

Inc.

DACA's End Will Cost Businesses \$6.3 Billion

Erik Sherman

September 5, 2017

Donald Trump has made it official. The Deferred Action for Childhood Arrivals (DACA) program that allowed immigrants brought into the country as children to stay and work is effectively over. A six month window is all that's left at this point. The so-called Dreamers -- the young people who fit into this category and have grown up, gone to school, entered the workforce, and paid taxes -- face a foundationless future and immense personal pain.

But companies also will suffer, even if not to the same degree. Politics and business can make an ugly mix. Businesses of all sizes are about to find that they'd better brush up on their hiring practices and be prepared for other costs that may collectively run into the billions.

The end of DACA means the end of the work permits that have allowed Dreamers to legally work, as well as the two-year renewable permits to go to school and live in the country. With a six month clock set and the historical lack of immigration reform suggesting that Congress won't suddenly start, companies face the need to eventually replace people.

The Cato Institute recently estimated that an end to DACA will cost employers \$6.3 billion in employee turnover. That includes the expenses to recruit, hire, and train 720,000 people. As the organization wrote, "Every week for the next two years, U.S. employers will have to terminate 6,914 employees who currently participate in DACA at a weekly cost of \$61 million." Cato estimated that this will be the equivalent of "31 'major' regulations."

As the Table shows, the estimated turnover cost ranges from 12 percent to 37 percent of annual wages with a median of 25 percent (the average is 26 percent). This estimate is slightly lower than a U.S. Department of Labor estimate that concluded that turnover costs an employer 30 percent of the leaving employee's salary.

This isn't a cost to be borne only by large corporations. Dreamers are employed in companies of all sizes. Many small business owners and entrepreneurs will feel the same financial pressures, only with fewer resources to offset them. Plus, they'll have their own emotional toil of knowing that they have to fire people they value because they can't wait until the last day to start looking. The pain won't be anywhere near as extreme as what the Dreamers face, but it will still be significant.

This is a time when businesspeople and entrepreneurs should consider contacting their congressional representatives and push for a solution. Now is the time for compromise and

permanent and final action, not another way to push the problem on for other people at another time to consider.