



# BTC Brief

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## TUITION EQUITY:

### *Expanding College Opportunity and Paving the Way for North Carolina's Economic Future*

BY ALEXANDRA FORTER SIROTA, DIRECTOR, and TAZRA MITCHELL, POLICY ANALYST

All graduates of North Carolina's high schools should have the opportunity to continue their education, either at a four-year or two-year institution, so they can gain the credentials or degree that will boost their careers and help modernize the state's economy. But for students who are undocumented immigrants, often brought to the U.S. at a very young age, the financial barriers are often too steep to scale. North Carolina requires them to pay expensive out-of-state tuition, which can be an insurmountable cost for low- and moderate-income families.

Twenty states have implemented a promising policy that allows graduates of in-state high schools who are undocumented to pay more affordable in-state tuition at public universities or community colleges. Such "tuition equity" has boosted college enrollment, furthered the education of young immigrants and improved their earnings<sup>1</sup> – all of which can only help boost a state's economy in the long run.

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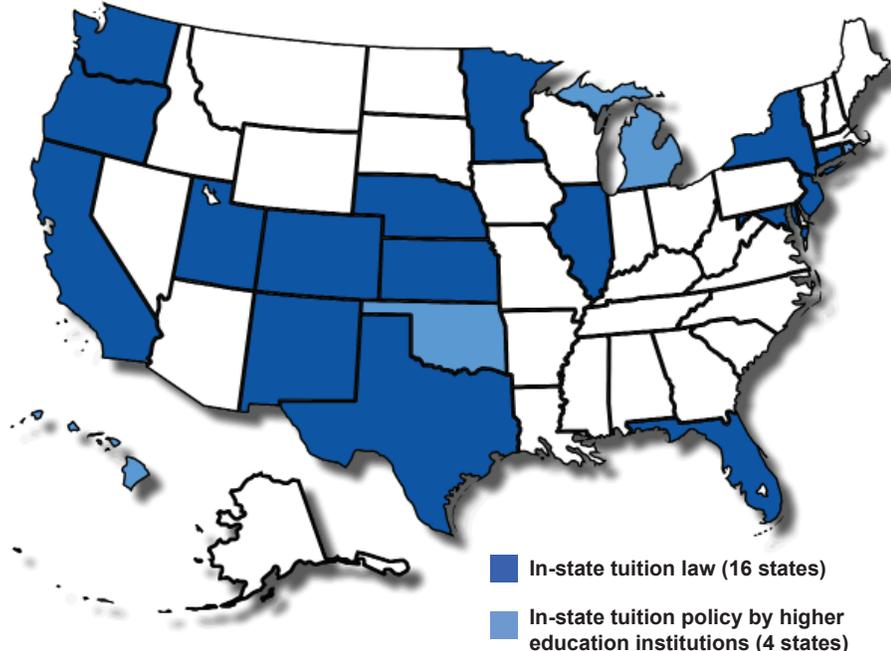
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FIGURE 1: IN-STATE TUITION POLICIES NATIONWIDE



SOURCE: National Immigration Law Center

Given the demographic and economic changes driving North Carolina's need for an educated, highly skilled workforce, supporting all students in their pursuit of post-secondary education is crucial to the state's future. Tuition equity is a cost-effective way to make sure North Carolina isn't left behind.

## Removing Barriers to Education for Young Immigrants Would Boost the Economy

North Carolina is facing demographic challenges—and opportunities—as its population ages and diversifies. In 1950, there were 16 working-age people for every adult age 65 and older: by 2020, that ratio is projected to drop to 2 to 1.<sup>2</sup> That means fewer workers available to meet the need for goods and services and fewer contributions to social security, for example. Furthermore, the share of the labor force in North Carolina that is foreign-born has increased by more than 500 percent since 1990.<sup>3</sup> As that growth continues and the number of native-born workers stagnates over the next decade, immigrants will play an increasingly vital role in the workforce and in reviving economically-lagging communities.<sup>4</sup>

These demographic trends, combined with a growing demand for workers with post-secondary education, mean policymakers must focus on improving opportunities for immigrants if they hope to create good jobs and strengthen the state's economy. To be effective, that effort will have to include reducing the barriers to higher education for young immigrants—such as the high cost—and ensuring the economy can take full advantage of their skills and education after they graduate.<sup>5</sup>

Furthering the education of young immigrants will improve the quality of North Carolina's labor force and make the state more attractive to businesses. By 2020, nearly 61 percent of jobs in North Carolina will require some post-secondary education, the Georgetown University Center on Education and the Workforce projects.<sup>6</sup> Investing in higher education can pay big returns, such as a more stable workforce with better opportunities to move into the middle class and beyond.<sup>7</sup>

States with large numbers of bachelor's degree holders have higher median wage levels than other states, according to the Economic Policy Institute.<sup>8</sup> An advanced education also helps make workers more upwardly mobile. In North Carolina: the median earned income for someone with a bachelor's degree is \$18,000 higher than for someone with only a high school diploma.<sup>9</sup>

Barriers to post-secondary education, however, obstruct the climb up the economic ladder. Students who are undocumented face particularly high obstacles, including low education levels among their parents, low family incomes, and lack of information about the post-secondary education process and requirements. Moreover, undocumented students face higher costs because they have to pay out-of-state tuition rates and have limited access to financial aid and other programs that would help further their education.<sup>10</sup>

Removing these barriers for young immigrants in North Carolina can improve their earnings, increase economic mobility across generations, and help meet industry's demand for well-educated, skilled workers.

