AN ANALYSIS OF THE TUITION PRICE ELASTICITY OF
INTERNATIONAL UNDERGRADUATES AT FOUR-YEAR INSTITUTIONS
IN THE UNITED STATES

Jie Zhang
Dr. Bradley Curs, Dissertation Supervisor

ABSTRACT

The purpose of this study is to examine how out-of-state tuition and fees affects international undergraduate enrollment at U.S. four-year institutions. This study adopts the student demand theory as the theoretical framework to guide the quantitative design of the research. The data source was the Delta Cost Project version of IPEDS. The dependent variable of this study was the total number of international undergraduate enrollment at a four-year institution. The key independent variable was the out-of-state tuition and fees charged by an institution. Additionally, three vectors of variables for measuring the quality of institutional inputs, process, and outputs respectively were added as controls. Analytically, fixed effects regression was conducted to both a full sample data range from 1991 to 2010 and a shorter sample focused on the specific period of 2005-2010. The results of this study suggest international undergraduate students are generally inelastic to the changes of tuition and fees during the last two decades (1991-2010), but tend to become less inelastic in recent years (2005-2010). However, this general inelastic relationship between international undergraduate enrollment and tuition and fees can vary significantly across different institution types. The findings of this study have important implications to student demand theory, institutional policy-making and future research.