



# DRAINING THE TRUST FUNDS

## *Ending DACA and the Consequences to Social Security and Medicare*

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### I. Executive Summary<sup>1</sup>

Originally implemented in 2012 by President Barack Obama, Deferred Action for Childhood Arrivals (DACA) is a prosecutorial discretion initiative that provides employment authorization (the ability to lawfully work) and protection from deportation for certain undocumented immigrants who entered the United States before the age of 16. Beginning in 2012 and through June of 2017, U.S. Citizenship and Immigration Services (USCIS) granted deferred action under DACA to 793,026 individuals. Approximately 91.4% of DACA recipients are employed, contributing to the Social Security and Medicare trust funds through the Federal Insurance Contributions Act (FICA) through their own contributions and that of their employers.

On September 5, 2017, President Donald J. Trump, through Attorney General Jeff Sessions, announced that, effective immediately, the federal government would functionally end Deferred Action for Childhood Arrivals (DACA). Under this announcement, the Administration will no longer accept initial requests for DACA and will only accept a small portion of renewal requests before October 5, 2017. Beginning March 6, 2018, DACA recipients will begin to lose their DACA status on a rolling basis until March of 2020. Consequently, DACA recipients will lose the ability to be lawfully employed, forcing employers to terminate them and foregoing the Social Security and Medicare contributions that their employment otherwise would have generated. Using updated survey information from DACA recipients, wage growth projections from Bureau of Labor and Statistics (BLS) data, and the latest data from USCIS, this report provides updated ten-year estimates of the Social Security and Medicare losses stemming from President Trump's decision to end DACA.

- The report concludes that the Administration's decision to end DACA will lead to **\$39.3 billion in losses to Social Security and Medicare contributions over ten years**, half of which represents lost employee contributions and half employer contributions.
- Of these losses, **\$31.8 billion represents the decrease in Social Security contributions** and **\$7.4 billion in Medicare contributions**.
- Moreover, as both trust funds use contributions from today's workers to pay out current obligations, the **reduction in contributions reduces the immediately available funds to pay today's U.S. citizen seniors** and others currently eligible for these programs.
- Thus, passage of legislation to provide permanent relief to all current DACA recipients, such as the Dream Act of 2017 or the Recognizing America's Children Act, **would lead to the contribution of at least these same amounts and likely even more because of the broader population protected under potential legislation**.

<sup>1</sup> The authors thank Philip Wolgin for his assistance in this report. For questions regarding this report, please contact Professor Tom K. Wong at [tomkwong@ucsd.edu](mailto:tomkwong@ucsd.edu).

This report represents an update of the ILRC's previous estimates on this topic, originally released in December of 2016.<sup>1</sup> As part of the previous report, the ILRC also calculated estimated losses for businesses associated with turnover costs. While this report does not update projected turnover costs to businesses, David Bier of CATO calculated updated turnover costs associated with the loss of DACA, concluding those losses to be at least \$6.3 billion.<sup>2</sup>

## II. Background

Deferred action represents an exercise of prosecutorial discretion by the Executive branch that allows it to defer the deportation of an immigrant. Deferred action and prosecutorial discretion in the immigration context have a long legal history and precedent.<sup>3</sup> In light of this firm legal foundation and ongoing pressure by immigrant youth in 2012, President Obama, through then-Secretary of the U.S. Department of Homeland Security (DHS) Janet Napolitano, announced the creation of DACA.<sup>4</sup> DACA allowed immigrant youth who came to the United States before the age of 16 and met a series of other stringent public safety and evidentiary requirements to apply for deferred action through USCIS.<sup>5</sup>

Out of a universe of 1.7 million potentially eligible individuals,<sup>6</sup> USCIS eventually granted DACA to 793,026 individuals as of June 30, 2017.<sup>7</sup> These DACA recipients were able to obtain driver's licenses, obtain employment, pursue their careers, further their educational paths, and more. As of August 2017, approximately 91.4% of DACA recipients secured employment,<sup>8</sup> with many of these individuals working at prestigious businesses, including Fortune 500 companies, such as "Walmart, Apple, General Motors, Amazon, JPMorgan Chase, Home Depot, and Wells Fargo."<sup>9</sup> Critically, with every paycheck, these individuals and their employers contribute to the Social Security<sup>10</sup> and Medicare<sup>11</sup> trust funds, which represent the government's two largest entitlement programs that provide financial support to seniors, disabled, and lower income individuals. These trust funds pay out obligations to seniors and other eligible individuals with the contributions provided by current workers. Consequently, eligible recipients—including U.S. citizens and seniors—who receive payments from Social Security and Medicare today, have been, in part, receiving contributions from DACA recipients since 2012.

