



Getting a Return on Investment: The California DREAM Act

Prepared by Roberto G. Gonzales and Arti Kohli¹

A worker with a bachelor's degree will, on average, earn \$1 million more over her lifetime than a high school graduate; a worker with an advanced degree is likely to earn twice that amount.² Based on data from a recent RAND study, we estimate that California will gain almost \$15 million per year in net tax revenue from the estimated 1620 undocumented students currently enrolled in California's colleges.³ The State has invested in the high school education (and for many, elementary and middle school as well) of undocumented children. Currently, undocumented students can legally attend college in the state of California.⁴ However, these students are not eligible to apply for post-secondary financial aid. Without such aid, it is extremely difficult for these students – most from low-income families – to afford the costs associated with pursuing higher education at a public university.⁵ The California DREAM Act (SB 1301) and Assembly Bill 2083 would provide these and other students who currently qualify for in-state tuition the opportunity to compete for state financial aid. The bill has been approved by the legislature and is currently before Governor Arnold Schwarzenegger, awaiting his signature. This brief highlights recent research that sheds light on the potential impacts of SB 1301 and AB 2083.

WHO ARE UNDOCUMENTED STUDENTS IN CALIFORNIA?

- Approximately 400,000 undocumented children reside in California.⁶ The majority of these children were brought to the United States before the age of 12.⁷ Although complete data is not available, most of those who pursue higher education attend community colleges.⁸
- There were approximately 1,620 undocumented students enrolled in 2005 in the University of California and California State University systems who benefited from in-state tuition provided by California's Assembly Bill 540.⁹ At .065 percent, undocumented students represent a miniscule number of the 2.5 million students enrolled in California's higher education institutions. Given the rising costs of post-secondary schooling and the inability to compete for financial aid, a mere 5 to 10 percent of all undocumented students make it to college.¹⁰
- According to recent research, undocumented students in California (at the CCCs, CSUs, and the UCs) exhibit higher than average levels of community and civic activity, including community education, and mentoring of peers and younger students.¹¹
- Research also shows that the cost of college is the most prohibitive barrier for undocumented students, given the economic profile of many of these students' families, schools, and communities.¹²

THE IMPACT ON CALIFORNIA: A benefit to the economy and to state tax revenues

- The U.S. economy faces a mismatch between the demand for educated workers and the available supply. The Bureau of Labor Statistics (BLS) estimates that many of the occupations that will be most in demand in years to come – in computer science, and the medical and teaching professions – will rely on educated workers.¹³
- With every step up the degree ladder, workers gain in salary and employment opportunities. According to the BLS, workers who lacked a high-school diploma in 2006 earned an average of only \$419 per week and had an unemployment rate of 6.8 percent. In contrast, workers with a bachelor's degree earned \$962 per week and had an unemployment rate of 2.3 percent, while those with a doctorate earned \$1,441 and had an unemployment rate of only 1.4 percent.¹⁴
- In California, 12 of the 15 occupations projected to grow the fastest between 2004 and 2014 require workers with at least an Associate's degree. Immigrants are already a large share of workers in these occupations, especially among medical scientists, computer software engineers, database administrators, and registered nurses.¹⁵

- The Public Policy Institute of California projects that by 2025, 41 percent of the state’s jobs will require a college education, but only 32 percent of workers in the state will have the necessary education. To bridge the gap between supply and demand, the report argues, California—and the United States overall—will need to educate more native-born youth and bring in more high-skilled workers from other countries.¹⁶
- A 1999 RAND study found that, by 30, a Mexican immigrant woman with a college degree will pay \$5,300 more in taxes and cost \$3,900 less in government expenses each year compared to a high-school dropout with similar characteristics.¹⁷

LESSONS FROM OTHER STATES

- In Texas, undocumented students are eligible for in-state tuition and can compete for financial aid. A study released by Texas’ Higher Education Coordinating Board found a significant increase in postsecondary enrollment of undocumented students—nearly 10 times greater from 2001 to 2004, with most enrolling at community colleges after the passage of the Texas law.
- A study by the Massachusetts Taxpayers Foundation, where undocumented students are currently not eligible for in-state tuition or financial aid, projected that the state would eventually gain 2.5 million dollars from fees in a three year span if undocumented children were allowed to attend public colleges at in-state rates.¹⁸

¹ Roberto G. Gonzales is an Assistant Professor at the University of Washington. Aarti Kohli is Director of Immigration Policy at the Warren Institute.

