



# Update: The NY DREAM Act

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## Quick Facts

- New York's DREAM Act (A. 2597/S. 2378) would allow undocumented students who meet certain criteria to apply for State-funded financial aid for post-secondary education.
- If the NY DREAM Act is enacted, New York would join California, Minnesota, New Mexico and Texas in extending state financial aid to undocumented students.
- OSC estimates that approximately 8,300 undocumented students attended CUNY or SUNY schools in the Fall of 2013 (a similar number as last year).
- In May 2013, OSC estimated that the cost of extending eligibility for the State's Tuition Assistance Program (TAP) to undocumented students attending CUNY or SUNY schools would have been less than \$20 million in the 2012-2013 school year (2 percent of all TAP aid). A similar cost would have been incurred in the current school year.
- The unemployment rate in the downstate region for people with only a high school diploma averaged 10.5 percent through November 2013, compared with 9 percent for those with some college education, 7.3 percent for those with an associate's degree and 5.7 percent for those with a bachelor's degree.
- OSC estimates that a person who earns an associate's degree would pay more than \$35,000 in additional State taxes over his or her working lifetime compared to someone with only a high school diploma, an amount far higher than the \$8,000 maximum TAP award for a traditional two-year degree.
- OSC estimates that a person earning a bachelor's degree would pay more than \$60,000 in additional State taxes, compared with a maximum TAP award of \$20,000.

More than a decade ago, New York became the fourth state in the nation to extend in-state college tuition rates to undocumented immigrant students. Today, approximately 8,300 such students attend public institutions of higher education throughout New York.

Some of these students, however, are unable to attend college full-time, or fail to graduate, simply because the cost is beyond their means. In addition, the cost of a college education also prevents many low-income undocumented high school graduates from ever enrolling in college.

The New York State Development, Relief and Education for Alien Minors (NY DREAM) Act, which has been approved by the State Assembly, would extend eligibility for State financial aid to undocumented students. These students would also benefit from the creation of a privately funded scholarship program and access to the State's 529 College Savings Program.

A report issued by the Office of the State Comptroller (OSC) in May 2013 found that the short-term costs of extending financial assistance to undocumented students would be outweighed by the long-term economic benefits (e.g., higher lifetime earnings and increased tax revenues). An examination of the latest enrollment data and updated economic forecasts confirms that finding.

## The Legislation

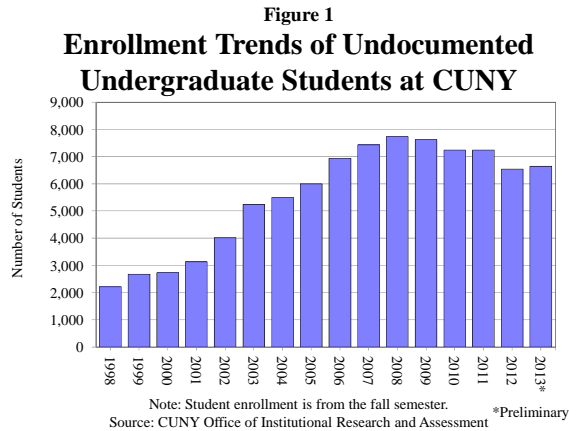
To be eligible for State financial aid under the NY DREAM Act, undocumented students would have to have either graduated from a New York high school (after attending for at least two years) or received a New York general equivalency diploma (GED). Students also would be required to sign an affidavit stating that they are applying or will apply for legal residency when they become eligible. These are the same eligibility requirements currently in place for undocumented students applying for in-state tuition rates.

The NY DREAM Act would also create a DREAM Fund Commission, which would be authorized to raise private funds to provide

scholarships to college-bound children of an immigrant parent. In addition, the law would allow individuals with a taxpayer identification number to open a family tuition account and/or be a designated beneficiary under New York State’s 529 College Savings Program (which is a tax-advantaged program designed to encourage saving for future college costs).

### Undocumented Students in New York

Only a small number of New York’s college students are undocumented, and most of them are located in the downstate region (where three-quarters of the State’s total undocumented population resides). The City University of New York (CUNY) reports that 6,640 undocumented undergraduate students were enrolled during the Fall 2013 semester (4 percent of enrollment), slightly more than last year (see Figure 1).



OSC estimates that less than 1,500 undocumented undergraduate students were enrolled at the State University of New York (SUNY) in the five counties surrounding New York City (Nassau, Orange, Rockland, Suffolk and Westchester) in the Fall 2013 semester—less than 2 percent of enrollment in these counties. OSC found that very few undocumented students were enrolled at SUNY elsewhere in the State.

OSC estimates that, in total, approximately 8,300 undocumented undergraduate students were enrolled at CUNY or SUNY in the Fall 2013 semester (a similar number as in 2012), and only half were enrolled full-time (68 percent of all students attended full-time). Data for the numbers of undocumented students attending nonpublic schools are not available centrally, but the number attending private colleges is likely to be small given the higher costs of these schools.

### Cost Estimates

The New York State Tuition Assistance Program (TAP) accounts for nearly all State-funded financial aid to students attending post-secondary programs. In May 2013, OSC estimated that TAP awards to undocumented students attending CUNY or SUNY would have cost \$20 million if the NY DREAM Act were in effect in the last school year, about 2 percent of all TAP aid (\$930 million). A similar cost would have been incurred in the current school year.

These estimates are based on the assumptions that all full-time undocumented students would apply for TAP and receive the maximum award (less than 1 percent of part-time students receive TAP aid). In reality, the cost would have been less because not all eligible students would apply, and those who did apply might not meet the eligibility criteria or qualify for the maximum award.

### Economic Benefits

Regardless of whether students attend public or private schools, a better-educated workforce benefits New York’s economy, and leads to higher tax payments to the State and its localities. The demand for higher-skilled workers is increasing (especially in New York City), and the correlation between educational attainment and employment is clear.

More education also correlates to better-paying jobs and increased lifetime earnings. In August 2012, President Obama signed an executive order permitting certain undocumented immigrants who came to the United States as children to apply for work authorization.

The prospect of financial aid will likely encourage more undocumented students to graduate from high school and to enroll in college. OSC estimated that the initial cost of providing TAP awards to these students would likely be offset by the additional taxes paid over the course of their working lifetimes as a result of their ability to obtain higher-paying jobs.

Financial aid to undocumented students who currently attend college would lead to economic benefits for the State and its localities. Students would be able to complete college more quickly by attending full-time, and their likelihood of graduating would improve, enhancing lifetime earnings and increasing the State’s tax revenue.