

The Economic Benefits of Expanding the Dream: DAPA and DACA Impacts on the State of Arizona and Maricopa County

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1. Executive Summary

The state of Arizona, in its current form, is the product of migration. Whether these migrants came from other parts of the United States in search of a calendar full of sunny-cloudless days, or came from Latin America seeking economic opportunity, their economic and cultural contributions have shaped modern-day Arizona. Arizona's transformation was a rapid one. Since 1990, the population of Maricopa County---which is home to Phoenix and more than 60% of the state's population---has nearly doubled.² This rapid growth has caused tension. For a state that is so reliant on the contributions of immigrants, Arizona has been uniquely hostile to its undocumented residents. In 2010, the state legislature passed Arizona SB 1070, a bill that sparked controversy for the breadth and severity of its immigration enforcement prescriptions.³

The legal status of undocumented immigrants forces them to live in the shadows, unable to claim the true value of their labor or the full benefits of American residence. This is especially true in Arizona because of SB 1070 and the public sentiment it reflects. Yet it is not only undocumented immigrants who suffer as a result of these conditions. The economic and social marginalization of undocumented immigrants constrains economic growth statewide and this hurts all Arizonans. On the other hand, by legalizing the work that Arizona's undocumented population already does, President Obama's recent administrative actions on immigration have, and will continue to bring undocumented immigrants into the formal economy. Such inclusionary policies strengthen Arizona's economy. Because the majority of Arizona's population and undocumented population live in Maricopa County, the positive effects of administrative action will be particularly strong there.

¹ A special thank you to Patrick Pastor of the UCLA NAID Center for his help with this report and all the others in this series.

² US Bureau of the Census, "State and County QuickFacts, Maricopa County, Arizona" <http://quickfacts.census.gov/qfd/states/04/04013.html> (accessed March 23, 2015).

³ Arizona State Legislature. State Senate. "Senate Bill 1070" Forty-ninth Legislature. Second Regular Session 2010. <http://www.azleg.gov/alispdfs/council/SB1070-HB2162.PDF> (Accessed March 23, 2015).

In anticipation of the Deferred Action for Parental Accountability (DAPA) program's rollout, the UCLA NAID Center has projected the combined economic impact of DAPA, and its predecessor Deferred Action for Childhood Arrivals (DACA), in the State of Arizona and in Maricopa County. These projections are partially based upon two surveys of DACA beneficiaries conducted by the UCLA NAID Center. One of these surveys was conducted in partnership with the Coalition for Humane Immigrant Rights of Los Angeles (CHIRLA), while the other was conducted completely in-house. The key findings of our analyses are as follows:

1. 136,000 undocumented immigrants will be eligible for either DACA or DAPA in the State of Arizona, while 93,000 will be eligible in Maricopa County.⁴
2. At full enrollment, the collective wages of these immigrants would grow by \$325 million in Maricopa County and more than \$476 million statewide. Legalizing the work these immigrants do would formalize the value they already add to the economy: more than \$4.9 billion in GDP in the Maricopa County and more than \$7.1 billion in the State of Arizona.
3. The wage growth of undocumented DACA and DAPA beneficiaries in Arizona will generate more than \$326.8 million in total new tax revenue (personal, sales and business). In the Atlanta counties, DACA and DAPA related wage growth would generate more than \$223.5 million in new tax revenue (personal, sales and business).
4. This wage growth in Arizona would support the creation of just over 11,100 jobs (including direct, indirect and induced employment). This wage growth in the Maricopa County would support the creation of more than 7,600 new jobs.

This report is the seventh in a series of reports whose releases are timed to coincide with the White House's "States in the DACA/DAPA Spotlight" campaign, which will continue over the next four months in key states across the country.⁵ The UCLA NAID Center is releasing reports on all these key states in order to better inform local leaders and the general public on the significant economic benefits of fully implementing Presidents Obama's DAPA/DACA Executive Actions. These reports will also combat the ill-informed legal and policy challenges to these much needed initiatives through the provision of solid economic evidence.