## How Tuition Equity Works

Tuition equity allows undocumented students who have been educated in a state's K-12 school system to pay in-state tuition at public colleges or universities in the state. By law, all students must have access to public K-12 education regardless of their immigration status.<sup>11</sup> In some states, undocumented students can qualify for in-state tuition only if they attended a public grade or high school in the state for at least three years.<sup>12</sup>

While the courts have not extended the right to a public education beyond K-12, researchers have documented that post-secondary education is necessary to qualify for a good job and build a strong state economy.<sup>13</sup> Some states have further lowered barriers to higher education by providing

undocumented students access to state financial aid, since they are prohibited from receiving federal financial aid for higher education.<sup>14</sup>

Currently, undocumented students in North Carolina are allowed to attend public colleges and universities in the state but are required to pay out-of-state tuition, which is nearly 300 percent higher, on average, than in-state tuition.<sup>15</sup>

A tuition equity policy in North Carolina could benefit an estimated 677 students each year. This is based on rough estimates of the number of high school seniors who are undocumented, their graduation rate and college attendance rate based on a mix of North Carolina and national figures. It is important to note, however, that these estimates are likely high. North Carolina currently has just 176 undocumented students enrolled in community colleges.<sup>16</sup>

Estimates of Undocumented Students Seeking to Enroll in Post-Secondary Education	
Total Undocumented Population	370,000
18 and Under	46,620
School-Aged Population	41,070
Number of Seniors who are Undocumented	2,605
Number of Graduating Seniors	1,381
<b><i>Likely to Attend Post-Secondary</i></b>	<b>677</b>

SOURCE: Cohn, D'Vera. "A Portrait of Unauthorized Immigrants in the United States." Pew Research Center's Hispanic Trends Project, April 14, 2009. Accessed at: <http://www.pewhispanic.org/2009/04/14/a-portrait-of-unauthorized-immigrants-in-the-united-states/> and NC Department of Public Instruction, Graduation Rates by Race/ Ethnicity.

METHOD: This methodology follows from the Colorado Fiscal Institute method detailed in A Sizeable Return on Investment: Costs and Benefits of Colorado's Asset Bill. February 2011. The Pew Center estimates of the state's undocumented population are multiplied by the percent of children 18 or under based on national percent. The number of seniors who are undocumented is based on looking at the distribution of students in North Carolina across grades according to NC DPI and taking the relevant percent. The graduation rate for undocumented students at the national level is 53 percent. The college attendance rate is then calculated using the percent at the national level of 49 percent.

Tuition equity has the potential to substantially improve educational and economic opportunities for young people in North Carolina. Tuition equity led to a 31 percent increase in college enrollment for undocumented students and a 33 percent increase in the proportion of Mexican young adults with a college degree in the states that adopted the policy.<sup>17</sup> In addition, the average high school dropout rate decreased by 7 percentage points—from 42 percent to 35 percent—in states with tuition equity.<sup>18</sup>

### Fiscal Costs and Crowdout Concerns are Overblown

Opponents of improving access to higher education for all students who graduate from North Carolina high schools cite the potential cost to the state and concern that undocumented students will take college classroom seats away from native-born students. But neither concern is credible.

Even if every single estimated undocumented student enrolled in college, they would represent less than 1 percent of the total in-state students in the public post-secondary systems. States that already have tuition equity have had a similar experience, with undocumented students representing at most 1 percent of all in-state tuition payers.<sup>19</sup> Looking solely at the cost of providing these students in-state tuition—and not accounting for economic benefits such as the higher earnings of undocumented college graduates—the cost to the state is likely to be minimal. A tuition-equity policy would also result in revenue that would not otherwise be collected as these students are less likely to attend with the

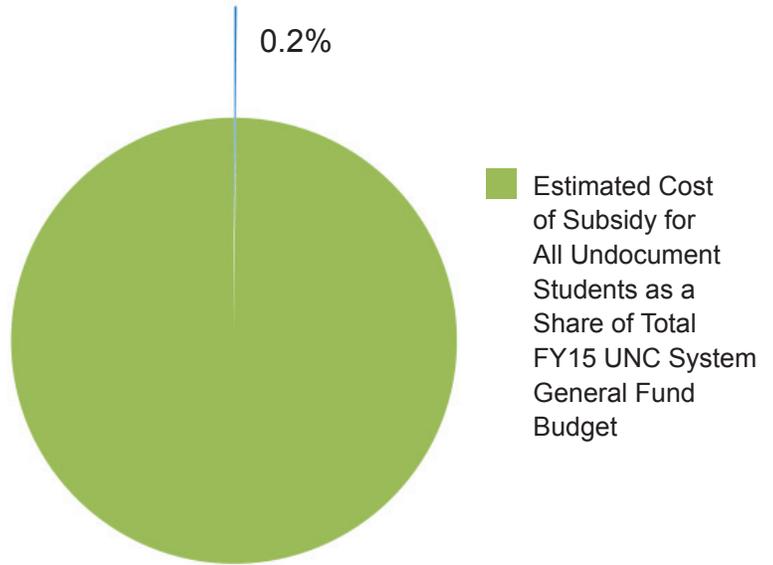
current high cost associated with attendance.

