

## Report on Costs and Revenues Associated with Driver's Licenses for Undocumented Immigrants

1. My name is Cyierra Roldan, and I am the Deputy Director of the Immigration Research Initiative, based in New York City. Immigration Research Initiative is a nonprofit, nonpartisan think tank focused on immigrant integration, studying issues of economic, social, and cultural inclusion of immigrants in the United States. Through my experience at the Immigration Research Initiative and the Fiscal Policy Institute, I have spent time over the past seven years analyzing the costs, government revenues, and other economic benefits of permitting undocumented immigrants to apply for driver's licenses, including preparing cost / benefit reports for New York State and a number of other states.

### Assignment

2. I have been retained by counsel for Intervenor in this case to analyze Texas's claims with respect to estimated costs of providing driver's licenses. To complete my assignment, I have relied on the research referenced throughout this Report, Texas's Motion and Supporting Declaration of Sheri Gipson, Chief of the Texas Department of Public Safety Driver License Division, and the discovery record produced by Texas related to driver's licenses (marked TEXAS\_000002–TEXAS\_000099).

### Summary of Opinions

3. Based on my review of Texas's claims, estimates, and the factual record produced in this case regarding driver's licenses, and my experience analyzing costs and revenues associated with providing driver's licenses, Texas's estimate is an improbably high estimate of the likely cost to the state of issuing drivers licenses to paroled individuals from Cuba, Haiti, Nicaragua, and Venezuela who may reside in Texas. Texas's overall estimate is improbably high because Texas attributes the majority of the costs of producing these licenses to improbably high personnel and resource costs. Texas's estimate also ignores significant revenues that would offset costs and needs for additional resources. As Texas stands to receive particularly high revenues from additional drivers—for example, from registration and driver license fees—that Texas did not factor into its analysis, I find it implausible that an increase in noncitizens residing in Texas as a result of the challenged parole processes would “substantially burden driver's license resources.” Dkt. 22-03 (Gipson Decl.) ¶ 11. To the contrary, any resulting increase in population would increase the revenues associated with those individuals who obtain driver's licenses.

### Experience and Qualifications

4. Immigration Research Initiative is a partner in the State Immigration Project, providing support to state-based think tanks in the State Priorities Partnership. Immigration Research Initiative is also a member of the Economic Analysis Research Network (EARN) and provides support to EARN groups working on state-based immigrant integration issues. IRI is based in New York State and analyzes immigration integration across the country.
5. For example, in 2019 along with a colleague, David Dyssegaard Kallick, I conducted research in New York State before the passage of the current New York State law to determine the net revenue the state could expect to receive by allowing undocumented immigrants to apply for driver's licenses ("2019 Report").<sup>1</sup> We did this analysis in parallel with a similar analysis by the New York City Comptroller, which resulted in similar findings.<sup>2</sup>
6. I have also reviewed and, in some cases, helped prepare similar analyses in a number of other states, including Florida, Pennsylvania, Michigan, and Oklahoma.
7. Our 2019 Report estimated that 265,000 immigrants who are undocumented would obtain driver's licenses and the program costs would be outweighed by the revenues. We estimated that New York State could expect \$26 million in one-time revenue and \$57 million in annual revenue, which we concluded would be more than enough to cover the costs of the program.<sup>3</sup>
8. Prior to joining the Immigration Research Initiative, I worked at the Fiscal Policy Institute as an immigration policy analyst. The Fiscal Policy Institute is an independent, nonpartisan, nonprofit research and education organization committed to improving public policies and private practices to better the economic and social conditions of all New Yorkers. Founded in 1991, FPI works to create a strong economy in which prosperity

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<sup>1</sup> Fiscal Policy Institute. (2019, February). *Driving Together: Benefits of Allowing All New Yorkers to Apply for Licenses*. <http://fiscalpolicy.org/wp-content/uploads/2019/02/NYS-Drivers-Licenses-2019.pdf>