⁴ Migration Policy Institute (MPI) Data Hub, "Unauthorized Immigrant Population Profiles," accessed January 19, 2015, <http://www.migrationpolicy.org/programs/us-immigration-policy-program-data-hub/unauthorized-immigrant-population-profiles>.

⁵ Read the rest of the reports here: <http://www.naid.ucla.edu/publications>

2. The Economic Impact of DAPA and DACA

On November 20th, 2014, the Obama Administration took executive action on immigration reform and initiated the DAPA program. The administration's bold action ignited a firestorm of partisan sniping. Republican's in congress have proposed repealing the temporary legal status offered by DACA and DAPA, and have threatened to withhold the Department of Homeland Security's funding.⁶ Meanwhile, a coalition of Republican governors, led by the governor-elect of Texas and current state Attorney General, Greg Abbot filed a lawsuit seeking to block the implementation of DAPA. Abbott claimed that DAPA's predecessor; DACA, has harmed the State of Texas' economy, and that this provides his suit with legal standing.⁷ In Texas, these claims are demonstrably false at the state and local level.⁸ As our weekly reports show, these claims are equally false in other states and at the national level.

⁶ Ed O'Keefe, "House votes to block Obama's immigration actions – but exposes new GOP Divisions" *The Washington Post: Post Politics blog*, January 14th, 2015, accessed January 19th, 2015, <http://www.washingtonpost.com/blogs/post-politics/wp/2015/01/14/house-votes-to-block-obamas-immigration-actions-but-exposes-new-gop-divisions/>

⁷ Meet the Press, "Meet the Press Transcript – December 7th, 2014" *NBC News*, Accessed January 19th, 2015, <http://www.nbcnews.com/meet-the-press/meet-press-transcript-december-7-2014-n263416>

⁸ The core "evidence" that gives Texas standing in the state's legal challenge of DAPA/DACA is that: "Under current Texas law, applicants pay \$24.00 to obtain a driver's license, leaving any remaining costs to be absorbed by the state. See Tex. Transp. Code Ann. § 521.421. If the majority of DAPA beneficiaries currently residing in Texas apply for a driver's license, it will cost the state \$198.73 to process and issue each license, for a net loss of \$174.73 per license." (For a total of \$65 million if a majority applied for a three year license) The state is arguing that this cost constitutes "irreparable" harm, and that this harm is sufficient to provide their suit with legal standing.

UCLA NAID Center research reveals that this "cost" is very small compared to the taxes that potential DACA and DAPA beneficiaries pay now, and will continue to pay under the expanded executive action. If all 743,000 potential DACA and DAPA beneficiaries were to enroll in the programs, Texas' sales tax revenue alone would grow by \$600 million per year on top of the \$6 billion these beneficiaries already generate annually. Total tax revenue generated by potential DACA/DAPA beneficiaries in Texas would grow \$1.7 billion per year, on top of \$17 billion in total taxes already generated by their employment.

See earlier NAID Center Report on DACA and DAPA in Texas:
http://www.naid.ucla.edu/uploads/4/2/1/9/4219226/tx_final_v1.pdf

Download the ruling of US District Judge Andrew Hanen in the case brought by the State of Texas:
http://www.txs.uscourts.gov/notablecases/1-14-cv-254_145X20977588_0.pdf

Table 1:

Valued Added and Taxes Paid by and Labor Income of the Undocumented Population

	Maricopa County	Arizona	United States
All Undocumented			
Population (Over 16 Years Old)	187,000	274,000	10,513,000
Value Added (Millions)	\$9,881.08	\$14,478	\$555,507
Taxes Paid (Millions)	\$1,794.78	\$2,629.79	\$100,901
Labor Income (Millions)	\$5,711.63	\$8,368.91	\$321,103
DAPA and DACA Combined			
Potentially Eligible Population	93,000	136,000	5,201,000
Value Added (Millions)	\$4,914.12	\$7,186.24	\$274,821
Taxes Paid (Millions)	\$887.92	\$1,305.30	\$49,918
Labor Income (Millions)	\$2,825.66	\$4,153.91	\$158,857

Source: Analysis by the UCLA NAID Center based on data from MPI's "Unauthorized Immigrant Population Profiles."

