

Trends in Chinese International Education: **What to Expect in 2018¹**



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2017 was a challenging year for international recruiters in the US, with political uncertainty, slow economic growth, and low oil prices hampering enrollments from traditional powerhouse sending countries in the Middle East and Latin America. Yet the doom and gloom is not ubiquitous. Those looking for a welcome dose of good news should pay more attention to recent developments in China's international education space. 2017 saw significant growth for international schools in China, the largest funding increase for many Chinese universities in a generation, and a growing momentum towards direct engagement by universities with high schools and in-school counselors.

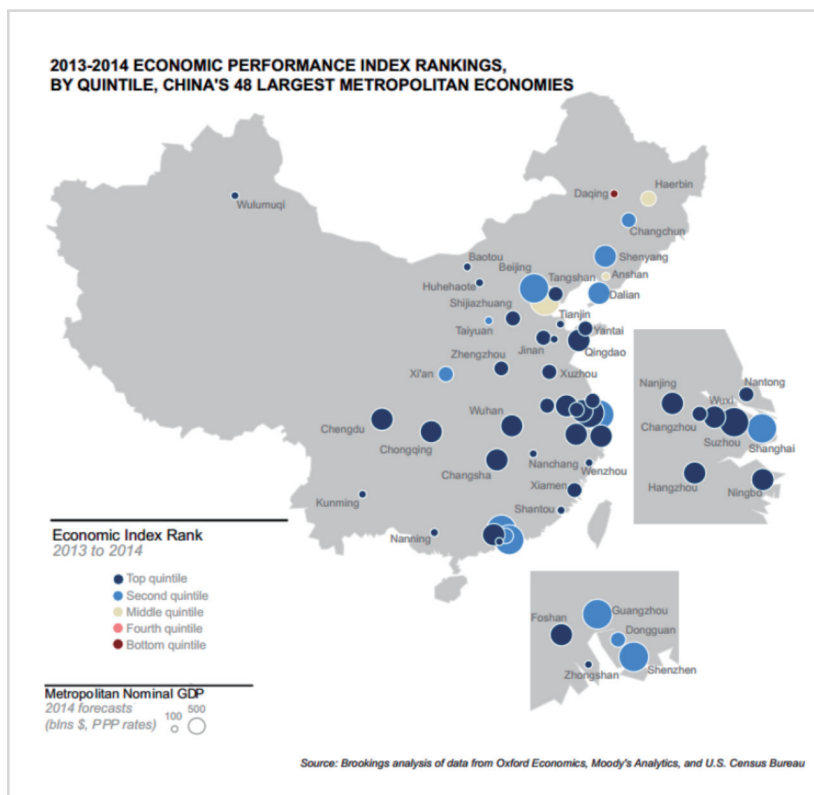
Here's what international educators can expect from China in 2018:

- 1 The most rapid growth will happen in private schools outside of Shanghai and Beijing:** There has been a steady increase of international schools and curriculum programs in 2nd and 3rd tier cities- almost double the number from five years ago. These international programs do not offer preparation for the traditional Chinese gaokao track, so nearly all students enrolled in these programs study abroad as undergraduates.
- 2 Chinese universities will spend more on partnerships:** Under the recently announced Double First Class initiative, Chinese universities will receive over \$6 billion to develop world-class degree programs and climb global rankings. This means greater interest in international partnerships, funding for exchange programs, and opportunities for graduate-level recruitment.
- 3 Educational quality will still vary but will improve amid heightened competition. New international schools will be an important target:** Generally, international schools in China do not compete on tuition price but instead on the quality of the education that they deliver. As tuitions continue to rise and the price of international schools in China begin to exceed the cost of boarding schools and homestays in North America, international schools will continue to compete not only with their local rivals but also with their peer schools abroad. In the long run, we expect this to result in better educational outcomes for students. In the short term, newly opened international schools will be eager to cultivate relationships with universities, and counselors will have a broad mandate to arrange as many school visits as possible.
- 4 Travel to China and direct engagement with schools will be more essential?** Universities that completely entrust their international recruitment efforts to education agencies will continue to struggle, as agencies face increased pressure from boutique college counseling firms and increased resistance from school counselors and administrators. Amid a series of scandals last year, calls have grown louder for greater transparency, more school visits by universities, and direct outreach through Chinese-language digital media.

Section 1.

