Studley because the data on these international sites were not recorded in the Canadian and U.K. databases in a manner that was consistent with the data recorded in the U.S. databases, and also because access to international student databases was somewhat restricted. Nevertheless, the strong desire on the part of the Working Group to begin the initiative at an international location was a theme that not only resonated with many members of the full Strategic Task Force, but also emerged as a "strong" recommendation from the focus groups that were conducted with various University constituencies (the faculty, alumni, domestic and international students, and representatives of the corporate sector). Moreover, the concern over international students' ability to obtain visas to study in the U.S. since 9/11, coupled with Vancouver's proximity to the Pacific Coast of the U.S., make Vancouver a very attractive site for establishing the University's first branch campus for international students.

In addition, both the greater Los Angeles area and Vancouver have substantial Asian and Pacific Islander populations—populations from which the proposed campus is likely to draw. The greater Los Angeles area has the second largest number of Asians and Pacific Islanders among all sites considered in the present study, second only to New York City. Vancouver has the fourth largest Asian and Pacific Islander population and, when considering Asians and Pacific Islanders as a percentage of an MSA's total population, Vancouver ranks highest among the sites considered in the present study, with 34.4% of its population being Asian and/or Pacific Islander.

Furthermore, the greater Los Angeles area has the second largest international student population in the U.S., trailing only New York City. Similarly, Vancouver's international student population appears to be large, especially when considering international students of Asian and Pacific Islander descent. Moreover, the overall college population in Canada has been growing rapidly over the past several years, including American students who choose to study in Canada because of the value of the U.S. dollar and the perceived quality of a Canadian higher education.

In summary, both Los Angeles and Vancouver are consistent with the site preference of the University's prospective partner. In addition, both sites require less traveling time (vs. other, non-Pacific Coast sites) for prospective students who are most likely to come from Pacific Rim countries, both sites contain many of the heavily weighted criteria identified in the present study—including good public transportation, warm climates, and strong ethnic communities, and both sites have a history of opening their borders to out-of-state and/or foreign institutions.

FAIRLEIGH DICKINSON UNIVERSITY

FEASIBILITY STUDY

(PHASE III)

A BRANCH CAMPUS FOR INTERNATIONAL STUDENTS: PREFERRED SITE, BUSINESS MODEL AND BUSINESS PLAN

Overview

The first two phases of the Feasibility Study focused on the validity of establishing a branch campus for international students and the identification of prospective sites for such a campus. During these two phases, many questions were raised that can be answered best in this (the final) phase of the Feasibility Study, the preliminary and final objectives of which were as follows.

- Identify prospective business models for establishing the University's first branch campus for international students.
- Develop a preliminary business plan for each of the sites recommended in Phase II of the Feasibility Study—Los Angeles and Vancouver.
- Determine which of the two sites, Los Angeles or Vancouver, is the preferred site to launch this initiative.
- Selection of a preferred business model.
- Development of a final business plan for the preferred site.

During the first two phases of the Feasibility Study, questions were raised about the University undertaking this initiative with Campus Group Holdings (CGH). The questions and concerns were primarily related to CGH's failure to recruit international students to the University's main campuses in New Jersey, in accordance with a schedule mutually agreed to by both parties in the spring of 2002. Consequently, at the March 2004 meeting of the Board of Trustees, the Strategic Task Force submitted a recommendation calling for the University to discontinue its relationship with CGH in conjunction with the initiative to develop a branch campus for international students.

In approving this recommendation, the Board of Trustees asked the Strategic Task Force, specifically the Working Group of the Strategic Task Force, to explore options for moving the initiative forward without CGH. The Board also acknowledged that the June 2004 deadline established for a Board decision on the initiative could be extended given that the University's decision not to continue working with CGH meant that the deadline established in the University's original master agreement with CGH was no longer applicable.

Following the Board meeting, the Working Group met with President Adams and two trustees on the Strategic Task Force (Pat Zenner, Chairman of the Board of Trustees, and Bill Cozine, Chairman of the Finance and Budget Committee of the Board of Trustees) to discuss the Board's commitment to the initiative as well as the parameters that the Board felt the Task Force needed to establish before proceeding with the final phase of the Feasibility Study. The two trustees expressed a strong interest in the continuation of the work related to the initiative and helped establish several parameters that they felt the Board would view as crucial in moving the initiative forward. The parameters were as follows:

- Given the fragile nature of the University's finances, the University must focus primarily on the two New Jersey campuses and on strategic initiatives that will improve the fiscal stability of the University.

- The initiative cannot require the University to make an investment of more than \$3 million spread over three fiscal years.
- The initiative cannot exceed the following time demands from key individuals on the New Jersey campuses.

Fiscal Year 1 (FY05) – Members of the Working Group, and their support staff, cannot devote more time to this initiative than they did in FY03 or FY04.

Fiscal Year 2 and 3 (FY06 & FY07) – Members of the Working Group, and their support staff, cannot devote more time to this initiative than they did in FY03 or FY04, and other key individuals on the New Jersey campuses from areas such as enrollment management, public relations, information systems and technology, the library, etc. cannot devote more than 10% of their time to this initiative.

- The first branch campus should be undertaken as a pilot project limited to offering a maximum of four undergraduate degree programs with an initial enrollment of approximately 50 students growing to no more than 500 students.

Prior to adjourning the meeting with the Working Group, the two trustees agreed to continue working with members of the Working Group to explore options for moving the initiative forward without CGH.

Prospective Business Models

The Working Group identified four prospective business models in a meeting subsequent to its meeting with President Adams and the two trustees. The four models were as follows:

- 1) FDU could develop a branch campus for international students without an investor or partner. This model would require a capital investment on the part of the University through either the use of existing endowment or annual operating funds, or a gift to the University that would be restricted to the development of such a campus.

