

The Economic and Fiscal Impact of the SUCCEED Act

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September 25, 2017

Executive Summary

The Solution for Undocumented Children through Careers, Employment, Education, and Defending our Nation (SUCCEED) Act, introduced by Senator Thom Tillis (R-NC) and cosponsored by Senators James Lankford (R-OK) and Orrin Hatch (R-UT) offers conditional permanent residence to eligible young immigrants who came to the United States under the age of 16, provided they choose to serve in the military, enroll in higher education, or work in the United States. After ten years as a conditional permanent resident, SUCCEED participants are eligible for legal permanent residence status provided they maintain a clean criminal record, do not become dependent on public assistance, and pay owed back taxes to the U.S. government, among other requirements.

The analysis that follows is the first analysis of the effects of the SUCCEED Act. It includes a state-by-state breakdown of where SUCCEED-eligible participants reside, the economic consequences of passing the SUCCEED Act into law, and the estimated economic and fiscal cost of deporting SUCCEED-eligible immigrants from the country.

Overall, our findings suggest that 1.8 million immigrants would be immediately eligible to apply for legal status under the SUCCEED Act, if it were passed. Up to 2.6 million could eventually be eligible in total. We also find that:

- The SUCCEED Act would increase GDP by \$81 billion over 10 years
- The SUCCEED Act would increase net federal revenue by \$22 billion over 10 years
- The SUCCEED Act would create 117,000 new jobs
- Under the SUCCEED Act, eligible immigrants will contribute \$738 billion to gross domestic product (GDP) over a decade and, in net present value terms, contribute \$204 billion in long-term net revenue to federal, state, and local governments

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Immigration legislation is complex, and requires consideration of several issues. Among the most relevant should be an analysis of the contributions of potential participants and the economic and fiscal impact of legalizing this population of individuals. We hope this analysis will inform that discussion.

Introduction

The SUCCEED Act was introduced on September 25, 2017 as the Republican-led Dreamer solution in the US Senate. Introduced just a few weeks after Attorney General Jeff Sessions announced that the Trump Administration was winding down the Deferred Action for Childhood Arrivals (DACA) program, which deferred removal of about 800,000 undocumented young adults. President Trump indicated that he hoped Congress would introduce a legislative fix during the six-month window in which DACA renewals would still be granted.

Urgency surrounding legalizing this population continues to grow. The administration has put the onus squarely on Congress to find a solution for the Dreamer population.

Although significant research exists specific to the Dreamer population and eligibility under the Deferred Action for Childhood Arrivals (DACA) program, little information exists about proposed legislative solutions. A Republican-led bill in the House, the Recognizing America's Children (RAC) Act, introduced by Rep. Carlos Curbelo (R-FL-26) in March, was the subject of our previous research on the economic consequences of Dreamer legislation—research which served as the basis for this paper.¹ In the Senate, the SUCCEED Act appears to be the preferred approach of Republican Senators.

As lawmakers begin to consider the economic and social benefits of the SUCCEED Act in the coming weeks and months, they must understand how many people will be eligible, where they currently live in the U.S., and how much they will contribute to the economy and federal, state, and local budgets if the SUCCEED Act were passed.

Eligibility

The SUCCEED Act offers conditional permanent residence to immigrants who:

- Have been in the U.S. continuously since June 15, 2012;ⁱⁱ
- Were born on June 16, 1981 or after;ⁱⁱⁱ
- Initially arrived in the U.S. younger than the age of 16;
- Are a person of good moral character;
- Pass strict criminal and national security background checks and a medical exam;
- Pay back-taxes; and
- If 18, pursue one of three pathways:

ⁱⁱ The RAC Act, by contrast, required presence beginning six months earlier, on January 1, 2012.

ⁱⁱⁱ The RAC Act, by contrast, placed no upper eligibility restriction on age.

- Serving in the US armed forces;
- Pursuing a postsecondary degree in higher education; or
- Maintaining gainful employment.

