

Big Potential

In-State Tuition for DACA-Approved Virginians Isn't Leading to Classroom Crowding, and Has Big Potential for Economic Payoff



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Virginia colleges and universities have seen only a small boost in enrollment under the state's new policy of charging in-state tuition to some Virginians who are exempt from deportation under federal law, according to preliminary data. But opening the door to college for those Virginians could provide significant returns to the students and the state economy without being an undue burden on Virginia's colleges or the state budget.

Tuition equity is not resulting in overcrowding at Virginia's colleges

Some critics contend that tuition equity will result in overcrowding at Virginia's colleges. But only a small number of Virginians who have been approved for the deferred action for childhood arrivals (DACA) program have enrolled in Virginia four-year colleges, making little difference in overall student population at the campuses.

The small number likely is due to the fact that the Virginia Attorney General's opinion granting tuition equity came at the end of April 2014, after most college admissions windows had already closed.

Eighty-one DACA-approved students were enrolled in four-year Virginia colleges and eligible for in-state tuition in fall 2014, with an additional five students at Virginia four-year colleges who were DACA-approved but not eligible for in-state tuition.

Two out of every three DACA-approved students is attending George Mason University, but even there they number only 55, out of the 22,411 undergraduate students who were enrolled at that university during fall 2014.

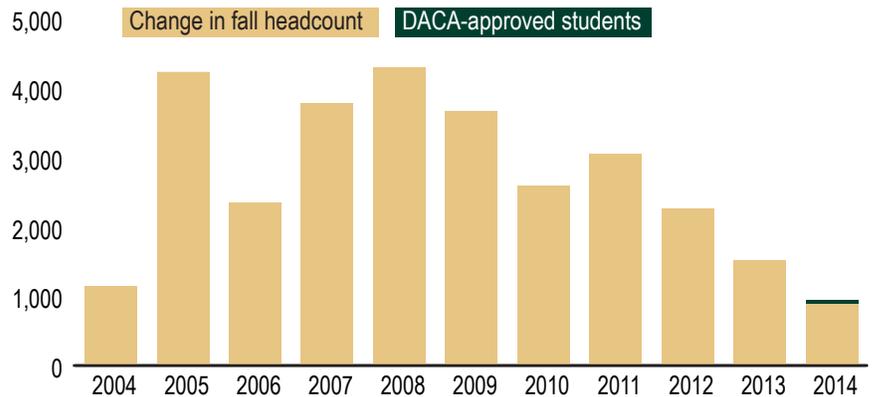
Statewide, DACA-approved students constitute fewer than 1 in every 1,000 students who were enrolled in Virginia four-year colleges in fall 2014.

Not only are DACA-approved students a small share of total enrollment at Virginia colleges to date, the number is tiny even compared to recent overall growth in attendance at these schools.

The fall enrollment at Virginia's public four-year colleges grew by over 1,000 students a year for the last decade, for a cumulative growth between 2003 and 2013 of more than 28,000 undergraduates. The additional 86 DACA-approved students enrolled at four-year colleges this fall barely registers compared to that overall growth.

DACA Students Are a Drop in the Bucket Compared to Overall Enrollment Growth

Virginia Four-Year Public Colleges



Source: TCI analysis of SCHEV data

The lifetime return for students and the Virginia economy from boosting college attendance is huge.

While increasing the number of DACA-approved Virginians who apply to attend four-year public colleges could boost enrollment somewhat, it is unlikely to result in significant overcrowding.

Undergraduate enrollment growth has slowed at Virginia colleges in recent years. In 2013 and 2014 the increase in the fall headcount slowed to under 1 percent, down from over 2 percent a year in the late 2000s. That's a drop of over 1,000 students a year.

While some of Virginia's colleges and universities are at classroom capacity, others would benefit from additional students providing additional tuition dollars to stabilize school finances.

Even in the unlikely event that the number of DACA-approved students enrolled in four-year Virginia colleges shot up next year to 10 times current levels, it would still be fewer new students than the

typical annual increase in undergraduate enrollment at Virginia's colleges and universities. And overall enrollment growth might help certain colleges that have seen enrollment declines in recent years.

Tuition equity has a small cost and a big return

While their numbers may be small, DACA-approved Virginia college students are, in effect, partnering with the state to make an investment in their future economic productivity and earnings. And that will benefit Virginia in the long run.

Of course, providing in-state tuition has a "cost" to either the colleges or the state. One way to think about this cost is in terms of reduced out-of-state tuition payments – which are significantly higher than in-state tuition – to the colleges and universities, based on the assumption that the DACA-approved students would otherwise be attending the colleges and paying the out-of-state rates.

Under this scenario, tuition payments from the 81 DACA-approved students would average \$18,000 less per year for each student than if they were paying out-of-state tuition rates. That's a total of \$1.5 million per year in potentially reduced tuition revenue to Virginia's four-year colleges, or \$5.8 million total over four years.

However, it's unlikely that all these students would be attending college and paying out-of-state tuition if they were not eligible for in-state tuition, because of the high cost of out-of-state rates.

Another way to think about the cost is in terms of increased need for state funds for higher education due to increasing enrollment by in-state undergraduates, based on the assumption that the students would otherwise not be attending Virginia public colleges.

