

ECONOMIC IMPACT OF UNDERSTAFFING U.S. PORTS OF ENTRY



**U.S. Congress Joint
Economic Committee**

**Ranking Member Martin Heinrich
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Economic Impact of Understaffing U.S. Ports of Entry

The volume of commerce crossing our borders has more than tripled in the last 25 years,ⁱ increasing the number of goods moving through America's *ports of entry* (POEs) and significantly contributing to long and unpredictable border wait times.

A series of studies in the last decade estimate that border delays are potentially costing the American economy billions of dollarsⁱⁱ - costs that are ultimately passed on to working families and businesses. As Congress considers solutions, POE staffing, infrastructure, and hours of operation are some of the key elements to review.

This report focuses on POE staffing. While estimates vary on the exact cost of border delays to the U.S. economy, research indicates a clear link between additional POE staff, reduced wait times, and economic benefits. Staffing an additional one to three booths or lanes can reduce maximum wait times by up to 25 minutes at some of the busiest POEs.ⁱⁱⁱ U.S. Customs and Border Protection (CBP) estimates an additional 1,000 POE officers would increase economic activity by \$2 billion and add 33,148 new U.S. jobs per year.^{iv}

Meanwhile, the Department of Homeland Security (DHS) fell 961 officers short of its POE hiring target last year.^v The staffing cost for these additional officers is approximately \$126 million^{vi} - a fraction of the price of President Trump's proposed wall along the southern U.S. border, which could cost more than \$66.9 billion.^{vii}

Ports of entry

The 328 U.S. POEs are the gateways in and out of our country.^{viii} They include international airports, cargo seaports, and land ports for trucks, cars, and trains. Every day, 1.1 million people and \$5.9 billion in goods legally enter and exit the U.S. at these POEs.^{ix}

CBP pursues a dual mission to, "safeguard America's borders, thereby protecting the public from dangerous people and materials while enhancing the Nation's global economic competitiveness by enabling legitimate trade and travel."^x *U.S. Border Patrol Agents* are responsible for safeguarding our borders between POEs.^{xi} This report focuses on *U.S. Customs and Border Protection Officers* in CBP's Office of Field Operations. These CBP Officers, "are responsible for carrying out the complex and demanding mission of securing and expediting international trade and travel at all POEs."^{xii}

Workload at U.S. POEs is rising

The volume^{xiii} of commerce crossing our borders has more than tripled in the last 25 years.^{xiv} In 2015, CBP reported, "workload at the POEs has increased dramatically since the global economic downturn in FY 2009," citing, among other examples, that, "POEs processed 25.7 million cargo containers in FY 2014, a 24 percent increase since FY 2009."^{xv}

Table 1

States processing the largest POE volumes <i>2016 goods volume in billions of dollars</i>		States with the fastest growing POE volumes <i>2006-2016 percent growth</i>	
1. California	\$669	1. Oklahoma	1,678%
2. Texas	\$594	2. New Mexico	1,619%
3. New York	\$359	3. Indiana	620%
4. Michigan	\$242	4. Missouri	615%
5. Washington	\$185	5. Alabama	105%
6. Illinois	\$177	6. Ohio	81%
7. New Jersey	\$168	7. Illinois	73%
8. Louisiana	\$155	8. Iowa	72%
9. Florida	\$147	9. Nevada	68%
10. Georgia	\$142	10. Georgia	68%

Source: Joint Economic Committee calculations based on data from the U.S. Census Bureau, USA Trade Online
Note: Volume is defined as total dollar value of imports and exports passing through all POEs in a state. Growth is determined by 2006 to 2016 percent change in volume by dollars adjusted for inflation.

