

# Costs and Benefits of Applying for Deferred Action for Childhood Arrivals (DACA)

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## DACA as an Economic Investment

The Migration Policy Institute estimates that about 1.6 million undocumented youths and young adults were eligible for the Deferred Action for Childhood Arrivals (DACA) program when it was enacted in June 2012, but as of June 2015 only 45 percent had applied.<sup>1</sup> DACA grants 2-year work permits to qualified applicants and protects them from deportation; the work permits are renewable. However, the cost of the application process in both time and money may deter some undocumented workers from pursuing it.

This overview looks at applying for the DACA program as an economic investment. It provides important information for service providers and DACA applicants to use when considering whether applying for DACA status is worth the cost—and it almost always is.<sup>2</sup> This overview focuses on DACA's short-term benefits (during the 2-year work authorization), but the long-term economic benefits of work authorization are even greater. The box on the right outlines the parameters and qualifications of the program.

## Overview of DACA's Benefits

Economically stressed undocumented immigrants who are preoccupied day after day with making ends meet need to understand not only the kinds of benefits DACA will provide them, but also what those benefits are worth. This information is especially important for undocumented, young working adults who may be slightly interested in DACA, but are hesitating because they're already struggling to find enough money to support themselves and their families.<sup>3</sup>

## Who can request DACA?

Deferred Action for Childhood Arrivals (DACA) allows certain undocumented immigrants who came to the United States before their 16th birthday and before June 2007 to receive a renewable 2-year work permit and exemption from deportation. You may request DACA status if you:

1. Were under the age of 31 as of June 15, 2012;
2. Came to the United States before reaching your 16th birthday;
3. Have continuously resided in the United States since June 15, 2007, up to the present time;
4. Were physically present in the United States on June 15, 2012, and at the time of making your request for consideration of deferred action with US Citizenship and Immigration Services;
5. Had no lawful status on June 15, 2012;
6. Are currently in school, have graduated or obtained a certificate of completion from high school, have obtained a general educational development (GED) certificate, or are an honorably discharged veteran of the Coast Guard or armed forces of the United States; and
7. Have not been convicted of a felony, significant misdemeanor, or three or more other misdemeanors, and do not otherwise pose a threat to national security or public safety.

DACA confers nonimmigrant legal status but does not provide a path to citizenship. If you want to know more about DACA or request DACA, please visit Consideration of Deferred Action for Childhood Arrivals (DACA) at <http://www.uscis.gov/humanitarian/consideration-deferred-action-childhood-arrivals-daca>.

The projections of expected costs and benefits of DACA presented here are based on the profile of the typical undocumented, DACA-eligible, young working adult<sup>4</sup> who has not applied for DACA authorization before the beginning of 2016. These individuals are most likely to be those who lack a GED or high school degree, as the program requires. They are unlikely to have serious legal issues to resolve in order to submit an application, but a fair number probably have minor issues to resolve. They are likely to have jobs that pay only between \$7.25 and \$8 per hour and to be seasonally unemployed for part of the year, such as farm workers, construction workers, or hospitality workers.

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The table on page 3 provides a simplified overview of what the costs and benefits might be for a “typical” applicant, taking into consideration personal circumstances. Costs and benefits are estimated for a 2-year period—the duration of the DACA authorization. DACA service providers can use the chart as an outline for talking with potential applicants about what benefits they might secure through a DACA authorization. The analysis shows that for the vast majority of successful applicants, the “return on investment” will be at least \$8 for every \$1 spent on the DACA application process, with those costs and benefits ranging higher and lower for some applicants.

Work authorization yields DACA recipients greater flexibility in the labor market, which is the major immediate short-term economic benefit of DACA. Recipients can more easily find a better-paying job once they can consider a wider range of jobs that include those where employers check legal status carefully. Because of this, they will also be better able to find “fill-in” work when they’re seasonally unemployed. A wider range of job choices also means a better chance of getting a job with at least a modest fringe benefit package. Later on, DACA recipients may even want to enroll in employment training programs to move upward in the labor market. In the long run, the economic returns are even greater because DACA recipients are

eligible for federally funded employment training and their employers can safely/legally promote them into positions of increasing responsibility and pay.

