



## The Fulbright Program in Brief: History, Structure, and Funding

### 1. On-line resources

More detailed information on all of the aspects of the Fulbright Program is available on-line at ECA's State Department website: <http://eca.state.gov/fulbright>

Applications for U.S. citizens are handled by the so-called cooperating agencies (Institute for International Education in New York City and Council for International Exchange of Scholars in Washington, D.C.), non-for-profit organizations that contract with the State Department to manage the stateside program activities: recruiting outgoing U.S. students and scholars and hosting incoming international students and scholars. Binational Fulbright Commissions (currently 49) or U.S. diplomatic missions (105+) have the same responsibilities abroad with reversed roles. They are responsible for recruiting international Fulbright students and scholars to go to the U.S. and for hosting U.S. students and scholars on-site.

The historical development and architecture of the Fulbright Program is complicated. The ECA website provides an overview of the individual players at <http://eca.state.gov/fulbright/about-fulbright>.

On the footer of the page cited above the "Facts and Common Questions" section is very informative: <http://eca.state.gov/fulbright/facts-and-common-questions#question-327>. It is particularly instructive regarding the history and the mechanics of the program.

The J. William Fulbright Scholarship Board publishes an annual report that provides a global overview of the program along with statistics on the financing of the program as well as the number of participants by world region and country. Consult a link to these reports [here](#).

### 2. Core Numbers for the Fulbright Program based on 2015-16 statistics

- a) 370,000+ alumni of a program managed worldwide by 49 binational Fulbright Commissions and some 105 U.S. embassies/diplomatic missions.
- b) Distinguished Fulbright alumni include recipients of 54 Nobel Prizes, 88 Pulitzer Prizes, 29 MacArthur Foundation Awards, and 16 U.S. Presidential Medals of Freedom.
- c) Approximately two-thirds of the new Fulbright grants in 2015-16 were for incoming international students and scholars; one-third outgoing U.S. citizens (with variation by region)
- d) Approximately 6,000 *new* Fulbright awards were made in 15-16: half were for to U.S. citizens
- e) In addition to 1,833 new awards for visiting Fulbright students, over 2,100 Fulbright grantees from previous years continued their studies in the U.S.

- f) Over three quarters of the 2015-16 cohort of Fulbright grantees (including visiting student extensions) were for students, one-quarter was for scholars.

### 3. Experiences and Ideas that influenced Senator Fulbright (1905-1995)

As a graduate of the University of Arkansas in his home town of Fayetteville, J. William Fulbright received a **Rhodes Scholarship to attend Oxford University** for three years (1925-28) and then spent six months in Vienna. This was a transformational personal, educational, and political experience for him.

He was an advocate of the philosophy of **liberal internationalism** that informed the establishment of those international institutions during and after World War II conceived to promote international cooperation and peace after World War II: Bretton Woods, the International Monetary Fund, the International Bank for Reconstruction and Development, the United Nations, etc. He served one term in the House of Representatives (1943-45) as a Congressman from the 3<sup>rd</sup> District of Arkansas and then was elected to the Senate, where he served six terms (1945-75) and was the longest serving chairman of the **Senate Foreign Relations Committee**.

He observed that “the atomic bombing of Hiroshima and Nagasaki focused his thoughts” on international educational exchange.<sup>1</sup> He understood the implications of the advent of the nuclear age for international politics was convinced that international educational exchange could make an enduring contribution to establishing and maintaining peace among nations.

### 4. The Fulbright Act of 1946

The establishment of the Fulbright Program in 1946 was based on Fulbright’s ingenious amendment to a piece of legislation that had nothing to do with educational exchange: the **Surplus Property Act of 1944**. With amazing brevity, a two-page amendment to this legislation provided funding for an unprecedented educational exchange program from revenues generated by the sale of U.S. stockpiles of war-related surpluses overseas. It funded the first U.S. government postwar educational exchanges without recourse to the federal budget because it fundamentally involved spending U.S. off-shore windfall (non-convertible) foreign currency income.