While President Trump continued DACA for a short time during the beginning of his Administration, on September 5, 2017, the Administration—through Attorney General Jeff Sessions—announced that DACA would end.<sup>12</sup> Allowing approximately a quarter of DACA recipients to apply for renewal one last time (those with expirations between September 5, 2017 and March 5, 2018), the Administration announced that all other requests for DACA, including first-time requests, other renewals, and those whose DACA expired before September 5, 2017, would no longer be able to apply for or be considered for DACA.<sup>13</sup> Beginning March 6, 2018, DACA recipients will begin to lose their DACA on a rolling basis until the end of February of 2020 where the last DACA grants will expire. Thus, over the course of the next two and a half years, DACA recipients will lose the protections associated with deferred action and—critically—their ability to be lawfully employed.

Under federal law, employers are prohibited from hiring and continuing to employ individuals who do not have a valid employment authorization document, commonly known as a work permit.<sup>14</sup> Consequently, over the next two and a half years, employers will regularly have to terminate the employment of DACA recipients as their DACA expires. Accompanying this termination will be a corresponding reduction in Social Security and Medicare contributions both by the employee and the employer. This report quantifies those losses.

In light of the potential for these economic losses, employers are already strongly advocating for the protection of DACA recipients and Dreamers. Notably, over 800 employers, including major names such as Wal-Mart, Target, and PepsiCo, have called on Congress to provide permanent protection for DACA recipients through legislation.<sup>15</sup> Indeed, Congress is currently contemplating a variety of legislation vehicles to protect this population, including the Dream Act of 2017<sup>16</sup> and Recognizing America's Children Act.<sup>17</sup> Passage of one of these pieces of legislation would substantially help mitigate the projected losses to both the Social Security and Medicare trust funds while kickstarting the nation's economic engine

with collateral, significant economic benefits.<sup>18</sup> It is incumbent on Congress to enact one of these bills, provide protection for this population, and mitigate the losses to the trust funds.

### III. Methodology

#### A. Overview

This methodology estimates the losses to the Social Security and Medicare trust funds over the course of ten years. However, for the first two years, it does so on a *monthly* basis due to the rolling nature of DACA expirations. To do so, we first establish the number of DACA recipients that will be affected by the Administration’s announcement in March 2018. We determine the approximate number of DACA expirations per month to later discount contributions on a monthly basis. We then calculate the average wage increases on a yearly and monthly basis. Finally, we project the number of DACA recipients who are employed and discount their month-to-month and eventually yearly contributions over the course of ten years, factoring projected wage growth throughout.

#### B. Methodology Updates

In December of 2016, the ILRC released a report projecting the losses to the Social Security and Medicare trust funds as a result of potentially ending DACA.<sup>19</sup> The current report updates that methodology in a few key ways. Initially, this report employs the latest data from the annual surveys of the DACA population conducted by Professor Tom K. Wong.<sup>20</sup> The latest survey provides the most up-to-date estimates of the percentage of employed DACA recipients and their average yearly wage.<sup>21</sup> Moreover, the report uses the most recently released data by USCIS regarding the current number of DACA recipients and pending applications.<sup>22</sup> Finally, employing Bureau of Labor Statistics data analyzed by the Federal Reserve Bank of Atlanta,<sup>23</sup> this report projects the average wage earnings increase for DACA recipients over the next decade. This report provides estimates for the ten-year period beginning in March of 2018, the month DACA grants will begin to expire.

#### C. DACA Population in March of 2018

To project the total number of individuals with valid grants of DACA in March of 2018 we use the following formula:

$$a + b - c - d = f$$

“a” represents the total number of approved initial requests as of June 30, 2017. “b” represents the projected number of approvals for all pending initial applications as of September 5, 2017. “c” represents those who have adjusted status. “d” represents those who did not renew or were not allowed to renew. And “f” represents the projected total number of individuals with valid grants of DACA in March of 2018. Data for “a” and “b” come from USCIS quarterly statistics. Data for “c” and “d” come from a one-time USCIS data release on September 5, 2017.

