

*Economics and Economic
History*

Working Papers

THE ILLINOIS STUDENT ACCESS BILL



EL PROYECTO DE LEY DE ACCESO DE LOS
ESTUDIANTES EN ILLINOIS

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Serial number: 2016/01

Date/Fecha (1st version): 01/01/2016



UNIVERSIDAD DE SEVILLA

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UNIVERSIDAD DE SEVILLA

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Abstract

This report presents the main effects expected from the Illinois Student Access Bill, which, if approved, would allow undocumented students to be eligible for state-funded scholarships in four year-public universities. Currently, undocumented students are not eligible for these scholarships. This evaluation of the impact of this proposed bill was made using estimates derived from previous scientific research. Its approval would have positive effects on the educational level and earnings of this group. As a consequence, government spending would be reduced, and tax revenues and GDP would increase.

Keywords: Undocumented students, state-funded scholarships, access to University

Resumen

Este informe presenta los principales efectos esperados de la reforma legislativa en Illinois que, en el caso de ser aprobada, daría acceso a las becas no federales a los estudiantes indocumentados. El problema actual al que se enfrentan es debido a su situación legal, no pueden acceder a las becas no federales para estudios universitarios en el Estado de Illinois. La evaluación del impacto de esta ley se ha realizado empleando las estimaciones de trabajos científicos previos. Su aprobación tendría un efecto positivo sobre el nivel educativo de este colectivo, una reducción del gasto público y un incremento de la recaudación.

Palabras clave: estudiantes indocumentados, acceso universidad, acceso a becas, efectos económicos, efectos académicos



INTRODUCTION

I. ACADEMIC EFFECTS

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INTRODUCTION

There is in U.S. a group of students whose parents are undocumented immigrants, and they live in the same legal circumstances. These young people arrived when they were children, studied in American Schools, and their family, friends and community are in the United States. Passel (2003) estimates that roughly about 65,000 unauthorized immigrants who have lived in the US five years or longer graduate from high school each year. However, if they wish to attend University, they are prohibited from applying for federal grants. However, in a few states like Texas or California, they can apply for state scholarships.

This study aims to evaluate the impact that undocumented students' access to these state-funded scholarships would have on the State of Illinois, focusing on the academic and economic effects.

The methodology is based on an application of estimators of academic and economic effects that is calculated by relying on the results of previous scientific papers. The main results are presented in the text, followed by a brief explanation of how these results were calculated.

I. ACADEMIC EFFECTS

I.1. Undocumented student data in the State of Illinois

Firstly, we identify the group that is studying at public universities in Illinois and students of high school seniors who could benefit from the adoption of the bill.

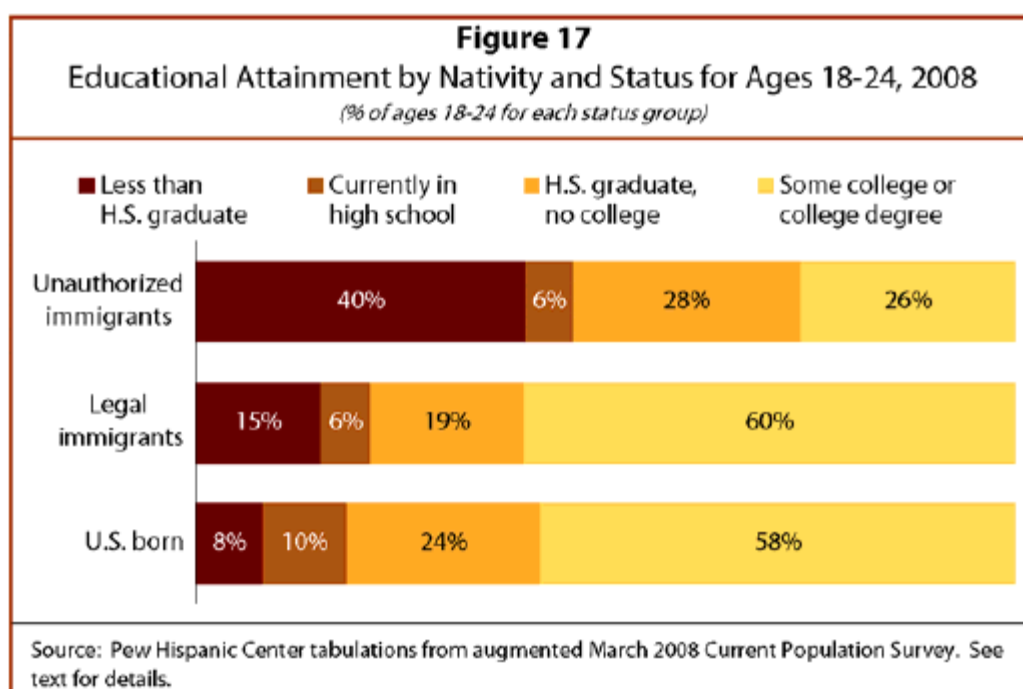
The estimated number of undocumented students in public universities in Illinois is about 1,500.