Second and Third Tier Cities Will Grow Most Quickly

China's sustained economic growth has increased income and fueled the swelling ranks of the middle class in China. Families invest heavily in education for a variety of reasons, some cultural and some emerging from the lingering effects of the one child policy. Many Chinese families view their child's education as a form of insurance for the family's financial future.² These factors have led to a steady increase in the number of students from China studying abroad each year for the past 10 years. The Chinese Ministry of Education reported in 2016 that over 544,000 students went abroad to study. The Economist estimated that in 2017, more than 700,000 Chinese students studied abroad.³ In 2016, close to a third (362,368) of all international students in the U.S. hailed from Mainland China.⁴

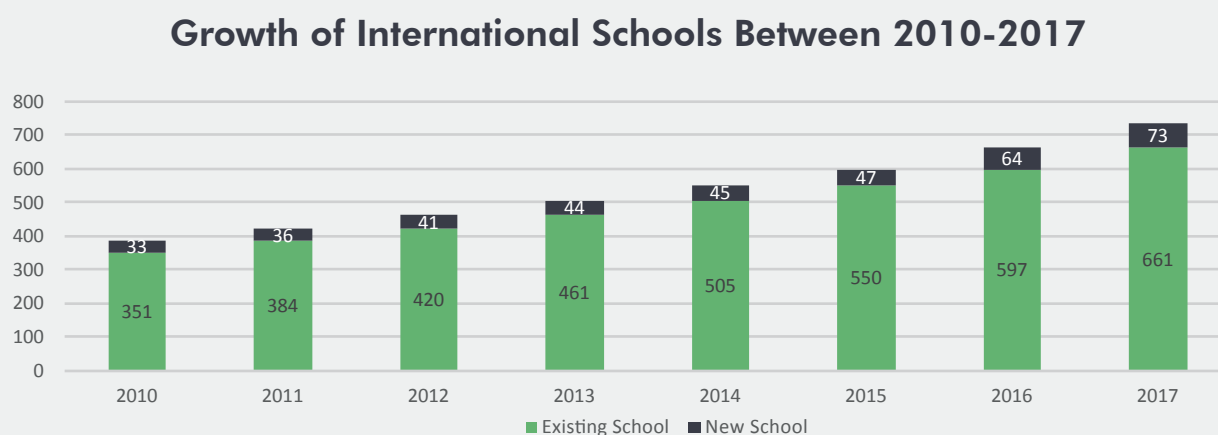


(Fig. 1. Brookings.edu)

- 2 For example, Keith Bradsherfeb, In China, Families Bet It All on College for Their Children, The New York Times, February 16, 2013 <http://www.nytimes.com/2013/02/17/business/in-china-families-bet-it-all-on-a-child-in-college.html>
- 3 Blau, Rosie. "The New Long March." The Economist, 2017, <http://www.theeconomist.com/edition/2017/article/12622/new-long-march>
- 4 "SEVIS By The Numbers." Ice.Gov, 2017, <https://www.ice.gov/doclib/sevis/pdf/byTheNumbersJun2017.pdf>

In the past, it has been widely thought that most students that go to Western universities come from big cities such as Beijing and Shanghai.⁵ However, cities such as Changzhou, Taizhou, and Zibo, for example, each with a population larger than Chicago, have entered as important players in a market previously dominated by 1st tier cities. As incomes grow in these areas, we expect families in these cities to become bigger spenders on a variety of goods, including education.⁶ In a country where 57% of parents send their children abroad for school if they could afford it, we expect that students from these cities will represent an ever-growing share of international students bound for the US.⁷

A. Growth of Chinese International Schools



(Fig. 2. Growth of International Schools between 2010-2017, NewSchool Insight)

As of October 2017, there are 734 international schools registered with the central government in China.⁸ Additionally, we estimate there is likely an additional 500 international departments operating within public high schools in cities around China that are either registered only with municipal governments or that operate without legal registration and many more small-scale “international classes” that operate in a legal grey area inside of public schools. Of those nationally registered schools, there are 126 foreign international schools, 367 private international

⁵ McMillan, Alex. "The Rise of China's 2nd and 3rd Tier Cities." CNBC, 2017, <https://www.cnbc.com/id/41420632>