The four most important aspects of the Fulbright Act were as follows.

- a) It established the twelve-person, non-partisan, presidentially appointed **Board of Foreign Scholarships** (BFS, renamed the Fulbright Foreign Scholarship Board, FFSB, in 1990) that consisted of leading members of the academic community. Its task – in collaboration with a handful of exchange experts from the State Department – was to create the policies and the

---

<sup>1</sup> See Randall Bennet Woods, *Fulbright: A Biography* (New York: Cambridge University Press, 1995), 129.

architecture of the Fulbright program as a ***bilateral academic exchange program***. This included the BFS approval of all program participants.

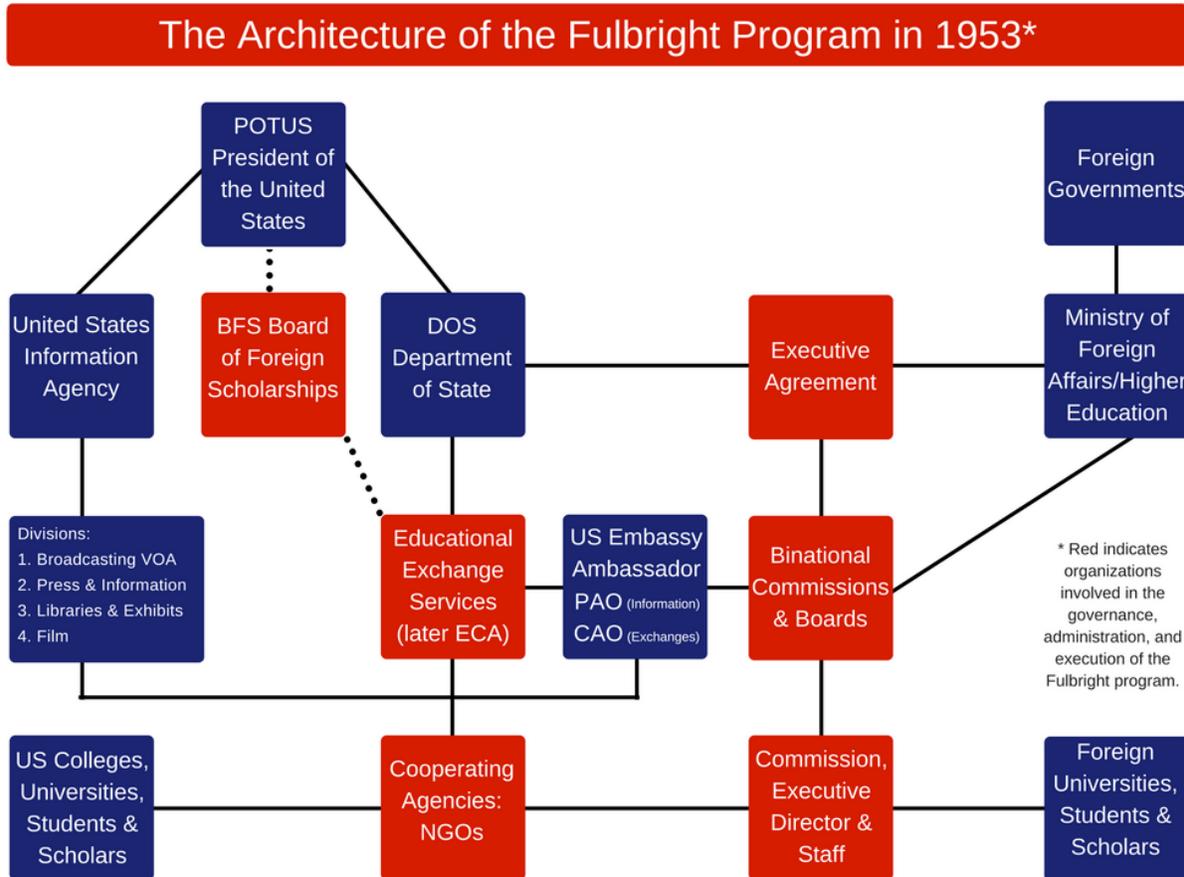
- b) It called for the conclusion of **executive agreements** between the United States and the governments of countries participating in Fulbright exchanges.
- c) These agreements established **U.S. educational or Fulbright commissions**: entities capable of receiving and disbursing Fulbright funds that also assumed a wide range of responsibilities for the planning and the execution of the program.
- d) These commissions consisted of **binational boards** of experts and academics with U.S. members appointed by U.S. ambassadors on behalf of the Secretary of State (and usually including the local U.S. embassy cultural affairs officer) and partner government board members appointed by foreign governments. Although the initial funding for the program came unilaterally from the sale of U.S. wartime surpluses overseas, **binational, joint policy and collaborative decision making** was a trademark of the program. Commissions hired **executive directors** and local staff to manage the program on the ground in the respective countries.