The work that undocumented immigrants do contributes significantly to the economies of their county, their state and the nation as a whole. Undocumented but employed immigrants in Maricopa County contribute \$9.8 billion dollars to the GDP. Undocumented but employed immigrants in Arizona contribute \$14.4 billion, and nationwide undocumented but employed immigrants contribute more than \$555.5 billion.⁹

Despite their legal status, undocumented immigrants pay a significant amount of local, state and federal taxes. Working age but undocumented immigrants in Maricopa County contribute almost \$1.8 billion in personal, sales and business taxes, while undocumented immigrants in Arizona contribute nearly \$2.6 billion. Nationwide, undocumented immigrants contribute \$100.9 billion in personal, business and sales taxes.¹⁰

Undocumented immigrants also have high rates of employment. Nationwide 65% of working-age undocumented immigrants are currently employed.¹¹ In comparison, just 57.6% of the total working-age US population is currently employed.¹² Undocumented immigrants generally work in low-skill positions, yet they still earn a significant amount of total labor income. Undocumented but employed immigrants in Maricopa County collectively earn more than \$5.7

⁹ For more information on how GDP was calculated see: Raul Hinojosa-Ojeda with Maksim Wynn, *From the Shadows to the Mainstream: Estimating the Economic Impact of Presidential Administrative Action and Comprehensive Immigration Reform* (Los Angeles, CA: North American Integration and Development Center, University of California Los Angeles, November 2014).

¹⁰ Calculations based on methodology used in, Raul Hinojosa-Ojeda and Marshall Fitz, "Revitalizing the Golden State: What Legalization over Deportation Could Mean to California and Los Angeles County" (Center for American Progress and Immigration Policy Center, 2011).

¹¹ MPI, "Population Profiles."

¹² United States Census Bureau / American FactFinder, "DP03: Selected Economic Characteristics." *2013 American Community Survey 5 Year Estimates*. Web. Accessed 16 February 2015, <http://factfinder2.census.gov>.

billion dollars in wages each year. Undocumented but employed immigrants in Arizona earn \$8.3 billion dollars, and nationwide undocumented but employed immigrants earn more than \$321 billion.¹³

Nationwide, more than 5.2 million undocumented immigrants are eligible for either DACA or DAPA. 136,000 of these immigrants live in Arizona, 93,000 of whom live in Maricopa County.¹⁴ Nationally, immigrants who are eligible for either DACA or DAPA add more than \$274.8 billion dollars to the economy. More than \$7.1 billion of this comes from immigrants living in Arizona, and \$4.9 billion of that comes from DAPA or DACA eligible residents in Maricopa County.

Nationwide, immigrants who are eligible for either DACA or DAPA pay more than \$49.9 billion dollars in personal, sales and business taxes a year. More than \$1.3 billion of this comes from immigrants living in Arizona, and nearly \$888 million of that comes from the DAPA or DACA eligible residents of Maricopa County.

In Maricopa County, DACA and DAPA eligible immigrants collectively earn more than \$2.8 billion a year. In Arizona, DACA and DAPA eligible immigrants collectively earn more than \$4.1 billion a year, while nationwide DACA and DAPA eligible immigrants earn more than \$158.8 billion.

Table 2

Economic Impacts of DACA and DAPA

	Arizona
Potentially Eligible Applicants	136,000
Labor Income Increase (Millions \$)	\$476.4
Total New Tax Revenue (Millions \$)	\$326.8
Personal Taxes	\$77.7
Business Taxes	\$138.9
Sales Taxes	\$110.2
Total Employment Growth (Thousands)	11.18
Direct Employment Gain	6.17
Indirect Employment Gain	2.26
Induced Employment Gain	2.74

Source: Analysis by the UCLA NAID Center based on data from MPI’s “Unauthorized Immigrant Population Profiles.”

¹³ Calculations based on methodology used in, Hinojosa-Ojeda and Fitz, “Revitalizing the Golden State.”

¹⁴ MPI, “Population Profiles.”

