



In-state tuition for undocumented immigrants and its impact on college enrollment, tuition costs, student financial aid, and indebtedness



Catalina Amuedo-Dorantes ^{a,*}, Chad Sparber ^b

^a Department of Economics, San Diego State University, 5500 Campanile Drive, San Diego, CA 92182, United States

^b Department of Economics, Colgate University, 13 Oak Drive, Hamilton, NY 13346, United States

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ABSTRACT

The 1996 Immigration Reform and Responsibility Act barred states from giving unlawful residents postsecondary education benefits that states do not offer to U.S. citizens beginning in July 1998. In contrast to this federal law, several states have passed legislation explicitly allowing undocumented immigrants to pay in-state tuition rates. We use a difference-in-difference estimation methodology to assess some of the intended and unintended consequences of this tuition policy. Consistent with past studies, we find evidence of increases in postsecondary enrollment rates of Mexican non-citizens in treatment states relative to control states that are not accompanied by reductions in enrollment rates of natives. Additionally, the empirical evidence suggests that the granting of in-state tuition for undocumented immigrants might be associated with increased tuition and fees at flagship universities and comprehensive schools, though it does not appear to have raised tuition at community colleges. Finally, the largest costs of these state-level policies seem to be borne by non-Mexican foreign-born groups, many of which have seen lower enrollment rates coupled with increased borrowing to fund their schooling. Some of the enrollment and tuition results are sensitive to the inclusion of state-specific time trends, however.

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1. Introduction

The Deferred Action for Childhood Arrivals (DACA) executive order signed by President Obama on June 15, 2012, which granted two-year deportation deferrals and work permits to unauthorized immigrants brought to the United States as children, reinvigorated the contentious debate over policies pertaining to undocumented immigrant youth. An important aspect of this debate left unaddressed by the program is the state-level variability in policy regarding postsecondary tuition rates charged to undocumented immigrants. The Illegal Immigration Reform and Immigrant Responsibility Act (IIRIRA) of 1996 included a provision, effective beginning July 1998, that prohibits states from giving undocumented residents postsecondary education benefits that they do not offer to all U.S. citizens. Since public colleges and universities generally do not offer subsidized tuition rates to U.S. citizens who are not permanent in-state residents, federal law seemingly bars states from allowing illegal immigrants to pay subsidized tuition rates as well. Nonetheless, fourteen states enacted legislation allowing

undocumented students to pay resident tuition rates at public colleges and universities between 2001 and 2012.¹ We perform difference-in-difference estimation exploiting cross-state variation to examine some of the intended and unintended effects of this policy.

Policies granting resident tuition rates to undocumented immigrants (hereinafter, “the policy” or “the policies”) have the potential to deliver both direct and indirect consequences. Perhaps most directly, they could affect college enrollment rates. This first-order question is worth examining in detail for three reasons. First, federal and state policy regarding tertiary education for illegal immigrants continues to be unresolved. Second, though previous studies have evaluated this enrollment question, more data has become available and additional states have changed tuition policy since the publication of those analyses. Third, previous studies have failed to come to a consensus on the topic. Kaushal (2008) and Flores (2010), for example, argue that Mexican non-citizens experience large enrollment gains, while Chin and Juhn (2011) find no significant effect. In light of these issues, our paper’s analysis begins with a reexamination of the enrollment effects of policy granting in-state tuition to illegal immigrants. Our results are generally consistent

* Corresponding author. Tel.: +1 619 594 1663; fax: +1 619 594 5062.

E-mail addresses: camuedod@mail.sdsu.edu (C. Amuedo-Dorantes), csparber@colgate.edu (C. Sparber).

¹ Kobach (2007, p. 474) refers to these state actions as “perhaps the most brazen case of state legislators defying federal immigration law.”

with those of [Kaushal \(2008\)](#) and [Flores \(2010\)](#). Mexican non-citizens are about four percentage points more likely to enroll in college when they reside in states offering in-state tuition to undocumented immigrants. We find no evidence that the policies crowd-out native-born students from enrolling in college. However, we do find that these policies reduce enrollment among other foreign-born Hispanics, perhaps suggesting displacement of non-Mexican Hispanic immigrants within universities and a degree of substitution between these groups. One caveat to these conclusions, however, is that results are sensitive to the inclusion of state-specific time trends in the model. When including the latter, we find no evidence of a significant displacement effect, while the estimated enrollment gain for Mexican non-citizens becomes smaller and sometimes not statistically different from zero.

After estimating enrollment effects, we explore the potential for two previously unexamined and unintended consequences that have been advanced by the policies' opponents. First, we assess whether resident tuition subsidies for undocumented immigrants have caused states and public institutions to compensate for lost revenues by charging higher tuition and fees. In the absence of state-specific time trends, we find that these state policies are associated with a rise in tuition at flagship universities roughly equal to 6.5% for non-residents and 8% for residents. Less robust evidence suggests that resident tuition has risen at comprehensive schools as well. However, we do not find any significant policy impacts on tuition in community colleges. And, in models including state-specific time trends, we find no evidence of in-state tuition for undocumented immigrants impacting tuition and fees at any of the three types of academic institutions being examined.

