Opportunity costs: The fiscal cost of (not) educating immigrant minors in the U.S.

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Abstract

One of the greatest fiscal costs of immigration is spending on educating immigrant youth. While numerous studies have noted the exorbitant cost of providing foreign-born minors with K-12 schooling, far fewer studies have examined the proportion of all U.S. spending on education that goes toward educating these youth and the social costs/benefits of doing so. Using National Transfer Accounts (NTA) methodology, this study examines the fiscal cost of educating immigrant minors in the U.S. relative to all spending on education. It also generates a counterfactual scenario in which spending is not allocated toward educating immigrant minors, allowing us to observe the effects on economic productivity due to a lesser educated workforce. This study provides a detailed profile of the number of immigrants that receive a portion of their schooling in the U.S., the share of the cost shouldered by the U.S. and Mexico, and regional differences in these costs. This study contributes to the discourse on fiscal spending on immigrants by contextualizing the fiscal cost of education within the larger U.S. budget on education.

1 Extended Abstract

In the longstanding debate as to whether immigrants have a deleterious effect on the U.S. economy (Card, 2005, 1990; Borjas, 1999; Lee and Miller, 2000), education is a seminal component of this argument. While it has been shown that immigrants do not consume more public services than the native-born (National Research Council, 1997), they do draw upon public education more heavily. The National Research Council finds that first generation students are 1.22 times as expensive as the average student due to the greater costs of bilingual education and the tendency for immigrants to live in states with higher costs per pupil. However, Schwartz and Stiefel (2004) make a more nuanced argument regarding the cost of educating immigrant youth. While they agree that it is more expensive to educate immigrant youth, they assert that this is due to their negative selection on socioeconomic variables. In other words, once controlling for socioeconomic variables, there is virtually no effect of immigration on school resources.

Aside from the fiscal cost of educating immigrant youth, authors such as Suro (1998), and Portes and Zhou (1993), note the social cost of educating these and second-generation youth. Referred to as the "Latino underclass (Suro, 1998)" and the "reactive subculture (Portes and Zhou, 1993)," these authors paint a grim portrait of a rapidly-growing generation of youth driven to delinquency and social mediocrity by the alienating feeling of having immigrant parents working menial jobs. Suro warns that immigrant children and the second generation "are being shaped by the social epidemics of youth homicides, pregnancy, and drug use, the medical epidemic of AIDS, and a political epidemic of disinvestment in social services...They are learning to become Americans in urban neighborhoods that most Americans see only in their nightmares...The United States may not care about the children of the barrios, but it must start to address their problems now. If it lets them fail, there will be a great price to pay (Suro, 1998, pgs. 13-14)." Implicit in this statement is the idea that immigrant children are not only economically costly but also socially threatening. It should be noted that Card (2005) comes to a less pernicious conclusion in finding that the second generation makes greater gains in education than their parents compared to the native born.

Nonetheless, Suro's forewarnings are not inconsequential given the surprising growth of foreign-born youth in the public U.S. school system. The number of immigrant youth in the U.S. has increased dramatically in recent decades. Between 1990-1991 and 2000-2001, the number of Limited English Proficient (LEP) students increased 105 percent while the general school population increased only 12 percent. Moreover, as of 2000-01, LEP students accounted for 9.6 percent of all public school PreK-12 grade students in the 2000-2001 school year, over 67 percent of whom were enrolled in elementary school. An astounding one-third of these students were enrolled in California (Kindler, 2002).

While these numbers depict dire challenges in funding increasing numbers of immigrant students, they do not provide a sense of the relative cost of immigrants. In other words, these numbers do not describe the *share of all education spending* that goes towards immigrants. Though it is more costly to educate immigrant students than the native-born, the severity of the situation cannot be assessed without knowing the proportion of all educational spending that they consume. Moreover, a thorough assessment of the cost of educating immigrant youth must also consider opportunity costs. It must determine if the fiscal costs of a lesser educated workforce outweigh the increased spending associated with educating immigrant students.

This study departs from previous efforts in contextualizing spending on immigrant education within a broader fiscal context. Using National Transfer Accounts (NTA) methodology on the 2010 Current Population Survey (CPS), we generate counterfactual scenarios of the stock of educational attainment in the United States with varying levels of investment on immigrant and second-generation students. We then use existing multiplier effects of education on productivity to assess how changes in the stock of education in the U.S. driven by investment in the education of immigrant students affect economic growth. While the NTA has been shown to be a powerful tool for determining intergenerational flows, ours is the first study to apply this framework in the context of immigration and education. This study also provides age profiles of the proportion of schooling that immigrants receive in the

U.S. compared to that received in Mexico, and the ratio of immigrant children to working age adults. In this way, this study moves paints a more realistic portrait of fiscal spending on immigrant youth than more narrow accounts that only provide absolute estimates.

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