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The National Dream Act: What's at stake for Texas?

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Texas has a strong tradition of embracing immigrant culture, and immigrants have played a leading role in our state's economic success. When our state legislature passed the [Texas Dream Act](#) in 2001, we were the first state to ensure tuition equity for immigrant students, recognizing the value of helping all Texas students pursue a college education, a career, and a pathway to becoming productive, engaged citizens. Unfortunately, there has been a hostile reversal of support of immigrants in Texas and nationally, with recent [state policies like SB 4](#) and federal-level policies that threaten Texas's immigrant families and our state's economic prosperity.

On September 5, the Trump Administration announced that it would [end the Deferred Action for Childhood Arrivals \(DACA\) program](#), 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. Ending DACA is contrary to core Texas values and bad for the Texas economy. DACA students [pay tuition at state colleges and universities](#), work for Texas businesses, and contribute to their communities. They long to give back to Texas and our country, which for most is the only home they have ever known.

The president then "challenged" Congress to provide a fix to the problem he created—presumably with something like the [national 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. The following analysis considers what's at stake for Texas's economic and fiscal outlook with these federal proposals.

Passing the national Dream Act would increase state and local revenue by \$54 million.¹

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

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 national Dream Act, Texas' state GDP would see a long-term annual increase of \$3.4 billion, with an estimated 306,000 Texans eligible for the national Dream Act.²

The increase is substantially larger if the national 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 the Texas GDP by an estimated \$11.4 billion each year.³

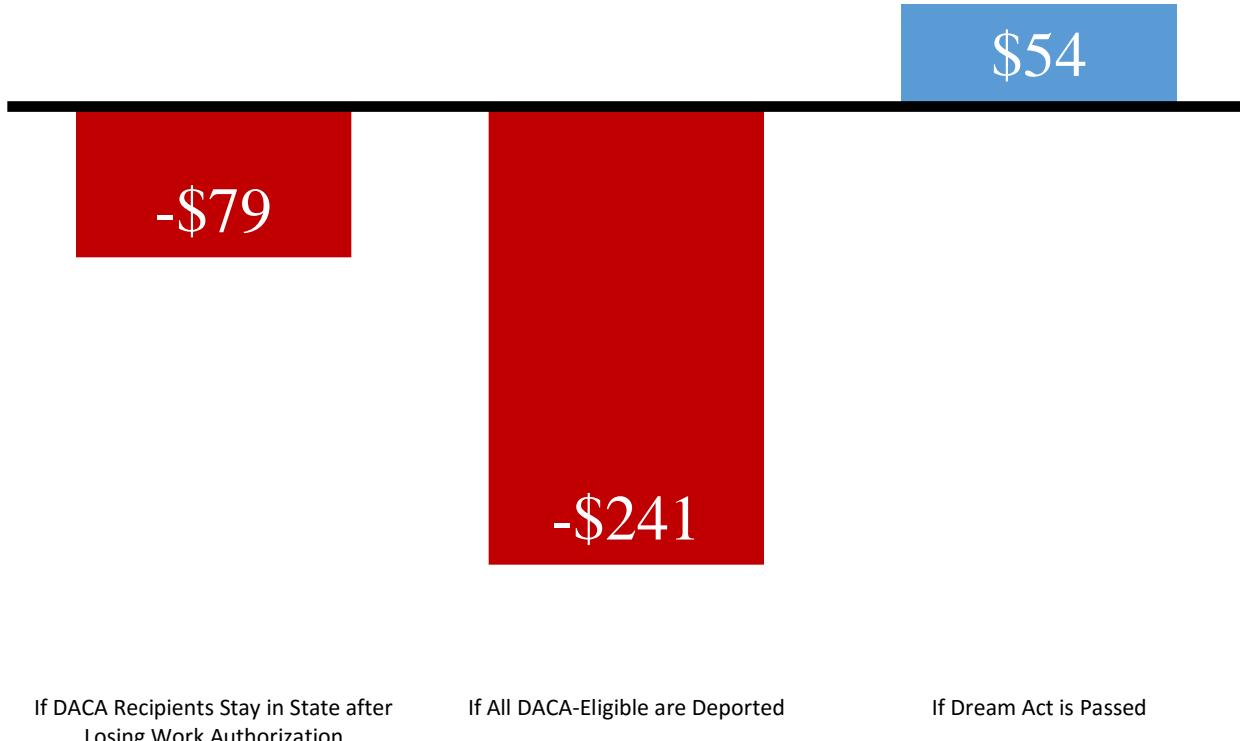
Tax Revenues: Unless Congress acts, termination of DACA will result in a loss to our state's social fabric and a disruption to our economy. It will also result in the loss of taxes currently paid by these young immigrants.

Researchers estimate that approximately 177,000 young Texas immigrants are potentially eligible for DACA,⁴ and they currently contribute a total of \$241 million to local and state taxes annually through sales and excise taxes, property taxes and income tax.⁵

Without the national Dream Act, Texas can expect to lose at least \$79 million in state and local 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.⁶

The National Dream Act: State and Local Tax Revenues at Stake in Texas

Estimated Annual Revenues Gained or Lost Compared to 2016 (in millions)



If DACA Recipients Stay in State after
Losing Work Authorization

If All DACA-Eligible are Deported

If Dream Act is Passed

Source: Institute on Taxation and Economic Policy, Updated Tax Contributions of Young Undocumented Immigrants (November 2017)

Texas would lose even more if those eligible for DACA are all deported. In that case, the tax losses would amount to \$241 million, and there would be many additional costs to businesses and communities of depriving our state of the many talents of Texas Dreamers.⁷

On the other hand, if Congress takes up the president's challenge and passes a national Dream Act, as is currently under consideration, these young immigrants would be granted work authorization and a pathway to citizenship. In that case, Texas would see an increase in state and local taxes of \$54 million.⁸ If allowed a pathway to citizenship, immigrant youth would be more likely to advance in a career that pays a living wage, buy a home, or start a business. This estimate of the gain from the national Dream Act is conservative because the law would affect additional individuals as well as those eligible under the rules for DACA. These tax revenues would help offset costs at the state and local level. Many of these costs are in fact long-term investments, as Texas realized over a decade ago in passing the Texas Dream Act.

Conclusion: Congress must act now to put Texas's young immigrants on the same footing as all other hard-working Texans. Texas Dreamers are our classmates, colleagues, and neighbors – they've worked hard to establish themselves in this country. The national Dream Act would make it possible for these young immigrants to continue with what they've learned in our schools, work to realize their full potential, and contribute fully to Texas communities and to the local economy.

CPPP thanks the Fiscal Policy Institute for their assistance on this policy brief.

For more information or to request an interview, please contact Oliver Bernstein at bernstein@cppp.org or 512.823.2875.

About CPPP

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¹ Fiscal Policy Institute compilation of analyses from Institute on Taxation and Economic Policy

² Center for American Progress, [The State-by-State Economic Benefits of Passing the Dream Act](#) (October 2017). According to the U.S. Bureau of Economic Analysis, the state's total annual GDP is \$1.6 trillion.

³ Ibid

⁴ Migration Policy Institute, [DACA at the Two-Year Mark: A National and State Profile of Youth Eligible and Applying for Deferred Action](#) (August 2014)

⁵ Institute on Taxation and Economic Policy, [Updated Tax Contributions of Young Undocumented Immigrants](#) (November 2017).

⁶ Ibid

⁷ Ibid

⁸ See note 1