

Poverty in Puerto Rico:

A socioeconomic and

demographic analysis

with data from the Puerto Rico

Community Survey (2014)

CARMEN R. NAZARIO,

Editorial coordinator

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Building Human Services Research Partnerships: Puerto Rico

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

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Prologue

The main purpose of the *Building Human Services Research Partnerships in Puerto Rico* project is to promote effective research and the development of a culture and practice of evidence-based policy making on low-income families and children in Puerto Rico. Under the leadership and support of Inter-Metro, the Project has brought together key stakeholders to develop partnerships in order to advance research and eventually lead to effective policies and programs, particularly Head Start and Public Assistance. The Project's website can be accessed at www.metro.inter.edu/hsrppr.

The Project is carried out through a collaborative network, led by a Work Group that promotes awareness of the need for research, spearheads the development of research questions, and guides the studies undertaken by various researchers financially supported by the Project. Key members of the Faculty and Staff at IAUPR-MC, work in partnership with academics from other universities, the Administrators of the Administration for Socioeconomic Development of the Family (ADSEF) and of the Administration for Integral Care and Early Childhood Development (ACUDEN), and top executives from various NGOs and think tanks to formulate questions and guide research.

While there is an ample body of research, very little of it has been performed locally or recently, or specifically about Head Start and Temporary Assistance to Needy Families. There is insufficient information that can validate the policies regulating these two programs among Puerto Rican children and families, particularly since the onset of the economic crisis of the last ten years.

Why are there so few families participating in the TANF program? Why are there

so many eligible children not benefiting from Head Start or Early Head Start? What are the reasons women stay in TANF for such a short time? The lack of answers to these and other questions because of insufficient research leads to the development of stereotypes that contribute to the ongoing oppression and marginalization of the disadvantaged.

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Completed Studies are reported in four volumes including this one, as follows:

1. *Puerto Rican children and families: Our starting point*
2. *TANF in Puerto Rico*
3. *Head Start and TANF: Moving forward*
4. *Poverty in Puerto Rico*

The researchers whose work is included in these four volumes are making substantial contributions to the level of knowledge about the poor, their needs and characteristics, the challenges they face, the range of services received, the gaps in service, and the identification of best practices and opportunities for collaboration in the services provided by these programs.

The expectations that we had as members of the work group were surpassed as we analyzed the outcomes of the research, the willingness and openness of government officials to share data and information and to incorporate recommendations offered by the group members, and the interest demonstrated by program providers to identify best practices.

In summary, this project has created new opportunities for young professionals and

emerging leaders to participate in research activities and to use the results of these activities in the decision making process.

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I. Poverty in Puerto Rico

in historical

and contemporary perspective

Héctor R. Cordero-Guzmán

Even the casual visitor to Puerto Rico sees on every hand signs of abysmal poverty.

On the outskirts of every town are found the same dismal slums, thousands of

miserable huts mushrooming out of land that is often marshy and infected. All

parts of the island, and particularly the coastal plains, are dotted with “houses”

built of hurricane debris, old gasoline tins and old rags, often on squatters’ land, where there is no chance to grow food. On the coastal roads and in the coastal

towns, there is the monotonously repeated picture of large groups of poverty-stricken “jíbaros” (poor peasants), who have come down from the mountains in the

hopeless search for work, milling back and forth in dejection. The coffee regions in the mountains are ruined, and there is no work for their erstwhile inhabitants.

Earl P. Hanson (1937, p. 499) 1

By now it is broadly acknowledged across a range of sectors in Puerto Rico and beyond

that the island is in its deepest crisis since the 1920s and 1930s during the time of

the Great Depression. The crisis in Puerto Rico is deep and has various prominent di-

mensions and manifestations. There is a social and demographic dimension to the crisis

reflected in population decline to 3.5 million persons, or the level it was in the 1990s, and increased outmigration in proportions not seen since the 1940s and 1950s;² an economic

dimension reflected in sharp declines in employment and in the size of the labor force

from a peak in 2006 around 1.42 million persons to 1.13 million in 21063 and a flatten-

ing of earnings and incomes since the recession that started in 2006;⁴ a fiscal dimension ¹ Hanson, E. P. (1937). The dilemma of Puerto Rico. *Science and Society*. Vol. 1(4), 499-511.

² See <http://www.pewresearch.org/fact-tank/2016/03/24/historic-population-losses-continue-across-puerto-rico/>

(retrieved July 5, 2016).

³ See http://data.bls.gov/timeseries/LASST7200000000000005?data_tool=XGtable (retrieved July 5, 2016).

⁴ See <http://www.census.gov/newsroom/press-releases/2014/cb14-17.html> (retrieved July 5, 2016).

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manifested in high levels of government debt reaching a peak of \$72 billion dollars and consuming a growing percentage of the local government's budget.⁵ The multi-dimensional nature of the crisis led to mobilizations on the Island and in the Puerto Rican

community on the mainland for action from Congress and the White House on Puerto

Rico.⁶ The resulting legislation, called PROMESA, is currently in the process of being

implemented but its enactment has highlighted a political dimension to the crisis and has led to increasing calls among political parties and other social sectors for a re-assessment of the relationship between the United States and Puerto Rico in order to make it more

effective in the current global context.⁷

The crisis in Puerto Rico has affected all social sectors and classes in some way—from

wealthy residents who invested in government bonds that may not be repaid, busi-

ness owners who have seen their sales decline, to middle class families and profession-

als seeing their taxes increase and opportunities for them and their children dwindle,

or government workers and teachers who find their work security and their pensions

threatened. The impacts of the crisis, however, are more likely to be harsher on the

lower middle classes and the poor in Puerto Rico who find their work opportunities

constricted, their access to income more limited and their poverty more entrenched, their access to the safety net increasingly challenged, and their hopes of some upward economic mobility for their families and their children quickly fading away.

This book is about poverty in Puerto Rico and the characteristics of the population below poverty on the Island. In this increasingly challenging demographic, social, and economic context, it is essential to have a solid understanding of the socioeconomic characteristics of the population in Puerto Rico and to compare the characteristics of the population below poverty, and those near poverty, with Island residents in the middle and upper classes. We focus on demographic characteristics like: age and gender; household structure and marital status; educational level; disability and access to health insurance; employment status and connection to the labor force; and sources and levels of income, in order to better understand some of the factors that are related to the production and reproduction of poverty in Puerto Rico. We also want to use data analysis to make some recommendations that can help guide more effective public policies and support efforts to highlight, combat and systematically reduce poverty in Puerto Rico. In the first section of this introduction, we discuss poverty in Puerto Rico in a historical perspective, review the literature and research on poverty in Puerto Rico, and examine some of the reasons that have been offered to explain the prevalence and persistence 5 See http://www.nytimes.com/interactive/2016/business/dealbook/puerto-rico-debt-crisis-explained.html?_r=0 (retrieved July 5, 2016).

6 See <http://hispanicfederation.org/images/pdf/hfprpolicy2015.pdf> (retrieved July 5, 2016).

7 See <http://www.theatlantic.com/politics/archive/2016/03/territorial-limits/475935/> (retrieved July 5, 2016).

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of poverty on the Island. We argue that the understanding of poverty in Puerto Rico has evolved over time from being seen as a demographic problem of overpopulation during

the first decades of the 20th century to being seen as a condition that could be solved by better

planning, social science research, the various tools of economic development, and a range of social programs, to the more recent approach where poverty is seen as a pathological condition resulting from a debilitating and counterproductive culture of poverty and generous access to social programs.

Since the 1980s,⁸ a literature has emerged that blames social welfare programs for trapping people in poverty, reducing their desire and will to work, and for disconnecting the poor from employment opportunities. We suggest that this approach fails to account for the fact that programs have been modified and their support reduced, the lifetime entitlement was eliminated, and the approach has been to connect participants to the labor market. Even with this “workfare” approach, the pace of job creation has been anemic and, in fact, Puerto Rico has seen net job reductions over the last decade. Rather than causing poverty, we suggest that programs have provided a minimum standard of access to healthcare, nutrition, housing and limited cash assistance that has prevented large segments of the population from experiencing an even deeper decline in income. These programs alone, however, are not sufficient to increase employment, reduce inequality and eliminate poverty.

We then move to a discussion of the Census and the Puerto Rico Community Survey (PRCS) data that we use to analyze the demographic characteristics of the population and poverty in Puerto Rico. The introduction ends with a discussion of data for 1990, 2000, and 2014 to show some of the key changes in demographic characteristics, education, labor force status, incomes, and poverty over time and in order to set up a baseline that helps frame the analysis of the 2014 PRCS data that is presented in Chapter 2.

The second chapter presents a detailed demographic analysis of poverty in Puerto Rico and discusses a number of factors related to the poverty level including: age and gender, household characteristics and marital status, English language use, birthplace, citizenship status, and mobility, disability status and access to health insurance, school enrollment and educational attainment, employment status and labor force participation,

and sources, levels and the distribution of incomes in Puerto Rico. The second chapter ends with a multivariate statistical analysis of income and poverty in Puerto Rico that shows how the socioeconomic and demographic variables discussed throughout the chapter are intimately related and connected to the experience and depth of poverty in Puerto Rico.

Chapter 3 provides a detailed socioeconomic analysis of households and poverty levels by region in Puerto Rico, this allows us to examine differences in the prevalence and depth of poverty by region and to examine how poverty and their characteristics vary

8 See Murray, C. (1984). *Losing Ground*. New York: Basic Books.

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throughout the island. Children in Puerto Rico have the highest poverty rates and Chapter 4 focuses on children and youth by examining some of the key characteristics of children and youth that live in poor families. While 20% of the total population in Puerto Rico is between 0 and 15 years of age, the proportion of those in extreme poverty that was 15 and younger was 29.7%, the proportion below poverty was 20% but the proportion in the middle income category was only 14.3%. This means that close to half of all the poor persons in Puerto Rico were children 15 and younger. Close to 37.5% of persons 15 years or younger were in extreme poverty and another 20% below poverty, suggesting that a total of 57.5% of persons 15 and younger were living under the poverty line.

While the proportion of children under poverty is quite high, Puerto Rico has been able to make significant progress in reducing poverty in the elderly population. Chapter 5 presents an overview of the prevalence of poverty among the elderly population,

defined as persons over the age of 65, and explores some of the key characteristics of elderly persons in poverty. Close to 16% of the population in Puerto Rico is older than 65 but the proportion in extreme poverty is 14.7% and the proportion below poverty is 25.3% for a poverty rate of 40% for persons over 65 years of age compared to a 57.5% rate for persons ages 15 or younger. Chapter 6 concludes the book with some reflections on the demographic and socioeconomic factors related to poverty levels, to the reproduction of poverty, and to the evolution (or continued retrenchment) of public assistance programs in Puerto Rico.

Poverty in Puerto Rico in historical perspective

The understanding of poverty as a socioeconomic condition, research on poverty, and the development of public policies around poverty and the welfare state have been intimately tied over the last 120 years of Puerto Rico's history. Immediately after the U.S. invasion of 1898, the U.S. War Department commissioned a census⁹ that found close to 1 million people living in Puerto Rico. The 1899 census found that 83.2% of the population was unable to read or write and 77.3% of persons over the age of 10, close to 22% of persons ages 5 to 17 at the time, were in school and about 33% of the population, or 316,365 persons, were considered employed. If we only include persons 10 years of age or older in the calculation, the proportion considered employed grows to 48% of the population. Of those employed, 62% worked in agriculture or related activity; 20% were considered to be doing some form of domestic work, including small production in homes; about 8.4% of the population worked in some form of manufacturing; about 7.6% working trade and close to (the) .7% of the population was considered to be in professional occupations.

⁹ See <https://www.census.gov/history/pdf/1899portorico.pdf> (retrieved July 5, 2016).

The prevailing conditions in Puerto Rico were described by Governor Tugwell (1953, p. 151)¹⁰ in stark terms,

The misery of the people was very nearly as deep as that of any people in the world.

They were malnourished, were housed in squatter shacks, and lacked any hope of betterment. Their children died like flies; education was available for only a few; and they themselves lived the precarious existence of the chronically unemployed.

All this was, however, in juxtaposition with—indeed under the political jurisdiction of—the most prosperous people in the history of the world. The intellectuals were part of that prosperity. They had continental education; their homes were

characteristic of the American level of life. But they and their families were islands in a rising sea of filth, poverty, and starvation. They would have been less than men if they had not reacted by dedicating themselves to change. This too is perhaps a

necessary ingredient—an able and conscientious elite, so determined to eliminate

misery that if necessary it will participate in overthrowing the vested interests in the perpetuation of poverty, even if it involves the charge of traitorousness to class.

The view of poverty that dominated at the time was one that saw poverty as tied to demography and there was a sense that there were just too many people in Puerto Rico, particularly low income and poor people, living in a small island with few natural resources and with mostly occasional and seasonal employment. Earl P. Hanson (1937, p.

501)¹¹ compared the concentration of population in Puerto Rico with other countries

and concluded that: “The overall density of population is about 510 per square mile,

exceeded only in such industrial countries as Belgium and the Netherlands, and in

such agricultural countries as Java, and some of the islands in the various West Indian groups.”

Similarly, Governor Tugwell (1948, p. 309)¹² and other U.S. analysts convened

to address the challenges faced by Puerto Rico argued that: “the ways to improve Puerto Rico would be by (1) economic improvement, (2) emigration, or (3) reduction of the

population.”

After repeated hurricanes, and deteriorating living conditions with the advent of the great depression, poverty in Puerto Rico reached epidemic proportions and federal authorities faced the need to figure out ways to address the crisis and related social problems. Poverty during this time was seen as a challenge that needed to be resolved through some form of state intervention and economic development. Governor Tugwell (1948, p. 312)¹³ articulated the views of the time as follows,

10 Tugwell, R. G. (1953, Jan.). What next for Puerto Rico? *Annals of the American Academy of Political and Social Science*, Vol. 285, 145-152.

11 Hanson, E. P. (1937). The dilemma of Puerto Rico. *Science and Society*. Vol. 1(4), 499-511.

12 Tugwell, R. G. (1948). Problems of reconstruction in Puerto Rico. *The Milbank Memorial Fund Quarterly*. Vol. 26(3), 309-316.

13 Tugwell, R. G. (1948). Problems of reconstruction in Puerto Rico. *The Milbank Memorial Fund Quarterly*. Vol. 26(3), 309-316.

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In Puerto Rico, what we attempted to do was in the first place to reorganize men's attitudes toward government and toward the accomplishments that could be made in public welfare. When I say public welfare, I mean the welfare of the Puerto Rican people in general. That involved improving the headpiece first, so what we attempted to do was to set up a planning outfit which would be effective, to improve the public services of all kinds by reorganizing the civil service and the departmental personnel services and by doing all the other things which would make the government more effective for its share in this attempt to increase the standard of living.

There were several studies and writings that framed the poverty challenges in Puerto

Rico as structural and resulting from the particular nature of an economy that depended on seasonal production of sugar, coffee, and other forms of agriculture. Tugwell, and the technocrats that worked with him, argued that the island needed to go through an industrialization process that brought labor intensive industry into Puerto Rico and that some combination of public and private investment, both foreign and domestic, was needed to develop an economic infrastructure for the island. During this phase in Puerto Rico's history, poverty was seen as a result of an uneven economic and social structure and solvable by the tools of economic development. Reflecting on that time, Tugwell (1948, p. 311)¹⁴ argued that the U.S. government invested heavily in the island physical and economic infrastructure and provided the resources needed to set the conditions for a broader economic takeoff.

There was a change at that time in the attitude of the United States toward Puerto Rico which is best measured by the amount of relief which was extended to her poverty-stricken population. It expressed itself not only in home relief but in work relief and in assistance in housing and various public works as well as in other ways, to the extent, over a ten-year period of something like, although differing from year to year, fifty million dollars a year. That is quite a large amount in comparison with any relevant figures concerning the Puerto Rican economy. For instance, the governmental budget—although it was constructed so that it was very difficult to say what it was exactly—was in the neighborhood of fifty million dollars itself, so that the relief granted was, you see, almost equal to the budget itself. This contribution was kept up over a period of years, with some intervals, as in the United States.

There were some large and some smaller years but it was a foundation on which we could build when my group began to make its great efforts in Puerto Rico in 1941.

The development effort, known as "Operation Bootstrap," sought to attract U.S. investment in labor intensive manufacturing to launch an export driven industrialization process. In addition to a range of economic strategies conceived as part of operation bootstrap ¹⁴ Tugwell, R. G. (1948). Problems of reconstruction in Puerto Rico. *The Milbank Memorial Fund Quarterly*. Vol.

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a number of other social reforms and policy reforms took place. These were encouraged by the development of an infrastructure that created linkages between social science, social service, and a cadre of professionals and technocrats that saw the poverty problem in Puerto Rico solvable not just with the tools of economic development but also with the information generated from social science research.¹⁵ This generation saw public policy, and the development of social programs, as necessary strategies to identify and assess the needs of the population and develop policies to solve those needs. Reflecting on this period, Tugwell argues (1953, p. 151)¹⁶ that: “The conceptions were formulated by that exceptional group of intellectuals I have mentioned, and were made explicit by the organization of a thoroughly supported Planning Board. The persistence was furnished by an immediate reorganization of the administrative services and the enlargement of sources of future supply in the University of Puerto Rico.” Millard Hansen (1953, p. 115),¹⁷ who taught at the University of Puerto Rico (UPR) and directed the Center for Social Research suggested that the UPR was “increasingly used as a training ground for technical assistance programs, it puts to efficient use its [Puerto Rico] mixed culture, language, economy, and polity. And its crossroad, mixed-culture characteristics provide in a small, economical laboratory rich opportunities for needed research.”

During the 1950s and 60s there were significant advancements in the economic conditions and in the material living conditions of many residents of Puerto Rico. There was increased industrialization and employment, large gains in education, literacy, public health, housing, and increased access to food and nutrition for many segments of the population. There were also tens of thousands of Puerto Ricans who migrated to the United States in search of more stable employment and better economic opportunities. As Puerto Rico underwent an economic, social and demographic transformation, the tools of social science research became essential in developing and managing programs; assessing and understanding the key trends; and disseminating

the information amongst researchers, practitioners, policymakers, and other interested stakeholders. The challenge of poverty persisted and there were still large segments and a numeric majority of the population that faced limited socioeconomic opportunities and mobility prospects. Reflecting on the accomplishments and challenges of “Operation Bootstrap,” noted economic historian James Dietz (1976, p. 9)¹⁸ suggests that,

¹⁵ See, for example the detailed studies on conditions in sugar cane plantations produced by Morales Otero, P., Pérez, M. A., Ramírez Santos, R., Espino, R., Ramu, A., Fuster, J. L., González, D., Marrero, M. (1937).

Health and socioeconomic studies in Puerto Rico. I. Health and socioeconomic conditions on a sugar cane plantation. *The Puerto Rico Journal of Public Health and Tropical Medicine* 12(4), 405-490. Retrieved July 5, 2016, from <http://libraria.rcm.upr.edu:8080/jspui/handle/2010/1519>

¹⁶ Tugwell, R. G. (1953, Jan.). What next for Puerto Rico? *Annals of the American Academy of Political and Social Science*, Vol. 285, 145-152.

¹⁷ Hansen, M. (1953, Jan.). Training and research in Puerto Rico. *Annals of the American Academy of Political and Social Science*, Vol. 285, 110-115.

¹⁸ Dietz, J. (1976). The Puerto Rican political economy. *Latin American Perspectives*, Vol. 3(3), 3-16.

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How successful has Operation Bootstrap been? On one level, attracting industry to Puerto Rico, the results have been impressive. Supporters of “la vía puertorriqueña” argue that what has taken place in Puerto Rico is representative of the kind of development possible in an underdeveloped nation that operates in cooperation with U.S. monopoly capitalism. Since the beginning of Bootstrap, over 2,000 plants have been set up, and at least 150 of Fortune’s 500 largest firms in the United States have branch operations in Puerto Rico. Growth rates for the Puerto Rican economy have been high. Gross National Product increased from \$755 million in 1950 to \$6,806

million in 1974, a growth rate of about ten percent a year. The level of investment has been extraordinarily high, which helps explain the rapid growth of output; in

1970, gross domestic investment was 30 percent of GNP (Maldonado, 1974, p.

220). But growth and industrialization, both of which Puerto Rico has clearly ex-

hibited, are not the same thing as development. The industrialization push has been geared to and for U.S. capital, not the interests of the Puerto Rican people. Relatively few Puerto Ricans have been sharing in the growth of the economy.

