The Effect of DACA Eligibility on Full-Time Employment: A Difference-in-Differences Analysis

Replication Study 85

January 2026

Abstract

This study estimates the causal effect of eligibility for the Deferred Action for Childhood Arrivals (DACA) program on full-time employment among Hispanic-Mexican immigrants born in Mexico. Using American Community Survey (ACS) data from 2006-2016 and a difference-in-differences research design, I compare individuals aged 26-30 at DACA implementation (the treated group, who were eligible) to those aged 31-35 (the control group, who were ineligible due to the age cutoff). The analysis finds that DACA eligibility is associated with a statistically significant 4.6-5.7 percentage point increase in the probability of full-time employment (defined as usually working 35 or more hours per week). This effect is robust across multiple specifications including models with year fixed effects, state fixed effects, and individual covariates. Event study analysis provides support for the parallel trends assumption, with pre-treatment coefficients generally not significantly different from zero. The findings suggest that DACA's provision of work authorization and protection from deportation meaningfully improved labor market outcomes for eligible immigrants.

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1 Introduction

The Deferred Action for Childhood Arrivals (DACA) program, implemented on June 15, 2012, represented a significant policy change affecting undocumented immigrants in the United States. The program provided qualifying individuals with temporary protection from deportation and authorization to work legally in the United States for renewable two-year periods. Given that DACA removed substantial barriers to formal employment, a natural question arises: did DACA eligibility increase full-time employment among those who qualified?

This study addresses this question using a difference-in-differences (DiD) research design that exploits the age-based eligibility cutoff of the DACA program. Specifically, individuals had to be under age 31 as of June 15, 2012 to qualify for DACA (among other requirements). This creates a natural comparison between individuals who were just young enough to qualify (ages 26-30 at implementation) and those who were just too old (ages 31-35 at implementation).

The analysis uses individual-level data from the American Community Survey (ACS) for years 2006-2016, focusing on Hispanic-Mexican immigrants born in Mexico who were non-citizens at the time of the survey. This population represents the vast majority of DACA-eligible individuals. The outcome of interest is full-time employment, defined as usually working 35 or more hours per week.

The main finding is that DACA eligibility is associated with a statistically significant increase of approximately 4.6-5.7 percentage points in the probability of full-time employment. This effect is robust across multiple model specifications and is supported by event study analysis that shows no significant pre-treatment trends.

2 Background on DACA

2.1 Program Overview

DACA was announced by the Department of Homeland Security on June 15, 2012. The program allowed certain undocumented immigrants who arrived in the United States as children to apply for deferred action on deportation proceedings and to obtain work authorization.

The initial period of deferred action was two years, with the possibility of renewal.

2.2 Eligibility Requirements

To be eligible for DACA, individuals had to meet the following criteria:

1. Were under the age of 31 as of June 15, 2012
2. Came to the United States before reaching their 16th birthday
3. Had continuously resided in the United States since June 15, 2007, up to the present time
4. Were physically present in the United States on June 15, 2012, and at the time of making the request for DACA
5. Had no lawful status on June 15, 2012 (i.e., were not U.S. citizens or legal permanent residents)
6. Met certain educational requirements or were honorably discharged veterans
7. Had not been convicted of a felony, significant misdemeanor, or three or more other misdemeanors

2.3 Implementation and Uptake

Applications for DACA began to be accepted on August 15, 2012. In the first four years of the program, nearly 900,000 initial applications were received, with approximately 90% being approved. While the program was not limited to any particular country of origin, the vast majority of DACA recipients were from Mexico, reflecting patterns of undocumented immigration to the United States.

2.4 Theoretical Mechanisms

DACA could affect employment outcomes through several channels:

- **Work Authorization:** DACA recipients receive Employment Authorization Documents (EADs), allowing them to work legally. This opens access to formal sector employment that was previously unavailable.
- **Reduced Fear of Deportation:** The deferred action component reduces the risk associated with formal employment, potentially encouraging labor force participation.
- **Access to Documentation:** DACA recipients can obtain driver's licenses and Social Security numbers in most states, facilitating employment and commuting.
- **Human Capital Investment:** The promise of legal work authorization may encourage educational attainment and skills development.

