



What Would Statehood for Puerto Rico Mean – the Need For Facts

Fact Sheets on the Hawaii/Alaska Precedent, Federal Spending, Reapportionment, and English as the Official Language

The House of Representatives is expected to soon vote on H.R. 2499, the Puerto Rico Democracy Act. This bill would provide for a two-step vote process in Puerto Rico on their future political status, including the option of becoming the nation's 51st state. Puerto Rico is able to conduct its own local plebiscite or referendum, as they have done three times in the past, yet this bill specifically seeks to provide a Congressionally-sanctioned vote. If Congress is going to ask Puerto Rico if they want to become a state, as H.R. 2499 does, then Congress has an obligation to understand in advance what statehood would mean to both Puerto Rico and the existing 50 states. However, that information is not being discussed despite an imminent vote on H.R. 2499, nor is much information on the implications of statehood for Puerto Rico even publicly available. These Fact Sheets are an effort to provide some of this information for the consideration of Representatives and the public.

- **THE ALASKA & HAWAII PRECEDENT**

Does H.R. 2499 follow precedent on how Alaska and Hawaii were admitted as states?

No, it doesn't.

Alaska and the Hawaii were the last two states admitted to the Union, and are the only two non-contiguous states. Both states followed a similar process to achieving statehood.

First, in some manner, each conducted its own local plebiscite/referendum of residents on statehood – and both passed with strong majorities. It was then, after the self-initiated request for statehood, that Congress responded. Congress then wrote and passed an Admissions Act that articulated and dictated the conditions and requirements for statehood. For both Alaska and Hawaii, the Admissions Acts included a straightforward ballot to be put to a vote of residents that included the question: "Shall Alaska/Hawaii immediately be admitted into the Union as a State?" 83% of Alaskans cast votes in favor, and 94% of Hawaiians voted in favor.

The process for both Alaska and Hawaii involved self-initiated local votes with strong majorities expressing the desire to become a state, and only then Congress passing an Admissions Act laying out what statehood would mean, which included a Congressionally-sanctioned and directed vote of residents on accepting or rejecting statehood. The responses were overwhelming majorities

In H.R. 2499, this process is backwards.

Despite the fact that Puerto Rico could conduct its own local plebiscite as did Alaska and Hawaii, a Congressionally-sanctioned vote is sought first. This vote is not a straightforward question on statehood, but rather a complicated two-step process. Furthermore, Congress is asking Puerto Rico in this complicated way if it wishes to be a state without a clear understanding of the implications of statehood and conditions that would be required to join the Union. In addition, the two-step process creates a situation where a mere plurality could choose statehood as the “winner”, receiving as low as 34% of the vote.

BOTTOM-LINE: H.R. 2499 deviates strongly from the precedent and process used to admit Alaska and Hawaii as states. If a Congressionally-sanctioned plebiscite is sought first in a manner directly contrary to the Alaska and Hawaii precedent, as H.R. 2499 does, then Congress has an obligation to at the very least ensure there is an open, thorough understanding of what statehood would mean to Puerto Rico and the existing 50 states – but that is not at all happening in the House.

- **FEDERAL SPENDING**

What would statehood cost taxpayers in increased federal spending in Puerto Rico?

Without question, statehood would result in higher federal expenditures in Puerto Rico – the real question is how much in higher spending? Regrettably, the answer is not specifically known. Despite a written request to the Congressional Budget Office (CBO), they have not provided an up-to-date analysis of the cost of statehood. A similar request to the Centers for Medicare and Medicaid Services (CMS) on the costs to these two programs was also not answered. It is important to note that the CBO analysis provided in the bill report relates only to the cost of conducting the vote process in Puerto Rico.

In an effort to quantify the costs, Committee staff reviewed information by the Congressional Research Service (CRS). Through information compiled from these sources on the spending of just ten federal programs (see chart), the cost per year is estimated to be at least \$4.5-7.7 billion. When all the costs of every federal program are calculated, the cost would clearly be significantly higher.

Some of the increased spending in Puerto Rico would result in higher overall spending, and some programs have a formula for dividing a set amount of money amongst the states, which means that adding a 51st state would result in less money going to the existing 50 states.