<sup>2</sup> The New York City Comptroller report, which was released in parallel to our state analysis, also found that increased revenues from granting immigrants who are undocumented driver's licenses would outweigh the program costs. The New York City Comptroller estimated that 150,000 undocumented immigrants in New York City would obtain licenses, which would generate \$9.6 million in revenue from driver's licenses fees, \$1.3 million to the Metropolitan Transportation Authority, \$4.2 million in registration and title fees, as well as increases to gas and vehicle tax revenues. New York City Comptroller Scott M. Stringer. *The Road to Opportunity: Granting Driver's Licenses to All New Yorkers*. [https://comptroller.nyc.gov/wp-content/uploads/documents/DL\\_Report\\_FINAL.pdf](https://comptroller.nyc.gov/wp-content/uploads/documents/DL_Report_FINAL.pdf)

<sup>3</sup> Fiscal Policy Institute. (2019, February). *Driving Together: Benefits of Allowing All New Yorkers to Apply for Licenses*. <http://fiscalpolicy.org/wp-content/uploads/2019/02/NYS-Drivers-Licenses-2019.pdf>

is broadly shared. While at FPI, my colleague David Dyssegaard Kallick and I co-authored multiple reports and analyses that estimated how many undocumented immigrants would get driver's licenses in New York State, estimated how much revenue New York State could expect from providing driver's licenses to undocumented immigrants and the benefits to the state. I also provided technical and research assistance to other states who published similar reports.

9. I have a Master of Public Administration degree from the Rockefeller College of Public Affairs & Policy at the University at Albany and a Bachelor's degree in sociology from Colgate University.

#### Texas's Cost Estimates Are Unrealistic, Driven By Improbable Estimates of Additional Personnel and Infrastructure Needs

10. Based on my reading of the First Amended Complaint and supporting declaration of Sheri Gipson, Chief of the Texas Department of Public Safety Driver License Division, I understand that the state of Texas claims in this litigation that one of the significant costs it will incur if the Biden Administration policy is allowed to proceed will result from issuing driver's licenses to new Texas residents. Texas estimates this cost to be \$200 per person. Ms. Gipson's declaration claims this cost is biennial, suggesting this is a one-time cost over the course of two years.
11. The vast majority of Texas's claimed costs are not derived from verification and license production costs, but rather from Texas's estimates of required additional full-time employees, leased office space, and technology infrastructure.
12. Thus, using Texas's math, the one-time cost over the course of a two-year period for verification and license production equals approximately \$3.60 per license issued. See Gipson Decl. ¶ 9. Based on my experience, this is a reasonable estimate.
13. Texas's remaining estimated costs, which Texas attributes to the stated need for additional technology, staff, and office space is approximately \$197.89 per license issued amounting to almost \$2 million total for 10,000 additional licenses. See Gipson Decl. ¶ 9. Based on my experience, this is a high estimate of the likely cost to the state due to high personnel and resource estimates. In New York State, for example, where metropolitan real estate costs are considerably higher,<sup>4</sup> the cost is on average about \$64.25 per license issued, equal to the cost the New York State Department of Motor Vehicle charges for a driver's license.

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<sup>4</sup> Average cost of office space in New York City are estimated to cost \$77 per square foot per year; the same estimated costs in Dallas and other urban centers in Texas is between \$25 and \$30 per square foot per year.

