

**Testimony Submitted to the House Judiciary Subcommittee Immigration, Citizenship,  
Refugees, Border Security and International Law**

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**Costs and Benefits of Educating Immigrants**  
Local effects of immigration on communities

Main points

- Most studies that examine the effects of educating immigrants look at costs in a single-period without considering the long-term effects of education as an investment with future benefits.
- The majority of studies on the effects of educating immigrants confirm that state and local governments experience more costs than benefits for educating immigrants in single-periods.
- The benefits of educating immigrants are similar to those of educating native-born students but accrue over longer periods than the educational costs incurred in single-periods.
- While the federal government provides some federal support for educating immigrants to states and local school districts, there is no doubt that this support does not cover the entire costs of education in a single year.

What role does the federal government play in education and what impact does educating immigrants have on states and local communities?

Immigration policy in the United States is a federal responsibility. Congress sets immigration eligibility rules and limits, and the federal government has the responsibility for border security. The effects, both positive and negative, of immigration are concentrated in states and communities where immigrants live. This disparity between federal responsibility and local impact helps make immigration one of the most hotly debated public policy issues.

One of the most contentious expenditures considered for immigrants is the cost of educating immigrant students. The tension between the state and federal roles in the education of immigrants was captured in 1982, when the U.S. Supreme Court struck down a state statute denying funding for public education to children who were unauthorized immigrants. The ruling in *Plyer vs. Doe*, 457 U.S. 202, determined that children are entitled to an education regardless of their immigration status. Given that the federal government provides only about nine percent of educational costs nationally, the majority of funding for education comes from state and local governments. As a result, the *Plyer vs. Doe* decision has a direct fiscal impact on these jurisdictions.

**Determining Effects: Contrasts in Analysis**

Numerous studies by organizations such as the Federation for American Immigration Reform (FAIR) and the Center for Immigration Studies (CIS) have provided analysis of the educational costs that states and school districts incur in education immigrant students in a single time

period. These studies make the case that states and local communities are negatively impacted by the federal requirement that they provide a public education for all children, regardless of immigration status. For example, a FAIR study estimated that the cost of educating unauthorized immigrant K-12 students nationally was almost \$12 billion, and for U.S.-born children of unauthorized immigrants \$17 billion in 2004. The report calculates taxpayer costs between \$581 million and \$756 million for in-state tuition discounts by states to unauthorized immigrants for college in 2004. A similar study conducted by the Center for Immigration Studies in 2004 concluded that illegal immigrants cost the federal government \$10 billion more than they pay in taxes. The bulk of these reports, and others, confirm that state and local governments experience more costs than benefits for educating immigrants in a single-period.

These existing studies focus on the effects in a single recent time period of educating immigrants. There is broad consensus that existing fiscal impact studies present an unreliable and incomplete picture of the total fiscal effects of immigration. Single-period analysis is inadequate because:

1. it fails to take into account the long-term fiscal impact as immigrants move through the workforce and retire.
2. it is based only on the current age distribution of immigrants (children, workers, retirees)
3. it treats education as a cost item only (do not take into account the investment aspect of education spending).

Many other studies emphasize that analyzing the effects of immigration on the economy and on government budgets requires taking a long-term perspective. These single-period studies do not take into account what will happen as current immigrants gain experience in the workforce and as their children are educated and enter the workforce. The ability of immigrants to acquire experience, and the ability of their children to acquire a good education, including college education, will play a large role in determining the long-term economic and fiscal impact of immigration in the state and the nation. Further, there may be an even larger fiscal impact in the long-term for not educating immigrants. A RAND study notes that “higher levels of education translate into lower public expenditures over an individual’s lifetime in the form of “revenues saved in public welfare, health, and law enforcement programs” and “revenues earned from increased taxes and contributions to Medicare and Social Security.” In *The Costs of Immigration to Taxpayers*, analysts G. Vernaz and K. McCarthy conclude: Existing studies of the costs of immigration do not provide a reliable or accurate estimate of the net costs and benefits of immigration—even when those costs and benefits are defined narrowly.

Despite the importance of using multiple periods to determine the benefits and complete effect of educating immigrant students, research provides little doubt that states and local communities do incur a negative fiscal impact in a single-period for educating immigrants. So again, what is the role of the federal government to assist in the education of these students?

