

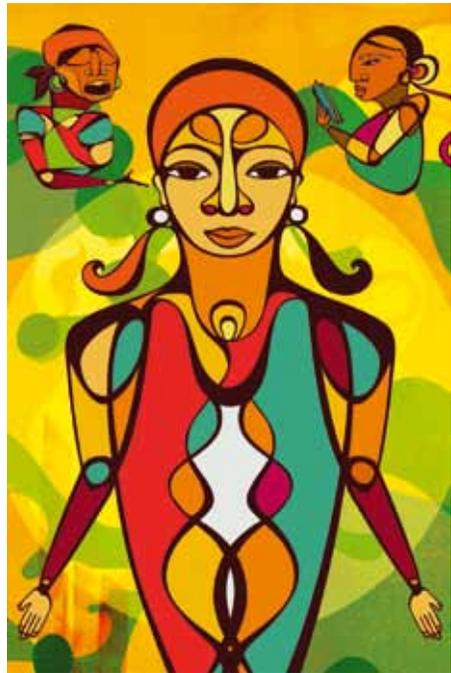
In-State Tuition Policies for Undocumented Youth

by Edward D. Vargas

Edward D. Vargas is a Postdoctoral Research Fellow in Public Policy at the University of North Carolina at Chapel Hill. In 2011, he completed his Ph.D. at the School of Public and Environmental Affairs at Indiana University Bloomington. His research focuses on various dimensions of poverty alleviation and health disparities through social policy and public finance. Current projects include studying the effects of fear and risk of deportation on program uptake for mixed-status families (a family arrangement where some family members are undocumented and others are U.S. citizens), the economic costs of service provision for mixed-status families, and the effects of education and health policies on the well-being of youth. Vargas applies quantitative research methodology to provide policy makers with well-grounded empirical research in the hopes of improving the living conditions for families living in poverty. On top of his research, teaching, and mentoring, he is actively involved in community service related to youth empowerment and immigrant access to education.

ABSTRACT:

This article is an investigation into why U.S. states have enacted, banned, or continued with the status quo regarding in-state tuition policies for unauthorized youth. Using data from multiple government and nonprofit sources, a series of multinomial logistic regressions are estimated to explain the determinants of state behavior across the country in 2008. This question of why some states pass or ban in-state tuition legislation for unauthorized migrants is important for several reasons. From a public finance perspective, not much is known of the relationship between fiscal and state budgets and the decision of a state to pass legislation regarding undocumented citizens. From an economic stimulus perspective, does poverty or per capita spending in higher education explain this behavior? The findings may help us



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understand how fiscal, political, public mood, and demographic indicators affect states' actions toward in-state tuition policies and why some members of Congress may be pushing for a federal education policy such as the Development, Relief, and Education for Alien Minors Act.

TEXT:

In-state tuition policy refers to state legislation allowing public postsecondary institutions to offer in-state tuition rates for undocumented students who meet specific requirements. In-state tuition

Research exists showing a positive relationship between states that have passed in-state tuition policies and the enrollment of undocumented Mexican youth (Kaushal 2008). However, though the importance of such laws is clear, to date no research has examined why states make the decision to either pass or ban in-state tuition policies.

State policy on in-state tuition has only emerged as a more mainstream topic in the past couple of years.

As the comparison study presented in this article was conducted for the year 2008,

❖❖❖ *The findings may help us understand how fiscal, political, public mood, and demographic indicators affect states' actions toward in-state tuition policies and why some members of Congress may be pushing for a federal education policy such as the Development, Relief, and Education for Alien Minors Act.*

policy would be unimportant if the undocumented youth population was small. However, this is not the case. Since it is estimated that more than 80,000 unauthorized youth turn eighteen each year, there is the potential for undocumented students to become a large portion of college-going youth. That potential is currently untapped, since it is estimated that of those 80,000 potential students, only 65,000 complete high school (Passel et al. 2004), and of those 65,000 undocumented youth, only one out of twenty (5%) ever even attends college (Protosaltis 2005). With the potential for this group to substantially increase in the future, in-state tuition policies become an important factor.