This option could be established as either a substantive pilot (a limited number of programs and students, as stipulated by the two trustees) or as a fully operational campus.

- 2) FDU could secure an investor who, in return for an initial outlay of the capital investment, could receive a return on its investment in the form of interest and/or a share of the net revenue of the branch campus over a specified period of time (e.g., Kaplan, Sylvan).
- 3) FDU could develop a branch campus for international students in Vancouver with an established Canadian college or university (or in L.A. with a local American college or university).
- 4) FDU could develop a branch campus in conjunction with an English-as-a-second-language (ESL) provider (e.g., Berlitz-ELS), this as a replacement for CGH and the Global Assessment Certificate (GAC). In this model, the ESL program could serve as a feeder to degree programs at the branch campus.

The pros and cons of each of the prospective business models are noted in the table that follows. Although each of the models is presented separately, it should be noted that business models might be combined. For example, an ESL provider could also serve as an investor.

A more critical review of each of the prospective business models is presented later in this phase of the Feasibility Study.

Prospective Business Models	Pros	Cons
<p>1. FDU Alone:</p> <p>a. Use of Unrestricted Endowment or Annual Operating Funds.</p>	<p>FDU retains all the net revenue.</p> <p>FDU has total control over the project.</p> <p>Minimal tax implications (relative to other models).</p>	<p>Can't be done until FY06, at the very earliest.</p> <p>FDU accepts all the risk.</p> <p>Reduction of the endowment or annual operating dollars for use in other University initiatives.</p> <p>FDU must provide/secure all required infrastructure.</p> <p>FDU must establish surplus provisions in its annual operating budget(s) to offset a potential loss of the investment.</p> <p>If the initiative fails, the actual loss may be higher than the original amount invested.</p>
<p>b. Restricted Gift of \$2-3M.</p>	<p>Same as 1a, plus:</p> <p>Reduces financial risk to FDU by amount of the gift.</p> <p>Minimizes need for surplus provisions in annual operating budget(s).</p>	<p>Can't be done until a gift is received.</p> <p>FDU accepts all the risk.</p> <p>FDU must provide/secure all required infrastructure.</p> <p>If the initiative fails, the actual loss may be higher than the amount of the gift.</p>
<p>2. FDU w/ Investor Cash.</p>	<p>Reduces financial risk to FDU by the amount of the investment.</p> <p>Minimizes need for surplus provisions in the annual operating budget(s).</p>	<p>Can't be started until dollars are received.</p> <p>FDU loses some control over the campus.</p> <p>FDU net revenue is reduced.</p> <p>Could have negative tax implications.</p> <p>If the initiative fails, the actual loss may be higher than the amount of the investment.</p>
<p>3. FDU w/ Canadian College or University.</p>	<p>Minimizes start-up and operating expenses (inclusive of infrastructure).</p> <p>Reduces financial risk to FDU.</p> <p>Provides a local market and partner with name recognition.</p> <p>Provides for joint degree opportunities and prospective student transfers to main campuses.</p> <p>Easier for students to get visas.</p> <p>Direct competition w/ American universities is minimized.</p> <p>More consistent w/ FDU's Global</p>	<p>Limits FDU to the Pacific Coast of Canada, at least initially.</p> <p>Requires Canadian college or university and international approvals.</p> <p>Canada is not as attractive as the U.S. to international students, although many international students do go to Canada.</p> <p>FDU loses some control over the campus and programs.</p> <p>FDU must share the net revenue.</p> <p>Requires a bond equal to 75% of projected annual tuition revenue, although some of this would be born by the</p>

	Education mission. Cost-of-living and operational expenses are lower than in the U.S.	Canadian partner institution.
4. FDU w/ ESL Provider.	Minimizes start-up and operating expenses (inclusive, possibly, of some infrastructure and marketing costs). Reduces financial risk to FDU. Provides a direct feeder for degree programs. FDU retains control over degree programs.	FDU must establish surplus provisions in its annual operating budget(s) to offset a potential loss of the investment. If the initiative fails, the actual loss may be higher than the original amount invested.

Preliminary Business Plans

In keeping with the objectives of Phase III of the Feasibility Study, the Working Group developed two “preliminary” business plans for consideration in establishing a branch campus for international students—one for L.A. and one for Vancouver. Both business plans reflected a detailed account of all the variables pertinent to establishing and maintaining a branch campus over a period of five years, and, with fewer than 500 students enrolled by Semester 1 of Year 3, both business plans reflected a full return on investment plus cumulative net revenue of \$750,000 or more, as well as net revenue of several million dollars annually beginning in Year 4.

In establishing benchmarks for tuition for each business plan, the Working Group completed a thorough review of public and private institutions of higher education at each location. For L.A., it was decided that Alliant International University (AIU) would be used as a benchmark. AIU was selected by unanimous vote of the Working Group members given that it is a private institution in California with a mission that is strikingly similar to FDU’s. AIU, established in 2001 as a result of the combination of the California School of Professional Psychology (CSPP) and United States International University (USIU), offers competitive undergraduate and graduate programs in the social sciences, business, management information systems, and information technology, and currently enrolls 6,200 students, one-third of whom are international students or belong to an ethnic minority group. AIU has six campuses in California (in Fresno, Irvine, Los Angeles, Sacramento, San Diego, and the San Francisco Bay area) as well as three international campuses (in Mexico City, Nairobi (Kenya), and Japan). The 2003-04 tuition rate at AIU for international students was approximately \$516 per credit on a flat fee basis for 12-16 credits per semester. For competitive purposes, the tuition rate used in the L.A. business plan was set at \$525 per credit.