Strong growth at both borders with higher volumes and faster growth rates at southern border POEs. The global growth in goods volume affects the workload at all U.S. POEs. POEs along the southern border process a higher volume of goods. Southern border POEs facilitated \$1,652 billion in volume in 2016 and northern border POEs processed \$1,062 billion in volume (see Figure 1).^{xvi} For example, the Los Angeles, CA, POE processed \$273 billion in commerce in 2016.^{xvii} At the same time, the volume of goods crossing the POEs at our southern border is growing even more quickly than the volume along our northern border. Southern border POEs are processing 23 percent more goods since 2006. For example, the value of goods passing through the Santa Teresa, NM, POE has increased eighteen-fold in the past ten years.^{xviii} In the same period, the volume of commerce crossing northern border POEs has grown 7 percent (see Figure 2).^{xix}

Figure 1

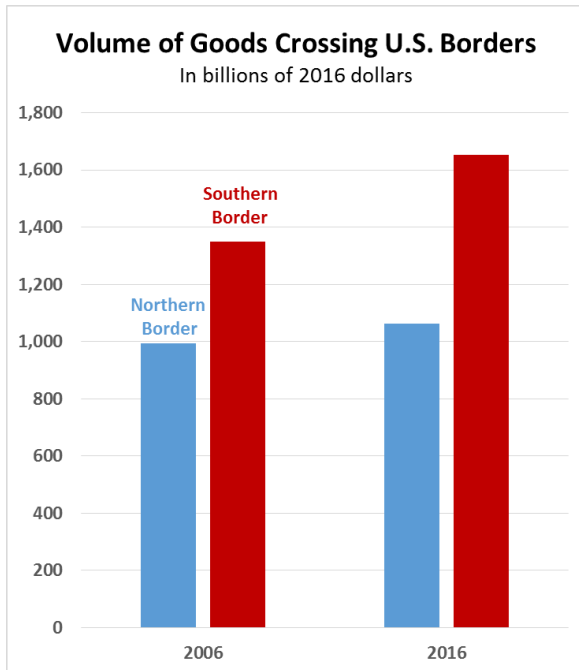
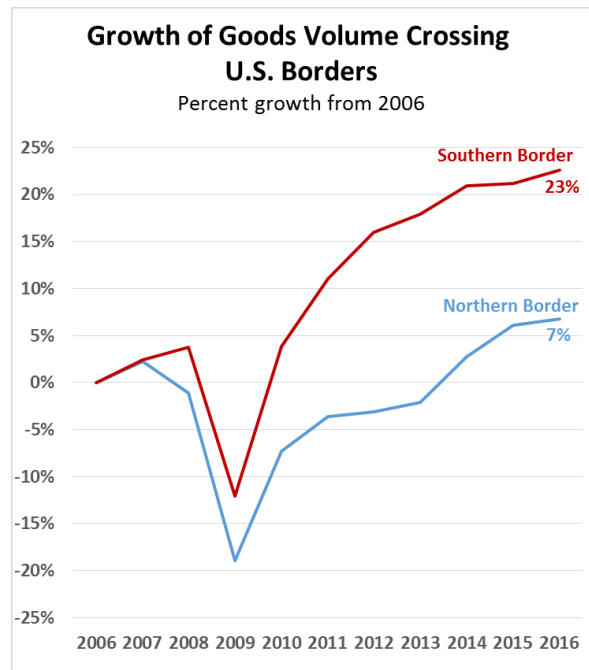


Figure 2



Source: Joint Economic Committee calculations based on data from U.S. Census Bureau, USA Trade Online
Note: Volume is total dollar value of imports and exports passing through all POEs in states along the southern border (AL, AZ, CA, FL, LA, MS, NM, TX) and northern border (AK, ID, ME, MI, MN, MT, NH, NY, ND, OH, PA, VT, WA, WI.) Dollars indexed for inflation.

Higher volumes at POEs contribute to longer wait times. The combination of higher volumes of goods crossing our POEs and enhanced post-September 11, 2001, security procedures have led to longer wait times. A 2001 study estimated a truck averaged 27 minutes to cross into the U.S. at seven^{xx} of the busiest land POEs in the U.S.^{xxi} A 2008 study estimated a truck averaged 63 minutes to cross five^{xxii} of the busiest southern border land POEs.^{xxiii}

Border delays create cascading economic impacts

Long wait times lead to delays and travel time uncertainty, which can increase supply chain and transportation costs.^{xxiv} A report sponsored by the Department of Commerce detailed the economic impacts of border delays, finding, “border delays result in losses to output, wages, jobs, and tax revenue due to decreases in spending by companies, suppliers, and consumers.” The study detailed the causes, such as increased transportation costs for businesses and higher inventory costs for businesses to buffer against wait time uncertainty.^{xxv}