Administrative action in Arizona has had, and will continue to have, a positive affect on the state’s economy. There are 274,000 undocumented immigrants in the State of Arizona, of which 136,000 will be eligible for either DACA or DAPA.¹⁵ At full enrollment these programs will impact the state economy in the following ways:

- DACA and DAPA beneficiaries will experience collective wage growth of more than \$476 million.
- This wage growth would bring in more than \$326 million dollars in new business, personal and sales tax revenue.
- These increased earnings would also directly generate more than 6,100 new jobs.
- The resulting increase in indirect employment---which is a change in employment in one industry being caused by a change in another, as a result of interaction between the two---would account for more than 2,200 new jobs.
- Induced employment---which is a change in employment based on changes in household spending---would increase by almost 2,700 jobs.
- In all we estimate that the increase in labor income would generate more than 11,100 new jobs.

Table 3

Economic Impacts of DACA and DAPA

	Maricopa County
Potentially Eligible Applicants	93,000
Labor Income Increase (Millions \$)	\$325.8
Total New Tax Revenue (Millions \$)	\$223.5
Personal Taxes	\$53.1
Business Taxes	\$95.0
Sales Taxes	\$75.3
Total Employment Growth (Thousan	7.65
Direct Employment Gain	4.22
Indirect Employment Gain	1.55
Induced Employment Gain	1.88

Source: Analysis by the UCLA NAID Center based on data from MPI’s “Unauthorized Immigrant Population Profiles.”

¹⁵ MPI, “Population Profiles.”

There are roughly 187,000 undocumented immigrants in Maricopa County, of which 93,000 will be eligible for either DACA or DAPA. At full enrollment these programs will impact the county's economy in the following ways:

- DACA and DAPA beneficiaries will experience collective wage growth of more than \$325.8 million.
- This wage growth would bring in more than \$223.5 million dollars in new business, personal and sales tax revenue.
- These increased earnings would also directly generate more than 4,200 new jobs.
- It would also account for more than 1,500 new indirect jobs.
- As well as 1,800 new induced jobs.
- In all we estimate that the increase in labor income would generate almost 7,600 new jobs.

Table 4

Economic Impact of DACA and DAPA Nationally

	United States
Potentially Eligible Applicants	5,201,000
Labor Income Increase (Millions \$)	\$18,219
Total New Tax Revenue (Millions \$)	\$12,497
Personal Taxes	\$2,970
Business Taxes	\$5,313
Sales Taxes	\$4,214
Total Employment Growth (Thousands)	427.6
Direct Employment Gain	236.1
Indirect Employment Gain	86.6
Induced Employment Gain	104.9

Source: Analysis by the UCLA NAID Center based on data from MPI's "Unauthorized Immigrant Population Profiles."

Nationally, the impacts of DACA and DAPA are striking. The 5.2 million potential applicants would experience a collective wage increase of over \$18.2 billion dollars, which would generate just under \$12.5 billion in new taxes and more than 427,000 new jobs.

3. Economic Impact of DACA and DAPA by Country of Origin

The cohort of undocumented immigrants eligible for DACA and DAPA are not a monolith. They come from many different nations, each of which has a unique set of migratory patterns. The result is that while immigrants of Mexican origin constitute a plurality in most cities' undocumented populations, each of these populations has a unique composition. Because of this, the economic impact of DACA and DAPA is dispersed among national communities differently in different places. Unlike some of the states we have examined earlier in this series, Arizona's undocumented and DACA/DAPA eligible population is almost entirely of Mexican-origin. Guatemalans are a very distant second in terms of share of the undocumented and DACA/DAPA eligible population with only 6,000 undocumented residents. It is important to accurately describe the national origin of the potentially eligible population in order to adequately prepare for the challenges posed by the DAPA rollout, and to predict the regional economic impact of DACA and DAPA.