In Vancouver, where most institutions of higher education are public (e.g., University of British Columbia, Simon Fraser University, University of Victoria, and Royal Roads University), a survey yielded a range of tuition for international students between \$232 and \$386 a credit. Given that FDU is a private “American” university, the members of the Working Group agreed that a tuition rate of \$400 a credit would be reasonable to use in the business plan for Vancouver, a tuition rate that is slightly higher than the most expensive public university in Vancouver.

Similar methods were used in estimating costs associated with faculty and staff (compensation and benefits) as well as other costs in each business plan, and the projected costs for facilities, equipment and supplies were obtained from data provided by Julian J. Studley, Inc. and from other sources. The preliminary business plans for L.A. and Vancouver, although not included with the Feasibility Study, are available for review upon request.

Review of Preliminary Business Plans and Site Preference

In May 2004, the Working Group met again with President Adams and two trustees on the Strategic Task Force (Pat Zenner and Bill Cozine) to review the preliminary business plans. Although both business plans were determined to meet the parameters established during the March meeting with President Adams and the two trustees, the unanimous opinion of the Working Group members, President Adams, and the two trustees was to focus on Vancouver as a site for establishing the University's first branch campus for international students.

This decision was based primarily on the following arguments:

- An international branch campus in Vancouver (vs. a domestic branch campus in L.A.) is more consistent with the University's mission as *the leader in global education* and desire to broaden its visibility internationally.
- There are far fewer competitors (American universities) operating in Vancouver than there are in L.A.
- International students are likely to find it easier to obtain visas to study in Canada than to study in the U.S., for the foreseeable future.
- The University has identified a potential cost-sharing arrangement, feeder school and prospective investor in Vancouver.
- Establishing a branch campus in Vancouver would be less costly than establishing a branch campus in L.A.

In reaching its decision, the Working Group was encouraged by the two trustees to send a delegation to Vancouver to evaluate both the economic and academic viability of a branch campus more thoroughly.

In July 2004, a delegation of three Working Group members and President Adams visited Vancouver. Several meetings with a prospective business partner (ESL provider) and investor, meetings with representatives of the Ministry of Small Business and Economic Development as well as tax specialists from the Vancouver office of PricewaterhouseCoopers, and a meeting with a representative of the Ministry of Advanced Education were scheduled and attended by members of the delegation. Site visits to local colleges and universities, including Central Michigan University's branch campus and a branch of the University of Phoenix, were also completed.

In just three days, the delegation was able to make a careful and thorough evaluation of Vancouver as a prospective site for FDU's first branch campus for international students. Following its return and review of all the information it had gathered, the delegation concluded that Vancouver is the most desirable location for establishing an FDU branch campus for international students. The city of Vancouver, in addition to being a dynamic and growing city that attracts large numbers of international students from Pacific Rim and other countries in South Asia, is economically and academically receptive to FDU's interest to locate there.

In reporting its findings to the full Working Group in late August 2004, the delegation strongly endorsed Vancouver as the preferred site for establishing FDU's first branch campus for international students. After some discussion, the Working Group agreed to complete the Feasibility Study with its focus solely on Vancouver.

Preferred Business Model

Earlier, various business models for establishing a branch campus for international students were presented along with the pros and cons of each model (see section on Prospective Business Models). The Working Group reviewed and considered each of these models carefully, and reached the following conclusions with respect to each model:

- *A branch campus owned entirely by FDU and funded through a restricted gift:* The Working Group believes that receiving a restricted gift to fund the branch campus is remote at this time. Waiting for such a gift, which may never come, would seriously delay the start of this initiative.
- *A branch campus funded by a for-profit investor:* While a for-profit investor has been identified, the Working Group believes that this business model would seriously dilute the University's potential earnings from the branch campus, as the net revenue would have to be shared with the investor. The University might also have to share control and involve the investor in certain decisions relating to the campus' operations. Moreover, working with a for-profit investor would add significant tax risk to the campus and could seriously jeopardize the campus' tax exempt and charitable status. Furthermore, initial operating losses of the campus would have to be included in the University's external financial statements, although at a lesser amount.
- *A branch campus in partnership with a Canadian College or University:* The Working Group believes that this model, although having certain advantages, including reducing financial risk to the University, has all the drawbacks of a branch campus funded by a for-profit investor, except the tax risk. Partnering with a Canadian college or university would likely delay the start of operations, as colleges and universities need significant lead-time before a decision to move forward with a new initiative such as this could be made.
- *A branch campus in conjunction with an ESL provider:* The Working Group believes that this model has many of the drawbacks as a branch campus funded by a for-profit investor, with some advantages in reducing infrastructure and marketing costs, as well as the advantage of being a "feeder" of students to the campus. Although a viable option, the Working Group does not believe this model is best for FDU.
- *A branch campus funded entirely by the University:* **This business model is the Working Group's preferred model for establishing the University's first branch campus for international students.** Under this model, the University would retain all the net revenue generated from the branch campus and would have full control over the campus, from both an academic and operational standpoint. With this model, the University would accept all the risks, but would also receive all the rewards, which are expected to be substantial.

Final Business Plan for Vancouver

The Working Group revised its business plan for establishing a branch campus in Vancouver, in order to reduce the initial cash investment required to commence operations. The principal changes to the preliminary business plan were reductions in the projected enrollment and size of the campus from 20,000 to 10,000 square feet, a size sufficient to serve a student body of about 500. As a result, the initial investment necessary to launch the branch campus was reduced to less than \$1 million in the year prior to classes (Year 0) and approximately \$350,000 in the first year of full operations (Year 1)—a total of \$1.35 million on a cumulative basis. It is important to note that for GAAP financial statement purposes, the projected operating loss in Year 0 is less than \$650,000 since approximately \$350,000 will be capitalized for leasehold improvements, furniture, fixtures and equipment. This compares to a cumulative investment of \$2 to \$3 million in the preliminary business plan for Vancouver. The Working Group's projections now indicate that, by the end of Year 1, the branch campus will be operating on a cash positive basis (with only 133 students enrolled), and will have earned back its investment and become cash positive on a cumulative basis by the end of Year 2.

