

# **The Economic Benefits of Expanding the Dream: DAPA and DACA Impacts on Los Angeles and California**

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January 26, 2015

## **1. Executive Summary**

Los Angeles County is ground zero for the immigration reform debate. The city, and the constellation of communities that surround it, is home to almost one-tenth of the US's 11.4 million undocumented immigrants. That figure is greater than the undocumented populations of Arizona, New Mexico and Florida combined.<sup>1</sup> The county therefore has the most to gain, and inversely the most to lose, from any change in policy. 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 Los Angeles County, the City of Los Angeles and in the state of California as a whole. 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. 466,000 undocumented immigrants would be eligible for either DACA or DAPA in Los Angeles County, while 1,573,000 would be eligible statewide.<sup>2</sup>
2. At full enrollment, the collective wages of these immigrants would grow by more than \$1.6 billion in Los Angeles County, and by more than \$5.5 billion statewide. Legalizing the work these immigrants do would formalize the value they already add to the economy: \$24.6 billion in GDP in LA County and \$78.6 billion statewide.
3. The wage growth of undocumented DACA and DAPA beneficiaries in LA County would generate more than \$1.1 billion in total new tax revenue (personal, sales and business),

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<sup>1</sup> "Unauthorized Immigrant Population Profiles," Migration Policy Institute (MPI), accessed January 19, 2015, <http://www.migrationpolicy.org/programs/us-immigration-policy-program-data-hub/unauthorized-immigrant-population-profiles>.

<sup>2</sup> "MPI's Population Profiles"

while the wage growth statewide would generate more than \$3.8 billion in new taxes (personal, sales and business).

4. This wage growth would also support the creation of more than 38,500 jobs in LA County, and 130,000 jobs statewide (including direct, indirect and induced employment).

This release of this report is timed to coincide with the launch of the White House campaign of "States in the DACA/DAPA Spotlight," which will continue over the next 4 months in key states across the country. The UCLA NAID Center will be 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.

## 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.<sup>3</sup> Meanwhile, a coalition of Republican governors, led by the governor-elect of Texas and current state Attorney General, Greg Abbot have filed a lawsuit seeking to block the implementation of DAPA. Abbott has claimed that DAPA's predecessor; DACA, has harmed the State of Texas' economy, and that this provides his suit with legal standing.<sup>4</sup> These claims are demonstrably false at the national, state and local level.

**Table 1**

**Valued Added by Undocumented Population**

	Los Angeles County	State of California	United States
<b>DAPA and DACA Combined</b>			
Potentially Eligible Population	466,000	1,489,000	5,201,000
Formalized Value Added (\$Millions)	\$24,623	\$78,679	\$274,821
<b>All Undocumented</b>			
Population	913,000	2,239,000	10,513,000
Formalized Value Added (\$Millions)	\$48,243	\$118,309	\$555,507

<sup>3</sup> Ed O'Keefe, "House votes to block Obama's immigration actions – but exposes new GOP Divisions" *The Washington Post: Post Politics blog*, January 14<sup>th</sup>, 2015, accessed January 19<sup>th</sup>, 2015, <http://www.washingtonpost.com/blogs/post-politics/wp/2015/01/14/house-votes-to-block-obamas-immigration-actions-but-exposes-new-gop-divisions/>

<sup>4</sup> Meet the Press, "Meet the Press Transcript – December 7<sup>th</sup>, 2014" *NBC News*, Accessed January 19<sup>th</sup>, 2015, <http://www.nbcnews.com/meet-the-press/meet-press-transcript-december-7-2014-n263416>

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

**Table 2**

**Economic Impact of DACA and DAPA in California**

	<b>State of California</b>
<b>Potentially Eligible Applicants</b>	1,573,000
<b>Labor Income Increase (Millions \$)</b>	\$5,544
<b>Total New Tax Revenue (Millions \$)</b>	\$3,814
Personal Taxes	\$907
Business Taxes	\$1,622
Sales Taxes	\$1,286
<b>Total Employment Growth (Thousands)</b>	130.1
Direct Employment Gain	71.8
Indirect Employment Gain	26.3
Induced Employment Gain	31.9

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

In California, a state that has an undocumented population more than twice that of Texas,<sup>5</sup> the economic impact of President Obama's administrative actions will be both positive and significant. California has more potential DACA and DAPA beneficiaries; 1,573,000, than Texas has undocumented immigrants; 1,464,000.<sup>6</sup> At full enrollment these beneficiaries will experience collective wage growth of more than \$5.5 billion.

This wage growth would bring in more than \$3.8 billion dollars in new business, personal and sales tax revenue. In addition, these increased earnings would directly generate almost 72,000 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 26,000 new jobs. Induced employment---which is a change in employment based on changes in household spending---would increase by almost 32,000 jobs. In all we estimate that the increase in labor income would generate more than 130,000 new jobs.

