



The New York State DREAM Act

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Highlights

- In 2002, New York became the fourth state to offer undocumented students in-state tuition rates at public institutions of higher education. Only California, New Mexico and Texas also allow such students to receive state financial aid.
- New York's DREAM Act (A. 2597/S. 2378) would allow undocumented students who meet certain criteria to apply for financial aid under New York's Tuition Assistance Program.
- OSC estimates that 8,300 undocumented undergraduate students were enrolled in public institutions of higher education in New York State in the Fall 2012 semester, with most enrolled at the City University of New York (CUNY).
- In the Fall of 2012, 6,546 undocumented undergraduate students were enrolled at CUNY, 2.8 percent of enrollment (15 percent fewer than the peak in 2008).
- Another 1,555 undocumented students attended the colleges operated by the State University of New York (SUNY) in the five counties surrounding New York City, less than 2 percent of enrollment.
- The numbers of undocumented immigrants in the United States and in New York State have declined in recent years as a result of economic conditions and increased border enforcement.
- Since last summer, young undocumented immigrants who meet certain criteria have been eligible to apply for deferred removal and temporary work permits. By the end of March 2013, the applications of 12,324 undocumented immigrants in New York had been approved.

More than a decade ago, New York became the fourth state in the nation to extend in-state college tuition rates to undocumented immigrant students. About 8,300 such students currently attend public institutions of higher education throughout New York, with the overwhelming majority located downstate. Some of these students are unable to attend college full-time, or fail to graduate, simply because the cost is beyond their means. In addition, the cost is a barrier that prevents many low-income undocumented students from enrolling in college.

The New York State DREAM Act would extend eligibility for State financial aid to undocumented college students. These students could also benefit from the creation of a privately funded scholarship program and access to the State's 529 College Savings Program. If enacted, New York would become the fourth state to offer financial assistance to undocumented college students.

The Office of the State Comptroller (OSC) estimates that the cost of extending eligibility for the Tuition Assistance Program (which accounts for nearly all State financial aid) to undocumented students at public institutions of higher education in New York State would have been less than \$20 million in the current school year based on actual enrollment—less than 2 percent of TAP aid.

Since education leads to better-paying jobs, this relatively small investment would yield economic benefits for the State, including higher tax payments. Financial aid may encourage more undocumented students to attend college, but the cost would be mitigated by the economic benefits.

Most federal immigration reform proposals include pathways to citizenship for undocumented immigrants. For immigrant children, many of whom came to this country at a very young age, obtaining a college education could provide one such path. The New York State DREAM Act would make that path easier by lowering the financial barrier to a college education.

The New York State DREAM Act

Federal immigration reform has the potential to create pathways to citizenship for some of the 11 million undocumented immigrants in the United States. Although there have been a number of different proposals, most require background checks, the repayment of back taxes, improved border security and lengthy waiting periods.

The path to citizenship for undocumented immigrants who entered the United States as children (known as DREAMers) would be shorter. Applicants would be eligible if they met certain criteria, such as entering the country by a certain age and date, and would be required to graduate from a U.S. high school or obtain a general equivalency diploma (GED) and attend college or serve in the military.

The New York State DREAM (Development, Relief and Education for Alien Minors) Act would extend eligibility for State-based financial aid to undocumented college students, thereby easing the path to citizenship if federal reforms are enacted.

To be eligible for State assistance, undocumented students would have to have either graduated from a New York high school (after attending for at least two years) or received a New York GED. Applicants would have to apply for attendance at a postsecondary institution within five years of receiving either a high school diploma or a GED. Students also would be required to sign an affidavit stating that they are applying or will apply for legal residency when they become eligible. Since 2002, New York has granted in-state tuition rates to students who meet these requirements.

The DREAM Act would also create a DREAM Fund Commission, which would be authorized to raise private funds to provide scholarships to college-bound children of an immigrant parent. In addition, the law would allow individuals with a taxpayer identification number to open a family tuition account and/or be a designated beneficiary under the State's 529 College Savings Program (which is a tax-advantaged program designed to encourage saving for future college costs).

Some States Have Already Acted

If the DREAM Act becomes law, New York would become the fourth state to extend state financial aid to undocumented resident students—joining California, New Mexico and Texas.

Since 2001, Texas has made in-state tuition rates and financial aid available to undocumented students, provided they graduated from a Texas high school or obtained a GED, and had lived with a parent or guardian in the state for at least three years. The Texas Higher Education Coordinating Board reports that undocumented students made up only a small share of total enrollment. During the 2010-2011 academic year, undocumented students made up 1 percent of all public institution enrollment in Texas and represented less than 1 percent of students who received financial aid.