The final business plan for Vancouver is provided under separate cover. It should be noted that, if the University is successful in entering into a "cost sharing" arrangement with a local ESL provider, a further reduction in both the University's investment in and on-going expenses of the branch campus can be expected.

In finalizing the business plan for Vancouver, the following revisions to the preliminary business plan were made:

- In keeping with the parameters established by the Working Group and two trustees on the Strategic Task Force (see opening section of Phase III of the Feasibility Study), projected enrollment was substantially reduced based on the assumption that the branch campus would initially enroll only 67 students and achieve a maximum enrollment of only 400 non-transfer students after five full years of operation. Preliminary projections forecasted 1,259 students by the end of Year 5.
- A reduction of the size of the physical facility from 20,000 to 10,000 square feet. This space will be sufficient to serve a student body of approximately 500 students. If the student body exceeds this amount, additional facilities will be leased and equipped using funds generated from the revenues associated with the additional students.
- The number of class sections and related faculty salaries and benefits was adjusted to reflect the revision of projected enrollments.
- Annual occupancy costs (principally rent) were reduced from \$480,000 to \$240,000 to reflect the reduction in the size of the branch campus.
- The University's contribution to the build-out of the leased space was reduced from \$500,000 to \$250,000.
- The acquisition of furniture, fixtures and equipment was reduced by one-half. Leased equipment (principally computers) remains as originally projected.
- A modest number of transfer students were added to the projected enrollment beginning in Year 3.
- Provisions for New Jersey faculty and staff stipends were made for initial and continuing academic oversight of the branch campus, as well as initial set-up of administrative and financial systems.
- Provisions were made for a student tuition surety bond, based on projected tuition income as required by the Ministry of Advanced Education of British Columbia. This bond protects students for tuition paid in advance of instruction.

All other instructional and administrative costs remain as originally projected (although these costs support the 1,259 students projected by the end of Year 5 in the preliminary business plan).

Organization Structure, Taxes and Other Employer Costs

Based on information obtained in meetings with the British Columbia Ministry of Small Business and Economic Development and tax specialists from the Vancouver office of PricewaterhouseCoopers, the University delegation that visited Vancouver in July 2004 determined that the preferred organization structure for a branch campus in Vancouver would be a wholly owned, tax-exempt, British Columbian subsidiary of the University. This not-for-profit entity could apply for "public charity" status, which would allow for tax deductions for Canadian income tax purposes and for donors who might make contributions to the subsidiary. As a British Columbian tax-exempt organization, the subsidiary would also have tax-favored status as it relates to certain provincial sales, goods and services taxes (so-called value-added taxes).

The delegation also learned that British Columbian companies have certain advantages with respect to employer-paid payroll taxes and costs when compared to similar taxes and costs imposed on companies that operate in the U.S. The Employers' Canada Pension Plan, which is equivalent to Social Security in the U.S., requires employers to contribute 4.95% of employee earnings (this in 2004), with a maximum annual contribution per employee of C\$1,831 (US\$1,375). The Social Security tax rate in the U.S. is currently 6.2% of employee earnings, with a maximum of \$5,450 plus 1.45% for Medicare tax with no limit on earnings.

Workers' Compensation insurance in British Columbia is available exclusively through the Workers' Compensation Board of British Columbia. Contribution rates are experienced-rated and industry-specific. The standard contribution rate in 2004 for colleges and vocational institutions is C\$0.22 per C\$100 of

assessable payroll, with a maximum annual contribution of C\$133 (US\$100). There are no other payroll taxes in British Columbia.

With respect to healthcare, Canada has a nationalized healthcare system. In British Columbia, healthcare premiums are payable by individuals. However, some employers pay healthcare premiums on behalf of their employees. The monthly contributions for 2004 are C\$54, C\$96 and C\$108 (US\$41, US\$72 and US\$81) for single, couple and family coverage, respectively. This is less than US\$1,000 for family coverage, compared to the thousands of dollars in healthcare costs for a single FDU employee in New Jersey (family coverage for FDU employees is well over US\$10,000 in New Jersey).

With respect to private retirement and deferred profit sharing plans, Canadian tax laws provide favorable tax treatment for contributions and earnings of these plans, similar to the U.S. There are contribution limitations for both employees and employers based on employee earnings (18% of earned income during the previous year or 18% of pensionable earnings during the current year) and fixed dollar limits. Employee contributions to deferred profit sharing plans are not permitted. The Working Group is currently investigating whether the TIAA-CREF plans employed by FDU in New Jersey are available to Canadian organizations.

New Guidelines for Approval to Operate in British Columbia

In November 2003, the 37th Parliament enacted *The Degree Authorization Act*, which requires all out-of-province institutions of higher education, public and private (domestic and foreign), to apply directly to the Minister of Advanced Education for consent to operate (to offer courses and/or degree programs) in the Province of British Columbia. The Private Postsecondary Education Commission (PPSEC) no longer has authority to register and monitor universities operating in British Columbia.

Under the new guidelines, out-of-province institutions must submit a detailed application to the Degree Authorization Board, which, following a careful review of the application and the institution's mission and background, "may" result in a recommendation by the Board to the Minister of Advanced Education to grant consent to operate in British Columbia. In all cases, final approval lies with the Minister, and consent to operate is for specific degree programs only (those included in the application).

In July 2004, the University delegation that traveled to Vancouver met with a representative from the Office of the Minister of Advanced Education to learn more about the new guidelines and to inquire about the possibility of an "institutional exemption" for FDU. Under the new guidelines, institutions seeking consent to operate in British Columbia may be eligible for exempt status for programs that have been in existence for more than 10 years at the institution's home campus. In the event of granting of institutional exemption, an institution seeking consent could by-pass the Degree Authorization Board in the application and approval process, and could apply directly to the Minister for consent to operate. The advantage of exempt status is savings of time in the application process.

