Issue Brief:
To Put the ‘Equity’ in Tuition Equity, Access to State Aid is Essential

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New Jersey has the opportunity to join 18 other states in enabling undocumented residents to pay in-state tuition rates at public colleges and universities. The policy – known as tuition equity – is an important step towards fixing a broken immigration system and allowing greater economic opportunity for striving New Jersey students.

Providing tuition equity in New Jersey would allow undocumented students to earn better livings, contribute more to our tax system and remain gainfully employed. In addition, it would allow these students to have longer career paths and job flexibility. New Jersey – with the third-highest share of foreign-born residents (after California and Texas) and fifth-highest total number of undocumented residents – would greatly benefit from tuition equity.

To ensure that New Jersey’s tuition equity policy is as fair and effective as possible, lawmakers need to include a crucial provision: Eligibility for state financial aid. Without this, access to higher education and a brighter future will likely remain closed to many undocumented New Yorkers, as in-state rates for a full college education remain out-of-reach for low- and moderate-income families, particularly when one adds fees and other costs.

All of New Jersey – students, families, public colleges, the economy, taxpayers and future residents – stands to benefit from tuition equity with aid.
The Context of Tuition Equity in New Jersey

*New Jersey is a magnet for immigrants, but lags in taking advantage of this asset.*

Currently, there are 15 states that have implemented in-state tuition legislation: California, Colorado, Connecticut, Illinois, Kansas, Maryland, Minnesota, Nebraska, New Mexico, New York, Oregon, Oklahoma\(^1\), Texas, Utah and Washington. In addition, educational governing bodies in Hawaii\(^2\), Michigan\(^3\) and Rhode Island have adopted tuition equity policies (Michigan’s becomes effective January 1 of next year). California, New Mexico and Texas also enhance in-state tuition by making undocumented students eligible for state financial aid.

*DACA makes in-state tuition even more essential.*

The federal policy of Deferred Action for Childhood Arrivals (DACA) allows eligible undocumented youth to work legally without fear of deportation and – in some states – secure driver’s licenses and apply for loans. While DACA, which became operational in August 2012, does not provide permanent legal status, it marks the first time since 1986 that undocumented Americans can come out of the shadows. Those approved for DACA are already benefitting: 61 percent have obtained a new job and a driver’s license, 54 percent have opened their first bank account and 38 percent have obtained their first credit card.\(^4\)

DACA also enables undocumented students who are able to obtain a college degree to obtain higher-quality jobs and rewarding careers without immediate fear of losing everything and being forced to leave the country. Tuition equity and DACA are symbiotic policies that together can help integrate New Jersey’s striving undocumented residents into society and the middle class, strengthening the economy and the social fabric of state. Without tuition equity, undocumented young people who take advantage of DACA remain mostly priced out of college, limiting their career and earnings potential. And without DACA, students who are able to afford college under tuition equity may be left with few options for work post-graduation.

New Jersey has a large number of DACA-eligible residents for whom tuition equity would be a huge boost. There are about 28,500 immediately eligible for DACA (those between 15 and 30 years old) – the seventh-highest total in all the states. Of these, 16,000 have applied for DACA so far and of those 84 percent (13,400) have been accepted. Those who have not yet applied usually lack one or both of the following: money (for the application or an attorney to help with the process) and documents, including a high school diploma. Enacting tuition equity with access to state aid would make college a more realistic option for more undocumented students, motivating more DACA-eligible youth to finish high school or obtain a GED.

*Students who have played by the rules are being punished for something they had no control over.*

While about 13 of every 20 American high school seniors enroll in college\(^5\), only an estimated one of every 20 undocumented American high school seniors does.\(^6\) Many more undocumented
students – including many who are top scholars – might not even make it to their senior year of high school, dropping out in the face of bleak post-high school prospects. These students are currently denied the opportunity to realize their dreams only because their parents entered the county without legal status and brought them along. Punishing these students by effectively denying them a college education not only harms them but also the community that invested in them.

New Jersey taxpayers’ large investments in the K-12 education of undocumented students will continue to be wasted without tuition equity.

For more than a century, public schools have been the bottom rung on America’s ladder of opportunity for millions of immigrants. For a half-century, public colleges and universities have provided the second rung. In New Jersey, undocumented students are encouraged to grab on to the bottom rung via free K-12 public education (states cannot deny students a free public education based on their immigration status), but left unable to grasp for the second rung due to financial barriers to access. The significant taxpayer investment in these children of New Jersey will continue to go to waste without tuition equity.

Consider the investment in undocumented children in the following public school districts with high numbers of foreign-born children under 18: Union City, Passaic City, New Brunswick, Elizabeth City and Jersey City. In all these districts, children are able to begin public preschool at age three, meaning that an undocumented high school graduate has benefited from as many as 15 years of public education.

It makes little sense for New Jersey to invest so heavily in educating these students for many years only to cut the investment off before it has the chance to fully pay dividends to the state.
High Costs Shut the Door to Higher Education

The first essential step is to grant in-state tuition rates to undocumented who have graduated from a New Jersey high school and have lived here at least three years. Mandating out-of-state rates is simply unearned punishment.

In Hudson, Passaic, Union and Middlesex counties, the tuition cost for two years of community college – often the beginning path for low- and moderate-income college students – is about twice as expensive now for an undocumented student as it is for her documented neighbor.

Undocumented families have an estimated average household income of just $36,000⁹, making New Jersey’s out-of-state tuition rates out of reach for most. An undocumented family in Hudson County, for example, would currently have to devote a quarter of its annual income on tuition at Hudson County Community College – and that does not include fees, books or transportation. Given how far the average undocumented household’s income is below a survival budget for a family of four in Hudson County ($51,545)¹⁰ – not to mention a sustainable budget for the same family – it is no surprise that most of these families simply can’t afford to put $9,000 a year towards their child’s education.
Lack of Access to Aid Limits Options

Tuition equity alone does not go far enough to improve educational access. It makes public higher education more affordable, but if a family can’t obtain financial support to help pay, many undocumented students will remain shut out of the system.