Table 5

Economic Impacts of DACA and DAPA for Mexicans

	Maricopa County	Arizona	United States
Potentially Eligible Applicants	81,064	119,620	3,016,699
Labor Income Increase (Millions \$)	\$284.0	\$419.0	\$10,567
Total New Tax Revenue (Millions \$)	\$194.8	\$287.4	\$7,249
Personal Taxes	\$46.3	\$68.3	\$1,723
Business Taxes	\$82.8	\$122.2	\$3,082
Sales Taxes	\$65.7	\$96.9	\$2,444
Total Employment Growth (Thousan	6.66	9.83	248.0
Direct Employment Gain	3.68	5.43	136.9
Indirect Employment Gain	1.35	1.99	50.2
Induced Employment Gain	1.63	2.41	60.8

Source: Analysis by the UCLA NAID Center based on data from MPI's "Unauthorized Immigrant Population Profiles."

Roughly 81,000 undocumented Mexicans will be eligible for either DACA or DAPA in Maricopa County, while more than 119,000 will be eligible statewide. In the US as a whole, more than 3,016,000 undocumented Mexicans will be eligible for one of the two programs.¹⁶ At full enrollment, this population would:

¹⁶ MPI, "Population Profiles."

- Experience a collective labor income increase of \$284 million in Maricopa County, \$419 million in Arizona and \$10.5 billion nationwide.
- This wage growth in Maricopa County will generate \$194.8 million in new personal, business and sales tax revenue, in Arizona it will generate \$287.4 million and nationwide it will generate \$7.2 billion.
- This wage growth in Maricopa County would also create 6,600 new direct, indirect and induced jobs, in Arizona it would create 9,800 jobs, and nationwide it would create 248,000.

4. Methodology

Our projections for the economic impact of DACA and DAPA are based on a methodological tool known as input output modeling (IMPLAN).¹⁷ IMPLAN allows us to analyze the short-term impact of a labor market policy shift---such as the work permits granted by DACA and DAPA---within the current structure of the economy. It therefor allows us to quantify the labor income, tax contributions and productivity of undocumented immigrants and to illustrate the economic impact of formalizing their role in the economy. In addition, we can map the relationship between variables and observe how a change in one variable affects the others.

As new data has become available, this aspect of the IMPLAN model has allowed us to fluidly adjust our projections in a couple of important ways:

1. The Migration Policy Institute (MPI) has recently published a detailed county-by-county and state-by-state profile of the undocumented population in the US. Included in this data set are their estimates of the DACA and DAPA eligible population for each of these geographic units. We have revised our economic impact projections based on these new population estimates.
2. Two recent surveys of DACA beneficiaries conducted by the NAID Center--one of which was conducted in collaboration with CHIRLA using application data from their DACA clinic---have presented new data on the wage impact of DACA in Los Angeles County. Using IMPLAN modeling we were able to observe how changes in predicted wage growth has impacted projected tax revenue and job creation.

Researchers at the NAID Center conducted these two surveys using a unique methodology for each. One was conducted in partnership with CHIRLA and used data collected by their DACA clinic. Staff and volunteers at CHIRLA assisted DACA beneficiaries with the renewal process

¹⁷ For more information on our methodology, specify as it relates to IMPLAN, see the NAID Center Report, *From the Shadows to the Mainstream: Estimating the Economic Impact of Presidential Administrative Action and Comprehensive Immigration Reform*. Download it here:

http://www.naid.ucla.edu/uploads/4/2/1/9/4219226/ucla_naid_center_report_-_estimating_the_economic_impact_of_presidential_administrative_action_and_comprehensive_immigration_reform.pdf

and collected data from the I-821 and I-765 forms that they submitted to USCIS; the agency tasked with processing DACA applications. This data included renewal applicants' income before and after becoming DACA beneficiaries. Because this clinic is located in LA County the vast majority of respondents also resided in the county.

The NAID Center analyzed the wage information provided by 308 respondents, dividing this cohort into those that had reported an income before applying to DACA and those who had not. We then independently calculated the wage growth of the total cohort, as well as those who had an income before and after being granted DACA.

The other survey conducted by the NAID center leveraged existing grassroots "DREAMER" networks in order to provide a nationwide snapshot of DACA beneficiaries. This survey was conducted online and quantified DACA's impact on respondents' finances, insurance coverage, employment, access to credit and education among other topics. In total, we polled 216 respondents. We again divided this cohort into those had employment before and after DACA, and those that did not, before calculating the wage growth of the total cohort as well as the cohort who were employed before and after becoming a DACA beneficiary.