While the population of Puerto Rico grew from 1.2 million in 1952 to 2.1 million in 1977, the industrial composition of the labor force also went through significant changes. In 1953, for example, there were close to 62.5 thousand persons employed in manufacturing and the number increased to 143,000 by 1976. Meanwhile, the number of workers in agriculture decreased from 210,000 in 1950 down to 47,000 by 1976, the number of construction workers increased slightly from 26,000 in 1950 up to 47,000 by 1976, and the number of workers in trade grew from 92,000 in 1950 to close to 140,000 by 1976. The sector that saw the biggest increase in employment, however, was public administration that went from about 47,000 workers in 1950 to 64,000 in 1960, 107,000 in 1970 and had reached 168,000 by 1976. While the economic structure was going through significant sectoral transformation, the proportion of the population in the labor force decreased from 54.6% in 1952 to 44.8% by 1977. Unemployment rate also increased from around 14.7% in 1950 to about 19.9% in 1977, with close to 187,000 persons unemployed, about 750,000 persons employed, and about 1.2 million persons not in the labor force that year. The labor force participation rate for males decreased significantly from 79.8% in 1950 down to 71.5% in 1960, to 65.6% in 1970, and to 59.4% by 1976, while the labor force participation rate for females was around 30% in 1950, 22.1% in 1960, 26% in 1970, and 26.1% in 1976.¹⁹

The persistence of unemployment, social and family disorganization, increasing

crime, and the effects of a limited labor market and opportunity structure led to the development of views on poverty that put emphasis on culture, and what some call the development of a “culture of poverty” that trapped individuals and families in an intergenerational cycle. Poverty started to be seen as a result of a limited and polluted 19 See pages 581 to 602 of the United States Department of Commerce. (1979). *Economic Study of Puerto Rico*. Washington, DC: U.S. Department of Commerce.

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cultural repertoire, self-defeating attitudes and behaviors, and being embedded in environments with limited opportunity. The earlier sense that poverty was connected to and resulted from economic structure, differences in social investments, and the availability of opportunities for advancement, was abandoned over a view of the poor and their “culture” as the main culprit. Reflecting on the “rise and fall of Puerto Rico as a social laboratory” Michel Lapp argues that this new approach to poverty contrasted with an earlier focus on structure and, by pathologizing the Puerto Rican poor and their condition on the island and as a result of the migration process, it limited the potential role of public policy and public programs in solving poverty. Lapp (1995, p. 191)²⁰ argues that, *The Puerto Rican emigrants of La Vida resemble neither their island compatriots celebrated in the texts of Tugwell, Senior, or Tumin nor the late-nineteenth-century immigrants acclaimed in post-war pluralist culture. Rather, along with African-American migrants from the South, Puerto Ricans in New York and Chicago were forming the basis of a new class of urban poor whose problems, Lewis’s discussion suggested, would be extremely difficult to solve.*

It is important to keep in mind that this period of the 70s and 80s began to show the limits of the operation bootstrap model as labor-intensive factories gave way to capital intensive production, the global economy was characterized by the opening of markets across the world to U.S. products while consumption, production, capital and labor were becoming more interconnected. Puerto Rico’s role—both as a market and territory of the U.S. and in the global economy—was moving into uncertain terrain. Puerto

Rico's challenge coming out of a high growth phase was still the generation of sufficient employment for its residents and the approach that was pursued at this stage is one that has been described by Richard Weisskoff (1985) as "factories and food stamps."²¹ On

the economic side there was a move from labor-intensive manufacturing into capital intensive production, the development of a bigger services sector, and an increasing reliance on state activity and government employment. The next phase of industrial tax incentives, Section 936 of the tax code, was to be the foundation for continued growth and increased employment on the island. But, tax exemptions for capital intensive manufacturing had limited employment impacts and large scale employment in Puerto Rico never really materialized. Throughout the 1970s, 1980s and into the 1990s, there were significant segments of the population looking for work and unemployed, working in very unstable jobs, and often for very low pay. There were many discouraged workers, and many people were facing difficulty entering employment and were leaving the labor

²⁰ Lapp, M. (1995, Summer). The rise and fall of Puerto Rico as a social laboratory, 1945-1965. *Social Science History*, 19(2), 169-199.

²¹ See Weisskoff, R. (1985). *Factories and food stamps: The Puerto Rico model of development*. Baltimore: John Hopkins University Press.

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force and the Island altogether. Bonilla and Campos (1981, p. 135)²² summarize the challenges of job creation in Puerto Rico during this time as follows,

Yet the question remains: Why does the supply of jobs grow so slowly in Puerto Rico? Why has not the rush of "men with capital" reduced employment but rather aggravated it? Figure 1 shows that foreign capital invested in Puerto Rico surged from \$1.4 billion in 1960 to nearly \$24 billion in 1979. The latest official figures show unemployment at 19 percent a significant jump from the 13.2 percent in

1960 despite recent adjustments that exclude young teenagers and other workers in these calculations.

Bonilla and Campos (1981) argued that increasing investment did not seem to be leading to increases in employment because the investment was in the form of financial capital, patents, transfer pricing, and related tax and production cost allocation and shifts within corporations and not money invested in the generation of more labor consuming productive activities. The authors (1981, p. 135) suggest that: “Puerto Rican society today, besieged by unemployment as it is saturated with enterprises that use advanced, high-cost technology, is living out this contradiction of modern capitalism in its most acute expression. Between 1970 and 1979 the number of employed Puerto Ricans grew by only 17.6 percent, a sharp contrast to the numbers of unemployed or those counted as surplus population, which more than doubled (116.4%).” As a middle class developed in Puerto Rico during the 1950s, 60s and 70s, there were still many segments of the population were still left behind in a mass of what Bonilla and Campos called a “wealth of poor.” In order to address the deepening social and unemployment crisis of the early 1970s, a number of social welfare programs were introduced on the island to give residents better access to adequate nutrition, housing, healthcare, and means tested cash assistance for families with small children and no other forms of material economic support.

After a period of significant economic growth and increases in production and corporate profits, Puerto Rico was back again to having a surplus population that it could not find the means to fully employ, there was an abundant supply of labor, and there were many unemployed and discouraged workers that had to increasingly rely on nutritional, health, housing and other public assistance, commonly known as welfare, in order to make ends meet and survive. This period saw significant increases in the proportion

of the population that received some form of public assistance to subsidize their basic livelihoods and consumption. On the corporate side, there were increased efforts to

provide subsidies to promote investment and various types of tax incentive programs and gimmicks designed to attract large corporations into Puerto Rico. While there were

22 Bonilla, F. & Campos, R. (1981). A wealth of poor: Puerto Ricans in the new economic order. *Daedalus*, Vol.

110(2), 133-176.

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some successes, particularly in drug manufacturing and pharmaceuticals, those efforts were limited in attracting mass employment and creating the number of jobs needed to sustain the population of Puerto Rico. Commenting on this duality, María Milagros López (1994, p. 113)²³ argued that there is,

...coexistence of export-led forms of industrialization, on the one hand, which, in conjunction with federal subsidies, have allowed comparatively high standards of consumption, high fixed ratios of capital, and a location in the high finance international circuit, along with, on the other hand, high levels of unemployment, bankruptcy, violence, and all the social problems associated with underdevelopment and premodern, preindustrial scarcity.

The growth and expansion of welfare programs, increases in program participation, and continuously high unemployment and low labor force participation led many analysts (Burtless and Sotomayor, 2006; Enchautegui and Freeman, 2006; Santiago and Thornbecke, 1988) and policymakers to ultimately blame the social welfare programs themselves, and the participants, for their lack of employment. Welfare programs were somehow too generous, easily accessible, were used too often, and provided perverse incentives for people to stay at home and not go to work or seek employment. These

programs were seen as responsible for creating poor people that were content with re-

ceiving benefits all their lives and pass those through successive generations, destroying the work ethic along the way and leaving families full of members that did not want

to work anymore. Economists Carlos Santiago and Eric Thornbecke (1988, p. 137)²⁴

framed the issues this way,

A consistent explanation is necessary to understand the following movements in economic variables over the 1970-80 period of economic growth: (i) rising unemployment, (ii) declining labor force participation, (iii) declining urban informal sector earnings, (iv) declining employment-population ratios, and (v) sluggish growth in urban formal sector employment. Possible reasons for these occurrences are found in the manner in which minimum wages were applied to the island over the 1970-80 period and the observed increases in public-sector transfer payments.

The view that relatively high minimum wages and welfare program participation are

central to low labor force participation and higher rates of poverty in Puerto Rico was a strongly held, racialized, and classist perception led by groups on the political right that 23 López, M. M. (1994). Post-work selves and entitlement 'attitudes' in peripheral postindustrial Puerto Rico.

Social Text. Vol. 38, 111-133.

²⁴ Santiago C. E., & Thorbecke, E. (1988). A multisectoral framework for the analysis of labor mobility and development in LDCs: An application to postwar Puerto Rico. *Economic Development and Cultural Change, Vol.*

37(1), 127-148.

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wanted to trim down what they perceived to be a generous welfare state and those on

the political left that saw these programs as part of a political agenda to create increasing dependency on the United States among low income and poor Puerto Ricans on

the island and as an attempt to bring about annexation and statehood to Puerto Rico.

Commenting on this period, María Milagros López (1994, p. 116) suggests that,

...at the present time the U.S. has little choice but to continue subsidizing a standard of living for Puerto Ricans that is quite high in comparison with the rest of Latin America and the Caribbean. This is so not only because of the Island's strategic geographic value, but also in order to preserve Puerto Rico's role (however tarnished) as a showcase and to maintain independence as an unattractive alternative.

Concern over reliance on welfare programs in the U.S. and a concern over Section 936

in Puerto Rico that was producing fewer jobs relative to the untaxed gains to capital,

President Clinton phased out section 936 over ten years and, in 1996, signed into law

the *Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (P.L. 104-193)*

[PRWORA]. The 1996 welfare law replaced Aid to Families with Dependent Children (AFDC) with a program funded through block grants and administered by the states and

Puerto Rico Department of the Family called Temporary Assistance for Needy Families

(TANF). The new law limited eligibility to a lifetime maximum of 5 years for TANF

benefits and ended the family lifetime entitlement to cash assistance. A clear emphasis of the new approach was to require recipients to work certain number of hours or seek work in the private market, in public works, or community-based organizations. States had to ensure that a percentage of welfare households worked and that a proportion of families were required to work after two years on assistance to avoid budget penalties. The new

legislation also tightened food stamp eligibility criteria, allowed programs to conduct drug tests on recipients, and to penalize persons who tested positive for controlled substances.

The more privileged segments of the population in Puerto Rico were able to access

better schools, higher quality education, enter college, improve their human capital and find work but for most, prospects in the labor market in Puerto Rico were very limited

and many continued to migrate to the United States in search of better opportunities.

This movement back and forth of people in search of employment opportunities acted

as a safety valve for Puerto Rico and as a way to expand labor market opportunities for people from

the island beyond its borders, but migration did not help to generate more employment or did not significantly reduce poverty on the island.

Recent research on poverty in Puerto Rico

The two largest and most comprehensive studies on the intersection and interaction between poverty, labor markets, the welfare state and economic development are Linda

Colón's *Sobrevivencia, pobreza y "mantengo": La política asistencialista estadounidense en* Poverty in Puerto Rico 19

Puerto Rico: el PAN y el TANF (2011) 25 and *The economy of Puerto Rico: Restoring growth* by Susan Collins, Barry Bosworth and Miguel Soto-Class (2006).²⁶ While these volumes don't include a specific profile of the population under poverty or elaborate a particular theory of poverty for Puerto Rico they include vital information and analysis on employment, income, poverty, and the development of the welfare state in Puerto Rico.

The economy of Puerto Rico: Restoring growth by Susan Collins, Barry Bosworth and Miguel Soto-Class (2006) is a comprehensive volume with two chapters that are directly relevant to discussions on poverty. The first on "Labor supply and public transfers" by Gary Burtless and Orlando Sotomayor focusing on the relationship between transfers

and labor force participation and the second on "Why don't more Puerto Rican men

work? The rich uncle (Sam) hypothesis" focusing more specifically on the causes of relatively low labor force participation among men in Puerto Rico.

Gary Burtless and Orlando Sotomayor²⁷ examine the interaction between labor sup-

ply, or the proportion of the population that is employed, unemployed, or not in the

labor force, and the introduction and use of five transfer programs: food stamps, unem-

ployment insurance, Social Security, government provided health insurance, and Tem-

porary Assistance to Needy Families (TANF). The authors analyze trends in employ-

ment, unemployment, and labor force participation and argue that the declines in labor

force participation and low levels of employment can be partly explained by the avail-

ability and use of these transfer programs. Each of the programs has a particular history, a set of eligibility rules, specific work requirements, and particular payment schedules and the authors find that Temporary Assistance to Needy Families (TANF) and unemployment insurance benefits are unlikely to explain the observed declines in labor force participation but that access to Social

Security disability insurance and government provided health insurance could have a disincentive effect on work seeking behavior and

that access to the nutritional assistance program (PAN), particularly during and after

the period it was introduced in the early 1970s, could also explain lower levels of labor force participation. The authors, however, pay less attention to changes in the demand

for work, issues of job creation, and the availability of work in explaining both the patterns of use of particular transfer programs and low levels of labor force participation.

The chapter by Enchautegui and Freeman²⁸ focuses more specifically on the relatively low labor force participation of men in Puerto Rico and they argue that a number of factors appear to have contributed to the low rate. They argue that capital-intensive production, 25 Colón, L. (2011). *Sobrevivencia, pobreza y “mantengo”*. La política asistencialista estadounidense en Puerto Rico: El PAN y el TANF. San Juan, PR: Ediciones Callejón.

26 Collins, S., Bosworth, B., & Soto-Class, M. (2006). *The economy of Puerto Rico: Restoring growth*. Washington, DC: CNE\Brookings.

27 Burtless, G. and Sotomayor, O. (2006). Labor supply and public transfers. In Collins, Bosworth and Soto-Class (Eds.), *The economy of Puerto Rico: Restoring growth* (chapter 3). Washington, DC: Brookings Institution.

28 Enchautegui, M. and Freeman, R. (2006). Why don't more Puerto Rican men work? The rich uncle (Sam) hypothesis. In Collins, Bosworth and Soto-Class (Eds.), *The economy of Puerto Rico: Restoring growth* (chapter 4).

Washington, DC: Brookings Institution.

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selective outmigration to the continental United States of men with high attachment to

the labor force, what they call the attractiveness of disability insurance and nutritional assistance program transfers, what they call “relatively high wages in otherwise low-wage occupations” (Enchautegui and Freeman, 2006, p. 181) by which they likely mean the

(negative) impact of the federal minimum wage that, in their argument, overcompensates

low-wage workers in Puerto Rico relative to their productivity. They also argue that opportunities for work in the informal sector are likely to reduce participation in the formal sector. They argue “Puerto Rico needs to work with the U.S. government to redesign these programs, which help reduce poverty

on the island, to be more work friendly. Government transfers to the poor me to reward work effort in various ways” (Enchautegui and Freeman, 2006, p. 182). The authors suggest that the nutritional assistance program, for example, should adopt time limits on eligibility and that efforts should be made to bring workers out of the informal economy and into the formal economy.

Colón²⁹ offers a detailed analysis of the evolution of the nutritional assistance program (PAN) and the Temporary Assistance to Needy Families (TANF) program in Puerto Rico.

The author provides a history of each program and discussed some of the key changes over time in eligibility rules, program processes and procedures, and in participation levels.

Colón also analyzes administrative data and presents information on the characteristics of the participants in the two programs, PAN and TANF, showing that a large proportion

of the participants are children in poor families, low-income women, persons with dis-

abilities, and the elderly. These segments of the population are overrepresented among the poor in Puerto Rico and among the participants in means tested social welfare programs.

The author argues that the programs are not working as effectively as they should because they have not been defined, or are administered, based on a deep understanding of the life experiences and living conditions and employment prospects of persons under poverty

in Puerto Rico. Colón (2011, p. 240) criticizes part of the training bureaucracy that has emerged around some of these programs that provides low-level short-term training but often do not place people in quality jobs. Colón recommends a number of reforms designed

to make the programs work more effectively at reducing poverty by providing participants with the resources and tools that they need and by engaging other departments and social sectors in a comprehensive effort to reduce poverty in Puerto Rico.

Advancing explanations of poverty in Puerto Rico

In his detailed review of theories of poverty, Bradshaw (2007)³⁰ suggests that there are five main sets of theories that are used to understand the causes of poverty: individual ²⁹ Colón, L. (2011). *Sobrevivencia, pobreza y “mantengo”*. *La política asistencialista estadounidense en Puerto Rico: El PAN y el TANF*. San Juan, PR: Ediciones Callejón.

³⁰ Bradshaw, T. K. (2006). *Theories of poverty and anti-poverty programs in community development*. Columbia, MO: Rural Poverty Research Center.

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approaches—where the emphasis is on individual deficiencies as factors that cause and

keep individuals in poverty;³¹ cultural belief systems that support “subcultures” in poverty where the emphasis is placed on a pathological culture and sets of behaviors that

trap people in poverty;³² social, political and economic approaches that put emphasis on the political economy of poverty and its connection to educational systems, labor market regimes,³³ and, more recently, on forms of state control and repression; geographic disparities³⁴ where the emphasis is on the dynamics of place, differences in resources by geography, and the role of place-based structures; and, lastly, cumulative causation approaches which argue that resources, experiences, and assets accumulate over time and exert an influence on the individual over the life course sometimes enabling access to opportunity but, for those at the bottom of the social distribution, often limiting access to opportunity.³⁵

The approach that we follow in this book is one that combines insights from the political economy perspective, from the geographic disparities perspectives, and from cumulative causation approaches. We argue that individuals are nested in families and geographies that have particular sets of resources and differential access to education and employment opportunities. Access to opportunities varies by place and is shaped by the operation of education and training systems, labor markets and economic structures, and a range of public policies that impact low income populations. As individuals develop over their life course, differential access to family resources and investments, and differences in opportunity structures, leave many to be trapped in poverty mostly because the pathways out are narrow, difficult to access, and hard to consistently navigate.

Analysis of the production and reproduction of poverty begins with the basic social fact that individuals are connected to and embedded in family units and networks. The family unit shares income, consumption, and resources for its reproduction over time.

Family units are sorted into different parts of the income distribution based on their resources and assets which are often shared with and among family members. These

family units interact with the social structure including schools & other educational institutions; the labor market; nonprofit institutions and other organizations; the private sector and corporations; and with the government. The social structure enables and 31 See Murray, C. (1984). *Losing ground*. New York: Basic Books.

32 See Lewis, O. (1996). *La vida: A Puerto Rican family in the culture of poverty—San Juan and New York*. New York: Random House.

33 See Wilson, W. J. (1987). *The truly disadvantaged*. Chicago: The University of Chicago Press, and on the role of employment demand in Karpilow, Q. and Sawhill, I. (2013). *Strategies for assisting low-income families*. Washington, DC: Center on Children and Families at Brookings.

34 See Colón-Lugo, H. & Sparks, C. S. (2013). A study of county child poverty rates in Puerto Rico: does space matter? *Spatial Demography*. Vol. 1(1), 96-110, and Denton, N. A. & Villarrubia, J. (2007). Residential segregation on the Island: The role of race and class in Puerto Rican neighborhoods. *Sociological Forum*. Vol. 22(1), 51-76.

35 See role of distribution of resources in Massey, D. S. & Denton, N. (1993). *American apartheid: Segregation and the making of the underclass*. Cambridge: Harvard University Press.

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provides opportunities for some segments of the population that have more human or

social capital but it retards progress for others that do not possess as many resources, connections, and networks. If we start with an existing distribution of resources and

assets embedded in the social structure and a set of differentiated opportunities and experiences, over time, this combination of family resources and assets interacting with an uneven social structure and different opportunity structures, results in the production and reproduction of poverty.

The first step in the production and reproduction of poverty in Puerto Rico occurs

in the existing social and family structure and in differential birthrates by social class and poverty status. The information included in Chapter 2 of this study shows that

there is a higher birth rate for families with lower resources. This means that from the start there is a larger share of individuals born into poverty and that will face more

challenges than others as their families have less resources for their development.

Different family structures are accompanied by different resources, exist in different

demographic spaces with different opportunity structures, and are often connected to

networks and institutions in different ways. Some families have lots of resources, are

in areas with more opportunity, and connect their members to networks and institu-

tions in ways that advance their progress but others are in families with less resources, living in places where opportunities for advancement are fewer, and they are less connected to networks and institutions in ways that facilitate, enhance, and enable their

socioeconomic progress and mobility.