In concluding its meeting with the representative from the Minister's office, the delegation was told that application reviews normally take about six months and possibly less than six months should an institution apply and win approval for exempt status.

International Student Enrollments in British Columbia

Data provided by the British Columbia Centre for International Education confirm what was reported earlier in the Feasibility Study (Phase II), namely that large numbers of international students, particularly international students from Pacific Rim and other countries in South Asia, come to British Columbia (specifically to Vancouver) to complete undergraduate and graduate degrees at Canadian institutions of higher education.

The top 10 source countries for long-term international students studying in British Columbia in 2002-03 are provided in the table that follows.

Country	No. of Students
China	4,763
Japan	1,992
South Korea	1,928
Taiwan	1,112
United States	936
Hong Kong SAR	767
Mexico	405
Indonesia	302
India	278
United Kingdom	247

The top three geographic regions sending long-term students to British Columbia in 2002-03 were: East Asia (67%), North America (8.5%), and Europe (7.8%).

In 2002-03 there were 20,181 short- and long-term international students enrolled in public post-secondary institutions in British Columbia, an increase of 5.8% from the previous year. There were a total of 15,804 international students registered in long-term programs (programs greater than three months in length)—a 58.5% increase over the previous year, and 4,377 international students registered in short-term programs (programs of three months or less)—a 51.9% decrease from the previous year.

Long-term international student enrollments for university undergraduate programs increased by 36%, from 3,379 in 2001-02 to 4,597 in 2002-03, and university transfers were up by 64.2%, from 1,295 in 2001-02 to 2,127 in 2002-03. In addition, long-term developmental enrollments, which include international students enrolled in the many English language schools throughout Vancouver and British Columbia, grew from 2,074 in 2001-02 to 3,545 in 2002-03—an increase of 70.9%.

Moreover, according to the British Columbia Centre for International Education, the disproportionately large growth rates observed in long-term international student enrollments in British Columbian universities and English language schools over the past decade are expected to continue, especially in light of the fact that more and more international students seem to be choosing Canada over the U.S. each year, particularly since 9/11.

Exit Strategy

Based on the University's recent experience in closing its branch campus in Israel in January 2002 and its experience in closing its College of Dental Medicine more than a decade ago, the Working Group members, some of whom were directly involved in managing the closing of the campus in Israel and the College of Dental Medicine, are confident that a similar exit strategy could be employed in Vancouver, if necessary.

In closing the campus in Israel, an accelerated teach-out of the majority of approximately 100-125 students was implemented over a period of just one to two years. An additional 50-75 students were transferred to one of the main campuses in New Jersey, or to other institutions in Israel, to complete their degree requirements; a similar approach was taken in closing the College of Dental Medicine. Similarly, the Vancouver branch could develop strong relations (even articulation agreements) with other Canadian institutions that would be very helpful in accelerating a teach-out and closing a small campus should the need arise.

If FDU has to close its campus in Vancouver for some unforeseen reason, steps similar to those taken in Israel could be implemented, with the objective of providing alternatives for students while minimizing costs associated with the closing. Given the Working Group’s recommendation that FDU should establish a branch campus in Vancouver entirely on its own, no contractual obligations to a partner or investor would need to be considered in an exit strategy. FDU’s obligations would be limited to its students and to its lease obligations, the latter of which could be offset if FDU were to enter into a cost-sharing (lease-sharing) arrangement with a local ESL provider (or by sub-leasing the space).

Summary and Final Recommendations

In selecting Vancouver as the preferred site for the University’s first branch campus for international students and in advocating that the University undertake this initiative on its own, the Working Group believes that the financial rewards projected in the final business plan outweigh the risks posed to the University.

Although involving a partner and/or investor in the venture would minimize the risks posed to the University, such a model would substantially dilute the University’s financial rewards and limit the University’s control over the campus—two reasons why the Working Group is not favorably disposed to such a model. However, securing a cost-sharing arrangement with a local ESL provider, whose programs could serve as a feeder to degree programs at the branch campus, is an option to which the Working Group is very favorably disposed.

In making its final recommendations, the Working Group believes that the branch campus initiative, which has been the focus of a Board Strategic Task Force for more than two years now, represents the best opportunity for the University to generate significant revenue that could improve the University’s fiscal stability and substantially fuel the University’s core enterprise in New Jersey.

In closing, the Working Group wishes to emphasize the importance of establishing a “small” campus for international students. Establishing a reputation for quality programs, an academic delivery model that maximizes learning outcomes and opportunities for students to interact with main campus faculty, and student support services that are second to none is essential to FDU’s mission as *the leader in global education* and to the success of this initiative—in Canada, and eventually in other parts of the world.

Appendix I

(pp. 41-44)

FDU Affiliations with Institutions Abroad

Fairleigh Dickinson University has entered into articulation agreements with universities around the world. These agreements all generally provide for:

- exchange of students
- exchange of faculty
- joint research projects
- general cooperation in educational undertakings

The following list indicates specific *additional* highlights of each agreement and developments within it.

Bangkok University (Thailand) – www.bu.ac.th

The relationship between BU and FDU goes back many years. Currently, FDU receives a small number of students from BU and are exploring ways to broaden our relationship in a wide range of programs.

Ben Gurion University of the Negev (Israel) – www.bgu.ac.il

Each summer, the two universities co-sponsor an intensive Hebrew program on the Metropolitan Campus. Other areas of study are also under consideration. FDU students can spend a semester abroad at BGU if they like.