14. Ms. Gipson's analysis also does not take into consideration that the state of Texas is large and that it is highly unlikely that all individuals living in Texas as a result of the challenged parole programs would live in one county. A much more realistic assumption is that these paroled individuals would be living in counties spread out across Texas, which would allow them to go to different Department of Motor Vehicles offices, therefore creating smaller impacts on the burden of resources. As Texas's discovery production shows, many offices are already at a staffing level that would allow them to handle an increase in demand of services in their county, since no one Department of Motor Vehicle office will be serving all the newly admitted residents. See TEXAS\_000024 at -069-091.
15. Texas and Ms. Gipson do not state why they believe they are not equipped to handle 5,000 new driver's licenses per year,<sup>5</sup> a relatively small additional volume, without increasing permanent staffing, technology resources, and leasing additional office space.
16. Of the 29.5 million people living in Texas about 425,000 turn 16 every year.<sup>6</sup> Each year the Department of Public Safety provides services to far more people that turn 16 than would be expected to be resettled in Texas through the parole process. Additionally, according to the Fiscal Year 2022 Driver License Services Report provided in the Texas discovery, in fiscal year 2022, 385,090 migrants moved to Texas from another state and got a driver's license accounting for 29.7% of all transactions. If 10,000 noncitizens were to reside in Texas due to the parole process and obtain driver's licenses, that would only be a small .16 percent increase to all driver's license transactions and an even smaller .14 percent increase to all transactions, much smaller than the increase due to migrants from other states and individuals turning 16 getting a permit. The Department of Motor Vehicles cannot definitively say each year how many people will move to Texas and get a license or how many people turning 16 will get a permit, yet they are still staffed at levels to handle the increased demand.
17. Taking into consideration that the Department of Motor Vehicles is not strained on resources to accommodate an unexpected number of people who turn 16 and an unexpected number of people who move to Texas every year, it is very likely that Texas is overestimating the burden that these non-citizens would have. Not all of these individuals will apply for a license in the first year that they are resettled in Texas, nor will they create a burden on one office requiring significant personnel increases because they will be living in counties spread out across the state.
18. Similarly, Texas's estimates seem to ignore other areas of excess capacity that could be exhausted before Texas would potentially need to increase resources. For example, the Department of Public Safety has four outcome performance measures, and in Fiscal Year

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<sup>5</sup> Adopting Texas's assumption of an additional 10,000 over a two-year period.

<sup>6</sup> According to the 2021 American Community Survey, 2.1 million people are ages 15-19, which means about 425,000 turn 16 each year.

2022, exceeded performance targets on three of those four measures. See TEXAS\_000024 at -025-026.

19. Relatedly, Texas's Report states that Texas is already funded for 175 full time employee positions that it has not yet filled, and the state has already been allocated additional funding for further additional staffing to meet an expected demand growth that is orders of magnitude higher. TEXAS\_000024 at 5, 16 n. 23. These appear to be additional measures of excess capacity that Texas would have to exhaust before needing any additional resources or revenues.
20. Another indicator of the improbability of Texas's estimated costs is an examination of the relevant time horizon as compared to Texas's existing resources. For example, if 10,000 people apply for driver's licenses over the course of two years (Texas's stated time horizon), that averages to about 417 license applications per month, across the entire state of Texas. By comparison, Texas's Fiscal Year 2022 Drivers License Services Report states that in Fiscal 2022, there were 4,432,191 transactions at driver's license offices, on average 369,349 per month. TEXAS\_000024 at 3 n. 4.
21. Texas's estimates of being overburdened by relatively small numbers of additional transactions (Gipson Decl. ¶ 11), are simply not credible.

#### Texas's Estimates Ignore Revenues that Offset Costs

22. More importantly, and despite Ms. Gipson's assertion that additional drivers in Texas would "substantially burden driver license resources without additional funding and support," (Gipson Decl. ¶ 11), the estimate does not even attempt to take into account the corresponding state revenues that will result from people having licenses. It should go without saying that any useful cost-benefit analysis—or even an assertion of fiscal burden—should include both costs and benefits.
23. The corresponding benefits of allowing people to apply for licenses are significantly larger. In our 2019 Report we examined both one-time sources of government revenue and recurring annual revenues. One-time revenues include driver's license, title, and registration fees, and transit authority surcharges. Annual revenue included registration renewals; sales, gas and vehicle use taxes; and regional surcharges. New York could expect to receive \$102 per new applicant in one-time fees and \$223 per person annually.
24. However, Texas's discovery production did not include any revenue data, including for example, driver's license, title, and registration fees, transit authority surcharges, or any other revenues related to the provision of driver's licenses. Without the corresponding data, I have not had the opportunity to perform a parallel analysis for Texas, but assuming the fees are anywhere near the same range, \$102 in year one and \$223 in subsequent more than offsets the estimated cost Texas says it incurs of \$200 per license.