College tuition and fees represent advertised state-level “sticker-prices” that might not reflect the actual costs of college paid by individual students if they receive grants and other forms of financial aid. In addition to higher tuition and fees, the policies might also reduce aid provided by states and schools in order to capture lost funds. Alternatively, the increased enrollment of undocumented immigrants could have a reallocation effect, pushing other student groups toward more expensive schools offering less aid and, as a result, raising indebtedness levels. To test these predictions, we assess the effect of the state policies on the aid and indebtedness of college enrollees. We find that resident tuition subsidies for illegal immigrants are associated with decreased aid to non-Mexican immigrant groups. Non-Hispanic natives – the largest demographic group that we examine – experience no significantly detrimental debt, aid, or enrollment consequences. Altogether, the collective evidence in this paper endorses the long-run effectiveness of in-state tuition subsidies in raising college enrollment rates among eligible undocumented immigrants, while imposing few negative effects on the majority of college students.

2. Undocumented youth and postsecondary education

Using data from the March 2010 Current Population Survey and a residual method technique, [Passek and Cohn \(2011\)](#) estimate that 11.2 million unauthorized immigrants live in the United States, accounting for 3.7% of the population. Unauthorized workers represent 5.2% of the labor force. Children of undocumented immigrants comprise a much larger 8% share of the newborn population. Eighty-two percent of the 5.5 million children born to unauthorized immigrants are American citizens by birth. The remaining 18% – approximately 1 million children – are residing in the U.S. illegally.

The Supreme Court's 1982 *Plyler versus Doe* decision ruled that undocumented immigrant children have a legal right to attend public school. Tertiary education policy is less clear. Section 505 of the federal IIRIRA legislation mandates that “an alien who is not lawfully present in the United States shall not be eligible on the basis of residence within a State (or a political subdivision) for any postsecondary education benefit unless a citizen or national of the United States is eligible for such a benefit... without regard to whether the citizen or national is such a

resident.” This clause became effective in July 1998, and has been understood as prohibiting undocumented immigrants from paying resident tuition rates.² The National Conference of State Legislatures estimates that this law affects 50,000–65,000 unauthorized immigrant students annually.³ Nonetheless, fourteen states have enacted laws that permit undocumented college and university students who have met specific criteria to pay resident tuition rates. Though the requirements vary from state to state, qualified students usually need to have 1) lived in the state and attended high-school for a particular time period, 2) obtained a high-school diploma or equivalent degree from the state, 3) been accepted to a public college or university, and 4) signed an affidavit of their intention to file for legal immigration status.⁴

[Table 1](#) provides a list of states that have allowed illegal immigrants to pay subsidized tuition rates beginning since IIRIRA became effective and continuing through 2012. The table also includes the bills and effective dates of the relevant legislation.⁵ Whether state-level policy is truly exogenous to enrollment trends is an important question we will empirically explore in the analysis. However, it is worth noting that states that have adopted the tuition subsidy policies include those with many immigrants (e.g., California and New York), as well as those with comparatively few (e.g., Wisconsin and Kansas). The list includes states that disproportionately vote for Democratic candidates (e.g., Maryland and Connecticut) and others that tend to vote Republican (e.g., Utah and Nebraska). It is also telling that during the September 22, 2011 Republican presidential debates, Texas Governor Rick Perry – the first governor to sign legislation granting resident tuition rates to illegal immigrants – suggested that Texas legislation was motivated by social justice and future economic concerns when he argued: “If you say that we should not educate children who have come into our state for no other reason than they've been brought there by no fault of their own, I don't think you have a heart. We need to be educating these children, because they will become a drag on our society.”⁶

The potential cost savings to undocumented students in states adopting the policy are substantial. Resident tuition subsidies in the 2010/11 academic year (expressed in 2010 dollars) averaged \$13,955, \$8881, and \$4690 for flagship, comprehensive, and community colleges, respectively. Among states that have offered resident tuition for illegal immigrants, subsidies exceeded \$22,000 per year for California, and more than \$16,000 for Washington and Connecticut. Differences in community college costs exceeded \$6000 in Wisconsin, Illinois, and Connecticut.

State-level actions were partly responsible for motivating federal-level proposals in the Development, Relief, and Education for Alien Minors Act of 2011 (the DREAM Act, HR 1842) – failed bipartisan legislation that would have explicitly restored states' ability to determine residency for the purpose of establishing higher education benefits. DREAM Act proponents argued that the United States was effectively the home country for children who had immigrated illegally.⁷ Since these individuals often stay in their adopted states permanently, states have a vested interest in their educational attainment. Though undocumented immigrant children have the right to public primary and secondary education, undocumented immigrants have a substantially

² See [Purnick \(2002\)](#).

³ See [National Conference of State Legislatures \(2014\)](#).

⁴ As of 2014, only California, New Mexico, Texas, and Washington offer state financial aid to undocumented students. See [Kaplan and McKinley \(2014\)](#).

⁵ Note that Oklahoma later revoked statewide support in 2008, leaving tuition decisions up to the Oklahoma Board of Regents, whereas Wisconsin reversed its policy in its 2011 state budget. During this same period, Colorado (2006), Arizona (2006), Georgia (2008), South Carolina (2008), Indiana (2011), and Alabama (2011) passed legislation – somewhat redundant given federal law – that banned undocumented immigrants from receiving in-state tuition rates.

⁶ See [Shear \(2011\)](#).

⁷ For a list of arguments in favor and against in-state tuition for undocumented immigrants, visit <http://www.ncsl.org/issues-research/educ/undocumented-student-tuition-overview.aspx>.

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