We estimate that the total number of immigrants who meet age at arrival and residency eligibility requirements under the SUCCEED Act is 2.553 million.^{iv} However, we estimate that 736,800 of them would not be immediately eligible to apply. Instead, we estimate that only 1.816 million young immigrants would be immediately eligible. This lower number represents the young immigrants who meet age at arrival and residency requirements but who are, if they are under 18, not enrolled in school, or, if they are over 18, do not have a high school diploma or equivalency, and would hence most likely be ineligible. Below, Table 1 breaks down the overall estimated eligibility for the SUCCEED Act by state.

The number who could be eligible for the SUCCEED Act is somewhat lower than the approximately 3.3 million² who could be eligible for the DREAM Act introduced in the Senate, which includes a more lenient age requirement that includes those who arrived in the United States between who are 16 or 17. However, we estimate that the 1.816 million immigrants who would be immediately eligible under the SUCCEED Act would actually be higher than the 1.813 million who could be immediately eligible under the DREAM Act.³ This is because while the DREAM Act is more lenient on the age at arrival, the SUCCEED Act is more lenient on the age for protection—SUCCEED does not require that applicants under the age of 18 already be enrolled in high school.

Compared to the RAC Act, on the other hand, SUCCEED may offer up to 57,000 more immigrants the opportunity to get legal status.⁴

We anticipate that most, but not all, of the 1.816 million SUCCEED-eligible immigrants will be eligible for conditional residence if they apply for status. And we anticipate that many of the 736,800 who would be eligible but for their high school equivalence or school enrollment would become eligible at some point after SUCCEED is enacted. However, how many end up applying and the number of individuals who may become eligible for legal permanent resident status by successfully meeting the education, service, or work requirements is more uncertain at this time.

^{iv} See Appendix for the methodology used to estimate eligibility and economic contributions of this population.

Table 1: SUCCEED Act Eligibility Estimates by State

State	Immediately Eligible	Total Eligibility
Total US*	1,816,200	2,553,000
Alabama	10,700	15,100
Alaska	2,000	2,800
Arizona	65,100	91,500
Arkansas	8,700	12,300
California	473,800	666,000
Colorado	31,200	43,800
Connecticut	15,300	21,500
Delaware	3,200	4,500
Washington, D.C.	3,900	5,500
Florida	115,300	162,100
Georgia	49,900	70,100
Hawaii	2,500	3,500
Idaho	6,600	9,300
Illinois	87,000	122,200
Indiana	18,700	26,300
Iowa	8,000	11,200
Kansas	11,700	16,400
Kentucky	9,000	12,700
Louisiana	8,000	11,300
Maine	2,400	3,400
Maryland	26,800	37,700
Massachusetts	32,300	45,500
Michigan	30,800	43,300
Minnesota	17,600	24,800
Mississippi	5,100	7,100
Missouri	13,600	19,100
Montana	1,600	2,200
Nebraska	6,900	9,700
Nevada	25,700	36,100
New Jersey	52,000	73,000
New Hampshire	3,200	4,400
New Mexico	12,700	17,800
New York	124,500	175,000
North Carolina	39,700	55,900
North Dakota	1,600	2,300
Ohio	22,900	32,300
Oklahoma	13,200	18,600
Oregon	21,500	30,200
Pennsylvania	26,400	37,100
Rhode Island	4,700	6,600
South Carolina	13,200	18,500
South Dakota	1,900	2,600
Tennessee	17,700	24,900
Texas	264,800	372,300
Utah	13,700	19,300
Vermont	1,200	1,700
Virginia	31,400	44,100
Washington	38,100	53,500
West Virginia	1,600	2,300
Wisconsin	15,200	21,300
Wyoming	1,600	2,300

* Due to rounding, total may not be equal to the sum of a column.

Overall Economic and Fiscal Impacts of the SUCCEED Act

The SUCCEED Act will increase the size of the workforce and the skill-level of many of those joining in the workforce, thereby growing the broader economy. Legal status and work authorization will encourage undocumented workers to seek employment without fear of deportation, and will motivate others in the undocumented population to enroll in school and the military as a means of securing legal status.