On the other hand, 146,939 students have completed the final year of high school in 2014-15.

8.2% of students in K-1 and K-12 have parents who are undocumented immigrants, and we assume that this percentage is similar in all grade-levels. So there are 12,049 students with undocumented immigrant parents in the last year of high school.

According to national data, 27% of these students were not born in the United States, so the undocumented high school seniors in Illinois are 3,247. They represent 2.21% of students in that grade-level.¹

What is the expected educational situation of these students? According to the study by Jeffrey Passel and (2009), nationwide, only 26% of undocumented youth will have access to higher education, compared to 60% of legal immigrants. Therefore, we can expect that 844 of the undocumented seniors in Illinois will access higher education.



Source: Jeffrey S. Passel and D'Vera Cohn, "A Portrait of Unauthorized Immigrants in the United States" (Washington: Pew Research Hispanic Trends Project, 2009)

¹8,20% of students from K - 1 to K - 12 in Illinois are children of undocumented parents (Pew Research Center). Nationally, 27% of these are not born in the United States (Passel and Cohn , 2009). Therefore we can assume that 2.21 % of students in Illinois are undocumented students.

I.2. Effects of scholarships

The literature about the effects of scholarships or grants is very broad, but it does not address the impact on undocumented students. For this reason, we have used the work of Khausal (2008) that determines how reducing tuition fees affects educational outcomes for undocumented students. There are other scholarly works that also evaluate these effects and show the positive effects of the reduction of tuition fees (Amuedo, 2014), but their results do not allow us to make an assessment for the state of Illinois with the available data. These, and others in the same area, calculated their estimates for the combined effect of access to college (community college and university). However, the work of Khausal differentiates between four-year undergraduate university or college and community college.²

Specifically, Kaushal's work (2008), assesses the impact of reduced rates per \$1,000 on increases in education levels of undocumented students in the United States, taking into account differences in policies between states, and evaluating the average impact estimates. We have considered grants access as an equivalent to a policy of reducing fees and we have applied the coefficients that this work offers. In addition, Kaushal (2008) and Amuedo (2014) show that these policies have not affected the academic outcomes of other groups.

According to Khausal (2008, p. 783): "A \$1,000 increase in tuition subsidy increased the probability of being enrolled in college by 0.4 percentage points, the proportion with at least a high school diploma by 0.6 percentage points, the proportion with college education by 0.5 percentage points, and the proportion with at least an associate degree by 0.2 percentage points. All the estimated effects are statistically significant."

If we assume that the average value of a scholarship may be around \$5,000, the effects are as follows: The possibility of having access to institutional financial assistance would be an incentive for undocumented students to not only complete high school, but also attend college. It is projected that if the bill passes the high school graduation rate of undocumented students in the Illinois would increase by 3 percentage points. Additionally, there would be a 2 percentage point increase in enrolment of new first year freshmen at four-year universities and an additional 2 percentage point increase in the rate of college graduation over time. This implies 97 new high graduates. (3% of 3,247) and 65 new first year freshmen at four-year universities (2% of 3,247).

According to Dinarsky (2008, pag. 608) the merit aid programs appear to increase by 5–11 percent the probability of persistence to degree of those who would have left college in the absence of a merit aid program.³

² These works follow the convention in the literature of adopting Hispanic non-citizens as a proxy for individuals who are likely to be undocumented.

³ Dynarski, S. (2008). Building the stock of college-educated labor. *Journal of Human Resources*, 43(3), 576-610.

Therefore, undocumented students would be more likely to graduate, more likely to attend college, and more likely to finish college if the ACCESS Bill is passed. Kaushal (2008) and Amuedo (2014) have demonstrated that implementation of these policies has not affected the academic outcomes of other groups at all.

II. ECONOMIC EFFECTS

II.1. Effects on scholarship recipients

The estimations are made taking into account that 97 people get high school diploma and 65 college access. These 65 people may not complete their studies (scenario A) or all of them may get Bachelor degrees (scenario B). These scenarios correspond to the worst and the best expected results. Moreover, the access to scholarships will increase the rate of completion of the 1500 students currently enrolled in higher education, but we lack the current success rate to assess how they may be affected.