Since the great majority of the funds initially available to the Fulbright Program were in foreign currencies, Fulbright grants covered expenses incurred in those currencies. U.S. Fulbrighters received **travel and maintenance grants**. Their on-site costs could be covered with “local” foreign currencies. The Fulbright grants for foreign students and scholars initially were **travel grants** for to get them to the United States. In collaboration with the so-called cooperating agencies (Institute of International Education [IIE] for students, eventually the Council for International Exchange of Scholars [CIES] for scholars), the BFS orchestrated the support of U.S. colleges, universities, foundations, and the institutions of American civil society to put together packages that covered the costs associated with living and studying or doing research in the U.S. for incoming students and scholars. Aside from the revenues of from the sale of surpluses overseas, there was very little U.S. government funding in the Fulbright program as it was initially conceived.

Furthermore, the on-site costs of the program for incoming international grantees in the United States initially were negligible because U.S. institutions of higher education waived tuition and fees or provided grants and salaries and American civil society generously contributed to covering maintenance costs. However, with the passing of time, funding the maintenance costs of Fulbrighters in the U.S. as well as tuition costs as part of grants became increasingly more commonplace with the average annual cost for a master’s degree program for visiting Fulbright students being over \$ 50,000 in 2016 (according to Institute of International Education statistics).

##### 5. **The Smith-Mundt Act of 1948** (U.S. Information and Educational Exchange Act of 1948) **and the Fulbright Program**

One of the initial problems for the Fulbright Program was to cover the costs incurred for the management thereof in the U.S. (recruiting U.S. grantees and hosting foreign grantees) because they were incurred in U.S. dollars and could not be covered by foreign currencies. Smith-Mundt laid the statutory foundations for funding U.S. public diplomacy after World War II from the federal budget,



which ultimately lead to the establishment of the United States Information Agency (USIA) that was responsible for public diplomacy from 1953 until it was consolidated with the State Department in 1999. Smith-Mundt provided important additional funding in U.S. dollars to cover the costs of managing the Fulbright program in the U.S. This included funding for Fulbright awards managed by U.S. embassies in countries without executive agreements or binational Fulbright commissions. This provided the basis for **“post-based” or “embassy-based” Fulbright Programs** which historically have been smaller in size than the commission-based programs.

Smith-Mundt also provided funding for **Foreign Leader Program (FLP)** that was inaugurated in 1949-50. – now called International Visitor Leadership Program (IVLP) – which is “the U.S. Department of State’s premier professional exchange program”<sup>2</sup> with over 200,000 alumni as well as a wide range of other

<sup>2</sup>See the banner of the IVLP program on U.S. Department of State’s Bureau for Educational and Affairs website at <http://eca.state.gov/ivlp>

activities related to radio broadcasting (Radio Free Europe), film, periodicals, and information centers and libraries overseas.