Under a separate initiative, the School of Psychology is currently seeking to re-establish FDU's presence in Israel in the form of a graduate school of professional psychology—possibly in partnership with Tel Aviv University Medical School and Schneider Children's Medical Center of Israel. If successful, this initiative would allow Israelis (as well as qualified Americans) to earn an FDU degree in Israel. As many as 100 students or more would study in multiple degree programs in the proposed school, which would include several master's programs and possibly a doctoral program.

(The) Chinese University of Hong Kong – www.cuhk.edu.hk/en

A program in communications has been established that permits CUHK students to earn an undergraduate degree in communications, spending two years at CUHK and two years at FDU.

Intercollege (Cyprus) – www.intercol.edu

Numerous undergraduate programs allow students from Cyprus to come to FDU and complete their undergraduate studies. In addition, FDU students can go to Cyprus for a semester abroad. This agreement was developed more recently, and it is anticipated that eventually a sizeable number of new students (perhaps 30 or more) will be coming to FDU annually under this agreement. The Office of International Admissions at FDU is considering the establishment of an office at Intercollege to promote the programs under this agreement specifically, and to provide an international base for recruitment of international students to FDU more generally.

Galen University (Belize) – www.galenu.edu.bz

GU is a new, private university in San Ignacio, Belize. Several programs in business have been

articulated so that students from Central and South America can spend the early part of their studies at GU, and then come to one of the main campuses of FDU to complete their degrees in the Silberman College of Business. It is anticipated that over time this agreement will permit more students from Latin America to study at the main campuses of FDU, which would bring more diversity to FDU's international study body.

International University of Monaco – www.monaco.edu

IUM offers degrees in business. By agreement, FDU undergraduates can spend a semester in Monaco, and students from Monaco can spend a semester at FDU. In addition, an MBA in Global Management allows students to earn approximately one-half of their credits in Monaco and one-half in the U.S. From discussions between President Adams and Pres. Crener (IUM), it is anticipated that about 80 students per year will be involved in this program.

International University Study Center (Barcelona, Spain) – www.iusc.es

Since 1997, approximately 200 students have come to FDU from IUSC to complete their fourth year of undergraduate education and earn an FDU degree. Areas of study include environmental science, marine biology, and communications. This year enrollment was down to 20, partially because of marine biology students opting to go elsewhere after their IUSC studies. The development of a full-semester marine field experience in the Caribbean is quite attractive to their current students. If FDU is able to develop a facility in this region, it is estimated that FDU could receive 25-30 marine biology students each year under this agreement.

Institute of Management Technology (Ghaziabad, India) – www.imt.edu

FDU and IMT have entered into an agreement, which provides for the offering of a joint Global MBA degree. Students will start their studies in India, then come to the U.S. for approximately one-half of their studies, and then return to India to complete their degrees. In spring 2004, the first cohort of 17 students will be coming. This cohort is smaller than would have resulted if recruitment had been done in a timely manner in India. It is anticipated that 50 students will come to FDU each year under this agreement, 25 in the spring of each year and 25 in the fall.

Izmir Advanced Education Institute (IAEI) (Turkey) – www.iiek.org

Since 1997, IAEI has had an agreement with FDU to send undergraduate students to the Metropolitan Campus to complete their undergraduate studies in specific majors. Discussions are now underway to broaden this relationship.

Karola Marcinkowski Medical School (Poland) – www.mdprogram.com

This is a highly prestigious, European medical school, and FDU has an agreement by which students can earn their undergraduate and medical degrees in seven years. Students are admitted to this joint program directly upon high school graduation. If students maintain appropriate undergraduate grades, they are guaranteed a place in the medical school.

Kyungnam University (Korea) – www.kyungnam.ac.kr

For many years, FDU has run a summer language and culture program for Kyungnam students. This cooperation will be broadened to form a greater range of joint academic programs. Currently, the MBA is under consideration.

Lignan University (Hong Kong)

FDU and Lignan have entered into an agreement that permits Lignan students to come to FDU to complete their undergraduate programs.

Northeastern University (China) – www.neu.cn/english

FDU and NEU are completing the details of offering an FDU MBA degree to students in China.

PUCMM (Dominican Republic) – www.pucmmsti.edu.do

FDU and PUCMM have developed programs that will bring Dominican students to FDU. Currently, the area of study of most interest is hotel, restaurant and tourism management. Forty students are scheduled to start their HRTM program in the current semester. Their first phase of study involves a practical experience in Florida, during which they will take nine credits. Visa issues have kept the number lower than anticipated. Next year, the visas will be handled in a different manner and, with no anticipated visa problem, 40 students should be enrolled in the program. Other areas of cooperation will include nursing, pre-medical studies, environmental science, education, and communications.

Shenyang University (China)

FDU has been asked to develop a program in which SU students will come to FDU to complete their undergraduate business studies. The Silberman College of Business is examining the feasibility of the program.

Universidad Alfonso X El Sabio (Madrid, Spain) – www.uax.es

Programs have been developed for UAX students to come to FDU to earn undergraduate degrees in environmental science and hotel, restaurant and tourism management. Graduate programs in environmental science are also being developed.

Xi'An International University (China)

FDU is currently working with XIU to develop joint undergraduate degrees in business.

Prospective Partnerships

Currently, discussions are underway with a wide range of schools. A partial list of schools very likely to yield positive results is noted below:

Fachhochschule de Wirtschaft – Germany

University of Mumbai – India

Monterey Polytech (33 campuses throughout Mexico)

Ritsumeikan University – Japan

Numerous, less significant discussions are also underway with schools in Malaysia, Singapore, and Hong Kong.

New contacts are being developed in Latin America through the Organization of American States and the Association of Pontifical Universities in Latin America, headed by the rector of PUCMM, with which FDU has an agreement.