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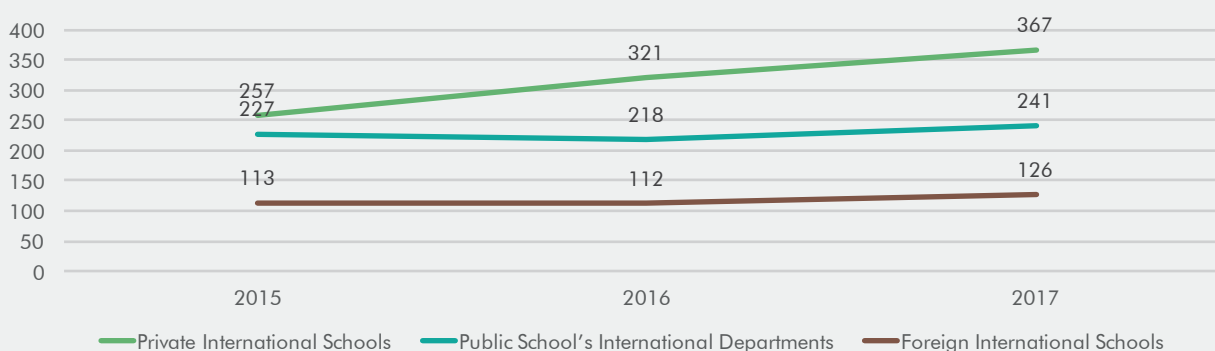
⁷ Blau, Rosie. "The New Long March." The Economist, 2017, <http://www.theworldin.com/edition/2017/article/12622/new-long-march>

⁸ NewSchool Insight Media. 2017 Chinese International School Development Report. 2017

schools, and 241 public school international departments. In these official international schools, there are approximately 430,000 students, all of whom will opt out of the Gaokao.⁹

- 1** Foreign international schools have popped up in China as early as the '90s with the influx of foreign-owned enterprises in China. They were mainly created to manage the education of the children of ambassadors and other expatriates. They may only legally recruit children who hold foreign passports or, in some cases, residency cards in foreign countries.¹⁰
- 2** Private international schools adopt Western pedagogy but almost exclusively focus on recruiting Chinese students.
- 3** International departments in public Chinese high schools are usually carried out as a Sino-foreign cooperative educational project.

Distribution and Increase of International Schools



(Fig. 3. Distribution and Increase of International Schools, NewSchool Insight)

⁹ NewSchool Insight Media. 2017 Chinese International School Development Report. 2017

¹⁰ NewSchool Insight Media. 2017 Chinese International School Development Report. 2017

The number of private international schools for Chinese students has grown rapidly in the past two years (an increase of 110), far outpacing the growth of foreign international schools and international departments at public high schools.¹¹ As regulatory controls on international departments tightens¹² and expat populations continue to decline in China,¹³ we expect that this trend will continue in 2018.

B. Private International Schools are Focusing on 2nd and 3rd Tier Cities

Increasingly, real estate companies and large education companies are partnering with private schools in the U.K. to open up “franchise” campuses in China. 2017 saw many examples of this:

- 1 July 2017** – Bright Scholar Education, based in Foshan, a feeder city of Guangzhou, signed an MOU to jointly open a school with Fettes College (Edinburgh).
- 2 August 2017** – Nanwai King’s College will open its doors in Wuxi. Co-founded by King’s College School (London), Nanjing Foreign Language School, and Dipont Education Management, the school will open in 2018, despite recent scandals rocking Dipont.¹⁴
- 3 September 2017** – Ray Education Group opened the China campus of the Adcote School (Shrewsbury, England) in Songjiang, a satellite town of Shanghai.
- 4 September 2017** – Rongqiao Group (a real-estate developer) signed an agreement with Sedbergh School (Sedbergh, England) to establish a campus in Fuzhou.
- 5 December 2017** - Westminster School (London) announced plans to open 6 schools in China, beginning with a Chengdu campus by 2020.

