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To: Puerto Rico Task Force Members

From: CBPP

Re: Recommendation to extend the Census of Governments to include Puerto Rico.

Treasury Secretary Lew and HHS Secretary Burwell have made an important but easily-overlooked recommendation to the Congressional Task Force on Economic Growth in Puerto Rico: that the U.S. Census Bureau's Census of Governments be expanded to incorporate Puerto Rico.

In Puerto Rico and in the rest of the United States, local governments play major economic roles – hiring workers, educating children, funding health care, investing in infrastructure, collecting taxes, issuing municipal bonds, sponsoring public-private partnerships, and so on. In the 50 states and in the District of Columbia, policymakers and independent researchers use the data produced by the Census of Governments to monitor and research these economic activities. Every five years, the Census Bureau conducts the Census of Governments – a comprehensive survey of the 50 states and more than 89,000 local governments – which provides information on government organization, finances, and employment. In the intervening years, the Census collects and publishes data on government spending and revenues for states and local governments based on a sample of local governments.

The Bureau of Economic Analysis (which calculates GDP and other key economic indicators), the Federal Reserve Board, and many other researchers and policymakers rely heavily on this dataset, in part because of the care the Census takes to make sure that the data collected are comparable among state and local governments despite the variety of fiscal systems used.

At present, Puerto Rico and other U.S. territories are excluded in the Census of Governments. This exclusion means that the Census of Governments does not provide a complete picture of the activities and fiscal conditions of United States governments; Puerto Rico's population of 3.5 million is larger than that of 21 states and the District of Columbia, and its economy as measured by gross domestic product is larger than that of 14 states, so its exclusion is economically significant.

Moreover, including Puerto Rico in the Census Bureau's regular surveys of state and local government organization and finances could have specific benefits to researchers, policymakers, and Puerto Rico itself.

- Regular inclusion in the state datasets would make it much easier to flag problems such as slower growth in revenues or unusual changes in specific parts of Puerto Rico's budget or in local activities.
- Consistent data on detailed revenues and spending that is comparable to data for the 50 states would make it easier to assess the impacts of fiscal policy reforms changes as they are implemented in the coming years.
- Simply requiring Puerto Rico to use the Census Department's standardized methods and definitions to report fiscal data could improve Puerto Rico's internal fiscal procedures.

For those reasons, we encourage the Task Force to require the inclusion of Puerto Rico in the Census of Governments.