



Estimating the Economic Impact of College Student Migration From Illinois

Executive Summary

Each fall, hundreds of thousands of new students enroll in college. They bring with them high aspirations and hopes for a future filled with the rewards of educational attainment. Amidst the individual stories of college transition is a story of the migration pattern of college students in the United States. The migration story is one in which some states send most of their best and brightest to in-state schools, while others send a larger portion out of state. A set of winning and losing states is created in the migration pattern and ensuing economic benefits that follow those workers that are highly educated.

The migration of college students is particularly relevant in Illinois, because the state exports many more high school graduates to colleges in other states than it imports. This migration pattern is important because college students who attend college in other states are far less likely to live and work in their home state after graduation. Thus, when Illinois loses a college student, its ability to build a competitive workforce (human capital) is diminished.

A clear picture of winners and losers emerges when we look at the migration and residency patterns of college-student migrants and graduates.

High exporting states: The long-term return on the earlier educational investment of individuals who attend college out of state is less likely to be seen by the state in the form of increased tax income or the social benefits of these citizens' community involvement. On the positive side, states that export high school graduates for college do not subsidize these students' in-state college education.

Low exporting states: States that are low exporters of college students are more likely to retain students as permanent residents and therefore experience the long-term economic benefits when these individuals continue to reside in their state.

High importing states: States that are high importers of college students experience short-term and long-term benefits of this migration pattern. First, out-of-state college students frequently pay a greater percentage of their college education costs, increasing the revenue of educational institutions. The state benefits from the permanent migration of about 20% of these individuals through not only the economic and social benefits experienced by college graduates, but also through being

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absolved of the costs of educating the individual in elementary and secondary school.

Low importing states: There is no benefit to being a low importer state.

ILLINOIS STUDENT MIGRATION

States that export more college students than they import will fail to capture the economic and non-economic benefits of a highly educated society. Since as early as the 1960s, Illinois has been just such a state, ranking as the second highest net negative exporter (high exporter, low importer) of college students in the United States. During the 1990s, between 18,000 and 22,000 first-time, full-time college students from Illinois migrated annually to colleges in other states. While the state exports many students for college, it imports relatively few college students. Today, Illinois is one of only six states with net out-migration rates for college students and graduates.

Institutional Destination

Of the top 50 institutional destinations in Fall 2000, 29 are located in states adjacent to Illinois. Four institutions dominate, and three of them are public universities—the University of Iowa (1,098 Illinois students), Purdue University (728) and Indiana University (609)—while Marquette University is a private institution (534). It is interesting to note that 29% of the University of Iowa’s freshman class is from Illinois, as is 32% of Marquette’s freshman class. The most prominent type of college in the top 50 is the public research university—institutions with large enrollments and prominent athletic programs—often in surrounding Midwestern states.

Another type of institution also merits mention, although it is not represented among the top 50. In Fall 2000, 1,025 Illinois residents migrated to 68 Historically Black Colleges and Universities (HBCUs) (out of a total of 21,217 college student migrants).

State Destination

Three states each attract more than 2,000 Illinois freshmen (Indiana, Iowa and Wisconsin), and another two (Missouri and Michigan) enroll more than 1,000 each. Together, these states enroll almost half (48%) of Illinois’ migrant college students.

Migration to private institutions outside of the immediate border states is largely concentrated in the Northeast and California, while migration to public institutions is more spread out, with Illinois residents attending public institutions in Colorado, Arizona, Kansas, and other Western and Southeastern states.

The net change in the stock of college graduates living in Illinois due to college student migration based on Fall 2000 migration is estimated to be -4,304.

ESTIMATING THE ECONOMIC IMPACT OF ILLINOIS STUDENT MIGRATION

In this study, we define “economic impact” of college student migration as the net long-term gain or loss of tax revenues to Illinois when college students leave the state and do not return to work in the state after graduation, off-set by the gain in tax revenues from in-migrants who stay in Illinois to work.*

College graduates can expect to earn more than \$1.4 million over the course of their lifetimes than a high school graduate. Multiplying the lost state income and sales tax revenues by the net number of lost graduates shows that Illinois will lose about \$700 million in tax revenues over the lifetime of Fall 2000 college migrants.

POLICY CONSIDERATIONS

State governments hope that the investments they make in education will not only serve to benefit the individual, but also society. In the modern economy where human capital is central to economic development, investments in education are investments in ensuring the state a highly skilled labor force. States that receive large numbers of college-student and college-graduate immigrants are going to be better prepared and more economically competitive than those states that lose college students. Conversely, states that lose large numbers of college students to other states may be less prepared for future economic growth, particularly if the students they lose tend to be their best and brightest.

The results of this study demonstrate that the state of Illinois experiences significant economic losses from college student migration. When a state such as Illinois loses a significant number of students through migration to attend out-of-state colleges, the state must hope to recoup its education investment in three ways: 1) return migration, 2) college student immigrants from other states, or 3) college graduate immigrants from other states. These efforts could focus on retaining college-bound students at in-state colleges and universities, attracting non-resident students, and creating a favorable environment for college graduate migrants.

Policy Consideration One: Mission Differentiation

Illinois could consider initiatives that aim to decrease the number of high school graduates leaving the state to attend college. A primary approach in this case is college and university mission differentiation. Loss of students to bordering public research universities suggests students from Illinois might be looking for a particular collegiate experience that is unavailable in their native state. Illinois also loses many students to selective, small liberal arts public institutions. Public universities in Illinois could differentiate their missions to better address the desires of students for either a public research university or a small public liberal arts institution. Migrants do not seem to be price sensitive, and Illinois could consider funding mission differentiation costs with higher tuition, while at the same time facilitating the enrollment of low-income students with need-based financial aid.

* The approach used in this study utilizes a method devised by Mingus (1996).

Policy Consideration Two: Incentives to Retain Students

Illinois could consider financial aid incentives, such as student-loan forgiveness programs, tuition tax credits, or even state-wide system reorganization for mission differentiation targeted at retaining the best and brightest Illinois high school graduates.

Policy Consideration Three: Incentives to Attract Students

Illinois imports a very low number of college students from other states. By attracting more out-of-state students, Illinois has the potential to increase the number of college graduates who live in the state at little to no cost. Tuition reciprocity agreements, while unlikely to decrease college student migration, could perhaps increase college student immigration. Mission differential can also be a specific strategy to attract out of state students into Illinois.

Policy Consideration Four: Incentives for College Graduates

Illinois could attempt to maximize its investment in education by providing incentives for college graduates to reside in Illinois.

Policy Consideration Five: Develop a Tracking System

A statewide system that tracks high school graduates, college enrollment, college graduation and post-college placement should be implemented as data systems are developed. Analysts could use data from such a system to inform the state with high precision as to the economic benefits of the educational investment being made by state government in higher education. Now, more than ever, there is a need to clearly and precisely articulate the benefits of investment in higher education.

FINAL COMMENT

What is clear from estimating the economic impact of student migration from Illinois is that state policies surrounding societal investments in education should consider the impact of migration on the pool of skilled and intellectual labor within its borders. As Mortensen (2002) states, “a priori, we would expect state economic welfare to be related to statewide measures of educational attainment of each state’s adult population.” Debates on the merits of investing in education must include discussions of the exceptional rate of return which education has had for economic growth and its prospects to best maximize investment into the future.

The full report is available at <http://ierc.siue.edu/iercpublishation.asp>

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