For these reasons, we confidently estimate that the SUCCEED Act will result in an increase in total investment of human capital among undocumented immigrants, increase their participation in the labor force, and will make it easier for them to find gainful employment.

Quantifying those effects, however, is highly dependent on what happens to this population if the SUCCEED Act is not passed. The likelihood of deportation of the Dreamer population, and potentially those with DACA status, impacts the estimated effects of passing the SUCCEED Act.

To account for the range of baseline scenarios in which the SUCCEED Act fails, we derive two sets of estimates.

The first estimate looks at the likely *effects* of passing the SUCCEED Act—that is, the difference between passage and the most likely scenario without passage. The second estimate looks at the contributions SUCCEED-eligible immigrants would make if the SUCCEED Act were passed. It is the equivalent to the net benefits of the SUCCEED Act compared to a baseline where all eligible immigrants are deported.

The Likely Effect of the SUCCEED Act

If the SUCCEED Act does not pass, even with DACA cancelled, DACA recipients will not all be immediately deported. If they were deported along with the rest of the SUCCEED-eligible population, the cost to the economy would be equal to their contributions estimated below. However, in the likeliest scenario in which the SUCCEED Act fails, most of the SUCCEED-eligible population would remain in the country, but would be less productive because they would lack valid work authorization and would have less education. It is against this baseline that we derive the likely effect of passing the SUCCEED Act. Because we would expect some portion of this population to be deported if the SUCCEED Act does not pass, our estimate for the likely effect of passing the SUCCEED Act is conservative.

We conservatively estimate that the likely impact of passing the SUCCEED Act is the creation of 117,000 jobs, an \$81 billion increase in GDP over a decade, and \$22 billion in long-term net revenue to the federal government.

Table 2: The Likely Effect of the SUCCEED Act by State of Residence

State	New Jobs	GDP Gain, 10 years	Net Fiscal Gain, 10 years
Total US*	117,300	\$80,794,000,000	\$21,814,000,000
Alabama	690	\$476,000,000	\$129,000,000
Alaska	130	\$89,000,000	\$24,000,000
Arizona	4,200	\$2,895,000,000	\$782,000,000
Arkansas	560	\$388,000,000	\$105,000,000
California	30,600	\$21,078,000,000	\$5,691,000,000
Colorado	2,010	\$1,387,000,000	\$374,000,000
Connecticut	990	\$679,000,000	\$183,000,000
Delaware	210	\$143,000,000	\$39,000,000
Washington D.C.	250	\$174,000,000	\$47,000,000
Florida	7,450	\$5,130,000,000	\$1,385,000,000
Georgia	3,220	\$2,219,000,000	\$599,000,000
Hawaii	160	\$112,000,000	\$30,000,000
Idaho	430	\$293,000,000	\$79,000,000
Illinois	5,620	\$3,868,000,000	\$1,044,000,000
Indiana	1,210	\$832,000,000	\$225,000,000
Iowa	520	\$356,000,000	\$96,000,000
Kansas	750	\$520,000,000	\$140,000,000
Kentucky	580	\$402,000,000	\$109,000,000
Louisiana	520	\$357,000,000	\$96,000,000
Maine	150	\$106,000,000	\$29,000,000
Maryland	1,730	\$1,192,000,000	\$322,000,000
Massachusetts	2,090	\$1,439,000,000	\$388,000,000
Michigan	1,990	\$1,369,000,000	\$370,000,000
Minnesota	1,140	\$784,000,000	\$212,000,000
Mississippi	330	\$225,000,000	\$61,000,000
Missouri	880	\$605,000,000	\$163,000,000
Montana	100	\$70,000,000	\$19,000,000
Nebraska	450	\$308,000,000	\$83,000,000
Nevada	1,660	\$1,144,000,000	\$309,000,000
New Jersey	3,360	\$2,311,000,000	\$624,000,000
New Hampshire	200	\$140,000,000	\$38,000,000
New Mexico	820	\$564,000,000	\$152,000,000
New York	8,040	\$5,539,000,000	\$1,496,000,000
North Carolina	2,570	\$1,768,000,000	\$477,000,000
North Dakota	100	\$72,000,000	\$19,000,000
Ohio	1,480	\$1,021,000,000	\$276,000,000
Oklahoma	850	\$588,000,000	\$159,000,000
Oregon	1,390	\$956,000,000	\$258,000,000
Pennsylvania	1,700	\$1,173,000,000	\$317,000,000
Rhode Island	300	\$208,000,000	\$56,000,000
South Carolina	850	\$587,000,000	\$158,000,000
South Dakota	120	\$83,000,000	\$22,000,000
Tennessee	1,140	\$788,000,000	\$213,000,000
Texas	17,110	\$11,782,000,000	\$3,181,000,000
Utah	890	\$610,000,000	\$165,000,000
Vermont	80	\$54,000,000	\$15,000,000
Virginia	2,030	\$1,396,000,000	\$377,000,000
Washington	2,460	\$1,693,000,000	\$457,000,000
West Virginia	110	\$73,000,000	\$20,000,000
Wisconsin	980	\$675,000,000	\$182,000,000
Wyoming	110	\$72,000,000	\$20,000,000

