

Weak dollar drives up cost of studying abroad

By Sarah Butrymowicz, USA TODAY July 18th 2008

For years, rising numbers of U.S. college students have been packing their bags and flying overseas, typically to Europe, for a semester or year abroad and a wealth of irreplaceable memories. Lately, though, these students have been stung by a nasty adversary that they and their parents didn't have to worry about till recently: the sinking U.S. dollar.

The dollar has dropped steadily just as more students have been heading overseas. In the past decade, the number has surged an average of about 9% a year. In the 2005-06 school year, 223,534 students took classes abroad, compared with only 89,242 a decade earlier, the Institute of International Education says. Those figures are projected to climb as more colleges stress the value of a global education.

The result is that more students are feeling financially squeezed overseas. The dollar has sunk especially low compared with the euro, the currency used by most Western European countries, and with the British pound. Britain was the top study-abroad destination in the 2006-07 year, followed by Italy, Spain and France. Germany and Ireland also made the top 10.

For students on tight budgets, the cost of many goods and services overseas, especially in Europe, is now crushingly expensive. A one-month student pass for the Tube in London? That'll be \$130, please. Dinner for two at a modest Parisian restaurant, with dessert and a couple glasses of wine each that might cost around \$60 in the U.S.? More than \$95.

Nicole Thornton, a rising senior at Central Connecticut State University who'll be studying in Rome through the American Institute for Foreign Study next semester, says she's working four jobs this summer to prepare. Most of her pay goes into her savings account to help her get through the fall.

"It stinks," she says. "The exchange rate's really bad."

For each euro that students withdraw from the bank, they now remove about \$1.58, compared with just \$1.27 two years ago. An apartment that might have cost \$1,000 a month two years ago now costs around \$1,245, an increase of more than 24%.

The British pound is worth just under \$2, up from \$1.84 two years ago, so things cost about 9% more in dollar terms than two years ago.

There's no way to completely get around the financial pounding you'll take as a student abroad. But there are ways you can limit expenses so the exchange rate doesn't deliver quite as brutal a hit.

Research before applying

Though Europe is still the hot spot for study abroad, it's worth considering alternatives. More students now travel to Africa and South America, where the dollar has generally held up better and the cost of living is lower, says Eric Singer, associate dean of

International Studies at Goucher College, which in 2006 became the first U.S. college to make studying abroad a graduation requirement

No matter where you go, shop around first. There are more than 7,500 study-abroad programs open to students from any school. That doesn't include the many colleges that open their study-abroad programs only to their own students.

"Different programs include different things in the program fee," says Laurie Black, associate dean for External Relations at School for International Training (SIT) Study Abroad.

Many programs cover housing costs. Some, such as International Study Abroad (ISA), pay for meals as well. With others, though, come dinnertime you're on your own. Some programs provide money for cultural activities and arrange group outings. Be sure to consider what costs you'll be responsible for once you arrive.

Find other funding

You should check to see if some or all of your financial aid will transfer to pay for tuition. Even if it does, keep in mind: Students still spend more money abroad than they would in a typical semester, says Keith Clausen, president of InternationalStudent.com, an online portal for study abroad.

To cover the gap, study-abroad loans can provide an extra few thousand dollars, or more if needed. You can apply for loans, funded by banks such as JPMorgan Chase and Doral Bank FSB, online at such sites as iefc.com and studyabroadloans.com.

To qualify for most loans, you must be a U.S. citizen over 18, be enrolled in a U.S. institution and be receiving college credit through your study-abroad program. You must also have good credit and proof that you'll be able to repay the loan. And you might be required to have a co-signer, who would be responsible for paying the loan if you defaulted.

Scholarships are also available; studyabroadfunding.org is a good place to start your search.

Explore another bank account

Opening a foreign bank account or researching U.S. banks' policies can pay off.

Visa and MasterCard charge a 1% conversion fee on international transactions. And most banks add a transaction fee on top of that. Depending on your card, you'll pay a total fee of 2% to 3% of your purchase each time you buy something. Capital One has one of the only cards that charge nothing extra; it even absorbs the fee from Visa and MasterCard.

Depending on the bank, the same international transaction fees could also apply to ATM withdrawals. And as in the United States, be prepared to pay a flat fee just for using the ATM of a bank you don't have an account with. With a Bank of America account, though, you can take advantage of the bank's Global ATM Alliance and withdraw from

Barclays Bank in England, BNP Paribas in France and Deutsche Bank in Germany without paying this charge.

Erica Reisman, a rising senior at Brown University who spent last semester at Queen's University Belfast in Ireland, envied her friend's foreign account. "I got slammed with fees," she says.

Use your student status

Many destinations, especially in Europe, offer student discounts to anyone with a school ID. International student cards, such as ISIC or ISE cards, can help provide further savings on museums, hostels and more. Check available discounts on their websites. Thornton plans to buy a card through statravel.com. "That's going to be a big help," she says.

Eat out less

Eating at restaurants every night and grabbing lunch out for every meal, while tempting, just isn't practical. Depending on your living situation, there may some ways to defray the cost of food.

If you live with a host family, eat meals with them as often as possible. If you're living in an apartment or dorm with a kitchen, cook yourself dinner. And make a lunch to bring to school, Reisman suggests.

Use cheaper transportation

Once you're abroad, air travel to other countries can be fairly inexpensive. But when doing your cost calculations, be sure to include the price of transportation to and from both airports.

"Usually, the cheapest flights get you in at really crazy hours," Reisman says. As a result, she and her friends often had to take cabs instead of public transportation, thereby raising their total cost.