¹¹ NewSchool Insight Media. 2017 Chinese International School Development Report. 2017

¹² Zhen, Summer. "Maple Leaf Shares Plunge As Shanghai Tightens Rules On Operating International Schools." South China Morning Post, 2016, <http://www.scmp.com/business/companies/article/2039841/maple-leaf-shares-plunge-shanghai-city-tightens-rules-operating;> "独家解读哪些学校受上海国际课程新政影响? ." Sina Education, 2016, <http://edu.sina.com.cn/ischool/2016-10-26/doc-ifxwztru7163049.shtml>

¹³ Zheng, Anjie. "Twice As Many Expatriates Leaving China Than Arriving, Moving Company Says." The Wall Street Journal, 2015, <https://blogs.wsj.com/chinarealtime/2015/02/09/twice-as-many-expatriates-leaving-china-than-arriving-moving-company-says/>

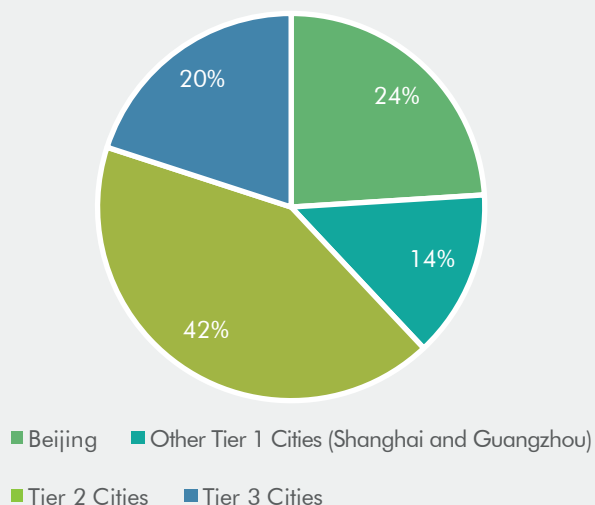
¹⁴ Stecklow, Steve, and Alexandra Harney. "Exclusive: Chinese Education Giant Helps Its Students Game The SAT." Reuters, 2017, <https://www.reuters.com/article/us-college-china-testing-exclusive/exclusive-chinese-education-giant-helps-its-students-game-the-sat-idUSKBN14C1G7>

These new joint venture schools are sprouting up in 2nd and 3rd tier cities, eager to ride the growth of these cities and to avoid the competitive landscape of first-tier cities. Further examples include the Yew Chung and Yew Wah Network of international schools founded in Hong Kong that focuses on bicultural education. Years ago, Yew Chung opened campuses in Shanghai and Beijing, but its newest campuses are in farther-flung locations like Chongqing, Qingdao, Tongxiang, Rizhao, and Yantai.¹⁵

Section 2.

China's Quest for World Class Tertiary Education at Home

Where are the "Double First Class" Universities Located?



(Fig. 4. "Where are the "Double First Class" Universities Located?", Newton-Tanzer, Gavin, and David Weeks. "How Will China's "Double First Class" Project Change Higher Education In China?." Huffington Post, 2017, https://www.huffingtonpost.com/entry/how-will-chinas-double-first-class-project-change_us_5a20200fe4b02edd56c6d748)

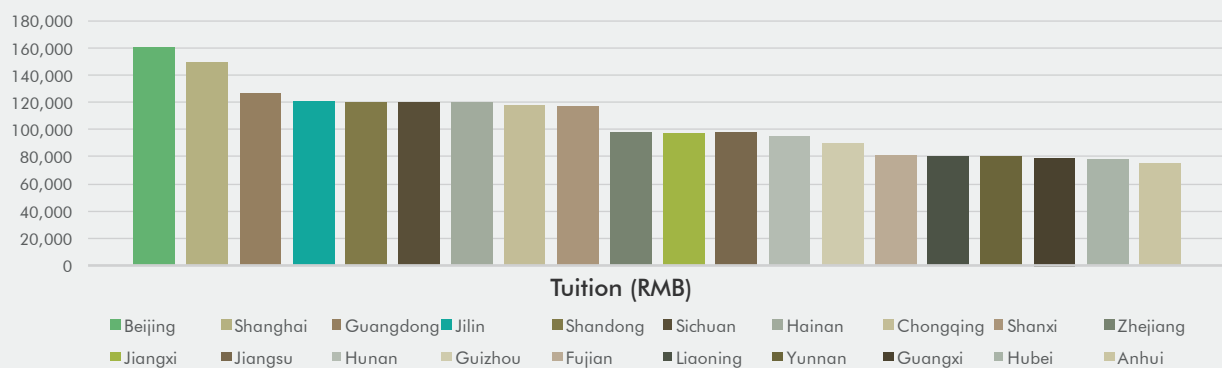
Second tier cities have been the biggest beneficiaries of Double First Class. While Beijing and Shanghai fared reasonably well, Shenzhen, a 1st tier city and technology hub in China, received no spots on the list. In total, 82 of the 136 institutions included on the list are located in 2nd or 3rd tier cities.