the data is taken from what was true at that time. As of June 2007, according to an Education Commission of the States report, approximately thirty-two states had considered legislation that would allow unauthorized migrants to receive in-state tuition rates (Zaleski 2008). Also as of June 2007, only ten states had passed such laws: California, Illinois, Kansas, Nebraska, New Mexico, Oklahoma, New York, Texas, Utah, and Washington (Zaleski 2008); after passing a law in 2009, Wisconsin, became the most recent state to join these other ten (National Conference of State Legislatures 2011). Of these eleven, California, Texas, and Utah considered bills in 2007 that would have repealed the laws, but the attempts were

unsuccessful. Note that, in 2008, Oklahoma passed legislation to repeal in-state tuition for unauthorized students after first allowing it in 2003. Oklahoma has since amended its law, leaving granting of in-state tuition rates to undocumented students up to the Oklahoma Board of Regents (National Conference of State Legislatures 2011). The Board of Regents currently still allows undocumented students who meet Oklahoma's original statutory requirements to receive in-state tuition. However, for the purposes of this study, which was conducted in 2008, Oklahoma is coded as having banned in-state tuition policy, and Wisconsin is treated as a state that has not acted on the policy since it adopted an in-state tuition policy in 2009.

At the opposite extreme, as of June 2007, ten states had considered legislation that would have prohibited unauthorized migrants from being allowed to pay in-state tuition; these states were Alaska, Arizona, Colorado, Iowa, Michigan, Mississippi, North Carolina, Texas, Utah, and Virginia (Zaleski 2008).

As of February 2011, three states—Arizona, Colorado, and Georgia—prohibit in-state tuition rates for undocumented students, and one state—South Carolina—prohibits undocumented students from enrolling in colleges or universities (National Conference of State Legislatures 2011). This was the same in 2008.

The remaining states that have neither allowed nor banned in-state tuition policies give autonomy to colleges and universities in developing their own guidelines regarding in-state tuition for undocumented students.

This article compares states that—as of 2008—had passed, banned, or not acted

on in-state tuition policies on measures of fiscal policy, political ideology, citizen ideology, religion, education spending, and the state poverty rate. The findings of this article may provide us with a better understanding of the determinants of state action on education policies for the undocumented.

BACKGROUND

The cohorts of undocumented youth filtering through the U.S. education system naturally give rise to a number of those undocumented students wanting to matriculate into postsecondary institutions. For many undocumented students, the college application process is the first time they ever internalize their illegality, as the applications demand both residency and financial documents. Complicating this process is the distinction colleges and universities make regarding residency, nonresidency, and international status to establish tuition rates.

In-state tuition policies for undocumented students are indirectly tied to the *Plyler v. Doe* 1982 Supreme Court case, which overturned a state statute denying education funding for undocumented school children in Texas. *Plyler v. Doe* stands as the most important legal case for immigrant rights and education in the United States.¹ In this landmark Supreme Court decision, the court struck down Texas's attempt to deny free (K-12) public education to alien children (Olivas 2008). Justice William Brennan, in the majority opinion, employed the Fourteenth Amendment's Equal Protection Clause when concluding that, "a state could not enact a discriminatory classification by defining a disfavored group as nonresident" (Olivas 2004).

Table 1 — Timeline of State Action Regarding In-State Tuition Policies for Undocumented Youth

Allow In-State Tuition			Ban In-State Tuition		
States	State Action	Enactment Date	States	State Action	Enactment Date
Texas	HB 1403	June 16, 2001			
California	AB 540	October 1, 2001			
Utah	HB 144	July 1, 2002			
New York	SB 7784	August 6, 2002			
Oklahoma	SB 596	February 26, 2003			
Illinois	HB 60	May 20, 2003			
Washington	HB 1079	July 1, 2003			
Kansas	HB 2145	May 24, 2004			
New Mexico	SB 582	March 15, 2005			
Nebraska	LB 239	July 13, 2006	Colorado	HB 1023	August 1, 2006
			Arizona	Prop 300	November 7, 2006
			Oklahoma*	HB 1804	November 1, 2007
			Georgia	SB 492	April 4, 2008
			South Carolina	HB 4400	May 29, 2008
Wisconsin	A75	May 22, 2009			

Source: Moody's, Standard & Poor's, Mikesell 2007

As time continued and other cases emerged, state policy makers were, for the most part, not that concerned with in-state tuition policies since only a handful of undocumented students actually matriculated into college. This lack of concern began to change, however, as the cohort of unauthorized college-aged youth increased. States began acting on in-state tuition policies in 2001. Table 1 provides a timeline of the state bills, enactment data, and decision to either

allow (left-hand side) or ban (right-hand side) in-state tuition policies.