DACA also yields benefits in the form of eligibility for certain important social “safety net” programs—namely, unemployment insurance (UI) and the Earned Income Tax Credit (EITC). The value of these benefits depends on individual circumstances. For example, farm workers, who are seasonally unemployed more often and longer than retail workers, may gain more in UI benefits; heads of households with children will gain more from the EITC than single workers.

The information presented here is a starting point and a tool to show potential DACA applicants the likely economic rewards of the program, even after they have spent hard-earned dollars on getting through the application process.

## Estimating Economic Costs

The cost of applying for DACA should be understood to not simply be the application fee paid to US Citizenship and Immigration Services (USCIS), but the cost of the entire process. This includes securing advice and assistance with submitting an application, securing necessary documents, resolving any legal issues that must be addressed in order to submit a successful application, and the modest but real costs of securing documents, copying a complete application, and mailing it. Costs depend greatly on an individual’s particular circumstances. It is worthwhile to discuss each element straightforwardly with prospective applicants.

**DACA application fee:** The fee is \$465, but several programs offer financial assistance to very low-income applicants. So, the cost to some applicants may be as low as zero. Other programs provide subsidized loans to applicants who don’t have the cash to apply.

**Advice on application:** In many communities, DACA service initiatives offer potential applicants free advice and application assistance. Applicants should seek free advice from reliable nonprofit legal service providers whenever possible. However, many nonprofit service providers have begun to charge for DACA advice and assistance. Costs have been reported to be as high as \$900. This guide estimates that an applicant’s budget should include \$200 for advice; actual costs may be lower (with free assistance) or higher.

## Costs and benefits of getting DACA status over a 2-year period

COSTS or BENEFIT	VALUE of cost or benefit
<b>COSTS</b>	
DACA application fee	\$465
<b>Advice on application:</b> Applicants should make sure they understand the requirements and instructions, fill out the application correctly, and include the necessary documents.	\$200
<b>Additional legal advice to ensure DACA eligibility:</b> Most applicants don't need additional legal advice.	\$0
<b>Attending adult school to meet USCIS education requirements:</b> This is needed only if applicants are not currently in school, have not graduated or obtained a certificate of completion from high school, have not obtained a general education development (GED) certificate, or are not an honorably discharged veteran of the Coast Guard or armed forces of the United States. This may be an issue for many young, working adults who are otherwise DACA-eligible. Adult school classes are typically free, but we assume "opportunity costs" of \$8/hour x 100 hours.	\$800
<b>Getting documents together, making copies, mailing the application</b>	\$100
<b>TYPICAL TOTAL COSTS:</b> Costs may range from \$100 to \$3,000 depending on an individual's situation.	\$1,565
<b>BENEFITS</b>	
<b>Better job/hourly pay:</b> With a work permit, it's easier to find the kind of job you want. Most applicants will be able to find a job that pays at least \$1/hour more than the kinds of jobs available without papers. People who work full time would gain \$1/hour over 2,000 hours of work each year over the 2 years before DACA needs to be renewed (2,000 hours x 2 years x \$1/hour).	\$4,000
<b>Better chance of finding a job when laid off:</b> Assume that with a work permit a worker can get 1.5 more weeks of work per year. If the job is 40 hours/week and pays \$9/hour, that means 120 more hours of work over a 2-year period (1.5 extra weeks/year x 2 years x 40 hours/week x \$9/hour).	\$1,080
<b>Unemployment insurance when laid off:</b> Once an applicant has worked legally for 1 year, they are eligible for unemployment insurance if they are laid off and can't find another job quickly. Assume they are out of work for 1 month during the second year after getting DACA. They will then get unemployment insurance for 3 weeks (there's a 1-week waiting period between losing a job and starting to collect UI), replacing about half of their lost income.	\$540
<b>Better chance of finding a job with fringe benefits:</b> Mainstream jobs often include at least holiday pay, sick pay, and paid vacation. They may even include retirement benefits. These benefits usually are worth at least 15% of the money a worker is paid. (Assume fringe benefits worth the following: \$1.35/hour x 2,000 hours/year x 2 years.)	\$5,400
<b>Eligibility for Earned Income Tax Credit:</b> The value of this tax credit depends on whether a person is single, a single parent with a child or children, or married with children. (Assume married filing jointly with one qualifying child and annual earned income of \$32,000.)	\$2,000
<b>TYPICAL TOTAL BENEFITS</b>	\$13,020

### RESULT

The typical DACA applicant can expect that each \$1 invested in applying for DACA will yield him or her **at least \$8 in benefits** (\$13,020 ÷ \$1,565).