* Due to rounding, total may not be equal to the sum of a column.

However, our baseline assumption that the entire population would remain in the United States and none would get deported is highly unlikely—although easier to model. Therefore, the *expected* effect of passing the SUCCEED falls between our conservative estimate of the likely effect and our estimate for the contributions of SUCCEED-eligible immigrants under the SUCCEED Act below.

To put the stated fiscal effect in perspective, passing the SUCCEED Act would be the equivalent of a refund paid out to the federal government over 10 years for fully funding US Customs and Border Protection (CBP) and US Immigration and Customs Enforcement (ICE) in 2017.⁵

The Economic and Fiscal Contributions of SUCCEED-Eligible Immigrants under the SUCCEED Act

We estimate that if the SUCCEED Act became law, the SUCCEED-eligible population over ten years will contribute \$738 billion to the gross domestic product (GDP). We further estimate that the net present value (NPV) of their long term fiscal contribution to federal, state, and local governments will be \$204 billion.^v This sum includes future net revenue that governments can expect to receive from eligible immigrants, but takes into consideration the lower value in the present of future revenue.

These sizeable contributions represent the cost to the economy and government finances if SUCCEED-eligible immigrants were removed from the country, by deportation or emigration.

^v Estimated economic and fiscal contributions of SUCCEED-eligible individuals if SUCCEED were to pass. A fraction of the total contribution would still be generated unless the entire SUCCEED-eligible population were deported.

Table 3: Ten-Year Contributions of SUCCEED-Eligible Immigrants by State of Residence