² Jennifer Cheesman Day and Eric C. Newburger, “The Big Payoff: Educational Attainment and Synthetic Estimates of Work-Life Earnings,” *Current Population Reports*, U.S. Census Bureau, July 2002.

³ This calculation is based on data from Georges Vernez, Richard A. Krop & C. Peter Rydell, *Closing the Education Gap: Benefits and Costs*, Santa Monica, CA: RAND Education, 1999. This study concludes that a worker with a college degree will pay \$5300 more in taxes and cost \$3900 less in government expenses for a total cost savings of \$9200 per year per worker.

⁴ The Supreme Court ruled in *Plyler v. Doe* (1982) that, because these children are “persons” under the Constitution and thus entitled to equal protection under the law according to the 14th Amendment, they cannot be denied access to public elementary and secondary education on the basis of their legal status.

⁵ We include here tuition, fees, books, and basic room and board.

⁶ Center for Continuing Study of the California Economy, *The Impact of Immigration on the California Economy*, September 2005, p. 19.

⁷ See Jeffrey S. Passel, *The Size and Characteristics of the Unauthorized Migrant Population in the U.S.: Estimates Based on the March 2005 Current Population Survey*, Washington, DC: Pew Hispanic Center, March 7, 2006, pp. 5, 7; and Jeffrey S. Passel, *Further Demographic Information Relating to the DREAM Act*, Washington, DC: The Urban Institute, October 21, 2003.

⁸ Exact figures are nearly impossible to obtain, as numbers of enrolled undocumented AB 540 students are not routinely reported. A 2006 Committee on Higher Education analysis of SB 160 estimated that 540 students in the UC’s, 1,080 students in the CSU’s, and a “significant portion” of the 18,000 CCC undocumented students were eligible to benefit from institutional assistance and fee waiver provisions of the bill.

⁹ Jeanne Batalova & Michael Fix, *New Estimates of Unauthorized Youth Eligible for Legal Status under the DREAM Act*, Immigration Backgrounder, Migration Policy Institute, October 2006.

¹⁰ Jeffrey S. Passel, *Further Demographic Information Relating to the DREAM Act*, Washington, DC: The Urban Institute, October 21, 2003, available at: www.nilc.org/immlawpolicy/DREAM/DREAM_Demographics.pdf.

¹¹ Roberto G. Gonzales, “Left Out but not Shut Down: Political Activism and the Undocumented Latino Student Movement,” *Northwestern Journal of Law and Social Policy*, Vol. 3:2 (forthcoming in Summer 2008).

¹² Roberto G. Gonzales, “Born in the Shadows: The Uncertain Futures of the Children of Unauthorized Mexican Migrants,” Unpublished Ph. D. Dissertation, University of California, Irvine, 2008.

¹³ American Community Survey 2005 & Bureau of Labor Statistics occupational projections. Adapted from B. Lindsay Lowell, et al., *Immigrants and Labor Force Trends*, July 2006.

¹⁴ Bureau of Labor Statistics, *Spotlight on Statistics: Back to School*, August 2007, available at: www.bls.gov/spotlight/2007/back_to_school/data.htm#table1.

¹⁵ *Ibid.*

¹⁶ Hans P. Johnson & Deborah Reed, “Can California Import Enough College Graduates to Meet Workforce Needs?,” *California Counts: Population Trends and Profiles*, Vol. 8:4 (May 2007).

¹⁷ Georges Vernez, Richard A. Krop & C. Peter Rydell, *Closing the Education Gap: Benefits and Costs*, Santa Monica, CA: RAND Education, 1999.

¹⁸ Massachusetts Taxpayers Foundation, “News Release: Massachusetts Public Colleges Would Gain Millions of Dollars from Undocumented Immigrants,” Boston, MA, January 5, 2006.