3 Data

3.1 Data Source

This analysis uses data from the American Community Survey (ACS) as provided by IPUMS USA. The ACS is an annual survey conducted by the U.S. Census Bureau that collects detailed demographic, social, economic, and housing information from approximately 3.5 million households each year. The ACS is a repeated cross-section, meaning that different individuals are surveyed each year.

3.2 Sample Selection

The sample is constructed as follows:

1. **Survey Years:** I use one-year ACS samples from 2006-2016, excluding 2012. The year 2012 is excluded because the ACS does not indicate the month of data collection, making it impossible to distinguish observations from before and after DACA implementation (June 15, 2012).
2. **Hispanic-Mexican Ethnicity:** I restrict the sample to individuals who report Hispanic origin as Mexican (HISPAN = 1).
3. **Mexican Birthplace:** I further restrict to individuals born in Mexico (BPL = 200).

4. **Non-Citizen Status:** I limit the sample to non-citizens (CITIZEN = 3). Following the research design instructions, non-citizens who have not received immigration papers are assumed to be undocumented.

5. **Age Criteria:** I calculate age as of June 15, 2012 using birth year (BIRTHYR) and birth quarter (BIRTHQTR). I then restrict to individuals aged 26-35 at DACA implementation:

   - Treatment group: Ages 26-30 (eligible for DACA based on age)
   - Control group: Ages 31-35 (ineligible for DACA due to age cutoff)

6. **Arrival Before Age 16:** I calculate age at immigration using year of immigration (YRIMMIG) and birth year, restricting to those who arrived before their 16th birthday.

7. **Continuous Residence:** I restrict to those who immigrated by 2007 to satisfy the continuous residence requirement (in the U.S. since June 15, 2007).

8. **Valid Immigration Year:** I exclude observations with missing immigration year (YRIMMIG = 0).

3.3 Key Variables

3.3.1 Outcome Variable

The primary outcome is full-time employment, defined as:

$$\text{FullTime}_i = \mathbf{1}[\text{UHRSWORK}_i \geq 35]$$

where UHRSWORK is the usual hours worked per week. This follows the standard definition of full-time work used by the Bureau of Labor Statistics.

3.3.2 Treatment and Time Variables

- **Treatment Indicator (Treated):** Equals 1 if the individual was aged 26-30 as of June 15, 2012, and 0 if aged 31-35.
- **Post-Period Indicator (Post):** Equals 1 for survey years 2013-2016 (after DACA implementation), and 0 for years 2006-2011 (before DACA implementation).

- **Interaction Term (Treated × Post):** The DiD estimator, capturing the effect of DACA eligibility.

3.3.3 Control Variables

The following control variables are used in some specifications:

- **Female:** Indicator for female sex (SEX = 2)
- **Married:** Indicator for currently married (MARST = 1 or 2)
- **High School or More:** Indicator for educational attainment of high school or higher (EDUC $\geq$ 6)
- **Years in US:** Calculated as survey year minus immigration year
- **State Fixed Effects:** Based on STATEFIP
- **Year Fixed Effects:** Based on YEAR

3.4 Sample Characteristics

Table 1 presents the sample sizes by treatment group and time period.

Table 1: Sample Sizes by Treatment Group and Time Period

	Pre-Period (2006-2011)	Post-Period (2013-2016)	Total
Control (Ages 31-35)	11,683	6,085	17,768
Treatment (Ages 26-30)	16,694	8,776	25,470
Total	28,377	14,861	43,238

Table 2 presents weighted means of key variables by treatment group and time period.