Individuals in different types of families at different points of the class structure are also connected to educational institutions and the educational system in different ways.

There are good schools and bad schools, and differentiated environments—some that offer more educational supports than others in the form of higher quality teachers, additional community resources, and the use of more advanced teaching tools and tech-

niques. The odds of graduating from high school, transitioning into college, completing a college degree, and receiving higher education vary significantly by socioeconomic

status. In addition to differences in family resources, then, differences in access to education and educational attainment by socioeconomic status help to perpetrate a differ-

entiated class structure and varied odds of exiting poverty.

Individuals are nested in families, and are able to acquire different levels of education and human capital, often depending on their socioeconomic background. But, in addition to family background and educational attainment, connections to employment and

to the labor market are central to understanding the production and reproduction of

poverty. First, there are differences in the transition from school to work and in the ways in which educational credentials are translated into jobs and into better labor market

positions. And, second, the labor market operates in different ways, in terms of access to particular occupations and industries, for people of different socioeconomic backgrounds and the more challenging process of connecting to the formal labor market

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among individuals of lower socioeconomic status is a key factor in the production and

reproduction of poverty. Access to good jobs, internal labor markets, career ladders, and other structures of mobility and opportunity in Puerto Rico is very limited and having

a strong set of personal, family, and other social class networks is key to making a permanent solid connection to the labor market. Social class background impacts access to

labor market opportunities and to more stable employment and this in turn impacts the

sources and levels of family income and poverty.

The sources and levels of earnings and income are key to the production and reproduction of poverty. Individuals with higher levels of education and human capital are able to make a smoother transition into the labor market, secure stable employment, connect to career ladders, and achieve some form of economic and income mobility.

Persons from the lower socioeconomic classes typically have much more difficulty obtaining higher levels of human capital and credentials, have a much harder time finding stable employment, do not find jobs in corporations that offer career ladders or opportunities for mobility, circulate over periods of time in a variety of low wage jobs, and are more likely to be connected to the welfare state.

Access to differential rewards from work, access to various sources of income and resources for the production and reproduction of the family, and differences in sources and levels of income are what define membership into different social classes and the condition of poverty. Higher income individuals not only have more income but they also have various sources of earnings and incomes while families of lower socioeconomic status circulate through a range of lower paying jobs and often have to supplement their income and provide for their health and housing needs by using available public assistance. Poverty is produced and reproduced by differences in family resources, differences in educational opportunities, different access to the labor market, and different rewards in the labor market.

In the last section and next chapters, we turn to analyzing some of those key differences in Puerto Rico and exploring changes over time in the proportion of the population in poverty and the characteristics of the poor in Puerto Rico. But, before we do that, we will describe the characteristics of the data and the sample we used in the study.

Data on demographic characteristics and poverty in Puerto Rico

We used the United States Census Bureau 5 years (2010-2014) Public Use Microdata Sample (PUMS) from the American Community Survey. The data cover information

from 12 months previous to the survey. The Census Bureau collects a version of the PUMS

in Puerto Rico called the Puerto Rico Community Survey (PRCS) a representative sample

of the population in Puerto Rico. There are two versions of the PRCS, a one-year file with data from a sample for a particular calendar year and the five-year file which pools data from the previous five years and has a larger sample size. The one-year file allows analysis 24

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to understand broad changes from year to year while the five-year file allows for a larger sample size and more in-depth and detailed analysis of sub-groups in the population.

The Puerto Rico Community Survey includes information on demographic and socioeconomic characteristics including age, gender, educational attainment, employment status and connections to the labor market, sources and levels of income and poverty status. The original poverty definition used in the PRCS was developed in 1964 by the Social Security Administration (SSA) and focused on family food consumption. Data from the U.S. Department of Agriculture (USDA) was used to ascertain the nutritional needs of children and adults and to construct a set of food plans with dollar amounts.

The economy food plan was the most modest and is the one used to determine the poverty threshold. The USDA data showed that families spent about one-third of their total income on food and this information was used, with some adjustments, to construct the official poverty thresholds.

The poverty line and thresholds vary by family size and composition are revised annually to allow for changes in the cost of living as reflected in the Consumer Price Index for All Urban Consumers (CPI-U). The poverty thresholds are the same for all parts of

the country; they are not adjusted for regional, state, or local variations in the cost of living. In addition, the official poverty definition uses money income before taxes and does not include capital gains or non-cash benefits (such as public housing, Medicaid, and food stamps).

A person's poverty status is determined by comparing the person's total family in-

come in the last 12 months with the poverty threshold appropriate for that person's

family size and composition. If the total income of that person's family is less than the threshold appropriate for that family, then the person is considered "below the poverty level," together with every member of his or her family. Poverty status is determined for all people except institutionalized people, people in military group quarters, people in college dormitories, and unrelated individuals under 15 years old. These groups were

excluded from the numerator and denominator when calculating poverty rates.

In 2014, the poverty threshold for one person was \$11,670, about \$15,730 for a

family of two, \$19,790 for a family of three, \$23,850 for a family of four and increases by close to \$4,000 for every additional person. In this study, we present the data on

the poverty level divided into five groups. The first group includes those in "extreme

poverty" or with incomes below 49% of the poverty cut off rate (or less than \$5,835

per year); the second category "in poverty" includes those with incomes between 50%

and 99% of the poverty cut off (at about \$11,670 for one person); the next category

is those "near poverty" or with incomes between 100% and 149% of the poverty line

(about \$17,505 for one person); the next category is the "low-income" population with

incomes between 150 and 199% of the poverty line; and the last group are persons la-

beled as "middle income" or those with incomes over 200% of the poverty line or more than \$23,340 for one person.

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Recent demographic trends and changes in education, employment,

incomes and poverty in Puerto Rico

In order to better understand changes in the demographic and socioeconomic charac-

teristics of the population in Puerto Rico, we prepared some tables using data from the 1990 census, the census for the year 2000, and compared it to the data we are using in

this book from the Puerto Rico Community Survey (PRCS) for the year 2014.

Table 1.1 presents information

on the age distribution of the

TABLE 1.1

population in 1990, in the year

Age categories by decade.

2000, and around 2014. The data

1990

2000

2010-2014

on age distribution clearly show

1 to 9

17.4

15.7

11.7

that the population in Puerto

10 to 19

19.1

16.1

14.3

Rico has been getting older over

20 to 29

15.6

15.1

13.6

time. In 1990 about 36% of the

30 to 39

13.9

14.0

12.8

population was younger than 19

40 to 49

11.9

12.8

13.1

years of age, by the year 2000 the

50 to 59

8.8

10.9

12.5

60 to 69

6.8

7.6

11.1

proportion was 32% and in 2014

70 to 79

4.4

5.1

7.0

the proportion of the population

80 to 89

1.8

2.3

3.2

younger than 19 years of age was

90 and Older

.3

.4

.7

26%. At the other extreme of the

TOTAL

100.0

100.0

100.0

age distribution, in 1990 about

13% of the population was older than 65 and that number increased to 15% in 2000

and 22% in the year 2014. Slightly more than one in three residents of Puerto Rico

in 1990 were under 19 years of age and close to one in 10 were over 60. By 2014,

about one in four residents of Puerto Rico were under 19 years of age and close to one

in four was over the age of 60. Figure 1.1 presents information on changes in the age

distribution in Puerto Rico over time.

Table 1.2 discusses the gender

TABLE 1.2

distribution of the population by

Gender distribution by decade.

decade and the gender distribution

1990

2000

2010-2014

has remained fairly stable over time

Male

48.5

48.2

47.9

with a slightly higher representa-

Female

51.5

51.8

52.1

tion of females in the population

TOTAL

100.0

100.0

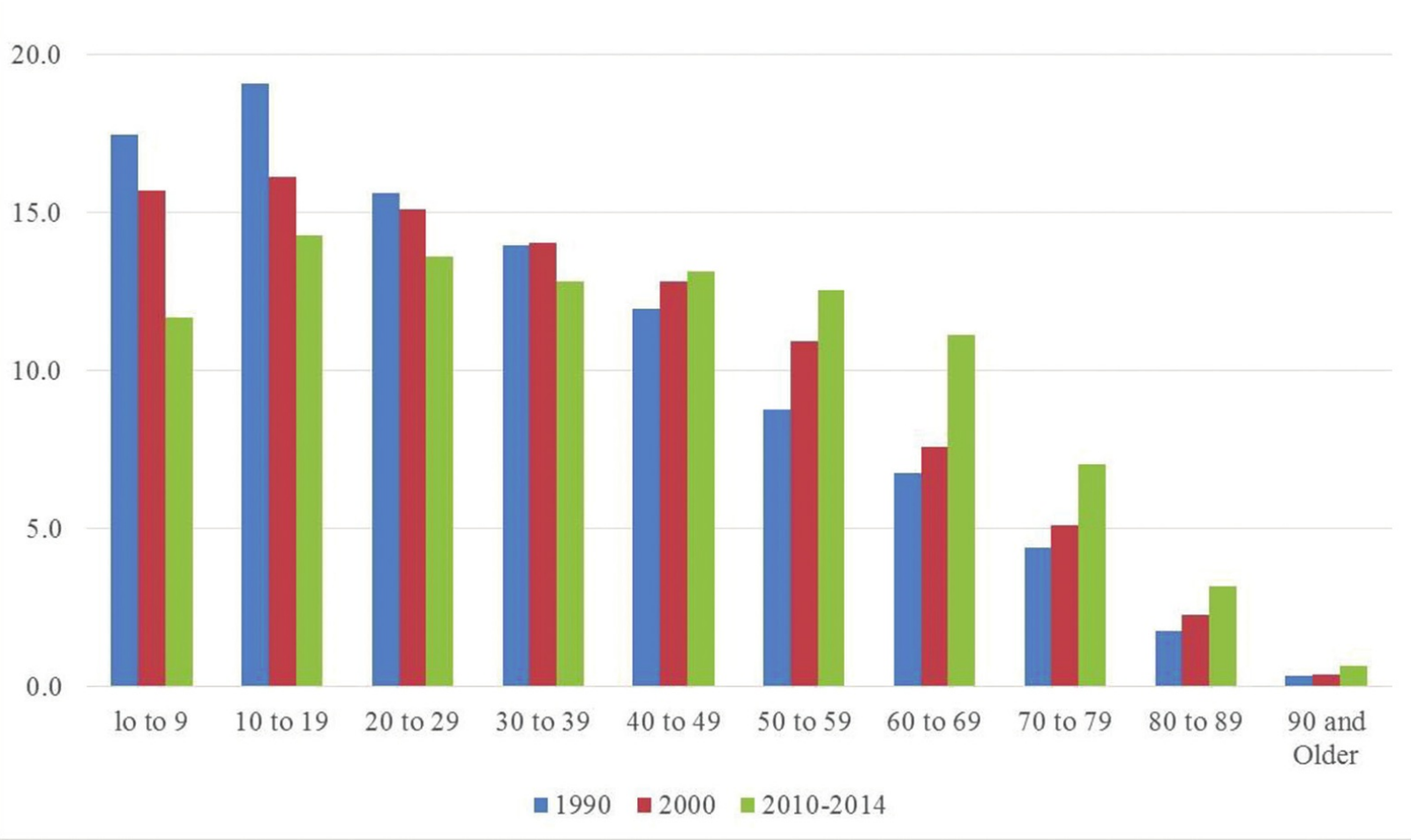
100.0

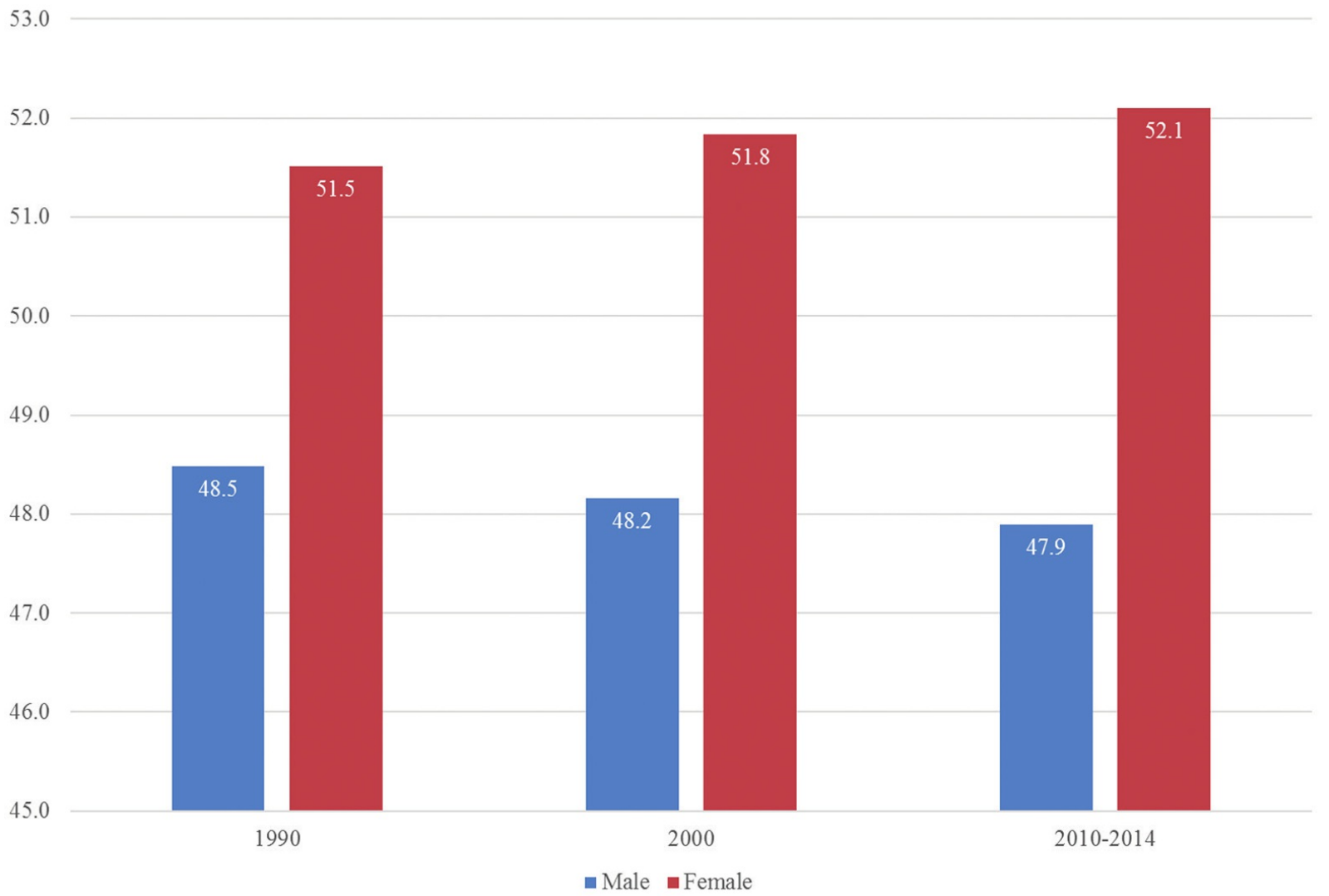
than males. By the year 2014 close

to 47.9% of the population were males and 52.1% of the population of Puerto Rico were females. Figure 1.2 shows changes in the gender distribution in Puerto Rico over time.

Table 1.3 presents data on educational attainment in Puerto Rico between 1990 and

2014. Over the 25-year period there has been significant improvement in the educational attainment of the population residing in Puerto Rico. In 1990, for example, close to 63%





26

26

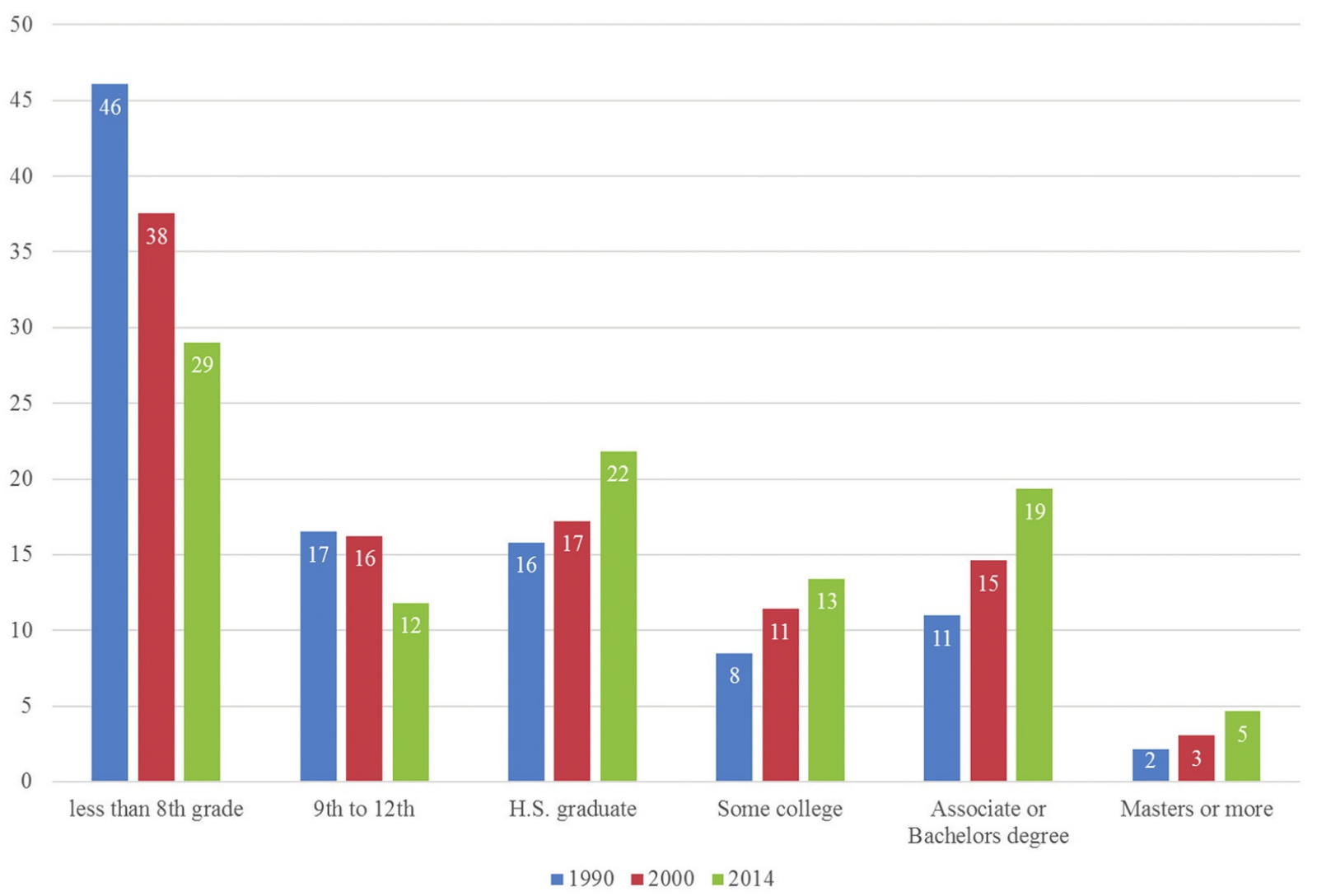
Héctor R. Cordero - Guzmán

FIGURE 1.1

Age categories by decade.

FIGURE 1.2

Gender distribution by decade.



