

# Postsecondary Tuition Rates for Undocumented Students



## Executive Summary

Missouri currently prohibits postsecondary institutions from offering in-state tuition rates to undocumented students who graduate from Missouri high schools. The rationale for differential tuition has been that, given limited financial resources, Missouri citizens should be the sole focus of state tuition subsidies in the form of in-state resident discounts. Research suggests, however, that tuition equity for undocumented students is likely to improve workforce development and economic growth in Missouri without limiting higher education access to U.S. citizens.

## Highlights

- Since 2015, the Missouri budget has included language which **requires postsecondary institutions to charge no less than international tuition to undocumented students.**
- Average enrollment across Missouri postsecondary institutions has decreased by 10.8% in the last five years. If in-state tuition were extended to Deferred Action for Childhood Arrivals (DACA) recipients in Missouri, **it is unlikely that the spaces occupied by these students would limit the availability of postsecondary education to Missouri citizens.**
- In-state resident tuition is associated with **improved college completion rates and higher earnings**, which contribute to state economic growth through **increased spending and higher tax income.** Institutional culture and revenue also benefit from enrolling new students who had previously been constrained by non-resident tuition rates.

## Limitations

- Research that approximates the impact of tuition equity policies requires the use of proxies to estimate the number and behavior of undocumented students in the state.
- Due to difficulty tracking student activity across state lines, it is not currently possible to quantify the amount of revenue lost when an undocumented student moves to another state to pursue postsecondary education and enter the workforce.

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## Research Background

### Legislative History

For the past six years, the Missouri budget has included language that prohibits public postsecondary institutions from offering a tuition rate lower than that of international students to any student with unlawful immigration status. In 2019, the bipartisan budget conference committee recommended removing this restriction, which would have allowed Missouri public postsecondary institutions to offer in-state tuition rates, but not scholarships, to undocumented

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students. This recommendation was ultimately voted down by the House and, in the following year, Missouri S.B. 642 was introduced to codify the tuition rule into state law. S.B. 642 passed out of the Senate Education Committee in 2020 with a 6-3 vote, but did not move forward in the legislative process.

### **How would tuition equity impact postsecondary access for Missouri citizens?**

More than 20 states currently have tuition equity policies allowing undocumented students who completed high school in the state to receive in-state resident tuition.<sup>1,2</sup> Missouri is currently one of six states that prohibits public postsecondary institutions from offering in-state tuition rates to undocumented students, including DACA recipients who have legal status to study and/or work in the United States. Supporters of Missouri's current policy argue that differential tuition leaves seats open for legal Missouri residents, especially those in rural areas where postsecondary options for both legal and undocumented residents tend to be restricted based on geography.<sup>3,4</sup> In some studies, for example, closer proximity of high schools to postsecondary institutions is associated with increased enrollment and persistence to the second year of postsecondary education.<sup>5,6</sup>

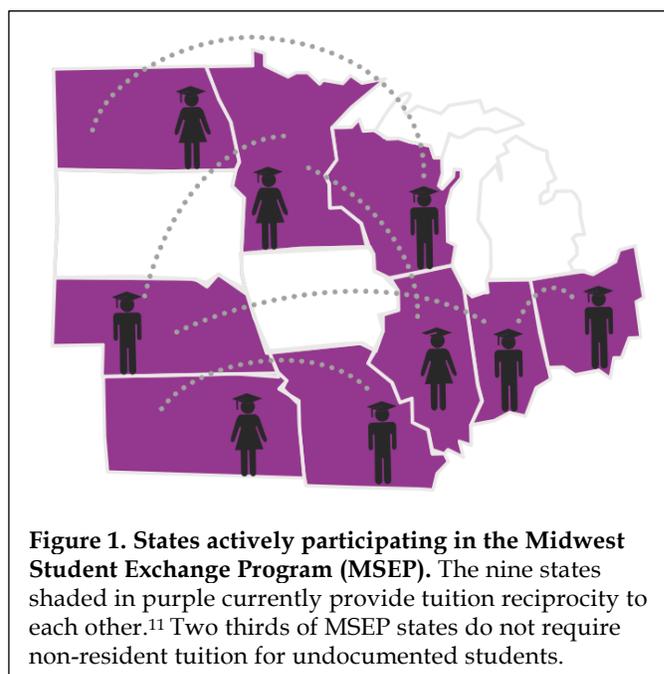
Over the past five years, enrollment in Missouri's public institutions has decreased, on average, by almost 11%.<sup>7</sup> According to the Missouri Department of Elementary and Secondary Education's (DESE) 180-day follow-up of graduates, districts classified as towns or rural have seen a 4 percent decline in graduates enrolling in postsecondary education as compared to districts in areas classified as cities or towns. While seemingly small, this equates to roughly 100 fewer students from rural districts enrolling each year. If in-state tuition rates were extended to DACA recipients, approximately 1,600 additional students are expected to enroll in higher education throughout the state.<sup>8</sup> Given that almost 250,000 students are currently enrolled in public colleges and universities in Missouri, new enrollment of undocumented students would represent around 0.6% of the total postsecondary student population. It is therefore unlikely that such a relatively small proportion of students would significantly impact enrollment access in either metropolitan or non-metropolitan regions.

### **What are the economic impacts of extending Missouri's in-state resident tuition policies?**

Proponents of the current tuition rule argue that allowing in-state resident tuition for undocumented students will put an undue burden on Missouri taxpayers to subsidize additional in-state resident tuition discounts. As state funding for higher education has decreased in Missouri and across the country, postsecondary institutions increasingly rely on nonresident tuition rates to subsidize lower tuition rates for in-state residents. To compensate for reduced revenue, many public universities shift toward recruiting nonresident students who pay much higher tuition rates.<sup>9</sup> However, tuition equity is expected to increase institutional revenue slightly as the pool of students who can afford higher education increases. Indeed, students who are not citizens are more likely to enroll and stay in postsecondary education in states with in-state tuition policies.<sup>10</sup>

Higher postsecondary tuition for undocumented students limits the education and workforce prospects for a pool of Missouri high school graduates. Extensive evidence indicates that higher levels of educational attainment are typically associated with higher earnings and therefore higher spending power and tax revenue.<sup>10</sup> A bipartisan research group recently estimated that international student costs for DACA recipients in Missouri can result in the loss of \$6.4 million in spending power and almost \$800,000 in state and local taxes.<sup>8</sup> Although it is not possible to count the exact number of undocumented students in Missouri or directly assess their education and employment outcomes, researchers used data from the American Community Survey to estimate the undocumented population in Missouri most likely to enroll in higher education if in-state tuition rates were available.

Missouri also risks losing tuition and tax revenue when undocumented students move to nearby states where they can receive lower tuition rates through the Midwest Student Exchange Program (MSEP) (**Figure 1**). MSEP public institutions cannot charge more than 150% of in-state resident tuition to students from any member state.<sup>11</sup> Of the MSEP states, only Missouri, Indiana, and Ohio have restrictions on in-state tuition for undocumented students, while Kansas, Minnesota, Illinois and Nebraska have specific laws allowing for in-state resident tuition rates. Because it is difficult to track out-of-state postsecondary performance and employment outcomes for any student, it is not currently possible to estimate the extent to which Missouri loses revenue to other MSEP states, especially those with less restrictive tuition rules.



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