Table 2: Weighted Sample Characteristics by Group and Period

	Control (Ages 31-35)		Treatment (Ages 26-30)	
Variable	Pre	Post	Pre	Post
Female	0.414	0.447	0.434	0.434
Married	0.518	0.560	0.377	0.496
High School+	0.529	0.515	0.613	0.596
Years in US	19.84	25.96	15.37	21.05
Age	29.79	35.85	24.77	30.70
Full-Time Employed	0.673	0.643	0.631	0.660
Employed (Any)	0.718	0.722	0.684	0.740
N	11,683	6,085	16,694	8,776

Several patterns emerge from these descriptive statistics. The treatment group is younger and has been in the United States for fewer years on average, which is expected given the age-based construction of the groups. The treatment group also has higher educational attainment, likely reflecting generational differences in schooling patterns. Importantly, the treatment group has lower full-time employment in the pre-period (63.1% vs. 67.3%) but higher full-time employment in the post-period (66.0% vs. 64.3%), which is consistent with a positive effect of DACA eligibility.

4 Empirical Strategy

4.1 Difference-in-Differences Design

The identification strategy exploits the age-based eligibility cutoff of DACA. Individuals who were under age 31 as of June 15, 2012 could qualify for DACA (subject to other requirements), while those aged 31 or older could not. This creates a natural experiment where individuals just below the cutoff form the treatment group and those just above form the control group.

The key identifying assumption is that, in the absence of DACA, employment trends would have been parallel between the treatment and control groups. Under this assumption, any differential change in employment between the groups after DACA implementation can be attributed to the policy.

4.2 Estimation Equation

The basic difference-in-differences specification is:

$$Y_{it} = \alpha + \beta_1 \text{Treated}_i + \beta_2 \text{Post}_t + \beta_3 (\text{Treated}_i \times \text{Post}_t) + \varepsilon_{it} \tag{1}$$

where:

- Y_{it} is the full-time employment indicator for individual i in year t
- Treated_i equals 1 if aged 26-30 at DACA implementation
- Post_t equals 1 for years 2013-2016
- β_3 is the DiD estimator, capturing the effect of DACA eligibility

Extended specifications include year fixed effects:

$$Y_{it} = \alpha + \beta_1 \text{Treated}_i + \gamma_t + \beta_3 (\text{Treated}_i \times \text{Post}_t) + \varepsilon_{it} \tag{2}$$

And the full specification adds state fixed effects and individual controls:

$$Y_{it} = \alpha + \beta_1 \text{Treated}_i + \gamma_t + \delta_s + \beta_3 (\text{Treated}_i \times \text{Post}_t) + X_i' \theta + \varepsilon_{it} \tag{3}$$

where γ_t are year fixed effects, δ_s are state fixed effects, and X_i is a vector of individual controls.

4.3 Survey Weights

All regression results (except the basic unweighted model presented for comparison) use person weights (PERWT) provided in the ACS to make estimates representative of the target population.

4.4 Event Study Specification

To assess the validity of the parallel trends assumption, I estimate an event study specification:

$$Y_{it} = \alpha + \beta_1 \text{Treated}_i + \gamma_t + \sum_{k \neq 2011} \delta_k (\text{Treated}_i \times \mathbf{1}[t = k]) + \varepsilon_{it} \tag{4}$$

where 2011 serves as the reference year (the last pre-treatment year). The coefficients δ_k for pre-treatment years should be close to zero and statistically insignificant if the parallel trends assumption holds. The coefficients for post-treatment years capture the dynamic effects of DACA eligibility.

5 Results

5.1 Raw Difference-in-Differences

Before presenting regression results, I calculate the raw (unadjusted) difference-in-differences estimate. Table 3 shows the full-time employment rates by group and period.

Table 3: Full-Time Employment Rates and Raw DiD Estimate

	Pre-Period	Post-Period	Change
Control (Ages 31-35)	0.646	0.614	-0.032
Treatment (Ages 26-30)	0.615	0.634	+0.019
Difference	-0.031	+0.020	
DiD Estimate			**+0.052**

The raw DiD estimate suggests that DACA eligibility increased full-time employment by approximately 5.2 percentage points. The control group experienced a 3.2 percentage point decrease in full-time employment from the pre- to post-period, while the treatment group experienced a 1.9 percentage point increase. The difference of these changes (5.2 percentage points) represents the raw DiD estimate.

5.2 Main Regression Results

Table 4 presents the main regression results across multiple specifications.

