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An Economic Opportunity: Removing Barriers to Higher Education in Georgia

As Georgia's economy continues its decades-long trend of economic growth, the state's employers are facing workforce shortages in industries from healthcare and education to construction and hospitality. A record-low unemployment rate of 3.2 percent has left business leaders struggling to attract qualified talent from an increasingly small labor pool, limiting their ability to grow and compete. To address this challenge, it is imperative that state policies leverage local talent by increasing access to higher education.

Granting access to in-state tuition to Georgia Dreamers is an important step toward meeting this need and would greatly benefit the state's economy.

The Georgia General Assembly is currently considering several bills that would expand in-state tuition access to high school graduates, regardless of immigration status. If enacted, Georgia would join nearly 20 states—including Florida, Texas, and Kansas—that recognize the financial barrier that out-of-state tuition imposes on undocumented students and have made tuition equity state law. These policies are a logical step for many states, given that their taxpayers have already invested in the education of undocumented students in public schools at the elementary and high school levels.

In many of these states, there is clear evidence that tuition equity polices are already achieving their goal of increasing college enrollment for disadvantaged students. Previous studies have found that Latino non-citizens residing in states with in-state tuition policies are anywhere from **31[1] to 54 percent[2] more likely to be enrolled in higher education** than their peers in other states. Research also shows that these policies impact high school completion as well, **reducing dropout rates among certain immigrant students by as much as 14 percent.[3]** We estimate that the additional students who could potentially enroll in and complete college if Georgia expanded in-state tuition access instead would earn millions of dollars in additional income—translating into meaningful financial benefits for all residents.

If all Georgia high school graduates had access to in-state tuition, the state could see an an additional:

3,744
students enrolled in higher education,
based on the enrollment rates of students from similar demographic and socioeconomic backgrounds

2,257
graduates
within six years, resulting in a total of
$36.1M
in annual income*

$27.6M
in annual spending power
due to additional wages after graduation**

$8.5M
in federal income, state, and local taxes***

* These students would earn $36.1million in additional income annually following graduation.

** After graduation, these students would hold an additional $27.6 million in income that could be reinvested into Georgia's economy through consumer spending.

*** The higher wages of new graduates would allow them to spend more as consumers, benefitting the state in the form of sales, excise, and property tax revenues, among others. We estimate that the 2,257 students who would benefit from tuition equity and graduate within six years would pay as much as $5.1 million in additional federal income taxes as well as an additional $3.4 in Georgia state and local taxes.

METHODOLOGY

Estimating the Number of Students Eligible for In-State Tuition and Tuition Opportunity Policies and Expected Graduation Rates

In this brief, we focus on undocumented immigrants between the ages of 16 and 30, as they are most likely to benefit from Georgia's potential tuition opportunity program.

Identifying the Undocumented Population

Using microdata from the 1-year American Community Survey over the period 2014-2018, we construct a 5-year sample that is large enough for us to derive accurate estimates for the undocumented population in Georgia. We then apply the methodological approach outlined by Harvard University economist George Borjas to arrive at an estimate of the undocumented immigrant population in the overall United States and individual states.[4] The foreign-born population is adjusted for misreporting in two ways. Foreign-born individuals who reported naturalization are reclassified as non-naturalized if the individual had resided in the United States for less than six years or, if married to a U.S. citizen, for less than three years, by the time they filled out the survey. We use the following criteria to code foreign-born individuals as legal U.S. residents:

- Arrived in the U.S. before 1980
- Citizens and children less than 18 years old reporting that at least one U.S.-born parent
- Recipients of Social Security benefits, Supplemental Security Income, Medicaid, Medicare, military insurance, or public assistance
- Households with at least one citizen that received SNAP benefits
- People in the Armed Forces and veterans
- Refugees
- Working in occupations requiring a license
- Working in occupations that immigrants are likely to be on H-1B or other visas, including computer scientists, professors, engineers, and life scientists
- Government employees, and people working in the public administration sector
- Any of the above conditions applies to the householder's spouse
- The remainder of the foreign-born population that do not meet these criteria are reclassified as undocumented.

For the purposes of this analysis, we limit the target population to undocumented immigrants aged 16 to 30 with a high school degree or equivalent or some college experience, but lacking a bachelor's degree.

To estimate the share of this population that would enroll in higher education under this policy, we assume that easing the financial burden will result in the same college attendance rates as for the non-citizen population.

To estimate the share of enrollees that would ultimately graduate, we apply the college completion rates for four-year public colleges from the National Student Clearinghouse Research Center.[5] This estimate gives us the number of additional students who would graduate within six years of their enrollment that would be attributable to the state's tuition opportunity program.

Given that current U.S. Census data does not include information on where an individual completed or attended high school or received their GED equivalency, we are unable to target that specific population. We are, however, confident that we have estimated the likely eligible population who would take up the opportunity to enroll and graduate from higher education based on their income and past educational experience.

Wage Premium

We use regression analysis to arrive at the total yearly gain in income resulting from obtaining a college degree. Our sample includes full-time employed non-citizen workers aged 25 to 65 that have been in the U.S. for at least five years. The model regresses the log of wages on education and controls for race, sex, age, marital status, and English language skills. Our analysis of the wage premium that non-citizens gain from earning a college degree shows that each graduate in Georgia would earn $18,593 in additional annual earnings each year (in 2018 dollars) as a direct result of obtaining a bachelor's degree.

Tax Estimates

We calculate the figures on the additional taxes that would be paid as a result of this policy using the increase in wages mentioned above and multiplying by the per capita incidence of state and local taxes in Georgia as well as the federal income tax rate. We use the state and local tax incidence rate from the Tax Foundation, one of the country's leading independent tax policy research organizations. This percentage represents the total amount of taxes paid to state and local governments divided by the total amount of income earned by all state residents. In the Tax Foundation's calculation, the state and local taxes include income, sales, excise, property, public utilities, motor vehicle, death, severance, and other licensing taxes.[6] We also use the federal income tax rate from the Tax Foundation.[7]

ABOUT NAE

New American Economy (NAE) is a bipartisan research and advocacy organization fighting for smart federal, state, and local immigration policies that help grow our economy and create jobs for all Americans.

Visit **www.NewAmericanEconomy.org** to learn more.

ENDNOTES

1 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.

2 Flores, S. M. (2010). State Dream Acts: The Effect of In-State Resident Tuition Polices and Undocumented Latino Students. The Review of Higher Education, Vol. 33, No. 2.

3 Potochinick, S. (2010) How States Can Reduce the Dropout Rate for Undocumented Immigrant Youth: The Effects of In-State Resident Tuition Policies. Paper presented at the APPAM Conference.

4 George J. Borjas, "The Labor Supply of Undocumented Immigrants," NBER Working Paper (National Bureau of Economic Research, Inc, 2016).

5 Shapiro, D., Dundar, A., Huie, F., Wakhungu, P., Bhimdiwala, A., & Wilson, S. (2019, March). Completing College: A State-Level View of Student Completion Rates (Signature Report No. 16a). Herndon, VA: National Student Clearinghouse Research Center.

6 Tax Foundation, "Taxes in Georgia." Accessed on February 28, 2020. Available at: https://taxfoundation.org/state/Georgia/

7 Robert Bellafiore, (2018), "Summary of the Latest Federal Income Tax Data, 2018 Update." Tax Foundation, November 13, 2018. Available online: https://taxfoundation.org/summary-latest-federal-income-tax-data-2018-update/