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<sup>5</sup> "MPI's Population Profiles"

<sup>6</sup> "MPI's Population Profiles"

**Table 3**

**Economic Impact of DACA and DAPA in Los Angeles County**

	<b>Los Angeles County</b>
<b>Potentially Eligible Applicants</b>	466,000
<b>Labor Income Increase (Millions \$)</b>	\$1,642
<b>Total New Tax Revenue (Millions \$)</b>	\$1,130
Personal Taxes	\$268
Business Taxes	\$480
Sales Taxes	\$381
<b>Total Employment Growth (Thousands)</b>	38.5
Direct Employment Gain	21.3
Indirect Employment Gain	7.8
Induced Employment Gain	9.5

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

The impact of DACA and DAPA in Los Angeles County will be especially pronounced due to the high concentration of undocumented immigrants in the area. In LA County alone, roughly 466,000 undocumented immigrants are eligible for either DACA or DAPA. At full enrollment, these beneficiaries would experience a collective wage growth of more than \$1.6 billion dollars. This wage growth would generate \$1.1 billion in new personal, business and sales tax revenue. It would also create more than 38,500 new jobs, 21,300 of which would be the direct result of this wage growth, while 7,800 would be the indirect result and 9,500 would be the induced result.

**Table 4**

**Economic Impact of DACA and DAPA Nationally**

	<b>United States</b>
<b>Potentially Eligible Applicants</b>	5,201,000
<b>Labor Income Increase (Millions \$)</b>	\$18,219
<b>Total New Tax Revenue (Millions \$)</b>	\$12,497
Personal Taxes	\$2,970
Business Taxes	\$5,313
Sales Taxes	\$4,214
<b>Total Employment Growth (Thousands)</b>	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. 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.

For this report we have relied on the Migration Policy Institute’s (MPI) population estimates, including their breakdown of the undocumented populations origin at the county, state and national level.<sup>7</sup> In Los Angeles County, the Consul Generals of El Salvador and Guatemala have suggested that the MPI may have significantly undercounted the number of undocumented originating in those nations. If this were to be the case, and Los Angeles County does have a larger share of the undocumented than had been previously assumed, the regional economic impact of DACA and DAPA may be significantly stronger than this report suggests.

**Table 5**

#### Economic Impact of DACA and DAPA on Undocumented Mexicans

	Los Angeles County	State of California	United States
<b>Potentially Eligible Applicants</b>	302,900	1,116,830	3,016,580
<b>Labor Income Increase (Millions \$)</b>	\$1,067	\$3,936	\$10,567
<b>New Tax Revenue (Millions \$)</b>	\$734	\$2,708	\$7,248
<b>Employment Growth (Thousands)</b>	25.1	92.4	248

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

Undocumented immigrants from Mexico constitute roughly 65% of the undocumented population in Los Angeles County and 71% statewide.<sup>8</sup> As such, immigrants of Mexican origin will earn the lion’s share of the wage growth that DACA and DAPA catalyze. Of the more than \$1.6 billion in wage growth within LA County, Mexican DACA and DAPA beneficiaries will earn \$1 billion. At the state level, Mexican beneficiaries will earn more than \$3.9 billion of the

<sup>7</sup> “MPI’s Population Profiles”

<sup>8</sup> “MPI’s Population Profiles”

\$5.5 billion in wage growth catalyzed by DACA and DAPA. The increased earning of LA County’s Mexican beneficiaries will generate \$734 million dollars in new business, personal and sales tax revenue, while the increased wages of California’s Mexican beneficiaries will generate \$2.7 billion. This wage increase will also create more than 25,000 jobs in LA County through direct, indirect and induced employment growth. The increased earnings of Mexican beneficiaries statewide are projected to create roughly 92,400 jobs in total.

**Table 6**

**Economic Impact of DACA and DAPA on Undocumented Guatemalans**

	Los Angeles County	State of California	United States
<b>Potentially Eligible Applicants</b>	51,260	94,380	312,060
<b>Labor Income Increase (Millions \$)</b>	\$181	\$333	\$1,093
<b>New Tax Revenue (Millions \$)</b>	\$124	\$229	\$750
<b>Employment Growth (Thousands)</b>	4.2	7.8	25.7

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

The Guatemalan immigrant community in Los Angeles is considerably smaller than that of their Mexican counterparts. The MPI estimates that there are 107,000 undocumented Guatemalans in Los Angeles County,<sup>9</sup> of which we estimate nearly half will be eligible for either DACA or DAPA. At full enrollment, these programs would lift the collective earnings of Angelino Guatemalan beneficiaries by \$181 million. Statewide the more than 94,000 Guatemalan beneficiaries would experience wage growth of more than \$333 million. This wage growth would lead to new tax revenue totaling \$124 million and \$229 million at the county and state level respectively. Wage increases at the county level would create more than 4,200, while at the state level it would create more than 7,800 jobs.