## 6. Managing the Fulbright Program on the ground: Fulbright Commissions and U.S. Diplomatic Posts

The Fulbright Program *could initially be funded in only 27 countries* – predominantly in Europe and Asia – where income from the sale of surplus goods overseas was available. , (The historian Sam Lebovic has referred to these surpluses as “war junk.”) However, the location of the wartime surpluses corresponded well to the **geopolitical interests** of the United States in postwar Europe and Asia. The list of the 27 countries that concluded Fulbright agreements with the United States between 1947 and 1953 reads for the most part like a list of the United States **most important immediate postwar European and Asian allies**, large and small: ***Australia, Austria, Belgium, Burma, Ceylon, China, Denmark, Egypt, Finland, France, Germany, Greece, India, Iran, Italy, Japan, Korea, Netherlands, New Zealand, Norway, Pakistan, Philippines, South Africa, Sweden, Thailand, Turkey, and the United Kingdom.***<sup>1</sup>

Due to the popularity of the Fulbright Program, U.S. Congress authorized the use of other U.S.-owned foreign currencies accrued overseas – including the sale of U.S. agricultural surpluses – for educational exchange. In 1953-54, and this led to ***the establishment of 15 new Fulbright commissions between 1955 and 1960***, eight of which were in Latin America. This extended the global reach of the program to ***Argentina, Brazil, Chile, Columbia, Ecuador, Iceland, Iraq, Ireland, Israel, Paraguay, Peru, Portugal, Spain, the United Arab Republic, and Uruguay*** .

A third wave of nine commissions were founded after the conclusion of the Fulbright-Hays Act in 1961, and the youngest generation of binational commissions were established in the early 1990s and include ***Mexico and Canada as well as post-Communist Poland, Czech Republic, Slovak Republic, Hungary, Romania, and Bulgaria***. Some of the binational Fulbright agreements have lapsed or been terminated in the course of time. However, there are ***49 active binational Fulbright commissions today***,<sup>3</sup> which in many respects constitute the historical, philosophical, and institutional core of the Fulbright program. 80% of the 372,000 alumni of the Fulbright Program to date were grantees coming from or going to countries with binational commissions.<sup>4</sup>

Smaller numbers of “incoming” and “outgoing” Fulbright grantees have also been managed by U.S. Foreign Service Officers (FSOs) specialized in information, exchanges and cultural affairs – Public Affairs Officers (PAOs) and Cultural Affairs Officers (CAOs) – at U.S. embassies since the earliest years of the program as well. The number of grantees participating in these embassy-based programs, which were operated without binational agreements or binational commissions, was lower due to the fact that there were not revenues from the sale of wartime or agricultural surpluses in many of these countries, which made funding Fulbright awards more difficult. The number of “embassy-based programs” increased

---

<sup>3</sup> For a current list of binational commissions by world region, consult <http://eca.state.gov/fulbright/about-fulbright/funding-and-administration/fulbright-commissions>

<sup>4</sup> According to the statistical information for 1949-2014 in the appendix of the FFSB *Annual Report 2014*

from a handful in the 1940s and 50s to **over 105** countries today with special “Fulbright offices” being established in Moscow, Kyiv, and Beijing in the 1990s.

Since Foreign Service Officers are on regular rotations into and out of diplomatic posts, locally hired Foreign Service Nationals (FSNs) employed in the public affairs sections of U.S. embassies as “cultural specialists” usually are responsible for the day-to-day management of the Fulbright Program as part of their portfolios which include press, public information, outreach, cultural programming, and other exchange programs.

### **7. The Fulbright-Hays Act (Mutual Educational and Cultural Exchange Act of 1961)**

In the course of the 1950s, the Fulbright Program had to address many challenges. On the one hand, by the late 1950s, the revenues from the sales of U.S. surpluses overseas were approaching exhaustion and/or arbitrarily limited to exchanges with those countries where such revenues were available. On the other hand, the Fulbright Program was a great success and policy makers saw the need to expand its reach.

