



In-State Tuition Rates and **Immigrants**

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In 1982, the U.S. Supreme Court ruled that, to prevent “a subclass of illiterates,” all children, including undocumented immigrants, should be eligible for free elementary and secondary education. Providing immigrants with tuition benefits beyond high school, however, remains controversial across the nation.

In 1996, Congress passed a law stating that if states let undocumented students pay tuition at in-state rates, they would have to do so for any U.S. citizen who fulfills the specified criteria. So far 30 states have considered legislation that would either provide or prohibit the benefit. Ten states, including immigrant gateways like California, Texas, and New York, have voted to provide it; Georgia has restricted it to U.S. citizens and legal residents of the state.

Massachusetts, Connecticut, and Rhode Island, which make up 77 percent of New England’s population, are home to 92 percent of its 1.6 million immigrants. More than 300,000 are undocumented, and about 2,000 undocumented students graduate from high school annually.¹

Bills allowing undocumented students to pay in-state rates for college have

been filed in all three states. The typical requirements are that students attend high school in the state for at least three years, graduate from a high school in the state, and file affidavits promising to legalize their status. After emotional public debate, the bills were defeated in Connecticut and Massachusetts. The Rhode Island legislature has yet to vote.

Setting Policies at the State Level

As states struggle with this issue, a national debate on immigration reform rages. The DREAM Act—pending bipartisan federal legislation—would repeal the 1996 tuition benefit restrictions and allow certain qualifying students to legalize their status. The act has been introduced repeatedly since 2001 but has not been voted on.

In the interim, how do states determine policies on in-state tuition? What arguments do they consider in their cost-benefit analyses? What does the evidence say?

Costs to the State

Opponents of tuition discounts believe the cost states too much. During the 2006 Massachusetts gubernatorial race, officials argued that the benefit could cost \$15 million in forgone tuition revenue over the next four years.

Recent studies suggest that this estimate is too high. It assumes that all students likely to use the benefit—in Massachusetts, possibly 400 students—currently attend public colleges and pay full tuition. If that were the case, then for the academic year 2006 to 2007 at UMass Amherst, for example, those 400 would each be paying \$9,658 in tuition and mandatory fees as nonresidents, compared with \$4,797 as residents. However, considering that undocumented immigrants' average family income is half that of natives and undocumented students are ineligible for federal financial aid, it is more likely that most do not attend college at all.

As a 2005 study by the Boston Redevelopment Authority reveals, the \$15 million figure further assumes that all 400 students would enroll in the University of Massachusetts system, which is the most expensive among the state's public colleges and has the highest spread between in-state and out-of-state tuition rates.² According to the study, this assumption is inconsistent with the average composition of public

colleges chosen by Boston public high school graduates. More than two-thirds enroll in community colleges or state colleges with tuition rates lower than those at UMass. If 400 undocumented students enrolled in similar proportions, the difference between potential in-state and full-tuition revenues would be \$10.2 million.

A Massachusetts Taxpayers Foundation report calculates that allowing undocumented students to pay in-state tuition rates would increase their annual

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enrollment by up to 600 by 2009—less than half a percent of the state's 160,000 public college students.³ Arguing that the associated costs would be negligible, the report concludes that the in-state tuition paid by undocumented students would generate positive net revenues—\$300,000 in 2006 and up to \$2.7 million by 2009.

Taxes and Benefits

Many see it as unfair to demand that lawful taxpayers subsidize the education of those who do not pay taxes and whose presence in the country is illegal. Others worry that if fiscally strapped states forgo full-rate tuition from undocumented students, they may need to cut funding for other services.

While some concerns are valid, others are based on misperceptions. For example, undocumented immigrants pay many taxes—sales and other consumption taxes, and property taxes factored into rent, for example. Moreover, the majority also pay income and payroll taxes through Individual Tax Identification numbers or

false Social Security numbers. Although false numbers cannot be condoned, their existence undermines the argument that the undocumented do not pay taxes.