25. For example, Texas's statement about being overburdened (Gipson Decl. ¶ 9), does not factor in the fees paid by people who apply for the licenses. Texas charges \$33 per person for a new Class A, B, or C driver's license for those aged 18-84.<sup>7</sup>
26. Texas can also expect to receive revenues when these individuals who get licenses also buy a car, which Texas's estimates also do not consider. Thus, Texas could expect an additional \$50.75 for each car registration annually, an additional \$10 on average<sup>8</sup> for local fees for vehicle registration each year,<sup>9</sup> and an additional 6.25% sales tax revenue on each car purchase.<sup>10</sup>
27. Analysis has found that Texas has the 18<sup>th</sup> highest average registration fee of \$61.25 in the United States and, by comparison, more than double the average fees in New York.<sup>11</sup>
28. Adopting similar assumptions as Texas, for every individual who purchases a car, Texas could expect to receive \$154.50<sup>12</sup>, plus an additional 6.25% sales tax on a car purchased in the first two years.
29. Texas should also take into consideration that the annual revenues from licenses being required to be renewed every 2 years,<sup>13</sup> car registration being required to be renewed every year<sup>14</sup>, and gas taxes paid will help generate revenue that will fully recoup the costs associated with issuing the license, and may very likely generate revenue beyond the costs. This assumption is further validated considering that New York concluded that

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<sup>7</sup> Texas Department of Public Safety. *Driver License Fees*.

<https://www.dps.texas.gov/section/driver-license/driver-license-fees>

<sup>8</sup> Range is \$7-\$21.50 (varies by county, but averages \$10), Texas A&M Transportation Institute. *State Vehicle Registration Fees*. <https://mobility.tamu.edu/mip/strategies-pdfs/funding/technical-summary/Vehicle-Registration-Fees-Statewide-2-Pg.pdf>

<sup>9</sup> Texas Registration fees. [https://www.txdmv.gov/sites/default/files/body-files/FeeChart\\_1C.pdf](https://www.txdmv.gov/sites/default/files/body-files/FeeChart_1C.pdf)

<sup>10</sup> Texas Comptroller of Public Accounts. *Motor Vehicle- Sales and Use Tax*.

<https://comptroller.texas.gov/taxes/motor-vehicle/sales-use.php#:~:text=Sales%3A%206.25%20percent%20of%20sales,on%20the%20standard%20presumptive%20value.>

<sup>11</sup> Texas A&M Transportation Institute. *State Vehicle Registration Fees*.

<https://mobility.tamu.edu/mip/strategies-pdfs/funding/technical-summary/Vehicle-Registration-Fees-Statewide-2-Pg.pdf>

<sup>12</sup>  $\$33 + (\$50.75 \times 2) + (\$10 \times 2)$

<sup>13</sup> Texas Department of Public Safety, Driver license Services,

<https://www.dps.texas.gov/section/driver-license#:~:text=The%20Texas%20Department%20of%20Public,offer%20services%20by%20appointment%20only.>

<sup>14</sup> Texas A&M Transportation Institute. *State Vehicle Registration Fees*.

<https://mobility.tamu.edu/mip/strategies-pdfs/funding/technical-summary/Vehicle-Registration-Fees-Statewide-2-Pg.pdf>

the revenues associated with providing additional licenses would outweigh the costs, and registration fees are twice as high in Texas, car ownership is significantly higher in Texas than in New York<sup>15</sup> (increasing the likelihood that Texas would receive relatively higher rates of vehicle registration fees), and real estate costs for office space are significantly higher in New York than Texas.<sup>16</sup>

