



DREAM ACT: WHAT'S AT STAKE FOR NEW YORK?

Dream Act Would Boost New York State Economy and Tax Revenues; Revoking DACA Hurts Both

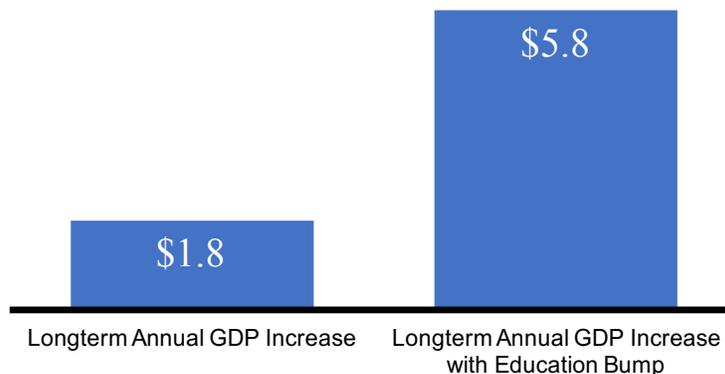
On September 5, the Trump Administration announced that it would end DACA (Deferred Action for Childhood Arrivals), the program for immigrants who were brought to the United States as children. DACA grants immigrant youth temporary relief from deportation and gives them authorization to work lawfully in this country. The president then “challenged” Congress to provide a fix to the problem he created—presumably with something like the Dream Act, a pathway to citizenship for immigrants who were brought to the United States as children.

The Congressional Budget Office recently issued an analysis of the federal impacts. It showed a projected increase in tax revenues, as well as an increase in social spending. On net, the CBO estimates a cost over 10 years of roughly \$25 billion—an increase in costs that is also an investment in future economic growth.

What’s at stake for New York’s economic and fiscal outlook?

Economy: If immigrants eligible for DACA are deported the value of their work is lost to the American economy, not to mention the vast disruption to businesses involved in mass deportations. If the Dream Act is passed, it will allow immigrant youth to work in jobs that best match their skills, will give them an incentive to invest in further education and training.

Estimated Longterm Annual Gain to NY State GDP
in billions

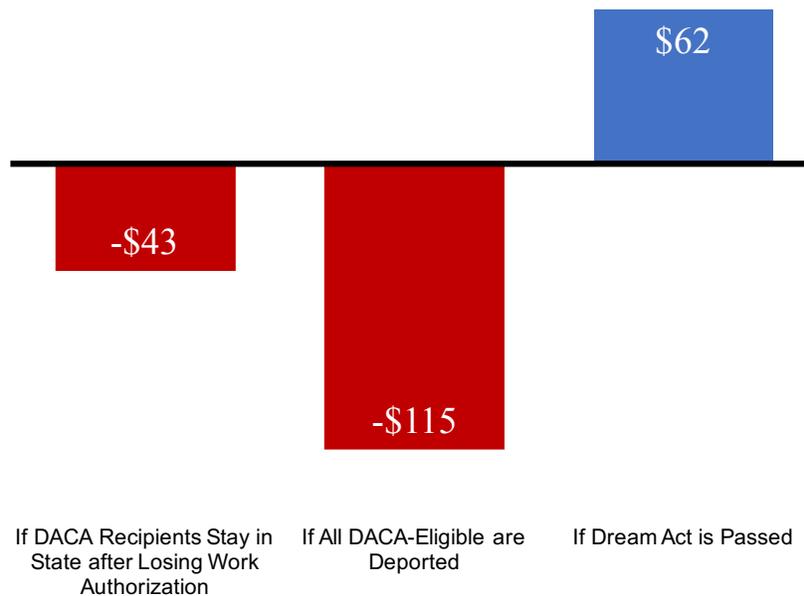


We do not have an estimate for the loss to GDP if DACA recipients are deported. But the Center for American Progress has estimated that if Congress passes the Dream Act, New York’s \$1.5 trillion state GDP would see a longterm annual increase of \$1.75 billion, with an estimated 115,000 people eligible for the Dream Act in the state.

The increase is substantially larger if the Dream Act encourages more people to invest in their own education, as is highly likely. In one scenario: if half of the people eligible to obtain lawful permanent residence did so by getting either a 2-year or 4-year college degree, their economic productivity and individual earnings would also go up, and their contributions would increase New York State’s GDP by \$5.8 billion every year.

Tax Revenues: There are 76,000 young immigrants who were potentially eligible for DACA that call New York home. They currently contribute a total of \$115 million to local and state taxes annually through sales and excise taxes, property taxes and income tax.

Estimated Annual NY Revenues Gained or Lost Compared to 2016
in millions



Unless Congress acts, termination of DACA will result in a loss to New York’s social fabric and a disruption if its economy. It will also result in losses of the taxes paid by these young immigrants.

Without the Dream Act, New York can expect to lose at least \$43 million in tax revenue. That’s the projected loss if DACA recipients stay in the state after losing work authorization, earning lower wages and becoming less likely to file income tax returns.

New York loses even more if those eligible for DACA are all deported. In that case, the tax losses would amount to \$115 million, and there would be many additional costs to businesses and communities of such a draconian measure.

On the other hand, if Congress takes up the president's challenge and passes a Dream Act, as is currently under consideration, these young immigrants would be granted work authorization and a pathway to citizenship. In that case, rather than a decrease New York would at a conservative estimate see an increase in state and local taxes of \$62 million. If allowed a pathway to citizenship, immigrant youth would be more likely to advance in a real career, buy a home, or start a business. **At stake is the \$177 million, the difference between a \$115 loss and a \$62 million gain.** The estimate of the gain from the Dream Act is conservative because the Dream Act would affect individuals in addition to those eligible under the rules for DACA.

Estimates of the number of immigrants eligible for DACA come from the Migration Policy Institute, and the tax implications are based on work by the Institute on Taxation and Economic Policy.

Costs: These tax revenues would help offset costs at the state and local level. Many of these costs, it is worth noting, are in fact long-term investments. For example, the cost of aid for college today is returned in higher economic output and tax revenue contributions by those college students when they graduate and enter the labor force. Health care coverage is an investment in public health and a healthy labor force. And, the biggest benefit will be getting permission to work, which will enable many of these immigrants to get employer-provided health insurance.

The main point is that the Dream Act will put these young immigrants on the same footing as all other New Yorkers, paying their fair share of taxes and getting their fair share of public services.

Dreamers have attended American high schools, and have friends and family in the United States. They have high rates of labor force participation, and have worked hard to establish their lives in this country. The Dream Act would make it possible for these young immigrants to continue with what they've learned in our schools, work to realize their potential, and contribute fully to New York's communities and to the local economy.

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Parallel data are available for other states upon request.

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Data Sources:

Boost to state GDP from passing Dream Act: Center for American Progress

<https://www.americanprogress.org/issues/immigration/news/2017/10/26/441298/the-state-by-state-economic-benefits-of-passing-the-dream-act/>

Taxes Paid: Institute on Taxation and Economic Policy

<https://itep.org/updated-tax-contributions-of-young-undocumented-immigrants/>

Number of Dreamers: Migration Policy Institute

<https://www.migrationpolicy.org/programs/data-hub/deferred-action-childhood-arrivals-daca-profiles>

The Fiscal Policy Institute (www.fiscalpolicy.org) is an independent, nonpartisan, nonprofit research and education organization committed to improving public policies and private practices to better the economic and social conditions of all New Yorkers. Founded in 1991, FPI works to create a strong economy in which prosperity is broadly shared. FPI's Immigration Research Initiative looks at immigration issues in New York State and around the country.