Unlocking Occupational Opportunity: The Labor Market Effects of DACA

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I. Introduction

Unauthorized immigrants in the U.S. face significant barriers to social and economic integration, contributing to occupational segregation, limited mobility, and weak returns to experience (Borjas & Cassidy, 2019; Hellerstein & Neumark, 2008). As a result, they are disproportionately concentrated in undesirable jobs marked by high risk (Orrenius & Zavodny, 2009), low wages (Hall & Greenman, 2015), and work environments that keep them in the shadows (Ortega & Hsin, 2022). This study examines how temporary work authorization affects the occupational outcomes of young undocumented immigrants by leveraging the eligibility requirements of the Deferred Action for Childhood Arrivals (DACA) program.

Enacted in June 2012, DACA provided temporary work authorization and deferred removal action to unauthorized migrants who entered the U.S. as children and satisfied specific age and education criteria.[1] Existing research documents improvements in labor force participation, employment, hours worked, income, and household poverty following the program's implementation (Pope, 2016; Amuedo-Dorantes & Antman, 2016, 2017).[2] Nonetheless, empirical evidence on DACA's implications for the occupational trajectories of young migrants remains limited.[3] This study contributes by analyzing the program's impact on a broad set of labor market outcomes that capture variation in job quality, working conditions, and long-run career prospects.

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[1] Since its adoption, over 800,000 individuals have received temporary relief from deportation and work authorization, accounting for roughly 70 percent of the estimated eligible population (Migration Policy Institute n.d.). For more details, see https://www.uscis.gov/DACA

[2] Other research finds that DACA improved health (Giuntella & Lonsky, 2020).

[3] Pope (2016) and Amuedo-Dorantes and Antman (2017) examine the impact of DACA on broad occupational measures (high-low skills and formal-informal sectors) as *ancillary* outcomes and find small and imprecise effects.

For eligible individuals, DACA expanded employment options and widened the set of occupations in which unauthorized workers could make labor market choices. If occupational outcomes remain unchanged, this suggests undocumented workers were already in their preferred jobs given their skills and preferences, implying legal barriers were not binding. In contrast, shifts in occupational outcomes indicate a positive response to expanded opportunities. Such adjustments can generate both utility gains for workers and efficiency gains by reducing talent misallocation and improving matches between skills and jobs.

We estimate the causal effect of DACA on immigrants' occupational outcomes using a difference-in-differences approach and data from the American Community Survey, the Survey of Occupational Injuries and Illnesses, and the Current Population Survey. Overall, we find that DACA led to a systematic shift in occupations, moving eligible workers away from jobs typically held by other immigrant workers and toward safer, more visible, and higher-paying occupations. First, noncitizen childhood immigrants became less likely to hold traditional immigrant jobs. Among younger workers, DACA eligibility also reduced the likelihood of employment in high-injury occupations, while increasing employment in government jobs, particularly among young women. Using occupation scores to summarize these shifts, we find that DACA eligibility moves noncitizen immigrants into higher-paying, higher-skilled occupations. Importantly, these occupational shifts occur only among undocumented migrants who were still school-aged when DACA was announced; the occupational outcomes of older workers do not change. This age pattern is consistent with younger undocumented migrants adjusting their educational investments to access the expanded labor market opportunities created by DACA.

II. Data and Empirical Strategy

A. Data Sources and Analytic Sample

We use individual-level data from the American Community Survey (ACS) from 2005 to 2018

to capture employment outcomes, demographic characteristics, and immigration-related information (Ruggles et al., 2020).[4] Our sample consists of Hispanic, foreign-born young adults ages 22 to 30 who arrived in the U.S. by age 10 and by 2007, and who are employed at the time of the survey. Although the ACS surveys individuals regardless of citizenship, it does not record legal status—an essential component for identifying DACA eligibility. We identify likely unauthorized immigrants as those who are Hispanic and noncitizens.

Accordingly, the "treatment" group consists of noncitizen Hispanic immigrants who meet DACA's age and arrival-year criteria. Following Kuka, Shenhav, and Shih (2020), the "comparison" group consists of Hispanic, foreign-born U.S. citizens who also satisfy DACA's age and arrival requirements. Thus, our empirical strategy compares Hispanic immigrants who arrived in the U.S. at the same age and in the same years—thus sharing similar exposure to U.S. institutions and integration—but differ in citizenship status. Noncitizens are eligible for DACA, while citizens are not, allowing the latter to serve as a counterfactual for changes in outcomes over time.