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FIGURE 1.3

Completed education by decade.

of the population did not have a high school degree and that number declined to 54% in the year 2000 and further declined to 41% around the year 2014. This means essentially a 22 percentage point decline in the proportion of the population without a high school diploma. At the top of the education distribution in 1990 about 13% of the population in Puerto Rico had an associate degree, a bachelor’s degree or higher levels of education. By the year 2000 this number had increased to 18%, or by five percentage points, and further increased to 24% by the year 2014 suggesting that close to one in four residents of Puerto Rico had an associate degree, a bachelor’s degree or higher levels of education. There was a six percentage point increase in the proportion of high school graduates, a five

percentage point increase in the proportion with some college, an 8 percentage point increase in the proportion with an associate’s degree

TABLE 1.3

or a bachelor’s degree, and

Completed education by decade.

a three percentage point

1990

2000

2010-2014

increase in the proportion

Less than 8th grade

46

38

29

with a Master’s degree or

9th to 12th

17

16

12

more. Figure 1.3 shows H.S. graduate

16

17

22

changes in the education-

Some college

8

11

13

al distribution in Puerto

Associate or Bachelors degree

11

15

19

Rico between 1990 and Masters or more

2

3

5

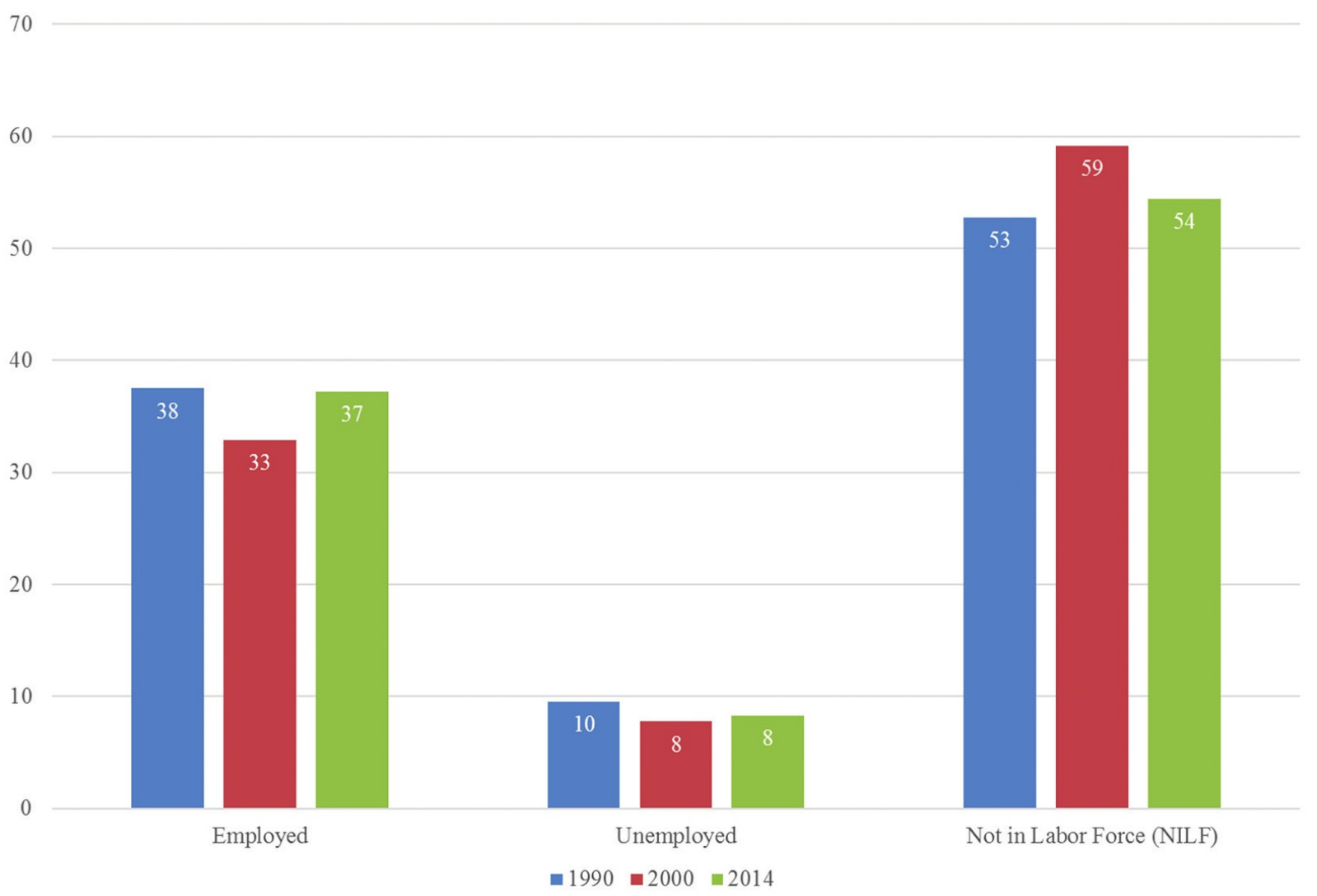
the year 2014.

TOTAL

100.0

100.0

100.0



28

28

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In spite of significant in-

TABLE 1.4

creases in educational attain-

Employment status by decade.

ment and in the human capi-

1990

2000

2010-2014

tal level of the population, Employed

38

33

37

Table 1.4 shows that the pro-

Unemployed

10

8

8

portion employed has barely Not in Labor Force (NILF)

53

59

54

changed over the last 25 years TOTAL

100.0

100.0

100.0

from 38% in 1990 to 37% in

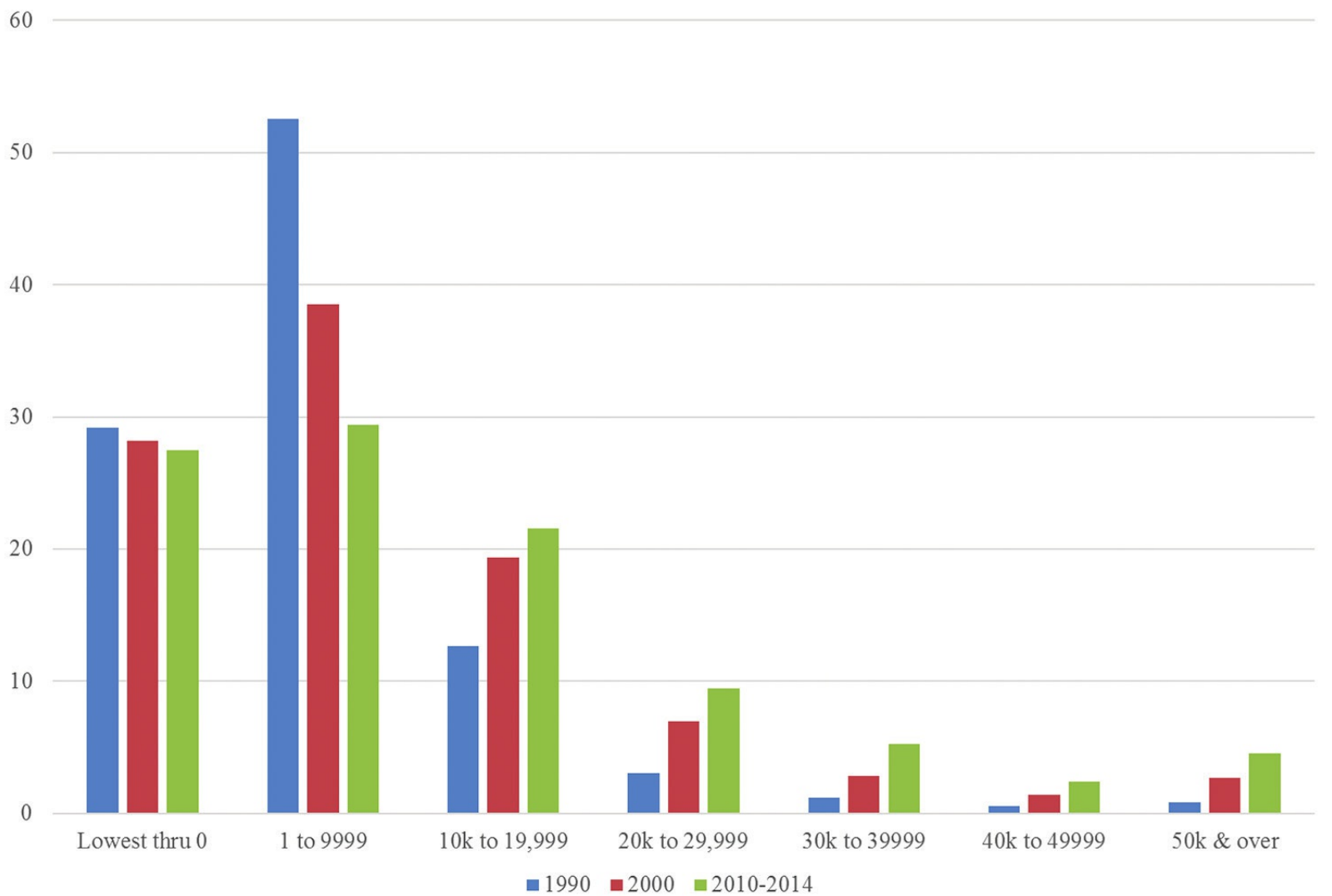
the year 2014. Unemployment has remained relatively high and stable at between 10% and 8% between 1990 and 2014 while the proportion of the population not in the labor force has also remained relatively stable as it was 53% in 1990 and 54% around the year 2014. Figure 1.4 shows changes in the employment distribution of the population in Puerto Rico between 1990 and the year 2014.

The income distribution in Puerto Rico has seen some changes over the last 25 years

as presented in Table 1.5. The table divides the population into increments of \$10,000 up to the proportion earning \$50,000 or more. In 1990, close to 82% of the population in Puerto Rico reported incomes of less than \$9,999. That proportion went down to 67% in the year 2000 and 57% by the year 2014. The bulk of the decline, or about 15 of the 25 percentage points decrease, occurred between 1990 and the year 2000.

FIGURE 1.4

Employment status by decade.



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At the top of the income

TABLE 1.5

distribution, about 1% of

Income distribution by decade.

the population in Puerto

1990

2000

2010-2014

Rico earned more than Lowest thru 0

29

28

27

\$40,000 in 1990 and that

1 to 9,999

53

39

29

number went up to about

10k to 19,999

13

19

22

4% in the year 2000 and

20k to 29,999

3

7

9

30k to 39,999

to 7% by the year 2014.

1

3

5

40k to 49,999

1

1

2

Figure 1.5 shows changes

50k & over

1

3

5

in the income distribu-

TOTAL

100.0

100.0

100.0

tion in Puerto Rico over

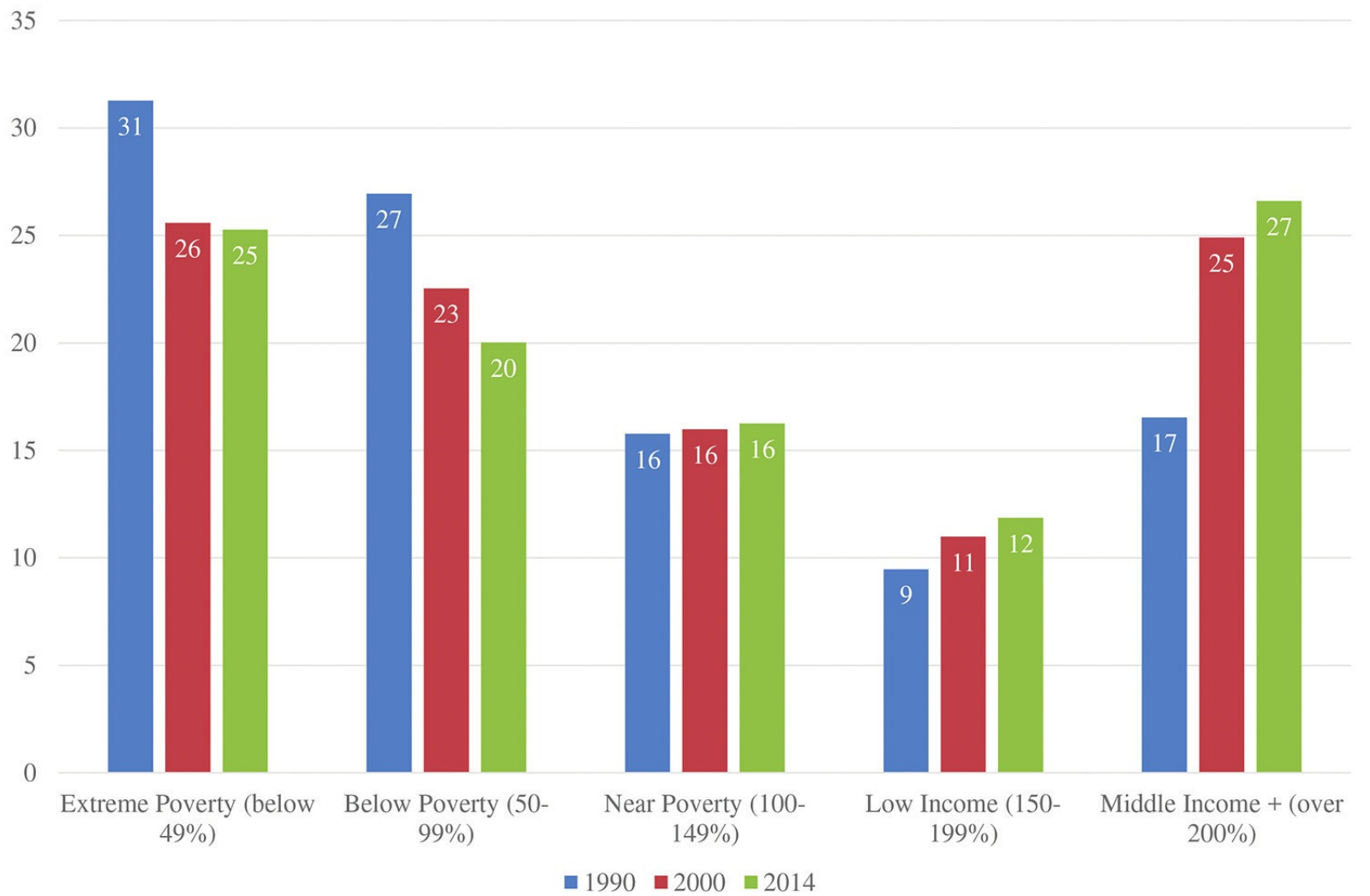
the last 25 years.

FIGURE 1.5

Income distribution by decade.

Poverty in Puerto Rico has been high over the last 25 years and it remains so. Table

1.6 shows that in 1990 about 31% of the population was estimated to be living in families with incomes of less than half of the poverty line. By the year 2000 the percentage in extreme poverty had gone down to 26% and it was 25% in 2014, suggesting that the pace of decline has stalled and that close to one in four residents of Puerto Rico live on incomes that are less than half of the federal poverty line. In 1990, close



30

30

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TABLE 1.6

to 27% of the population

Poverty level by decade.

in Puerto Rico had in-

1990

2000

2010-2014

comes between 50% and

Extreme poverty (below 49%)

31

26

25

99% of the poverty line

Below poverty (50-99%)

27

23

20

and that number declined

Near poverty (100-149%)

16

16

16

to 23% in the year 2000

Low income (150-199%)

9

11

12

and to 20% by the year

Middle income + (over 200%)

17

25

27

2014. This means that the

TOTAL

100.0

100.0

100.0

proportion of the popu-
lation below poverty in

Puerto Rico was 58% in 1990, 48% in the year 2000, and decreased slightly to a still very high 45% by the year 2014. Figure 1.6 shows changes in the proportion of the population residing in Puerto Rico in extreme poverty, below poverty, near poverty, low income, and in the middle income or more category including persons in families with 200% or more of the federal poverty line. In the next chapter, we turn into a detailed analysis of the population below poverty in 2014.

FIGURE 1.6

Poverty level by decade.

Poverty in Puerto Rico 31

II. A demographic analysis of poverty
in Puerto Rico

Héctor R. Cordero-Guzmán

This chapter discusses the socioeconomic characteristics of the population in

Puerto Rico with an emphasis on the population with incomes below poverty and in extreme poverty. The chapter begins with an analysis of the poverty level in Puerto Rico and the proportion of the population in each of the poverty categories defined in the next section. We then move to an analysis of socioeconomic data including the age distribution and gender composition of the population; household characteristics and marital status; English language use, birthplace, citizenship status, and mobility; disability status and access to health insurance; school enrollment and educational attainment; employment status, labor force participation and connection to the labor market; and the various sources, levels, and the distribution of incomes in Puerto Rico. The chapter concludes with a multivariate statistical analysis of the role of demographic and socioeconomic factors on income and poverty in Puerto Rico highlighting the particular role of the variables in the study in helping us understand the causes of poverty. The tables in the chapter, starting with Table 2.1 through Table 2.8.3.3, include information on the population in Puerto Rico from the Puerto Rico Community Survey (PRCS) for the five-year period including the years 2010 to 2014. This is the most recent and comprehensive source of data on the entire population on the Island.

Poverty level

Table 2.1 presents the data on the poverty level in Puerto Rico divided into five groups. Poverty is computed using data on family incomes and the number of members in the family and comparing the result to the HHS poverty guidelines. The first group includes those in “extreme poverty” or with incomes below 49% of the poverty cut off rate (or less than ~\$5,835 per year for one person or \$7,865 for two); the second category “below poverty” includes those with incomes between 50% and 99% of

the poverty cut off (or incomes of less than \$11,670 for one person and \$15,730 for two). The next category is for those “near poverty” or with incomes between 100% and 149% of the poverty line. The fourth category is the “low-income” population with incomes between 150 and 199% of the poverty line; and the last group are persons labeled as “middle income” or those with incomes over 200% of the poverty line (or incomes over \$23,340 for one person and \$31,460 for two). Data indicate that 25.3% of the population in Puerto Rico is in “extreme poverty” and another 20.0% are “below poverty” or with earnings between 50% and 99% of the poverty cut off line. This suggests that about 45.3% of the population in Puerto Rico around 2014 was estimated to be in poverty because their family incomes fall below the poverty line. Another 16.2% of the population is considered near poverty with incomes within 100% and 149% of the poverty line, 11.9% of the population, is considered “low-income,” and about 26.6% population could be considered “middle income and above” with family incomes over twice of the poverty cut off.

TABLE 2.1

Poverty level in Puerto Rico (PRCS 2014).

FREQUENCY

PERCENT

VALID

CUMULATIVE

PERCENT

PERCENT

Extreme poverty (below 49%)

910737

25.0

25.3

25.3

Below poverty (50-99%)

721679

19.8

20.0

45.3

Near poverty (100-149%)

585643

16.1

16.2

61.5

Low income (150-199%)

427540

11.7

11.9

73.4

Middle income + (over 200%)

959305

26.4

26.6

100.0	
Sub-total	
3604904	
99.1	
100.0	
System missing	
34061	
.9	
TOTAL	
3638965	
100.0	

Age distribution and gender

Puerto Rico has been going through significant demographic changes over the last two decades. Decreases in birth rates, increasing outmigration, and aging of the population have led to an actual decline in the population of Puerto Rico over the last few years.¹

Table 2.1.1 presents information on the age structure of the population around 2014

¹ Cohn, D., Patten, E., & López, M. H. (2014, July). *Puerto Rican population declines on Island, grows on U.S. mainland*. Washington, D.C.: Pew Research Center’s Hispanic Trends Project.

Poverty in Puerto Rico 33

divided into three broad categories including: persons 15 and younger, persons ages 16 to 64, and persons ages 65 and over. Data suggest that there were 3.6 million people living in Puerto Rico around 2014. Of those, about 20.0% were younger than 15, another 64.0% were between the ages of 16 to 64 (what is considered the working age), and close to 16.0% were of age 65 and older. Close to 84.0% of the population

in Puerto Rico is younger than 64 years of age.

The data on age by poverty level shows that there are significant and relevant differences and that younger populations have higher concentrations in the poorest categories. While 20% of the total population in Puerto Rico is between 0 and 15 years of age, the proportion of those in extreme poverty 15 and younger is 29.7%. The proportion below poverty is 20% and the proportion in the middle income category is 14.3%. Close to 37.5% of persons 15 years or younger are in extreme poverty and another 20% is below poverty, suggesting that a total of 57.5% of persons 15 and younger are living under the poverty line. At the upper end of the age distribution, 16% of the population in Puerto Rico is older than 65, but the proportion in extreme poverty is 14.7% and the proportion below poverty is 25.3%, for a poverty rate of 40% for persons over 65 years of age, compared to a 57.5% rate for persons ages 15 or younger. Poverty in Puerto Rico is highly concentrated on the young and this presents a challenge to anti-poverty programs and strategies.

Table 2.1.2 presents more detailed information on age categories divided into 10-year age groups. The data suggest that close to 26.0% of the population in Puerto Rico is younger than 19 years of age and the most populous category, with close to 514,843 persons, is the category of ages 10 to 19 years of age. Each of the age groups from 20 to 29 years of age all the way up to persons 60 to 69 years of age comprise between 11.2% and 13.5% of the population. The proportion of the population begins to decline significantly after age 70 with 7.0% of the population between ages 70 and 79; 3.2% of the population between the ages of 80 and 89; and the .6% that is 90 years or older. Figure 2.1 presents the average age by poverty level and shows how the population in extreme poverty is significantly younger, with an average age

of 32 years, compared to the population in other poverty categories with average ages around 39 years.

