



Research

Estimating the Economic Contributions of DACA Recipients

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EXECUTIVE SUMMARY

- The Trump Administration recently announced the end of DACA, a program that shields from deportation undocumented immigrants brought to the United States as children. This means that current DACA recipients can no longer renew their protections and others cannot submit new DACA applications.
- Congress was given six months to pass a legislative solution extending protections for these immigrants. If a bill is not passed, starting on March 5, 2018, 983 DACA recipients will lose protections
- AAF estimates that the average DACA worker contributes \$109,000 to the economy each year. If all DACA recipients were removed, U.S. GDP would decrease by nearly \$42 billion.

INTRODUCTION

Strengthening U.S. immigration enforcement has been a central priority of the Trump Administration. After taking office, President Trump ordered the Department of Homeland Security to expand its removal priorities beyond criminal aliens, and the total number of arrests made by U.S. Immigration and Customs Enforcement (ICE) has increased by over 37 percent since 2016 as a result.^{[i],[ii]} More recently, President Trump announced the end of Deferred Action for Childhood Arrivals (DACA), a federal program established by President Obama through executive order that shields young undocumented immigrants from deportation.^[iii]

DACA applies to undocumented immigrants who were brought to the United States as children. It gives these individuals an opportunity to work lawfully, attend school, or serve in the U.S. military. On September 5, the Trump Administration announced its plan to end DACA. The administration is not accepting any new DACA applications and the program will officially expire on March 5, 2018. Additionally, as of October 5, current DACA recipients are no longer permitted to renew their two-year protected status.

American Action Forum (AAF) research [previously estimated](#) that physically removing over 11 million undocumented immigrants would cost the federal government up to \$600 billion and reduce Gross Domestic Product (GDP) by over \$1 trillion. It [also found](#) that removing 6.8 million undocumented workers from the U.S. labor force would create significant labor shortages and reduce economic output by up to \$623 billion. Most recently, [AAF estimated](#) that it would cost up to \$21 billion to remove all current DACA recipients and up to \$52 billion to remove all DACA-eligible individuals from the United States. This paper expands on previous AAF research on the economic and fiscal impact of removing undocumented immigrants by estimating the contribution of DACA recipients to the U.S. economy.

PREVIOUS AAF RESEARCH

In 2015, [AAF research](#) estimated that the federal government would need to spend between \$400 billion and \$600 billion to remove all undocumented immigrants from the United States and to prevent future unlawful entry.^[iv] Specifically, it would cost between \$100 and \$300 billion to apprehend, detain, process, and remove 11.2 million undocumented immigrants. The research further estimated that this process would take 20 years based on U.S. Immigration and Customs Enforcement's current capacity. To maintain , the federal government would need to spend an additional \$315 billion. Likewise, AAF estimated that removing over 11 million undocumented immigrants from the United States would reduce GDP by \$1.6 trillion.

[AAF](#) also analyzed President Trump's campaign proposal to remove all undocumented immigrants in just two years and determined that this task would require an enormous expansion of the federal government. The number of federal immigration apprehension workers would have to increase from 4,844 to 90,582; immigration detention personnel from 5,203 to 53,381; immigration detention beds from 34,000 to 348,831; federal immigration attorneys from 1,430 to 32,445; and immigration courts from 58 to 1,316. In addition, to physically remove all undocumented immigrants, the government would need to charter a minimum of 17,296 flights and 30,701 bus trips each year.^[v]

Beyond these direct costs to the federal government, removing all undocumented immigrants would also generate declines in the U.S. labor force, economic output, and overall GDP. In 2016, [AAF research](#) estimated that removing roughly 6.8 million undocumented workers from the private sector (about 5.6 percent of the workforce) would create substantial labor shortages.^[vi] Assuming that native-born Americans and lawful immigrants would be able to fill the job openings left by undocumented immigrants, removing all undocumented workers would reduce private sector employment by at least 4 million. Consequently, the contribution from private industry to GDP would fall by \$382 billion to \$623 billion. Specifically, these deportations would significantly harm the agriculture, construction, and leisure and hospitality industries, where undocumented immigrants are disproportionately employed.

Earlier this year, AAF applied its previous cost estimates to DACA recipients and the DACA-eligible population.^[vii] [It found](#) that the federal government would need to spend between \$7 billion and \$21 billion to remove all undocumented immigrants currently enrolled in DACA. These removals would reduce GDP by 0.4 percent and reduce the labor force by 0.5 percent. If all DACA-eligible undocumented immigrants were removed, it would cost between \$18 billion and \$52 billion and reduce GDP by \$72 billion (1.0 percent). The labor force would also decline by 1.1 percent.