Based on 15 years of experience, the Fulbright-Hays Act drew different pieces of U.S. government exchange legislation together and put the Fulbright Program on a new statutory foundation. The most important points of the Fulbright Hays Act are as follows:

- a) The Act was prefaced by a Congressional “statement of purpose” that concisely but eloquently outlined the objectives underlying the Fulbright Program:

*. . . . to increase **mutual understanding** between the **people of the United States and the people of other countries** by means of educational and cultural exchange; to **strengthen the ties which unite us** with other nations by demonstrating the educational and cultural interests, developments, and achievements of the people of the United States and other nations, and the contributions being made toward a peaceful and more fruitful life for people throughout the world; to **promote international cooperation for educational and cultural advancement**; and thus to assist in **the development of friendly, sympathetic, and peaceful relations** between the United States and the other countries of the world.*

There is no explicit reference to the “national interest” in the preamble to the Fulbright-Hays Act; it is animated by the assumption that the stated objectives are in the national interest.

- b) It provided for the funding of the program as an annual line item in the federal budget in the future, thus ending the dependence of Fulbright funding on the sales of U.S. government surpluses overseas. In this respect, it enabled the U.S. government to extend and to expand the program to other countries all over the world. At the same time, it subjected funding the Fulbright Program to the political and fiscal dynamics of the federal budgeting process to a greater extent.

- c) It allowed participating countries and other public and private entities to contribute to the program:

***Foreign governments, international organizations and private individuals, firms, associations, agencies, and other groups shall be encouraged to participate to the maximum extent feasible in carrying out this chapter and to make contributions of funds, property, and services....***

As a result, funding from non-U.S. sources – predominantly partner governments but also from the private sector has increased from zero in 1961 to nearly \$ 110 M (FFSB *Annual Report 2014*) today. Since U.S. government funding for the program has vacillated over time -- with substantial cuts at the end of the Johnson administration in 1969 and during the Clinton-Gingrich budget battles in the mid-1990s – the ongoing and increasing funding of partner governments has been instrumental in sustaining the Fulbright Program.

- d) It provided for the ***“creation or continuation of binational or multinational educational and cultural foundations and commissions for the purpose of administering programs, . . .”*** New bilateral agreements between the U.S. and partner governments put existing binational Fulbright commissions from the 1940s and 50s on new and equal footing and provided for partner government co-funding in principle and in fact in the spirit of the Fulbright-Hays Act, which also provided for the extension of the program to countries that had hitherto not been able to participate in the program due to the arbitrary and limited nature of its core funding based on overseas surplus revenues.
- e) Nine new binational Fulbright commissions were established between 1961 and 1964. Fulbright-Hays also provided funding for the extension of embassy-based Fulbright programming in countries without binational agreements or commissions as well as unilateral U.S. Government funding for the program.

It is important to appreciate how exchanges uniquely serve the national interest of the United States. James R. Roach, Chairman of the Board of Foreign Scholarships and a Professor of Government from the University of Texas, did so eloquently in the *BFS Annual Report* in 1970:

Our principal conclusion – directed primarily to Members of Congress without whose support this program will fail – is that while educational exchange is related to the foreign policy objectives of the United States, it is unlike any other foreign policy activity, and its success or failure cannot be judged as soon or in the same way as some other kinds of activity. Further, because it is not unilateral, in either its direction or objectives, there is a particular responsibility to study the requirements and obligations of mutuality and to understand that – perhaps

paradoxically – the national interest of the United States may be best served when the interests of others are considered first.<sup>5</sup>

## 8. Financing the Fulbright Program

The Annual Reports of the Fulbright Foreign Scholarship Board provide a breakdown on financial and in-kind support for the program from a variety of different sources. The four core components for funding Fulbright awards for students and scholars consist of