Table 2.1.3 presents information on the gender composition of the population. Of the 3.6 million persons residing in Puerto Rico around 2014, close to 47.7% were male and the 52.3% were female. Figure 2.2 shows the proportion of female by poverty level and suggests that poverty is related to gender. While women are close to 52% of the overall population on the Island, they are 55.4% of persons in extreme poverty and 50.3% of persons in the middle income or more category.

34

34

Héctor R. Cordero - Guzmán

L	
TOTA	
721379	
100.00%	
20.00%	
2307886	
100.00%	
64.0%	
575639	
100.00%	
16.0%	
3604904	
100.00%	100.00%

+)

OME

INC

137165

19.0%

14.3%

676356

29.3%

70.5%

145784

25.3%

15.2%

959305

26.6%

100.0%

(OVER 200%

MIDDLE

)

OME

INC -199%

70794

9.8%

16.6%

280634

12.2%

65.6%

76112

13.2%

17.8%

427540

11.9%

100.0%

**LOW (150
TY)**

.

VEL

VER

TY LE

-149%

roup

PO

98510

13.7%

16.8%

363593

15.8%

62.1%

123540

21.5%

21.1%

585643

16.2%

100.0%

VER

(100

PO

NEAR

TY

oad age g

VER

LE 2.1.1

y br

9%)

B

PO 0-9 144459 20.0% 20.0% 431868 18.7% 59.8%

OW (5

145352

25.3%

20.1%

721679

20.0%

100.0%

TA

el b

BEL

ty lev

TY)

VER

Pover

PO 49%OW 270451 37.5% 29.7% 555435 24.1% 61.0% 84851 14.7% 9.3% 910737 25.3% 100.0%

TREME (BEL

EX

el

el

el

el

roups

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verty lev

verty lev

verty lev

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% within age g

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% within age g

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% within age g

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% within age g

% within po

ears old

o 64

L

Between 0 and 15 y

16 t

Over 65

TOTA

Poverty in Puerto Rico 35

TABLE 2.1.2

Poverty level by detailed age group.

POVERTY LEVEL

TOTAL

EXTREME

BELOW

NEAR

LOW

MIDDLE

POVERTY

POVERTY POVERTY

INCOME

INCOME +

(BELOW 49%) (50-99%) (100-149%) (150-199%) (OVER 200%)

1 to 9 Count

165839

83828

56193

39606

76113

421579

% within age categories

39.3%

19.9%

13.3%

9.4%

18.1%

100.00%

% within poverty level

18.2%

11.6%

9.6%

9.3%

7.9%

11.7%

10 to 19 Count

176771

106583

75705

54134

101650

514843

% within age categories

34.3%

20.7%

14.7%

10.5%

19.7%

100.00%

% within poverty level

19.4%

14.8%

12.9%

12.7%

10.6%

14.3%

20 to 29 Count

138788

93274

75576

56795

122131

486564

% within age categories

28.5%

19.2%

15.5%

11.7%

25.1%

100.00%

% within poverty level

15.2%

12.9%

12.9%

13.3%

12.7%

13.5%

30 to 39 Count

106180

81351

73283

59218

139708

460740

% within age categories

23.0%

17.7%

16.1%

12.9%

30.3%

100.00%

% within poverty level

11.7%

11.3%

12.7%

13.9%

14.6%

12.8%

40 to 49 Count

100720

85397

74382

58657

154726

473882

% within age categories

21.3%

18.0%

15.7%

12.4%

32.7%

100.00%

% within poverty level

11.1%

11.8%

12.7%

13.7%

16.1%

13.1%

50 to 59 Count

98501

81227

68306

55988

150193

454215

% within age categories

21.7%

17.9%

15.05%

12.3%

33.1%

100.00%

% within poverty level

10.8%

11.3%

11.7%

13.1%

15.7%

12.6%

60 to 69 Count

66520

86999

75063

52165

122553

403300

% within age categories

16.5%

21.6%

18.6%

12.9%

30.4%

100.00%

% within poverty level

7.3%

12.1%

12.8%

12.2%

12.8%

11.2%

70 to 79 Count

36023

65740

56805

33736

61207

253511

% within age categories

14.2%

25.9%

22.4%

13.3%

24.1%

100.0%

% within poverty level

4.0%

9.1%

9.7%

7.9%

6.4%

7.0%

80 to 89 Count

17813

31694

24509

14104

25697

113817

% within age categories

15.7%

27.8%

21.5%

12.4%

22.6%

100.0%

% within poverty level

2.0%

4.4%

4.2%

3.3%

2.7%

3.2%

90 and Count

3582

5586

4821

3137

5327

22453

older

% within age categories

16.0%

24.9%

21.5%

14.0%

23.7%

100.0%

% within poverty level

.4%

.8%

.8%

.7%

.6%

.6%

TOTAL

Count

910737

721679

585643

427540

959305

3604904

% within age categories

25.3%

20.0%

16.2%

11.9%

26.6%

100.0%

% within poverty level

100.0%

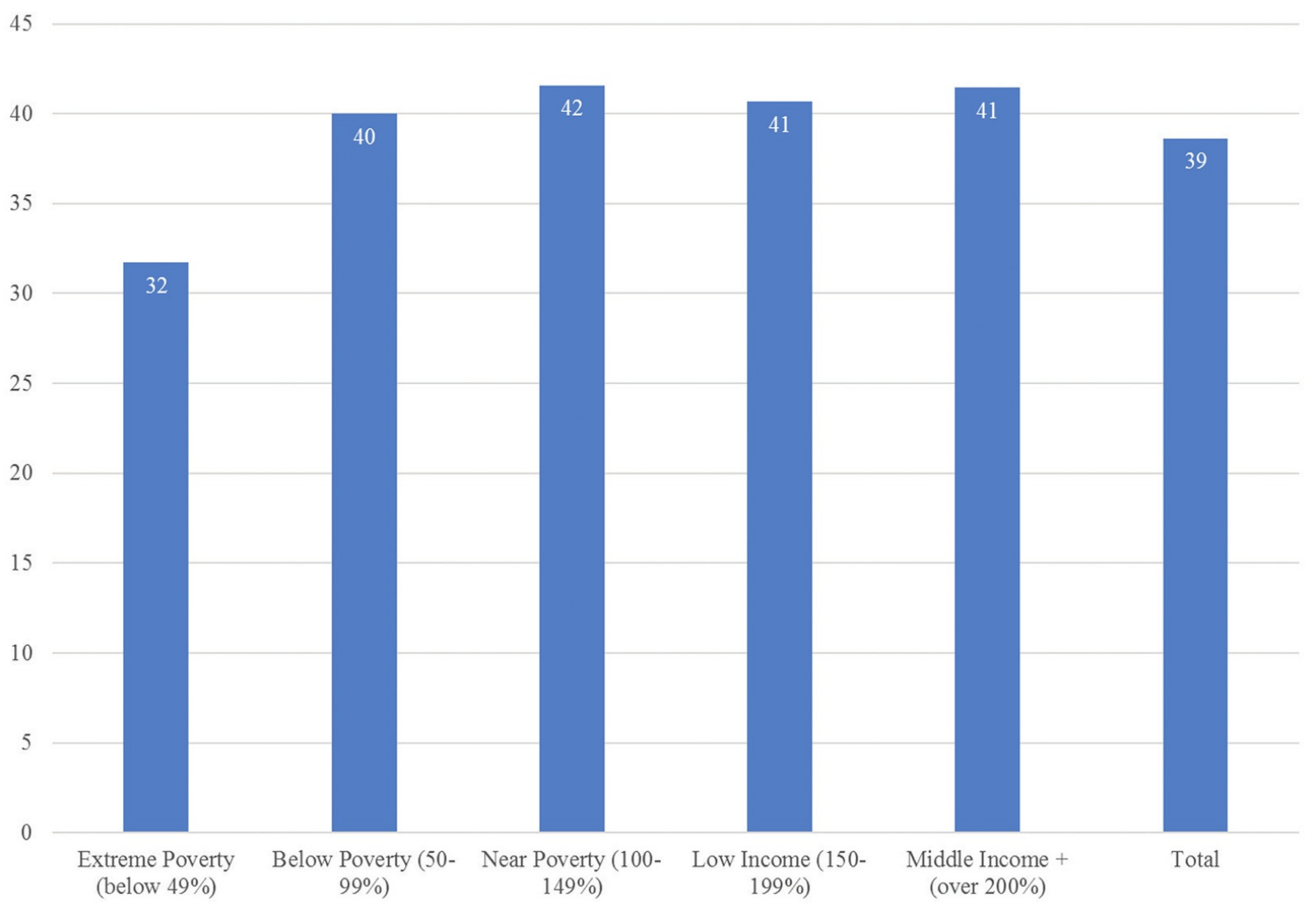
100.0%

100.0%

100.0%

100.0%

100.0%



36

36

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FIGURE 2.1

Average age by poverty level.

TABLE 2.1.3

Poverty level by gender.

POVERTY LEVEL
TOTAL
EXTREME
BELOW

NEAR

LOW

MIDDLE

POVERTY

POVERTY POVERTY

INCOME

INCOME +

(BELOW 49%) (50-99%) (100-149%) (150-199%) (OVER 200%)

70 to 79 Count

406386

342951

287395

206258

476563

1719553

% within sex

23.62%

19.9%

16.7%

12.0%

27.7%

100.0%

% within poverty level

44.6%

47.5%

49.1%

48.2%

49.7%

47.7%

80 to 89 Count

504351

378728

298248

221282

482742

1885351

% within sex

26.8%

20.1%

15.8%

11.7%

25.6%

100.0%

% within poverty level

55.4%

52.5%

50.9%

51.8%

50.3%

52.3%

TOTAL Count

910737

721679

585643

427540

959305

3604904

% within sex

25.3%

20.0%

16.2%

11.9%

26.6%

100.0%

% within poverty level

100.0%

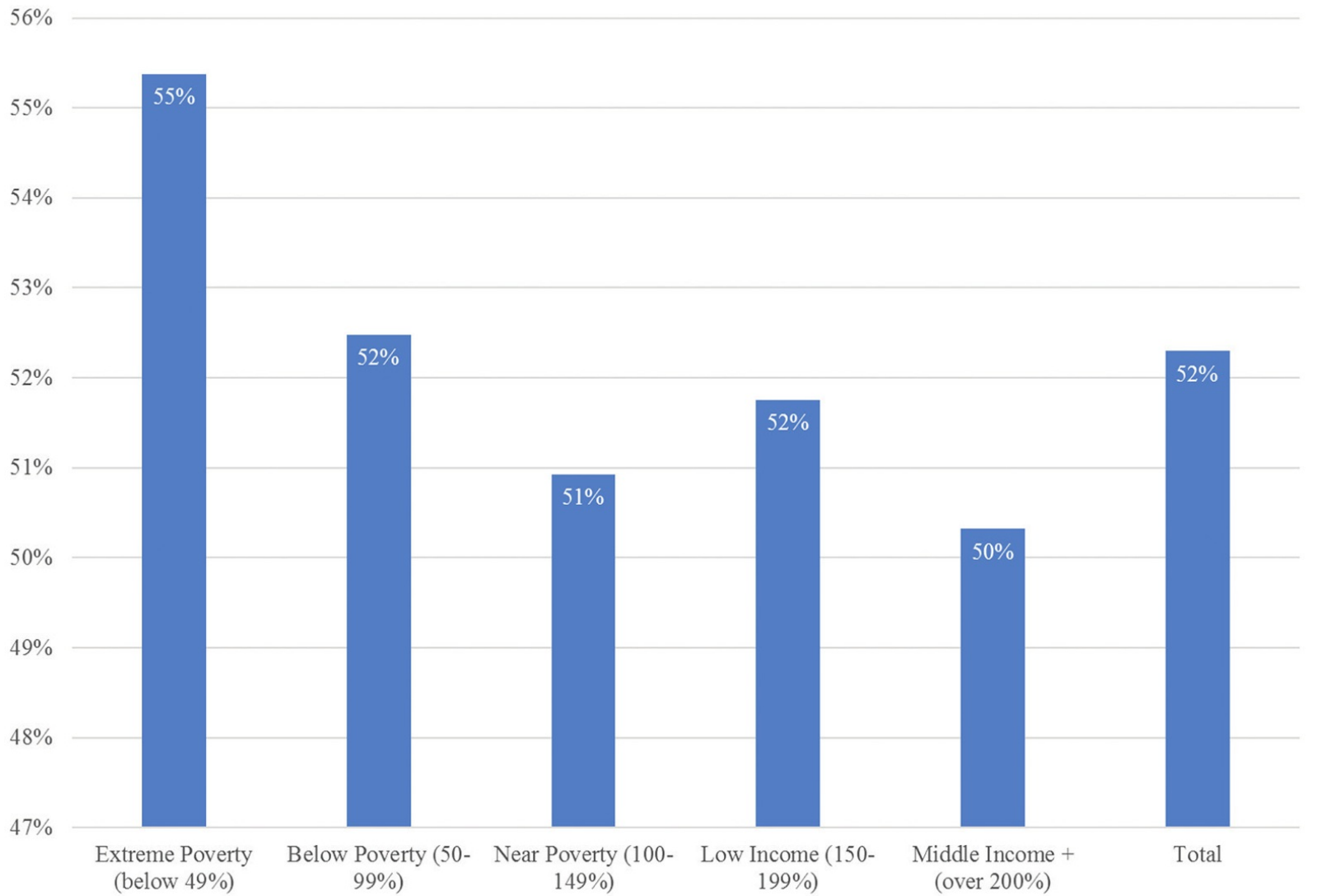
100.0%

100.0%

100.0%

100.0%

100.0%



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FIGURE 2.2

Percentage female by poverty level.

38

38

Héctor R. Cordero - Guzmán

Household characteristics and marital status

Table 2.2.1 presents information on the relationship between the “reference person (the person that completed the survey)” and other members of the household included in the data. Close to 34.4% of persons responding to the survey were the “reference person” or head of household, another 14.1% where either the “husband

or the wife” of the reference person and close to 35.2% were the “biological son or daughter” of the reference person. Close to 83.8% were either the reference person, the husband or wife of the reference person, or the biological son or daughter of the reference person. The other 16.2% are described in the table in detail with the most common category among those being “grandchild” with close to 4.2% of the responses and “unmarried partner” with 2.9% of responses.

There are some differences in household composition by poverty level with those in extreme poverty much more likely to be in a household with the “reference person” (32.9%) and a “biological son or daughter” (41.6%) and less likely to include a “husband or wife” (6.8% for extreme poverty compared to 20.4% for those middle income and more) and slightly more likely to include an “unmarried partner” (4.9% for those in extreme poverty compared to 1.6% for those middle income and more).

Table 2.2.2.1 presents information on the marital status of the population and information on marital status based on whether the spouse is actually present in the household or not. Close to 49.6% of the population in Puerto Rico, or about 1.8 million persons, have never been married or are under 15 years of age. Another 31.2% of the population, or 1.1 million people, are currently married. Close to 5.7% of the population is widowed, 11.0% is divorced, and another 2.5% of the population is separated. Table 2.2.2.2 separates the never married from persons 14 years of age and younger and also provides information on whether the spouse is present or absent. One can see that differences in marital status by poverty level are in part driven by age differences as the extreme poverty category has significantly higher proportion in ages 14 and younger (27.8%) compared to those below poverty (18.5%) and persons that are middle income or more (13.3%). Figure 2.3 presents information on marital

status by poverty level and shows that there are significant differences with those in extreme poverty being much more likely to have never been married and less likely to be married while the proportions widowed, divorced or separated are similar across the various poverty levels.

Table 2.2.3 presents information on the proportion of the population that had children in the previous year which is about 1.0%. Close to 36,949 women gave birth in the previous year and of these, 14,995 (or 40.6%) were in extreme poverty and another 20% were below poverty which means that close to 60.6% of births in Puerto Rico were to women below poverty or in extreme poverty. Women with middle income or

Poverty in Puerto Rico 39

more were 26% of the population but only 17.1% of the births. This suggests that birthrates are higher for lower income populations which impacts the reproduction of poverty rates over time.

Table 2.2.4 shows that close to 19.4% of the population in Puerto Rico has their own children in the household but the numbers also vary by poverty level with close to 28.8% of persons in extreme poverty, 18.3% of the persons below poverty, and close to 16% of the rest of the population reporting having their own children in the household.

Table 2.2.5 shows information on the “presence and age of own children under 18” in the home including proportion of women with children under six years only (ages zero to five); proportion with children between 6 and 17 years old; and persons with their own children under six and also with children between six and 17 years of age in their family. If we exclude the 2,074,185 persons in Puerto Rico that are either males, or females under 16 years of age, or persons living in group quarters, and fo-

cus on the remaining 1,539,719 women left in the population, the data suggest that 74.4% did not have their own children under 18 living in their home. Close to 7.7% of women in extreme poverty reported living with their own children under 6 years, about 18.8% reported living with their own children 6 to 17 years, and another 7.3% reported living with children of both groups: their own children under 6 years and 6 to 17 years of age. Close to 33.8% of women in extreme poverty were living with children under 18 compared to 21.6% of women middle income or more category. Table 2.2.6 presents information on grandchildren living in the home. Close to 108,979 or 3.0% of persons reported grandchildren living in the household and there does not seem to be much difference by poverty level in multi-generational households.

40

40

H é c t o r R . C o r d e r o - G u z m á n

TABLE 2.2.1

Poverty level by relationship to reference person.

POVERTY LEVEL

TOTAL

EXTREME

BELOW

NEAR

LOW

MIDDLE

POVERTY

POVERTY POVERTY

INCOME

INCOME +

(BELOW 49%) (50-99%) (100-149%) (150-199%) (OVER 200%)

Reference

Count

299434

256454

205225

142349

338028

1241490

person

% within reference person

24.1%

20.7%

16.5%

11.5%

27.2%

100.0%

% within poverty level

32.9%

35.5%

35.0%

33.3%

35.2%

34.4%

Husband-wife Count

61735

89825

88148

71855

195709

507272

% within reference person

12.2%

17.7%

17.4%

14.2%

38.6%

100.0%

% within poverty level

6.8%

12.4%

15.1%

16.8%

20.4%

14.1%

Biological

Count

379051

247769

189437

146152

308278

1270687

son or

% within reference person

29.8%

19.5%

14.9%

11.5%

24.3%

100.0%

daughter

% within poverty level

41.6%

34.3%

32.3%

34.2%

32.1%

35.2%

Adopted son Count

3374

4050

2678

1791

3399

1592

or daughter % within reference person

22.1%

26.5%

17.5%

11.7%

22.2%

100.0%

% within poverty level

.4%

.6%

.5%

.4%

.4%

.4%

Stepson or

Count

11077

12090

7759

6055

12232

49213

stepdaughter % within reference person

22.5%

24.6%

15.8%

12.3%

24.9%

100.0%

% within poverty level

1.2%

1.7%

1.3%

1.4%

1.3%

1.4%

Brother or

Count

13671

12230

11199

7195

14521

58816

sister

% within reference person

23.2%

20.8%

19.0%

12.2%

24.7%

100.0%

% within poverty level

1.5%

1.7%

1.9%

1.7%

1.5%

1.6%

Father or

Count

7158

9827

9889

7524

17423

51821

mother

% within reference person

13.8%

19.0%

19.1%

14.5%

33.6%

100.0%

% within poverty level

.8%

1.4%

1.7%

1.8%

1.8%

1.4%

Grandchild

Count

44145

40732

28297

18502

21474

153150

% within reference person

28.8%

26.6%

18.5%

12.1%

14.0%

100.0%

% within poverty level

4.8%

5.6%

4.8%

4.3%

2.2%

4.2%

Parent-in-law Count

654

1348

1710

1579

4583

9874

% within reference person

6.6%

13.7%

17.3%

16.0%

46.4%

100.0%

% within poverty level

.1%

.2%

.3%

.4%

.5%

.3%

Son-in-law

Count

5661

7979

6764

4438

7358

32200

or daughter- % within reference person

17.6%

24.8%

21.0%

13.8%

22.9%

100.0%

in-law

% within poverty level

.6%

1.1%

1.2%

1.0%

.8%

.9%

Other relative Count

12532

13052

10750

7021

15319

58674

% within reference person

21.4%

22.2%

18.3%

12.0%

26.1%

100.0%

% within poverty level

1.4%

1.8%

1.8%

1.6%

1.6%

1.6%

Continued on the next page.

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Continued from the previous page.

Poverty level by relationship to reference person (continued from the previous page).

