



*Connecting immigrants, employers,  
and communities*

**Testimony to the Pennsylvania Senate Education Committee  
Public Hearing on Higher Education Accessibility and Affordability  
May 15, 2013**

From: Peter Gonzales, President and CEO  
Welcoming Center for New Pennsylvanians

**Re: The Positive Economic Effects of SB 713**

Thank you for the opportunity to submit this testimony. My name is Peter Gonzales, and I am the President and CEO of the nonprofit Welcoming Center for New Pennsylvanians.

As an economic development organization, the Welcoming Center views Senate Bill 713 (also known as the Pennsylvania DREAM Act) as an important component of wise economic policy for our Commonwealth. Below, we describe the key factors at work in making this determination.

**I. Investing in Our Youth Yields a Broader Payoff in Workforce Competitiveness**

Businesses that are considering where to establish new locations look closely at the educational level and skills of the available workforce in their new destinations.

Pennsylvania's Department of Community and Economic Development highlights this consideration in its web page for businesses that are considering whether to re-locate to our Commonwealth: "A quality workforce is a critical component of business competitiveness.... The key to a quality workforce is a quality education."<sup>1</sup>

To remain competitive, Pennsylvania needs to pursue every available avenue for educating our future workforce. Senate Bill 713 will contribute to the Commonwealth's *workforce competitiveness* by increasing the number of college-educated workers in our labor force.

**II. Increased Wages Mean Increased Economic Activity**

Economic research has thoroughly documented the *returns on investment* for education. In plain English: When an individual acquires a higher level of education, he or she can expect to earn higher wages.<sup>2</sup>

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<sup>1</sup> "Pennsylvania Has All the Resources for Business," viewable at: [www.newpa.com/business/why-pa](http://www.newpa.com/business/why-pa)

<sup>2</sup> Carnevale, Anthony, "The College Payoff: Education, Occupation, Lifetime Earnings." Georgetown University Center on Education and the Workforce. Viewable at:  
<http://www9.georgetown.edu/grad/gppi/hpi/cew/pdfs/collegepayoff-complete.pdf>

By the same token, as young people who meet eligibility requirements for Senate Bill 713 go on to obtain additional educational credentials, they can likewise be anticipated to earn higher wages.<sup>3</sup>

Equally important is the fact that higher wages translate into *increased consumer spending* and economic activity.<sup>4</sup> The economic term for this phenomenon is "marginal propensity to consume." That is, as people's incomes go up, they spend more money. Young people who benefit from Senate Bill 713, earn college degrees, and obtain higher-paying employment will thus generate increased economic activity in our communities.

Finally, of course, higher wages result in *higher revenues* for the municipality, state, and country in which the worker resides. Economists Dr. Paul Harrington and Neeta Fogg found notable increases in the amount of tax and other contributions made by Pennsylvanians who attended or graduated from college compared to those who had not.<sup>5</sup>

### **III. Fostering College Expectations Benefits All Students**

The key purpose of Senate Bill 713 is to facilitate college access and success among a specific subset of young Pennsylvanians. Interestingly, however, by increasing the size of the college-going cohort, this legislation may also improve outcomes for these students' *classmates*.

Significant research shows that high school students' decision-making is influenced both by their peers and by the adults around them.<sup>6</sup> As one research summary concludes: "High school graduates are significantly more likely to go on to postsecondary education and college if their peers support them and have similar plans for higher education. These effects are particularly strong for black and Hispanic youth with a low socioeconomic status."<sup>7</sup>

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<sup>3</sup>It is beyond the scope of this testimony to explore federal immigration policy, but it is important to note that young people who are granted Deferred Action by the federal government obtain two-year, renewable legal work permits. This work authorization permits them to participate fully in the labor market.

<sup>4</sup> See, for example: Aaronson, Daniel, Sumit Agarwal, and Eric French. "The Spending and Debt Responses to Minimum Wage Increases," Federal Reserve Bank of Chicago, 2011. Viewable at: [http://www.chicagofed.org/digital\\_assets/publications/working\\_papers/2007/wp2007\\_23.pdf](http://www.chicagofed.org/digital_assets/publications/working_papers/2007/wp2007_23.pdf)

<sup>5</sup> Fogg, Neeta, and Paul Harrington. "The Tax and Transfer Fiscal Impacts of Dropping Out of High School in Philadelphia City and Suburbs." Northeastern University. Viewable at: [http://www.philaworks.org/sites/philaworks.org/files/pdf/Fiscal\\_consequences\\_dropout\\_in\\_Philly\\_paper\\_final\\_2009.pdf](http://www.philaworks.org/sites/philaworks.org/files/pdf/Fiscal_consequences_dropout_in_Philly_paper_final_2009.pdf)

<sup>6</sup> Patrikakou, Evanthia. "Adolescence: Are Parents Relevant to Students' High School Achievement and Post-Secondary Attainment?" Harvard Family Research Project, 2004. Viewable at: <http://www.hfrp.org/publications-resources/browse-our-publications/adolescence-are-parents-relevant-to-students-high-school-achievement-and-post-secondary-attainment>

<sup>7</sup> Laitsch, Dan. "Research Brief: How Do Peer Relationships in High School Affect College Enrollment?" ASCD. Viewable at: <http://www.ascd.org/publications/researchbrief/v4n11/toc.aspx>

As Pennsylvania high schools continue their efforts to foster a culture of college-going, especially among low-income students and those who will be the first in their families to attend college, increasing the cohort of college-going individuals via SB 713 is likely to have positive spillover effects.

**Rewarding Ambition is an American Value**

Since the founding of our republic, the United States has been a beacon of opportunity. Our message to the world has been clear: In this country, you will have the opportunity to better yourself.

SB 713, the Pennsylvania DREAM Act, continues that powerful tradition by communicating a similar message to ambitious high school students.

Passing this bill would be a modest but effective step toward greater opportunity *and* a stronger economy for all Pennsylvanians. We urge you to consider it in that light.