BACKGROUND ON DACA

President Obama enacted DACA in 2012 to shield young undocumented immigrants from deportation. DACA applicants must fulfill a number of requirements to gain temporary legal status under the program.^[viii] They must prove they were under the age of 16 when they came to the United States; have continuously resided in the country since 2007; are either enrolled in school, have graduated high school (or equivalent), or have served in the military; are less than 31 years old as of June 15, 2012; and have no conviction of any crime or felony. The strict eligibility requirements were put in place to ensure the program is applicable to only those individuals who came to the United States through no choice of their own.

Following the Trump Administration's announcement to end DACA, President Trump urged Congress to pass a

permanent legislative solution by giving lawmakers six months before DACA expires. However, he has argued that any bill providing protections for DACA-eligible individuals should also include provisions enhancing border security.

According to the United States Citizenship and Immigration Services (USCIS), nearly 690,000 young immigrants were benefitting from DACA as of September 4, 2017. While the number of individuals who were initially granted DACA was close to 800,000, nearly 40,000 recipients have adjusted to lawful permanent status. Another 70,000 individuals either failed to renew their status after their two-year validity period or were denied renewal by USCIS, leaving approximately 690,000 active DACA recipients.^[ix] However, the Migration Policy Institute (MPI) estimates that the number of undocumented immigrants eligible for DACA is close to 1.9 million.^[x]

Thousands of DACA recipients who failed to meet the October 5 renewal deadline have already lost their protected status, with approximately 122 individuals losing protection every day.^[xi] Starting March 5, 2018, when the program is set to expire, as many as 983 DACA recipients will lose protection each day over the next two years. This is nearly 300,000 people per month.^[xii] If no changes are made by March 2020, no undocumented immigrants will be left with DACA protections.

CURRENT DACA BILLS IN CONGRESS

Seven different bills have been introduced that would extend protections for DACA recipients, most of which are similar to President Obama's original executive order establishing DACA. Almost all stipulate that DACA recipients must have been educated in the United States and have been continuously present in the country for a number of years. Furthermore, most of the bills give DACA recipients a path to legal permanent residence, and all are targeted to individuals who came to the United States as children (either under the age of 16 or 18).

The differences lie in the specifics. For instance, a DACA recipient is eligible to apply for permanent residence after 10 years under the SUCCEED Act, but is not eligible to sponsor any family members after becoming a legal permanent resident.^[xiii] Alternatively, the Dream Act would allow undocumented immigrants to apply for lawful permanent residence upon completing at least two years of a bachelor's program or at least three years of employment in the United States.^[xiv] A more conservative solution, introduced by Senator Jeff Flake, pairs DACA relief with funding for border fencing and requires DACA recipients that receive green cards to pay back taxes.^[xv]

ESTIMATING THE ECONOMIC CONTRIBUTIONS OF DACA RECIPIENTS

This study aims to gauge how the U.S. economy would be impacted if protections for almost 700,000 DACA recipients expire. Specifically, it analyzes available data on the industries in which DACA recipients are employed and the average economic contributions of workers in those industries to estimate how much employed DACA recipients contribute to GDP.

The employment trends of DACA recipients are similar to those of the rest of the country. According to MPI, over 380,000 current DACA recipients are employed in the United States.^[xvi] This equates to a 55 percent overall employment rate in the total DACA population, compared to 57 percent of the U.S. population ages 15

to 32. Among individuals enrolled in school, 33 percent of DACA recipients are employed, compared to 37 percent of the U.S. population. And among those not enrolled in school, employment rates for DACA recipients and the entire U.S. population are 69 percent and 71 percent, respectively.

MPI also offers data on the employment of DACA recipients by industry.^[xvii] Table 1 displays MPI's findings using industry classifications from the Bureau of Economic Analysis (BEA).