POVERTY LEVEL

TOTAL

EXTREME

BELOW

NEAR

LOW

MIDDLE

POVERTY

POVERTY POVERTY

INCOME

INCOME +

(BELOW 49%) (50-99%) (100-149%) (150-199%) (OVER 200%)

Roomer

Count

3309

1042

931

798

932

7012

or boarder

% within reference person

47.2%

14.9%

13.3%

11.4%

13.3%

100.0%

% within poverty level

.4%

.1%

.2%

.2%

.1%

.2%

Housemate or Count

8254

2591

2364

1409

1997

16615

roommate

% within reference person

49.7%

15.6%

14.2%

8.5%

12.0%

100.0%

% within poverty level

.9%

.4%

.4%

.3%

.2%

.5%

Unmarried

Count

44297

17343

16752

9457

15621

103470

partner

% within reference person

42.8%

16.8%

16.2%

9.1%

15.1%

100.0%

% within poverty level

4.9%

2.4%

2.9%

2.2%

1.6%

2.9%

Foster

Count

1395

74

12

0

0

1481

child

% within reference person

94.2%

5.0%

.8%

0.0%

0.0%

100.0%

% within poverty level

.2%

.0%

.0%

0.0%

0.0%

.0%

Other

Count

8486

3358

2581

912

1585

16922

% within reference person

50.1%

19.8%

15.3%

5.4%

9.4%

100.0%

% within poverty level

.9%

.5%

.4%

.2%

.2%

.5%

Noninstitution- Count

6504

1915

1147

503

846

10915

alized

group quarters % within reference person

59.6%

17.5%

10.5%

4.6%

7.8%

100.0%

population

% within poverty level

.7%

.3%

.2%

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.3%

TOTAL

Count

910737

721679

585643

427540

959305

3604904

% within reference person

25.3%

20.0%

16.2%

11.9%

26.6%

100.0%

% within poverty level

100.0%

100.0%

100.0%

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100.0%

42

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1124302

2.5%

100.0%

31.2%

206810

100.0%

5.7%

397894

100.0%

11.0%

88426

100.0%

1787472

100.0%

49.6%

3604904

100.0%

100.0%

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INC

421641

37.5%

44.0%

41391

20.0%

4.3%

101326

25.5%

10.6%

16695

18.9%

1.7%

378252

21.2%

39.4%

959305

26.6%

100.0%

(OVER 200%

MIDDLE

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OME

INC -199%

158385

14.1%

37.0%

22935

11.1%

5.4%

49703

12.5%

11.6%

15007

17.0%

2.6%

263721

14.8%

45.0%

585643

16.2%

100.0%

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17.5%

33.7%

41448

20.0%

7.1%

68159

17.1%

11.6%

15007

17.0%

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263721

14.8%

45.0%

585643

16.2%

100.0%

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203157

18.1%

28.2%

59702

28.9%

8.3%

2.6%

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82792

18669

OW (5

20.8%

11.5%

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357359

20.0%

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20.0%

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PO 49%OW 143811 12.8% 15.8% 41334 20.0% 4.5% 95914 24.1% 10.5% 29949 33.9% 3.3%
599729 33.6% 65.9% 910737 25.3% 100.0%

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Poverty in Puerto Rico 43

TABLE 2.2.2.2

Poverty level by married – spouse present/spouse absent.

POVERTY LEVEL

TOTAL

EXTREME

BELOW

NEAR

LOW

MIDDLE

POVERTY

POVERTY POVERTY

INCOME

INCOME +

(BELOW 49%) (50-99%) (100-149%) (150-199%) (OVER 200%)

Between Count

253205

133844

90894

65261

127831

671035

0 and 14 % within spouse present/absent

37.7%

19.9%

13.5%

9.7%

19.0%

100.0%

years old % within poverty level

27.8%

18.5%

15.5%

15.3%

13.3%

18.6%

Now

Count

128355

188913

184984

150945

403801

1056998

married,

spouse % within spouse present/absent

12.1%

17.9%

17.5%

14.3%

38.2%

100.0%

present % within poverty level

14.1%

26.2%

31.6%

35.3%

41.1%

29.3%

Now

Count

15456

14244

12324

7440

17840

67304

married,

spouse % within spouse present/absent

23.0%

21.2%

18.3%

11.1%

26.5%

100.0%

absent % within poverty level

1.7%

2.0%

2.1%

1.7%

1.1%

1.9%

Widowed Count

41334

59702

41448

22935

31391

206810

% within spouse present/absent

20.0%

28.9%

20.0%

11.1%

20.0%

100.0%

% within poverty level

4.5%

8.3%

7.1%

5.4%

4.3%

5.7%

Divorced Count

95914

82792

68159

49703

101326

397894

% within spouse present/absent

24.1%

20.8%

17.1%

12.5%

25.5%

100.0%

% within poverty level

10.5%

11.5%
11.6%
11.6%
10.6%
11.0%
Separat C
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29949
18669
15007
8107
16695
88426
% within spouse present/absent
33.9%
21.1%
17.0%
9.2%
18.9%
100.0%
% within poverty level
3.3%
2.6%
2.6%

1.9%

1.7%

2.5%

Never

Count

346524

223515

172827

123150

250421

1116437

married % within spouse present/absent

31.0%

20.0%

15.5%

11.0%

22.4%

100.0%

% within poverty level

38.0%

31.0%

29.5%

28.8%

26.1%

31.0%

TOTAL Count

910737

721679

585643

427540

959305

3604904

% within spouse present/absent

25.3%

20.0%

16.2%

11.9%

26.6%

100.0%

% within poverty level

100.0%

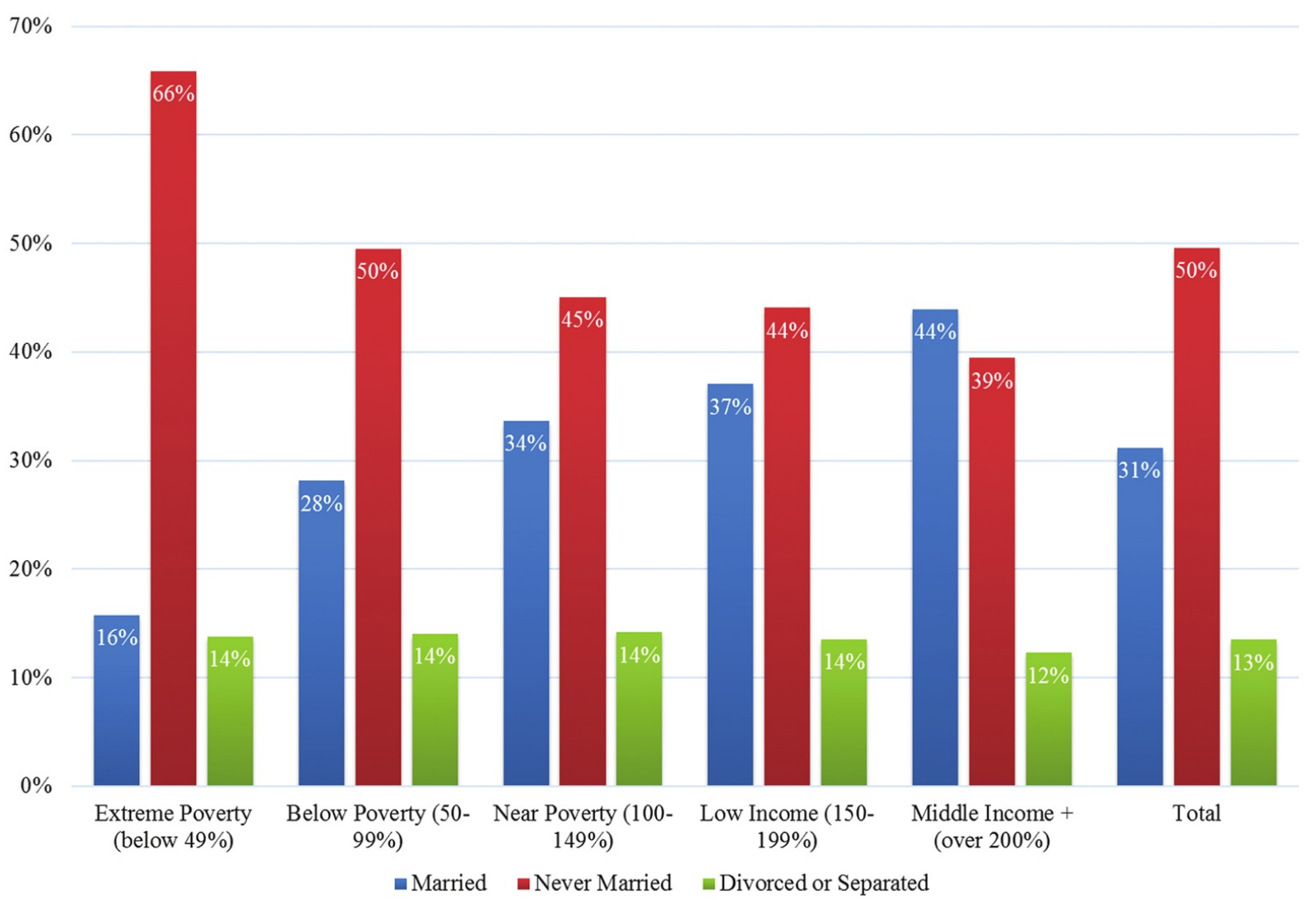
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44

44

Héctor R. Cordero - Guzmán

FIGURE 2.3

Marital status by poverty level.

Poverty in Puerto Rico 45

TABLE 2.2.3

Poverty level by fertility.

POVERTY LEVEL

TOTAL

EXTREME

BELOW
NEAR
LOW
MIDDLE
POVERTY
POVERTY POVERTY
INCOME
INCOME +

(BELOW 49%) (50-99%) (100-149%) (150-199%) (OVER 200%)

Less than Count
654421
557145
450278
322518
723841
2708203
15 years/
older than % within fertility
24.2%
20.6%
16.6%
11.9%
26.7%
100.0%

50 or male % within poverty level

71.9%

77.2%

76.9%

75.4%

75.5%

75.1%

Yes

Count

14995

7377

4650

3617

6310

36949

% within fertility

40.6%

20.0%

12.6%

9.8%

17.1%

100.0%

% within poverty level

1.6%

1.0%
.8%
.8%
.7%
1.0%
No
Count
241321
157157
130715
101405
229154
859752
% within fertility
28.1%
18.3%
15.2%
11.8%
26.7%
100.0%
% within poverty level
26.5%
21.8%
22.3%

23.7%

23.9%

23.8%

TOTAL

Count

910737

721679

585643

427540

959305

3604904

% within fertility

25.3%

20.0%

16.2%

11.9%

26.6%

100.0%

% within poverty level

100.0%

100.0%

100.0%

100.0%

100.0%

100.0%

TABLE 2.2.4

Poverty level by own child.

POVERTY LEVEL

TOTAL

EXTREME

BELOW

NEAR

LOW

MIDDLE

POVERTY

POVERTY POVERTY

INCOME

INCOME +

(BELOW 49%) (50-99%) (100-149%) (150-199%) (OVER 200%)

Yes

Count

647997

589549

491731

358714

818353

2906344

% within own child

22.3%

20.3%

16.9%

12.3%

28.2%

100.0%

% within poverty level

71.2%

81.7%

84.0%

83.9%

85.3%

80.6%

No

Count

262740

132130

93912

68826

140952

698560

% within own child

37.6%

18.9%

13.4%

9.9%

20.2%

100.0%

% within poverty level

28.8%

18.3%

16.0%

16.1%

14.7%

19.4%

TOTAL

Count

910737

721679

585643

427540

959305

364904

% within own child

25.3%

20.0%

16.2%

11.9%

26.6%

100.0%

% within poverty level

100.0%

100.0%

100.0%

100.0%

100.0%

100.0%

46

46

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TOTA

2074185

1.8%

100.0%

57.7%

84313

100.0%

2.3%

242599

100.0%

6.7%

65383

100.0%

1138424

100.0%

31.6%

3604904

100.0%

100.0%

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542380

26.1%

56.5%

19161

22.7%

2.0%

60097

24.8%

6.3%

10739

16.4%

1.1%

326928

28.7%

34.1%

959305

26.6%

100.0%

(OVER 200%

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241774

11.7%

56.6%

9171

10.9%

2.1%

29831

12.3%

7.0%

6157

9.4%

1.4%

140607

12.4%

32.9%

427540

11.9%

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16.1%

57.0%

11561

13.7%

2.0%

37528

15.5%

16.4%

9079

13.9%

1.6%

193821

17.0%

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6.4%

12627

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19.3%

233660

20.5%

32.4%

721679

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542835

26.2%

59.6%

28478

33.8%

3.1%

59235

28.5%

7.6%

26781

41.0%

2.9%

243408

21.4%

26.7%

910734

25.3%

100.0%

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Poverty in Puerto Rico 47

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39.5%

108979

100.0%

3.0%

2072939

100.0%

57.5%

3604904

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299894

21.1%

31.3%

20514

18.8%

2.1%

638897

30.8%

66.6%

959305

26.6%

100.0%

(OVER 200%

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INC -199%

150535

10.6%

35.2%

14085

12.9%

3.3%

262920

12.7%

61.5%

427540

11.9%

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PO -149%

207474

14.6%

35.4%

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17.6%

3.3%

358958

17.3%

61.3%

585643

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English language use, birthplace, citizenship status and mobility

Table 2.3.1 asks respondents about their language use and the language that they speak at home. The first row includes persons younger than five years of age, which are about 5.6% of the population and are excluded from this question. The remaining population, about 89.6%, said they spoke Spanish and 4.8%, or 173,548 persons, said they spoke only English at home. If we exclude persons five years of age from the computation, the data suggest that 95% of the population in Puerto Rico primarily speak Spanish at home and about 5% speak only English at home. The proportion speaking on English at home does not seem to vary by poverty level.

Table 2.3.2 presents information on English language ability. About 10.4% of the population is either under five years of age or speaks only English at home. Of the rest, close to 14.7% of the population said that they spoke English very well, another 14.5% of the population said they spoke English well, 20.1% of the population said they did not speak English well, and 40.3% of the population in Puerto Rico said they did not speak English at all. The proportion of the population that said they did not speak English at all varies significantly by poverty level with about 54.4% of persons in extreme poverty answering that they did not speak English at all, compared to 49% of persons below poverty, 42.2% persons near poverty, 34.8% of persons classified as low income, and 21.5% of persons in the middle income or more category.

Table 2.3.3 presents information on the racial self-identification of persons in Puerto Rico. The Puerto Rico Community Survey (PRCS) uses the same racial classification categories used in the U.S. census and yields interesting results. About 69.7% of the population in Puerto Rico self-identified as white, close to 8% self-identified as black, about .3% self-identified as Native American, and another .3% self-identified as Asian. Interestingly about 21.8% of the population in Puerto Rico self-identified as “other.” There is small variation in self-identification by poverty level with about 67.1% of persons in extreme poverty self-identifying as white compared to 73.2% of persons in the middle income or more category who also self-identified as white. About 8% of persons in extreme poverty and below poverty identified as black. Close to 9% of persons near poverty and 8.4% of the persons in the low income category also self-identified as black in addition to 7% of persons in the middle-income or more category. The most interesting finding is that there appears to be some variation in the proportion identifying as “other” by poverty level with a high 24.2% of persons in the extreme poverty category self-identifying as “other” and a low of 19.3% of persons in the middle-income or more category.

Table 2.3.4 shows information on the birthplace of the population in Puerto Rico divided between native born (persons born in the continental United States, born in Puerto Rico, or U.S. citizens born abroad) and the foreign-born. Table 2.3.5 shows

Poverty in Puerto Rico 49

more detailed information on the citizenship status and birthplace of the population. About 5% of the population in Puerto Rico were born in the continental United States, 92% were born in Puerto Rico, about .3% of the population, or 9,988 persons, were U.S. citizens born abroad of American parents, 1.1% of the population, or about 40,000 persons, were U.S. citizens by naturalization, and about 61,000

persons are reported as not citizens or 1.7% of the population. There is some small variation in the proportion of persons born in the continental United States versus Puerto Rico by poverty level. About 5.8% of persons in the middle income or more category were born in the continental United States compared to 4.6% of persons in extreme poverty. About 90.3% of persons in the middle-income or more category were born in Puerto Rico but 93.2% of persons in the extreme poverty category were also born on the island.

Table 2.3.6 presents information on the decade of entry into Puerto Rico for persons that were born abroad and still lived in Puerto Rico around 2014. The information includes those that arrived before 1950, between 1950 and 1959, between 1960 and 1969, between 1970 and 1979, between 1980 and 1989, between 1990 and 1999, and after the year 2000. Estimates suggest that in the decades between 1960 and 1969 through the year 2000, and later, anywhere between 39,000 and 78,000 foreign-born persons that arrived into Puerto Rico each decade were still on the island.

Table 2.3.7 presents information on the mobility status of the population during the year prior to the survey. Close to 92.1% of the population were in the same house in the previous year compared to the current year and did not appear to change residence. About .1% of the population, or about 4,548 persons, moved from outside of the U.S. or Puerto Rico into Puerto Rico in the previous year (from a foreign country into Puerto Rico) and about 242,124 persons, or 6.7% of the population, moved either from the Continental U.S. into Puerto Rico or changed residences within Puerto Rico. Figure 2.4 shows the proportion of the population that are considered recent movers by poverty level and it suggests that close to 10% of the population in extreme poverty changed residences within the last year compared to 7% of persons

below poverty, 6% of persons near poverty or in low income, and 5% of persons in the middle-income or more category.

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TOTA

203082

100.0%

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89.6%

173548

100.0%

4.8%

3604904

100.0% 100.0%

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OME

INC

33408

16.5%

3.5%

877456

27.2%

91.5%

48438

27.9%

5.0%

959305

26.6%

100.0%

(OVER 200%

MIDDLE

)

OME

INC -199%

17962

8.8%

4.2%

387165

12.0%

90.6%

22413

12.9%

5.2%

427540

11.9%

100.0%

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PO -149%

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12.9%

4.5%

529935

16.4%

90.5%

29460

17.0%

5.0%

585643

16.2%

100.0%

VER

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PO 0-9 42283 20.8% 5.9% 644928 20.0% 89.4% 34468

4.8%

OW (5

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721679

20.0%

100.0%

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788787

24.4%

86.6%

38769

22.3%

4.3%

910737

25.3%

100.0%

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Poverty in Puerto Rico 51

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376630

100.0%

10.4%

529851

100.0%

14.7%

522726

20.1%

100.0%

14.5%

724109

100.0%

1451588

100.0%

40.3%

3604904

100.0%

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OME

INC

81846

21.7%

8.5%

249333

47.1%

26.0%

217689

41.6%

22.7%

203740

28.1%

21.2%

206697

14.2%

21.5%

959305

26.6%

100.0%

(OVER 200%

MIDDLE

)

OME

INC -199%

40375

10.7%

9.4%

65906

12.4%

15.4%

72180

13.8%

16.9%

100119

13.8%

23.4%

148960

10.3%

34.8%

427540

11.9%

100.0%

LOW (150

TY)

VEL

y.

VER

TYLE

PO -149%

55708

14.8%

9.5%

72622

13.7%

12.4%

81396

15.6%

13.9%

128918

17.8%

22.0%

246999

17.0%

42.2%

585643

16.2%

100.0%

VER

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PO 0-9 76751 20.4% 10.6% 68629 13.0% 9.5%

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15.0%

10.9%

144513

20.0%

20.0%

353347

24.3%

49.0%

721679

20.0%

100.0%

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PO 49%OW 121950 32.4% 13.4% 73361 13.8% 8.1% 73022 14.0% 8.0% 146819 20.3% 16.1%
495585 34.1% 54.4% 910737 25.3% 100.0%

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959305

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Poverty in Puerto Rico 53

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3604904

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100.0%

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OME

INC

926253

26.4%

96.6%

33052

33.7%

3.4%

959305

26.6%

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(OVER 200%
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92.0%	
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40744	
100.0%	
57435	
100.0%	
1.6%	
3604904	
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100.0%	
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31.1%

5.8%

866529

26.1%

90.3%

4157

41.6%

.4%

18820

46.2%

2.0%

14232

24.8%

1.5%

959305

26.6%

100.0%

(OVER 200%

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21851

12.2%

5.1%

391282

11.8%

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.3%

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13.8%

1.3%

7496

13.1%

1.8%

427540

11.9%

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PO -149%

27111

15.2%

4.6%

541792

16.3%

92.5%

1455

14.6%

.2%

5520

13.5%

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9765

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PO 0-9 32295 18.1% 4.5% 669400 20.2% 92.8% 1525

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16.4%

20.5%

721679

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VER PO 49%OW 41959 23.5% 4.6% 848951 25.6% 93.2% 1553 15.5% .2% 1493 10.0% .4%
14181 24.7% 1.6% 910737 25.3% 100.0%

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Poverty in Puerto Rico 55

TABLE 2.3.6

Poverty level by decade of entry.