These delays create substantial costs to the American economy. A series of studies conducted in the last decade reviewed a variety of modes of entry, goods and passenger vehicle processing, time periods, and regions to illustrate the costs of border delays. While the subjects and data varied by study, the research finds border delays cost the U.S. economy between \$90 million and \$5.8 billion each year.^{xxvi}

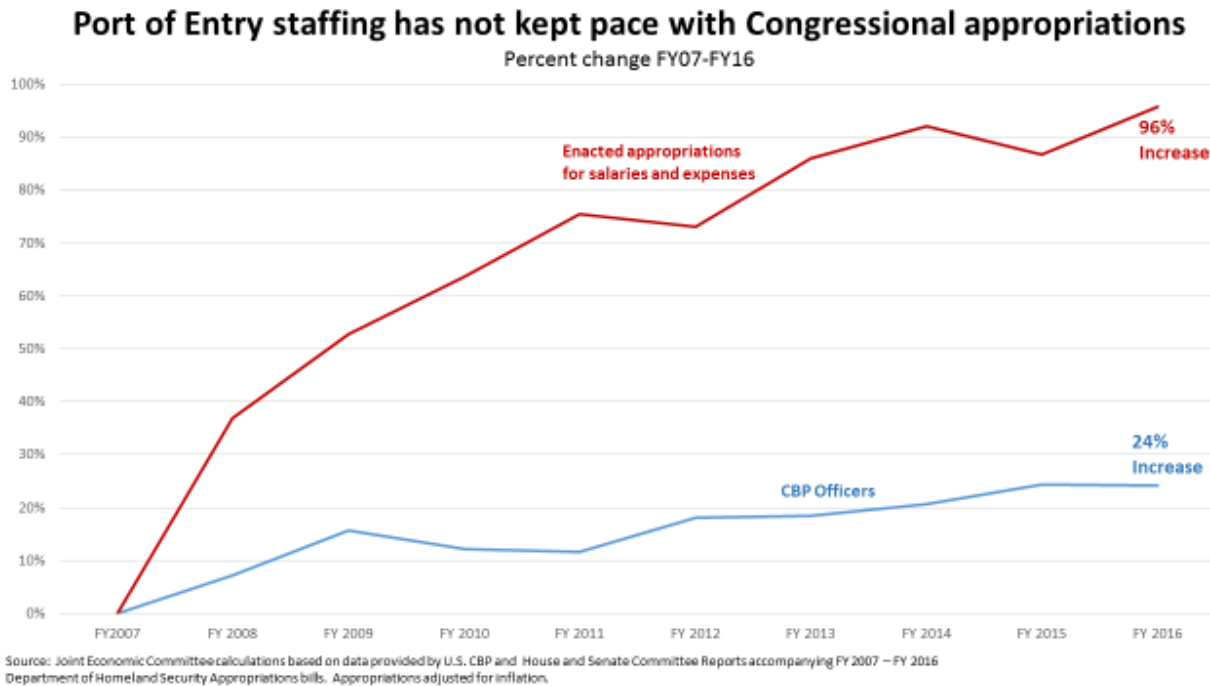
Additional POE staffing reduces delays and benefits the economy

Additional personnel for POEs have the potential to speed flows while also broadening enforcement capacity. While estimates of the impact on delays vary, CBP reports, “OFO has undertaken many modeling and simulation studies as part of various operational analyses in the land and air POE environments. All of these analyses show a clear correlation between staffing levels and wait times.”^{xxvii} CBP estimates opening an additional one to three booths or lanes at peak arrival times can reduce wait times by up to 25 minutes at some POEs.^{xxviii}

Decreased wait times lead to economic gains. A study sponsored by DHS found a link between the number of POE staff, wait times, and the U.S. economy. “The impacts begin with changes in tourist and business travel expenditures and with changes in freight costs. These changes, in turn, translate into ripple, or multiplier, effects in port regions and the overall U.S. economy.”^{xxix} CBP estimates an additional 1,000 CBP officers at POEs would increase economic activity by \$2 billion and result in an additional 33,148 jobs per year in the U.S. economy.^{xxx}