**Additional legal advice to ensure eligibility:**

Many technical issues arise regarding key aspects of preparing a DACA application. Most critically, applicants who have been arrested or convicted of misdemeanors are likely to need additional expert legal advice to ensure that they can submit a successful application. Additional advice may be needed about specific details of documentation. For example, an older applicant may face challenges in demonstrating continuous residency because they lack the appropriate documents. Most applicants don't face this problem, so this guide assumes that the cost of additional legal advice is zero. Nonetheless, a minority of applicants will face substantial costs, perhaps as much as \$2,000, for additional legal advice. Even so, their investment in a successful application is still likely to yield them substantial economic benefits.

**Attending adult school or vocational training if necessary to satisfy educational requirements:**

Adult school classes are free, but still contribute to the reluctance of some to apply for DACA authorization. In addition to the difficulties of finding an appropriate class, enrolling, and attending, there may be real but indirect "opportunity costs" of missing work, plus the expense of child care and transportation. It is assumed, based on a typical adult education course length of 100 hours, that these costs are about \$800, assuming a salary of \$8/hour. If an applicant wanted to meet the education requirements by enrolling in a private educational institution's vocational training program, there would be a tuition fee, which might be \$2,000. However, in that situation, the training might well yield applicants even greater benefits in terms of upward job mobility once they secured DACA status.

This guide assumes that "typical" applicants would ideally enroll in a Vocational English as a Second Language (VESL) or General Educational Development (GED) course for about 100 hours and need to take time off of work some days or pay for child care. Staying in a class long enough to make real learning gains makes sense, but DACA doesn't require a particular amount of time spent in a class; to qualify, applicants without a high school degree or GED simply have to be enrolled at the point when they submit their application to USCIS.

**Getting documents together, making copies, and mailing the application:**

Applicants will need to make modest payments for various documents, including: school transcripts to show that they have a high school degree, or the cost of taking the GED if they choose this method of satisfying the USCIS educational requirement, and securing a birth certificate, passport, or other document to show their age and identity. Mailing costs for such correspondence are modest but real.

## Estimating Economic Benefits

### *Enhanced employability*

**Increased hourly earnings:** Several research studies have found increased wages as a result of employment authorization. In a 2014 report, Raul Hinojosa-Ojeda and Maskim Wynn<sup>5</sup> provided a good review of various estimates of wage increases associated with legalization/employment authorization. They quoted Douglas Massey and Kerstin Gentsch as estimating a wage differential of 20 percent between legal and undocumented Mexican immigrants and 13 percent between Mexican workers with temporary work permits and undocumented workers. They also included estimates from the research conducted by the US Department of Labor after the Immigration Reform and Control Act<sup>6</sup>, which showed that males earned 13 percent more post-IRCA.

The gains in hourly earnings available to workers who secure work authorization include both the possibility of moving into better-paying jobs and the possibility of moving upward with their current employer. It's generally acknowledged that some businesses that hire many undocumented workers review I-9s more carefully when filling supervisory and management jobs. For some workers, therefore, DACA authorization may be the first step on an upward career ladder even without moving to a new employer, occupation, or industry.

The estimate used in this analysis assumes that DACA-related earnings increases will be, on average, about 10 percent (or an increase from \$8/hour to \$9/hour). The estimated hourly pay rate of \$8 for an undocumented DACA-eligible worker is generous. Many undocumented farm workers make only \$7.50/hour.<sup>7</sup>

**Increased ability to find a job when seasonally unemployed or laid off:**

Undocumented workers typically are vulnerable

to seasonal unemployment or underemployment. For example, employment in agriculture, construction, and the hospitality industry is highly seasonal. Moreover, many undocumented workers are concentrated in small immigrant-owned or -managed businesses, which are vulnerable to market conditions, meaning workers may be laid off because the business itself is struggling. The estimate of 3 weeks of unemployment per year for an undocumented DACA-eligible worker is, therefore, very conservative. Most farm workers, for example, typically secure only 165–175 days of work (33–35 five-day weeks) per year.