#### D. Approval Rate

To calculate “b,” we need to obtain the overall approval rate, e.g. the rate which accepted requests are eventually approved. To obtain this number, we take the total number of approved initial requests as of June 30 and divide it by the total number of accepted initial requests as of June 30.<sup>24</sup>

**Table A1. Approval Rate for Initial Requests**

Accepted initial requests as of June 30	897,605
Approved initial requests as of June 30	793,026
Approval rate	<b>88.35%</b>

Source: USCIS Data 2017

### E. Pending Initial Request as of September 5, 2017 (“b”)

The quarterly data shows that there are 34,298 initial accepted applications pending as June 30, 2017.<sup>25</sup> However, this data only represents Quarter 3, e.g. April – June of 2017. Thus, there are 67 days (July 1 through September 5) of initial pending applications not reflected in the data that we must account for when calculating “b”.

To do so, we take the average number of initial accepted applications per day for Quarters 1 through 3 of 2017. We obtain this number by dividing the total number of initial accepted applications in these three quarters by 273, the number of total days in all three quarters. We then multiply the average per day by 67 to obtain the number of initial accepted applications filed July through September 5. We add the total number of initial accepted application as of June 30, 2017.

Now that we have the total number of pending applications as of September 5, 2017, we multiply this number by the approval rate to obtain the projected number of initial accepted applications filed by September 5 that will be approved by March 2018 (“b”).

**Table A2. Initial Requests Accepted by USCIS**

Q1. Oct. - Dec. initial accepted	15,325
Q2. Jan. - March initial accepted	10,321
Q3. April - June initial accepted	10,801
Average per day	134
June 30 initial accepted	36,447
July - Sept. 5 initial accepted (projected)	8,945
Pending initial as of Sept. 5 (projected)	45,392
Approvals based on pending initial as of Sept. 5, 2017 (projected)	<b>40,103</b>

Source: USCIS Data 2017

### F. DACA Approvals Grants in March of 2018 (“f”)

We begin with the total number of approved initial requests as of June 30, 2017, the latest date for which data are available, which represents the total number of DACA grants ever approved (“a”).<sup>26</sup> Next, we add the number of approvals based on all pending initial applications as of September 5, 2017 (“b”). We need to adjust this number by subtracting the number of individuals who previously held DACA but no longer do. Thus, we subtract the number of DACA recipients who adjusted status and became lawful permanent residents (“c”).<sup>27</sup> We also subtract the number of DACA recipients who did not renew or where USCIS denied the renewal (“d”).<sup>28</sup> This leaves us with the projected population of the total number of individuals who will hold DACA in March of 2018, or “f.”

**Table A3. Projected DACA Recipients in March of 2018**

Approved initial as of June 30	793,026
Approvals based on pending initial as of Sept. 5, 2017 (projected)	40,103
Adjusted status	-39,514
Did not renew or renewal denied	-70,000
<b>March 2018 DACA recipients (projected)</b>	<b>723,615</b>

Source: USCIS Data 2017; Grassley 2017

### G. Expirations Per Month

As DACA recipients will lose their DACA on a rolling basis instead of all at once, we need to determine the estimated monthly losses from March 2017 to March 2020. To calculate the average number of expirations per month, we divide the total number of projected DACA recipients in March of 2018 (“f”) by 24 (e.g. the number of months in two years). This assumes that previous approvals and renewals are roughly equal on a per month basis. Beginning in March of 2018, we use this number to represent the number of monthly expirations and therefore the monthly decrease in FICA contributions.

**Table B. Expirations per Month**

<i>Total DACA recipients</i>	<i>Expirations per month</i>
723,615	<b>30,151</b>

Source: USCIS Data 2017

### H. Projected Wage Growth

The Current Population Survey (CPS) is a survey conducted monthly by the Bureau of Census on behalf of the Bureau of Labor Statistics (BLS). Using microdata from the CPS survey, the Federal Reserve Bank of Atlanta (the Atlanta branch of the Federal Reserve) calculates the median percentage change for wage growth on a monthly basis.<sup>29</sup> Averaging out the overall wage growth for the most recent ten-year period, we obtain the average median wage growth for a ten-year period—the wage growth percentage.<sup>30</sup> We can then employ this average wage growth to project the increase in earnings for DACA recipients on a monthly and per-year basis.