This article examines what is happening across the United States regarding education policy for undocumented youth. Prior qualitative research has discussed the importance of framing (Reich and Mendoza 2008) and coalition building (Dougherty et al. 2010) in the adoption of in-state tuition policies. However, this is the first study to apply a quantitative analysis on state decisions

Table 2 — Credit Ratings, Coding Scheme, and Descriptions

Moody's	Standard & Poor's	Coding Scheme	Description
Aaa	AAA	8	Prime: obligation of highest quality and lowest probability of default; quality management and low-debt structure
Aa		7	High-quality grade: small margin of protection or larger fluctuation of protective elements than Aaa.
Aa1	AA+	7	
Aa2	AA	6	Higher grade: only slightly more secure than prime; second-lowest probability of default
Aa3	AA-	5	
A		4	Upper-medium grade: safe investments; weakness in local economic base, debt burden, or fiscal balance
A1	A+	4	
A2	A	3	Medium grade: safe investment; weakness in local economic base, debt burden, or fiscal balance
A3	A-	3	
Baa	BBB+	2	Medium grade: neither highly protected nor poorly secured; adequate present security but may be unreliable over any great length of time
Baa1	BBB	2	Medium grade: lowest investment security rating; may show more than one fundamental weakness; higher default probability

Source: Moody's, Standard & Poor's, Mikesell 2007

regarding in-state tuition policies. While Neeraj Kaushal (2008) demonstrates that in-state tuition policies do not crowd out native students, she does not step back and ask why such policies even exist. In addition, not much is known regarding how a state's fiscal health affects the decision to allow in-state tuition policy. And there are other potential factors. For example, does a state's political and citizen ideology matter, and does the influence of civil rights advocacy groups help explain state adoption? Evaluating such factors may help us start to under-

stand how fiscal, political, and social indicators affect states' actions toward in-state tuition policies. This is not an easy policy case to examine. As stated by Michael A. Olivas (1995), "it is an admissions case, an immigration matter, a taxpayer suit, a state civil procedure issue, an issue of preemption, a question of higher education tuition and finance, a civil rights case, and a political case." In this article, I can only hope to scratch the surface of this extensive policy area.

DATA AND METHODOLOGY

To measure why states have adopted in-state tuition policies, various sources of data were identified to create a cross-sectional data set in [FOR?] 2008. Each data source as well as how variables are measured and a theoretical framework of the utility of each measure are discussed. Moreover, because some of the measures may be highly correlated, combinations of the variables are tested to explore how they might contribute to understanding the decision to adopt in-state tuition policies.

Fiscal Health

It is expected that states with healthy financial institutions are more inclined to pass in-state tuition policies for undocumented youth. Since there is no agreed-upon measure of fiscal health in the public finance literature, two measures are used to capture a state’s fiscal health. The first measure takes the ratio of general state revenue minus general state spending to total U.S. spending, measured in the previous year. The figures were obtained from U.S. Census Bureau data on state government finances and tax collections and were lagged for 2007; the formula is as such:

$$\text{Fiscal Health} = \left(\frac{\text{Gen. Rev.}_{state_t} - \text{Gen. Exp.}_{state_t}}{\text{Total Gen. Exp.}_{U.S.}} \right)$$

General revenue and expenditures are a better measure than total revenue and expenditures because they exclude intergovernmental transfers from the federal government. This becomes important since states are prohibited from using federal dollars to subsidize undocumented aliens.

Credit Ratings

A second fiscal health indicator is tested using state credit ratings. Credit rating data was obtained from Standard & Poor’s (S&P) and Moody’s for 2007. Credit ratings take into account financial indicators such as tax rates, spending, and debt burden. Craig L. Johnson and Kenneth A. Kriz (2002) show evidence that a state’s credit rating and its fiscal institutions are in fact correlated.

Credit ratings are important since being assigned a high rating reduces borrowing costs for state and local governments by reducing information asymmetries for investors. In other words, intermediaries such as S&P and Moody’s provide signals to investors that a state will not default and that it will pay back its outstanding debt in a timely manner. In situations in which ratings are split between S&P and Moody’s, the highest credit rating is used. Credit ratings are measured as an ordered variable from low credit ratings to high credit ratings. A low credit rating (3) indicates a low quality of an asset (high probability of default), while the highest rating (8) indicates a very low probability of default. Table 2 provides the credit rating coding scheme and a description of the letter grade. Credit ratings provide a different measurement of the overall fiscal health of a state. Ratings were lagged for year 2007 in the quantitative models since the current year’s credit ratings are a function of the previous year’s rating. Since credit ratings take into account revenue and expenditures, models include either the fiscal health indicator or the credit rating variable but not both.

Political Ideology

To examine how political ideology explains state behaviors regarding adoption of in-state tuition policies, a

political ideology indicator is used to test if a one-party system is more effective in passing or banning in-state tuition policies. If the majority of the state house and senate are of the same party, and the governor is also of the same party, this variable is coded as being a one-party system; otherwise it is coded as mixed-party. Data for political ideology was obtained from the Council of State Governments in 2008. It is expected that a one-party state is more likely to pass in-state tuition legislation.