B. Key Outcome Measures

As in prior studies, we characterize occupations along three dimensions: the concentration of immigrant workers, occupational risk, and public sector employment.[5,6] We also analyze summary measures that capture occupational prestige. First, we examine jobs typically held by noncitizen workers, or "immigrant jobs," defined as occupations in the top quartile of the distribution of the share of noncitizen, prime-age workers. Based on this definition, immigrant jobs include occupations in agriculture, construction, and food services.[7] Next, we consider occupations with a high risk of injury, or "risky jobs." Using data from the Bureau of Labor Statistics' Survey of

[4] The ACS interviews individuals irrespective of legal status or citizenship. The ACS also makes surveys available in Spanish to increase participation among Hispanic respondents (Torrieri, 2014).
[5] Throughout the paper, occupations are defined at the 4-digit level according to the 2010 U.S. Census classification.
[6] See, for example, Orrenius and Zavodny (2009), Lewis, Liu, and Edwards (2014) and Ortega and Hsin (2022).
[7] See Table A1 in the appendix for a list of the top 20 occupations ranked by the percent of noncitizen workers.

Occupational Injuries and Illnesses, we define risky jobs as those in the top quartile of the injury-rate distribution during the pre-DACA period (2005-2011).[8] Third, we examine public sector employment, or "government jobs," defined as occupations within federal, state, or local government. Finally, we assess overall occupational changes by estimating the effect of DACA eligibility on the occupational status score constructed by the Integrated Public Use Microdata Series (IPUMS), which captures occupational prestige based on earnings and education.[9]

C. Estimation Strategy

We employ a difference-in-differences (DID) strategy comparing outcomes across Hispanic immigrant noncitizens and Hispanic citizens who arrived in the U.S. by age 10, before and after the implementation of DACA. Specifically, we estimate the following specification:

$$Y_{it} = \beta_0 + \beta_1 \cdot Eligible_i + \beta_2 \cdot Eligible_i \cdot Post_t + \boldsymbol{X}'_{it}\gamma + \omega_{st} + \lambda_{at} + \varepsilon_{it} \quad (1)$$

where Y_{it} is the outcome variable for individual i at time t; $Eligible$ is an indicatorvariable for Hispanic noncitizen immigrants who arrived in the U.S. by 2007 and age 10; $Post$ is an indicator variable equal to 1 starting in 2012, the year that DACA was announced and implemented. We control for a host of individual-level characteristics included in the vector denoted by X, such as gender, race, and region of birth. Lastly, we include state-by-year and age-by-year fixed effects denoted as ω_{st} and λ_{at} to account for state-level time-varying characteristics and cohort effects, respectively. Standard errors are clustered at the state level.

We expect differential responses by *both* sex and by age at first exposure to DACA. Prior research shows that changes in immigration status can produce distinct employment effects for men and women (Powers & Seltzer, 1998). To capture these differences, we estimate equation 1 separately by sex. Evidence also indicates that educational adjustments were most feasible for

[8] See Table A2 in the appendix for a list of the top 20 occupations ranked by the average injury rate.
[9] The occupational status score measures the percentage of workers who are in occupations with combined levels of education and earnings below the median levels of the respondent's occupation.

individuals who were school-aged when DACA was announced (Kuka et al., 2020). Thus, we also stratify our analyses by age at exposure, distinguishing between those who were of high school age when the program took effect (ages 22-24 in our sample) and older individuals (ages 25-30), who faced higher costs to adjust their education.

Table 1 summarizes our main outcomes by age at exposure to DACA and program eligibility, using pre-DACA data (2005-2011). DACA-eligible workers are *more likely* to be employed in immigrant and high-injury occupations than ineligible workers. For example, 60% of unauthorized young men and 39% of unauthorized young women worked in high–immigrant-share occupations, compared with 37% and 22% of ineligible peers. DACA-eligible individuals are also *less likely* to hold public-sector jobs and tend to work in occupations with lower average education and earnings, as reflected in the occupational status score. For instance, 4% and 7% of unauthorized young men and women, respectively, worked in public-sector jobs, compared with 12% and 15% of their ineligible counterparts.

III. Main Results

A. Did DACA Eligibility Shift Workers Out of Immigrant Jobs?

With work authorization, individuals can choose from a wider set of jobs, including those that were available to them prior to the policy change. We interpret changes in the likelihood of working an immigrant job as revealing utility-improving choices made by noncitizen workers following an expanded job set. Table 2, Panel A, shows the difference-in-differences estimates, where the outcome is an indicator variable capturing jobs with a high share of immigrant workers. Columns 1 and 2 restrict the sample to workers ages 22-24, reporting separately for men and women. Columns 3 and 4 show analogous results for the sample of older workers ages 25-30.

As shown in Table 2, it is only the younger group, who was of school-going age when DACA was announced, that is responsive to DACA eligibility. For workers ages 22-24, DACA eligibility

reduces the likelihood of holding an immigrant job by 6.4 percentage points among women and by 2.7 percentage points among men, 16.4% and 4.5%, respectively. In contrast, for both men and women in the older age cohort (ages 25-30), the passage of DACA does not significantly alter employment in occupations with a high share of noncitizen workers.