Table 1: Employment of DACA Recipients by Industry

Industry	Number of DACA Workers
Arts, Entertainment, Recreation, Accommodation, and Food Services	88,900
Retail Trade	54,000
Construction	41,300
Educational Services, Health Care, and Social Assistance	40,700
Professional and Business Services	39,000
Manufacturing	36,100
Other Services (except government)	23,900
Agriculture, Forestry, Fishing, and Hunting	14,400
Finance, Insurance, Real Estate, Rental, and Leasing	13,600
Wholesale Trade	11,300
Transportation and Warehousing	9,600
Information	4,100
Mining & Utilities	3,000
Government	2,300

Total	382,200
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According to MPI, most DACA workers are employed in hospitality: Almost 90,000 DACA recipients—or 23 percent of all DACA workers—work in the arts, entertainment, recreation, accommodation, and food services industry. The next most common industries for DACA workers are retail trade and construction. Estimates for the number of DACA recipients employed in the Mining and Utilities industries were not available in the MPI report, but these numbers were obtained by contacting the MPI authors directly.^[xviii] Furthermore, this analysis does not evaluate the contributions of DACA recipients employed by the U.S. military.

To determine the economic contributions of DACA recipients, the study utilizes data from BEA on the value added by each industry or government sector to overall GDP in 2016.^[xix] It then calculates the average economic contribution of each worker by dividing the total industry value added by the total employment in each industry. The analysis assumes that the average economic contribution per worker in the industries listed above are the same for DACA workers and the rest of employed individuals in the United States.

BEA offers data on the total number of workers in each industry in 2016.^[xx] However, it counts both full-time and part-time workers in its estimates. Part-time workers do not make the same economic contributions as full-time workers, but there is no way to account for this conflation in BEA’s numbers. Since all workers are weighted equally in this analysis, we likely underestimate workers’ contributions to GDP in each industry.

To complete the analysis, the average economic contribution per worker in each industry is multiplied by the number of DACA recipients employed in those industries, providing an estimate of the total economic contributions of DACA recipients by industry. The results are displayed in Table 2 below.

Table 2: Employed DACA Recipients’ Contributions to GDP by Industry

Industry	Average Value Added per Worker	Total Value Added by DACA Recipients
Arts, Entertainment, Recreation, Accommodation, and Food Services	\$47,795	\$4,248,984,410
Retail Trade	\$68,608	\$3,704,816,112
Construction	\$114,855	\$4,743,514,493
Educational Services, Health Care, and Social Assistance	\$68,300	\$2,779,808,570
Professional and Business Services	\$106,822	\$4,166,056,265
Manufacturing	\$176,861	\$6,384,695,779
Other Services (except government)	\$58,798	\$1,405,265,912

Agriculture, Forestry, Fishing, and Hunting	\$125,424	\$1,806,101,695
Finance, Insurance, Real Estate, Rental, and Leasing	\$465,851	\$6,335,573,947
Wholesale Trade	\$186,786	\$2,110,686,092
Transportation and Warehousing	\$111,651	\$1,071,853,910
Information	\$321,251	\$1,317,128,643
Government	\$97,628	\$224,544,974
Mining & Utilities	\$470,129	\$1,410,386,266
Total		\$41,709,417,068

In 2016, over 380,000 employed DACA recipients contributed \$41.7 billion to U.S. GDP. The largest economic contributions were made in the manufacturing industry, followed by the finance, insurance, real estate, rental, and leasing industry. DACA recipients also made significant economic contributions in hospitality, construction, and professional and business services.

A average can be applied to the findings above to determine the economic contribution of an average DACA worker. By dividing the total value added by employed DACA recipients (\$41.7 billion) by the total number of DACA workers (382,200), we estimate that each DACA worker contributes on average \$109,130 to U.S. GDP per year. If DACA expires without a legislative solution, this economic output would be lost.

Conclusion

President Trump's decision to end DACA directly impacts 690,000 undocumented immigrants who were brought to the United States as children. These individuals have spent years living and studying in the United States, and granting them the right to work has resulted in sizeable economic benefits. We estimate that over 380,000 employed DACA recipients each contribute an average of \$109,000 to GDP per year. Thousands of DACA recipients have already lost their legal status and, beginning next March, almost 1,000 will lose protections each day. Without a legislative solution to extend a lawful framework for these workers, and assuming that they return to their birth countries as a result, AAF projects that annual GDP would shrink by nearly \$42 billion.

