American Economic Association

COMMITTEE ON GOVERNMENT RELATIONS www.aeaweb.org/about-aea/committees/government-relations

October 26, 2020

REGARDING: DHS Docket No. ICEB-2019-0006 via http://www.regulations.gov

Sharon Hageman, Acting Regulatory Unit Chief
Office of Policy and Planning
U.S. Immigration and Customs Enforcement
U.S. Department of Homeland Security
500 12th Street SW, Washington, DC 20536

Dear Acting Regulatory Unit Chief Hageman:

The American Economic Association (AEA) Committee on Government Relations writes with concern about the consequences of your proposed regulation for members of our professional society and for the U.S. economy.

Established in 1885, the AEA is a non-profit, non-partisan, scholarly association. It's more than 20,000 members include economists from academia, government, and business, the vast majority of whom have some connections to American teaching/research institutions. The National Science Foundation's National Center for Science and Engineering Statistics (NCSES) reports that for most of at least thirty years, the majority of individuals receiving PhD's in economics have been temporary visa holders. Between 2009 and 2018, an average of 53.3-percent of those who earned economics PhD's from American colleges and universities were not U.S. citizens at the time they earned their degrees (see attached table). This infusion of multiple cultural influences has greatly enriched the economics educational experience for all. American students gain from studying with exceptional students from around that world. But because the median number of years between starting an economics PhD program to being awarded the economics doctoral degree is 5.8 years[i] (meaning that half take more than 5.8 years), the proposed regulation limiting student visas to 2 or 4 years is likely to strongly discourage well educated and qualified non-U.S. citizens from applying for advanced economics degree programs at American colleges and universities. This, in turn, will reduce demand for American economics education, reduce the diversity of colleagues for American economics students, impair the capacity of American departments to produce superior economists, and financially stress institutions currently offering economics degrees. Also, because at most universities many graduate students help teach undergraduate students, cutting back on the number of PhD students can lead to an increase in undergraduate tuition to cover this lost labor.

Beyond the adverse effect on the viability of American institutions that offer graduate education in economics is a broader effect on the American economy at large. In the Bureau of Economic Analysis' (BEA) U.S. National Income and Product Accounts, education services are a component of U.S. Gross Domestic Product (GDP). Education services are also a critical element of our trade relationships with countries worldwide. In fact, the export of U.S. educational services ranked 6th among all U.S. service exports in 2019.[ii] According to the BEA, during the 2018/2019 academic year, the U.S. hosted over one million students, and reported $44.04 billion in room, board, tuition, dependents' expenses and other components of exported education expenditures.

In the past, the U.S. has been a leading exporter of educational services. But visa restrictions-based reductions in the global demand for American educational services, in economics and elsewhere, will increase U.S. trade deficits or decrease U.S. trade surpluses, especially with China and India where demand for American educational services has been particularly strong. Canada and Australia and several European countries are in very good positions to replace the U.S. as top exporters of educational services if the burdens of complying with U.S. immigration restrictions increase.

Considering the individual, institutional, and national economic costs associated with the proposed duration of status rule, its benefits would have to be quite large to justify the new rule. Since adequate protections against fraud and abuse by international students already exist, we do not envision any notable net benefits of changing existing regulations. The proposed regulations would end up costing the American people and, thus, we recommend against implementing it.

Thank you for the opportunity to comment. Please feel free to follow up with any questions for us.

Sincerely,

Kenneth R. Troske
Richard H. and Janis W. Furst Endowed Chair in Economics, University of Kentucky, and
Chair, Committee on Government Relations, American Economic Association (AEA)

Along with the members of the AEA Committee on Government Relations:
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[i] National Science Foundation, National Center for Science and Engineering Statistics:
https://www.nsf.gov/statistics/2020/nsf20310/nsf20310.pdf

[ii] U.S. Bureau of Economic Analysis
https://apps.bea.gov/iTable/iTable.cfm?reqid=62&step=6&isuri=1&tablelist=51&product=1&filter_--5=&filter_--4=&filter_--3=0&thetableflexibleiipita=1&filter_--2=0&filter_--1=2,3