**Table C. Historic and Average Wage Growth**

Date	Overall (%)	Date	Overall (%)	Date	Overall (%)	Date	Overall (%)
8/1/2007	4.3	2/1/2010	1.7	8/1/2012	2.1	2/1/2015	3
9/1/2007	4.4	3/1/2010	1.9	9/1/2012	2.1	3/1/2015	3.2
10/1/2007	4.3	4/1/2010	1.9	10/1/2012	2.1	4/1/2015	3.3
11/1/2007	4.3	5/1/2010	1.6	11/1/2012	2.3	5/1/2015	3.3
12/1/2007	4.1	6/1/2010	1.7	12/1/2012	2.3	6/1/2015	3.2
1/1/2008	3.9	7/1/2010	1.8	1/1/2013	2.4	7/1/2015	3.1
2/1/2008	3.9	8/1/2010	2	2/1/2013	2.3	8/1/2015	3.1
3/1/2008	4	9/1/2010	1.9	3/1/2013	2.2	9/1/2015	3
4/1/2008	4.1	10/1/2010	1.7	4/1/2013	2.2	10/1/2015	2.9
5/1/2008	4.1	11/1/2010	1.7	5/1/2013	2.2	11/1/2015	3.1
6/1/2008	4.1	12/1/2010	1.7	6/1/2013	2.1	12/1/2015	3.1
7/1/2008	4.1	1/1/2011	1.9	7/1/2013	2.3	1/1/2016	3.1
8/1/2008	4	2/1/2011	1.9	8/1/2013	2.3	2/1/2016	3.2
9/1/2008	4	3/1/2011	1.9	9/1/2013	2.4	3/1/2016	3.2
10/1/2008	4	4/1/2011	1.9	10/1/2013	2.2	4/1/2016	3.4
11/1/2008	4	5/1/2011	2	11/1/2013	2	5/1/2016	3.5
12/1/2008	3.8	6/1/2011	2	12/1/2013	2.2	6/1/2016	3.6
1/1/2009	3.7	7/1/2011	2.1	1/1/2014	2.3	7/1/2016	3.4
2/1/2009	3.4	8/1/2011	2.2	2/1/2014	2.5	8/1/2016	3.3
3/1/2009	3.3	9/1/2011	2.1	3/1/2014	2.4	9/1/2016	3.6
4/1/2009	3.2	10/1/2011	2.2	4/1/2014	2.3	10/1/2016	3.9
5/1/2009	3.3	11/1/2011	2	5/1/2014	2.3	11/1/2016	3.9
6/1/2009	3.1	12/1/2011	2	6/1/2014	2.3	12/1/2016	3.5
7/1/2009	3	1/1/2012	1.9	7/1/2014	2.4	1/1/2017	3.2
8/1/2009	2.5	2/1/2012	1.9	8/1/2014	2.4	2/1/2017	3.2
9/1/2009	2.3	3/1/2012	2	9/1/2014	2.6	3/1/2017	3.4
10/1/2009	2.1	4/1/2012	2.2	10/1/2014	2.8	4/1/2017	3.5
11/1/2009	2.1	5/1/2012	2.1	11/1/2014	2.9	5/1/2017	3.4
12/1/2009	1.7	6/1/2012	2.3	12/1/2014	2.9	6/1/2017	3.2
1/1/2010	1.6	7/1/2012	2.1	1/1/2015	3	7/1/2017	3.3
Ten-year average (%)							<b>2.77</b>

Source: BLS CPS 2017

To project future wage growth for the DACA population, we begin with the Wong survey regarding the average yearly wage for DACA recipients.<sup>31</sup> From there, we calculate the average yearly wage growth (by increasing the annual wage by the wage growth percentage) and average monthly wage growth (by dividing the yearly wage growth by 12). During the month-by-month rolling expirations, the report uses the average monthly wage growth to determine lost contributions. When all DACA grants expire, we begin to employ the yearly wage growth instead of the monthly wage growth (because there are no longer any monthly decreases of the DACA population).

**Table D. Projected DACA Wage Growth**

Year	Avg. yearly wage	Avg. yearly wage growth	Avg. monthly wage
2017	\$36,232	\$1,005	\$3,019
2018	\$37,237	\$1,033	\$3,103
2019	\$38,270	\$1,062	\$3,189
2020	\$39,332	\$1,091	\$3,278
2021	\$40,423	\$1,121	\$3,369
2022	\$41,544	\$1,153	\$3,462
2023	\$42,697	\$1,184	\$3,558
2024	\$43,881	\$1,217	\$3,657
2025	\$45,099	\$1,251	\$3,758
2026	\$46,350	\$1,286	\$3,862
2027	\$47,636	\$1,321	\$3,970
2028	\$48,957	\$1,358	\$4,080

Source: Tom Wong Survey 2017; BLS CPS 2017

## I. Social Security and Medicare Tax Rates

The Federal Insurance Contributions Act (FICA) is a federal employment tax that requires contributions from both employers and employees to fund the Social Security and Medicare trust funds.<sup>32</sup> Both of these trust funds require contributions from workers to fund current, outstanding obligations to individuals who are eligible to receive benefits.<sup>33</sup>