State	GDP Contribution, 10 years	NPV Fiscal Contribution
Total US*	\$737,806,000,000	\$204,237,000,000
Alabama	\$4,350,000,000	\$1,204,000,000
Alaska	\$811,000,000	\$225,000,000
Arizona	\$26,440,000,000	\$7,319,000,000
Arkansas	\$3,545,000,000	\$981,000,000
California	\$192,485,000,000	\$53,283,000,000
Colorado	\$12,662,000,000	\$3,505,000,000
Connecticut	\$6,204,000,000	\$1,718,000,000
Delaware	\$1,308,000,000	\$362,000,000
Washington D.C.	\$1,590,000,000	\$440,000,000
Florida	\$46,849,000,000	\$12,969,000,000
Georgia	\$20,265,000,000	\$5,610,000,000
Hawaii	\$1,026,000,000	\$284,000,000
Idaho	\$2,675,000,000	\$741,000,000
Illinois	\$35,325,000,000	\$9,779,000,000
Indiana	\$7,600,000,000	\$2,104,000,000
Iowa	\$3,250,000,000	\$900,000,000
Kansas	\$4,746,000,000	\$1,314,000,000
Kentucky	\$3,672,000,000	\$1,016,000,000
Louisiana	\$3,260,000,000	\$902,000,000
Maine	\$969,000,000	\$268,000,000
Maryland	\$10,888,000,000	\$3,014,000,000
Massachusetts	\$13,137,000,000	\$3,637,000,000
Michigan	\$12,501,000,000	\$3,460,000,000
Minnesota	\$7,157,000,000	\$1,981,000,000
Mississippi	\$2,053,000,000	\$568,000,000
Missouri	\$5,522,000,000	\$1,529,000,000
Montana	\$637,000,000	\$176,000,000
Nebraska	\$2,810,000,000	\$778,000,000
Nevada	\$10,444,000,000	\$2,891,000,000
New Jersey	\$21,106,000,000	\$5,843,000,000
New Hampshire	\$1,281,000,000	\$355,000,000
New Mexico	\$5,148,000,000	\$1,425,000,000
New York	\$50,583,000,000	\$14,002,000,000
North Carolina	\$16,147,000,000	\$4,470,000,000
North Dakota	\$654,000,000	\$181,000,000
Ohio	\$9,322,000,000	\$2,580,000,000
Oklahoma	\$5,370,000,000	\$1,487,000,000
Oregon	\$8,730,000,000	\$2,417,000,000
Pennsylvania	\$10,710,000,000	\$2,965,000,000
Rhode Island	\$1,901,000,000	\$526,000,000
South Carolina	\$5,357,000,000	\$1,483,000,000
South Dakota	\$758,000,000	\$210,000,000
Tennessee	\$7,199,000,000	\$1,993,000,000
Texas	\$107,593,000,000	\$29,784,000,000
Utah	\$5,569,000,000	\$1,542,000,000
Vermont	\$492,000,000	\$136,000,000
Virginia	\$12,750,000,000	\$3,530,000,000
Washington	\$15,461,000,000	\$4,280,000,000
West Virginia	\$670,000,000	\$186,000,000
Wisconsin	\$6,162,000,000	\$1,706,000,000
Wyoming	\$661,000,000	\$183,000,000

* Due to rounding, total may not be equal to the sum of a column.

Conclusion

Our analysis shows that every state, and the United States as a whole, has much to gain by passing the SUCCEED Act. The country could gain 117,000 jobs, an \$81 billion increase in GDP over a decade, and \$22 billion in long-term net revenue to the federal government if the SUCCEED Act is passed. The 1.8-2.6 million eligible participants would be contributing sizably—\$738 billion—to the economy and paying \$204 billion more in taxes than they receive in benefits over the long term.

Appendix: Methodological Notes

Eligible Population Estimates

The estimate of the state-by-state SUCCEED-eligible population is derived by collecting data from the American Community Survey (ACS) on the age, country of origin, and legal status on the immigrant populations in 117 counties for which the Migration Policy Institute (MPI) produced estimates of the DACA eligible populations.⁶ A demographic model of the DACA eligible population was then specified and estimated. Then, that model was used to predict the DACA eligible population for every state, which was then scaled to estimate the SUCCEED eligible population for that state, using the ratio of MPI's estimate for the potential RAC Act beneficiaries to their estimate of the total eligible for DACA and adding in an estimate for the additional eligible immigrants who arrived between January 1 and June 15, 2012, derived from looking at the difference between MPI's estimates for DACA and RAC eligibility to determine an average for arrivals per day.⁷

Ten-Year Contributions of SUCCEED-Eligible

Ike Brannon of the Cato Institute estimated the GDP contributions of DACA recipients⁸ by recalibrating a model developed by Thomas Church at the Hoover Institution to calculate the GDP impact of H-1B visa population. Brannon recalibrated the results of Church's model to take into account the differing size, educational attainment and income prospects of the DACA eligible population relative to the H-1B visa population.

The contribution estimates in this paper used Brannon's model to calculate a GDP impact multiplier for the DACA eligible population. That multiplier was then applied to the state-by-state estimates of the SUCCEED eligible population to estimate the ten-year economic contributions of the SUCCEED-eligible population.

