



Driver's Licenses Associated with Increased Earnings and Can Boost Economy

Youth across Minnesota wait in anticipation for their 16th birthdays, when they will be able to apply for their driver's licenses. Although their excitement is often due to the freedom it brings, many may take for granted the benefits of the legal ability to drive. That first license allows young people to independently get to school or a part-time job. But for adults, driver's licenses are often necessary to provide reliable transportation to jobs in a wider geographic range and on a more flexible work schedule. With wider access to jobs, people can more easily find employment that matches their qualifications and provides competitive wages. The increased earnings that result from Minnesotans gaining better jobs and working more hours can boost the economy through higher consumer spending, and bring in more tax revenue to support schools, roads and other public investments. In addition, given that Minnesota faces a tightening job market and an upcoming labor shortage, expanding access to driver's licenses is an important tool to enable immigrants to fill key roles in the state's workforce.

Unfortunately, most of Minnesota's unauthorized immigrants do not have access to driver's licenses and are cut off from the accompanying economic opportunities. Currently only those who have been approved for Deferred Action for Childhood Arrivals (DACA) can apply for a license. Policymakers should take note of the economic benefits already seen from DACA recipients having access to driver's licenses, and expand access to all Minnesotans, regardless of immigration status.

Earnings of Unauthorized Immigrants Would Increase with Driver's Licenses

Currently, almost 82,000 Minnesotans cannot apply for a driver's license because of their immigration status, and therefore face difficulties fully contributing to the state's economy.¹ These Minnesotans are often consumers, workers and taxpayers who play essential roles in the state's economy and their communities. As Minnesota's population continues to grow older and leave the workforce, Minnesota will rely increasingly on other members of our communities to fill critical jobs. Allowing all Minnesotans to qualify for driver's licenses is an important step to make these jobs accessible.

Access to driver's licenses is the first step for unauthorized immigrants to greater independent mobility and the resulting economic benefits. Several studies have found improvements in employment rates, hourly wages and the number of hours worked from car ownership. Efficient, reliable transportation increases the number of hours people are available to work each week. It provides access to a greater number of jobs, enabling the unemployed to find jobs and the employed to find new jobs with higher wages. Access to car ownership is associated with increasing employment rates by 17 percentage points and increasing wages by 11 percent.² One study found that those who gained access to a car saw wage gains ranging between \$0.72 and \$2.12 an hour, and an increase of nine more working hours per week, compared with those who did not have car access.³ In Minnesota, similar wage gains as a result of car access could raise the annual income of a full-time worker by anywhere from \$1,500 to \$4,400, a significant increase for people who receive low wages and struggle to make ends meet.⁴

This boost in earnings would benefit our communities as well. With higher earnings, workers are able to spend more at local businesses. It would also mean these workers would contribute more in taxes, which fund our state's roads, bridges and schools.

DACA Recipients and the State as a Whole Benefit from Licenses

DACA recipients are the one group of unauthorized immigrants who have access to driver's licenses, and the state is already seeing the benefits. DACA was created in 2012, and applies to unauthorized immigrants who arrived in the United States as children under the age of 16.⁵ DACA recipients are granted work authorization and protection from deportation for two years and can also apply for driver's licenses.

Access to driver's licenses would enable unauthorized immigrants to purchase cars and car insurance. A nationwide survey of DACA recipients found that 9 of 10 got their first driver's license or state identification after receiving DACA; 1 in 5 bought their first car; and almost all of them also purchased car insurance.⁶ If Minnesota follows the national trend, this means almost 5,400 immigrants likely have applied for driver's licenses or state identification cards since receipt of DACA and almost 1,200 have purchased their first car.⁷

A nationwide survey found that DACA recipients experienced a 45 percent wage increase after receipt of DACA, making an average of \$5.27 more per hour.⁸ While the benefits of DACA are broader than just access to driver's licenses, this increase is likely due in part to the increased access to jobs that fit their skills and schedules as a result of having driver's licenses.

Unauthorized immigrants play vital roles in Minnesota's economy, and fully integrating them into our economy becomes even more crucial as the labor market tightens and the state's workforce ages. But without driver's licenses, these Minnesotans are prevented from achieving their full economic potential. Increasing access to driver's licenses would broaden economic opportunity for unauthorized immigrants and strengthen Minnesota's economy.

By Clare Speer

¹ Minnesota Budget Project estimate calculated from Pew Research Center and U.S. Citizenship and Immigration Services and American Community Survey data.

² Journal of Urban Economics, [Car ownership, employment, and earnings](#), March 2002.

³ Journal of Urban Economics, [The effects of car access on employment outcomes for welfare recipients](#), August 2005.

⁴ Minnesota Budget Project analysis of Journal of Urban Economics data.

⁵ DACA recipients must also meet certain other criteria, including: not convicted of a felony; be in school, have a high school diploma or equivalent, or are a veteran.

⁶ Center for American Progress, [Results from a Nationwide Survey of DACA Recipients Illustrate the Program's Impact](#), July 2015.

⁷ Minnesota Budget Project analysis of Center for American Progress and U.S. Citizenship and Immigration Services numbers.

⁸ Center for American Progress.