Table 4: Difference-in-Differences Estimates of DACA Effect on Full-Time Employment

	(1) Basic	(2) Weighted	(3) Controls	(4) Year FE	(5) Full
Treated × Post	0.0516***	0.0590***	0.0478***	0.0574***	0.0459***
	(0.0100)	(0.0098)	(0.0090)	(0.0098)	(0.0090)
Treated	-0.0314***	-0.0426***	-0.0460***	-0.0439***	-0.0447***
	(0.0058)	(0.0058)	(0.0057)	(0.0058)	(0.0054)
Post	-0.0324***	-0.0299***	-0.0111	–	–
	(0.0076)	(0.0075)	(0.0074)		
Female			-0.3724***		-0.3704***
			(0.0043)		(0.0043)
Married			-0.0158***		-0.0124***
			(0.0043)		(0.0043)
High School+			0.0604***		0.0580***
			(0.0044)		(0.0044)
Years in US			-0.0008*		-0.0009**
			(0.0004)		(0.0004)
Year FE	No	No	No	Yes	Yes
State FE	No	No	No	No	Yes
Weights	No	Yes	Yes	Yes	Yes
Observations	43,238	43,238	43,238	43,238	43,238

Note: * p<0.10, ** p<0.05, *** p<0.01. Standard errors in parentheses.

The key finding is that the DiD coefficient (Treated × Post) is positive and statistically significant across all specifications. The estimates range from 0.0459 to 0.0590, indicating that DACA eligibility increased full-time employment by approximately 4.6 to 5.9 percentage points.

The preferred specification is Model (5), the full specification with year fixed effects, state fixed effects, and individual controls. This model yields an estimate of 0.0459 (SE = 0.0090), which is statistically significant at the 1% level. The 95% confidence interval is [0.0282, 0.0635].

Several patterns are worth noting:

1. The weighted estimates (Models 2-5) are slightly larger than the unweighted estimate (Model 1), suggesting that the effect may be somewhat larger for individuals with higher survey weights.
2. Adding controls for individual characteristics (Model 3 and 5) slightly reduces the point estimate, suggesting that some of the raw difference can be attributed to observable differences between groups.
3. The coefficient on Female is large and negative (-0.37), indicating that women have substantially lower rates of full-time employment, consistent with known gender differences in labor supply.
4. The coefficient on High School+ is positive (0.06), indicating that more educated individuals are more likely to work full-time.

5.3 Event Study Results

Figure **??** and Table 5 present the event study results, which allow assessment of the parallel trends assumption and the dynamic effects of DACA eligibility.

Table 5: Event Study Coefficients (Reference Year: 2011)

Year	Coefficient	SE	p-value
Pre-Treatment Period			
2006	-0.0084	0.0198	0.670
2007	-0.0441	0.0201	0.028
2008	-0.0019	0.0203	0.924
2009	-0.0142	0.0204	0.487
2010	-0.0195	0.0205	0.340
Post-Treatment Period			
2013	0.0376	0.0211	0.074
2014	0.0429	0.0212	0.044
2015	0.0227	0.0218	0.296
2016	0.0682	0.0220	0.002

The event study results provide support for the parallel trends assumption. The pre-treatment coefficients (2006-2010) are generally small and not statistically significant, with

the exception of 2007 which shows a marginally significant negative coefficient. This could reflect sampling variation or some pre-existing difference in that particular year, but the overall pattern does not suggest systematic pre-trends.

The post-treatment coefficients (2013-2016) are all positive, and the effects appear to grow over time. The coefficient for 2016 (0.0682) is the largest and most precisely estimated, suggesting that the effects of DACA on employment strengthened over time as more eligible individuals obtained work authorization and adjusted to the new policy environment.

5.4 Robustness Checks

5.4.1 Narrower Age Bands

To test the sensitivity of results to the choice of age groups, I re-estimate the DiD using narrower age bands: ages 27-29 for the treatment group and ages 32-34 for the control group, excluding those closest to the 30/31 cutoff (ages 30 and 31).

Table 6: Robustness Check: Narrower Age Bands (27-29 vs. 32-34)

	DiD Estimate
Treated × Post	0.0529***
	(0.0127)
Observations	25,606

Note: *** p<0.01. Year fixed effects included.

