Economic Impacts of Closure of the Subtropical Agricultural Research Center in Texas
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AgriLIFE RESEARCH
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Introduction

The Kika de la Garza Subtropical Agricultural Research Center (SARC) is located in the heart of the Rio Grande Valley of Texas. In 1931, the U.S. Department of Agriculture (USDA) placed a single scientist at Weslaco, Texas to conduct research on citrus and vegetable processing. Today, the Center operated by the Agricultural Research Service, USDA has more than 100 permanent employees who work on critical issues facing 21st century agriculture.

The Lower Rio Grande Valley (LRGV) of Texas is one of the most diverse and dynamic agricultural systems in the United States, undergoing constant change in crop diversity as well as the flow of imported products from Mexico and Central America. Texas is ranked third in value of U.S. agricultural production and Hidalgo county, where the SARC is located, is ranked 7th among the 254 counties in Texas. The value of agriculture in the LRGV is estimated to be $732 million with a statewide economic impact of $1.6 billion.

In addition, about 60 percent of the produce shipped within Texas is imported from Mexico and the LRGV is only slightly behind Arizona as the largest fruit and vegetable point of entry to the U.S. market. Consequently, the Kika de la Garza Subtropical Agricultural Center serves as a strategic defense against the accidental or intentional introduction of invasive species that could potentially harm U.S. agriculture, disrupt international commerce or contaminate the food supply. Scientists at the Center have historically responded quickly and effectively to pest and disease problems associated with these conditions.

Scientists at SARC are on the leading edge of research to eliminate carrizo cane, an invasive thirty-foot tall grass growing along the Rio Grande River, which conceals smugglers and illegal aliens, causes riverbank erosion, and uses enormous amounts of water in a region with critically limited water supplies. Center scientists also develop methods to prevent threats from the introduction of new insects and diseases. SARC serves as an early warning location for wheat rust fungus. Furthermore, in many parts of Mexico, drug-related violence inhibits pest/disease survey work and intervention, placing the SARC at a strategic location to stop the entry and spread of harmful pathogens into the United States.

SARC is the only facility on the U.S. mainland that researches quarantine issues related to tropical pests and one of only four that does work on honey bees. Scientists at the Center are engaged in such critical research as citrus greening, zebra chip in potatoes, fever tick eradication in cattle, control and eradication of invading tropical fruit flies, especially the Mexican fruit fly, which infests 250 kinds of fruits and vegetables, eradication of cotton boll weevil, the development of bio-fuels from sugar, hot water dips for importation of certain produce items and setting international standards for radiation and quarantine.

Without the efforts of the Center's scientists, the risk of invasive pests would be greatly increased, threatening the viability of agricultural production and food safety not only in the region, but nationwide. The Kika de la Garza Center is on the front line in the battle to preserve the health and economic viability of U.S. agriculture and the safety of the American public.

The economic impacts of Center closure on the LRGV were estimated using IMPLAN. IMPLAN is an input/output model that utilizes economic multipliers for each sector of the economy to estimate how a change in one particular sector affects economic output, income and employment in other sectors of the economy that supply inputs and services to the affected sector. It is among the most widely used models for economic impact analysis and is well accepted in scientific literature.

Current Situation and Economic Baseline for Cameron, Hidalgo and Willacy Counties

Total federal non-military employment in the three county region is reported to be 5,805, with employee compensation of $622.7 million. Average employee compensation is $107,270. Total economic output attributed to this sector is estimated to be $720.5 million. Each federal employee in the three county region contributes an additional $16,847 over and above their average salary to the overall economy of the LRGV. This economic impact is especially important to the LRGV where the average annual per capita income is $27,000.

The SARC employs 113 people and has a payroll of $6.3 million. All Center employees work and live in the three county region of Cameron, Hidalgo and Willacy, with 92 of those employees located in Hidalgo county. SARC payroll and employee expenditures account for 3.8 percent of total economic output of the federal non-military sector in the three county region.

Economic Impacts of Closure of the Kika de la Garza Subtropical Agricultural Research Center

Closure of the SARC would result in the loss of 227 jobs, 113 of those would be directly associated with Center operations and scientific research and 114 are attributed to the loss of purchases by the SARC or its employees. Sectors with the largest estimated employment losses would include: travel and educational services, 21; community services/amusements, 15; legal, accounting, architecture, 13; health care and related services, 12; telecommunications and related business, 11; and state/local government services, 6.