Under this scenario, it makes sense to look at what the state typically provides to Virginia's public colleges and universities to cover the public share of the cost of educating in-state students.

On average, tuition and educational fees cover 53 percent of the core costs of education for in-state Virginia undergraduate students, while state payments to the colleges and universities cover 47 percent of the cost. The state does not share in the cost of providing "non-educational" services to students, such as student health care, athletics, and student activities.

Assuming this cost split holds true at the colleges where the DACA-approved students attend, the typical cost to the state of the students' education would be \$6,400 per year, or a total of \$521,800 per year for all the students. Across four years of college attendance, the cost would be \$25,800 per student, or \$2.1 million total.

Background: DACA and Virginia's In-State Tuition Program

In April 2014, Attorney General Mark Herring announced that Virginia would allow certain Virginia residents to pay in-state tuition rates at Virginia colleges and universities. Those Virginians have been shielded from deportation under the federal Deferred Action for Childhood Arrivals (DACA) program and otherwise meet the state's residency requirements.

DACA is open to teens and young adults who meet certain criteria, including: having come to the United States before age 16; being currently enrolled in school, having earned a high school degree or its equivalent, or have been honorably discharged from the U.S. military; and not having a significant criminal record.

As with other Virginia college students, DACA-approved students remain responsible for a significant portion of their educational costs, but at the same rate as other Virginia residents, rather than at far higher out-of-state rates.

As of September 2014 (the latest data available), 9,439 Virginians were approved for DACA status, and another 1,497 Virginia DACA applications had been accepted by U.S. Citizenship and Immigration Services but not yet approved.

Due to the one-year residency requirement for in-state tuition at Virginia colleges, only students who had been approved for DACA status by August 2013 qualified for in-state tuition in fall 2014. To date, only 86 DACA-approved students are enrolled in Virginia's four-year colleges. Information on enrollment at Virginia's community colleges is not yet available.

But no matter how we think about the price of reducing financial barriers for DACA-approved Virginians enrolling in public colleges and universities, the costs are dwarfed by the benefits for the students and the overall economy.

High economic returns

While the cost of providing in-state tuition for DACA-approved students is very small, the lifetime return for students and the Virginia economy from boosting college attendance is huge.

The expected lifetime earnings of a Virginian with a bachelor's degree is \$2.7 million, almost twice that of a Virginian who has a high school degree but who has never attended college. Even if we assume that the DACA-approved students are not able to complete a degree and drop out with just some college experience, their expected lifetime earnings are still over \$300,000 more than those of Virginians who haven't attended any college. That's a 24 percent bump in lifetime earnings. Across all 81 DACA-approved Virginians currently attending Virginia four-year colleges with in-state tuition, the increased expected lifetime earnings amount to \$27 million if they don't complete a degree program and \$103 million if they get bachelor's degrees. Most of that money will flow right back into Virginia's local communities and businesses.

Increasing the share of DACA-approved students who attend college would increase the benefit for these Virginians

and the wider economy. There were 9,439 Virginians approved for DACA status as of September 2014, with another 1,497 who applied but had not yet been approved. If 10 percent of the DACA-approved Virginians enrolled in four-year Virginia colleges and earned bachelor's degrees, the bump in expected lifetime earnings for each would be \$1.3 million, or a total of \$1.2 billion.

Looking forward: Enrollment at Virginia's community colleges

As of early January 2015, data was not available on enrollment by DACA-approved students in Virginia's community colleges. As with Virginia's four-year colleges, boosting enrollment in community college can have significant benefits for the new students and the state economy, while having relatively low costs.

A Northern Virginia Community College student taking 30 credit hours per year would pay \$5,900 less if they qualified for in-state tuition than if they paid the out-of-state rate. For a two-year associate's degree, the college would receive \$11,800 less in tuition and fees than if the student did not qualify for in-state tuition. But the student would have expected lifetime earnings that are \$500,000 higher than if the student had only a high school degree.

And as with Virginia's four-year public colleges and universities, increasing enrollment by DACA-approved students newly eligible for in-state tuition is unlikely to cause significant new crowding

at the community colleges. The strong enrollment growth at Virginia's community colleges in the late 2000s has been somewhat offset by losses in recent years, including a drop of over 7,000 students in 2013-2014 compared to the prior-year. The 2013-2014 enrollment decreases can even be seen at Northern Virginia Community College, which is where we might expect many DACA-approved students to enroll given the concentration of Virginia's immigrant communities in that region.

Conclusion

Virginians rightly take pride in our high-skill, high-education workforce. Continuing this legacy requires ensuring that the next generation of Virginia workers has every opportunity to build their own skills and maximize their potential. Reducing financial barriers to college attendance is a fiscally responsible and effective way to reach this goal. The preliminary data on attendance by DACA-approved students at Virginia four-year colleges shows that the new policy has had a small impact so far on college attendance, but has the potential to provide big benefits to Virginia at low costs.

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In-State Tuition Has Big Benefits Compared to Costs		
Costs and Benefits of Providing In-State Tuition, Per Student		
	Low-End Estimate	High-End Estimate
Cost to colleges and/or state of providing access to four years of in-state tuition	\$25,800	\$72,000
Increased lifetime earnings	\$329,500	\$1,275,300

Source: TCI analysis based on data from SCHEV, January 2015



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