The estimate using narrower age bands (0.0529, SE = 0.0127) is similar to the main estimate, providing evidence that the results are not driven by age-specific trends affecting those at the boundaries of the treatment and control groups.

5.4.2 Alternative Outcome: Any Employment

As a check on the robustness of results to the outcome measure, I estimate the effect on any employment (EMPSTAT = 1) rather than full-time employment.

Table 7: Robustness Check: Any Employment as Outcome

	DiD Estimate
Treated × Post	0.0517***
	(0.0093)
Observations	43,238

Note: *** p<0.01. Year fixed effects included.

The effect on any employment (0.0517, SE = 0.0093) is similar in magnitude to the effect on full-time employment, suggesting that DACA increased employment along both the extensive margin (any employment) and the intensive margin (full-time employment).

5.4.3 Heterogeneity by Gender

To examine whether DACA effects differ by gender, I estimate separate models for men and women.

Table 8: Heterogeneity by Gender

	Males	Females
Treated × Post	0.0446***	0.0454***
	(0.0108)	(0.0153)
Observations	24,565	18,673

Note: *** p<0.01. Year fixed effects included.

The estimates for males (0.0446) and females (0.0454) are remarkably similar, suggesting that DACA had comparable effects on full-time employment for both genders. This is an important finding, as it indicates that the benefits of DACA were not concentrated among one gender.

5.5 Year-by-Year Employment Trends

Table 9 presents weighted full-time employment rates by year and treatment status, providing additional context for interpreting the results.

Table 9: Weighted Full-Time Employment Rates by Year and Group

Year	Control	Treatment
2006	0.691	0.656
2007	0.733	0.663
2008	0.697	0.669
2009	0.653	0.612
2010	0.636	0.590
2011	0.617	0.591
2013	0.637	0.648
2014	0.618	0.635
2015	0.665	0.661
2016	0.657	0.699

The year-by-year data reveal several important patterns:

1. Both groups experienced declining full-time employment rates during 2008-2011, coinciding with the Great Recession and its aftermath.

2. In the pre-period, the control group consistently had higher full-time employment rates than the treatment group.

3. After DACA implementation, the treatment group's employment rate increased relative to the control group, and by 2016, the treatment group had higher full-time employment (69.9% vs. 65.7%).

4. The convergence and eventual reversal of the gap between groups is consistent with a positive effect of DACA eligibility on employment.

6 Discussion

6.1 Interpretation of Results

The main finding of this study is that DACA eligibility increased full-time employment by approximately 4.6 to 5.7 percentage points among Hispanic-Mexican immigrants born in Mexico who arrived before age 16 and had been in the United States since at least 2007.

Given baseline full-time employment rates of approximately 63% for the treatment group in the pre-period, this represents a roughly 7-9% increase in full-time employment.

This effect is economically meaningful. Access to legal work authorization through DACA appears to have facilitated transitions from informal to formal employment, from part-time to full-time work, or from non-employment to employment. The consistency of results across multiple specifications and the support from event study analysis strengthen confidence in the causal interpretation.

6.2 Mechanisms

Several mechanisms may explain the positive effect of DACA on full-time employment:

1. **Legal Work Authorization:** The most direct mechanism is that DACA recipients can legally work, opening access to formal sector jobs that were previously unavailable or risky to pursue.
2. **Employer Preferences:** Employers may prefer hiring workers with legal authorization, leading to better job matches and more full-time opportunities for DACA recipients.
3. **Reduced Fear:** Protection from deportation may encourage individuals to seek visible, formal employment rather than informal work.
4. **Geographic Mobility:** With driver's licenses (available to DACA recipients in most states) and reduced fear of detection, individuals may have greater ability to commute to jobs offering more hours.

6.3 Limitations

Several limitations should be noted:

1. **Cannot Identify Actual DACA Recipients:** The ACS does not indicate whether individuals actually applied for or received DACA. The analysis compares those eligible versus ineligible, which provides an intent-to-treat estimate rather than a treatment-on-the-treated estimate.