Citizen Ideology

To understand how citizen ideology affects in-state tuition adoption, William Berry et al.'s (1998) work on representation is used, which assumes that citizen ideology is reflected in how the elected representatives vote. The index ranges from 0 (most conservative) to 100 (most liberal). Citizen ideology is expected to be highly correlated with political ideology, so this indicator will be specified separately from the political ideology variables. The 2008 data was obtained through Richard Fording's State Ideology online database. It is expected that states that tend to be more liberal are also more likely to pass legislation in support of in-state tuition policies.

Advocacy

In addition to fiscal health measures, political ideology, and citizen ideology, advocacy is expected to have an influence on policy making. Unfortunately, there is not an established construct to measure the influence of advocacy. However, recent work in civic engagement has shown how membership density (Han 2006) can improve public recognition. Membership density is defined as the total number of members in a particular civic organization. Using data from the

National Center for Charitable Statistics, I construct the influence of advocacy by taking the total number of registered nonprofit organizations focused on civil rights in 2008 and standardize this figure by the total population in the state. It is expected that as the per capita number of advocacy groups increases in a state, the probability of policy adoption regarding in-state tuition also increases.

Religious Affiliation

Religious affiliation is measured using the share of Catholics and Protestants in each state. This measure is taken from Gallup's 2009 religious preferences by state poll, which, via phone interview, asked respondents their religious affiliation (Newport 2009). It is expected that states with a higher Catholic population are more inclined to pass an in-state tuition policy.

Demographics

Demographic variables are included to help understand why states are passing in-state tuition policies. The estimated percentage of undocumented immigrants in each state for 2008 provided by the Pew Hispanic Center is included, as well as the percentage Latino in a given state, which was obtained from the U.S. Census Bureau for 2008. It is expected that states with higher per capita undocumented aliens are more likely to both pass and ban in-state tuition. It is also expected that the percentage Latino in a state is positively related to both passing and banning in-state tuition policies. These variables will be specified independently of each other since they are highly correlated.

Education Expenditures

Per capita expenditure on college students is also an important construct that is

Table 3 — Summary Statistics

Constructs	Variables	Mean	Std. Dev.	Min	Max
Fiscal Health	General Revenue and General Expenditures	\$0.009	\$0.011	\$0.001	\$0.059
	Credit Ratings	6.46	1.092	3	8
Ideology	Citizen Ideology	61.697	17.235	25.237	91.85
	One-Party Rule	0.5	0.505	0	1
Religion	Religious Preference: Protestant	54.49	15.134	13.4	81
	Religious Preference: Catholic	22.202	10.924	6	52.5
Demographics	Per Capita Undocumented Immigrants	0.029	0.019	0.006	0.088
	Percentage Latino	0.099	0.098	0.011	0.449
Education	Per Capita Expenditure Post Secondary	\$7,359.76	\$2,198.92	\$3,241.21	\$14,816.83
Advocacy	Per Capita Civil Rights Organizations	0.000041	0.000012	2.00E-05	0.000075
Class/Income	Poverty Rate	12.46	2.901	7	19
State Action	Ban	0.1	0.303	0	1
	Pass	0.18	0.388	0	1

Source: Moody's, Standard & Poor's, Mikesell 2007

tested in this analysis. Per capita expenditure for college students was obtained from the State Higher Education Executive Officers' database for 2008. Per capita expenditure indicators are expected to be positively associated with adoption of in-state tuition policies. In other words, states that spend more money on education are more inclined to either want to reap the benefits or, alternatively, place more emphasis on long-term benefits of education such as economic growth.

State Poverty Rate

The last measure includes the poverty rate for each individual state. This measure was obtained from the U.S. Census Bureau for 2008. It is expected that states

with higher poverty rates are more likely to ban in-state tuition policies.

Outcome Variable

The adopt indicator is a categorical measure for a state's action regarding in-state tuition policy in 2008 as follows: 1 = not adopted or banned; 2 = adopted; 3 = banned. This information was taken from the National Conference of State Legislatures (Morse and Birnbach 2010) and was verified in each state's legislative Web site.

The main question in this article is why states have either adopted or banned in-state tuition policies allowing undocumented children access to postsecondary education. The decision (pass, not pass,

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or ban) is modeled with a series of multinomial logistic regressions.

$$Adopt_i = H_i\beta_1 + I_i\beta_2 + \Omega_i\beta_3 + \Lambda_i\beta_4 + T_i\beta_5 + Z_i\beta_6 + K_i\beta_7 + \varepsilon_i$$

Where: H = fiscal health; I = ideology; Ω = religion; Λ = demographics; T = education expenditures; Z = advocacy; K = state poverty.

