

Puerto Rico's Crisis and Poverty: Background, Challenges and Prospects

Prepared by:

Hector R. Cordero-Guzman, Ph.D.

Professor

Marxe School of Public and International Affairs

Baruch College

City University of New York

Tel. 646-660-6716

Mobile 646-382-3717

Work e-mail: hector.cordero@baruch.cuny.edu

E-mail: hcordero@aol.com

Presentation at Rutgers-Camden March 30, 2018

3/30/2018

Dr. Hector Cordero-Guzman
(hcordero@aol.com)

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Rutgers-Camden Community Leadership Center Presents

A Call to Action: Future Challenges for a New Puerto Rico

Friday, March 30, 2018 from 9:30 a.m. – 3:00 p.m.

Rutgers-Camden Campus Center Multipurpose Room

326 Penn Street, Camden, New Jersey 08102

A **Call to Action: Future Challenges for a New Puerto Rico** unites experts in dialogue and conversation around the current state of affairs in Puerto Rico and the future challenges and opportunities in rebuilding the island following the devastation of Hurricane Maria in September 2017. Researchers and policymakers will present on how to improve Puerto Rico's workforce and industrial base, alleviate the debt obligations, reform Puerto Rico's political and legal relationship with the United States government, and build partnerships between universities and NGOs as anchor institutions. This symposium calls the community to action to learn how to support and sustain Puerto Rico at this momentous period in the island's history.

KEYNOTE SPEAKER



The Honorable
Carmen Yulín Cruz Soto
Mayor of San Juan

Contact:

Gloria Bonilla-Santiago, Ph.D., Rutgers Board of Governors Distinguished Service Professor in Public Policy and Administration and Director, Community Leadership Center

GloriaB@camden.rutgers.edu or 856-225-6348

Matthew Closter, Research Associate
(856) 225-6923 or matthew.closter@rutgers.edu

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OTHER FEATURED SPEAKERS



Nelson A. Denis
Writer, Film Director, and former
New York State Assemblyman



Juan D. González
Professor, Journalism and Media
Studies, Rutgers University;
Co-Host of "Democracy Now!"



Héctor R. Cordero-Guzmán, Ph.D.
Professor, School of Public and
International Affairs,
Baruch College



Charles Venator Santiago, Ph.D.
Associate Professor of Political
Science, University of Connecticut

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Puerto Rico's Crisis

- By now it is broadly acknowledged across a range of sectors in Puerto Rico and beyond that the island is in a deep crisis.
- The current crisis in Puerto Rico has various dimensions and manifestations:
 - There is a **social dimension** reflected in declining population and increased outmigration;
 - an **economic dimension** reflected in reductions in employment and flattening of incomes;
 - a **fiscal dimension** manifested in high levels of government debt, and
 - a **political dimension** manifested by increasing calls among political parties and social sectors that the relationship between the United States and Puerto Rico needs to be discussed and made more effective.
 - And a **psychological dimension** manifested in increasing cynicism, pessimism and despair
 - And **now** the impacts of a monumental hurricane and its aftermath

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BUILDING HUMAN SERVICES
RESEARCH PARTNERSHIPS
IN PUERTO RICO

Poverty in Puerto Rico:
*A socioeconomic and
demographic analysis
with data from the Puerto Rico
Community Survey (2014)*

CARMEN R. NAZARIO,
Editorial coordinator



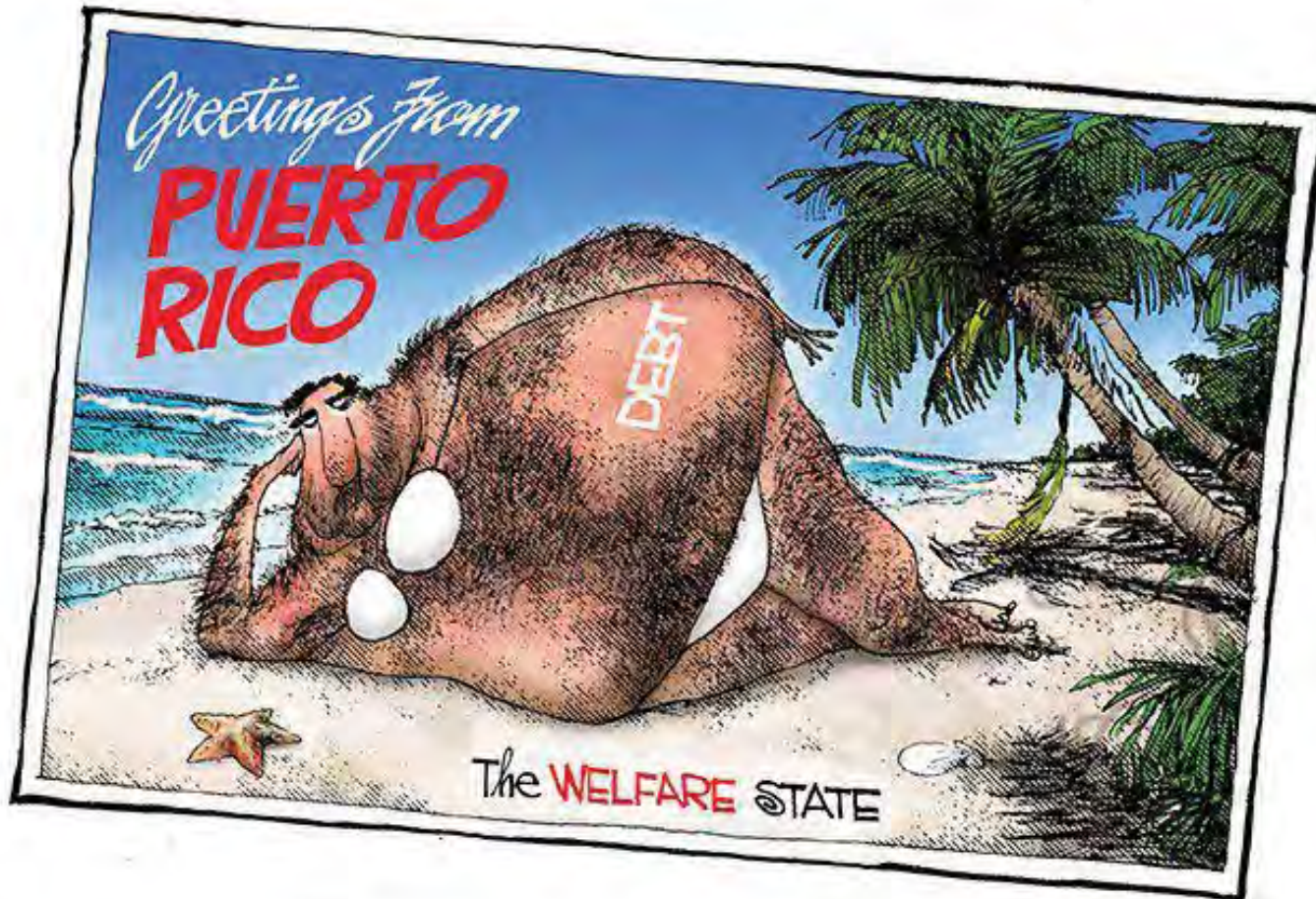
Key Myths about Puerto Rico


1. Puerto Rico has low levels of education
2. People in Puerto Rico do not want to work
3. Welfare payments are too generous
4. Welfare is a disincentive to work and people can get welfare easily
5. The minimum wage and labor laws are too generous (and should be lowered)
6. Low wage workers, the poor, and other vulnerable populations are too costly, unproductive and to blame for the financial and economic crisis in Puerto Rico.

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Dr. Hector Cordero-Guzman
(hcordero@aol.com)

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Recommendations to the Federal Government

The Oversight Board believes that the Commonwealth's recovery and fulfillment of PROMESA's objectives will be significantly aided by the Federal Government taking action to (1) provide economic development initiatives for Puerto Rico, (2) provide assistance to mitigate the significant reduction in federal funding for healthcare in Puerto Rico, and (3) work with the Government of Puerto Rico on a comprehensive overhaul of benefits programs to incentive and promote the right conditions for higher labor participation and labor creation, while maintaining a responsible safety net for the neediest. This view is echoed in the recent, bipartisan Congressional Taskforce on Economic Growth in Puerto Rico report to the House and Senate.

On the other hand, the Oversight Board also believes that any amendments to PROMESA would distract and detract from the Government of Puerto Rico and the Oversight Board doing the hard work of balancing the Commonwealth's budget, restructuring the Commonwealth's obligations, and turning around the Commonwealth's economy.

Accordingly, the Oversight Board looks forward to working with the Federal Government on the three key areas of economic development, healthcare funding, and benefits reform, as well as the other insightful recommendations in the Congressional Taskforce report, in a coordinated manner. To this end,

II. Benefits Reform

Grant Puerto Rico waivers from federal law to convert federal welfare funding for SNAP, TANF, and Section 8 housing to an Earned Income Tax Credit, to better incentivize workforce participation, while maintaining a responsible safety net for children, people with disabilities, and seniors.



Financial Oversight and Management Board for Puerto Rico

STATEMENT REGARDING FEDERAL SOCIAL ASSISTANCE PROGRAMS FOR PUERTO RICO

For Immediate Release

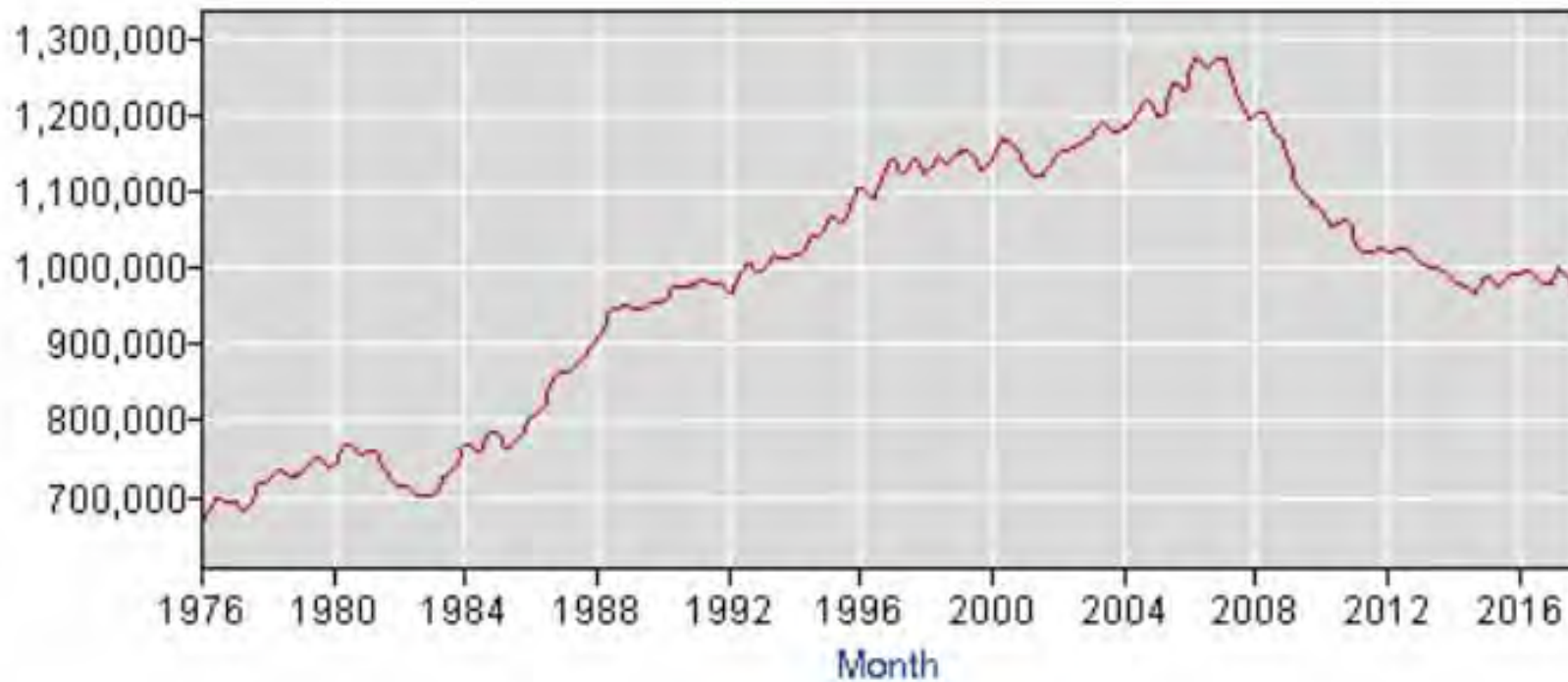
San Juan, August 1, 2017 – The Financial Oversight and Management Board for Puerto Rico (the “Oversight Board”) created by Congress under the bipartisan Puerto Rico Oversight, Management and Economic Stability Act (“PROMESA” or the “Act”) informed today that its first annual report to the President and Congress of the United States does not ask for the elimination of federal social assistance programs for Puerto Rico. On the contrary, the proposal included in the report only suggests that particular exemptions to those programs are allowed in order to provide the Government of Puerto Rico with the needed flexibility to make reforms that will incentivize work and increase labor force participation in the Island, while safeguarding the necessary assistance for the citizens who need it most.