The ACCESS Bill would also allow undocumented students to increase their educational attainment and job opportunities. College graduates have only a 2.4% unemployment, compared to 4.4% rate of high school graduates and 8.2% of those who do not complete high school⁴. In the case of Latino students in 2015 a student who earns a bachelor's degree had an average individual income of \$48,724, compared to \$35,828 for those who only had some college \$30,940 for those with only a high school diploma and \$24,232 for those who do not complete high school⁵.

We estimate that the ACCESS bill would enable undocumented students who are able to complete some college to earn as much as \$838,240 in their lifetime and those who complete college to earn as much as 968,396. This is in contrast to high school graduates who would earn only 650,676.⁶

The increase in annual revenues obtained for this collective would be between \$ 968,396 and \$1,488,916.

II.2. Effects on the rest of society

Society as a whole benefits by the reduction in poverty and unemployment, the increase of educational levels and GDP, and the increase in the budget balance.

⁴ Bureau of Labor Statistics, <http://www.bls.gov/opub/ted/2015/unemployment-rates-by-educational-attainment-in-april-2015.htm>

⁵ Bureau of Labor Statistics, <http://www.bls.gov/opub/ted/2015/median-weekly-earnings-by-education-gender-race-and-ethnicity-in-2014.htm>

⁶ Bureau of Labor Statistics, <http://www.bls.gov/opub/ted/2015/median-weekly-earnings-by-education-gender-race-and-ethnicity-in-2014.htm>. Official data offers earnings information by education, gender and also difference between White, African American, Asian and Latino. Immigrants are white, Asian or Latino, and the latter receives lower pay, so we decided to choose that level of earnings in Latin population.

The increase in earnings income of a Latino Bachelor is twice that of a person without a high school diploma. This reduces inequality because the undocumented population has a poverty rate of 40%. Additionally, the unemployment rate for those who do not complete high school is 8.2% compared with 4.4% of those who do graduate, and 2.4% for those with a Bachelor's degree and higher (Bureau of Labor Statistics. 2015)

According to the projections of Center on Education and the Workforce at the University of Georgetown, only 63% of the workforce in Illinois have post-secondary studies, and it is estimated that the state's productive system will need this percentage to rise to 70% by 2020.

Moreover, different studies have shown that reduced rates for undocumented students have not led to higher costs for universities nor affected the rate of borrowing from other groups, so access to scholarships would have similar consequences. In particular, you can see the effects on the costs of schools and borrowing in the work of Amuedo (2014)

This policy also improves public sector income. On the one hand an increase in revenues occurs, and on the other hand, a reduction in social spending takes place. According to the study of Sum et. Al (2009), for every person who graduates from high school, the budget balance increases annually at \$ 6,497; \$ 4,349 more if she or he gets an associate degree and a new increase of \$8,608 if she or he reaches a Bachelor's degree.

Thus, the public budget would improve by \$912,894 annually through increased revenues and reduced social spending on assumption A, and this amount rises to 1,189,729 in the scenario B.

Finally, we can expect a positive impact on GDP. Suppose a person gets an additional dollar of income, decides to save a portion, and another is consumed. Therefore, another person is getting an extra income and he/she decides to invest, consume, etc. As a result of this process, growth in GDP is higher than the initial dollar. This is called the "multiplier effect." According to the study by Whalen, C. J., & Reichling, F. (2015), the multiplier effect in the U.S. is between 0.5 and 2.5. We have taken by reference the mean value of 1.5, and this amount multiplies the initial increase earnings.

Thus, the increase of income for these people has a multiplier effect on the economy, with an annual impact of GDP ranging between 1,452,594 and 1,784,593 dollars.

ANNEX

ACADEMIC EFFECTS

	U.S.	Illinois
Share of Students with Unauthorized Immigrant Parent (2012) (primary, middle and high school) (1)		8,20%
Share of the children of unauthorized immigrant parents who were born in the U.S. (2008) (2)	73%	
Share of the children of unauthorized immigrant parents who were born in the U.S. (2008) (2)	27%	
Share of Students with Unauthorized Immigrant Parents who were born in the U.S. (2008) (primary, middle and high school) (3)		5,99%
Share of Students with Unauthorized Immigrant Parents who were not born in the U.S. (2008) (primary, middle and high school) (3)		2,21%
Number of students in high school (K-12) 2014-15 (4)		146939
Number of undocumented students in high school (K-12) (2014-15)		3247
Share of undocumented students who do not drop out (3)	60%	60%
Number of undocumented students who do not drop out		1948
Share of undocumented students in college (3)	26%	26%
Number of undocumented students who attend the first year of college (2014-15)		844
ESTIMATED EFFECTS FINANCIAL AID DOLLARS IN 1.000S		
Increase the probability of obtaining a high school diploma (percentage points) (5)	0,6%	0,60%
Increase the probability of being enrolled in college (percentage points) (5)	0,4%	0,4%
Increase the probability of obtaining a Bachelor's degree (5)	0,4%	0,4%
ESTIMATED EFFECTS FINANCIAL AID DOLLARS IN 5.000S		
Increase the probability of obtaining a high school diploma (percentage points)		3,0%
Increase the probability of being enrolled in college (percentage points)		2,0%
Increase the number of undocumented students obtaining high school diploma	0,6%	97
Increase the number of undocumented students being enrolled in college with high school diploma	0,4%	65

