

The Economic Benefit of Proposition 308

Expanding In-State Tuition to Arizona Dreamers

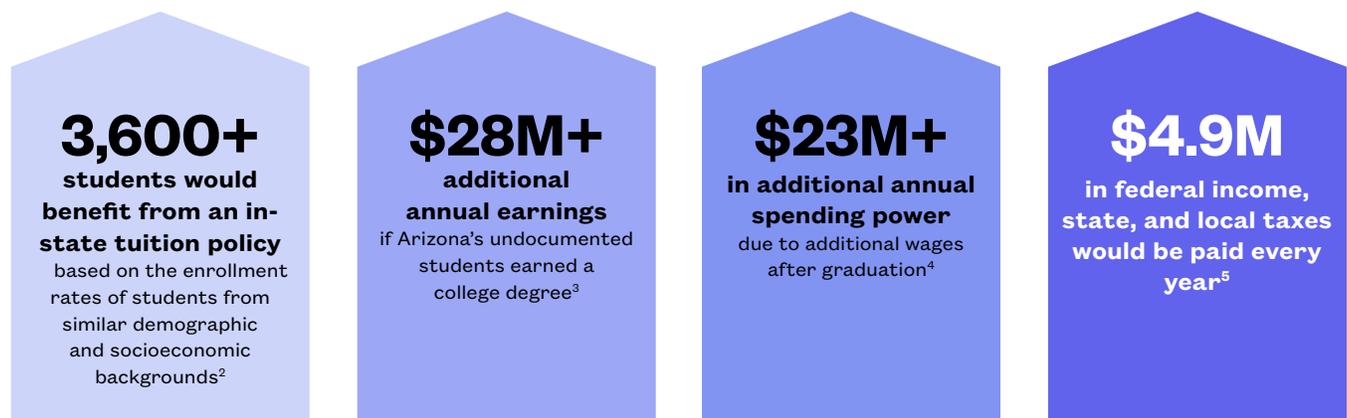
New Americans play a crucial role in Arizona's economy, including in some of the state's fastest-growing and most in-demand fields, like healthcare, education, and the skilled trades. Still, the state is facing critical workforce shortages across the skills spectrum. In order to remain competitive and tackle these workforce shortages, Arizona will need to implement policies that not only attract and retain global talent to complement U.S.-born workers, but that also build career pathways for immigrants who are already living in the state. One meaningful way to do this is by increasing immigrants' access to higher education.

Granting access to in-state tuition to all Arizona graduates is an important step toward meeting critical workforce needs and would greatly benefit the state's economy.

The Arizona Legislature recently passed a bipartisan bill that will let voters decide if the state should expand in-state tuition access to Dreamers¹ who live in, and graduated from, high school in the state. If enacted, Arizona would join more than 20 states—including Florida, Texas, and Kansas—that recognize the financial hardship that out-of-state tuition imposes on young Dreamers. These policies are a logical step for many states, given that their taxpayers have already invested in the education of local Dreamers in public schools at the elementary and high school levels.

Our research puts the benefits of passing this ballot initiative into concrete, economic terms. It quantifies the added earnings Dreamers would realize with a college degree, as well as the potential impact on state and local tax revenues. **We estimate that, as a result of a change in Arizona's law, the additional students who could potentially enroll in and complete college would collectively earn more than \$28 million annually in additional income—translating into meaningful financial benefits for the entire state.**

If all Arizona Dreamers had access to in-state tuition, the Council's new research finds that:

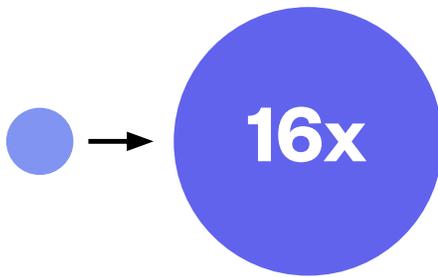


These graduates would be poised to help meet the state's pressing workforce needs, thereby increasing economic opportunity for all residents.