Sample Cost of Just 10 Programs if Puerto Rico Becomes 51st State

Program	Current Status (Commonwealth)	Statehood	
	Current Cost	Estimated Cost	Estimated Increase
Child Care Entitlement to States (CEES)	0	\$21 million	+\$21 million
Disproportionate Share Hospital Program (DSH)	0	\$145-400 million	+\$145-400 million
Earned Income Tax Credit (EITC)	0	\$2.7-5.2 billion	+\$2.7-5.2 billion
Education for Disadvantaged (ESEA)	\$532 million	\$603.4 million	+\$71 million
English Language Acquisition Program	\$3.4 million	\$96.4 million	+\$93 million
Enhanced Allotment Plan	\$42 million	\$335.8 million	+\$293 million
Medicaid	\$37 million	\$260.4 million	+\$223 million
Social Services Block Grant (SSBG)	\$8.8 million	\$21.8 million	+\$13 million
Supplemental Nutrition Assistance Program (SNAP)	\$2.1 billion	\$2.6-3.1 billion	+\$.5-1 billion
Supplemental Security Income (SSI)	\$107 million	\$525 million	+\$418 million

TOTAL: \$4.5-7.7 BILLION PER YEAR FOR JUST 10 PROGRAMS

Chart compiled by Committee staff using Congressional Research Service (CRS) and Joint Committee on Taxation sources.

Wouldn't the increased spending be offset with increased tax collection from Puerto Rico? It is true that residents of Puerto Rico currently do not pay federal income tax on income earned in Puerto Rico. However, it is not known how much would be collected in such taxes. If Puerto Rico were to become a state, it would rank as the poorest in the nation and have the lowest percentage of its population in the workforce. Puerto Rico's personal income per capita is \$14,237—by comparison, Mississippi, the nation's current poorest state, has a personal income per capita of \$30,399 resulting in only 43% of Mississippi residents paying federal income taxes.

BOTTOM-LINE: While the annual cost of statehood for Puerto Rico is at a bare minimum \$4-7 billion per year, how much a new state would cost in higher spending and how much in new taxes would be collected shouldn't be the determining factor in whether statehood is granted. Yet it is absolutely information that Congress should have before voting on this bill. If Congress is going to ask Puerto Rico if they want to be a state, which is what H.R. 2499 does, then Congress has a duty to understand beforehand what that means and what it will cost the taxpayers and existing states. This information could be calculated and made available, but that is not being done. Without this information, H.R. 2499 should not be passed.

• REAPPORTIONING HOUSE SEATS

How would Statehood for Puerto Rico affect the apportionment of House seats?

According to a [report](#) by the Congressional Research Service (CRS), if Puerto Rico were to become a state, based on a population of approximately 4 million, they would be entitled to six seats in the House of Representatives. As a state, they would, of course, receive two Senators.

The current number of 435 seats in the House of Representatives was set by the Apportionment Act of 1911. For nearly a century, the permanent number of seats hasn't changed.

If Puerto Rico were to become a state, Congress would either have to:

1. Reapportion the 435 seats by giving six to Puerto Rico and subtracting seats from other states;
2. Temporarily increase the size of the House until the next reapportionment following the next census; or
3. Permanently increase the size of the House.

Based on current information, a CRS report projects that the states that could lose an existing seat or not receive an expected additional seat after the 2010 Census in order to provide six of 435 seats to Puerto Rico include: Arizona, Missouri, New York, South Carolina, Texas and Washington.

BOTTOM-LINE: If Congress is going to ask Puerto Rico if they want to be a state, as H.R. 2499 does, then Congress has an obligation to address, in advance, the question of apportioning House seats. The public deserves to know whether their state could lose representation to provide six of 435 House seats to Puerto Rico, or whether their proposed solution is that the nation needs more Members of Congress than it has today.

• ENGLISH AS THE OFFICIAL LANGUAGE

Should English be the Official Language of Puerto Rico?

In 1998 when the House of Representatives last debated a Puerto Rico bill similar to H.R. 2499, the most contentious issue was whether English should be the official language if Puerto Rico were to become a state.

Currently, both Spanish and English are official languages in Puerto Rico. However, as a practical matter, Puerto Rico is predominately Spanish-speaking. Spanish is used in the State Legislature, local courts, businesses and in schools.

During the 1998 debate, an amendment on the issue of English as the official language was allowed to be offered on the House Floor. It is not known whether House Democrat leaders will allow a vote on a true English as the official language amendment during debate on H.R. 2499.

During Committee markup of H.R. 2499 in July 2009, an amendment to make English the

official language under Puerto Rico statehood was defeated along a party-line vote.

During our history, the matter of the English language was addressed during the admission of other states into the Union, including Arizona, Louisiana, Oklahoma and New Mexico. Today, there are 30 states with official English language laws.

BOTTOM-LINE: If Congress is going to ask Puerto Rico if they want to be a state, as H.R. 2499 does, then Congress has an obligation to address, in advance, the question of whether English would be the state's official language. That is the fair and responsible approach for both the residents of the existing 50 states and the people of Puerto Rico.

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