



Thinking about DACA as an Investment

OVERVIEW

It makes sense for you to ask, “What will I get by applying for DACA?” “Why should I spend money we need to live on just to get a promise from the government that they won’t deport me?” These are good questions and this explanation gives you some important facts you need to know in order to make a good decision.

The information here provides a good estimate of what the benefits that a “typical” DACA applicants will get from applying and the “typical” costs. You can use this as a tool for thinking about your own individual situation and whether it’s worthwhile for you to apply. It’s always worthwhile to at least take the time to find out if you qualify for this immigration benefit. And, if it does look like you qualify it’s almost always worthwhile to go ahead and apply. But the first step is to get good advice and put your application together carefully and completely. Applying for DACA is an investment in your future. This little handbook gives you an idea about what the economic benefits and costs are—so you will have a good idea about the payoff from your investment.

The estimate given here assumes that you are a young working adult, that you may well have a family to support economically, and that you didn’t have a chance to graduate from high school or get a GED. It assumes that when you work you probably get paid somewhere between \$9 and \$12 an hour and that you may find yourself out of work for a few weeks or months each year because so many of the jobs farmworkers and other undocumented immigrants have don’t provide steady employment day in and day out.

The costs and benefits of applying for DACA are estimated for a 2-year period—because once you get DACA status and a work authorization card it lasts for 2 years and then you have to apply to renew it. When you go to renew your DACA status and work authorization everything should go pretty smoothly unless you’ve had an encounter with the police—an arrest or conviction for some kind of crime. So, actually your investing the time and money to apply pays off right away, but also for years into the future.



The bottom line is that your “return on investment” will be at least \$10 for every \$1 you spend on the DACA application process. For some applicants, the costs will be a bit higher than the “typical” costs, for others, it will be lower. Similarly, the benefits for some will be greater, for some, lower

The major immediate short-term economic benefits from DACA stem, in part, from the fact that work authorization gives you greater flexibility in the labor market.

You will find it easier to find a better-paid job once you can think about applying for a wider range of jobs. You don’t have to just look for jobs where you know the employer doesn’t care whether you have papers or not. You can look for any job, even ones which require formal applications and paperwork. Some young adults who have gotten DACA have even worked for the U.S. Congress. Others have worked for the Mexican consulate helping other DACA applicants get ready to qualify. You can take any job where the employer wants to hire you. And, if your employer thinks you’re a good worker and wants to promote you, no problem, you can go on upward into supervisory jobs.

With work authorization, you’ll also find it’s easier to find “fill-in” work when, for example, the season ends in picking grapes or whatever kind of farmwork you did during the summer. Once you can look through a wider range of jobs you have a better chance of getting a job with at least a modest fringe benefit package (paid holidays, vacation, sick leave, and maybe even a retirement plan . Later on, you may even be able to enroll in an employment training program to move onwards and upwards in the labor market.

DACA also yields benefits because it makes you eligible for certain very important social “safety net” programs—unemployment insurance (UI), Medic-Cal (where almost all will be income-eligible), and eligibility for the Earned Income Tax Credit (EITC). The value of these benefits depends on individual circumstances (e.g. farmworkers who are seasonally unemployed more often and longer than retail workers will gain more in UI benefits, heads of households with children will gain more from the EITC than single workers, the value of full-scope Medic-Cal will be greater for an individual with a chronic health condition than for a very healthy individual).



So—the information presented here is a starting point and, hopefully, a tool to help persuade dubious potential DACA applicants that the benefits of the program are very likely to be economically rewarding for them, even after they have spent hard-earned dollars in getting through the application process.



Costs and benefits of getting DACA over 2-year period

COSTS FOR APPLYING

<p><i>DACA application fee</i> Every applicant needs to pay this fee. But there are organizations where you can ask for help in paying the application fee. Other organizations may be able to help you get a no-interest loan to pay for the fee.</p>	\$465
<p><i>Advice on application</i> It is worthwhile to get good advice about applying. You should get help to be sure you understand the requirements and instructions, fill out the application correctly, and include the extra documents that are needed. You should have a knowledgeable and reliable person review your application before sending it in to USCIS. If USCIS returns the application and asks for more information (a Request for Evidence) you can get help in answering the questions that arise. Some non-profit organizations will help you for free. Others will charge you a reasonable fee.</p>	\$200
<p><i>Extra legal advice to assure DACA eligibility</i> Most applicants don't need additional legal advice. A good advisor from a non-profit organization which cares about immigrants can tell you if you need to resolve some legal issues before applying—for example, if you have one or several misdemeanors, or other issues which have to be resolved in order to submit a successful application. Sometimes these can be easily resolved, but not always.</p>	\$0
<p><i>Going to adult school to meet USCIS education requirements</i> If you didn't graduate from high school in the US or get a GED you will need to attend an adult school while you are applying for DACA. You might enroll in a course to learn English or a vocational training course for about 40-100 hours. So you will need to take time off work some days or pay for child care some days. But if they're a night class maybe that won't be a problem. To be safe though, you may want to estimate every hour of adult education class will cost you about \$10. So 50 hours X \$10/hr.=\$500.</p>	\$500
<p><i>Getting documents together, making copies, mailing the application</i> It may take time, effort and you may have to pay some fees to get documents such as school records, copies of old bills to prove residence, or a birth certificate. Once a DACA application is ready, it's important to make copies of it and the documents attached to it—just in case USCIS asks for more information. You then need to mail the application in to USCIS. Costs include copying, postage.</p>	\$100
<p><i>TYPICAL COST</i> (Actual costs may range from \$100 to \$3,000 depending on an individual's personal situation—see appendix)</p>	\$1,265