Work authorization improves workers' ability to find employment during seasonal layoffs because it expands the pool of companies they can approach for work to those that have high turnover (and thus a constant need to fill job openings), which are less seasonal than the immigrant-dominated "low-skill" industries where most undocumented workers are employed. This analysis does not assume that the typical DACA-eligible unemployed worker will be able to find a high-paying job, but that at least the range of available low- to medium-skill jobs is wider (including those at fast-food and retail establishments, and at public agencies such as schools).

Eligibility for the Idaho Department of Labor's job search assistance, One-Stop Centers funded by the Workforce Innovation and Opportunity Act, and employment training services may also help unemployed people find work.

**Ability to find a job with fringe benefits:** The employers of undocumented workers typically make payments for certain legally required benefits such as workers' compensation and unemployment insurance, but most (such as agricultural employers and small restaurants) don't provide fringe benefits such as paid holidays, sick leave, and vacation pay.<sup>8</sup> With full fringe-benefit packages typically being worth 30–40 percent of an employee's hourly wages, it is assumed that access to mainstream jobs that offer these common but not legally required benefits is worth about 15 percent of an employee's wages (about half of the full package). For a recent detailed discussion of the cost/value of fringe benefits, see the Bureau of Labor Statistics' September 9, 2015, news release discussing results from its compensation survey in June 2015. This can be found at <http://www.bls.gov/news.release/ecec.nr0.htm>.

## *Social safety net*

**Unemployment insurance:** Typically, unemployment insurance replaces about half of an unemployed person's wages. This analysis assumes that "typical" Idaho DACA recipients will have close to \$4,320 in their highest quarter of earnings in their qualifying year (12 weeks of full-time, 40-hour/week work at \$9/hour yields \$4,320).

Note that federal law guarantees that DACA recipients are eligible for unemployment insurance because they are legally authorized to work. The US Department of Labor ensures eligibility of all persons in the United States who are "permanently residing under color of law" (PRUCOL) and who have work authorization. For a discussion of the requirements for UI benefits, see <http://www.nelp.org/content/uploads/Immigrants-Eligibility-for-Unemployment-Compensation.pdf>.

The Idaho Department of Labor provides an overview of how to apply for UI benefits at <http://labor.idaho.gov/dnn/idl/UnemploymentInsurance/UnemploymentBenefits/HowToApply.aspx>.

**Earned Income Tax Credit (EITC):** The EITC was created to give a financial boost to low-income workers, and its value varies depending on income and family size. To receive the money, workers must file a tax return and claim the credit. For this cost-benefit analysis, it's assumed that the value of the EITC for a "typical" DACA recipient is \$2,000. However, as can be seen from the tabulation of maximum benefits below, DACA recipients who are single and very low-income could qualify for much less (\$503), while those with one or two qualifying children might secure a credit of \$3,359–\$5,548. It will be valuable to talk with individual DACA applicants about their eligibility for EITC and the amount they might receive given their household structure and earnings.

The maximum EITC credits are:

- \$6,242 with three or more qualifying children
- \$5,548 with two qualifying children
- \$3,359 with one qualifying child
- \$503 with no qualifying children

The IRS has published detailed information on the EITC at <https://www.irs.gov/uac/Newsroom/Earned-Income-Tax-Credit-Do-I-Qualify>.

# An Excellent Investment

This overview provides a framework for those who advise potential DACA applicants, and DACA applicants themselves, to discuss and analyze the pros and cons of applying for the program—an undertaking that will, inevitably, take some amount of time, effort, and money. It's important to consider the pros and cons for each individual's situation. A discussion that explores the economic costs and benefits of obtaining DACA authorization is essential for making an informed decision. Without this sort of consideration, it's understandable that potential DACA applicants, particularly those who are currently working hard to support themselves and their families, will fail to take advantage of this important federal program.