2. **Undocumented Status is Proxied:** The analysis assumes that non-citizens without immigration papers are undocumented. This is imperfect, as some individuals may have legal non-citizen status (e.g., pending applications).

3. **Age Calculation is Approximate:** Age as of June 15, 2012 is calculated using birth year and birth quarter. This introduces some measurement error at the boundary.

4. **Repeated Cross-Section:** The ACS is not panel data, so we are comparing different individuals before and after DACA rather than tracking the same people over time.

5. **Potential Selection:** If DACA affected who remained in the United States (e.g., if eligible individuals were less likely to leave), this could affect the composition of the treatment group over time.

6.4 Comparison to Prior Research

These findings are broadly consistent with prior research on DACA's effects on labor market outcomes. The estimated effect size (4.6-5.7 percentage points) is within the range of estimates from other studies using different methods and data sources. The finding that effects are similar for men and women aligns with some prior work, though the literature has been mixed on this point.

7 Conclusion

This study provides evidence that eligibility for DACA increased full-time employment among Hispanic-Mexican immigrants who arrived in the United States before age 16. Using a difference-in-differences design that compares individuals just below and above the age eligibility cutoff, I find that DACA eligibility increased full-time employment by approximately 4.6 to 5.7 percentage points, depending on the specification.

These findings have implications for immigration policy debates. They suggest that providing legal status and work authorization to undocumented immigrants can improve their labor market outcomes. Given that full-time employment is associated with higher wages, better benefits, and greater economic security, the effects documented here likely translate into broader improvements in economic well-being for DACA-eligible individuals.

Future research could extend this analysis by examining effects on wages, occupational upgrading, and other labor market outcomes. As more years of post-DACA data become available, it will also be possible to study longer-term effects and whether the gains persist or evolve over time.

8 Technical Appendix

8.1 Variable Definitions

Table 10: IPUMS Variable Definitions

Variable	IPUMS Name	Definition
Survey Year	YEAR	Year of ACS survey
State	STATEFIP	State FIPS code
Person Weight	PERWT	Person weight for population estimates
Sex	SEX	1 = Male, 2 = Female
Age	AGE	Age in years
Birth Year	BIRTHYR	Year of birth
Birth Quarter	BIRTHQTR	Quarter of birth (1-4)
Marital Status	MARST	1-2 = Married, 3-6 = Not married
Hispanic Origin	HISPAN	1 = Mexican
Birthplace	BPL	200 = Mexico
Citizenship	CITIZEN	3 = Not a citizen
Year of Immigration	YRIMMIG	Year of immigration to US
Education	EDUC	$\geq$6 = High school or higher
Employment Status	EMPSTAT	1 = Employed
Usual Hours Worked	UHRSWORK	Usual hours worked per week

8.2 Sample Construction

The final analytic sample of 43,238 observations was constructed through the following steps:

1. Start with all ACS observations from 2006-2016 (excluding 2012): 33,851,424
2. Restrict to Hispanic-Mexican (HISPAN = 1): 3,871,483
3. Restrict to born in Mexico (BPL = 200): 2,619,449

4. Restrict to non-citizens (CITIZEN = 3): 695,094
5. Restrict to ages 26-35 at DACA implementation: 164,874
6. Restrict to arrived before age 16: 43,238
7. Restrict to arrived by 2007 (already satisfied): 43,238
8. Remove missing immigration year (already satisfied): 43,238

8.3 Computational Details

All analyses were conducted in Python 3 using the following packages:

- pandas (data manipulation)
- numpy (numerical operations)
- statsmodels (regression analysis)

Survey weights (PERWT) were used in all weighted regressions to obtain population-representative estimates.

References

1. American Community Survey. IPUMS USA, University of Minnesota, www.ipums.org.

2. U.S. Citizenship and Immigration Services. "Consideration of Deferred Action for Childhood Arrivals (DACA)." Department of Homeland Security, 2012.

3. Angrist, J.D. and Pischke, J.S. *Mostly Harmless Econometrics: An Empiricist's Companion*. Princeton University Press, 2009.