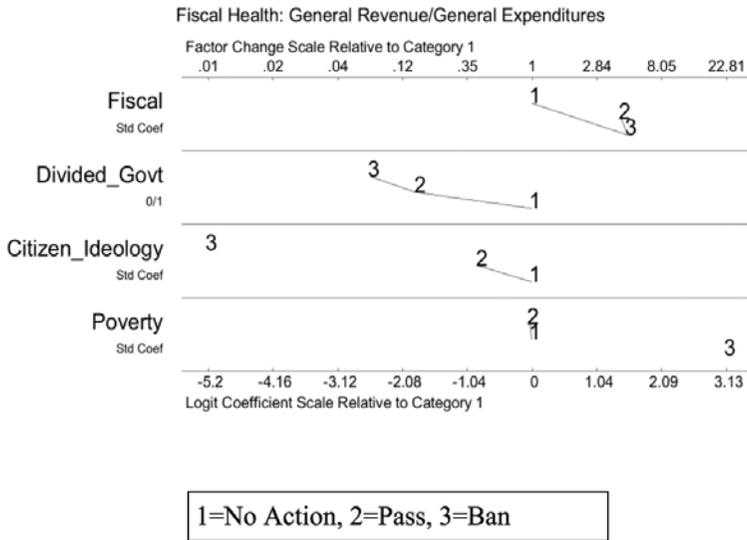
Due to the fact that the outcome variable is categorical (1 = no action, 2 = pass, 3 = ban), this multinomial logistic model will be estimated with a maximum likelihood estimator (MLE). The desirable properties of MLE are its consistency, normality, and efficiency. By estimating a multinomial logistic regression model, the identification assumptions state that (1) the threshold is 0: $\tau=0$; (2) conditional mean of ε is 0: $E(\varepsilon |x)=0$; (3) the conditional variance of ε is constant: $Var(\varepsilon |x) = \varpi^2/3$. The findings are presented using multinomial logistic log-odds plots. The baseline for comparison is states that have not acted on in-state tuition policy. This methodology allows us then to understand how states differ when controlling for various dimensions of fiscal policy, political variables, demographics, religion, and state-specific education and poverty measures.

Table 3 provides a detailed tabulation of the summary statistics used in the final analysis. Every state had a balanced budget in 2007 (recall that both fiscal health variables are lagged one budget

year). Credit ratings varied from 3 (A-) to 8 (AAA). In terms of ideology, the average citizen ideology score was sixty-two, which implies that, in general, states are more liberal than conservative. In 2008, states were split half and half with regard to political partisanship between the governor's party, house of representative's party, and the senate's party. With regard to religious preference, in general, citizens are more Protestant than Catholic. There is also a large variation in state per-pupil appropriations for postsecondary education. Per capita education expenditures varied from \$3,241 (South Dakota) to \$14,816 (Alaska), with an average of \$7,359 (in between Florida and Texas). The poverty rate across states also varied widely from 7 percent (New Jersey) to 19 percent (New York) with an average of 12.4 percent (states such as Illinois, Indiana, Nevada, and Massachusetts).

With regard to demographic variables, the percentage of Latinos varies substantially from 1.1 percent (West Virginia) to 45 percent (New Mexico) with an average of 9 percent (Kansas and Washington State). With regard to the estimated undocumented population per capita, this varied from 0.006 (West Virginia) to 0.088 (Nevada) with an average of 0.029 (Massachusetts). Lastly, the proxy for the influence of advocacy ranged from 0.00002 (Arizona) to 0.000075 (North Dakota and Minnesota) with an average

Figure 1 — Odds Ratio Plot for Base Model (Using General Revenue/Expenditure)



of 0.000041 (Colorado, Rhode Island, New Hampshire, and Kansas).