###

Education Levels in Puerto Rico for Persons 25 to 65 Years of Age (Puerto Rico Community Survey, 2015 [5yr])

	Frequency	Valid Percent	Cumulative Percent	
LT 1	35177	1.9	1.9	19.4%
1-8	167900	9.0	10.9	
9-11	137304	7.4	18.3	
12 No diploma	20288	1.1	19.4	
HS Diploma	464004	25.0	44.4	28%
GED	55899	3.0	47.4	
Some College	266400	14.3	61.7	52.6%
Associate	199262	10.7	72.4	
Bachelors	369409	19.9	92.3	
Masters +	142915	7.7	100.0	
Total	1858558	100.0		

employment

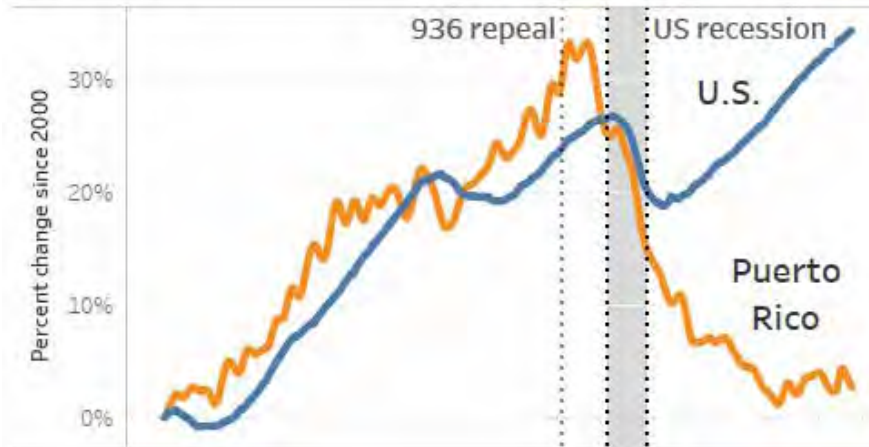


A shrinking economy

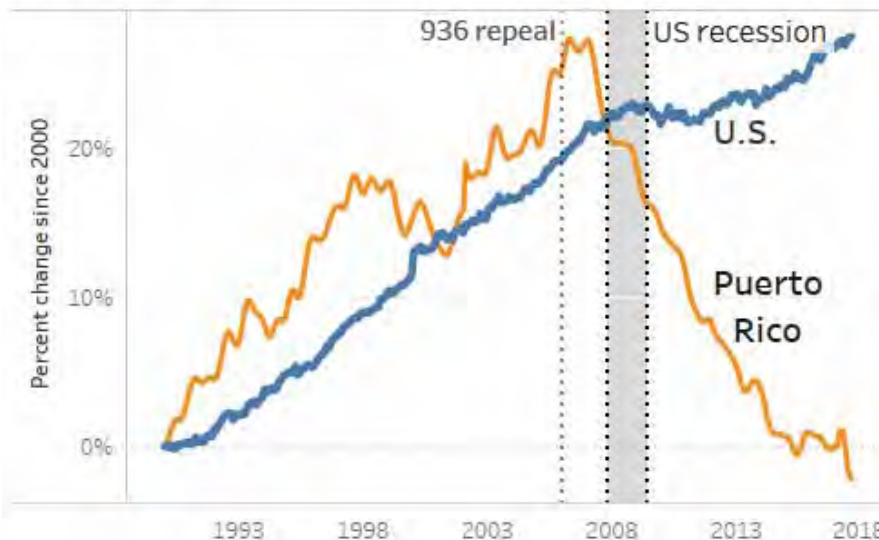


Between 1990 and 2007, Puerto Rico's economy added jobs at roughly the same pace as the rest of the U.S. But its economy began shrinking shortly after the repeal of a tax break for corporations known as Section 936. SOURCE: BLS

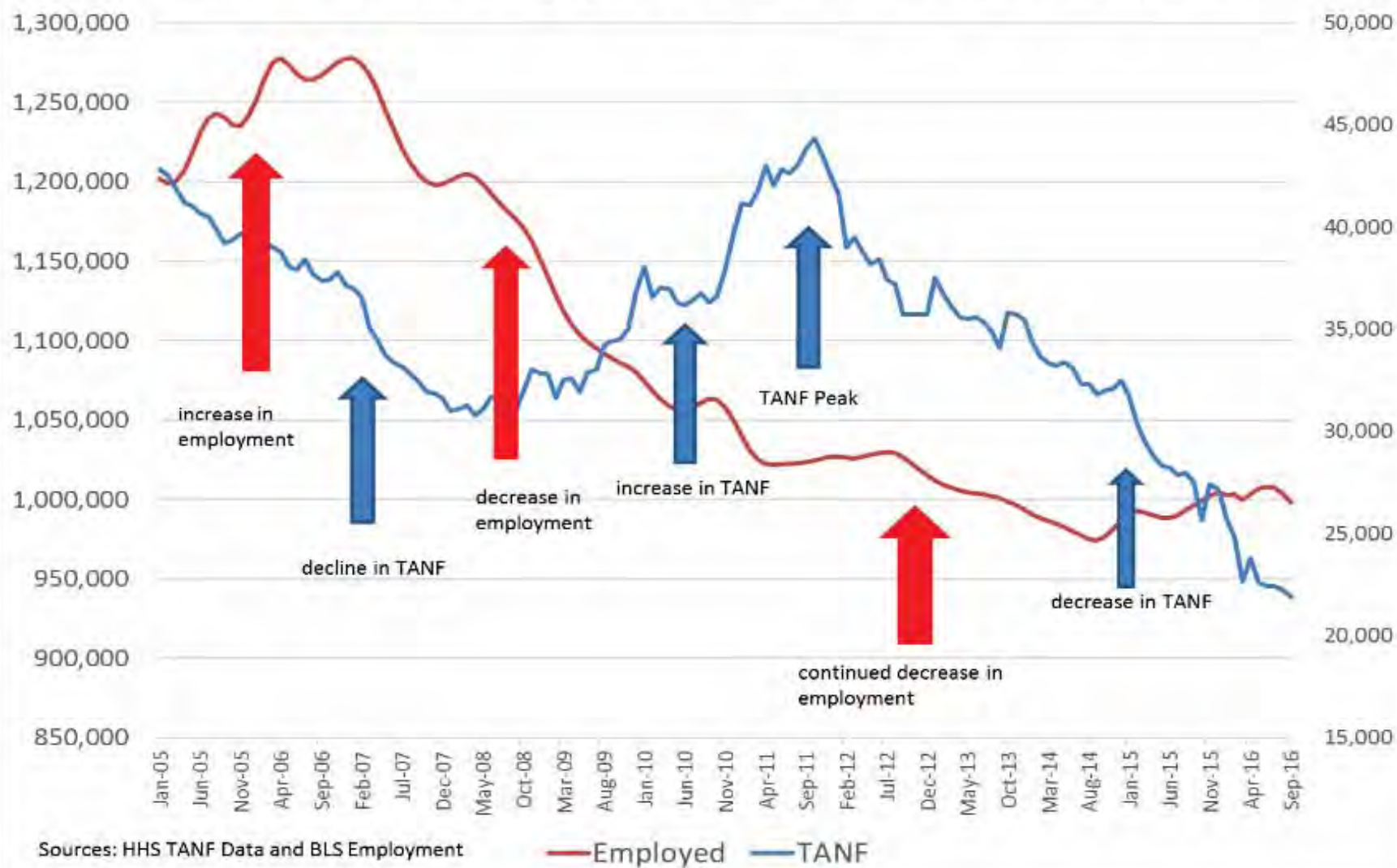
Job losses



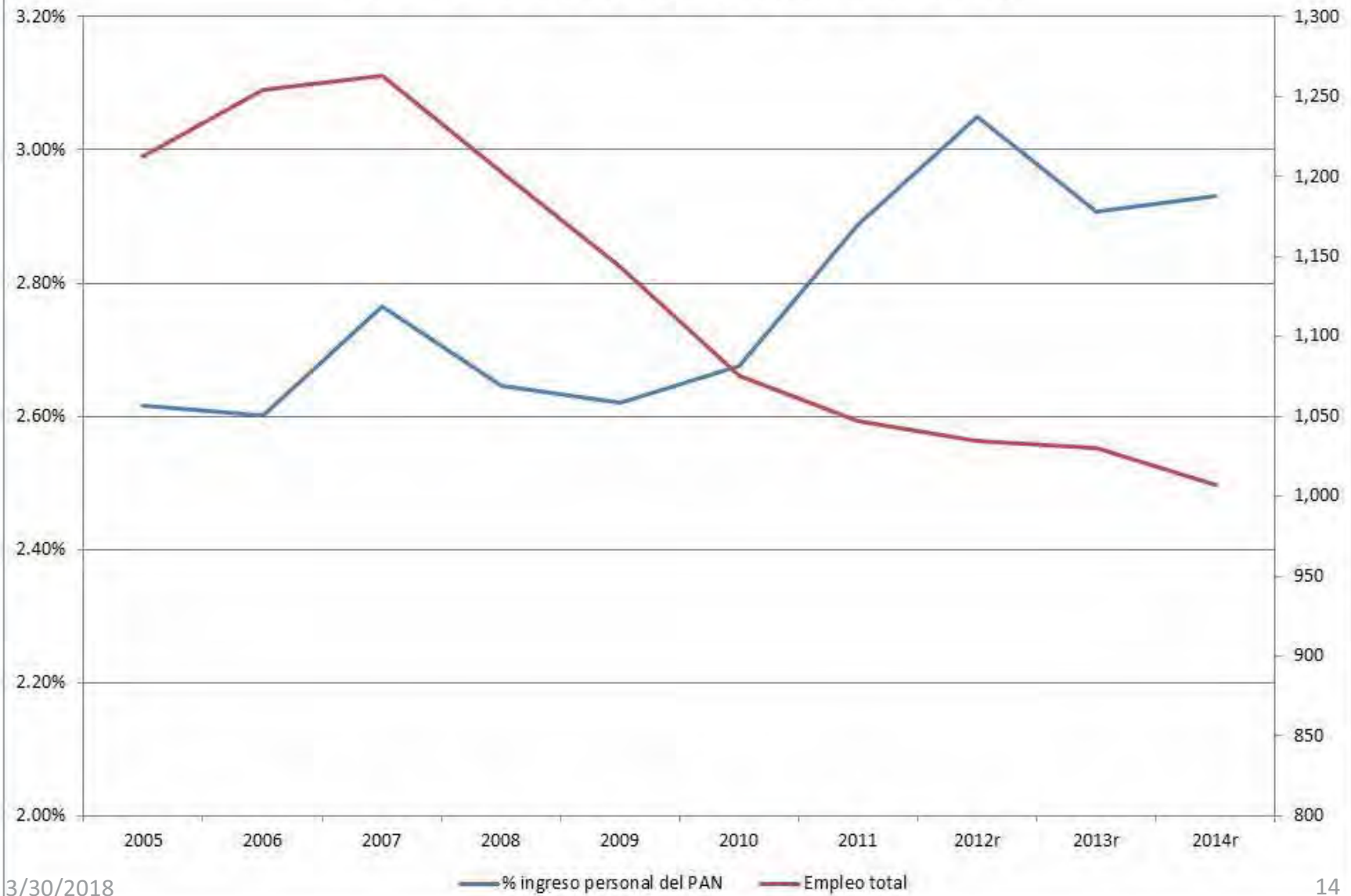
Labor force



Total Number of Persons Employed and TANF Caseload in Puerto Rico 2005-2016



Relacion entre PAN y Empleo en Puerto Rico



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Gender, Age and Disability in Puerto Rico PAN program (April 2016)