### **Federal support**

The majority of tax revenues paid by immigrants go to the federal government, but the largest share of public service costs related to immigration are at the state and local level. Therefore, the fiscal balance of educating immigrants can be positive at the federal level, but negative at the

state and local government levels. Research shows that the fiscal effects of immigrants are most negative in communities that have an above-average share of poor immigrants.

Because immigration policy is a federal responsibility, and because the fiscal balance for immigrants can be positive at the federal level and negative at the state and local level, states with large immigrant populations regularly ask Congress for financial assistance to offset the current costs of serving immigrants. The federal government does provide some financial assistance to states and school districts, although the amount of financial support does not cover the majority of expenditures for educational expenses. Given that the federal government provides less than 10 percent of financial support for K-12 education nationally, it is safe to assume that it does not provide states and local communities with the financial support needed to educate immigrant students in a single-period. Federal government support is not consistent with state and local intervention to educate immigrant children.

In 2004, immigrant students represented almost 9 percent of K-12 students nationally. The bulk of these students were in states known for large immigration populations, such as California, Florida, New York, and Texas. However, their presence is increasing in other states that have not traditionally educated such students as well.

Among the expenses incurred to educate immigrants are many language acquisition services such as the hiring of English as a Second Language teachers, parent involvement and outreach services, and translation services. In Title III of the No Child Left Behind Act (NCLB), the federal government provides support to states to educate students with English Language needs as well as immigrant students. In 2007, this included about \$670 million to be distributed to states on a formula basis. State educational agencies (SEAs) are authorized by statute to set aside up to 15 percent of a state's Title III allocation for immigrant education programs. Costs for immigrant services vary by state calculations, but given the overall budgets of state and local support for K-12 education were over \$200 billion for each, the federal contribution does not appear to be sufficient to cover the costs incurred by states in a single-period.

### **Education as an investment**

Public education is unlike any other public benefit because of the role it plays in sustaining our political and cultural heritage. Because of *Plyer vs. Doe*, unauthorized immigrant children have the same right as U.S. citizens and legal permanent residents to receive a free public education. Deprivation of public education punishes a class of individuals not responsible for their legal status. Further, some would argue that depriving public education to these students is an “ineffectual attempt to stem the tide of illegal immigration” as compared to other alternatives.

Given the fiscal impact of a single-period for educating immigrant students, it is critical that state and local governments consider the benefits as well as the costs for educating these students. Education is an investment. Higher earnings are strongly associated with increasing levels of educational attainment, for students regardless of immigration status. The fiscal impact of educating the children of immigrants, which can be negative in the short-term, may be positive over their full lifetime.

When education is treated as a cost item in single-period fiscal analyses, the benefits, both tangible and intrinsic, are not considered. However, education has an important investment component. It raises the skills and earning potential of students. Fiscal impact analyses are incomplete if they include only the costs of educating children, and not the higher earnings and tax-paying capacity of those children in future years. Two seminal National Academy of Sciences reports stress the importance at looking at the effects over longer periods of time and including at least three generations when calculating the effects of education.

The skill level of current immigrants and their children will be determined by the quality of their K-12 educational experience and by their ability to get a college education in the future. If immigrants and their children experience rising levels of educational attainment, their presence can be a competitive advantage for states and localities. The total fiscal impact of educating today's immigrants and their children includes current fiscal effects and future fiscal effects—which cannot be calculated in the present.

### **Conclusion: Challenges**

There are numerous challenges to understanding the actual effects of educating immigrant students, regardless of immigrant status. States and local governments have the primary responsibility for financing K-12 education. However, federal law prevents these governments from denying a public education to students, regardless of their immigrant status. Therefore, state and local governments incur short-term costs for educating immigrant students, whether legal or unauthorized immigrants. Again, in the short-term, studies show that educating immigrant students yields a negative fiscal impact for state and local governments. It should be noted that states also incur costs for educating native-born students and do not see the benefits of their investment until years later.

The benefits of educating students, regardless of immigration status, are not easily quantifiable for a much longer period than when the costs are initially incurred. Analysis that does not include this multiple-period consideration of costs and benefits misrepresents the ultimate benefit that states and local communities gain from a more educated workforce. In addition to higher wages, and thus an ability to pay taxes, there is clear evidence that educated individuals are less likely to be unemployed, incarcerated, or need public assistance. Quantifying these educational benefits in comparable terms with the costs incurred for providing an education at the federal, state, and local levels to more accurately assess the effects of educating immigrant students is a challenge for researchers and policymakers alike.

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