ANALYSIS/RESULTS

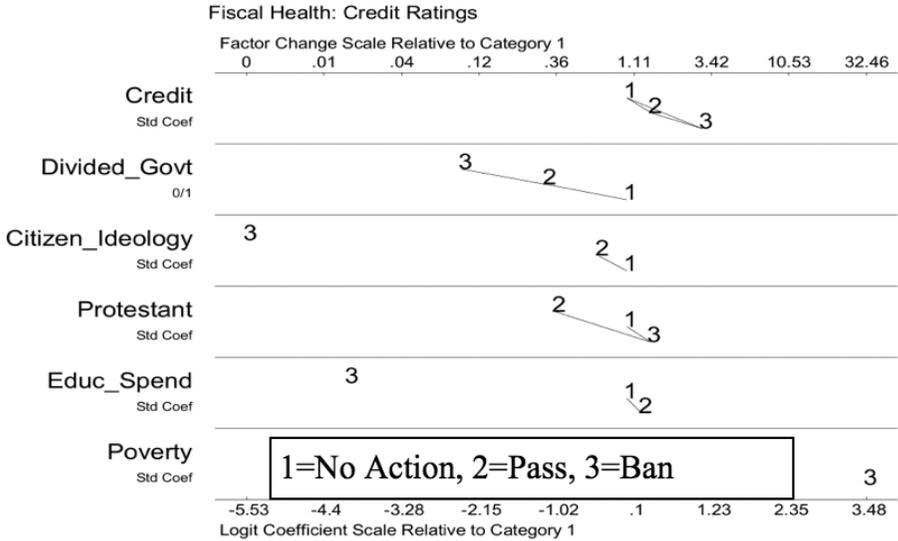
To conduct this analysis, several assumptions must be made. As discussed above, states started formally acting on in-state tuition policies in 2001, and this analysis is based on cross-sectional data for 2008. The first assumption is that in 2008, fourteen states had acted on in-state tuition policies regardless of when that adoption or banning actually occurred. Moreover, as discussed above, Oklahoma first passed in-state tuition policies and later decided to ban the practice before reinstating it again. For the purposes of this study, Oklahoma has been coded as having banned in-state tuition policy, and Wisconsin is treated as a state that has not acted on the policy since it adopted an in-state tuition policy in 2009.

Estimates are first made with the fiscal health indicator using general revenue/

expenditures, followed by a model using credit ratings as the indicator for state fiscal health. These models are estimated along with measures of ideology, religion, advocacy, education spending, and poverty. Demographic indicators are then included to examine what happens when the percentage of the population that is Latino is held constant, followed by the percentage of the estimated undocumented immigrants.

Only odds ratio plots are included to examine data patterns among the three state decisions. These plots not only allow us to examine the relationships between states that have passed in-state tuition policy and states that have not acted on the policy but also allow comparisons of states that have passed with states that have banned the policy. In Figures 1-4, the factor change scale is printed at the top of the plot and its corresponding exponential value at the bottom. The relative magnitudes of the effects for each

Figure 2 – Odds Ratio Plot for Base Model (Using Credit Ratings)



predictor are shown by the distance between categories (1 = not acting on in-state tuition (base category), 2 = pass, 3 = ban), and all predictor variables are lined up on the left-hand side of the plot. Lines connecting categories signify lack of statistical significance between categories. In other words, if the categories are not connected by a line, the relationship is statistically significant.

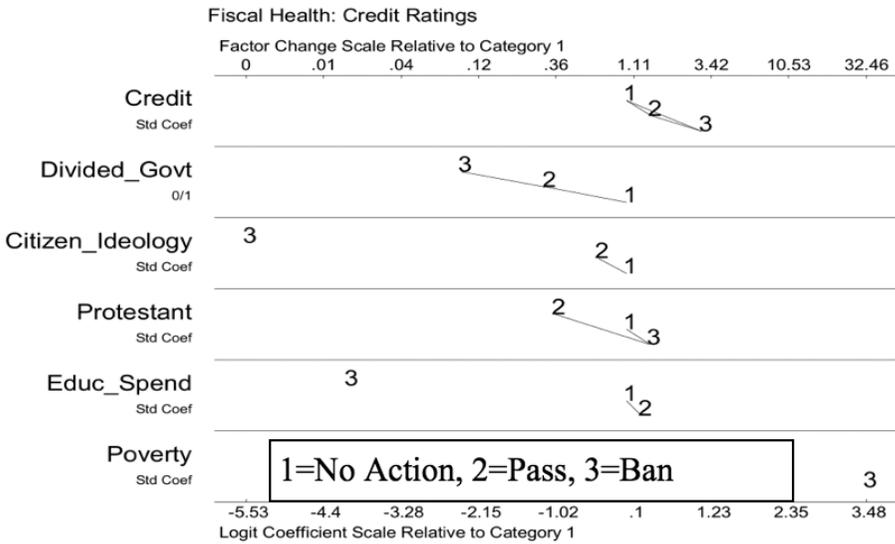
Figure 1, which uses the general revenue and general expenditure as the fiscal health measure, shows that both states that pass and states that ban are fiscally healthier than states that have not acted, holding all else equal. This, however, is only statistically significant at the 0.05 level for states that have passed in-state tuition, represented by the absence of a connecting line between 1 (not acted) and 2 (pass). There is then no statistical difference in the fiscal health between states that have passed and states that have banned in-state tuition policy as

there is a line connecting category 2 (pass) with 3(ban).