BENEFITS	
BETTER JOB/HOURLY PAY --It's easier to find the kind of job you want with a work permit. You will probably be able to find a job that pays at least an extra \$1/hr. more than the kind of jobs you can get without papers. Working full-time in a better job gets you \$1/hr. for 2,000 hours of work each year over the 2 years before your DACA needs to be renewed: (2000 hrs./year X 2 years X \$1/hr.)	\$4,000
MORE LIKELY TO FIND A JOB WHEN LAID OFF —With a work permit it's easier to find another job if/when you're laid off. A wider range of jobs are available—since you can now look everywhere even at places which require proof you're authorized to work.. So, with a work permit you are likely to get about 8 more days of work per year on the average, 16 extra days over a 2-year period. If the job pays \$10/hr, that's 128 extra hours or \$1,280.	\$1,280
UNEMPLOYMENT INSURANCE WHEN LAID OFF. After you've worked legally for 1 year you'll be eligible for unemployment insurance if you're laid off and can't find another job. If you make \$10/hr. the weekly unemployment benefit you get will be about \$200 per week. Assume you're out of work for 1 month during the 2 nd year you have your work authorization card. After waiting 1 week to get unemployment, that's 3 weeks X \$200/wk	\$600
MORE LIKELY TO FIND A JOB WITH FRINGE BENEFITS —Mainstream employers who pay attention to whether a job applicant has valid work authorization or not usually have a package of benefits that's better than from companies who hired mostly undocumented workers. The benefits in "mainstream" jobs usually include <u>at least</u> : holiday pay, sick pay, paid vacation. They may even include retirement. Those benefits usually are worth at least 15% of the money a worker is paid. (So those fringe benefits are worth \$1.50/hr. x 2,000 hrs./yr. x 2 yrs.)	\$6,000
ELIGIBLE FOR EARNED INCOME TAX CREDIT (EITC) Low-income families with children are those who benefit most from the income-tax credit, although even single very low-income workers can also get a small benefit from the (EITC) The amount this tax credit is worth depends on whether you are single, a single parent with a child or children, or a married couple with children. For example, a couple who, together, make \$20,000 and have two children get a tax credit of just over \$5,000. Here we assume the average is about \$2,000. (You do need to be sure to file a tax return!)	\$2,000
ELIGIBLE FOR MEDI-CAL (IN CALIFORNIA) Low-income DACA recipients in California are eligible for Medic-Cal. And most DACA recipients do qualify for Medic-Cal based on income (If you are single and earn less than \$16,000/year or a couple and earn less than \$22,000). Even young, healthy people are likely to spend \$500 per year on health care. If someone has a serious illness or injury, the medical coverage is worth much more. Being able to get preventive health care may also mean you find yourself out of work due to illness less often or for a shorter period of time.	\$1,000
RESULT: You can expect that each \$1 you invest in applying for DACA will yield you at least \$10 in benefits right away. The long-term benefits and personal non-economic benefits are even greater. If you start off earning \$10/hour but then go to an employment training program to get a better job, you're likely to end up earning about \$15-20/hr. That amounts to an extra \$10,000-\$20,000 per year—well worth it.	\$14,880



NOTES ON COSTS OF APPLYING FOR DACA

The cost of applying for DACA is not simply be the application fee paid to USCIS but the cost of the entire process of securing advice and assistance to submit the application, secure necessary documents, resolve any legal issues which need to 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 in. Cost depends 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 there are several programs which 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 do not have the cash to apply.

Advice on application In many communities, DACA service initiatives offer potential applicants free advice and application assistance. It is wise for applicants to seek free advice from reliable non-profit legal service providers whenever possible. However, many of the non-profit service providers have begun to charge for DACA advice and assistance. It has been reported that costs can sometimes be as high as \$900. Here it is estimated that an applicant's budget should include \$200 for advice; actual costs may be lower (e.g. free assistance) or higher.

Additional legal advice to assure eligibility Issues arise regarding some aspects of preparing a DACA application. Most critically, applicants who have been arrested or convicted of misdemeanors are likely to need expert legal advice to assure they can submit a successful application. Most applicants don't face this problem, so here it is assumed 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 getting good advice and a successful application is still likely to yield them substantial economic benefits.