New Mexico passed legislation opening state-funded financial aid to undocumented students in 2005. The New Mexico Higher Education Department, however, does not report information regarding these students.

California's Dream Act, which became effective in January 2013, allows students to apply for Cal Grants (the nation's largest need-based entitlement program), as well as institutional grants and community college fee waivers. The California requirements are nearly identical to those in Texas, requiring a student to have attended a California high school for three years before graduating or obtaining a GED. It is too early to assess outcomes from the California Dream Act.

Immigration Trends

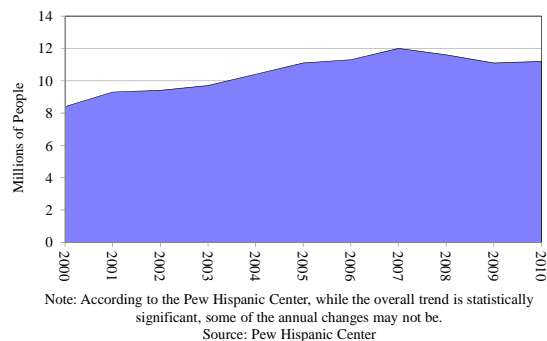
The number of undocumented immigrants in the nation appears to have been declining over the past few years. In a report titled *Estimates of the Unauthorized Immigrant Population Residing in the United States: January 2010*, the federal Department of Homeland Security estimated that the number of undocumented immigrants peaked at 11.8 million in January 2007 and then declined by 1 million to 10.8 million in January 2010.

Similarly, in the report *Unauthorized Immigrant Population: National and State Trends*, the Pew Hispanic Center estimates that the unauthorized population in the United States began to decline in 2008 (see Figure 1). The Pew Hispanic Center estimates that the trend in New York State followed the national pattern, rising to a peak of 825,000 undocumented immigrants in 2007, and then declining to 625,000 in 2010.

The decline in the unauthorized immigrant population can likely be attributed to high unemployment rates during the Great Recession,

which lowered the demand for workers; strong economic growth in Mexico, Central and South America; and increased border enforcement.

Figure 1
Estimates of the U.S. Unauthorized Immigrant Population, 2000-2010



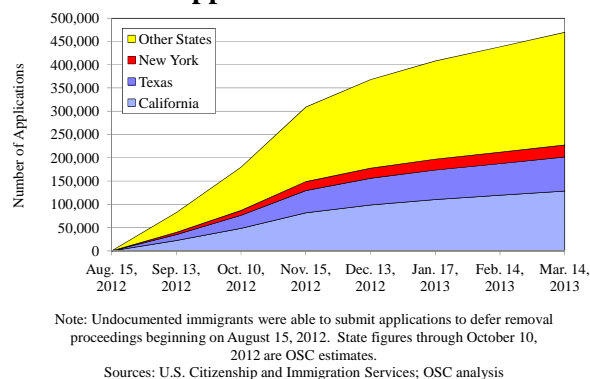
In New York, most undocumented immigrants live in either New York City or Long Island. The New York City Department of City Planning estimates that in 2010 there were nearly 505,000 undocumented immigrants residing in New York City (6 percent of the population). The Fiscal Policy Institute estimates that in 2006 there were about 130,000 undocumented immigrants in Nassau, Suffolk and Westchester counties (3 percent of the population).

Work Authorization

In June 2012, the U.S. Secretary of Homeland Security issued guidelines that allow young undocumented immigrants to defer removal proceedings for two years, subject to renewal, and to qualify for work. Applicants must: have entered the United States before age 16; be age 30 or younger as of June 15, 2012, and have lived continuously in the United States for at least five years prior to that date; and either be in school or possess a high school diploma or GED. Current and former members of the military also are eligible. Individuals with records of felonies or significant misdemeanors are ineligible.

As of March 14, 2013, a total of 25,735 undocumented immigrants in New York had applied for this program (see Figure 2). As of March 31, 2013, the applications of 12,324 undocumented immigrants in New York had been approved.