These employment losses would also result in the loss of $10.2 million in income, $6.3 million of which is attributed directly to salaries and wages at the Center. These losses in employment and income are estimated to subsequently reduce total economic output in the LRGV by a total of $27.1 million. The large majority of these economic losses would occur in the three county region.

Approximately $15.7 million in lost economic output is attributable directly to the loss of SARC. An additional $11.4 million in lost economic output is attributed to reduced purchases by the Center or its employees. The sectors experiencing the largest potential losses due to SARC closure are: real estate, $1.4 million; health care, $1.3 million; wholesale/retail sales, $1.1 million; finance/insurance, $1.1 million; accounting, architecture and legal services, $852,000; maintenance/repair services, $727,000; food services/beverage sales, $577,000; state/local government services, $435,000; telecommunications, $418,000; transportation, $377,000; and scientific/technical services, $243,000.

The Kika de la Garza Subtropical Agricultural Research Center located at Weslaco, Texas provides a critical national service for the agricultural industry located there and throughout the United States, Mexico and Central America. The Center also serves as the last line of defense against the accidental or intentional introduction of insects or diseases into the United States. SARC closure would not only have a substantial negative economic impact on the region, but also on agricultural production, international commerce and food safety nationwide.

For more information, please contact Parr Rosson, Professor/Extension Economist and Director, Center for North American Studies, Department of Agricultural Economics, Texas A&M University, College Station, Texas. Tel: 979-845-3070 or E-mail: prosson@tamu.edu. Contributing to this report were Luis Ribera (Weslaco) Assistant Professor/Extension Economist, Rebekka Dudensing, Assistant Professor/Extension Economist, Dan Hanselka, Extension Associate, Texas AgriLife Extension Service, and Flynn J. Adcock, International Program Coordinator, Texas AgriLife Research.

The USDA-ARS Kika de la Garza Subtropical Agricultural Research Center
Weslaco, TX

Key Facts:

The Kika de la Garza Subtropical Agricultural Research Center is located in the heart of the Rio Grande Valley of Texas. In 1931, the U.S. Department of Agriculture (USDA) placed a single scientist at Weslaco to conduct research on citrus and vegetable processing. Today, the Center operated by USDA's Agricultural Research Service has more than 107 permanent employees who work on key issues facing agriculture for the 21st century.

Historically, because of its proximity to Mexico, this area has been a gateway for invasive species to the United States, from the initial crossing of the boll weevil across the Rio Grande in 1892, the invasion of Texas Citrus by the Mexican fruit fly in 1928, and the first invasion of the Africanized honey bee in 1990. Scientists at this crucial Center have battled these and many other major threats to American agriculture. Thanks to the pioneering work done at the Kika de la Garza Center, daily aerial releases of sterile fruit flies can occur in any citrus-producing region of the United States, with the base of operations located in the heart of the Rio Grande Valley. Furthermore, the scientists at the Center continue to play a pivotal role in the fight against these costly insect pests, as well as other invasive species, by continuing to improve application methods such as internationally registered organic insecticides and quarantine technology and standards for imported fruits and vegetables.

More recently, the presence of the Asian citrus psyllid, which spreads the devastating disease known as citrus greening, is threatening the entire U.S. citrus industry, not only in Texas but across the western United States. Key research is under way at the Center to stop the spread of this pest, including the use of novel control strategies, biological control, and areawide management tactics both in backyard situations and in commercial orchards. The ability of the ARS scientists at the Center to fight this devastating pest is greatly enhanced by having a team dedicated to geographic mapping of likely areas of infestation, utilizing ARS aircraft and state-of-the-art photographic equipment.

The Kika de la Garza Center is using cutting-edge technology to control giant cane, *Arundo donax*, along the Rio Grande River. This cane is the bane of U.S. Customs and Border Protection, threatens national security, and is an enormous consumer of the region's scarce water resources. Two biological control agents against this invasive plant have been identified by senior scientists at the Center, studied extensively, and released appropriately in south Texas. The daily aerial release of the biological control agents via the Center's ARS aircraft makes this operation unique within the agency. To date, more than 3.5 million biological control agents have been released. Cost comparisons of giant cane control by mechanical and/or chemical methods ($2.3 million per river mile) versus biological control ($20,000 per river mile) clearly illustrate the economic benefit to the public by using these more environmentally friendly biological control agents.