Attending adult school or vocational training to satisfy USCIS educational requirements for DACA Adult school classes are free but part of the reluctance of some applicants to go through the difficulties of finding an appropriate class, enrolling, and attending class stems from the real but indirect "opportunity costs" of missing work or paying for child care and transportation. It is assumed, based on a typical adult education course length of 13 weeks at about 4 hours/week, that these cost are about \$500. If an applicant were to want to qualify for DACA by enrolling in a private educational institution's vocational training program, there would be a tuition fee which might be \$2,000 dollars. However, in that situation, the training might well yield



them even greater benefits in terms of upward job mobility once they secured DACA because the federal government has put a lot of pressure on for-profit educational institutions to demonstrate they can deliver results—that is, better jobs for their students as promised.

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

NOTES ON ECONOMIC BENEFITS FROM DACA

BENEFITS STEMMING FROM ENHANCED EMPLOYABILITY

Increased Hourly Earnings

Several research studies have found increased wages as a result of employment authorization. Hinojosa-Ojeda and Wynn (2014) provide a good review of various estimates of wage increases associated with legalization/employment authorization. They quote Douglas Massey and Kerstin Gentsch as estimating a 20% wage differential between legal and undocumented Mexican immigrants and 13% between Mexican workers with temporary work permits and undocumented workers. They also include estimates from the classic post-IRCA research conducted by US Dept. of Labor (Kramer et al 1996) that males earned 13% more post-IRCA, that is after they secured legal status.

The gains in hourly earnings available to workers as a result of securing work authorization include both the possibility of moving into better-paid jobs and the possibility of moving upwards within the company where they are currently employed since it is generally acknowledged that some firms which hire many undocumented workers are more careful in reviewing I-9's when filing supervisory and management jobs than when they hire “unskilled” workers. For some workers, therefore, DACA 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 the average DACA-related earnings increases will be, on the average, 10%, i.e. an increase from \$10/hr. to \$11/hr. If DACA recipients take advantage of their employment authorization to enroll in an employment training program their hourly earnings might increase from \$5-10/hr.

For more details on the estimates see Raul Hinojosa-Ojeda and Maskim Wynn, “From the Shadows to the Mainstream: Estimating the Economic Impact of Presidential Administrative Action and Comprehensive immigration Reform”, North American Integration and Development Center, UCLA, November 21, 2014.

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 both 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 where 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, a very conservative one. California farmworkers, for example, typically secure only 165-190 days of work per year, and are, therefore unemployed for 4-6 weeks per year.

Work authorization improves workers’ ability to find employment during seasonal layoffs because it extends the pool of companies they can approach for work to companies which have high turnover (and, thus, constant need to fill job openings) which are less seasonal than the immigrant-dominated “low skill” industries where most undocumented workers are employed. It is not assumed 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 (e.g. fast-food employment, retail establishment employment, employment by a public agency such as a school).

Eligibility for EDD’s job search assistance, WIOA-funded One-Stop Centers and employment training services may also be helpful in helping unemployed workers 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 (for example, agricultural employers, small restaurants) do not provide fringe benefits such as paid holidays, sick leave/PTO, and vacation pay. With full fringe benefit packages typically being worth 30-40% of an employee's hourly wages, it is assumed that access to mainstream jobs which offer these common but not legally-required benefits, are worth about 15% of an employee's wages (i.e. 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>

BENEFITS STEMMING FROM SOCIAL SAFETY NET ELIGIBILITY

Unemployment Insurance (UI)

The Employment Development Department (EDD) provides a good overview of UI benefits at:

<http://www.edd.ca.gov/unemployment/FAQ - Eligibility.htm>

The estimate that eligibility for UI is worth about \$200/week stems from the table on page 7 of EDD's "A Guide to Unemployment Insurance and Benefits". The assumption is the "typical" DACA recipient will have earnings close to \$5,200 in their highest quarter of earnings in their qualifying year (12 weeks of full-time 40 hr./week work at \$11/hr. yields \$5,280). Individuals who have gained work authorization through DACA can estimate their likely UI benefit if/when unemployed by reviewing the EDD table on benefits at:

http://www.edd.ca.gov/pdf_pub_ctr/de1275a.pdf



Earned Income Tax Credit (EITC)

The IRS has published detailed information on the EITC. See:

<https://www.irs.gov/uac/Newsroom/Earned-Income-Tax-Credit-Do-I-Qualify>

The value of the EITC depends on household composition and size. The maximum credits are as follows:

- \$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

Here it is 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, DACA recipients who are single and very low-income could qualify only for much less (\$503) but those with one or two qualifying children might secure a credit of \$3,359-\$5,548.

Medic-Cal

DACA recipients are eligible for Medic-Cal if they are income-qualified, that is, if their household income is less than 139% of the federal poverty level. That amounts to about \$16,000 for a person filing their income tax as a household of one and about \$32,000 for a family of four (e.g. a couple with two children).

The economic value of health insurance is difficult to determine—since the “worth” of health insurance depends on an individual’s health care needs. Typically, undocumented immigrants save money by skipping routine preventive health care—but, even so, most incur some costs. The real value of Medic-Cal eligibility for the DACA-eligible generally healthy population is that it makes it feasible to secure preventive health care. Access to free health care also yields benefits as a result of decreasing days of work lost to illness or injury.