Congress has appropriated additional funds for CBP officers at POEs. Congress has increased appropriations for POE salaries and expenses by 96 percent since FY 2007.^{xxxi} However, POE staffing increased only 24 percent over this same period.^{xxxii} At times, Congress also specifically directed appropriations to support increased staffing levels at southwest border POEs. The FY 2009 Supplemental Appropriations bill directed \$30 million toward hiring 125 CBP Officers and related expenses for southwest border POEs.^{xxxiii} The FY 2010 Supplemental Appropriations bill directed \$29 million toward hiring CBP Officers for the southwest border POEs.^{xxxiv}

Figure 3



POE staff levels do not meet CBP hiring targets. CBP introduced the Workload Staffing Model (WSM) in FY 2012.^{xxxv} It serves as CBP’s reference for POE staffing needs.^{xxxvi} CPB noted a need for 3,811 additional CBP Officers for FY 2014^{xxxvii} and 2,373 additional CBP Officers for FY 2015.^{xxxviii} In FY 2016, CBP fell 961 officers short of a 23,871 WSM target.^{xxxix} Based on CBP FY 2016 staffing estimates, hiring these additional officers would cost approximately \$126 million.^{xl}

ⁱ Joint Economic Committee calculations based on Bureau of Economic Analysis data. Volume of commerce is the sum of exports and imports in inflation adjusted dollars.

ⁱⁱ U.S. Government Accountability Office. “U.S.-Mexico Border: CBP Action Needed to Improve Wait Time Data and Measure Outcomes of Trade Facilitation Efforts.” July 24, 2013; see also, U.S. Customs and Border Protection. “FY 2014 Report on Business Transformation Initiatives.” March 10, 2014; see also, Report commissioned by Department of Commerce International Trade Administration. Conducted by Accenture in association with HDR Decision Economics and Crossborder Group Inc. “DRAFT: Improving Economic Outcomes by Reducing Border Delays.” March 2008.

ⁱⁱⁱ U.S. Customs and Border Protection. “FY 2013 Report on Business Transformation Initiatives.” April 10, 2013.

^{iv} U.S. Customs and Border Protection. “FY 2013 Report on Business Transformation Initiatives.” April 10, 2013.

^v Joint Economic Committee calculations based on data provided by U.S. Customs and Border Protection.

^{vi} Joint Economic Committee calculations based on data provided by U.S. Customs and Border Protection.

^{vii} Senate Committee on Homeland Security and Government Affairs, Ranking Member’s Office. “Southern Border Wall: Soaring Cost Estimates and Lack of Planning Raise Fundamental Questions About Administration’s Key Domestic Priority.” April 18, 2017.

^{viii} U.S. Customs and Border Protection. “FY 2016 Performance and Accountability Report.” January 18, 2017.

^{ix} Joint Economic Committee calculations based on data from the U.S. Census Bureau, USA Trade Online, and U.S. Customs and Border Protection. “FY 2016 Performance and Accountability Report.” January 18, 2017.

^x U.S. Customs and Border Protection. “Performance and Accountability Report FY 2016.” January 18, 2017.