	Frequency	Percent
Missing	43	0.0
Male, Young, Not Disabled	176794	13.9
Male, Adult, Not Disabled	224653	17.7
Male, Senior, Not Disabled	49915	3.9
Male, Young, Disabled	2508	0.2
Male, Adult, Disabled	66191	5.2
Male, Senior, Disabled	32991	2.6
Female, Young, Not Disabled	171265	13.5
Female, Adult, Not Disabled	342734	27.0
Female, Senior, Not Disabled	75148	5.9
Female, Young, Disabled	1685	0.1
Female, Adult, Disabled	75258	5.9
Female, Senior, Disabled	52509	4.1
Total	1271694	100.0
prepared by Dr. Hector Cordero-Guzman (hcordero@aol.com)		

Nivel Educacion Agregado Programa PAN (Abril 2016)						
	Hembras		Varones		Total	
Elemental\Intermedia	33,725	10%	36,228	16%	69,953	12%
Superior No Completada	52,112	15%	45,612	20%	97,724	17%
Grado Escuela Superior	113,198	33%	81,163	36%	194,361	34%
Grado Asociado o algo de Universidad	127,620	37%	56,445	25%	184,065	32%
Bachillerato o mas	16,079	5%	5,205	2%	21,284	4%
Total	342,734	100%	224,653	100%	567,387	100%
Personas adultas (18-64) participantes del Programa PAN						
Preparado por: hcordero@aol.com						

Estatus de Empleo Agregado Programa PAN (Abril 2016)

	<u>Hembras</u>		<u>Varones</u>		<u>Total</u>	
Edad	36,510	11%	32,785	15%	69,295	12%
Familia	56,808	17%	1,113	0%	57,921	10%
Incapacitado	5,319	2%	5,057	2%	10,376	2%
Otro Desempleo	38,974	11%	25,702	11%	64,676	11%
Buscando Trabajo	121,228	35%	96,067	43%	217,295	38%
Trabajando	41,835	12%	35,767	16%	77,602	14%
Estudiante	26,801	8%	15,175	7%	41,976	7%
Otros	15,259	4%	12,987	6%	28,246	5%
Total	342,734	100%	224,653	100%	567,387	100%
Personas adultas (18-64) participantes del Programa PAN						
Preparado por: hcordero@aol.com						

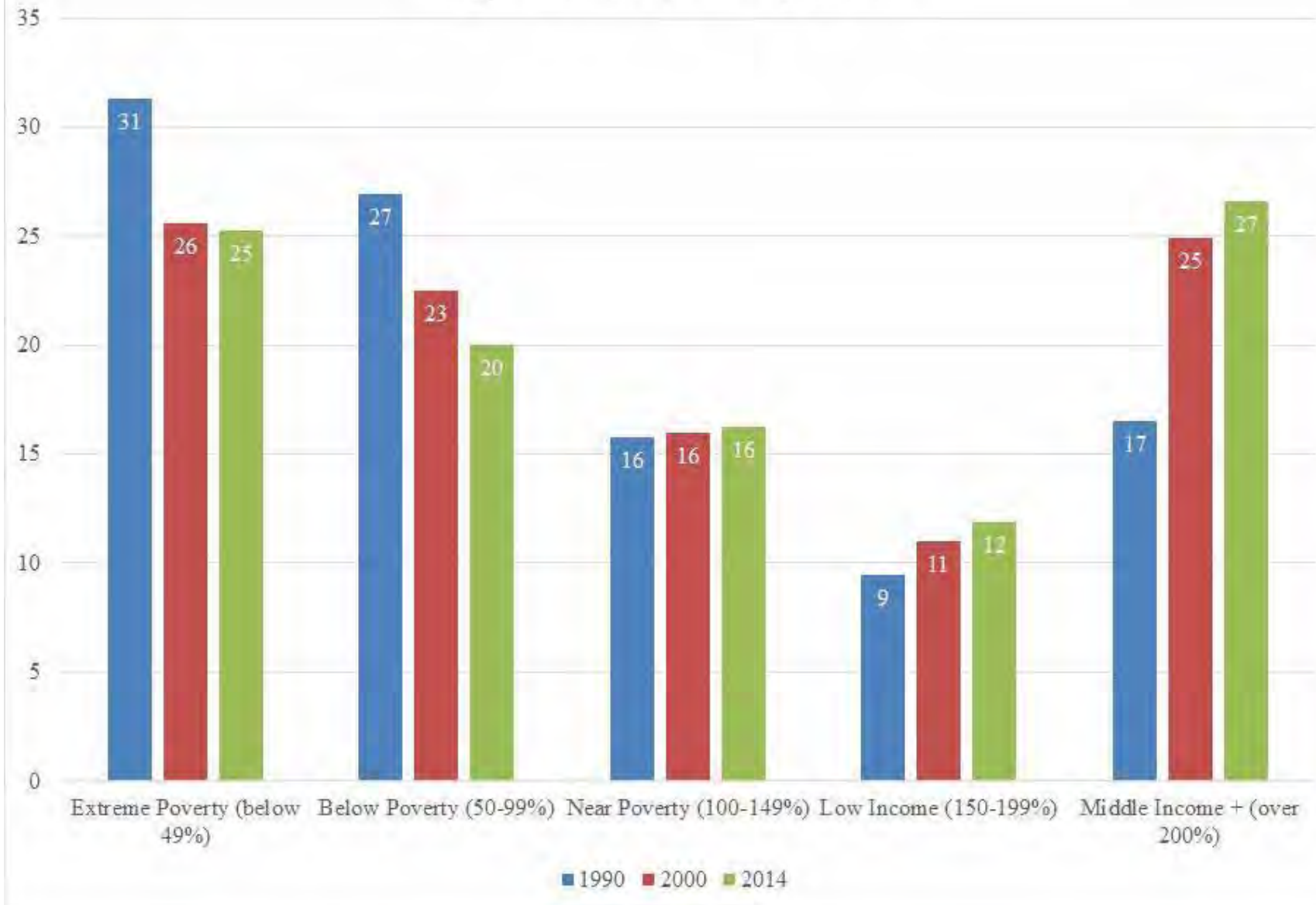
Impacts of Maria



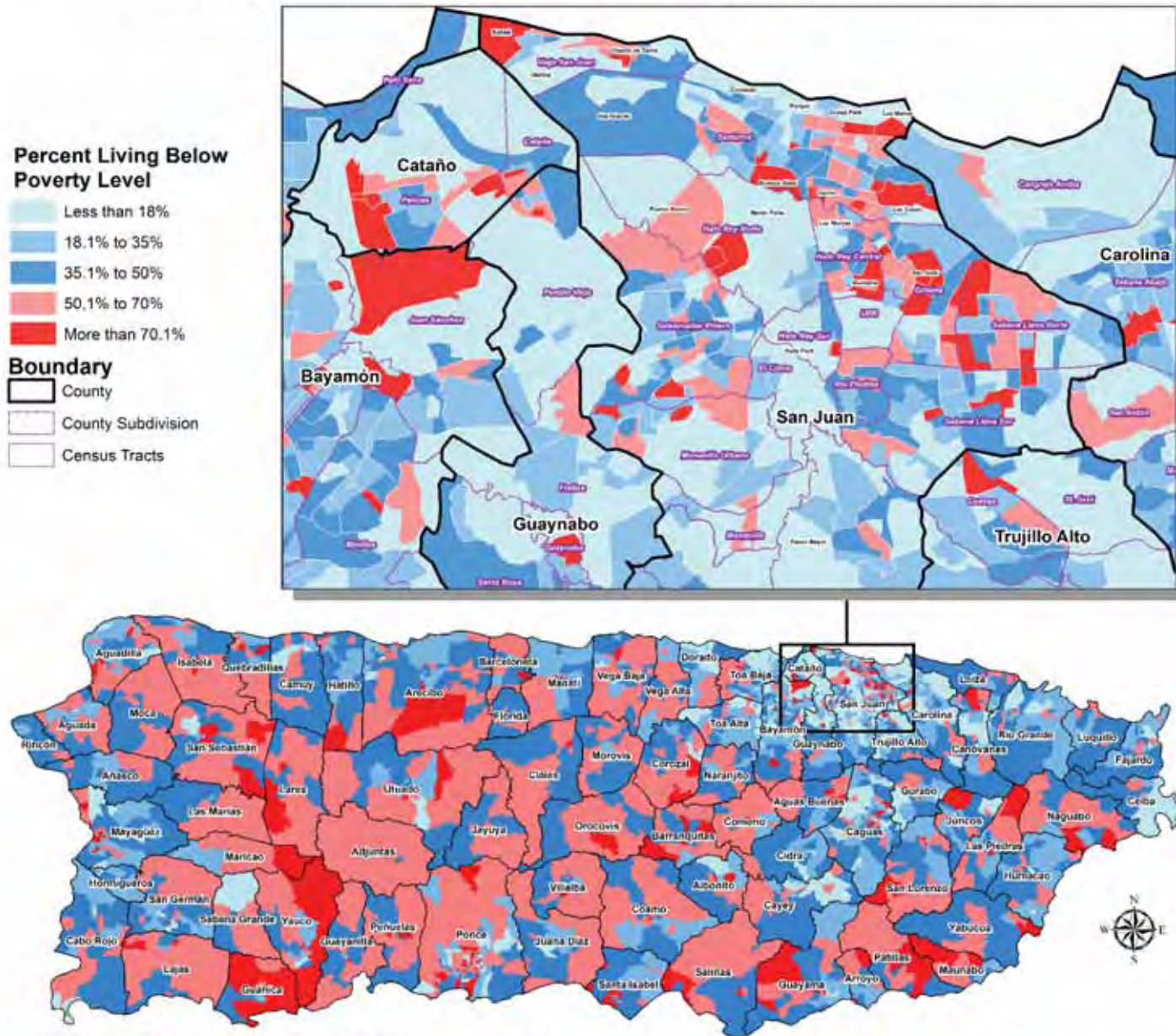
Los retos y vulnerabilidades antes de las tormentas

- Economia
- Educacion
- Mercados de trabajo
- Ingresos
- Migracion
- Cambios en la estructura de la poblacion
- Pobreza y asistencia social
- Junta Fiscal
- Bancarrota economica, fiscal y politica