(1) Pew Research Center estimates for 2009 and 2012 based on augmented American Community Survey data from Integrated Public Use Microdata Series (IPUMS), in <http://www.pewhispanic.org/interactives/unauthorized-immigrants-2012/>

(2) Jeffrey S. Passel and D'Vera Cohn, 2009. "A Portrait of Unauthorized Immigrants in the United States" (Washington: Pew Research Hispanic Trends Project, 2009), available at <http://www.pewhispanic.org/files/reports/107.pdf>

(3) Illinois data, estimated with national data. Source: Jeffrey S. Passel and D'Vera Cohn, 2009

(4) http://www.isbe.net/research/htmls/fall_housing.htm

(5) Kaushal, N. (2008): In-State Tuition for the Undocumented: Education Effects on Mexican Young Adults, Journal of Policy Analysis and Management, Vol. 27, No. 4, 771-792

ECONOMIC EFFECTS

	Less than a high school diploma	High school graduates, no college	Some college or associate degree	Bachelor's degree only	Bachelor's degree and higher
<i>DATA FOR A ONE STUDENT</i>					
Median annual earnings by educational attainment in 2014 (Latino National Average) (1)	24,232	30,940	35,828	48,724	52,364
Inequality- Wage increase	1,0	1,3	1,5	2,0	2,2
Unemployment rate (2)	8,2	4,4	3,9	u.d.	2,4
Annual Federal, State, and Local Tax Payment (3)	6,087	9,938	13,244	20,580	29,876
Annual Cash and In-kind Transfers plus imposed incarceration costs (3)	6,197	3,551	2,508	1,236	1,061
Net effect on budget	-110	6,387	10,736	19,344	28,815
<i>VARIATION BETWEEN EACH EDUCATION LEVEL</i>					
Earnings		6,708	4,888	12896,000	3640,000
Macroeconomic multiplier Effect on GDP(4)		9,745	6,523	12,912	14,206
Annual Variation on budget		6,497	4,349	8,608	9,471
<i>ESTIMATED EFFECTS FINANCIAL AID DOLLARS IN \$5.000 FOR UNDOCUMENT STUDENTS</i>					
	<i>High school graduates, no college</i>	<i>Some college or associate degree</i>	<i>Bachelor's degree only</i>	<i>Supposed A</i>	<i>Supposed B</i>
Earnings annual increase	650,676	317,720	838,240	968,396	1,488,916
Annual Increase GDP(3)	945,313.5	424,027.5	839,280	1,369,341	1,784,593.5
Annual Variation on budget	630,209	282,685	559,520	912,894	1,189,729
<i>OTHER EFFECTS</i>					
percent of jobs with postsecondary education 2020 (5)	70				
percent of jobs with postsecondary education 2010 (5)	63				
Effect about fees or enrollment other groups (6)	No effects				

(*) Suppose A: effect of increase in number of high school graduates and of students with access some college, but do not obtain degree.

Supposed B: effect of increase in number of high school graduates and of students with access to some college who obtain a Bachelor's degree.

(1) Bureau of Labor Statistics, <http://www.bls.gov/opub/ted/2015/median-weekly-earnings-by-education-gender-race-and-ethnicity-in-2014.htm>

(2) Bureau of Labor Statistics, <http://www.bls.gov/opub/ted/2015/unemployment-rates-by-educational-attainment-in-april-2015.htm>

(3) Sum, A.; Khatiwada, I; McLaughlin, J, and Palma, S.: "The Consequences of Dropping Out of High School," Technical Report, Center for Labor Market Studies, Northeastern University, 2009.

(4) Whalen, C. J., & Reichling, F. (2015). The Fiscal Multiplier and Economic Policy Analysis in the United States. Working Paper Series Congressional Budget Office

(5) Center on Education and the Workforce https://cew.georgetown.edu/wp-content/uploads/StateProjections_6.1.15_agc_v2.pdf

(6) Amuedo, C. and Sparber, Ch.: (2014) In-State Tuition for Undocumented Immigrants and its Impact on College Enrollment, Tuition Costs, Student Financial Aid, and Indebtedness, Regional Science and Urban Economics, Volume 49, November 2014, Pages 11–24