The Kika de la Garza Center is fortunate to have one of only four ARS Honey Bee Research Units. In light of the emergence of the economically devastating phenomenon known as Colony Collapse Disorder (CCD) of honey bees, the Center has been on the front line in investigating the root causes of this disease. Because the mission of the Honey Bee Research Unit is to find strategies to control pests of honey bees, including the invasive varroa mite, scientists at the Kika de la Garza Center have played a pivotal role in identifying the impact of these mites and their interaction with honey bees' nutritional needs and environmental requirements. Because of the ARS scientists' efforts, almond growers are now using recommended guidelines from controlling pests in their honey bee colonies, and also are utilizing ARS-developed information on the most appropriate times to supplement their hives with additional food sources. These strategies have played a key role in reducing the incidence of CCD in the hundreds of thousands of hives used for almond pollination in California.

The lower Rio Grande Valley is one of the most dynamic agricultural systems in the United States, undergoing constant changes in local crop diversity as well as the flow of imported products from other countries. The scientists of the ARS Kika de la Garza Subtropical Agricultural Research Center have historically been able to respond quickly and effectively to the pest problems associated with these conditions. Without the efforts of the Center's

Contact Walt Smith at (202) 220-6936 or wsmith@lockelord.com for additional information.

scientists, the risk of pest invasions would be greatly increased, threatening the viability of U.S. agricultural production. The Kika de la Garza Center is on the front line in the battle to preserve American agriculture.

Possible Language:

BILL LANGUAGE

The level for Agricultural Programs, Agricultural Research Service, Salaries and Expenses shall be $1,135,501,000.

(this is level funding from FY11)

REPORT LANGUAGE

Provided, that of the funds provided for under this section, the Secretary shall review the current activities of each Center and the success and need of current and planned future research before any closures are recommended. The Committee recommends that any facility considered for closure undergo a complete and thorough review of their research goals and achievements to be considered in making any determinations, giving added weigh to issues of national security and plant and animal disease.

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Summary of Current Proposed Cuts to the Kika de la Garza Subtropical Research Center

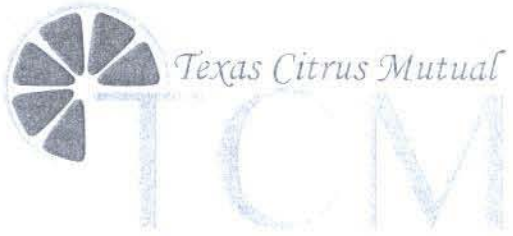
FY2011 Continuing Resolution (CR)

The House passed last week a year-long CR which would fund the government through the end of FY2011, September 31, 2011. While this bill did not target specific centers or facilities for cuts, it did reduce the overall funding for in the ARS-Salaries and Expenses Account by $114,233,000 from the FY2010 level of $1,179,639,000. The common belief is that should the Senate also reduce this area of spending in the bill, they would not specify individual entities for elimination. This would leave the decision of what facilities to fund at the discretion of the Administration. In speaking with Committee Staff, it is believed that to cut to the prescribed budget level, the Administration would start by eliminating funding for facilities which it proposed reducing or eliminating in the President's FY2012 budget. The De La Garza Center is such an entity.

A short-term CR which would fund the government through March 18 and cut $4 billion from the FY2011 Budget was passed today by the House of Representatives and has been "hotlined" for consideration in the Senate. It should pass with little effort setting up another showdown in 2 weeks. The cuts in this bill were derived from cuts included in the President's FY2012 Budget. Thankfully, the eliminations proposed for ARS were not used for this purpose.

The President's FY2012 Budget

The President's FY 2012 budget was released and contained quite a few cuts to ARS including the elimination of much of the work done at the Weslaco Center. Specifically, Crop Quality and Fruit Insect Research would be cut by $2.916 million, Integrated Farming and Natural Resources Research would be cut by $3.498 million, Beneficial Insects would be cut by $3.304 million, and Buildings and Facilities would be cut by $18,229. The proposed cuts total $8,749,106 and a reduction of 95 employees from the FY2010 level. This would leave only $1,62 million in funding and 12 employees to operate the Center.



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July 28, 2011

The Honorable Thomas J. Vilsack
Secretary of Agriculture
Jamie L. Whitten Building
1400 Independence Ave., S.W.
Washington, DC 20250

Dear Secretary Vilsack:

I am writing to you regarding the Kika De la Garza Subtropical Agricultural Research Center in Weslaco, Texas. A group of stakeholders from Texas and other states are requesting a meeting with you to discuss the future of the facility.