The withholding rate for Social Security is 6.2% for employees<sup>34</sup> and 6.2% for employers,<sup>35</sup> for a total of 12.4%. The withholding rate for Medicare is 1.45% for employees<sup>36</sup> and 1.45% for employers,<sup>37</sup> for a total of 2.9%. Social Security tax is only applied to a certain amount of wages each year, for example, in 2016, that limit was \$127,200.<sup>38</sup> Additionally, for Medicare, employers must withhold an additional 0.9% on wages in excess of \$200,000.<sup>39</sup> As the average yearly wage for DACA recipients is \$36,231.91,<sup>40</sup> we do not incorporate the \$118,500 limit or additional withholding requirements into our calculations.

## J. Monthly, Yearly, and Ten-year Social Security and Medicare Losses

To estimate the loss in contributions to the Social Security and Medicare trust funds we, with a starting point of March of 2018, determine the number of individuals who would have contributed to both trust funds but cannot due so due to the end of DACA. We estimate these losses on a monthly basis for the first two years (as a result of rolling expirations) and then yearly for the last eight years (as all DACA grants have expired by this point). Additionally, we only estimate the losses for the percentage of individuals who are likely employed (based on the data from the Wong survey regarding the percentage of employed DACA recipients) as non-employed individuals do not contribute FICA taxes.

First, we determine the number of individuals with valid grants of DACA (“Valid grants”) at the end of each month. We then calculate the number of individuals whose DACA will expire during each timeframe, whether monthly or yearly (“Expired grants”). We apply the Wong percentage regarding the percentage of DACA recipients employed to determine the percentage of the individuals with expired DACA who are employed (“Prev. employed.”). We then multiply this population by the monthly wage or yearly wage (“Monthly wage” and “Yearly wage”) to obtain the total lost wages for that month or year (“Total lost wages.”) We multiply the total lost wages by the 12.4% Social Security tax rate to obtain the monthly or yearly losses to the Social Security trust fund (“Soc. sec. losses (12.4%)”). We also multiply the total lost wages by the 2.9% Medicare tax rate to obtain the monthly or yearly losses to the Medicare trust fund (“Medicare losses (2.9%)”). We have twenty-four separate monthly calculations to reflect the rolling nature of DACA expiration during the first two years of the time period. We then calculate these numbers on a yearly basis during the last eight years to reflect the

portion of the ten-year time period where 100% of DACA grants are expired. We do, however, switch back to a monthly calculation for January and February of 2028 to complete our ten-year window.