Section 3.

Tuition Prices and Competition Among School Will Increase

A. Tuition Prices and Quality

Average tuition fees for international schools in various provinces and cities in China



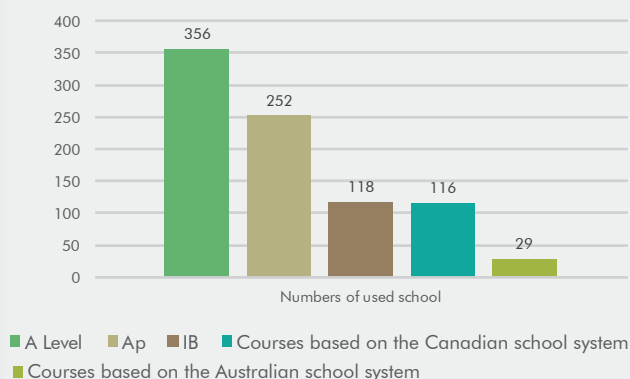
(Fig. 5. Average Tuition Fees for International Schools in China, NewSchool Insight)

The average tuition fee for international schools in major Chinese cities is quite high. Beijing costs at most 167,000 RMB per year (around 25,000 USD), followed by Shanghai at 149,600 RMB (around 23,000 USD) per year, and Guangdong province at 126,300 RMB (around 19,000 USD)¹⁶. Yet as tuition prices continue to rise, the price of tuition at a swanky international school in Beijing is comparable to the costs of sending a student to a boarding school abroad. Facing increasing foreign domestic and international competition, we expect that educational quality in Chinese schools will improve in 2018, as high costs force schools to compete on quality rather than price.

B. Supply-Side Constraints on Curriculum Types

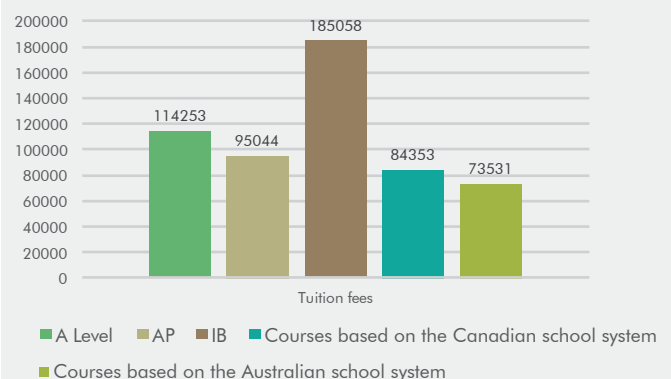
Among the international schools in China, there are five curriculums most widely-used. These include A-Level (356 Schools), AP (252 schools), IB (118 schools), Courses based on the Canadian school system (116 schools), Courses based on the Australian school system (29 schools). Some international schools adopt more than one curriculum.¹⁷

Numbers of each course used in international schools



(Fig. 6. International Curriculum Usage, NewSchool Insight)

Average tuition fee for each course



(Fig. 7. Average Tuition by Curriculum Type, NewSchool Insight)

Schools that are IB-certified are able to pull in more students, as most Chinese parents prefer the fact that it is perceived as one of the most difficult, rigorous, and comprehensive course types. However, the IBO (International Baccalaureate Organization) strictly controls IB's growth rate in order to guarantee the quality of such education, so while there are new schools popping up frequently, there is not a matching rate of IB approvals. Additionally, IB programs are disproportionately located in first-tier cities, further driving up demand for high-end programs in second and third tier cities.

C. New Schools Looking for an Edge

As the number of private international schools grows in second and third tier cities, schools will look for new ways to stand out from their competitors down the street, in first tier cities, and abroad. Some have partnered up with high-profile boarding schools in the U.K. Others have leveraged strategic partnerships with tech and real-estate companies. As competition intensifies, we expect that new international schools in China will seek closer connections with foreign universities across the rankings spectrum and that counselors and school administrators will feel newfound pressure to maximize the number of school visits by foreign faculty and admissions officers.

Section 4.

The Necessity of Direct Engagement

In 2018, we predict direct engagement with parents, students, and counselors will become more important. Universities and organizations that will be most successful will embrace school visits, recruitment travel, Chinese social media outreach, and localizing their web presence to be accessible behind the Great Firewall.