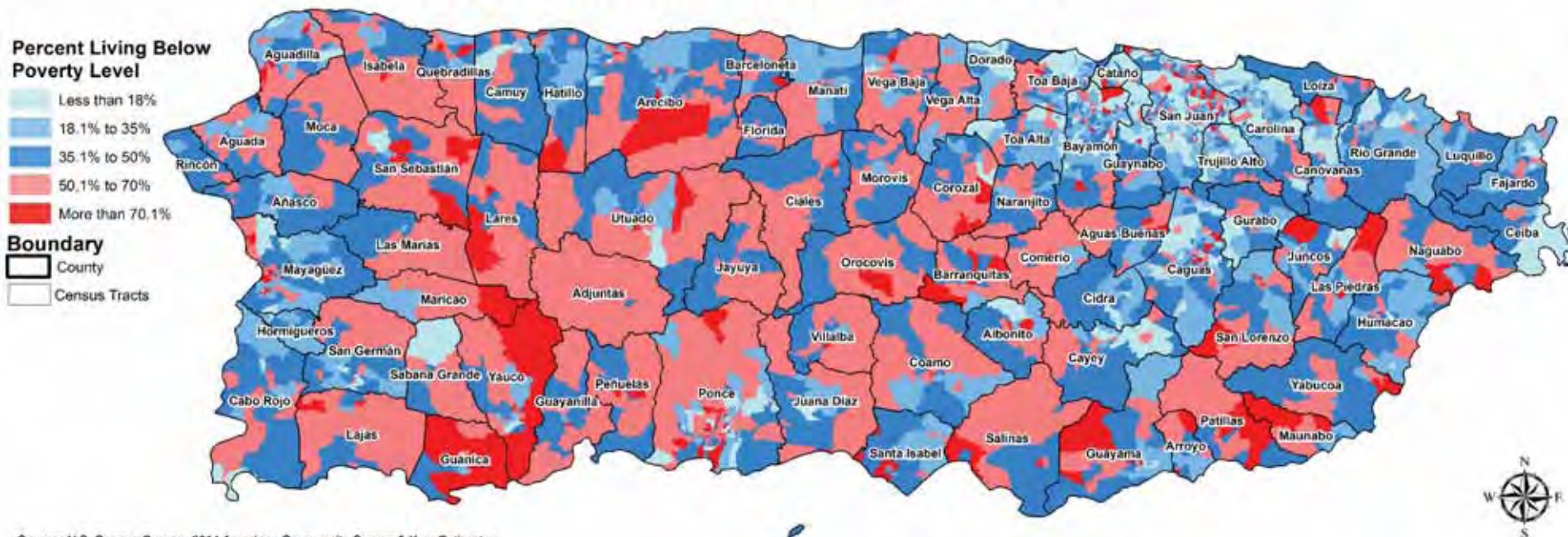
Figure 1.6 Poverty Level by Decade



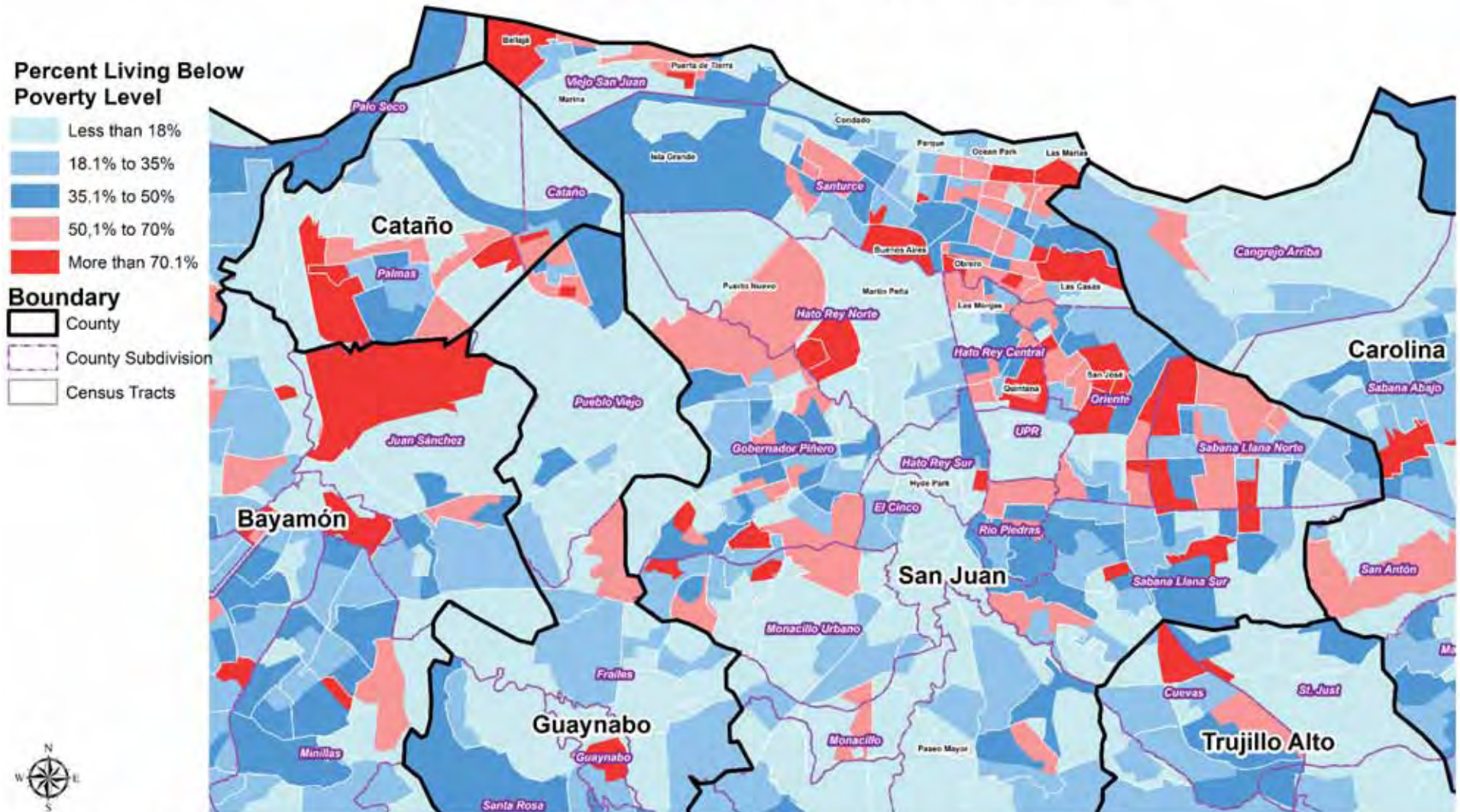
Distribution of Puerto Rico's Families Living Below the Poverty Level, 2014



Distribution of Puerto Rico's Families Living Below the Poverty Level, 2014



Distribution of Puerto Rico's Families Living Below the Poverty Level, 2014



Source: U.S. Census Bureau, 2014 American Community Survey 5-Year Estimates

Poblaciones Vulnerables en Puerto Rico

Tipo de Vulnerabilidad	Poblacion	Porcentaje
Bajo pobreza y con discapacidad	380,810	10.6%
Poblacion bajo en nivel de pobreza	1,632,040	46.0%
Bajo nivel de pobreza o discapacidad	2,012,234	56.2%
Nivel de pobreza, discapacidad y edad	2,474,433	69.1%
Poblacion total estimada	3,583,073	100%

Impacts of Maria at different levels

- Personal impacts
- Health impacts
- Family impacts
- Home, property and material impacts
- Community and Social impacts
- Demographic impacts
- Economic impacts
- Fiscal impacts
- Political impacts
- Cultural impacts
- Impacts on receiving regions

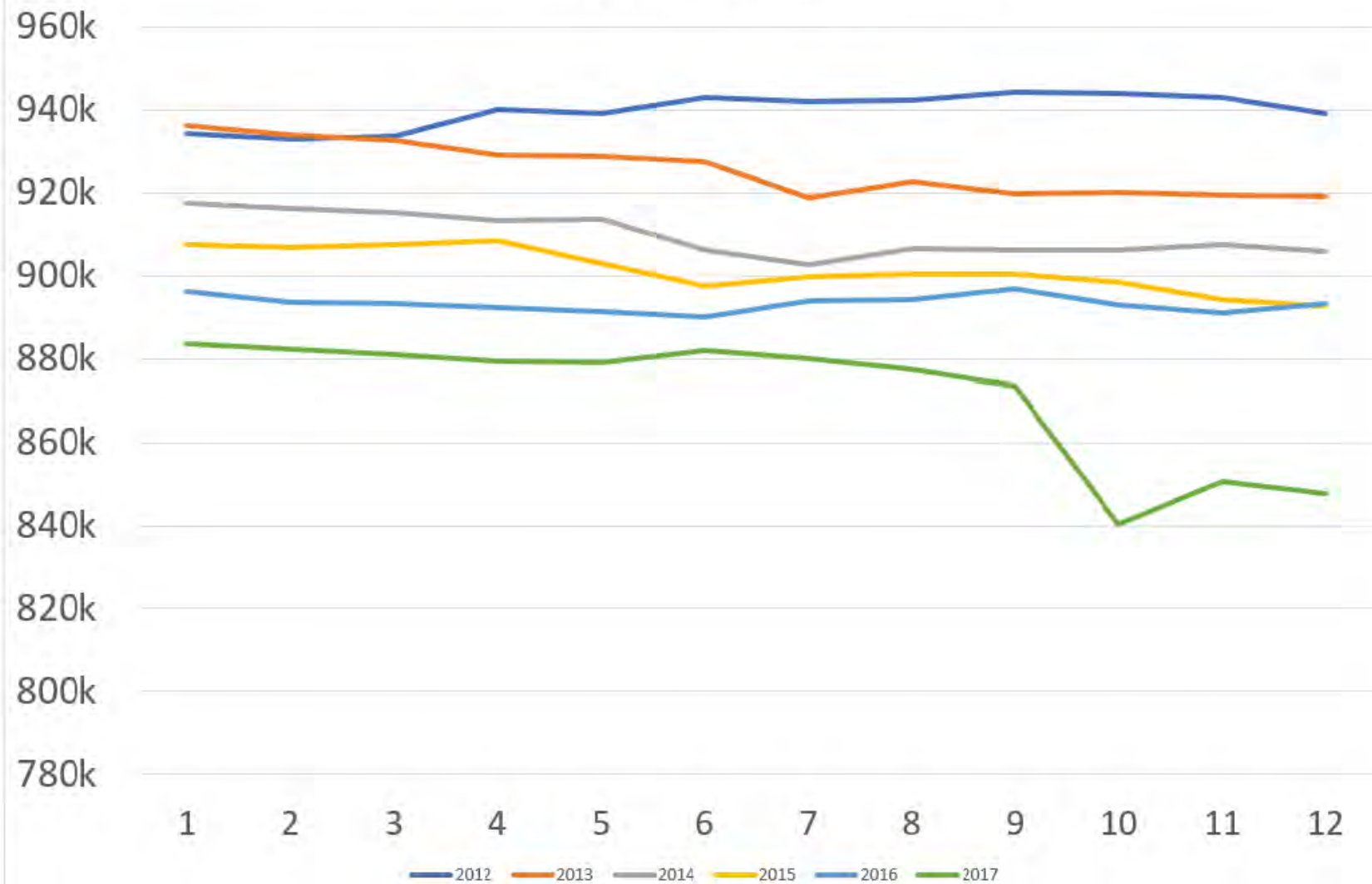
Inequality means different risks impacts for different segments of population

- **Before and as the storm hits**
 - More vulnerable structures and places
 - Less supplies to prepare to protect life and property
- **During rescue and aid distribution phase**
 - Fewer cash and other reserves
 - Often more isolated from aid distribution channels
 - More affected personal networks and less access to resources
 - More dependent on charity and the “kindness of strangers”
 - More vulnerable and insecure in life and property
- **During recovery and reconstruction**
 - Needs and voices not considered central
 - Often not incorporated in damage assessment and planning
 - Seen as a cost and a nuisance that can be disposable
 - Difficulties in having voices, position and interests heard

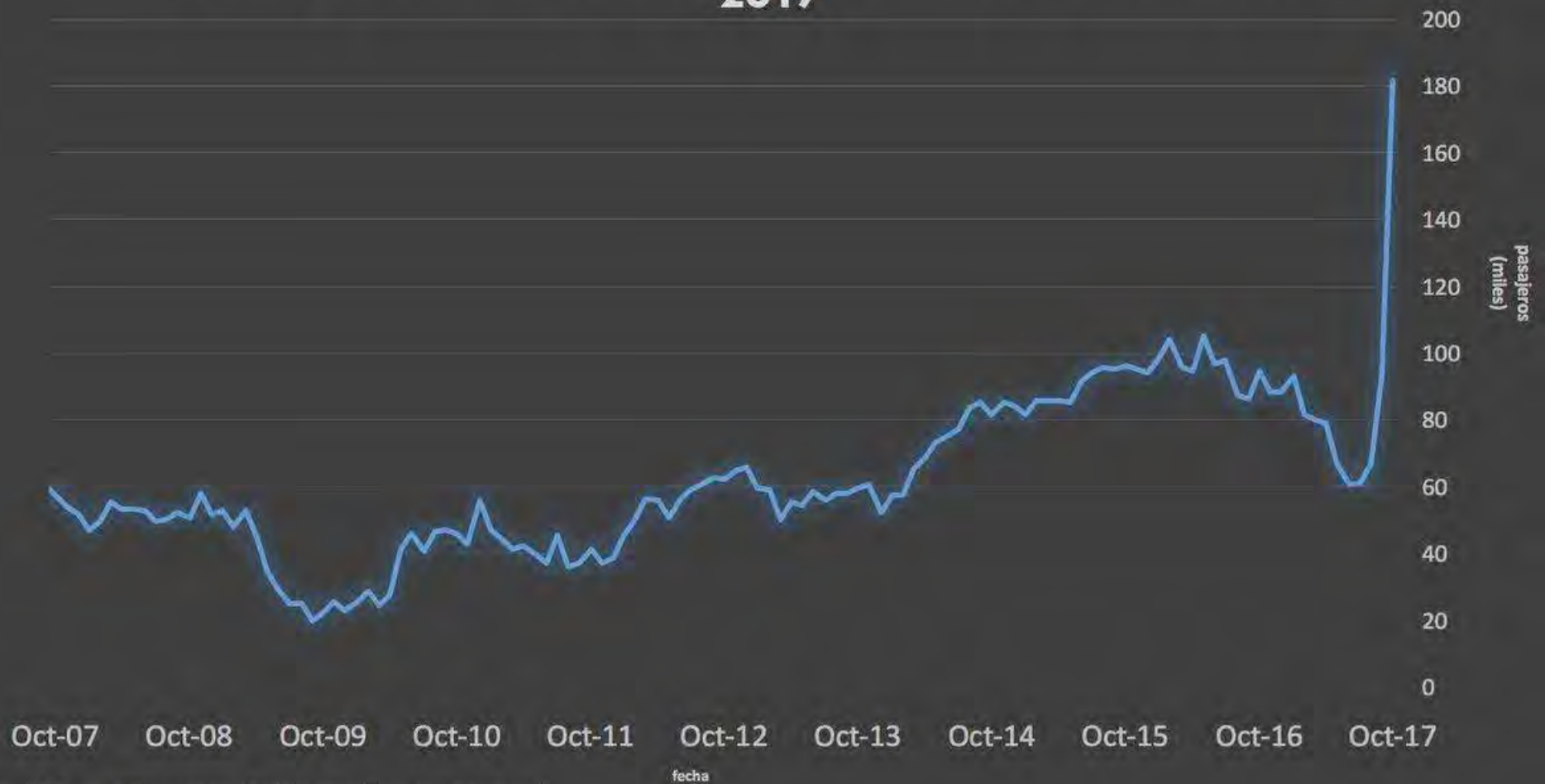
Impacts of Maria on vulnerable populations