The White House Council of Economic Advisors (CEA) has recently published their estimates for the economic effects of executive action on immigration.¹⁸ Like the NAID Center's report on the same topic,¹⁹ the CEA believes DAPA will have a positive macro-economic impact, as well as a positive affect on the wages of both foreign-born and native-born workers.

Both the NAID Center and CEA relied on the work of Kossoudji and Cobb-Clark who, by studying the impact of IRCA on its beneficiaries, estimate that those affected experience a six to ten percent increase in wages on average. The NAID Center report then projected how this wage growth influenced tax revenue and job creation (for more info see: [From the Shadows to the Mainstream](#)). However, the surveys conducted by the NAID center suggest that DACA has had a much stronger impact on wages than Kossoudji and Cobb-Clark had observed in IRCA's aftermath. This presents an important avenue for future research and suggests that both the CEA and NAID Center reports may have underestimated the potential economic impact of DACA and DAPA.

¹⁸ Executive Office of the President of the United States, Council of Economic Advisors, *The Economic Effects of Administrative Action on Immigration*. (Washington D.C.: 2014)
http://www.whitehouse.gov/sites/default/files/docs/cea_2014_economic_effects_of_immigration_executive_action.pdf (accessed January 19, 2013).

¹⁹ Raul Hinojosa with Maksim Wynn, *From the Shadows to the Mainstream: Estimating the Economic Impact of Presidential Administrative Action and Comprehensive Immigration Reform*, (Los Angeles, CA: North American Integration and Development Center, UCLA, November, 2014)
http://www.naid.ucla.edu/uploads/4/2/1/9/4219226/ucla_naid_center_report_-_estimating_the_economic_impact_of_presidential_administrative_action_and_comprehensive_immigration_reform.pdf

5. UCLA NAID Center Survey Results

The results of our surveys have revealed a number of interesting trends regarding the impact of DACA on the finances of its beneficiaries.

1. In both surveys, the average wage growth reported by the cohort that had an income before and after DACA was near 75%. This is roughly ten times the wage growth that Kossoudji and Cobb-Clark had observed.²⁰
2. In the CHIRLA/NAID survey, the cohort that had an income before and after DACA experienced almost the same average income growth as did the cohort comprised of all respondents: \$7,980 and \$7,949 respectively.
3. In the online NAID survey the wage growth of both cohorts was also just above 75%. The cohort with an income before and after DACA experienced an average wage growth of 76.6%, while all respondents experienced an average income increase of 82.6%.

Table 7

The Impact of DACA on Beneficiaries' Income (NAID/CHIRLA)

	All Respondents	Only Respondents With Income Before and After DACA
Average Income Before DACA	\$4,493	\$10,561
Average Income After DACA	\$12,442	\$18,542
Average Income Increase	\$7,949	\$7,980
Percentage Increase in Income	176.9%	75.6%

²⁰ Sherrie A. Kossoudji and Deborah A. Cobb-Clark, "Coming out of the Shadows: Learning about Legal Status and Wages from the Legalized Population," *Journal of Labor Economics* 20, no. 3 (July 2002): 598–628, doi:10.1086/339611.

Table 8

The Impact of DACA on Beneficiaries' Income (NAID)

	All Respondents	Only Respondents With Income Before and After DACA
Average Hourly Wage Before DACA	\$7.07	\$9.14
Average Hourly Wage After DACA	\$12.91	\$16.13
Average Hourly Wage Increase	\$5.84	\$7.00
Percentage Increase in Income	82.6%	76.6%

The results of these surveys suggest that earlier attempts at projecting the macro-economic impact of DACA may be understated. In our previous report we suggested that DACA's education requirement meant that the program would have a greater economic impact than DAPA, even though the latter affected more immigrants. However, the wage growth that we predicted in that report was nowhere near 75%. In light of these findings, it is very possible that DAPA may have a far stronger impact on wages than the 7% that has been used to project its impact in this report.²¹ As such, the estimated impacts described in this report should be considered a conservative lower bound.

²¹ For more info on the choice of a 7% wage boost refer to the methodology section in *From the Shadows to the Mainstream*.