B. Did DACA Eligibility Reduce Employment in Risky Jobs?

Lacking work authorization, unauthorized migrants may take relatively more dangerous jobs either because those are the only jobs available or because they offer comparatively higher pay as a compensating differential for risk. As reported in Table 2, Panel B, access to temporary work authorization through DACA results in a lower likelihood of employment in occupations with a high rate of injury. Among younger workers, estimates indicate meaningful effects for both men and women, with a larger relative change for women, due to their lower baseline incidence of holding a risky job. DACA eligibility reduces the probability of holding a risky job by 3.6 percentage points, or 8% of the mean, among men, and by 1.9 percentage points (15.8% of the mean) among women.

C. Did DACA Eligibility Affect Employment in Government Jobs?

Unauthorized migrants often avoid jobs with a high risk of detection that may require repeated interactions with government officials (Ortega & Hsin, 2018). Furthermore, lacking legal work permit systematically excludes them from occupations in the public sector, a class of jobs that have historically been a pathway into the middle class and economic integration for migrants (Logan, Alba, & Stults, 2003). Table 2, Panel C, shows the estimation results where the dependent variable indicates employment in the public sector, across any level of government. Indeed, DACA significantly increased the likelihood of employment in the public sector by 2.4 percentage points among younger women, or 34.3% of the mean. In supplemental analyses, available upon request, we observe shifts into occupations at both federal as well as state and local government sectors. In contrast, the point estimates are small and insignificant for the male subsample of younger

workers, and the older age cohort (ages 25-30).

D. Did DACA Eligibility Move Workers into Higher-Paying, Higher-Skilled Occupations?

Finally, to summarize the various occupational shifts, we estimate the effect of DACA eligibility on a measure of occupational prestige captured by the occupational status score computed by IPUMS. Specifically, an increase in the occupational status score indicates shifts into jobs with higher average education levels and earnings. As shown in Table 2, Panel D, DACA eligibility broadly resulted in movements toward employment in *better* jobs – jobs that are on average higher-paying and use more educated workers. As with previous outcomes, these effects are larger and statistically significant for younger workers, with no meaningful impact among older workers.

V. Robustness Check: Parallel Trends Assumption

To assess pre-trends, we estimate an event-study version of Equation 1 that generates year-specific DID coefficients relative to a pre-policy reference year. Figure 1 presents these estimates for the occupation score.[10] Because DACA began in May 2012, we use 2011 as the omitted baseline year. Significant nonzero coefficients in years before 2011 would indicate differential trends and would undermine the credibility of the DID estimates for the post-policy period. Overall, the year-specific coefficients in Figure 1 show no evidence of pre-trends, supporting the parallel trends assumption. This lends credibility to interpreting the DID estimates as the causal effect of DACA.

IV. Concluding Remarks

This study shows that access to legal work authorization through DACA meaningfully reshaped the occupational outcomes of young undocumented immigrants educated in the United States. DACA eligibility reduced employment in occupations heavily filled by noncitizen workers and lowered the likelihood of working in high-injury jobs. We also find evidence of increased

[10] See Appendix Figures 1-3 for the other main outcomes: being in a high-immigrant-share occupation, being in a high-injury-rate occupation, and holding a government job.

entry into public-sector positions for some groups, signaling improved access to jobs that require greater visibility and institutional trust. These results highlight that legal barriers—not worker ability—limit the occupational opportunities of undocumented youth. Even temporary work authorization can move individuals into safer, higher-status jobs, suggesting sizable welfare gains for workers and efficiency gains for the labor market. Our findings underscore the role that legal status plays in shaping economic opportunity and the potential benefits of policies that expand authorized employment pathways.

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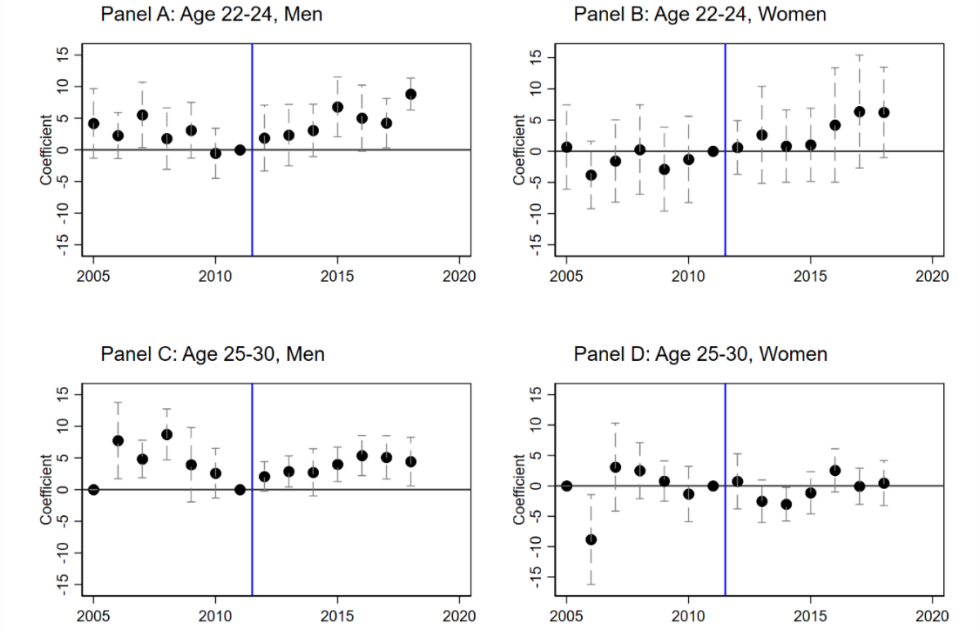
Figure 1: DACA Eligibility and Occupational Status Score, Event Study