30. My assumptions are validated based on the analyses performed by other non-profit organizations in New Jersey, Michigan, and Massachusetts, examining the revenue that those states could expect to receive from allowing undocumented immigrants to apply for driver's licenses.
31. The New Jersey Policy Perspective estimated that 222,000 undocumented immigrants would obtain a driver's license during the first three years of implementation. This would result in New Jersey receiving \$95 from new applicants in one-time fees and \$405 from each person annually—again, far more than the estimated cost of \$200 that Texas says it incurs for each license. Thus, they estimated that New Jersey could receive \$21 million in one-time fees and \$90 million annually, which they note would be sufficient revenue to outweigh the costs.<sup>17</sup>
32. The Michigan League for Public Policy also performed an analysis that estimates that 55,000 new licenses would be issued to undocumented immigrants if a law was enacted allowing them to apply for driver's licenses. This would result in Michigan receiving approximately \$245 from new applicants in one-time fees and \$218 from each person annually, totaling \$13.5 million in one-time revenue and \$12 million in annual revenue.<sup>18</sup>
33. The Massachusetts Budget and Policy Center estimated that 41,000 to 78,000 undocumented immigrants would obtain a driver's license if the state enacted a law allowing them to apply for driver's licenses. They projected that Massachusetts could

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<sup>15</sup> New York state has the lowest car ownership rate in the country, at 71%, whereas Texas is ranked 11<sup>th</sup> in the country with 94.8% of households owning a car. <https://www.forbes.com/advisor/car-insurance/car-ownership-statistics/#american-community-survey>

<sup>16</sup> Average cost of office space in New York City are estimated to cost \$77 per square foot per year; the same estimated costs in Dallas and other urban centers in Texas is between \$25 and \$30 per square foot per year.

<sup>17</sup> New Jersey Policy Perspective. (2019, May). *Driver's License Expansion Would Pay for Itself and More*. <https://www.njpp.org/publications/explainer/fast-facts-drivers-license-expansion-pay-for-itself-and-more/>

<sup>18</sup> Michigan League for Public Policy. (2019, December). *Taking our foot off the brakes: Why driver's licenses for all makes sense*. <https://mlpp.org/taking-our-foot-off-the-brakes-why-drivers-licenses-for-all-makes-sense/>

receive \$64-122 from each new applicant and \$77-\$146 from each person annually, or \$6 million in one-time revenue and \$5 million in annual revenue.<sup>19</sup>

34. Some state governments, including those of Maryland and Illinois, have performed official fiscal analyses and come to the same conclusion: the revenue generated from issuing these additional driver's licenses to undocumented individuals would be at least as much as the costs of providing them.
35. According to a fiscal note from the state of Maryland, the state estimated that 230,000 licenses would be issued to undocumented immigrants from 2014 to 2018, with projected expenditures of \$2.4 million in fiscal year 2014, \$3.5 million in fiscal year 2015, \$2.1 million in fiscal year 2016, and more than \$484,000 annually beginning in fiscal year 2017. Maryland estimated that their revenue would increase by \$3.9 million in fiscal year 2014, \$3.2 million in fiscal year 2015, \$2 million in fiscal year 2016, and about \$1.1 million in fiscal years 2017 and 2018.<sup>20</sup> This would result in Maryland receiving a total of \$11.3 million in revenue between 2014 and 2018, which means the state could expect to receive \$49 from each applicant over the course of those years.
36. According to a fiscal note from the state of Illinois, the state estimated between 250,000 and 1 million driver's licenses being issued to undocumented immigrants. Illinois estimated that program costs would be \$800,000 in the first year and \$250,000 in each of the following years. The fiscal note estimated that revenue would be sufficient to meet or exceed operational costs after the first year.<sup>21</sup>
37. In each of these analyses to consider both costs and revenues, across a range of different states, revenues generated by immigrants applying for driver's licenses are more than sufficient to cover the potential additional costs of providing licenses to them.
38. I have no reason to believe that, contrary to the otherwise universal conclusion that the revenues associated with issuing drivers licenses outweigh the costs, for some reason Texas would be the exception. This outcome is particularly improbable given lower real estate costs and higher rates of car ownership in Texas than in most other states. Based on the analyses performed by my colleague and I, other non-profits and government agencies, which have highlighted that states generate not only one-time revenue, but