These economic impact projections are based upon population estimates that some in the Guatemalan diplomatic community feel are far too low. Pablo César García Sáenz; the Guatemalan Consul General in Los Angeles, estimates that the actual number of undocumented Guatemalans is much higher than the MPI’s estimate. He states as a rough estimate that there are roughly 500,000 undocumented Guatemalans in the state of California and between 250,000 and 300,000 in Los Angeles County. In addition, Mr. Sáenz believes that 100,000 of these immigrants would be eligible for DACA or DAPA countywide. The Guatemalan consulate bases these estimates on the number of consular identification cards that they have issued.

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<sup>9</sup> “MPI’s Population Profiles”

**Table 7**

**Economic Impact of DACA and DAPA on Undocumented Salvadorians**

	<b>Los Angeles County</b>	<b>State of California</b>	<b>United States</b>
<b>Potentially Eligible Applicants</b>	23,300	47,190	156,030
<b>Labor Income Increase (Millions \$)</b>	\$82	\$166	\$547
<b>New Tax Revenue (Millions \$)</b>	\$56	\$114	\$375
<b>Employment Growth (Thousands)</b>	1.9	3.9	12.8

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

Immigrants of El Salvadorian origin are the second largest foreign-born population in Los Angeles County. The 264,620 foreign-born Salvadorians living in LA County constitute more than 11% of the counties foreign-born population.<sup>10</sup> Undocumented Salvadorians constitute a relatively small share of the total Salvadorian population, perhaps in part because as refugees fleeing civil war many Salvadorian immigrants were granted Temporary Protected Status. This may explain why there are more foreign-born Salvadorians living in LA County than there are foreign-born Guatemalans, despite there being more than twice as many undocumented Guatemalans (see section 6).

Regardless of the cause, the MPI estimates that there are only 45,000 undocumented Salvadorians living in Los Angeles County, 23,300 of which we estimate would be eligible for either DACA or DAPA. Statewide the MPI believes there are 95,000 undocumented Salvadorians. We project that 47,190 of these would be eligible for either DACA or DAPA.

These beneficiaries would experience a collective labor income increase of \$82 million in Los Angeles County and \$166 statewide. The wage increase in Los Angeles County would generate \$56 million in new business, personal, and sales tax revenue, as well as lead to the creation of 1,900 jobs through direct, indirect and induced employment growth. Statewide the wage growth experienced by undocumented Salvadorians would lead to \$114 million in new taxes and the creation of 3,900 new jobs.

#### **4. Methodology**

Our projections for the economic impact of DACA and DAPA are based on a methodological tool known as input output modeling (IMPLAN).<sup>11</sup> IMPLAN allows us to analyze the short-term

<sup>10</sup> United States Census Bureau / American FactFinder. “B05006 : Place of Birth for the Foreign Born Population in the US: Foreign Born Population Excluding Population Born at Sea.” *2013 American Community Survey 1 Year Estimates*. U.S. Census Bureau’s American Community Survey Office, 2031. Web. 25 January 2015 <<http://factfinder2.census.gov>>.

<sup>11</sup> 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](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)

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 therefore 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 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.<sup>12</sup> Like the NAID Center’s report on the same topic,<sup>13</sup> 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.

## 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.<sup>14</sup>
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%.

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<sup>12</sup> 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](http://www.whitehouse.gov/sites/default/files/docs/cea_2014_economic_effects_of_immigration_executive_action.pdf) (accessed January 19, 2013).

<sup>13</sup> 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](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)

<sup>14</sup> 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/CHIRLA)**

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

**Table 9**

**The Impact of DACA on Beneficiaries' Income (NAID)**

	<b>All Respondents</b>	<b>Only Respondents With Income Before and After DACA</b>
<b>Average Hourly Wage Before DACA</b>	\$7.07	\$9.14
<b>Average Hourly Wage After DACA</b>	\$12.91	\$16.13
<b>Average Hourly Wage Increase</b>	\$5.84	\$7.00
<b>Percentage Increase in Income</b>	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.<sup>15</sup> As such, the estimated impacts described in this report should be considered a conservative lower bound.

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<sup>15</sup> For more info on the choice of a 7% wage boost refer to the methodology section in *From the Shadows to the Mainstream*.

## 6. Population Comparison: City of Los Angeles and Los Angeles County

**Table 10**

### Undocumented And Foreign-Born Population by Nation of Origin

	City of Los Angeles	Los Angeles County
<b>Foreign-Born Population</b>	1,485,271	3,467,880
Mexican Origin	545,953	1,350,253
Salvadorian Origin	166,234	264,620
Guatemalan Origin	115,410	178,934
Korean Origin	81,793	158,354
Filipino Origin	93,720	228,959
<b>Undocumented Population</b>	419,299	979,000
Mexican Origin	255,539	632,000
Salvadorian Origin	28,269	45,000
Guatemalan Origin	69,014	107,000
Korean Origin	16,529	32,000
Filipino Origin	10,233	25,000

Source: Analysis by the UCLA NAID Center based on data from the U.S. Census' "2013 American Community Survey 1-Year Estimates" and MPI's "Unauthorized Immigrant Population Profiles."