With regard to political ideology, states that have banned in-state tuition policies are more likely to be a one-party system (Democrat or Republican), and this relationship also holds true for states that have passed in-state tuition policies. There is, however, no statistical difference between those states that banned the policy and those states that have not acted on in-state tuition at the 0.05 level. Now turning to citizen ideology, there is evidence that states that have banned in-state tuition policies are, in fact, more conservative than states that both passed and states that have not acted on the policy, statistically significant at the 0.01 level. Remember that the citizen ideology scale ranges from 0 = conservative to 100 = liberal.

With regard to poverty, there is evidence that states that have banned in-state tuition have higher poverty rates, on

Figure 3 – Odds Ratio Plot Including Latino Demographic Indicato



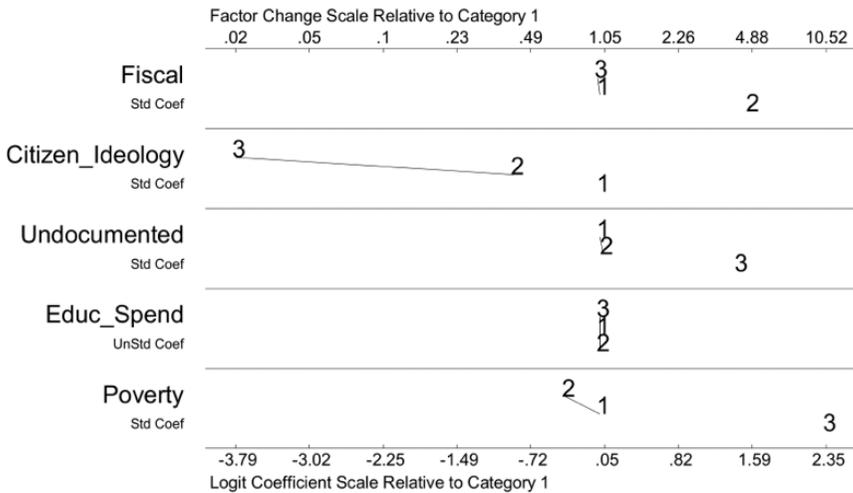
average, than those that have passed the policy and states that have not acted on the policy. This relationship is statistically significant at the 0.05 level. There is, however, no statistically significant difference between states that have passed in-state tuition policies and those that have not acted on the policy.

When specifying credit ratings as the fiscal health measure, there are no statistical differences between states that have passed, banned, or not acted on the policy. This relationship is shown in Figure 2. Although states that have banned in-state tuition policy have higher credit ratings than both states that have passed and states that have not acted, this is not statistically different from zero. There remains a steady pattern amongst the additional covariates after controlling for fiscal health using credit ratings. For example, states that have a split electorate are less likely to ban in-state tuition

policies. This is statistically significant compared to states that have not acted but is not statistically different from states that have passed in-state tuition. Moreover, we also see the same pattern regarding citizen ideology. States that have banned in-state tuition policy are more conservative than both those that have passed in-state tuition and those that have not acted on the policy, statistically significant at the 0.05 level.

Covariates that changed when using credit ratings to conceptualize fiscal health included religion, education spending, and poverty rates. The general trend is states that have passed in-state tuition have a higher percentage of Catholics, and states that have banned in-state tuition policy tend to be more Protestant. Turning to education spending, states that have banned in-state tuition policies are also less likely to spend more per college-age student. For

Figure 4 – Odds Ratio Plot Including the Percentage of Undocumented Immigrant



1=No Action, 2=Pass, 3=Ban

example, a standard deviation change of \$2,198 in education appropriations per student decreases the odds of passing in-state tuition policy by a factor of 57.29, holding all else constant, which is significant at the 0.10 level. Furthermore, states that have banned in-state tuition also appropriate less per student than states that have passed in-state tuition; this is statistically significant at the 0.05 level.

With regard to the poverty rate, states that have passed in-state tuition policies have higher poverty rates than states that have not adopted the policy, which is statistically significant at the 0.05 level. In addition, states that have banned the policy are also statistically different from both states that have passed and states

that have not acted on the policy at the 0.05 level.

What happens, then, if demographic indicators such as percentage Latino and the influence of undocumented immigrants are modeled in the equation? From Figure 3, the effects of the Latino community across states are apparent when controlling for the Latino population. There is evidence that as the percentage of Latinos increases, states both pass and ban in-state tuition policies. In other words the presence of Latinos both increases the odds of banning in-state tuition policies and increases the odds of passing in-state tuition policies, compared to not enacting a policy.