**Table E. Expiration of Employed DACA Recipients and Social Security and Medicare Losses**

Date	Valid grants	Expired grants	Prev. employed	Monthly wage	Total lost wages	Soc. sec. losses (12.4%)	Medicare losses (2.9%)
<b>2018</b>							
Feb.	723,615	0	0	\$3,103	\$0	\$0	\$0
March	693,465	30,151	27,558	\$3,103	\$85,513,887	\$10,603,722	\$2,479,903
April	663,314	60,301	55,115	\$3,103	\$171,027,774	\$21,207,444	\$4,959,805
May	633,163	90,452	82,673	\$3,103	\$256,541,661	\$31,811,166	\$7,439,708
June	603,013	120,603	110,231	\$3,103	\$342,055,548	\$42,414,888	\$9,919,611
July	572,862	150,753	137,788	\$3,103	\$427,569,435	\$53,018,610	\$12,399,514
Aug.	542,711	180,904	165,346	\$3,103	\$513,083,322	\$63,622,332	\$14,879,416
Sept.	512,561	211,054	192,904	\$3,103	\$598,597,209	\$74,226,054	\$17,359,319
Oct.	482,410	241,205	220,461	\$3,103	\$684,111,096	\$84,829,776	\$19,839,222
Nov.	452,260	271,356	248,019	\$3,103	\$769,624,984	\$95,433,498	\$22,319,125
Dec.	422,109	301,506	275,577	\$3,103	\$855,138,871	\$106,037,220	\$24,799,027
<b>2019</b>							
Jan.	391,958	331,657	303,135	\$3,189	\$966,748,033	\$119,876,756	\$28,035,693
Feb.	361,808	361,808	330,692	\$3,189	\$1,054,634,218	\$130,774,643	\$30,584,392
March	331,657	391,958	358,250	\$3,189	\$1,142,520,403	\$141,672,530	\$33,133,092
April	301,506	422,109	385,808	\$3,189	\$1,230,406,587	\$152,570,417	\$35,681,791
May	271,356	452,260	413,365	\$3,189	\$1,318,292,772	\$163,468,304	\$38,230,490
June	241,205	482,410	440,923	\$3,189	\$1,406,178,957	\$174,366,191	\$40,779,190
July	211,054	512,561	468,481	\$3,189	\$1,494,065,142	\$185,264,078	\$43,327,889
Aug.	180,904	542,711	496,038	\$3,189	\$1,581,951,327	\$196,161,964	\$45,876,588
Sept.	150,753	572,862	523,596	\$3,189	\$1,669,837,511	\$207,059,851	\$48,425,288
Oct.	120,603	603,013	551,154	\$3,189	\$1,757,723,696	\$217,957,738	\$50,973,987
Nov.	90,452	633,163	578,711	\$3,189	\$1,845,609,881	\$228,855,625	\$53,522,687
Dec.	60,301	663,314	606,269	\$3,189	\$1,933,496,066	\$239,753,512	\$56,071,386
<b>2020*</b>							
Jan.	30,151	693,465	633,827	\$3,278	\$2,077,458,763	\$257,604,887	\$60,246,304
Feb. - Dec.	0	723,615	661,384	\$3,278	\$23,845,613,629.89	\$2,956,856,090	\$691,522,795
Yearly wage							
<b>2021</b>	0	723,615	661,384	\$40,423	\$26,735,051,667	\$3,315,146,407	\$775,316,498
<b>2022</b>	0	723,615	661,384	\$41,544	\$27,476,726,559	\$3,407,114,093	\$796,825,070
<b>2023</b>	0	723,615	661,384	\$42,697	\$28,238,976,748	\$3,501,633,117	\$818,930,326
<b>2024</b>	0	723,615	661,384	\$43,881	\$29,022,373,028	\$3,598,774,255	\$841,648,818
<b>2025</b>	0	723,615	661,384	\$45,099	\$29,827,502,026	\$3,698,610,251	\$864,997,559
<b>2026</b>	0	723,615	661,384	\$46,350	\$30,654,966,645	\$3,801,215,864	\$888,994,033
<b>2027</b>	0	723,615	661,384	\$47,636	\$31,505,386,511	\$3,906,667,927	\$913,656,209
Monthly wage							
<b>2028</b>							
Jan.	0	723,615	661,384	\$4,080	\$2,698,283,204	\$334,587,117	\$78,250,213
Feb.	0	723,615	661,384	\$4,080	\$2,698,283,204	\$334,587,117	\$78,250,213
Total					<b>\$256,885,350,364</b>	<b>\$31,853,783,445</b>	<b>\$7,449,675,161</b>
Total Social Security and Medicare Losses Over 10 Years							<b>\$39,303,458,606</b>

Source: USCIS DACA Data 2017; Tom Wong Survey 2017; CPS BLS Data 2017; IRS FICA 2017

\*For Feb. - Dec., monthly wage multiplied by number of prev. employed expired grants and 11 (months Feb. through Dec.).



## K. Additional Notes

Employers who are forced to terminate their DACA employees may engage in a variety of different conduct in regard to the open position. Some may choose to consolidate the position with another position to avoid the difficulties and turnover costs associated with identifying a new employee. Others may hire another individual at a lower introductory wage rate. And yet others may struggle to fill the position in a timely manner or at all. All of these actions would lead to a decrease in FICA contributions. This report, however, does not speculate on how employers across the nation would address the economic shock of being forced to terminate close to a million workers over the course of two and a half years or any remunerative steps they would attempt to take.

## IV. Conclusion

The end of DACA will have significant and far reaching economic impacts on contributions to the Social Security and Medicare trust funds. President Trump's decision to end DACA will cost these trust funds at least \$39.3 billion over ten years, \$31.8 billion from Social Security and \$7.4 billion from Medicare. Passing legislation to provide permanent protection to the DACA population, however, will guarantee their contributions over the same ten-year period. Moreover, as pending legislation will likely provide protection to more than just the DACA population, these potential gains represent the floor of the contributions that DACA recipients and other immigrants eligible for relief could potentially contribute over a decade.

## End Notes

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<sup>1</sup> Jose Magaña-Salgado, *Money on the Table: The Economic Impact of Ending DACA*, Immigrant Legal Resource Center, Dec. 2016, <https://www.ilrc.org/report-daca-economic-cost>.