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- ^{xi} U.S. Customs and Border Protection. “Along U.S. Borders.” September 18, 2015.
- ^{xii} U.S. Customs and Border Protection. “At Ports of Entry; Resource Optimization Strategy.” March 7, 2017.
- ^{xiii} Volume is defined as total dollar value of imports and exports.
- ^{xiv} Joint Economic Committee calculations based on Bureau of Economic Analysis data. Volume of commerce is the sum of exports and imports in inflation adjusted dollars.
- ^{xv} U.S. Customs and Border Protection. “FY 2015 Report on Business Transformation Initiatives.” May 13, 2015.
- ^{xvi} Joint Economic Committee calculations based on data from U.S. Census Bureau, USA Trade Online. Volume is total dollar value of imports and exports passing through all POEs in states along the southern border (AL, AZ, CA, FL, LA, MS, NM, TX) and northern border (AK, ID, ME, MI, MN, MT, NH, NY, ND, OH, PA, VT, WA, WI).
- ^{xvii} Joint Economic Committee calculations based on data from U.S. Census Bureau.
- ^{xviii} Joint Economic Committee calculations based on data from U.S. Census Bureau, USA Trade Online. Includes both imports and exports.
- ^{xix} Joint Economic Committee calculations based on data from U.S. Census Bureau, USA Trade Online. Volume is total dollar value of imports and exports passing through all POEs in states along the southern border (AL, AZ, CA, FL, LA, MS, NM, TX) and northern border (AK, ID, ME, MI, MN, MT, NH, NY, ND, OH, PA, VT, WA, WI).
- ^{xx} The seven POEs reviewed: Otay Mesa (CA), El Paso (TX), Laredo (TX), Blaine (WA), Ambassador Bridge – Detroit (MI), Blue Water Bridge - Port Huron (MI), Peace Bridge – Buffalo (NY).
- ^{xxi} Federal Highway Administration. “Commercial Vehicle Time and Delay at U.S. Border Crossings.” June 2002.
- ^{xxii} The five POEs reviewed: Laredo (TX), El Paso (TX), Otay Mesa (CA), Hidalgo (TX), Nogales (AZ).
- ^{xxiii} Report commissioned by Department of Commerce International Trade Administration. Conducted by Accenture in association with HDR Decision Economics and Crossborder Group Inc. “DRAFT: Improving Economic Outcomes by Reducing Border Delays.” March 2008.
- ^{xxiv} U.S. Customs and Border Protection. “FY 2015 Report on Business Transformation Initiatives.” May 13, 2015.
- ^{xxv} Report commissioned by Department of Commerce International Trade Administration. Conducted by Accenture in association with HDR Decision Economics and Crossborder Group Inc. “DRAFT: Improving Economic Outcomes by Reducing Border Delays.” March 2008.
- ^{xxvi} U.S. Government Accountability Office. “U.S.-Mexico Border: CBP Action Needed to Improve Wait Time Data and Measure Outcomes of Trade Facilitation Efforts.” July 24, 2013; see also, U.S. Customs and Border Protection. “FY 2014 Report on Business Transformation Initiatives.” March 10, 2014; see also, Report commissioned by Department of Commerce International Trade Administration. Conducted by Accenture in association with HDR Decision Economics and Crossborder Group Inc. “DRAFT: Improving Economic Outcomes by Reducing Border Delays.” March 2008.
- ^{xxvii} U.S. Customs and Border Protection. “FY 2013 Report on Business Transformation Initiatives.” April 10, 2013.
- ^{xxviii} U.S. Customs and Border Protection. “FY 2013 Report on Business Transformation Initiatives.” April 10, 2013.
- ^{xxix} U.S. Customs and Border Protection. “FY 2013 Report on Business Transformation Initiatives.” April 10, 2013.
- ^{xxx} U.S. Customs and Border Protection. “FY 2013 Report on Business Transformation Initiatives.” April 10, 2013.
- ^{xxxi} Joint Economic Committee calculations based on Senate Committee Reports accompanying FY 2007 – FY 2016 Department of Homeland Security Appropriations bills.
- ^{xxxii} Joint Economic Committee calculations based on data provided by U.S. Customs and Border Protection.
- ^{xxxiii} “Making supplemental appropriations for the fiscal year ending September 30, 2009, and for other purposes.” H.R. Rep. No. 111-151. June 12, 2009.
- ^{xxxiv} “Making emergency supplemental appropriations for border security for the fiscal year ending September 30, 2010, and for other purposes.” Public Law 230, 111th Cong. August 13, 2010.
- ^{xxxv} U.S. Customs and Border Protection. “FY 2015 Report on Business Transformation Initiatives.” May 13, 2015.
- ^{xxxvi} U.S. Customs and Border Protection. “FY 2013 Report on Business Transformation Initiatives.” April 10, 2013.
- ^{xxxvii} U.S. Customs and Border Protection. “FY 2013 Report on Business Transformation Initiatives.” April 10, 2013.
- ^{xxxviii} U.S. Customs and Border Protection. “FY 2014 Report on Business Transformation Initiatives.” March 10, 2014.
- ^{xxxix} Joint Economic Committee calculations based on data provided by U.S. Customs and Border Protection.
- ^{xl} Joint Economic Committee calculations based on data provided by U.S. Customs and Border Protection.