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<sup>19</sup> Massachusetts Budget and Policy Center. (2020, March). *Driver's licenses for immigrants without status – how would it affect Massachusetts?*

[https://www.massbudget.org/reports/pdf/DriversLic4briefs\\_FINAL.pdf](https://www.massbudget.org/reports/pdf/DriversLic4briefs_FINAL.pdf)

<sup>20</sup> Maryland Highway Safety Act of 2013. (2013, March). *Maryland Department of Legislative Services, fiscal and policy note to S.B. 715.*

[http://mgaleg.maryland.gov/2013RS/fnotes/bil\\_0005/sb0715.pdf](http://mgaleg.maryland.gov/2013RS/fnotes/bil_0005/sb0715.pdf).

<sup>21</sup> The Pew Charitable Trusts. (2015, August). *Deciding who drives: State choice surrounding unauthorized immigrants and driver's licenses.* <https://www.pewtrusts.org/-/media/assets/2015/08/deciding-who-drives.pdf>



annual revenue as well, I would expect Texas to generate additional revenue from issuing these driver's licenses. Once all eligible applicants obtain a driver's license, Texas will still continue to receive annual revenue from driver's license and registration renewals, as well as gas and vehicle taxes.

39. Reports show that due to the annual revenue generated from programs allowing undocumented immigrants to apply for driver's licenses, all costs of the programs would be recouped. In some cases, even one-time revenues alone—ignoring recurring annual revenues—from driver's license, title, and registration fees may exceed the costs of the program.
40. Indeed, a multi-year analysis makes the impacts even more positive. While one-time benefits typically exceed costs, granting immigrants driver's licenses generates ongoing revenues with even lower costs, including, for example, registration and driver's license renewals, as well as sales and gas tax related to the increase in car purchases.

#### Texas Ignores Additional Likely Revenues and Tangential Benefits

41. Additionally, there are other benefits associated with allowing immigrants newly admitted to the United States to get driver's licenses, that are good for all Texas residents.
42. Allowing undocumented immigrants to obtain driver's licenses creates a better job match as people can get to jobs where public transportation may not be available.<sup>22</sup>
43. Other studies, for example, show insurance savings to residents statewide and increased revenue to insurance companies.<sup>23</sup>
44. Further, as my 2019 Report has explored and documented, the roads are safer for everyone if all drivers are tested, licensed, and insured, and insurance rates would go down for all.<sup>24</sup>

#### Conclusion

45. Ultimately, Texas's concerns about high costs and resource shortfalls seem to ignore revenues that will directly result from any increase in driver's licenses, and are based on otherwise implausible assumptions. Thus, I do not see a reason for Texas to believe that a program that facilitates the ability of immigrants newly admitted to the United States to get a driver's license would generate any fiscal hardships for the state. Rather, I see it

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<sup>22</sup> One study estimates that this results in \$17 savings to all state residents. <https://www.jstor.org/stable/26160584>

<sup>23</sup> <https://www.coloradofiscal.org/wp-content/uploads/2018/02/IDrive-Brief.pdf>. This Massachusetts report shows \$75M in new insurance policies for the state: [https://massbudget.org/2021/04/13/why-licensing-all-drivers-regardless-of-immigration-status-makes-economic-sense/?utm\\_source=rss&utm\\_medium=rss&utm\\_campaign=why-licensing-all-drivers-regardless-of-immigration-status-makes-economic-sense](https://massbudget.org/2021/04/13/why-licensing-all-drivers-regardless-of-immigration-status-makes-economic-sense/?utm_source=rss&utm_medium=rss&utm_campaign=why-licensing-all-drivers-regardless-of-immigration-status-makes-economic-sense)

<sup>24</sup> <https://fiscalpolicy.org/wp-content/uploads/2019/02/NYS-Drivers-Licenses-2019.pdf>

as an opportunity to generate additional revenue that could be used both to cover all of the costs and to fund other state programs and priorities.