

December 8, 2010

## **THE DREAM ACT: Creating Economic Opportunities**

There are an estimated [1.9 million](#) undocumented children and young adults in the United States who might be eligible for legal status under the Development, Relief, and Education for Alien Minors Act (DREAM) Act.<sup>1</sup> For many of these young people, the United States is the only home they know and English is their first language. Each year, tens of thousands of them graduate from primary or secondary school, often at the top of their classes. They have the potential to be future doctors, nurses, teachers, and entrepreneurs, but they experience unique hurdles to achieving success in this country. Through no fault of their own, their lack of status may prevent them from attending college or working legally. The DREAM Act would provide an opportunity for them to live up to their full potential and make greater contributions to the U.S. economy and society.

**The DREAM Act would give beneficiaries access to greater educational opportunities and better jobs, which in turn means more taxable income.**

- A 2010 [study](#) by the UCLA North American Integration and Development Center estimates that the total earnings of DREAM Act beneficiaries over the course of their working lives would be between \$1.4 trillion and \$3.6 trillion.<sup>2</sup>
- A 2008 [study](#) from Arizona State University found that an individual with a bachelor's degree earns approximately \$750,000 more over the course of his or her lifetime than an individual with only a high-school diploma.<sup>3</sup>
- A 2007 [study](#) by the College Board found that, over the course of his or her working life, the average college graduate earns in excess of 60 percent more than a high-school graduate, and workers with advanced degrees earn two to three times as much as high-school graduates.<sup>4</sup>
- As of [2006](#), workers without a high-school diploma earned only \$419 per week and had an unemployment rate of 6.8 percent. In comparison, workers with a bachelor's degree earned \$962 per week and had an unemployment rate of 2.3 percent, while workers with a doctoral degree earned \$1,441 per week and had an unemployment rate of 1.4 percent.<sup>5</sup>
- The U.S. Department of Labor found that the wages of immigrants who benefitted from the 1986 legalization increased 15 percent over five years,<sup>6</sup> and that legalized immigrants moved on to "significantly better jobs."<sup>7</sup>

### **The DREAM Act would save taxpayers money.**

- According to the [Congressional Budget Office](#) (CBO), the House version of the DREAM Act (H.R. 6497), as introduced on December 7, 2010, “would reduce deficits by about \$2.2 billion over the 2011-2020 period.”<sup>8</sup>
- The [CBO](#) estimated that the Senate version of the DREAM Act (S. 3992), as introduced on November 30, 2010, “would reduce deficits by about \$1.4 billion over the 2011-2020 period.”<sup>9</sup>
  - According to the [CBO](#), the differences between these two cost estimates reflect differences in the two versions of the bill: “In particular, the surcharges required under H.R. 6497, along with the use of two five-year periods for conditional nonimmigrant status, would lead to an estimated total reduction in deficits of \$2.2 billion over the 2011-2020 period (in contrast to the estimated deficit reduction of \$1.3 billion *{sic}* for that period under S. 3992).”<sup>10</sup>
- A [RAND study](#) from 1999 shows that raising the college graduation rate of Hispanics to that of non-Hispanic whites would increase spending on public education by 10 percent nationwide, but the costs would be more than offset by savings in public health and benefits, as well as by increased tax revenues resulting from higher incomes.
- For example, a 30-year-old Mexican immigrant woman with a college degree will pay \$5,300 more in taxes and use \$3,900 less in government expenses each year compared to a high-school dropout with similar characteristics.<sup>11</sup>

### **The DREAM Act would encourage beneficiaries to invest in the U.S. economy.**

- Dr. Raul Hinojosa-Ojeda of the University of California, Los Angeles, and other researchers have studied the impact of legalization and found important long-term improvements among previously undocumented immigrants. Specifically, removing the uncertainty of undocumented status not only allows legalized immigrants to earn higher wages and move into higher-paying occupations, but also encourages them to invest more in their own education, open bank accounts, buy homes, and start businesses.<sup>12</sup>

### **The DREAM Act would likely reduce the drop-out rate for immigrant students.**

- Currently, only 5-10 percent of undocumented high-school graduates go to college,<sup>13</sup> and most undocumented youths are forced to work illegally in the cash economy as domestic servants, day laborers, and sweatshop factory workers.<sup>14</sup> The DREAM Act would create a strong incentive for undocumented students to remain in school until graduation, would make them lawfully eligible to work, and would ultimately help fill positions like teachers and nurses—positions that have long been in demand in the United States.<sup>15</sup>

### **The DREAM Act would *help* universities financially.**

- The 10 states which, since 2001, have passed laws allowing undocumented students to qualify for in-state tuition have *not* experienced a large influx of new immigrant students

that displaces native-born students.<sup>16</sup> These states (Texas, California, Utah, Washington, New York, Oklahoma, Illinois, Kansas, New Mexico, and Nebraska) are home to about half of the nation's undocumented immigrants. In fact, these laws actually tend to [increase school revenues](#) as students who would not normally attend college start to pay tuition.<sup>17</sup>

### **The DREAM Act keeps talented students in the United States.**

- Letting the talent of DREAM Act students go to waste “imposes economic and emotional costs on undocumented students and on U.S. society as a whole.”<sup>18</sup> The DREAM Act would stop brain drain by allowing our most talented students to remain in the country.