<sup>2</sup> David Bier, *Ending DACA Will Impose Billions in Employer Compliance Costs*, CATO, Sept. 1, 2017, <https://www.cato.org/blog/ending-daca-will-impose-billions-employer-compliance-costs>.

<sup>3</sup> Letter from Shoba Sivaprasad Wadhia Esq., Samuel Weiss Faculty Scholar & Clinical Professor of Law Director, Center for Immigrants' Rights Clinic, Penn State Law, et. al, to President Donald J. Trump, President, United States Aug. 14, 2017, available at <https://pennstatelaw.psu.edu/sites/default/files/documents/pdfs/Immigrants/LawProfLetterDACAFinal8.13.pdf>.

<sup>4</sup> Memorandum from Janet Napolitano, Secretary, U.S. Department of Homeland Security, Exercising Prosecutorial Discretion with Respect to Individuals Who Came to the United States as Children, to David V. Aguilar, Acting Commissioner, U.S. Customs and Border Protection, et. al, (June 15, 2012), available at <http://www.dhs.gov/xlibrary/assets/s1-exercising-prosecutorial-discretion-individuals-who-came-to-us-as-children.pdf>.

<sup>5</sup> See U.S. CITIZENSHIP AND IMMIGRATION SERVICES, U.S. DEPARTMENT OF HOMELAND SECURITY, *Frequently Asked Questions* (September 9, 2017), available at <https://www.uscis.gov/archive/frequently-asked-questions>.

<sup>6</sup> *DACA at Four: Participation in the Deferred Action Program and Impacts on Recipients*, Migration Policy Institute, Aug. 2016, <http://www.migrationpolicy.org/research/daca-four-participation-deferred-action-program-and-impacts-recipients>.

<sup>7</sup> U.S. CITIZENSHIP AND IMMIGRATION SERVICES, U.S. DEPARTMENT OF HOMELAND SECURITY, NUMBER OF I-821D, CONSIDERATION OF DEFERRED ACTION FOR CHILDHOOD ARRIVALS BY FISCAL YEAR, QUARTER, INTAKE, BIOMETRICS AND CASE STATUS FISCAL YEAR 2012-2017 (June 30) Sep. 20, 2017, available at <https://www.uscis.gov/tools/reports-studies/immigration-forms-data/data-set-form-i-821d-deferred-action-childhood-arrivals> [hereinafter "USCIS DACA Data - Intake"].

<sup>8</sup> Tom K. Wong, *Results from Tom K. Wong et al, 2017 National DACA Survey 3*, University of California, San Diego, August 28, 2017, <https://cdn.americanprogress.org/content/uploads/2017/08/27164928/Wong-Et-Al-New-DACA-Survey-2017-Codebook.pdf> [hereinafter "Wong 2017 Survey"].

<sup>9</sup> Tom K. Wong, et al., *DACA Recipients' Economic and Educational Gains Continue to Grow*, CENTER FOR AMERICAN PROGRESS, Aug. 28, 2017, <https://www.americanprogress.org/issues/immigration/news/2017/08/28/437956/daca-recipients-economic-educational-gains-continue-grow/>.

<sup>10</sup> SOCIAL SECURITY ADMINISTRATION, *Understanding the Benefits*, 2017, <https://www.ssa.gov/pubs/EN-05-10024.pdf>.

<sup>11</sup> SOCIAL SECURITY ADMINISTRATION, *Medicare*, 2017, <https://www.ssa.gov/pubs/EN-05-10043.pdf>.

<sup>12</sup> See Memorandum from Elaine C. Duke, Acting Secretary, U.S. Department of Homeland Security, Memorandum on Rescission Of Deferred Action For Childhood Arrivals (DACA), to James W. McCament, Acting Director, U.S. Citizenship and Immigration Services, et. al, (Sept. 5, 2017), available at <https://www.dhs.gov/news/2017/09/05/memorandum-rescission-daca>.

<sup>13</sup> *Id.*

<sup>14</sup> 8 U.S.C. 1324a (West 2017).

<sup>15</sup> *These Fortune 100 Companies Just Joined Facebook-Backed Call for ‘Dreamer’ Legislation*, FORTUNE, Sept. 20, 2017, <http://fortune.com/2017/09/20/walmart-pepsi-target-dreamer-daca-legislation>.

<sup>16</sup> See Dream Act of 2017, S.1615, 115th Cong. (2017), <https://www.congress.gov/bill/115th-congress/senate-bill/1615>.