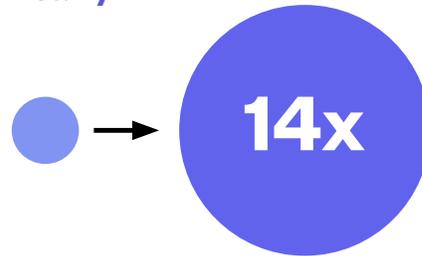
HEALTHCARE

Arizona is facing critical healthcare shortages that have been exacerbated by the COVID-19 pandemic. These shortages are expected to grow as the state’s population ages. From 2009 to 2019, the proportion of Arizona’s population over 65 increased by 52.0 percent, a rate only exceeded in Alaska, Colorado, Idaho, and Nevada.⁶ Demand for healthcare jobs was also higher relative to the state average. According to online job postings, the overall demand in healthcare certificates increased from 49,848 job postings in 2017 to 123,138 job postings in 2021—an increase of 147.0 percent.⁷ While immigrant healthcare workers have helped fill many of these roles, this gap will only widen, especially as experienced nurses and personal care assistants continue to retire. The need for multilingual and culturally competent care is also increasing.

Demand for AAMA medical assistant certification saw the largest increase between 2017 and 2021,⁸ growing by



Demand for certified personal care aides (PCAs) also dramatically increased between 2017 and 2021,⁹ increasing by nearly



In 2021, personal care aides were the fifth highest in-demand healthcare occupation in Arizona.¹⁰



Between 2015 and 2019, the average share of immigrants in occupations that required a nursing certificate or license was **14.6%.**¹²

From 2017 to 2021, registered nurses (RNs) were the most in-demand job posting in nursing¹¹ and increased by



The average share of immigrants in an RN occupation was **13.2%.**¹³



The average share of foreign-born workers in PCA occupations was **27.5%.**¹⁴

From 2015 to 2019, participation in nursing increased by



K-12 EDUCATION

A recent report found that Arizona is facing a teacher shortage in a number of fields, including special education, science, math, social studies, and language arts.¹⁷ But while demand for teachers continues to grow, especially in areas like English as a second language, districts are struggling to find licensed educators to meet the demand. Immigrants are already playing a growing role in helping fill these positions, but as the shortage persists, more must be done to address this issue.

From 2017 to 2021, online job postings for K-12 teaching positions¹⁸ increased by



From 2015 to 2019, the average share of immigrants in occupations that required an education certificate or license was **8.8%**.¹⁹

From 2015 to 2019, participation in K-12 teaching positions increased by

+58.6% among Immigrants²⁰

+20.4% among U.S.-born²¹

From 2017 to 2021, Middle School Teachers were the most popular job posting in education²² and increased by



Other popular occupations include preschool teachers (**+363.2%**), teacher assistants (**+588.2%**), and special education teachers (**+307.7%**)²³

CAREER TECHNICAL EDUCATION

As Arizona continues to innovate and embrace the future of work, it nonetheless grapples with ensuring that its workforce is equipped to meet employer demands in technology and the skilled trades.

From 2017 to 2021, online job postings for Career Technical Education (CTE)²⁴ increased by



Among CTE certificates, workers with IT infrastructure library (ITIL) certification increased by **82.8%**.²⁸

From 2017 to 2021, maintenance and repair workers were the most popular job posting in CTE²⁵ and increased



Between 2017 and 2021, specialty trade contractors had the second-highest demand for certified CTE workers,²⁹ with an increase in job postings of



Other popular occupations include laborers and freight, stock, and material (+459.4%) and HVAC mechanics and installers (+303.4%)²⁶

Between 2015 and 2019:



The average share of immigrants in maintenance and repair occupations was **13.6%**.³⁰



The average share of foreign-born workers in laborers and freight/stock/material mover occupations was **18.1%**.³¹

During the same period, Arizona's professional, scientific, and technical industry had the second-highest demand for certified CTE workers,²⁷ with an increase in job postings of



The average share of industrial truck workers who were immigrants was **32.3%**.³²

The data is clear. As in demand fields like healthcare, education, technology, and the skilled trades continue to face a shrinking labor pool, Dreamers hold the key to caring for, educating, and protecting the state's future.