Note: Event study estimates of the effect of DACA eligibility of the occupational status score. Refer to Table 1 for a full description of this outcome variable. The omitted baseline year is 2011, indicated by the blue line. Vertical dashes denote the 95 percent confidence intervals.

Table 1: Summary Statistics Key Outcome Variables (Pre-DACA Years, 2005-2011)

	DACA Eligible				DACA Ineligible			
	Age 22-24		Age 25-30		Age 22-24		Age 25-30	
	Men	Women	Men	Women	Men	Women	Men	Women
Share Employed in Immigrant Jobs	0.60	0.39	0.54	0.35	0.37	0.22	0.37	0.20
	(0.49)	(0.49)	(0.50)	(0.48)	(0.48)	(0.41)	(0.48)	(0.40)
Share Employed in Risky Jobs	0.45	0.12	0.48	0.11	0.37	0.09	0.40	0.10
	(0.50)	(0.32)	(0.50)	(0.31)	(0.48)	(0.29)	(0.49)	(0.31)
Share Employed in Government Jobs	0.04	0.07	0.03	0.08	0.12	0.15	0.11	0.16
	(0.19)	(0.25)	(0.18)	(0.27)	(0.33)	(0.35)	(0.31)	(0.36)
Occupational Status Score	29.83	34.14	32.37	39.05	39.17	44.05	43.41	49.57
	(19.79)	(20.51)	(21.55)	(23.18)	(23.14)	(22.61)	(25.03)	(24.90)

Notes: Immigrant jobs indicate occupations where the share of noncitizen workers falls within the 75th percentile of the distribution of noncitizen workers. The share of noncitizen workers was constructed using the 2005-2011 American Community Survey (ACS) data. Risky jobs indicate occupations where the average injury rate falls within the 75th percentile of the distribution of occupational injuries. The injury rate was obtained from the 2005-2011 Survey of Injuries, Illnesses, and Fatalities. The share of government workers is a direct measure derived from the "class of worker" variable in the ACS. The occupational status score measures the percentage of workers who are in occupations with combined levels of education and earnings below the median levels of the respondent's occupation. This variable was obtained from the ACS. Estimates correspond to the average over the pre-DACA years in the sample (2005-2011). Standard deviations are reported in parentheses.

Table 2: DACA Eligibility and Occupational Outcomes

	Age 22-24		Age 25-30	
	Men	Women	Men	Women
	(1)	(2)	(3)	(4)
Panel A: Immigrant Jobs				
DACA Eligible × Post	-0.027*	-0.064***	-0.015	0.001
	(0.016)	(0.017)	(0.015)	(0.023)
Observations	12,615	10,161	23,648	19,819
Panel B: Risky Jobs				
DACA Eligible × Post	-0.036*	-0.019**	0.016	0.018
	(0.019)	(0.010)	(0.016)	(0.016)
Observations	12,189	9,912	22,905	19,264
Panel C: Government Jobs				
DACA Eligible × Post	-0.003	0.024***	0.002	0.007
	(0.009)	(0.008)	(0.007)	(0.013)
Observations	12,615	10,161	23,648	19,819
Panel D: Occupational Status Score				
DACA Eligible × Post	2.558***	4.389***	0.401	-0.578
	(0.668)	(1.230)	(0.690)	(0.875)
Observations	12,284	10,104	23,259	19,742

Notes: Estimates are obtained from regression equations that include state-by-year and age-by-year fixed effects, and control for race and place of birth. The analysis is limited to foreign-born Hispanics who arrived in the US by age 10 and before 2007 and conditioned on employment. Each panel reports results for a different outcome variable. See Table 1 for variable definitions. Occupations are defined at the 4-digit level following the occupation classification according to the 2010 U.S. Census. Standard errors are clustered at the state level and are shown in parentheses.