But do they consume more in public services than they pay in taxes? A 1997 National Research Council report estimated the average lifetime fiscal impact of immigrants. The report found that, at the state and local level, the average immigrant, legal or undocumented, consumes about \$25,000 more over his lifetime in services such as education, public safety, and fire protection than he contributes in taxes.⁴ At the federal level, however, the average immigrant pays about \$105,000 more in taxes than he receives in benefits. Additionally, much of the federal tax revenue is redistributed back to the states. How such tertiary effects tip the tax-benefit balance of the average immigrant is unclear and requires more study.

An Interstate Magnet?

Does allowing undocumented students to pay tuition at resident rates turn a state into a haven for out-of-state undocumented immigrants? In 2005, *The Boston Globe* conducted a review that confirmed the generally accepted wisdom that most immigrants relocate because of jobs rather than tuition breaks.⁵

Eligibility criteria almost always require students to have attended a high school in the state for several years. This automatically precludes many out-of-state students from applying and reduces the likelihood of a given state becoming a magnet. Furthermore, many eligible undocumented students who already reside in a state do not take advantage of the benefit, either because they don't know about it or because they fear deportation.

In fact, in five out of the six states providing data, the study found limited effects on enrollment. Texas was the only state with a substantial increase: About 8,000 undocumented students enrolled in fall 2004, up from 1,500 three years earlier. By contrast, in a state of more than 2.4 million illegal immigrants, University of California campuses registered only 357 undocumented students. In fall 2005, Kansas public colleges enrolled 221 undocumented students. The numbers were even smaller for New Mexico (41), Washington (27), and Utah (22).



Impact on the Economy

A common argument in support of tuition benefits is that such policies have a positive long-term impact on a state's economic strength and competitiveness. Numerous studies have touted the gains that immigrants in general bring to New England. And educated immigrants, through their increased productivity, contribute still more.

MassINC has reported that immigrant college graduates in Massachusetts earn \$40,179 a year on average—nearly three times more than an immigrant high-school dropout.⁶ Higher incomes result in higher tax revenues and lower public assistance expenditures. The BRA report estimates that, on average, a college-educated immigrant worker pays the state \$1,527 more in annual taxes than his uneducated counterpart. Children of illegal immigrants would therefore “repay” the tuition discount within a few years by paying taxes on a higher income.

Higher educational attainment is also associated with lower crime levels, stronger civic engagement, and higher citizenship rates among foreign-born populations. Considering the small enrollment that in-state tuition policies typically generate, their aggregate long-term economic and social benefits will likely be small. However, given the importance of immigrants to the region's economic and demographic health, they may not be negligible.

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Advocates argue that undocumented students were brought here years ago by their parents, and so parents, not students, should be held accountable. Opponents retort that government resources are limited and the tuition benefit may unfairly disadvantage

the legal population. Questions abound: What message is sent by helping the undocumented? Should America be a land of opportunity only for those who enter it legally? How do we square that with our growing need for educated workers?

Given the emotions that the issue generates, states will likely make their decisions on the basis of principle and public opinion as much as on evidence or economic and cost considerations. Hoping for a uniform federal policy instead of an inconsistent patchwork of state laws, several states are urging Congress to act without further delay.

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Endnotes

¹ See Jeffrey S. Passel, *Estimates of the Size and Characteristics of the Undocumented Population* (Washington, D.C.: Pew Hispanic Center: March 21, 2005).

² John Avault and Jim Vrabel, *The New Pilgrims—Key to the State's Economy—Are Already Here* (Boston: Boston Redevelopment Authority, Research Division, December 2005).

³ *Massachusetts Public Colleges Would Gain Millions of Dollars from Undocumented Immigrants* (Boston: Massachusetts Taxpayers Foundation, January 2006).

⁴ National Research Council, chap. 7 in *The New Americans: Economic, Demographic, and Fiscal Effects of Immigration*, eds James P. Smith and Barry Edmonston (Washington, D.C.: National Academies Press, 1997).

⁵ Raphael Lewis, “In-State Tuition Not a Draw for Many Immigrants,” *The Boston Globe*, November 9, 2005.

⁶ Andrew M. Sum, et al., *The Changing Face of Massachusetts: Immigrants and the Bay State Economy*, (Boston: MassINC, June 2005).

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