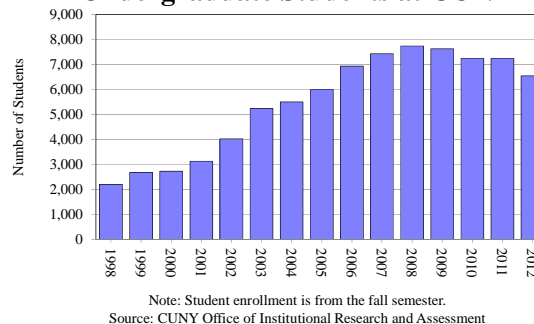
Figure 2
Cumulative Applications for Deferred Action



Undocumented Students in New York

Undocumented students make up only a small share of the college students in New York, and their number appears to be declining. According to the City University of New York (CUNY), its records indicate that it had 6,546 undocumented undergraduate students enrolled during the Fall 2012 semester (see Figure 3).¹ This represents 2.8 percent of total enrollment, and is 15 percent lower than the peak in 2008.

Figure 3
Enrollment Trends of Undocumented Undergraduate Students at CUNY



Another 1,555 undocumented students were enrolled at the colleges operated by the State University of New York (SUNY) in the five counties surrounding New York City (Nassau, Orange, Rockland, Suffolk and Westchester) according to SUNY records, less than 2 percent of enrollment.

Our review finds that only a small number of undocumented students were enrolled at SUNY colleges elsewhere in the State. Thus, in total, OSC estimates that 8,300 undergraduate

¹ Two-thirds of CUNY's undocumented students were enrolled in senior colleges and half attended full-time.

undocumented students were enrolled in postsecondary public schools in New York State in the Fall 2012 semester, and only half attended full-time.

Cost Estimates

The Tuition Assistance Program (TAP) accounts for nearly 95 percent of all aid distributed through the New York Higher Education Services Corporation. Undocumented college students are currently ineligible for TAP, even if they demonstrate residency in New York State.

During the 2011-12 academic year, TAP provided more than \$920 million in financial assistance, aiding nearly 30 percent of the State's enrolled students. TAP awards range from \$500 to \$5,000 and are determined by students' financial situation and enrollment status. To be eligible, students must be in good academic standing, enrolled in an approved program, and not in default on any student loan.

OSC estimates that TAP awards to undocumented students would have cost \$20 million if the New York State DREAM Act were in effect in the current year based on the conservative assumptions that all full-time students would apply for TAP and receive the maximum award.² In reality, the cost would be less than \$20 million since some undocumented students would not apply for TAP to avoid divulging family or individual financial information, and those who did apply might not all be eligible for the maximum award or meet the eligibility criteria.

Over time, financial assistance may enable some part-time students to afford to attend on a full-time basis. If the distribution between full-time and part-time undocumented college students were to mirror total enrollment at New York public institutions of higher education, our estimate could increase by up to \$5 million.

The cost of extending TAP eligibility to undocumented students may diminish over time as the pool of students shrinks as a result of the declining undocumented immigrant population in New York State. The total number of

undocumented immigrants in New York declined by 24 percent between 2007 and 2010, a trend that may continue with stepped-up border enforcement if federal immigration reforms are enacted.

Economic Benefits

A better-educated workforce benefits New York's economy. The demand for higher-skilled workers is increasing (especially in New York City), and the correlation between educational attainment and employment is clear. For example, the unemployment rate for people with only a high school diploma was 10.2 percent in March 2013 in the downstate region, compared with 7.1 percent for those with some college education and 5 percent for those with a bachelor's degree.

The link between higher education and better-paying jobs is also well-established. In the downstate region, the median wage for workers with some college education was 11 percent higher in 2011 than for those with only a high school diploma; 47 percent higher for those with an associate's degree; and 85 percent higher for those with a bachelor's degree. Higher incomes will generate higher State and local tax payments.

Most of these students are also likely to remain in New York. CUNY (where most undocumented students are enrolled) reports that more than three-quarters of its students who graduated between 1981 and 2008 remained in the State.

Financial assistance will likely encourage more undocumented students to graduate high school and to enroll in college. OSC estimates that the initial cost of providing TAP awards to these students would likely be offset by the additional taxes paid over the course of their working lifetimes as a result of their ability to obtain higher-paying jobs.

For example, OSC estimates that a person who earns an associate's degree would pay more than \$35,000 in additional State taxes (on a net present value basis) over his or her working lifetime compared to someone with only a high school diploma, an amount far higher than the \$8,000 maximum TAP award for a traditional two-year degree. A person earning a bachelor's degree would pay more than \$60,000 in additional State taxes, compared with a maximum TAP award of \$20,000.

² Part-time students are eligible for TAP only after they have completed two consecutive full-time semesters. Currently, less than 1 percent of part-time students receive aid.