Assuming this small number of undocumented students all enrolled in either the UNC system or the Community College system, the additional costs to the state would likely be from \$4.4 million at the University of North Carolina system to \$2.5 million at the Community College System. This calculation is based on the difference in the cost of instructing a student and the in-state tuition rate paid—essentially the value of the in-state subsidy paid by the state. These costs represent approximately 0.2 percent of the UNC system or the community college system budget, assuming all estimated students enroll in one system.

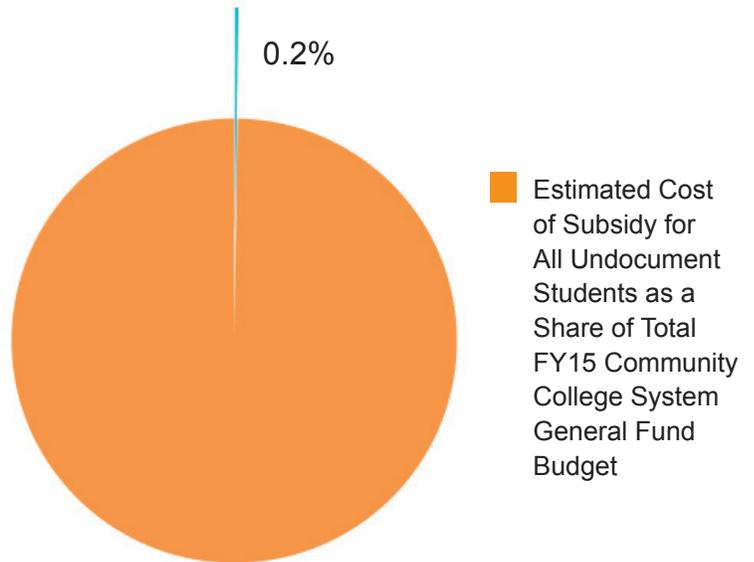
Despite the potential for a slight increase in costs, other states have seen either increases in revenue from higher enrollment or estimate other positive economic benefits from tuition equity that offset the costs. In Texas, the Higher Education Coordinating Board reports that tuition and fees paid by undocumented immigrants were greater than the cost to the state of their instruction.<sup>20</sup> California also found that expanding the number of students able pursue post-secondary education increased total school revenues.<sup>21</sup> In Maryland, analysis of the tuition equity policy for community colleges found a projected increase in revenue for the state and net positive economic benefits for local communities.<sup>22</sup> Families will also reap benefits directly through lower tuition bills, leaving them more money to spend on other needs or to save for emergencies. Over the long term, tuition equity has the potential to

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**FIGURE 1A** Estimated Cost of Tuition Equity for All Undocumented Students is Just 0.2 Percent of UNC System’s General Fund Budget



**FIGURE 1B** Estimated Cost of Tuition Equity for All Undocumented Students is Just 0.2 Percent of Community College System’s General Fund Budget



SOURCE: Instructional Cost data comes from Integrated Postsecondary Education Database System. The average instructional cost of an education in the UNC system is \$10,488 for the NC Community College system is \$5,362. We then take the difference between what students pay for in-state tuition and instructional costs and multiple that dollar figure by the estimate of potential students.

increase state revenue collections through increased spending and earnings by a larger number of college graduates, thereby offsetting costs.

North Carolina is already obligated to invest in educating undocumented students in K-12 schools. By making it harder for these students to pursue a college education, the state is losing much of the value of that initial investment.

Opponents of tuition equity also claim that increasing the number of undocumented university and college students will mean less room for native-born students. There are several reasons that this is unlikely to be true in North Carolina. First and foremost, the number of undocumented students likely to enroll is negligible relative to the native-born student population, particularly given that enrollment would occur across 14 UNC campuses and 52 community colleges. Second, enrollment at both community colleges and the UNC system has been declining. Finally, researchers have looked at the states that have implemented tuition equity as well as previous reforms and found no harm to native-born students from increased enrollment of undocumented students. In one study, researchers actually found that more American-born Latino students attended post-secondary schools, likely as a result of the positive effect of their undocumented classmates increasing their college-going rate.<sup>23</sup>

Tuition equity is an important tool for furthering the state's goal of increasing the education of its residents and ensuring that the workforce is ready for the jobs of the future. By lowering the cost barrier to college for undocumented students, North Carolina will come out ahead, with minimal costs and strong economic benefits.

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