In addition, there are a few old agreements that FDU has signed, but on which no activity is taking place:

Niigata Institute of Technology – Japan

Fushin Institute of Technology – Japan

Tung Nan Junior College - Taiwan

Appendix II

INSTITUTIONS WITH 1,000 OR MORE INTERNATIONAL STUDENTS,
2002/03

RANKED BY INTERNATIONAL STUDENT TOTALS

Rank	Institution	City	State	Total Int'l Students	Total Enrollment
1	University of Southern California	Los Angeles	CA	6,270	30,682
2	New York University	New York	NY	5,454	38,096
3	Columbia University	New York	NY	5,148	23,324
4	Purdue University Main Campus	West Lafayette	IN	5,105	38,564
5	University of Texas at Austin	Austin	TX	4,926	52,261
6	University of Michigan - Ann Arbor	Ann Arbor	MI	4,601	38,972
7	University of Illinois at Urbana-Champaign	Champaign	IL	4,555	38,263
8	Boston University	Boston	MA	4,518	28,981
9	University of Wisconsin - Madison	Madison	WI	4,396	41,462
10	The Ohio State University Main Campus	Columbus	OH	4,334	49,676
11	University of California - Los Angeles	Los Angeles	CA	3,927	35,912
12	University of Pennsylvania	Philadelphia	PA	3,856	22,326
13	Florida International University	Miami	FL	3,741	33,800
14	University of Maryland College Park	College Park	MD	3,734	34,801
15	Texas A&M University	College Station	TX	3,702	45,083
16	Penn State University Park Campus	University Park	PA	3,681	41,445
17	SUNY at Buffalo	Buffalo	NY	3,628	26,168
18	University of Florida	Gainesville	FL	3,547	47,241
19	Houston Community College System	Houston	TX	3,507	38,175
20	Indiana University at Bloomington	Bloomington	IN	3,495	38,903
21	Harvard University	Cambridge	MA	3,459	19,536
22	University of Houston	Houston	TX	3,358	34,074
23	University of Minnesota - Twin Cities	Minneapolis	MN	3,351	48,677
24	Arizona State University Main	Tempe	AZ	3,268	47,359
25	Wayne State University	Detroit	MI	3,224	31,040

Appendix III

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Data presented in this appendix are from the Institute of International Education's *Open Doors Report, 2003*; statistics particular to several states are provided below. Additional statistics are available at IIE's Web site— <http://opendoors.iienetwork.org>.

STATISTICS ON INTERNATIONAL EDUCATIONAL EXCHANGE IN CALIFORNIA

FOREIGN STUDENTS IN CALIFORNIA 2002/03 (Rank #1)	80,487 (up 2.2%)
ESTIMATED FOREIGN STUDENTS EXPENDITURE IN CALIFORNIA 2002/03 (in millions of dollars)	\$ 1,770.3

TOP FIVE CALIFORNIA INSTITUTIONS WITH 1,000 OR MORE FOREIGN STUDENTS 2002/03

Institution	City	Total
University of Southern California	Los Angeles	6,270
University of California, Los Angeles	Los Angeles	3,927
Stanford University	Stanford	2,991
Foothill College	Los Altos Hills	2,969
Santa Monica College	Santa Monica	2,940

LEADING FIELDS OF STUDY FOR FOREIGN STUDENTS IN CALIFORNIA

Field of Study	% Total
Business and Management	18.3
Engineering	14.2
Math and Comp. Science	13.7
Other	10.6
Social Sciences	9.9

LEADING COUNTRIES OF ORIGIN FOR FOREIGN STUDENTS IN CALIFORNIA

Country of Origin	% Total	Total Number
Japan	15.5	12,482
China	10.7	8,639
Republic of Korea	10.2	8,238
Taiwan	8.1	6,497

India	7.9	6,325
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AMERICAN STUDENTS STUDYING ABROAD

TOTAL NUMBER OF U.S. STUDY ABROAD STUDENTS ENROLLED THROUGH CALIFORNIA INSTITUTIONS (2001/02)	14,224
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STATISTICS ON INTERNATIONAL EDUCATIONAL EXCHANGE IN FLORIDA

FOREIGN STUDENTS IN FLORIDA 2002/03 (Rank # 5)	27,270 (down 3.6%)
ESTIMATED FOREIGN STUDENTS EXPENDITURE IN FLORIDA 2002/03 (in millions of dollars)	\$593.2

TOP FIVE FLORIDA INSTITUTIONS WITH 1,000 OR MORE FOREIGN STUDENTS 2002/03

Institution	City	Total
Florida International University	Miami	3,741
University of Florida	Gainesville	3,547
University of South Florida	Tampa	2,197
Miami-Dade Community College	Miami	2,003
Florida Atlantic University	Boca Raton	1,819

LEADING FIELDS OF STUDY FOR FOREIGN STUDENTS IN FLORIDA

Field of Study	% Total
Business and Management	23.7
Engineering	20.2
Other	10.0
Math and Comp. Science	8.5
Undeclared	7.7

LEADING COUNTRIES OF ORIGIN FOR FOREIGN STUDENTS IN FLORIDA

Country of Origin	% Total	Total Number
India	9.8	2,671
Colombia	6.9	1,886
China	6.4	1,749

Venezuela	6.2	1,691
Jamaica	4.9	1,342

AMERICAN STUDENTS STUDYING ABROAD

TOTAL NUMBER OF U.S. STUDY ABROAD STUDENTS ENROLLED THROUGH FLORIDA INSTITUTIONS (2001/02)	4,836
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STATISTICS ON INTERNATIONAL EDUCATIONAL EXCHANGE IN NEW YORK

FOREIGN STUDENTS IN NEW YORK 2002/03 (Rank # 2)	63,773 (up 2.8%)
ESTIMATED FOREIGN STUDENTS EXPENDITURE IN NEW YORK 2002/03 (in millions of dollars)	\$1,517.7