### **The DREAM Act would not harm American workers.**

- An August 2010 [report](#) from the Federal Reserve Bank of San Francisco points out that “immigrants expand the U.S. economy’s productive capacity, stimulate investment, and promote specialization that in the long run boosts productivity,” and “there is no evidence that these effects take place at the expense of jobs for workers born in the United States.”<sup>19</sup>

The plight of those undocumented youth who might benefit from the DREAM Act encapsulates many facets of today’s immigration crisis. Caught in a system where there is little, if any, means for legalizing their status, these smart, hard-working kids face an uncertain future because of their inability to continue their education or work legally. Since 1996, when draconian immigration reforms eliminated many of the traditional forms of relief from deportation, a generation of young people caught between worlds has grown up without legal status. The loss of potential, productivity, and hope for these individuals is also a loss for this country. The United States is missing out on talented workers and entrepreneurs, and is losing vital tax revenues and other economic contributions. While fixing this particular problem will hardly resolve the need for comprehensive immigration reform, it will unlock the door to the American dream for thousands of young people each year.

### **Endnotes**

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<sup>1</sup> Jeanne Batalova and Margie McHugh, [DREAM vs. Reality: An Analysis of Potential DREAM Act Beneficiaries](#) (Washington, DC: Migration Policy Institute, July 8, 2010), p. 4.

<sup>2</sup> North American Integration and Development Center, [No DREAMer Left Behind: The Economic Potential of DREAM Act Beneficiaries](#) (Los Angeles, CA: University of California, Los Angeles, November 2010).

<sup>3</sup> Dennis Hoffman, [Quantitative Examples of the Financial and Economic Benefits of Higher Education](#) (Tempe, AZ: W. P. Carey School of Business, Arizona State University, March 2008), p. 3.

<sup>4</sup> Roberto G. Gonzales, [Young Lives on Hold](#) (New York, NY: College Board Advocacy, April, 2009), p. 14; citing Sandy Baum and Jennifer Ma, [Education Pays: The Benefits of Higher Education for Individuals and Society](#) (New York, NY: The College Board, 2007), p. 8.

<sup>5</sup> *Ibid.*; citing Bureau of Labor Statistics, [Spotlight on Statistics: Back to School](#) (Washington, DC: August 2007).

<sup>6</sup> Roberto G. Gonzales, [Wasted Talent and Broken Dreams: The Lost Potential of Undocumented Students](#) (Washington, DC: Immigration Policy Center, American Immigration Law Foundation, October 2007), p. 3; citing 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](#) (Washington, DC: Bureau of International Labor Affairs, U.S. Department of Labor, May 1996).

<sup>7</sup> Roberto G. Gonzales, [Young Lives on Hold](#) (New York, NY: College Board Advocacy, April 2009), p. 13; citing Sherrie A. Kossoudiji and Deborah A. Cobb-Clark, “IRCA’s Impact on the Occupational Concentration and Mobility of Newly-Legalized Mexican Men,” *Journal of Population Economics* 13, no. 1 (2000): 81-98.

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- <sup>8</sup> Congressional Budget Office, [\*H.R. 6497: Development, Relief, and Education for Alien Minors Act of 2010 as introduced on December 7, 2010\*](#), December 8, 2010, pp. 1-2.
- <sup>9</sup> Congressional Budget Office, [\*S. 3992: Development, Relief, and Education for Alien Minors Act of 2010 as introduced on November 30, 2010\*](#), December 2, 2010.
- <sup>10</sup> Congressional Budget Office, [\*H.R. 6497: Development, Relief, and Education for Alien Minors Act of 2010 as introduced on December 7, 2010\*](#), December 8, 2010, p. 7.
- <sup>11</sup> Ibid., p. 14; citing Georges Vernez, Richard A. Krop, and C. Peter Rydell, [\*Closing the Education Gap: Benefits and Costs\*](#) (Santa Monica, CA: RAND Education, 1999).
- <sup>12</sup> Raúl Hinojosa-Ojeda, [\*Raising the Floor for American Workers: The Economic Benefits of Comprehensive Immigration Reform\*](#) (Washington, DC: Immigration Policy Center, Center for American Progress, January 2010), pp. 8-9. Also see Rob Paral and Associates, [\*Economic Progress Via Legalization: Lessons from the Last Legalization Program\*](#) (Washington, DC: Immigration Policy Center, November 2009).
- <sup>13</sup> Roberto G. Gonzales, [\*Wasted Talent and Broken Dreams: The Lost Potential of Undocumented Students\*](#) (Washington, DC: Immigration Policy Center, American Immigration Law Foundation, October 2007), p. 1.
- <sup>14</sup> National Immigration Law Center, [\*The Economic Benefits of the DREAM Act and the Student Adjustment Act\*](#) (Washington, DC: February 2005).
- <sup>15</sup> Ibid.
- <sup>16</sup> Roberto G. Gonzales, [\*Wasted Talent and Broken Dreams: The Lost Potential of Undocumented Students\*](#) (Washington, DC: Immigration Policy Center, American Immigration Law Foundation, October 2007), p. 9; citing National Immigration Law Center, [\*Basic Facts About In-State Tuition for Undocumented Immigrant Students\*](#) (Washington, DC: April 2006).
- <sup>17</sup> Ibid.
- <sup>18</sup> Ibid.
- <sup>19</sup> Giovanni Peri, [\*The Effect of Immigrants on U.S. Employment and Productivity\*](#) (San Francisco, CA: Federal Reserve Bank of San Francisco, August 30, 2010), p. 4.