With in-state tuition, the same Hudson County family referenced above would still have to come up with 10 percent of their household income each year – and the likelihood of this happening is slim. To pay in-state tuition rates, the student would likely need to work, attend school part-time and stretch out the length of her college education. Under this scenario, the chances of the student dropping out before completing a degree are far higher.\footnote{11}

Federal immigration policy prohibits undocumented students from receiving federal financial grants or loans – including Pell Grants, the largest aid program for moderate-income Americans that serves 9.6 million students. However, states like California, Texas and New Mexico allow undocumented students meeting residency requirements to get state-financed grants. To truly provide educational and economic opportunity to New Jersey’s undocumented students, the state needs to make them eligible for New Jersey grants and loans.
New Jersey currently offers need-based state aid for higher education through Tuition Aid Grants (TAG) and the Educational Opportunity Fund (EOF). TAG is the larger of the two programs, serving 33 percent of full-time undergraduates,\textsuperscript{12} maximum annual TAG awards vary by type of institution and the family income of the student. EOF grants are smaller (between $200 and $2,500) and reach fewer students but offer a more comprehensive approach for economically and educationally disadvantaged students. By opening up both TAG and EOF to undocumented students, New Jersey would help bridge the cost gap for the families of these students. In addition, merit-based scholarship programs like the New Jersey Student Tuition Assistance Reward Scholarship (STARS) program should be available for undocumented scholars.

If tuition equity were a reality, most of New Jersey’s undocumented students would enroll first at a community college, then transfer to a four-year public institution (just like most “documented” students of lesser means). But they will only attend if they or their families can afford it, and state aid makes that much more likely. The same Hudson County family could see its two-year tuition cost to Hudson County Community College drop to $2,184 from $7,340 if the student receives the maximum TAG award. And if that student went on to Rutgers University after two years of community college to complete a bachelor’s degree, the maximum EOF and TAG awards could drastically cut the cost of the final two years down to $3,790 instead of $26,998. This family would save $28,364 on a four-year college education.

Still, since most moderate-income families don’t have an extra $2,000 or $5,000 a year to spare, they turn to student loans to bridge the rest of the gap. Allowing undocumented students to apply for state-administered loans – known as New Jersey College Loans to Assist State Students (NJ CLASS) – will help pay the remaining cost and help them build credit.

### The Cost of Tuition Equity vs. The Cost of Inaction

New Jersey’s Office of Legislative Services (OLS) has not yet estimated the cost of tuition equity with access to aid, but we can expect that the costs would be small compared to the economic benefits to the state and undocumented students.

In Texas, a state that offers financial aid to a much larger undocumented student population, only one percent of the total number of aid packages are awarded to undocumented students.

In the end, any costs of tuition equity with access to aid are minuscule when compared to the millions of dollars invested in the K-12 educations of undocumented students that otherwise would be doomed to low-wage jobs. And they are even smaller when compared to the great costs of inaction – both to undocumented students and to our state.
The costs of *not* attending college mount quickly with lifetime consequences – all negative. Unlike other immigrant groups, undocumented immigrants do *not* attain significantly higher incomes even after they’ve lived in the U.S. for many years\(^ {13}\) – the lack of higher education is one of the main factors. Americans with bachelor’s degrees (but no higher degrees) earned 38 percent more a week in 2012 than those with only a high school diploma – and they were about half as likely to be unemployed.\(^ {14}\)

In short, for undocumented New Jerseyans to earn better livings, contribute more to our tax system and remain gainfully employed, they need the ability to access higher education. And they need tuition equity with access to aid to do so.
Appendix: How Tuition Equity With Access to Aid Would Work

The tuition equity legislation currently being considered (S-2479) would allow students regardless of immigration status to receive in-state tuition rates and financial aid if they attended a New Jersey high school for three years and graduate, register or enroll in a public institution, and filed an affidavit with the institution of higher education stating that the student has filed an application to pursue legal status when that becomes an option.

The New Jersey Higher Education Student Assistance Authority (HESAA) and the Secretary of Education would be responsible for establishing any specific procedures or forms on top of the ones already in place for all students. Eligibility for state aid is calculated based on financial information provided in a student’s Free Application for Federal Student Aid (FAFSA); one way undocumented students would submit financial information is by submitting a paper copy of FAFSA to be considered for state aid.

FAFSA requires students and parents to submit their Social Security number and income information. Since undocumented students and parents do not have Social Security numbers, they are instructed to enter 000-000-000. Those granted deferred action status have a valid Social Security number but cannot submit a FASFA application online because only those with permanent legal status can apply for federal aid.

Can someone be awarded state financial aid without providing his or her financial information?

No. Financial need is the principal determinant of financial aid eligibility.

How can undocumented parents submit financial information if they don’t have a Social Security number?

Despite a prevailing mythology, undocumented residents already pay a substantial amount of taxes. In New Jersey, they already pay $476.4 million in state and local taxes – mostly through sales and excise taxes. Undocumented workers use Individual Taxpayer Identification Numbers (ITINs) to file their income tax returns. The completed income tax form provides a part of the required parent and student financial information for FASFA.

How are the annual affidavits required by S-2479 tracked?

HESAA can ask higher education institutions to maintain the required affidavits as a requirement to register for classes.
Endnotes

1 Oklahoma amended its in-state tuition law and allows the Oklahoma Board of Regents to decide whether to allow undocumented students to receive subsidized tuition rates.