As you may know, the De la Garza Center is slated for closure in President Obama's FY2012 Budget. This closure would result in the loss of almost 100 jobs directly related to its research functions, and a devastating impact on agricultural, economic and law enforcement stakeholders in the area. Diverse groups such as the citrus industry, potato industry, honey producers, vegetable producers, sugar growers and homeland security interests have all expressed concern over this proposed closure. While we understand the dire budget situation facing the Federal government and the need for reducing spending, we would like to discuss the unique attributes of this facility and possible options for the facility. Given the current language being discussed in Congress relative to the transfer and future of these facilities, I would very much welcome a conversation on the use and transfer should any such actions occur.

Historically, because of its proximity to Mexico, this area has been a gateway for invasive species to the United States, from the initial crossing of the boll weevil across the Rio Grande in 1892, the invasion of Texas Citrus by the Mexican fruit fly in 1928, and the first invasion of the Africanized honey bee in 1990. Scientists at this crucial Center have battled these and many other major threats to American agriculture. Thanks to the pioneering work done at the Kika De la Garza Center, daily aerial releases of sterile fruit flies can occur in any citrus-producing region of the United States, with the base of operations located in the heart of the Rio Grande Valley. Furthermore, the scientists at the Center continue to play a pivotal role in the fight against these costly insect pests, as well as other invasive species, by continuing to improve application methods such as internationally registered organic insecticides and quarantine technology and standards for imported fruits and vegetables.

More recently, the presence of the Asian citrus psyllid, which spreads the devastating disease known as citrus greening, is threatening the entire U.S. citrus industry, not only in Texas but across the western United States. Key research is under way at the Center to stop the spread of this disease and its vector. The strategy being developed will be based on integrated pest management including, biological control, and areawide management tactics both in backyard situations and in commercial orchards.

The Kika De la Garza Center is using cutting-edge technology to control giant cane, *Arundo donax*, along the Rio Grande River. This cane is the bane of U.S. Customs and Border Protection, threatens national security, and is an enormous consumer of the region's scarce water resources. Two biological control agents effective against this invasive plant have been identified by senior scientists at the Center, studied extensively, and released appropriately in south Texas.

The lower Rio Grande Valley is one of the most dynamic agricultural systems in the United States, undergoing constant changes in local crop diversity as well as the flow of imported products from other countries. The scientists of the ARS Kika De la Garza Subtropical Agricultural Research Center have historically been able to respond quickly and effectively to the pest and disease problems associated with these conditions. Without the efforts of the Center's scientists, the risk of pest invasions would be greatly increased, threatening the viability of U.S. agricultural production. The Kika De la Garza Center is on the front line in the battle to preserve American agriculture.

I thank you for your consideration and look forward to hearing from you. Please let me know of your availability and I along with several members of our coalition, would welcome any opportunity to speak with you on this issue.

Sincerely,

Ray Prewett

Ray Prewett

House Appropriations Committee, Agriculture Subcommittee
FY2012 Appropriations Bill

Closure and Conveyance of Certain ARS Facilities

SEC. 731. (a) CLOSURE AND CONVEYANCE OF AGRICULTURAL RESEARCH SERVICE FACILITIES.—The Secretary of Agriculture may close up to 10 facilities of the Agricultural Research Service, as proposed in the budget of the President for fiscal year 2012 submitted to Congress pursuant to section 1105 of title 31, United States Code.

(b) CONVEYANCE AUTHORITY.—With respect to an Agricultural Research Service facility to be closed pursuant to subsection (a), the Secretary of Agriculture may convey, with or without consideration, all right, title, and interest of the United States in and to any real property, including improvements and equipment thereon, of the facility to an eligible entity specified in subsection (c). If the Agricultural Research Service facility consists of more than one parcel of real property, the Secretary may convey each parcel separately and to different eligible entities.

(c) ENTITIES.—The following entities are eligible to receive real property under subsection (b):

(1) Land-grant colleges and universities (as defined in section 1404(13) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103(13)).

(2) 1994 Institutions (as defined in section 532 of the Equity in Educational Land-Grant Status Act of 1994 (7 U.S.C. 301 note; Public Law 103–382)).

(3) Hispanic-serving agricultural colleges and universities (as defined in section 1404 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103(10)).

(d) CONDITIONS ON RECEIPT.—As a condition of the conveyance of real property under subsection (b), the recipient of the property must—

(1) be located in the same State or territory of the United States in which the property is located; and

(2) agree to accept and use the property for agricultural and natural resources research for a minimum of 25 years.