It's a challenge for low-income families to come up with the funds and energy to pursue a DACA application. However, the money spent on applying is almost certain to be an excellent investment—even in the short term of the 2-year DACA authorization. The long-term benefits and personal non-economic benefits are even greater.

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## End notes

1. US Citizenship and Immigration Services' tabulation of applications received up through December 2014 showed that 727,164 of the initially eligible 1.6 million had applied. About 94 percent of applications are approved. See Jeanne Batalova, Sarah Hooker, and Randy Capps, "DACA at the Two-Year Mark: A National and State Profile of Youth Eligible and Applying for Deferred Action," Migration Policy Institute, August 2014, for analysis of the population immediately eligible for "original DACA." There are another 400,000 "aging in" to DACA eligibility—that is, those who were too young to apply in 2012 but who become eligible to apply when they turn 15 and receive work authorization when they turn 16.
2. US Citizenship and Immigration Services (USCIS) maintains a DACA web page with regularly updated information on the DACA program. It is useful to check information online because there have been several important changes in guidelines over the past three years. The most comprehensive and easily accessible discussion is under "frequently asked questions" at <http://www.uscis.gov/humanitarian/consideration-deferred-action-childhood-arrivals-process/frequently-asked-questions>.
3. Over the past several years, several demographic experts have developed increasingly reliable estimates of the composition of the foreign-born population in the United States. There are nuanced analytic differences in the methodology used by each research group, but the conclusions are generally consistent with each other. The key analyses are:  
  
Robert Warren and Donald Kerwin, "Beyond DAPA and DACA: Revisiting Legislative Reform in Light of Long-Term Trends in Unauthorized Immigration to the United States," *Journal of Migration and Human Security*, 2015.  
  
Randy Capps and Marc R. Rosenblum, "Executive Action for Unauthorized Immigrants: Estimates of the Populations that Could Receive Relief," Migration Policy Institute, September 2014.  
  
Jeffrey S. Passel and D'Vera Cohn, "Unauthorized Immigrant Totals Rise in 7 States, Fall in 14: Decline in Those From Mexico Fuels Most State Decreases," Pew Hispanic Center, September 14, 2014.  
  
The Center for Migration Studies web page has an interactive data resource providing estimates down to the sub-county level of numbers and key demographic characteristics of unauthorized immigrants, with a breakout of numbers who are eligible for DACA and for DAPA (Deferred Action for Parents of Americans). See <http://cmsny.org>.  
  
4. Jeffrey S. Passel and D'Vera Cohn, "Immigrant Workers in Production, Construction Jobs Falls Since 2007: In States, Hospitality, Manufacturing, and Construction are Top Industries." Washington, D.C.: Pew Research Center, March 2015.  
  
5. Raul Hinojosa-Ojeda and Maskim Wynn, "From the Shadows to the Mainstream: Estimating the Economic Impact of Presidential Administrative Action and Comprehensive Immigration," Northern American Integration and Development Center, UCLA, November 21, 2014.  
  
6. Shirley Smith, Roger G. Kramer, and Audrey Singer, "Effects of the Immigration Reform and Control Act: Characteristics and Labor Market Behavior of the Legalized Population Five Years Following Legalization," Bureau of International Labor Affairs, US Department of Labor, 1996.  
  
7. The vast majority of employers pay the legally specified minimum hourly wage (\$7.25/hour in Idaho). Undocumented workers are the most likely to be earning near the minimum wage, thus our estimate of \$7.50/hour. Analyses of the National Agricultural Worker Survey (NAWS) have shown for more than a decade that undocumented workers hold the most marginal jobs in the farm labor force. For a discussion of recent data on wages, see Ed Kissam and Shannon Williams, "Characteristics of the Pacific Seaboard Farm Labor Force and their Policy Implications," California Rural Legal Assistance, September 2014. The analysis presented in this paper is based on the authors' tabulations from the National Agricultural Worker Survey public-use dataset.  
  
8. In a recent study of the US farm labor force, Shannon Williams and Ed Kissam reviewed the value of fringe benefits paid to farm workers. This analysis was presented in Kissam's and Williams' "Estimate of Agricultural Workers and their Dependents in the United States," National Legal Aid and Defenders Association, September 2013.

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