- **Children and youth**-already high poverty rates and school\education impacts
- **Elderly**-more vulnerability & challenges of service provision
- **Disabled**-more vulnerability & challenges in access and service provision
- **Poor adults**--increased vulnerability in income and employment and increased family needs.
- **Employed**-loss of jobs and more labor market instability
- **Marginally employed**—difficulty in entering labor market
- **Unemployed**—longer duration & harder to find jobs
- **Out of the labor force**-more difficulty entering employment
- **Persons in public assistance programs**—challenges in access to programs and additional support services

Employment in Puerto Rico by Month and Year (Source: BLS)



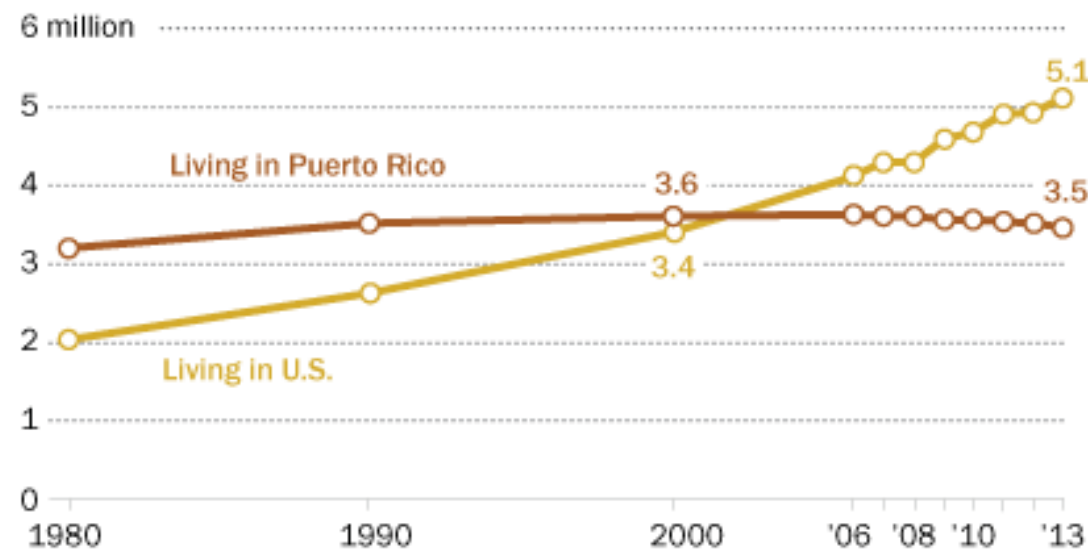
Pasajeros aéreos llegando y saliendo de Puerto Rico en vuelos y aerolíneas domésticas últimos 12 meses, 2007-2017



Fuente: U.S. Bureau of Transportation Statistics, <https://www.transtats.bts.gov/>.

Puerto Rican Population Grows on the Mainland, Declines on Island

Number of Hispanics of Puerto Rican origin ...



Note: "Living in Puerto Rico" is based on Hispanics of Puerto Rican origin for all years except 1980 and 1990, when based on total population in Puerto Rico.

Source: Pew Research Center analysis of American Community Survey (2006-2013) and Decennial Censuses (1980, 1990, 2000), Integrated Public Use Microdata Series (IPUMS).

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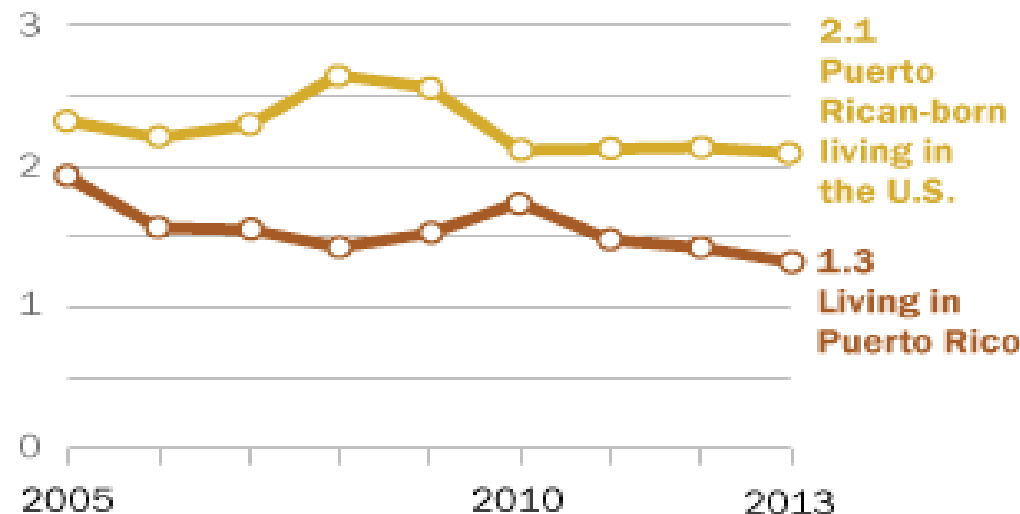
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Puerto Rico's Fertility Rate Declines

*Average number of lifetime births
(total fertility rate)*



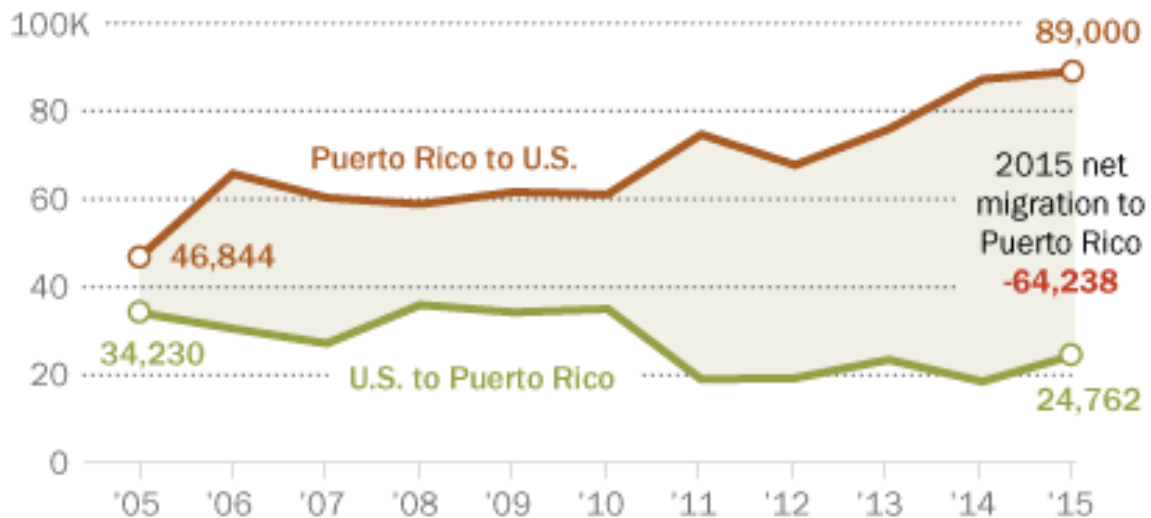
Note: "Living in Puerto Rico" is based on all people living on the island. "Puerto Rican-born living in the U.S." includes Hispanics and non-Hispanics born on the island.

Source: Pew Research Center analysis of American Community Survey (2005-2013), Integrated Public Use Microdata Series (IPUMS)

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More people are leaving Puerto Rico for U.S. mainland

Migration between Puerto Rico and the U.S.



Note: For 2015, totals don't include children younger than 1. Net migration is the number of migrants from the U.S. mainland to Puerto Rico minus the number from Puerto Rico to the U.S. mainland. Data include all people moving to and from Puerto Rico, including non-Puerto Ricans.

Source: Pew Research Center analysis of 2005-2015 American Community Survey and Puerto Rico Community Survey.

