

DAPA & S. 744

The Economic Benefits of Legalizing Immigrants' Presence

DECEMBER 2014

DAPA, Legalization & U.S. Economic Benefits¹

DAPA not only will keep families together, it will also bolster our nation's economic growth, a win-win for our country. In fact, DAPA will:

- Increase GDP by up to 0.9 percent, or an additional **\$90 to \$210 billion over 10 years.**
- Reduce the deficit by **\$25 billion** over 10 years.
- Grow the size of the American workforce and expand the American labor force by nearly **150,000 people** over 10 years.

DAPA means that citizens will get a pay raise. Given the stagnant minimum wage, it is good news that DAPA increases wages for all workers, citizens and immigrants alike. By 2024, annual wages for citizens will rise 0.3 percent, or approximately \$170 in today's dollars, with **no increase in unemployment for citizens.** This includes workers on the lower end of the pay scale.

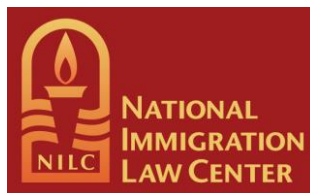
DAPA helps support vibrant local economies by bolstering the spending power of immigrant consumers. This spurs our local economies and small businesses. As immigrants participate in the economy more fully and move freely across the labor market, their ability to spend increases.

DAPA means more tax revenue for the federal government. DAPA will raise an additional **\$3 billion in payroll taxes in the first year alone,² and \$22.6 billion over five years,** as both workers and employers get on the books and begin paying taxes for the first time.

¹ *The Economic Effects of Administrative Action on Immigration* (Council of Economic Advisers, Nov. 2014), www.whitehouse.gov/sites/default/files/docs/cea_2014_economic_effects_of_immigration_executive_action.pdf; *Fact Sheet: The Economic Benefits of Fixing our Broken Immigration System* (The White House, Nov. 21, 2014), www.whitehouse.gov/the-press-office/2014/11/21/fact-sheet-economic-benefits-fixing-our-broken-immigration-system; *The Economic and Fiscal Benefits of Deferred Action* (Center for American Progress, Nov. 21, 2014), <https://www.americanprogress.org/issues/immigration/news/2014/11/21/102041/the-economic-and-fiscal-benefits-of-deferred-action/>; Jack Strauss, *Allies, Not Enemies: How Latino Immigration Boosts African American Employment and Wages* (Immigration Policy Center, Jun. 2013), www.immigrationpolicy.org/sites/default/files/docs/allies_not_enemies.pdf.

² <https://www.americanprogress.org/issues/immigration/report/2014/09/04/96177/administrative-action-on-immigration-reform/>.

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S. 744 & Economic Benefits³

Legislative reform would generate even more economic benefits—in addition to being a sustainable, long-term solution. If passed, S. 744 would:

- **Raise GDP by more than 5.4 percent** over the next 20 years and reduce the deficit by **\$832 billion**.⁴
- Increase tax revenues that dramatically outpace the bill's spending. **For every \$1 in spending that results from immigration reform, nearly \$2 will be paid in taxes.**
- **Give American workers a raise.** By 2033, the wages of all U.S. workers **would increase** by 0.5 percent due to the economic growth spurred by immigration reform.
- **Not increase unemployment.** The CBO determined that unemployment would not rise, since the significant economic growth resulting from the bill would create new jobs all across the country.

Deportation & Our Economy⁵

Mass deportation would not grow our economy. In fact, it would cause citizens to lose their jobs and would lower everyone's wages.

- A 2014 analysis found that **legalization is much better for the domestic labor market** than deporting people is.
- An increase in immigrant deportations (with the aim of reducing undocumented immigrants by half) would actually **increase citizen unemployment by 1.6% and reduce citizen wages by .08 percent.**
- A legalization program would **decrease the unemployment rate for citizens** by 4 percent and **increase citizens' wages** by .19 percent.

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³ Congressional Budget Office Cost Estimate, S. 744 Border Security, Economic Opportunity, and Immigration Modernization Act, <https://www.cbo.gov/sites/default/files/s744.pdf>; *Top 5 Reasons Immigration Reform Means More Tax Revenues*, <https://www.americanprogress.org/issues/immigration/news/2014/04/15/87996/top-5-reasons-why-immigration-reform-means-more-tax-revenues/>.

⁴ www.cbo.gov/sites/default/files/s744aspassed.pdf.

⁵ Andri Chassamboulli and Giovanni Peri, *The Labor Market Effects of Reducing Undocumented Immigrants* (National Bureau of Economic Research, Feb. 2014).