- a) U.S. Department of State (ECA) – core funding/annual allocation
- b) U.S. Direct Financial and In-Kind support – provided by U.S. institutions in the form of partial or total tuition remission, scholarships, grants, salaries, room & board, etc.
- c) Foreign Government Direct Financial and In-Kind Support
- d) Overseas Private Contributions and In-Kind Support – analogous to U.S. direct and in-kind above

The FFSB also reports on monies received from the U.S. Department of Education (for Fulbright-Hays grants to individual U.S. K-12 pre-teachers, teachers and administrators, pre-doctoral students and postdoctoral faculty, as well as to U.S. institutions and organizations). In a departure from previous practice, the FFSB *Annual Report 2014* for FY 2013 also started to include USAID funding for Pakistan and Afghanistan in a pie chart of Fulbright Funding Fiscal Year 2013 (see page 56) which is not part of the core appropriation for the Fulbright Program as an ECA line item in the federal budget.

The composition of funding for Fulbright awards varies from country-to-country and may vary from grantee-to-grantee within individual countries. However, the following generalizations are valid.

- a) Funding for public diplomacy and exchanges deteriorated in the mid-1990s after the end of the Cold War and in the course of budget consolidation exercises (over 20%). After 9/11, funding increased substantially to recover the losses from the 1990s. Funding for the Fulbright Program rose after FY 2004 (\$148,300,000) and reached a peak of \$253,826,000 in FY 2010. However, since then it has fallen 7% to \$ 236,000,000 – around 16 % in inflation adjusted terms. The combination of active cuts, flat funding, and the absence of inflation adjustment since FY 2010 place considerable pressure on the program.
- b) There are a wide range of “funding mixes” for individual Fulbright programs. In those countries where the Fulbright Program is managed out of U.S. embassies Fulbright program funding relies predominantly (or even exclusively) on the U.S. government appropriation. Dependence on the U.S. government appropriation decreases as partner country funding increases. Many countries with Fulbright commissions allocate more to their respective bilateral Fulbright Programs than the U.S. government does.
- c) The Fulbright-Hays Act was prescient because it provided for partner government and private sector financial and in-kind support for the program. Contributions toward the Fulbright Program from abroad increased from zero in 1961 to \$ 108.7 M in FY 2013.
- d) The U.S. allocation effectively leverages partner countries’ funding: frequently in multiples. The contributions from foreign governments and the private sector in countries with binational Fulbright Commissions are substantially higher than in countries with embassy-based Fulbright programs. Based on the figures in the most [FFSB Annual Report 2014](#) (p.57-58) for FY 2013, 94%

---

<sup>5</sup> Board of Foreign Scholarships, Eighth Annual Report, *Continuing the Commitment*, October 1970, vii.

of \$ 108.7 M in foreign cash and in-kind support comes from countries with binational Fulbright Commissions.

- e) The U.S. allocation also effectively leverages private sector and in-kind contributions to the program and is an important incentive for U.S. institutions of higher education to sustain their support for and commitment to the program.
- f) The funding levels of countries with binational Fulbright Commissions surpass those of the USG in many countries (for a list of the top foreign financial contributors to the Fulbright Program in consult FFSB Annual Reports). The FFSB does not report on the individual country or regional allocations, but evidence of the dimensions of partner country funding is available. Executive directors from binational Fulbright Commissions in Europe have self-reported these figures in the past and know that regional European average partner country/USG funding in EUR is 2:1 – with of individual partner country/USG funding ratios ranging from 90:10 to 30:70.
- g) A deterioration in core funding for the Fulbright Program puts increasing pressure on two of the Fulbright Program’s most important assets: its ability to fund or to valorize grants in general and the capacity of binational Fulbright commissions to maintain the infrastructure they need to leverage additional funding for the program.

---

Lonnie R. Johnson  
Executive Director  
Fulbright Austria  
January 5, 2017