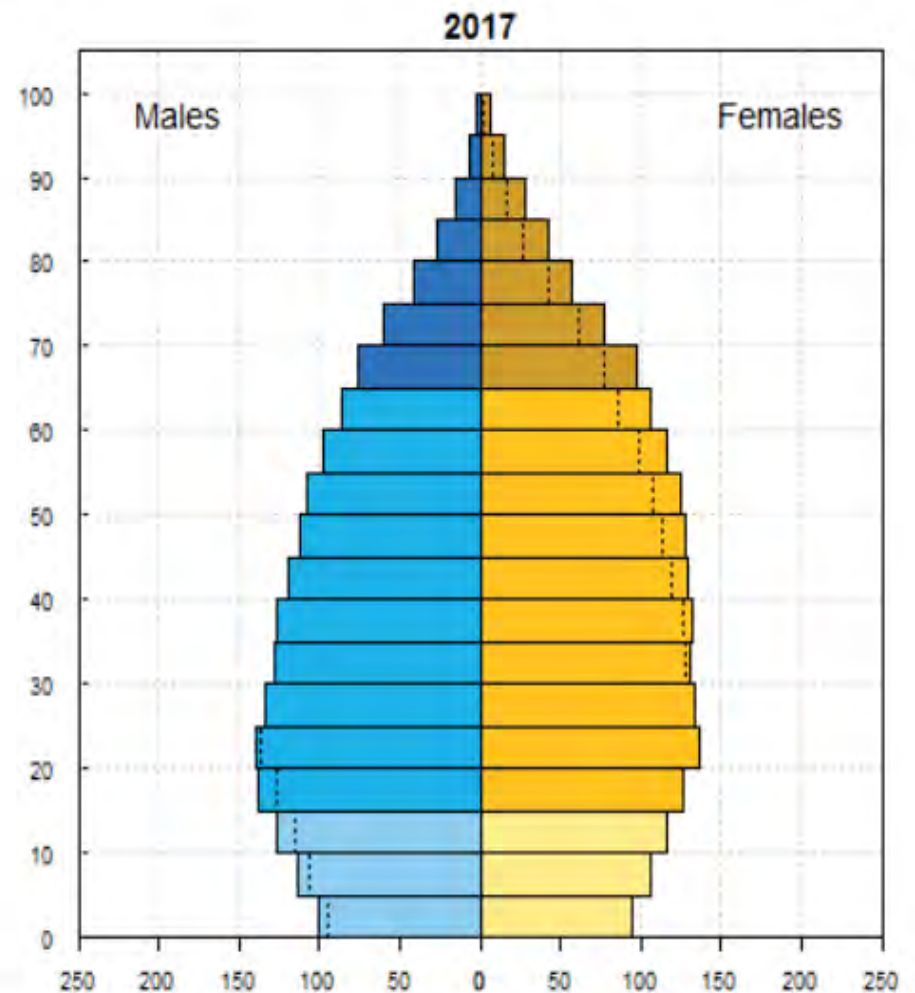
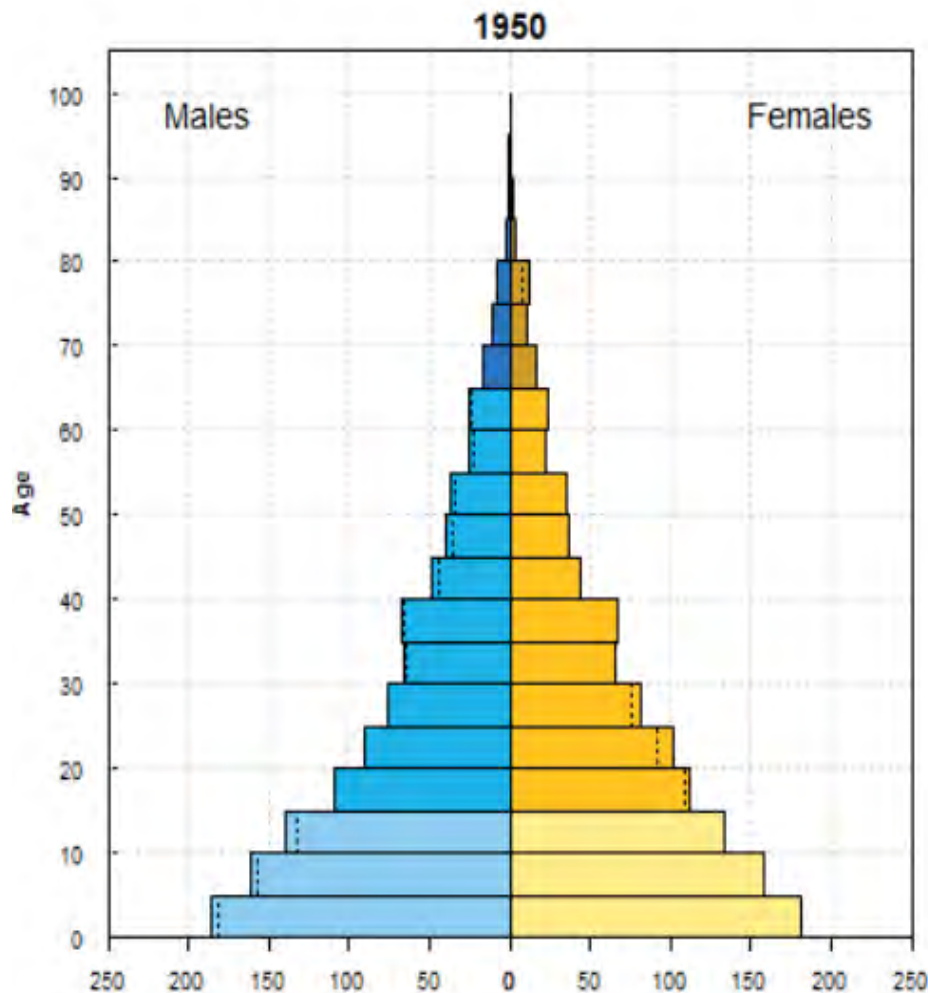
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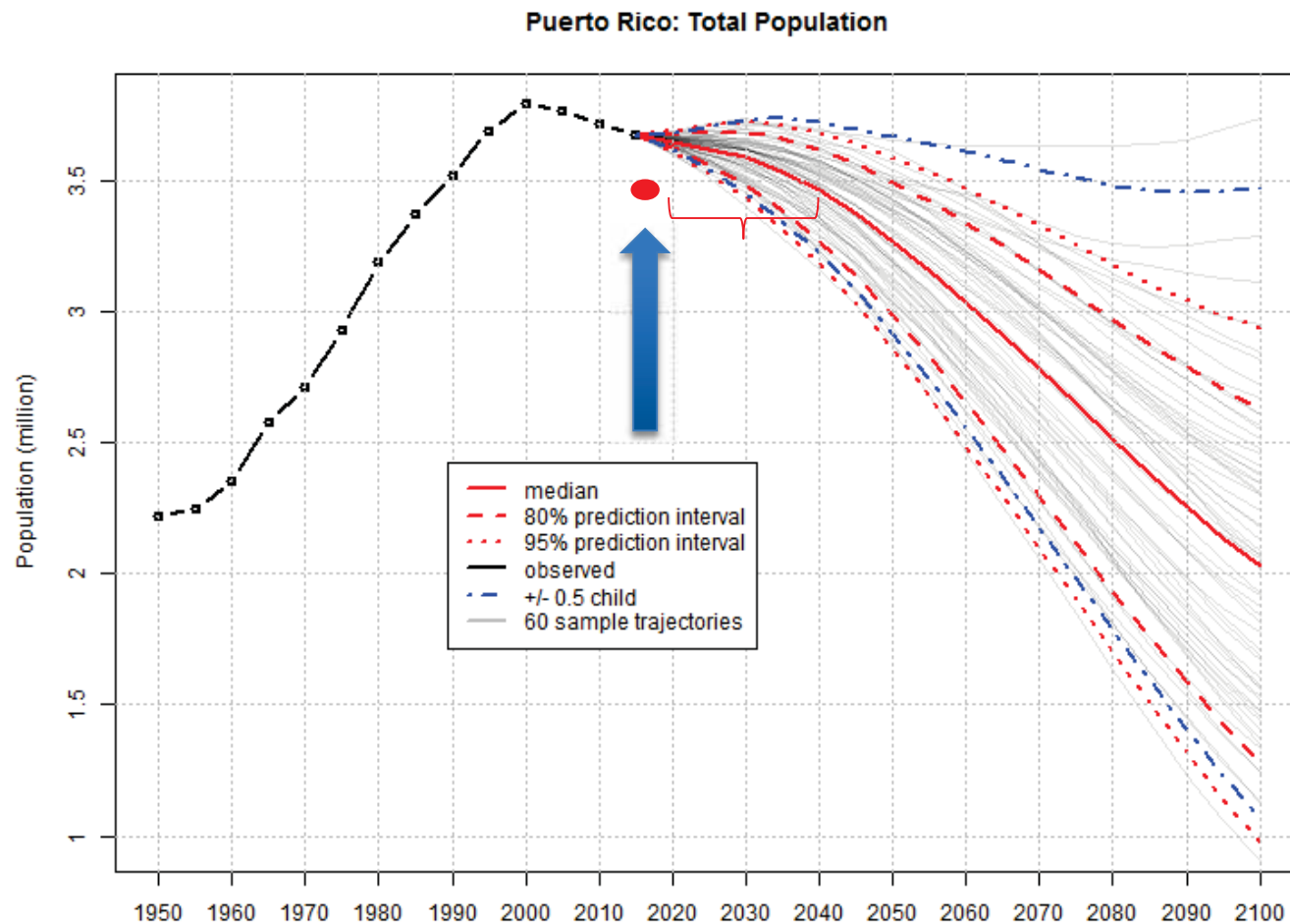
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Population Pyramids in Puerto Rico

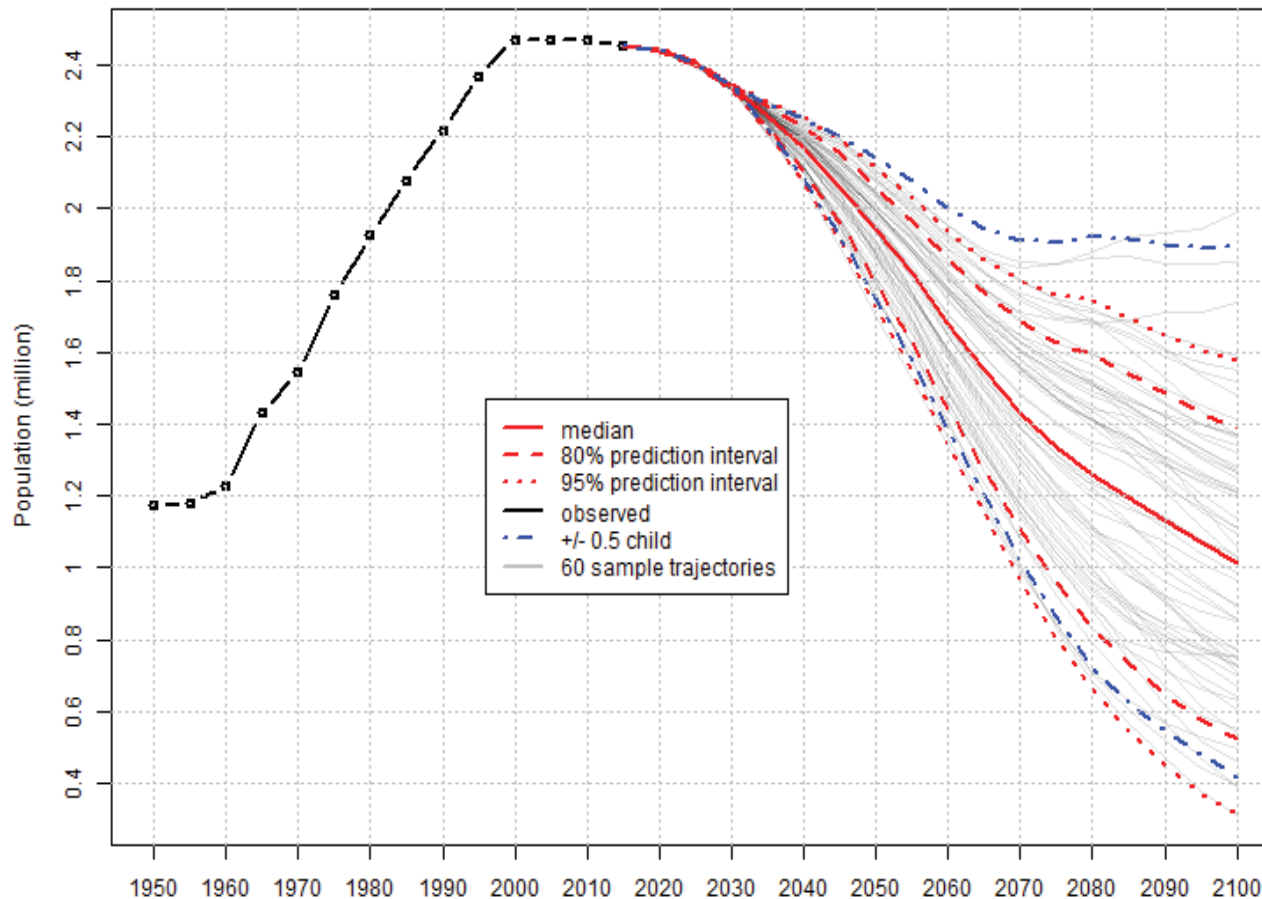




Source: United Nations, Department of Economic and Social Affairs, Population Division (2017).
World Population Prospects: The 2017 Revision. <http://esa.un.org/unpd/wpp/>

Explanation: These charts show estimates and probabilistic projections of the total population for countries or areas, geographical aggregates and World Bank income groups as defined in [Definition of Regions](#). The population projections are based on the probabilistic projections of total fertility and life expectancy at birth, based on estimates of the 2017 Revision of the World Population Prospects. These probabilistic projections of total fertility and life expectancy at birth were carried out with a Bayesian Hierarchical Model. The figures display the probabilistic median, and the 80 and 95 per cent prediction intervals of the probabilistic population projections, as well as the (deterministic) high and low variant (± 0.5 child) of the 2017 Revision of the World Population Prospects.

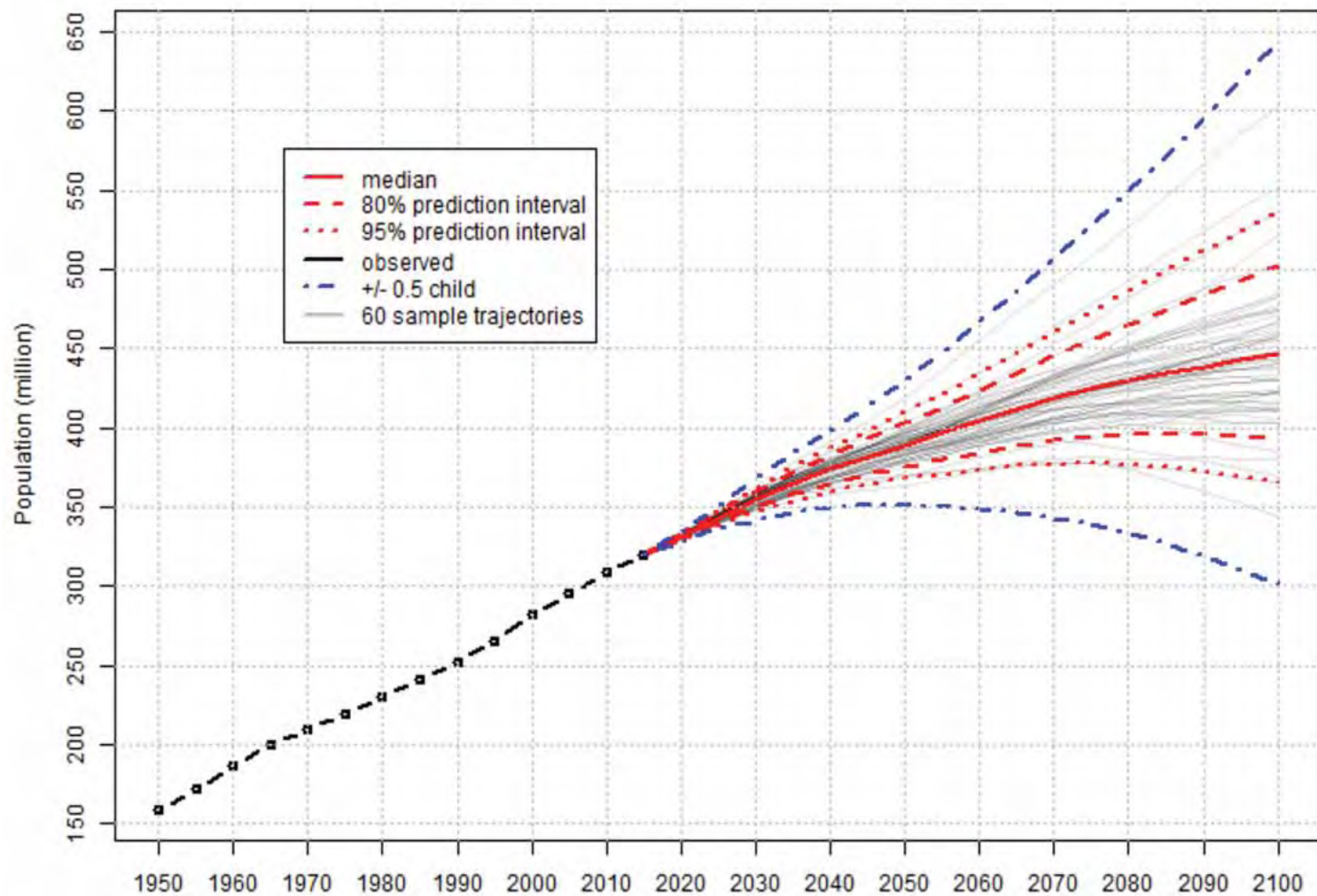
Puerto Rico: Population (Age 15-64)