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 44, as they are most likely to benefit from Arizona's potential tuition opportunity program.

Estimating the Number of Undocumented Immigrants

Using microdata from the 5-year 2019 American Community Survey, we apply the methodological approach outlined by Harvard University economist George Borjas to arrive at an estimate the number of undocumented immigrants in the United States and in individual states.³³ The number of foreign-born individuals 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 at least one U.S.-born parent
- Recipients of Social Security benefits, Supplemental Security Income, Medicaid, Medicare, military insurance, or public assistance
- In households with at least one citizen who received SNAP benefits
- In the Armed Forces and veterans
- Refugees
- Working in occupations requiring a license
- Working in occupations in which foreign-born workers 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
- When 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 group to undocumented immigrants aged 16 to 44 with a high school degree or equivalent or some college experience but lacking a bachelor's degree.

To estimate the share of this group that would enroll in higher education under this policy, we assume that easing the financial burden will result in the same college attendance rates seen among non-citizens.

To estimate the share of enrollees who would ultimately graduate, we apply the college completion rates for four-year public colleges from the National Student Clearinghouse Research Center.³⁴ 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 who have been in the United States 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 Arizona would earn an additional \$15,617 each year (in 2019 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 Arizona 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. We also use the federal income tax rate from the Tax Foundation.³⁵

ENDNOTES

1. Dreamers in this research brief refers to undocumented immigrants who came to the United States as young children.
2. We estimate that an additional 3,653 undocumented students in the state would be able to enroll in college.
3. If an in-state tuition policy covering DACA-eligible students became law in Arizona, at least 2,169 of these newly enrolled students would go on to graduate college within six years. Collectively, that group would earn \$28.2 million in additional income annually after graduation.
4. After graduation, these students would hold an additional \$23.3 million in income that could go back into Arizona's economy through consumer spending.
5. 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 2,169 students who would benefit from tuition equity and graduate within six years would pay as much as \$2.4 million in additional federal income taxes as well as an additional \$2.4 million in state and local taxes.
6. U.S. Department of Health and Human Services, Administration for Community Living, "2020 Profile of Older Americans," May 2021, https://acl.gov/sites/default/files/Aging%20and%20Disability%20in%20America/2020ProfileOlderAmericans.Final_.pdf.
7. American Immigration Council analysis of Burning Glass Technologies Labor Insight™ 2022.
8. Ibid.
9. Ibid.
10. Ibid.
11. Ibid.
12. American Immigration Council analysis of the IPUMS microdata from the 2019 American Community Survey, 5-Year Sample.
13. Ibid.
14. Ibid.
15. Ibid.
16. Ibid.
17. U.S. Department of Education, "Teacher Shortage Areas Report," 2021, <https://tsa.ed.gov/#/reports>.
18. American Immigration Council analysis of Burning Glass Technologies Labor Insight™ 2022.
19. American Immigration Council analysis of the IPUMS microdata from the 2019 American Community Survey, 5-Year Sample.
20. Ibid.
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22. American Immigration Council analysis of Burning Glass Technologies Labor Insight™ 2022.
23. Ibid.
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25. Ibid.
26. Ibid.
27. Ibid.
28. Ibid.
29. Ibid.
30. American Immigration Council analysis of the IPUMS microdata from the 2019 American Community Survey, 5-Year Sample.
31. Ibid.
32. Ibid.
33. George J. Borjas, "The Labor Supply of Undocumented Immigrants" (Cambridge, MA: National Bureau of Economic Research, 2016), <https://www.nber.org/papers/w22102>.
34. Doug Shapiro, et al., "Completing College: A State-Level View of Student Completion Rates—Fall 2012 Cohort," Signature Report No. 16a (Herndon, VA: National Student Clearinghouse Research Center, 2019), https://nscresearchcenter.org/wp-content/uploads/NSCSignatureReport16_StateSupp.pdf.
35. Robert Bellafiore, "Summary of the Latest Federal Income Tax Data, 2018 Update" (Washington, DC: Tax Foundation, November 13, 2018), <https://taxfoundation.org/summary-latest-federal-income-tax-data-2018-update/>.