POVERTY LEVEL

TOTAL

EXTREME

BELOW

NEAR

LOW

MIDDLE

POVERTY

POVERTY POVERTY

INCOME

INCOME +

(BELOW 49%) (50-99%) (100-149%) (150-199%) (OVER 200%)

Born in

Count

848515

669219

541468

391228

866348

3316778

USA or

% within decade of entry

25.6%

20.2%

16.3%

11.8%

26.1%

100.0%

Puerto Rico

% within poverty level

93.2%

92.7%

92.5%

91.5%

90.3%

92.0%

Born before

Count

195

313

326

351

1083

2268

1950

% within decade of entry

8.6%

13.8%

14.4%

15.5%

47.8%

100.0%

% within poverty level

.0%

.0%

.1%

.1%
.1%
.1%
1950-1959
Count
738
833
1135
859
3540
7105
% within decade of entry
10.4%
11.7%
16.0%
12.1%
49.8%
100.0%
% within poverty level
.1%
.1%
.2%
.2%
.4%

.2%

1960-1969

Count

4451

5666

5502

5472

18625

39716

% within decade of entry

11.2%

14.3%

13.9%

13.8%

46.9%

100.0%

% within poverty level

.5%

.8%

.9%

1.3%

1.9%

1.1%

1970-1979

Count

8612

8831

7974

7349

20322

53088

% within decade of entry

16.2%

16.6%

15.0%

13.8%

38.3%

100.0%

% within poverty level

.9%

1.2%

1.4%

1.7%

2.1%

1.5%

1980-1989

Count

9160

8913

8312

5920

14823

47128

% within decade of entry

19.4%

18.9%

17.6%

12.6%

31.5%

100.0%

% within poverty level

1.0%

1.2%

1.4%

1.4%

1.5%

1.3%

1990-1999

Count

14911

12453

10059

8497

14431

60351

% within decade of entry

24.7%

20.6%

16.7%

14.1%

23.9%

100.0%

% within poverty level

1.6%

1.7%

1.7%

2.0%

1.5%

1.7%

2000 or later Count

24155

15451

10867

7864

20133

78470

% within decade of entry

30.8%

19.7%

13.8%

10.0%

25.7%

100.0%

% within poverty level

2.7%

2.1%

1.9%

1.8%

2.1%

2.2%

TOTAL

Count

910737

721679

585643

427540

959305

3604904

% within decade of entry

25.3%

20.0%

16.2%

11.9%

26.6%

100.0%

% within poverty level

100.0%

100.0%

100.0%

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6.7%

100.0%

1.0%

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100.0%

92.1%

4548

100.0%

.1%

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100.0%

3604904

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5493

14.5%

.6%

905739

27.3%

94.4%

1338

29.4%

.1%

46735

19.3%

4.9%

959305

26.6%

100.0%

(OVER 200%

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.8%

399345

12.0%

93.4%

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5.6%

427540

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100.0%

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.8%

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721679

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910737 25.3% 100.0%

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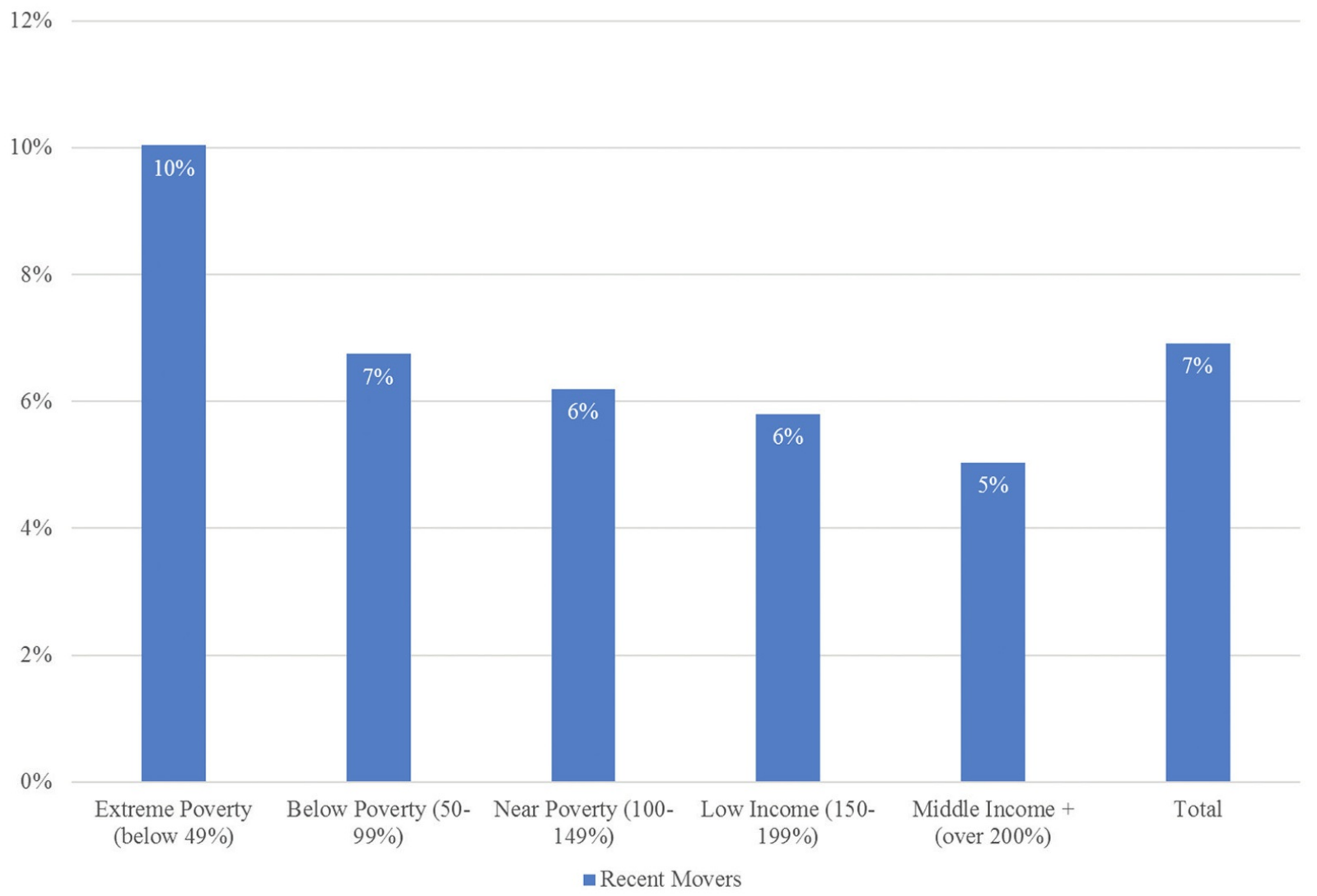
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Poverty in Puerto Rico 57

FIGURE 2.4

Mobility by poverty level.

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58

Héctor R. Cordero - Guzmán

Disability status and access to health insurance

Disability status and access to health insurance have become critical issues in Puerto Rico over the last two decades. There is growing concern over the high proportion of the population reporting some disability and how disability status connects to participation in the labor market² and to eligibility for and access to a range of social services and

programs. There is particular concern over persons below poverty and their continued access to the social safety net and to healthcare programs and services designed to provide supports to the population. This section presents and discusses information from the Puerto Rico Community Survey (PRCS) on a number of dimensions of disability and access to health insurance among various segments of the the population.

Table 2.4.1 shows information on respondent's difficulty in self-care (or dressing) by poverty level. The data suggest that about 4.2% of the population reported having some self-care or dressing difficulties but the number does not vary much by poverty level. Table 2.4.2 discusses poverty level by hearing difficulty and suggest that about 4.2% of the population in Puerto Rico reported some type of hearing disability. The numbers, again, do not vary much by poverty level suggesting that there are no differences in hearing difficulty by poverty level.

Table 2.4.3 shows data on poverty level by visual difficulty and indicates that about 6.1% of the population in Puerto Rico reported having some visual related disability. There is some variation in this data with about 6.1% of persons in extreme poverty and 8.2% of persons below poverty reporting some kind of vision related difficulty, or almost double, compared to 4% for persons in the middle income or more category.

Table 2.4.4 shows information on poverty level by reported difficulties in independent living or going out. Data suggest that about 9.3% of the population in Puerto Rico reported some independent living challenge or difficulty going out. There is some variation with groups below poverty and near poverty reporting difficulties in independent living or going out at around 12% or almost double the 6.4% rate reported by persons in the middle-income or more category.

Table 2.4.5 includes information on poverty level by physical difficulty and suggests

that about 11.2% of the population in Puerto Rico reported some form of physical difficulty. Again the numbers vary somewhat by poverty level with persons at the below poverty category and near poverty reporting the highest rates at 14.6% and 13.5% respectively and persons in the middle-income or more category reporting the lowest rates of physical difficulty but still relatively high at 8.7%.

2 See Burtless, G. & Sotomayor, O. (2006). Labor supply and public Transfers. In Collins, Bosworth and Soto-Class (Eds.), *The economy of Puerto Rico: Restoring growth* (chapter 3). Washington, DC: Brookings Institution.

Poverty in Puerto Rico 59

Table 2.4.6 shows data on poverty level by cognitive difficulty and suggests that about 9.6% of the population older than five years of age in Puerto Rico reported some cognitive difficulty with significant variations by poverty level. Persons in extreme poverty reported a 10.6% cognitive difficulty level while persons in the category below poverty reported a slightly higher rate of 12.3%. The rate goes down again to about 10.6% for persons near poverty and was at the lowest level at 6.3% for persons in the middle income or more category.

Table 2.4.7 shows poverty level by a combined disability code that uses the information from the previous questions to ascertain whether the respondent has any disability or not. Some respondents report more than one disability so this number gives us a better sense of the overall disability rate in the population. The data, also summarized in Figure 2.5, suggest that about 20.8% of the population in Puerto Rico reported some disability. The proportions vary somewhat by poverty level with persons in extreme poverty reporting a 20.5% disability rate, while persons below poverty reported a 26.2% disability rate followed by persons near poverty with a 23.5% disability rate. Persons in the low income category had a disability rate at around 20.3% while those in the middle income or more category reported the lowest disability rates at 15.6%.

Table 2.4.8 includes information on the proportion of persons in Puerto Rico receiving health insurance through their employer or union and suggests that about 29.4% of the population in Puerto Rico has health insurance coverage through their employer or union. There is significant variation by poverty level with about 58.7% of persons in the middle-income or more category receiving health insurance through their employer or union followed by persons in the low income category with about 44.3%, followed by persons near poverty with about 28.7%, followed by persons below poverty with about 13.4% and the lowest proportion of persons receiving health insurance for their employer or union were those in extreme poverty at 4.5%.

Table 2.4.9 shows data on the proportion of persons in Puerto Rico that purchase health insurance directly and suggests that about 12.4% of the population gets health insurance directly from their participation in the health insurance market. The numbers also vary significantly by poverty level with persons in the middle-income or more category having the highest rate of insurance purchase a 21.3%, followed by persons in the low income category at 16.4%, then persons near poverty at 13.1%, persons below poverty at 8.4%, and, lastly, persons in extreme poverty at 3.9% purchasing health insurance in the private market.

Table 2.4.10 includes the proportion of persons in Puerto Rico that receive health insurance coverage through Medicare and suggests that about 19.9% of the population on the island participate in the Medicare program. The proportion in Medicare varies somewhat by poverty level with persons in the extreme poverty category having the lowest rates in Medicare at 12.1% but the number jumps to 26.2% for persons

in the below poverty category, 26.5% for persons near poverty, and 22% for persons in the low income category. For persons in the middle-income or more category the proportion receiving Medicare is 17.7%.

Table 2.4.11 shows the proportion of the population receiving health insurance from the Medicaid program or other means tested public coverage. These data suggest that about 46.3% of the population receives coverage through Medicaid or other means tested public coverage. As expected there is significant variation by poverty level with 83.1% of persons in extreme poverty receiving health insurance through Medicaid or other means tested public coverage, 64% of persons below poverty, 41.2% of persons near poverty, 24.6% of persons in the low income category, and 11% of persons in the middle-income or more category. Data suggest that health insurance through Medicaid or other means tested public coverage is essential for the population in Puerto Rico, particularly for the population in extreme poverty, where 83% get coverage through this program.

Table 2.4.12 includes data on the small proportion of persons receiving their health insurance coverage through the military and Table 2.4.13 presents the data for those covered through the Veterans Administration (VA).

Table 2.4.14 summarizes the data on health insurance coverage and suggest that about 92.8% of persons in Puerto Rico have some health insurance coverage with small variations by poverty level. The key difference by poverty level is in the form and type of health insurance that the individuals get. This is seen more clearly in Table 2.4.15. This table presents the proportion of persons receiving their health insurance coverage through the private sector, which is about 40.4% of the population in Puerto Rico, but with significant variation by poverty level. About 77% of those

with middle-income or more received private health insurance and the number goes down to 58.4% for those in the low income category, 40.6% for those near poverty, 21.1% for those below poverty, and 8.3% for those in extreme poverty. On the other hand, Table 2.4.16 shows the proportion of persons with public health coverage. That goes from a high of 87.7% for those in extreme poverty, 78% for those below poverty, 57.6% for those near poverty, 41% for those with low income, and 26% for those in the middle income or more category.

Poverty in Puerto Rico 61

TABLE 2.4.1

Poverty level by self-care (dressing) difficulty.

POVERTY LEVEL

TOTAL

EXTREME

BELOW

NEAR

LOW

MIDDLE

POVERTY

POVERTY POVERTY

INCOME

INCOME +

(BELOW 49%) (50-99%) (100-149%) (150-199%) (OVER 200%)

Less than Count

42283

26248

17962

33408

203082

5 years % within self-care difficulty

41.0%

20.8%

12.9%

8.8%

16.5%

100.0%

old

% within poverty level

9.1%

5.9%

4.5%

4.2%

3.5%

5.6%

Yes

Count

31958

39355

30547

18948

30573

151381

% within self-care difficulty

21.1%

26.0%

20.2%

12.5%

20.2%

100.0%

% within poverty level

3.5%

5.5%

5.2%

4.4%

3.2%

4.2%

No

Count

795598

640041

528848

390630

895324

3250441

% within self-care difficulty

24.5%

19.7%

16.3%

12.0%

27.5%

100.0%

% within poverty level

87.4%

88.7%

90.3%

91.4%

93.3%

90.2%

TOTAL

Count

910737

721679

585643

427540

959305

3604904

% within self-care difficulty

25.3%

20.0%

16.2%

11.9%

26.6%

100.0%

% within poverty level

100.0%

100.0%

100.0%

100.0%

100.0%

100.0%

TABLE 2.4.2

Poverty level by hearing difficulty.

POVERTY LEVEL

TOTAL

EXTREME

BELOW

NEAR

LOW

MIDDLE

POVERTY

POVERTY POVERTY

INCOME

INCOME +

(BELOW 49%) (50-99%) (100-149%) (150-199%) (OVER 200%)

Yes

Count

32095

37582

29578

18440

32550

150245

% within hearing difficulty

21.4%

25.0%

19.7%

12.3%

21.7%

100.0%

% within poverty level

3.5%

5.2%

5.1%

4.3%

3.4%
4.2%
No
Count
878642
684097
556065
409100
926755
3554659
% within hearing difficulty
25.4%
19.8%
16.1%
11.8%
26.8%
100.0%
% within poverty level
96.5%
94.8%
94.9%
95.7%
96.6%
95.8%

TOTAL

Count

910737

721679

585643

427540

959305

3604904

% within hearing difficulty

25.3%

20.0%

16.2%

11.9%

26.6%

100.0%

% within poverty level

100.0%

100.0%

100.0%

100.0%

100.0%

100.0%

62

62

TABLE 2.4.3

Poverty level by vision difficulty.

POVERTY LEVEL

TOTAL

EXTREME

BELOW

NEAR

LOW

MIDDLE

POVERTY

POVERTY POVERTY

INCOME

INCOME +

(BELOW 49%) (50-99%) (100-149%) (150-199%) (OVER 200%)

Yes

Count

55174

59014

41681

24516

38494

218879

% within vision difficulty

25.2%

27.0%

19.0%

11.2%

17.6%

100.0%

% within poverty level

6.1%

8.2%

7.1%

5.7%

4.0%

6.1%

No

Count

855563

662665

543962

403024

920811

3386025

% within vision difficulty

25.3%

19.6%

16.1%

11.9%

27.2%

100.0%

% within poverty level

93.9%

91.8%

92.9%

94.3%

96.0%

93.9%

TOTAL

Count

910737

721679

585643

427540

959305

3604904

% within vision difficulty

25.3%

20.0%

16.2%

11.9%

26.6%

100.0%

% within poverty level

100.0%

100.0%

100.0%

100.0%

100.0%

100.0%

TABLE 2.4.4

Poverty level by independent living (going out) difficulty.

POVERTY LEVEL

TOTAL

EXTREME

BELOW

NEAR

LOW

MIDDLE

POVERTY

POVERTY POVERTY

INCOME

INCOME +

(BELOW 49%) (50-99%) (100-149%) (150-199%) (OVER 200%)

Between Count

253205

133844

90894

65261

127831

671035

0 and 14 % within independent living

37.7%

19.9%

13.5%

9.7%

19.0%

100.0%

years old % within poverty level

27.8%

18.5%

15.5%

15.3%

13.3%

18.6%

Yes

Count

75765

92196

65478

39356

61596

334391

% within independent living

22.7%

27.6%

19.6%

11.8%

18.4%

100.0%

% within poverty level

8.3%

12.8%

11.2%

9.2%

6.4%

9.3%

No

Count

581767

495639

429271

322923

769878

2599478

% within independent living

22.4%

19.1%

16.5%

12.4%

29.6%

100.0%

% within poverty level

63.9%

68.7%

73.3%

75.5%

80.3%

72.1%

TOTAL

Count

910737

721679

585643

427540

959305

3604904

% within independent living

25.3%

20.0%

16.2%

11.9%

26.6%

100.0%

% within poverty level

100.0%

100.0%

100.0%

100.0%

100.0%

100.0%

Poverty in Puerto Rico 63

TABLE 2.4.5

Poverty level by physical difficulty.

POVERTY LEVEL

TOTAL

EXTREME

BELOW

NEAR

LOW

MIDDLE

POVERTY

POVERTY POVERTY

INCOME

INCOME +

(BELOW 49%) (50-99%) (100-149%) (150-199%) (OVER 200%)

Less than Count

83181

42283

26248

17962

33408

203082

5 years old % within physical difficulty

41.0%

20.8%

12.9%

8.8%

16.5%

100.0%

% within poverty level

9.1%

5.9%

4.5%

4.2%

3.5%

5.6%

Yes

Count

86934

105719

79026

48954

83443

404076

% within physical difficulty

21.5%

26.2%

19.6%

12.1%

20.7%

100.0%

% within poverty level

9.5%

14.6%

13.5%

11.5%

8.7%

11.2%

No

Count

740622

573677

480369

360624

842454

2997746

% within physical difficulty

24.7%

19.1%

16.0%

12.0%

28.1%

100.0%

% within poverty level

81.3%

79.5%

82.0%

84.3%

87.8%

83.2%

TOTAL

Count

910737

721679

585643

427540

959305

3604904

% within physical difficulty

25.3%

20.0%

16.2%

11.9%

26.6%

100.0%

% within poverty level

100.0%

100.0%

100.0%

100.0%

100.0%

100.0%

TABLE 2.4.6

Poverty level by cognitive difficulty.