Source: United Nations, Department of Economic and Social Affairs, Population Division (2017).
 World Population Prospects: The 2017 Revision. <http://esa.un.org/unpd/wpp/>

Explanation: These charts show estimates and probabilistic projections of the specified population age range for countries or areas with a population of 90,000 or more in 2017, along with geographical aggregates and World Bank income groups as defined in [Definition of Regions](#). The population projections are based on the probabilistic projections of total fertility and life expectancy at birth, based on estimates of the 2017 Revision of the World Population Prospects. These probabilistic projections of total fertility and life expectancy at birth were carried out with a Bayesian Hierarchical Model. The figures display the probabilistic median, and the 80 and 95 per cent prediction intervals of the probabilistic population projections, as well as the (deterministic) high and low variant (+/- 0.5 child) of the 2017 Revision of the World Population Prospects.

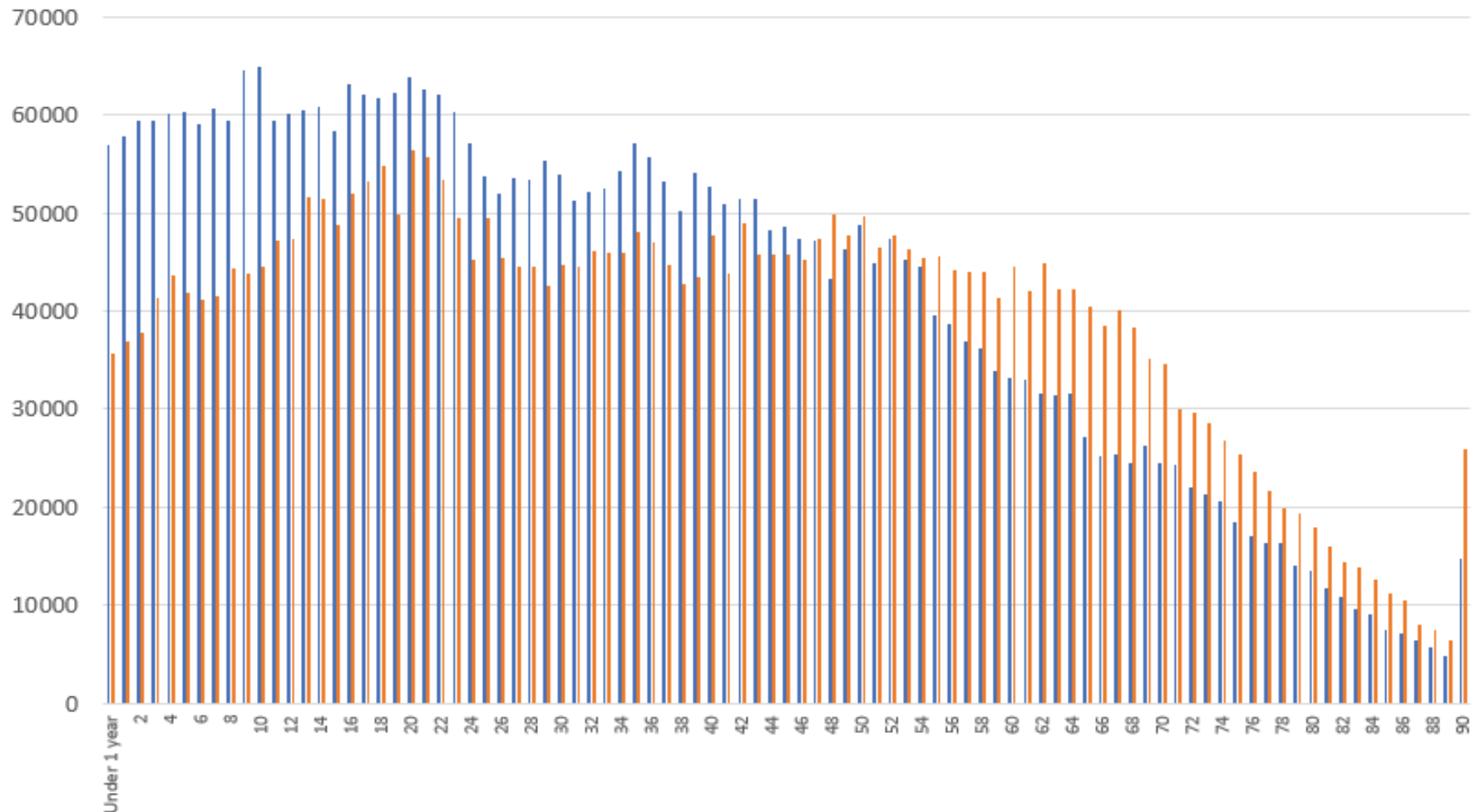
United States of America: Total Population



Source: United Nations, Department of Economic and Social Affairs, Population Division (2017).
World Population Prospects: The 2017 Revision. <http://esa.un.org/unpd/wpp/>

Poblacion de Puerto Rico por Edad

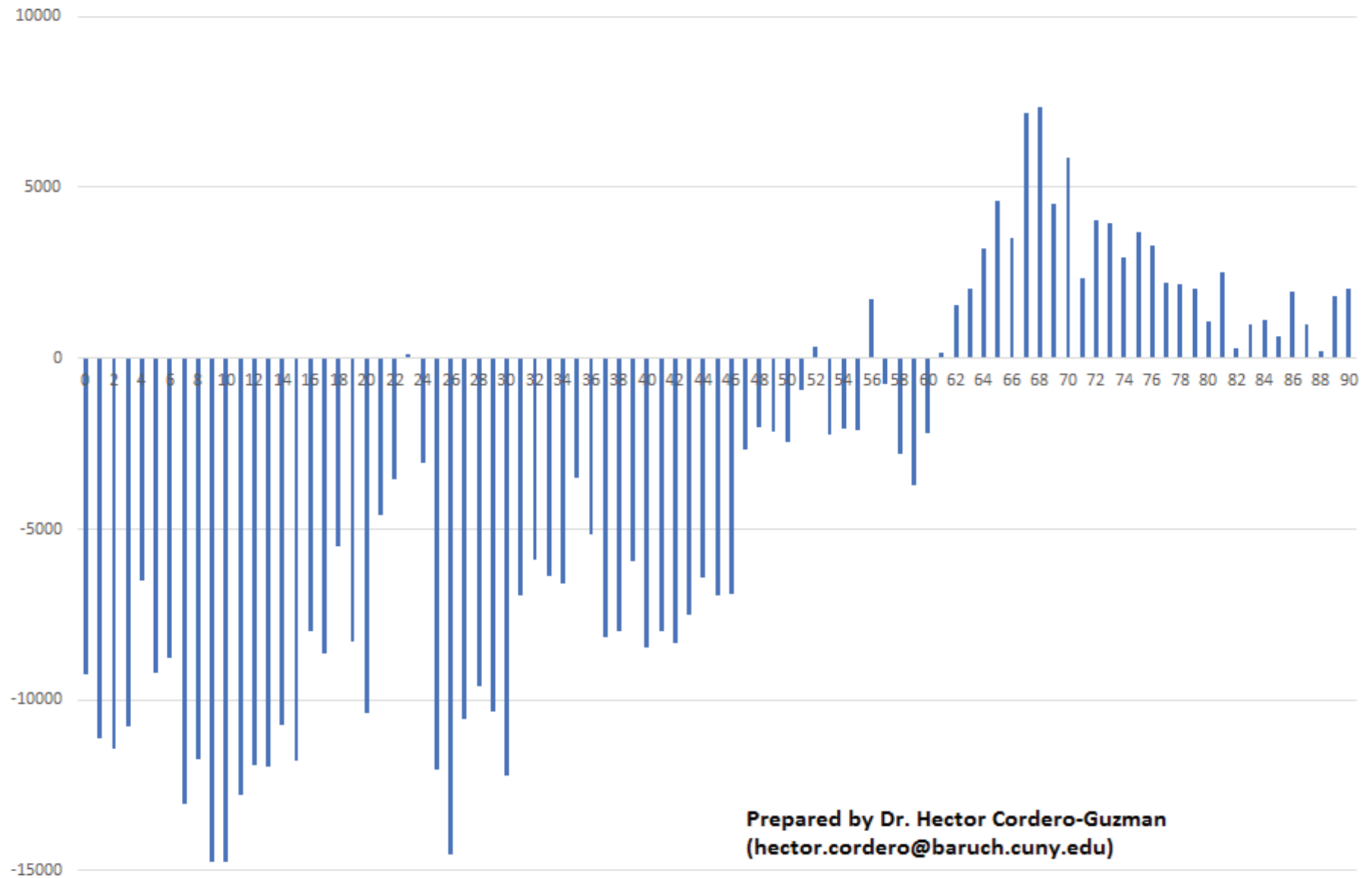
(Censo 2000 y PRCS 2015 [5ys file])



Prepared by: Hector R. Cordero-Guzman, Ph.D.
hector.cordero@baruch.cuny.edu

■ 2000 ■ 2015

Diferencias en Poblacion en Puerto Rico por Edad entre el 2009 y el 2015
(PRCS 5 yr file for 2009 and 2015)

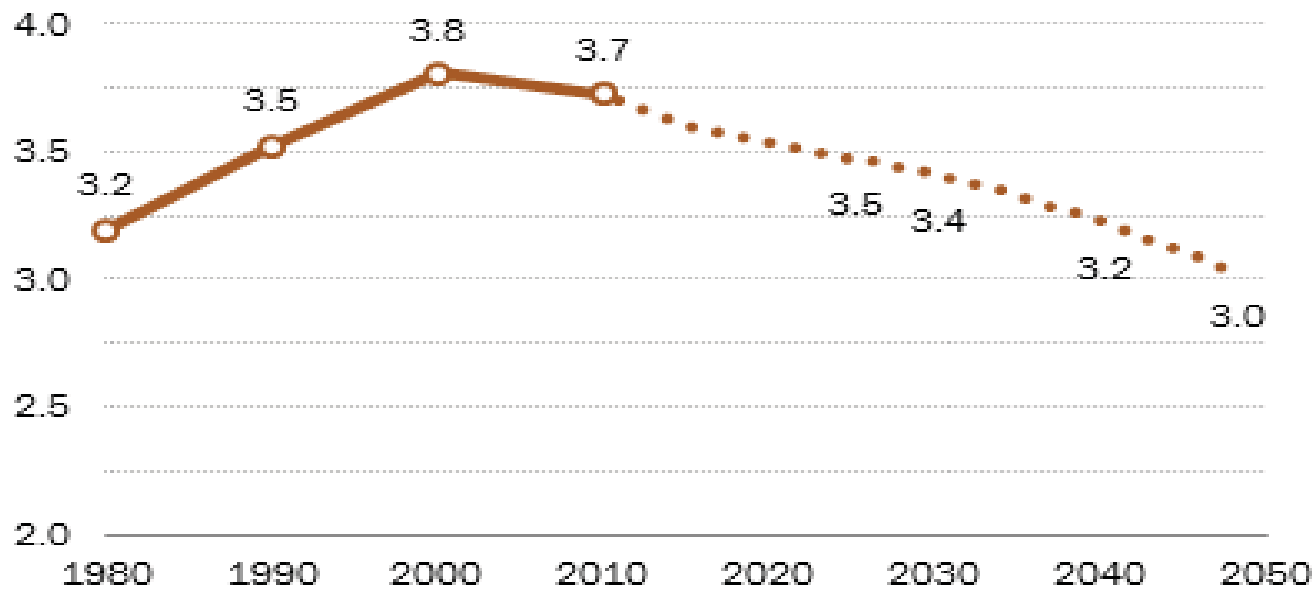


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(hector.cordero@baruch.cuny.edu)