[i] Jacqueline Varas, "An Overview of President Trump's Executive Actions on Immigration," American Action Forum, March 13, 2017, <https://www.americanactionforum.org/insight/overview-president-trumps-executive-actions-immigration/>

[ii] Tal Kopan, “ICE: Arrests still up, deportations still down,” CNN Politics, August 11, 2017, <http://www.cnn.com/2017/08/11/politics/trump-administration-deportations/index.html>

[iii] Office of the Press Secretary, “President Donald J. Trump Restores Responsibility and the Rule of Law to Immigration,” the White House, September 5, 2017, <https://www.whitehouse.gov/the-press-office/2017/09/05/president-donald-j-trump-restores-responsibility-and-rule-law>

[iv] Ben Gitis & Laura Collins, “The Budgetary and Economic Costs of Addressing Unauthorized Immigration: Alternative Strategies,” American Action Forum, March 6, 2015, <https://www.americanactionforum.org/research/budgetary-economic-costs-ending-daca/>

[v] Ben Gitis & Laura Collins, “The Personnel and Infrastructure Needed to Remove All Undocumented Immigrants in Two Years,” American Action Forum, February 28, 2016, <http://americanactionforum.org/research/the-budgetary-and-economic-costs-of-addressing-unauthorized-immigration-alt/>

[vi] Ben Gitis & Jacqueline Varas, “The Labor and Output Declines From Removing All Undocumented Immigrants,” American Action Forum, May 5, 2016, <https://www.americanactionforum.org/research/labor-output-declines-removing-undocumented-immigrants/>

[vii] Ben Gitis, “The Budgetary And Economic Costs of Ending DACA,” American Action Forum, September 7, 2017, <https://www.americanactionforum.org/research/budgetary-economic-costs-ending-daca/>

[viii] Memorandum from the U.S. Department of Homeland Security, “Exercising Prosecutorial Discretion with Respect to Individuals Who Came to the United States as Children,” June 15, 2012, <https://www.dhs.gov/xlibrary/assets/s1-exercising-prosecutorial-discretion-individuals-who-came-to-us-as-children.pdf>

[ix] U.S. Citizenship & Immigration Services, “Approximate Active DACA Recipients as of September 4, 2017 by Month Validity Expires and Status of Associated Renewal as of September 7, 2017 (If Submitted)”, <https://www.uscis.gov/sites/default/files/USCIS/Resources/Reports%20and%20Studies/Immigration%20Forms%20Data>

[x] Randy Capps, Michael Fix, & Jie Zong, “The Education and Work Profiles of the DACA Population,” Migration Policy Institute, August 2017, <https://www.migrationpolicy.org/research/education-and-work-profiles-daca-population>

[xi] Tom Jawetz & Nicole Prchal Svajlenka, “Thousands of DACA Recipients Are Already Losing Their Protection From Deportation,” Center for American Progress, November 9, 2017, <https://www.americanprogress.org/issues/immigration/news/2017/11/09/442502/thousands-daca-recipients-already-losing-protection-deportation/>

[xii] Ryan Struyk & Tal Kopan, “983 would lose protection per day: What a DACA phase-out would look like,” CNN Politics, September 9, 2017, <http://www.cnn.com/2017/09/09/politics/daca-phase-out-numbers/index.html>

[xiii] S.1852 – SUCCEED Act, <https://www.congress.gov/bill/115th-congress/senate-bill/1852/text>

[xiv] S.1615 – Dream Act of 2017, <https://www.congress.gov/bill/115th-congress/senate-bill/1615/text>

[xv] S.1937 – Border Security and Deferred Action Recipient Relief Act, <https://www.congress.gov/bill/115th-congress/senate-bill/1937/text>

[xvi] Jie Zong, Ariel G. Ruiz Soto, Jeanne Batalova, Julia Gelatt, & Randy Capps, “A Profile of Current DACA Recipients by Education, Industry, and Occupation,” Migration Policy Institute, November 2017, <https://www.migrationpolicy.org/research/profile-current-daca-recipients-education-industry-and-occupation>

[xvii] Ibid.

[xviii] According to the Migration Policy Institute (MPI), the sample sizes of DACA recipients employed in the Mining and Utilities industries were too small to provide a reliable estimate of DACA employment. However, by combining total employment in these two industries, MPI was able to provide an estimate.

[xix] Value added by Industry, Bureau of Economic Analysis, 2016, https://bea.gov/iTable/index_industry_gdpIndy.cfm

[xx] Full-Time and Part-Time Employees by Industry, Bureau of Economic Analysis, 2016, <https://www.bea.gov/iTable/iTable.cfm?reqid=19&step=2#reqid=19&step=2&isuri=1&1921=survey>