While both are statistically different from states that have not acted on this issue,

the effect of Latino presence is larger for states that ban in-state tuition. There are no statistical differences between states that have banned and states that have passed in-state tuition regarding the presence of Latinos; this is true for both models of fiscal health.

If the estimated undocumented immigrants are controlled for, how would the findings change?

After controlling for the percentage of undocumented immigrants and all other covariates (as shown in Figure 4), the effects of fiscal health are larger for states that pass in-state tuition policies versus both states that have banned and states that have not acted on the policy, which is statistically significant at the 0.10 level. In other words, states that have passed in-state tuition are financially healthier, on average, than states that have banned and states that have not acted.

More importantly, this model provides evidence that as the percentage of undocumented immigrants increases, the odds of banning in-state tuition policies also increases, which is statistically significant at the 0.10 level, holding all else constant. There is no evidence that states that have passed in-state tuition policies are statistically different in the percentage of undocumented immigrants compared to states that have not acted in this policy arena.

DISCUSSION

This article is the first quantitative study to examine the behavior of states in the in-state tuition policy arena. The main question in this analysis is, What is it about states that have passed in-state tuition policies that differs from states that have not? After developing and testing several constructs, states are acting on in-state tuition policies because, as the evidence shows, it is in their best economic interest. In general, while states that have acted (passed or banned) in-state tuition policies have healthier fiscal institutions than states that have done nothing, this trend is generally only statistically significant for states that have passed in-state tuition policies.

The influence of demographics also plays a key role in the behavior of states in this policy arena. For example, an increase in the percentage of Latinos both increases the odds for passing and banning the in-state tuition, yet the magnitude is larger for states that ban. In other words, as the Latino population increases, states are acting in this policy arena either by being proactive or, at the opposite extreme, by passing draconian laws. This predictor is interesting if you look qualitatively at the states that have passed versus states that have banned the policy. In general, the states that have banned the policy have been states that have not been traditional immigrant destination states. This then leads us to ask, Is it the share of Latinos, or is it the share of undocumented immigrants that is shaping state behavior? What is next apparent is that as

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❖❖❖ *From an economic standpoint, it makes intuitive sense to find a way to integrate these children into our formal economy and to find a viable way to change the legal status of the large amount of undocumented youth in the United States.*

the undocumented population increases, the odds of a state banning in-state tuition increases dramatically, compared to states that have not acted and states that have passed this policy, which is statistically significant. There is, however, a difference between states that have passed in-state tuition and states that have not acted on the policy with regard to the presence of undocumented immigrants. In other words, not only does the percentage of Latinos influence banning, the significant distinction is that as the percentage of undocumented immigrants increases, the odds of banning substantially increases.

Spending on education and state poverty rates are also key components of the story. There is evidence that states that ban in-state tuition also tend to appropriate less money per college-age student. This is statistically significant for both states that have passed and states that have not acted on the policy. There is, however, no difference between states that have passed and states that have not acted on the policy. One interpretation is that states that have passed an in-state tuition policy may also value education more and understand the positive relationship between education and economic growth. States that have banned in-state tuition are also more likely to have a higher percentage of their citizens living in poverty, which is statistically significant.

The findings and policy implications of this analysis reveal that states are passing in-state tuition policies because, ultimately, they understand demographic shifts, the importance of education to economic growth and alleviating poverty, and the vital role immigrants play in sustaining fiscal policy. Research has shown that an educated workforce is vital for job creation and economic stability. This reality is even more important in a global economy, an economy that demands bilingualism, multiculturalism, and resiliency. These attributes are particularly true of undocumented students. While only a handful of these students make it to college, it is these students who are the valedictorians in our public schools, the best of the best, and who should not be punished for their parents' mistakes. According to a recent 2011 hearing before the Subcommittee on Immigration Policy and Enforcement, it currently costs the U.S. government \$12,500 to deport an undocumented citizen at the same time our government spends an average of \$6,000 per pupil every year in K-12 education (Committee on the Judiciary 2011). From an economic standpoint, it makes intuitive sense to find a way to integrate these children into our formal economy and to find a viable way to change the legal status of the large amount of undocumented youth in the United States.

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ENDNOTES

¹ Additional cases include Toll v. Moreno (1979) and Leticia A v. Board of Regents of the University of California (1985). See Michael A. Olivas’s extensive body of literature on immigration and education access (www.law.uh.edu/faculty/publications/michaelolivas.pdf).

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