2017 posed several significant challenges for traditional Chinese education agencies such as New Oriental, Aoji, EIC, CanAchieve, Wiseway, JLL, and Shinyway. First, "DIY" has grown in popularity among some students and consistently receives support from Education USA and other government organizations. Meanwhile, high-end college counseling organizations are effectively targeting the wealthiest and most ambitious Chinese families both in China and at popular boarding school destinations abroad, diverting away many of the top students who are admitted by Ivy League or Oxbridge schools that agents might be able to take credit for. Third, the State Council of China lifted a requirement for new agencies to undergo an approval process to enter the business, opening up the market to small-scale boutique firms

often called gongzuoshi, literally “workshops”¹⁸. Finally, international news outlets have become more strident in exposing malfeasances in the industry, with Reuters breaking stories about alleged corruption and conflicts of interest among companies which operate schools and agencies such as Dipont, New Oriental, and ACT.¹⁹

At the same time that agents face increased commercial competition, admission officers in universities and counselors in high schools are growing more vocal in calling for US institutions to more directly engage with Chinese families and teachers. School-based counselors in China have begun to sync the dates of their college fairs to ease international travel for foreign universities. They’re creating professional development organizations that are affiliated with or mirror organizations such as NACAC in the US. According to Xiaofeng Wan, Assistant Dean and Coordinator of International Recruitment at Amherst College, direct engagement by universities is essential to counteracting misinformation about the admissions process. Citing a survey from earlier in the year, Wan states that, “73% of school counselors [in China] stated that ‘it is extremely important for admission officers to visit China and meet with students and parents in person’, while 62% of them ‘suggested that it is important to establish official Chinese social media pages to get the message across to parents who may not understand English.’”²⁰ Steps like creating a basic information page in Mandarin, managing an official Wechat account, and setting aside time to visit schools would be easy first steps.

Conclusion

Given what we’ve seen last year, we’d recommend the following New Year’s Resolutions:

1 Travel to at least one second or third tier city in China every semester.

The students there are bright, the parents are increasingly savvy, and the high schools and universities there will appreciate your visit that much more.

¹⁸ Wan, Xiaofeng. "Admissions Officers Need Direct Contact With Chinese Applicants." Inside Higher Ed, 2017, <https://www.insidehighered.com/blogs/world-view/admissions-officers-need-direct-contact-chinese-applicants>

¹⁹ Stecklow, Steve et al. "Students And Teachers Detail Pervasive Cheating In A Program Owned By Test Giant ACT." Reuters, 2017, <https://www.reuters.com/investigates/special-report/college-cheating-act/>; Stecklow, Steve, and Alexandra Harney. "Exclusive: Chinese Education Giant Helps Its Students Game The SAT." Reuters, 2017, <https://www.reuters.com/article/us-college-china-testing-exclusive/exclusive-chinese-education-giant-helps-its-students-game-the-sat-idUSKBN14C1G7>; Stecklow, Steve et al. "Students And Teachers Detail Pervasive Cheating In A Program Owned By Test Giant ACT." Reuters, 2017, <https://www.reuters.com/investigates/special-report/college-cheating-act/>

²⁰ Wan, Xiaofeng. "Admissions Officers Need Direct Contact With Chinese Applicants." Inside Higher Ed, 2017, <https://www.insidehighered.com/blogs/world-view/admissions-officers-need-direct-contact-chinese-applicants>

- 2 Check the Double First Class List.** If any of your partner universities are on the Double First Class list, ask them what they're up to and arrange a call to explore new ways to work together. If you see any schools on the list that are trying to improve programs in areas where your school excels, reach out to them.
- 3 Keep your eyes peeled for new international schools at conferences.** Many of China's most prestigious international schools had humble beginnings, and many new schools opening up in second and third tier cities are here to stay.
- 4 Pack your bags. Recruitment travel to China will remain vital.** If you have time to plan your own travel and do your own outreach, great. If you have an office in China who can help, even better. If you need an extra boost or are too busy to do your own outreach, consider attending a recruitment tour.
- 5 Get on the Chinese internet.** Check what the Chinese internet is saying about you on Baike, China's Wikipedia. Create an official Wechat account to blast updates. Set up a website, or at least a landing page, in Chinese that explains the basics about your school for your prospective students and parents.



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