TOP FIVE NEW YORK INSTITUTIONS WITH 1,000 OR MORE FOREIGN STUDENTS 2002/03

Institution	City	Total
New York University	New York	5,454
Columbia University	New York	5,148
SUNY at Buffalo	Buffalo	3,628
Cornell University	Ithaca	3,096
City University of New York Baruch College	New York	3,043

LEADING FIELDS OF STUDY FOR FOREIGN STUDENTS IN NEW YORK

Field of Study	% Total
Business & Management	18.6
Other	13.5
Math & Comp. Sci.	11.0
Fine & Applied Arts	10.4
Social Sciences	10.3

LEADING COUNTRIES OF ORIGIN FOR FOREIGN STUDENTS IN NEW YORK

Country of Origin	% Total	Total Number
Republic of Korea	10.9	6,945
China	10.3	6,572

India	10.1	6,467
Japan	8.7	5,563
Canada	7.3	4,633

AMERICAN STUDENTS STUDYING ABROAD

TOTAL NUMBER OF U.S. STUDY ABROAD STUDENTS ENROLLED THROUGH NEW YORK INSTITUTIONS (2001/02)	13,684
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STATISTICS ON INTERNATIONAL EDUCATIONAL EXCHANGE IN NEW JERSEY

FOREIGN STUDENTS IN NEW JERSEY 2002/03 (Rank # 10)	13,644 (up 0.9%)
ESTIMATED FOREIGN STUDENTS EXPENDITURE IN NEW JERSEY 2002/03 (in millions of dollars)	\$322.8

TOP NEW JERSEY INSTITUTIONS WITH 1,000 OR MORE FOREIGN STUDENTS 2002/03

Institution	City	Total
Rutgers- the State University of New Jersey	New Brunswick	2,906
New Jersey Institute of Technology	Newark	1,545
Princeton University	Princeton	1,210
Fairleigh Dickinson University (for comparison)	Teaneck/Madison	822

LEADING FIELDS OF STUDY FOR FOREIGN STUDENTS IN NEW JERSEY

Field of Study	% Total
Math & Comp. Sci.	18.8
Business & Management	18.0
Engineering	17.7
Physical & Life Sci.	9.1
Social Sciences	7.8

LEADING COUNTRIES OF ORIGIN FOR FOREIGN STUDENTS IN NEW JERSEY

Country of Origin	% Total	Total Number
India	20.2	2,751

China	11.6	1,586
Republic of Korea	9.3	1,274
Turkey	4.0	541
Taiwan	3.8	513

AMERICAN STUDENTS STUDYING ABROAD

TOTAL NUMBER OF U.S. STUDY ABROAD STUDENTS ENROLLED THROUGH NEW JERSEY INSTITUTIONS (2001/02)	1,874
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STATISTICS ON INTERNATIONAL EDUCATIONAL EXCHANGE IN TEXAS

FOREIGN STUDENTS IN TEXAS 2002/03 (Rank # 3)	45,672 (up 3.3%)
ESTIMATED FOREIGN STUDENTS EXPENDITURE IN TEXAS 2002/03 (in millions of dollars)	\$794.9

TOP FIVE TEXAS INSTITUTIONS WITH 1,000 OR MORE FOREIGN STUDENTS 2002/03

Institution	City	Total
University of Texas at Austin	Austin	4,926
Texas A&M University	College Station	3,702
Houston Community College System	Houston	3,507
University of Houston	Houston	3,358
University of Texas at Arlington	Arlington	2,832

LEADING FIELDS OF STUDY FOR FOREIGN STUDENTS IN TEXAS

Field of Study	% Total
Engineering	22.7
Business and Management	18.5
Math and Comp. Science	13.4
Other	10.9
Physical and Life Science	8.6

LEADING COUNTRIES OF ORIGIN FOR FOREIGN STUDENTS IN TEXAS

Country of Origin	% Total	Total Number
India	17.4	7,925

Mexico	10.9	4,978
China	10.8	4,929
Republic of Korea	8.3	3,770
Taiwan	4.9	2,256

AMERICAN STUDENTS STUDYING ABROAD

TOTAL NUMBER OF U.S. STUDY ABROAD STUDENTS ENROLLED THROUGH TEXAS INSTITUTIONS (2001/02)	7,202
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Appendix IV

INTERNATIONAL STUDENT TOTALS BY LEADING PLACES OF ORIGIN

Rank	Place of Origin	2001/02	2002/03	2002/03 % Change	% of U.S. Int'l Student Total
1	India	66,836	74,603	11.6	12.7
2	China	63,211	64,757	2.4	11.0
3	Korea, Republic of	49,046	51,519	5.0	8.8
4	Japan	46,810	45,960	-1.8	7.8
5	Taiwan	28,930	28,017	-3.2	4.8
6	Canada	26,514	26,513	0.0	4.5
7	Mexico	12,518	12,801	2.3	2.2
8	Turkey	12,091	11,601	-4.1	2.0
9	Indonesia	11,614	10,432	-10.2	1.8
10	Thailand	11,606	9,982	-14.0	1.7
11	Germany	9,613	9,302	-3.2	1.6
12	Brazil	8,972	8,388	-6.5	1.4
13	United Kingdom	8,414	8,326	-1.0	1.4
14	Pakistan	8,644	8,123	-6.0	1.4
15	Hong Kong	7,757	8,076	4.1	1.4
16	Kenya	7,097	7,862	10.8	1.3
17	Colombia	8,068	7,771	-3.7	1.3
18	France	7,401	7,223	-2.4	1.2
19	Malaysia	7,395	6,595	-10.8	1.1
20	Russia	6,643	6,238	-6.1	1.1
	WORLD TOTAL	582,996	586,323	0.6	