<sup>17</sup> See Recognizing America’s Children Act, HR.1468, 115th Cong. (2017), <https://www.congress.gov/bill/115th-congress/house-bill/1468>.

<sup>18</sup> Tom K. Wong, et al., *DACA Recipients’ Economic and Educational Gains Continue to Grow*, CENTER FOR AMERICAN PROGRESS, Aug. 28, 2017, <https://www.americanprogress.org/issues/immigration/news/2017/08/28/437956/daca-recipients-economic-educational-gains-continue-grow/>.

<sup>19</sup> Jose Magaña-Salgado, *Money on the Table: The Economic Impact of Ending DACA*, Immigrant Legal Resource Center, Dec. 2016, <https://www.ilrc.org/report-daca-economic-cost>.

<sup>20</sup> Wong 2017 Survey, *supra* note 8, at 3.

<sup>21</sup> *Id.* at 4

<sup>22</sup> USCIS DACA Data - Intake, *supra* note 7.

<sup>23</sup> FEDERAL RESERVE BANK OF ATLANTA, *Wage Growth Tracker*, Sept. 14, 2017, <https://www.frbatlanta.org/chcs/wage-growth-tracker.aspx?panel=1>.

<sup>24</sup> USCIS DACA Data - Intake, *supra* note 7.

<sup>25</sup> *Id.*

<sup>26</sup> *Id.*

<sup>27</sup> U.S. CITIZENSHIP AND IMMIGRATION SERVICES, U.S. DEPARTMENT OF HOMELAND SECURITY, *Approximate Active DACA Recipients as of September 4, 2017 by Month Validity Expires and Status of Associated Renewal as of September 7, 2017 (If Submitted)*, Sept. 4, 2017, [https://www.uscis.gov/sites/default/files/USCIS/Resources/Reports%20and%20Studies/Immigration%20Forms%20Data/All%20Form%20Types/DACA/daca\\_renewal\\_data.pdf](https://www.uscis.gov/sites/default/files/USCIS/Resources/Reports%20and%20Studies/Immigration%20Forms%20Data/All%20Form%20Types/DACA/daca_renewal_data.pdf) [hereinafter “USCIS DACA Data – Active Grants”]; U.S. Senate, Office of Senator Chuck Grassley, *Data Indicate Unauthorized Immigrants Exploited Loophole to Gain Legal Status, Pathway to Citizenship*, Sept. 1, 2017, <https://www.grassley.senate.gov/news/news-releases/data-indicate-unauthorized-immigrants-exploited-loophole-gain-legal-status> (“The data provided indicates 59,778 DACA recipients have applied for Lawful Permanent Resident (LPR) status—also known as a ‘green card’—and 39,514 have been approved.”).

<sup>28</sup> USCIS DACA Data – Active Grants, *supra* note 27.

<sup>29</sup> FEDERAL RESERVE BANK OF ATLANTA, *Wage Growth Tracker*, Sept. 14, 2017, <https://www.frbatlanta.org/chcs/wage-growth-tracker.aspx?panel=1>.

<sup>30</sup> *Id.* (To obtain the raw data, select “Export” under the Wage Growth Tracker table).

<sup>31</sup> Wong 2017 Survey, *supra* note 8, at 3.

<sup>32</sup> 26 U.S.C. §§ 3101-3128 (West 2017).

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<sup>33</sup> The Social Security trust fund is projected to become insolvent in 2034 while the Medicare trust fund is projected to become insolvent in 2029. See Carolyn Y. Johnson, *Medicare's hospital trust fund will run out of money in 2029*, WALL STREET JOURNAL, July 13, 2017, <https://www.washingtonpost.com/news/wonk/wp/2017/07/13/medicares-hospital-trust-fund-will-run-out-of-money-in-2029/>. A decrease in contributions, e.g. because of the removal of close to three quarter of million employees from the workforce, is thus likely to move forward the insolvency dates for both of these programs.

<sup>34</sup> 26 U.S.C. §3101(a) (West 2017).

<sup>35</sup> *Id.* at § 3111(a).

<sup>36</sup> *Id.* at § 3101(b)(1).

<sup>37</sup> *Id.* at § 3111(b).

<sup>38</sup> INTERNAL REVENUE SERVICE, *Topic 751 - Social Security and Medicare Withholding Rates*, April 14, 2017, <https://www.irs.gov/taxtopics/tc751.html>.

<sup>39</sup> 26 U.S.C. § 3101 (West 2017).

<sup>40</sup> Wong 2017 Survey, *supra* note 8, at 4.