FIGURE 5

Puerto Rico's Population Projected to Decline Through 2050

In millions

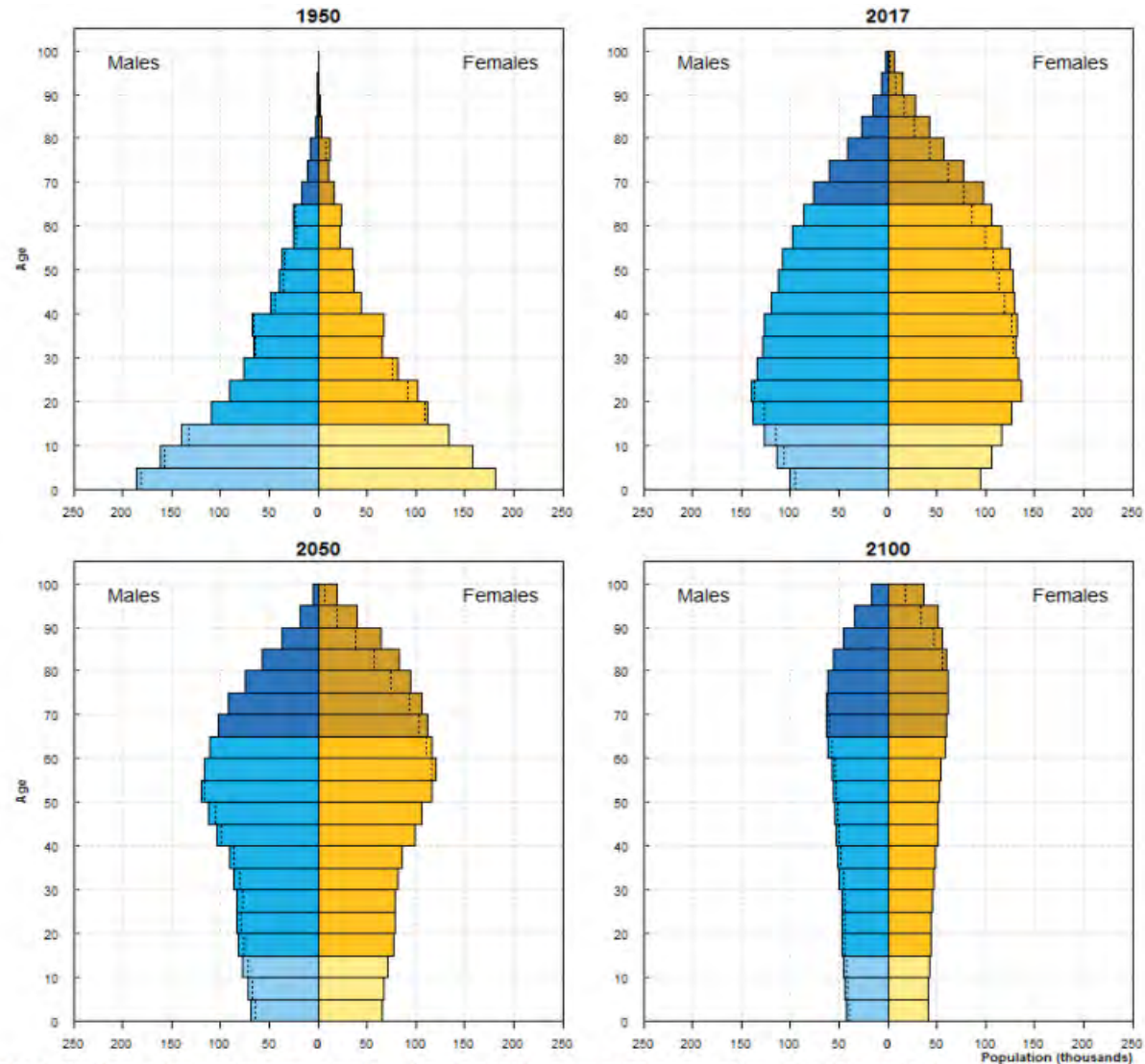


Note: Solid line represents decennial census population counts; dotted line represents population projections. Data labels are for 1980, 1990, 2000, 2010, 2025, 2030, 2040 and 2050.

Source: U.S. Census Bureau population projections for Puerto Rico (<http://1.usa.gov/WGdewP>) and Decennial Censuses (1980, 1990, 2000, 2010), Integrated Public Use Microdata Series (IPUMS)

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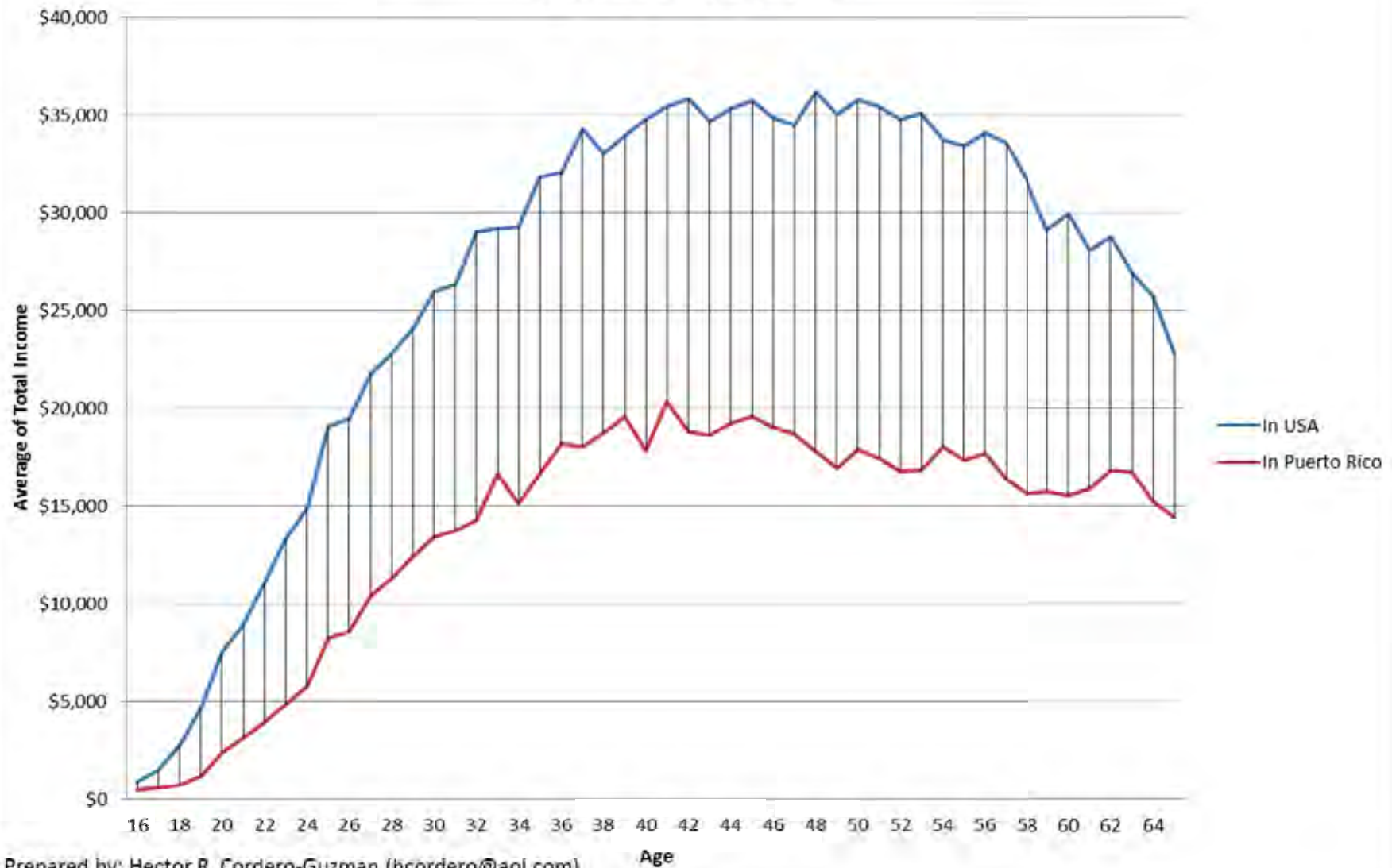
Population Pyramids and Projections: Puerto Rico



The dotted line indicates the excess male or female population in certain age groups. The data are in thousands or millions and represent the population in each age group.

Source: United Nations, Department of Economic and Social Affairs, Population Division (2017). World Population Prospects: The 2017 Revision.

Age Income Profile for Puerto Ricans Ages 16-65 (PRCS 2013, 5yr file)



Wage Levels in Puerto Rico (PRCS 5yr 2010-2014)

Wage per Hour	Population	Percentage	Valid Percent	Cummulative Percent
\$7.25	327,434	9.0	27.6	27.6
\$7.26-\$7.50	82,503	2.3	6.9	34.5
\$7.51-\$8.00	60,114	1.7	5.1	39.6
\$8.01-\$8.50	43,975	1.2	3.7	43.3
\$8.51-\$9.00	46,983	1.3	4.0	47.2
\$9.01-\$9.50	35,183	1.0	3.0	50.2
\$9.51-\$10.00	38,576	1.1	3.2	53.5
\$10.01-\$12.00	118,214	3.2	10.0	63.4
\$12.01-\$14.00	86,149	2.4	7.3	70.7
\$14+	348,244	9.6	29.3	100.0
In Labor Force	1,187,375	32.6	100.0	
Not in Labor Force	1,719,090	47.2		
Not Eligible Age	732,500	20.1		
Total Not Earning	2,451,590	67.4		
Total Population	3,638,965	100.0		

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Prepared by: Hector Cordero-Guzman (hcordero@aol.com)

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Distribution of Income: Share by Quintile in Puerto Rico and the US

	<u>PR</u>	<u>USA-Households</u>	<u>USA-Families</u>
Bottom 20% →	1%	3%	4%
second 20%	8%	8%	9%
third 20%	14%	14%	15%
fourth 20%	22%	23%	23%
Top 20% →	55%	51%	49%
	100%	100%	
Top 5% →	25%	22%	21%

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Dr. Hector Cordero-Guzman
(hcordero@aol.com)

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Quersay-Montgomery for the Economic Office, CIO.

End



Some References

- Demographics of Puerto Rico
- <http://es.slideshare.net/rafigueroa/cambios-en-la-poblacin-de-puerto-rico-y-sus-implicaciones>
- Perfil del migrante
- http://www.estadisticas.gobierno.pr/iepr/LinkClick.aspx?fileticket=u_goumCYemA%3D&tabid=165
- Federal Reserve Reports
- <http://www.newyorkfed.org/outreach-and-education/puerto-rico/2014/report-main.html>
- Krueger Report
- <http://recend.apextech.netdna-cdn.com/docs/editor/Informe%20Krueger.pdf>
- Government Development Bank
- <http://www.gdb-pur.com/>
- Caribbean Business on Debt and related
- http://www.caribbeanbusiness.pr/prnt_ed/downgrade-by-standard-poors-and-moodys-heralds-new-challenge-for-puerto-rico-9511.html
- http://www.caribbeanbusinesspr.com/prnt_ed/gdb-president-melba-acosta-and-sen.-jose-r.-nadal-power-11333.html
- Puerto Rico Community Survey (Bureau of the Census, US Department of Commerce)
- www.census.gov

Selected Data Sources (in progress)

- PRCS 2015 5yr & ACS 2015 5yr files
- BLS employment series
- BLS wage series
- TANF Data (annual reports) from HHS
- Informe Economico al Gobernador
- Pew Research Center on population

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Dr. Hector Cordero-Guzman
(hcordero@aol.com)

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