To calculate the NPV of their net fiscal contribution to federal, state, and local governments, we used the National Research Council's estimate of the average long-term net fiscal contribution per immigrant.⁹

Low End Economic Impact and Job Creation

Nolan Pope at the University of Chicago used data from the American Community Survey to produce a difference-in-differences estimate of the effect of DACA on immigrant labor supply.¹⁰ The data set available to Pope gave him detailed information of the employment histories of nearly 400K immigrants but did not differentiate between legal and non-legal status. As a result, his estimates are significantly biased downward, since DACA only directly affects or in econometric terms is “intended to treat” immigrants with non-legal status.

This paper multiplied Pope’s estimate in the increase in average hours worked by average labor productivity and number of weeks per year to produce economic labor supply impact. To this labor impact was added a corresponding capital deepening, assuming a standard $\frac{1}{3}$ capital share, to create a total economic impact. This was then multiplied by our estimate of the state-by-state SUCCEED eligible population to produce the lower bound on the likely economic impact. To derive the likely net fiscal gain to the federal government over ten years, a fiscal impact multiplier of .27 was derived from Brannon’s GDP impact estimates and applied to the likely impact estimates.

To estimate job creation, the increase in labor supply estimated by the Pope model was divided by average weekly hours.

¹ Karl Smith and Jeremy L. Neufeld, “The Economic and Fiscal Impact of the Recognizing America’s Children (RAC) Act,” Washington DC: Niskanen Center, August 2017. Available at: <https://niskanencenter.org/blog/news/research-paper-economic-fiscal-benefits-rac-act/>

² Jeanne Batalova, Ariel G. Ruiz Soto, and Michelle Mittelstadt, “Protecting the DREAM: The Potential Impact of Different Legislative Scenarios for Unauthorized Youth,” Washington DC: Migration Policy Institute, July 2017, p. 6. Available at: <http://www.migrationpolicy.org/research/protecting-dream-potential-impact-different-legislative-scenarios-unauthorized-youth>.

³ Ibid.

⁴ Smith and Neufeld, “Economic and Fiscal Impact of RAC.”

⁵ “Budget-in-Brief: Fiscal Year 2017,” Department of Homeland Security. Available at: <https://www.dhs.gov/sites/default/files/publications/FY2017BIB.pdf>

⁶ United States Census Bureau / American FactFinder. *American Community Survey*. US Census Bureau’s American Community Survey Office. For the DACA estimates, see James Bachmeier, Colin Hammar, and Jennifer Van Hook, “National and County Estimates of Populations Eligible for Deferred Action for Childhood Arrivals (DACA) Program, 2016,” Washington DC: Migration Policy Institute, 2016. Available at: <http://www.migrationpolicy.org/programs/data-hub/deferred-action-childhood-arrivals-daca-profiles>

⁷ Randy Capps and Jeanne Batalova, “Deferred Action for Childhood Arrivals (DACA) Data Tools,” Washington DC: Migration Policy Institute. Available at: <http://www.migrationpolicy.org/programs/data-hub/deferred-action-childhood-arrivals-daca-profiles>. And, Batalova, Ruiz Soto, and Mittelstadt, “Protecting the DREAM,” p. 6. While their division of the total potential beneficiaries into those immediately eligible and those who may become eligible is based on a reading of the law that excludes those under 18, their total eligibility estimate relies on the correct age at arrival and residency requirements.

⁸ Ike Brannon and Logan Albright, “The Economic and Fiscal Impact of Repealing DACA,” Washington, DC: Cato Institute, January 18, 2017. Available at: <https://www.cato.org/blog/economic-fiscal-impact-repealing-daca>

⁹ James P. Smith and Barry Edmonston, eds., “The Future Fiscal Impacts of Current Immigrants” in *The New Americans: Economic, Demographic, and Fiscal Effects on Immigration*, pp. 297-362, Washington, DC: National Academy Press, 1997, p. 334. Available at: http://isites.harvard.edu/fs/docs/icb.topic803549.files/Week%209-November%203/Smith_Future.pdf

¹⁰ Nolan Pope, “The Effects of DACAmentation: The Impact of Deferred Action for Childhood Arrivals on Unauthorized Immigrants,” *Journal of Public Economics*, v. 143, pp. 98-114, 2016. Available at: http://home.uchicago.edu/~npope/daca_paper.pdf