POVERTY LEVEL

TOTAL

EXTREME

BELOW

NEAR

LOW

MIDDLE

POVERTY

POVERTY POVERTY

INCOME

INCOME +

(BELOW 49%) (50-99%) (100-149%) (150-199%) (OVER 200%)

Less

Count

83181

42283

26248

17962

33408

203082

than

5 years % within difficulty remembering

41.0%

20.8%

12.9%

8.8%

16.5%

100.0%

old

% within poverty level

9.1%

5.9%

4.5%

4.2%

3.5%

5.6%

Yes

Count

96118

88467

62339

37734

60718

345376

% within difficulty remembering

27.8%

25.6%

18.0%

10.9%

17.6%

100.0%

% within poverty level

10.6%

12.3%

10.6%

8.8%

6.3%

9.6%

No

Count

731438

590929

497056

371844

865179

3056446

% within difficulty remembering

23.9%

19.3%

16.3%

12.2%

28.3%

100.0%

% within poverty level

80.3%

81.9%

84.9%

87.0%

90.2%

84.8%

TOTAL Count

910737

721679

585643

427540

959305

3604904

% within difficulty remembering

25.3%

20.0%

16.2%

11.9%

26.6%

100.0%

% within poverty level

100.0%

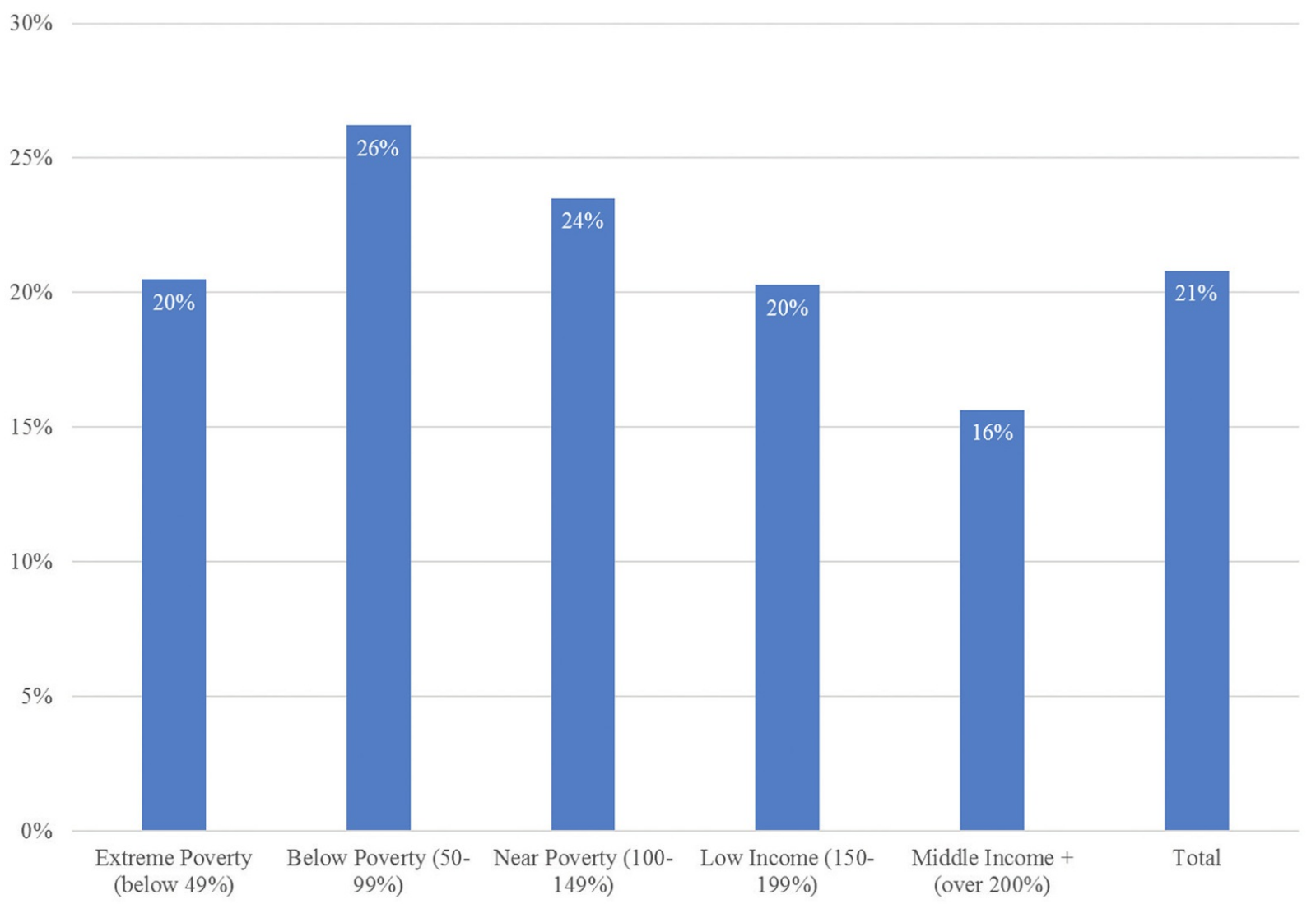
100.0%

100.0%

100.0%

100.0%

100.0%



64

64

Héctor R. Cordero - Guzmán

TABLE 2.4.7

Poverty level by disability recode.

POVERTY LEVEL

TOTAL

EXTREME

BELOW

NEAR

LOW

MIDDLE

POVERTY

POVERTY POVERTY

INCOME

INCOME +

(BELOW 49%) (50-99%) (100-149%) (150-199%) (OVER 200%)

With

Count

186616

189135

137679

86687

150051

750168

disability

% within disability recode

24.9%

25.2%

18.4%

11.6%

20.0%

100.0%

% within poverty level

20.5%

26.2%

23.5%

20.3%

15.6%

20.8%

Without

Count

724121

832544

447964

340853

809254

2854736

disability

% within disability recode

25.4%

18.7%

15.7%

11.9%

28.3%

100.0%

% within poverty level

79.5%

73.8%

76.5%

79.7%

84.4%

79.2%

TOTAL

Count

910737

721679

585643

427540

959305

3604904

% within disability recode

25.3%

20.0%

16.2%

11.9%

26.6%

100.0%

% within poverty level

100.0%

100.0%

100.0%

100.0%

100.0%

100.0%

FIGURE 2.5

Percentage with disability by poverty level.

Poverty in Puerto Rico 65

TABLE 2.4.8

Poverty level by health insurance through employer/union.

POVERTY LEVEL

TOTAL

EXTREME

BELOW

NEAR

LOW

MIDDLE

POVERTY

POVERTY POVERTY

INCOME

INCOME +

(BELOW 49%) (50-99%) (100-149%) (150-199%) (OVER 200%)

Yes

Count

40843

96828

167934

189573

562894

1058072

% within employer/union

3.9%

9.2%

15.9%

17.9%

53.2%

100.0%

% within poverty level

4.5%

13.4%

28.7%

44.3%

58.7%

29.4%

No

Count

869894

624851

417709

237967

396411

2546832

% within employer/union

34.2%

24.5%

16.4%

9.3%

15.6%

100.0%

% within poverty level

95.5%

86.6%

71.3%

55.7%

41.3%

70.6%

TOTAL

Count

910737

721679

585643

427540

959305

3604904

% within employer/union

25.3%
20.0%
16.2%
11.9%
26.6%
100.0%
% within poverty level
100.0%
100.0%
100.0%
100.0%
100.0%
100.0%

TABLE 2.4.9

Poverty level by health insurance purchased directly.

POVERTY LEVEL
TOTAL
EXTREME
BELOW
NEAR
LOW
MIDDLE
POVERTY
POVERTY POVERTY

INCOME

INCOME +

(BELOW 49%) (50-99%) (100-149%) (150-199%) (OVER 200%)

Yes

Count

35849

60603

76758

69975

204260

4447445

% within purchased directly

8.0%

13.5%

17.2%

15.6%

45.7%

100.0%

% within poverty level

3.9%

8.4%

13.1%

16.4%

21.3%

12.4%

No

Count

874888

661076

508885

340853

755045

3157459

% within purchased directly

27.7%

20.9%

16.1%

11.9%

23.9%

100.0%

% within poverty level

96.1%

91.6%

89.9%

79.7%

78.7%

87.6%

TOTAL

Count

910737

721679

585643

427540

959305

3604904

% within purchased directly

25.3%

20.0%

16.2%

11.9%

26.6%

100.0%

% within poverty level

100.0%

100.0%

100.0%

100.0%

100.0%

100.0%

66

66

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TABLE 2.4.10

Poverty level by health insurance through Medicare.

POVERTY LEVEL

TOTAL

EXTREME

BELOW

NEAR

LOW

MIDDLE

POVERTY

POVERTY POVERTY

INCOME

INCOME +

(BELOW 49%) (50-99%) (100-149%) (150-199%) (OVER 200%)

Yes

Count

110423

188750

155216

94007

170055

718451

% within Medicare

15.4%

26.3%
21.6%
13.1%
23.7%
100.0%
% within poverty level

12.1%

26.2%

26.5%

22.0%

17.7%

19.9%

No

Count

800314

532929

430427

333533

789250

2886453

% within Medicare

27.7%

18.5%

14.9%

11.6%
27.3%
100.0%
% within poverty level
87.9%
73.8%
73.5%
78.0%
82.3%
80.1%
TOTAL
Count
910737
721679
585643
427540
959305
3604904
% within Medicare
25.3%
20.0%
16.2%
11.9%
26.6%

100.0%
% within poverty level
100.0%
100.0%
100.0%
100.0%
100.0%
100.0%

TABLE 2.4.11

Poverty level by health insurance through Medicaid/means-tested public coverage.

POVERTY LEVEL

TOTAL

EXTREME

BELOW

NEAR

LOW

MIDDLE

POVERTY

POVERTY POVERTY

INCOME

INCOME +

(BELOW 49%) (50-99%) (100-149%) (150-199%) (OVER 200%)

Yes Count

462089

241007

104981

105656

1670775

% within Medicaid/means-tested

45.3%

27.7%

14.4%

6.3%

6.3%

100.0%

% within poverty level

83.1%

64.0%

41.2%

24.6%

11.0%

46.3%

No

Count

153695

259590

344636

322559

853649

1934129

% within Medicaid/means-tested

7.9%

13.4%

17.8%

16.7%

44.1%

100.0%

% within poverty level

16.9%

36.0%

58.8%

75.4%

89.0%

53.7%

TOTAL Count

910737

721679

585643

427540

959305

3604904

% within Medicaid/means-tested

25.3%

20.0%

16.2%

11.9%

26.6%

100.0%

% within poverty level

100.0%

100.0%

100.0%

100.0%

100.0%

100.0%

Poverty in Puerto Rico 67

TABLE 2.4.12

Poverty level by health insurance through TRICARE/military health coverage.

POVERTY LEVEL

TOTAL

EXTREME

BELOW

NEAR

LOW

MIDDLE

POVERTY

POVERTY POVERTY

INCOME

INCOME +

(BELOW 49%) (50-99%) (100-149%) (150-199%) (OVER 200%)

Yes

Count

3154

3814

4728

4324

17289

33309

% within TRICARE/military

9.5%

11.5%

14.2%

13.0%

51.9%

100.0%

% within poverty level

.3%

.5%

.8%

1.0%
1.8%
.9%
No
Count
907583
717865
580915
423216
942016
3571595
% within TRICARE/military
25.4%
20.1%
16.3%
11.8%
26.4%
100.0%
% within poverty level
99.7%
99.5%
99.2%
99.0%
98.2%

99.1%

TOTAL

Count

910737

721679

585643

427540

959305

3604904

% within TRICARE/military

25.3%

20.0%

16.2%

11.9%

26.6%

100.0%

% within poverty level

100.0%

100.0%

100.0%

100.0%

100.0%

100.0%

TABLE 2.4.13

Poverty level by health insurance through VA health care.

POVERTY LEVEL

TOTAL

EXTREME

BELOW

NEAR

LOW

MIDDLE

POVERTY

POVERTY POVERTY

INCOME

INCOME +

(BELOW 49%) (50-99%) (100-149%) (150-199%) (OVER 200%)

Yes Count

3511

6942

10250

7951

23939

52593

% within VA health care

6.7%

13.2%

19.5%

15.1%

45.5%

100.0%

% within poverty level

.4%

1.1%

1.8%

1.9%

2.5%

1.5%

No

Count

907226

714737

575393

419589

935366

3552311

% within VA health care

25.5%

20.1%

16.2%

11.8%

26.3%

100.0%

% within poverty level

99.6%

99.0%

98.2%

98.1%

97.5%

98.5%

TOTAL Count

910737

721679

585643

427540

959305

3604904

% within VA health care

25.3%

20.0%

16.2%

11.9%

26.6%

100.0%

% within poverty level

100.0%

100.0%

100.0%

100.0%

100.0%

100.0%

68

68

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TABLE 2.4.14

Poverty level by any health insurance coverage.

POVERTY LEVEL

TOTAL

EXTREME

BELOW

NEAR

LOW

MIDDLE

POVERTY

POVERTY POVERTY

INCOME

INCOME +

(BELOW 49%) (50-99%) (100-149%) (150-199%) (OVER 200%)

With health Count

664822

533326

389947

903629

3345198

insurance

% within any coverage

25.5%

19.9%

15.9%

11.7%

27.0%

100.0%

% within poverty level

93.7%

92.1%

91.1%

91.2%

94.2%

92.8%

No health

Count

57263

56857

52317

37593

55676

259706

insurance

% within any coverage

22.0%

21.9%

20.1%

14.5%

21.4%

100.0%

% within poverty level

6.3%

7.9%

8.9%

8.8%

5.8%

7.2%

TOTAL

Count

910737

721679

585643

427540

959305

3604904

% within any coverage

25.3%

20.0%

16.2%

11.9%

26.6%

100.0%

% within poverty level

100.0%

100.0%

100.0%

100.0%

100.0%

100.0%

TABLE 2.4.15

Poverty level by private health insurance coverage.

POVERTY LEVEL

TOTAL

EXTREME

BELOW

NEAR

LOW

MIDDLE

POVERTY

POVERTY POVERTY

INCOME

INCOME +

(BELOW 49%) (50-99%) (100-149%) (150-199%) (OVER 200%)

With private Count

75837

152450

237542

249582

740361

1455772

health

insurance

% within private insurance

5.2%

10.5%

16.3%

17.1%

50.9%

100.0%

coverage

% within poverty level

8.3%

21.1%

40.6%

58.4%

77.2%

40.4%

Without

Count

834900

569229

348101

177958

218944

2149132

private health

insurance

% within private insurance

38.8%

26.5%

16.2%

8.3%

10.2%

100.0%

coverage

% within poverty level

91.7%

78.9%

59.4%

41.6%

22.8%

59.6%

TOTAL

Count

910737

721679

585643

427540

959305

3604904

% within private insurance

25.3%

20.0%

16.2%

11.9%

26.6%

100.0%

% within poverty level

100.0%

100.0%

100.0%

100.0%

100.0%

100.0%

Poverty in Puerto Rico 69

L

TOTA

2114254

100.0%

58.6%

1490650

100.0%

41.4%

3604904

100.0%

100.0%

+)

OME

INC

254096

12.0%

26.5%

705209

47.3%

73.5%

959305

26.6%

100.0%

(OVER 200%

MIDDLE

)

OME

INC -199%

175107

8.3%

41.0%

252433

16.9%

59.0%

427540

11.9%

100.0%

.

LOW (150

age

TY)

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VEL

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PO -149%

337340

16.0%

57.6%

248303

16.7%

42.4%

585643

16.2%

100.0%

anc

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PO

NEAR

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VER 9%)

LE 2.4.16

PO 0-9 548746 26.0% 76.0% 172933 11.6% 24.0%

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OW (5

721679

20.0%

100.0%

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y public health insur

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VER PO 49%

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OW

798965

37.8%

87.7%

111772

7.5%

12.3%

910737

25.3%

100.0%

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School enrollment and educational attainment

Recent analysis of education levels in Puerto Rico³ coincide that educational attain-

ment among the population living in Puerto Rico has increased significantly and that

the gap in education between Puerto Rico and the rest of the United States has been

narrowing significantly over time. In fact, if there is one indicator where levels in Puerto Rico have been rising faster than in the U.S. and where the gap between Puerto Rico

and the U.S. has been narrowing over time and not widening it is in the levels of com-

pleted education. In the chapter in the Brookings 2006 volume, Ladd & Rivera Batiz

(2006, p. 189) suggests that,

Puerto Rico has one of the strongest recent records of educational development in the world. With the exception of the Republic of Korea, the rise in the educational attainment of Puerto Rico's labor force between 1960 and 2000 is unmatched by any other country. During this forty-year period, the average schooling of Puerto Rican workers doubled from 6.2 years to 12.2 years. Despite this remarkable accomplishment, Puerto Rico's education system today stands at a crossroads.

Educational progress seems to have stalled and the educational system in Puerto Rico appears to have been operating in crisis mode for the last 15 years but the progress that has been made is tangible and is relevant to our understanding of the nature of the challenges that Puerto Rico faces. One of the key challenges facing the educational system in Puerto Rico is inequality of opportunities and outcomes by social class background. While the education system was able to provide opportunities for many in the lower socioeconomic classes to move up the social ladder, for many it seemed to act as a system that reinforced social class divisions and that appeared to be operating not to help people move up the social ladder but to reinforce existing social class divisions. Differences in family resources, combined with differences in school quality and access to other educational resources including a private educational system, are likely to disproportionately impact the children of the poor and limit their educational attainment.

Table 2.5.1 presents information on school enrollment for the population in Puerto

Rico. About 116,233 persons, or 3.2% of the population, are not of school-age. These

are persons younger than three years of age. Of the rest, close to 70.4% are not enrolled³ See Cohn, D., Patten, E., & López, M. H. (2014, July). *Puerto Rican population declines on Island, grows on U.S. mainland*. Washington, D.C.: Pew Research Center's Hispanic Trends Project; Ladd, H. F. & Rivera-Batiz, F. L. (2006). Education and economic development. In Collins, Bosworth and Soto-Class (Eds.), *The economy of Puerto Rico: Restoring growth*. Washington, DC: Brookings Institution and Center for the New Economy; and Burtless, G. & Sotomayor, O. (2006). Labor supply and public

transfers. In Collins, Bosworth and Soto-Class (Eds.), *The economy of Puerto Rico: Restoring growth* (chapter 3). Washington, DC: Brookings Institution.

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in school or have not attended school in the last three months and close to 26% of the population is enrolled in school. Of the total population, about 17.3% were enrolled in public school or public college (or about 66% of those enrolled in school) and about 9.0% of the population (or 34% of those enrolled in school) were enrolled either in a private school or a private college.

There are significant differences in school enrollment by poverty level. Close to 33% of those in extreme poverty were enrolled in school (likely due to age differences between the groups) compared to between 23% and 25% for the other categories. More significantly, the proportion enrolled in public school or college varies significantly by poverty level with 83% of those in extreme poverty enrolled in a public school or college, 64% of those below poverty, 64% of those near poverty, 57% of those in the low income category and 40% of those in the middle income or more category.

Table 2.5.2 presents information on the grade that is being attended by persons currently enrolled in school and gives us a sense of how many students are enrolled in schools in Puerto Rico by grade and the proportions in each grade by poverty level. The highest poverty category extreme poverty, represents 25.2% of the total population but is over-represented in the lower grades where more than one third of the students are in extreme poverty. Persons below poverty appear to be reasonably represented among those attending college in that 45.3% of the population is under the poverty line while 42.9% of students in undergraduate college were under the poverty line. In contrast, about 18.1% of students in graduate or professional school, compared to 45.3% for the total population were below poverty or in extreme poverty.

Table 2.5.3 presents information on the completed education of the population in Puerto Rico. About 3.2% of the population is not of school-age and are not included

in the calculations which is why the total population at the end of the table is smaller. Of the remaining population, 4.2% population has no formal schooling completed, 1.4% of population completed a nursery school or preschool only, another 1.3% of the population only completed kindergarten. Close to 6.9% of the population in Puerto Rico either did not complete any school (4.2%), or only completed nursery school (1.4%) or kindergarten (1.3%).

Table 2.5.3 suggests that about 33.7% of the population in Puerto Rico has completed between one and 12 grades of education but is without a high school diploma. Close to 19.6% of the population completed a regular high school diploma, and 2.3% of the population completed a GED or alternative credential. Close to 1.9% of the population completed less than one year of college, 11.5% of the population completed one or more years of college but did not receive a degree, 7.0% population completed an Associate degree, 12.4% of the population completed a bachelor degree, 3.2% completed a Master degree, .9% population (or 31,280 persons) completed a professional degree, and about 21,227 persons living in Puerto Rico, or .6% of the population, completed a doctorate degree.

72

72

H é c t o r R . C o r d e r o - G u z m á n

There are significant and notable differences in completed education by poverty level. Close to 26.5% of the population in Puerto Rico has completed between first and ninth grade but the proportion varies by poverty level with 37.1% of those in extreme poverty, 33.2% to those below poverty, 26.2% of those near poverty, 21.4% of those in the low income category and 14.3% of those middle-income or more hav-

ing completed only between the first and ninth grade. If we examine the proportion completing between the first and 12th grade, it is 33.7% of the overall population, but 47.2% of those in extreme poverty, 41.9% of those below poverty, 33.6% of those near poverty, 27.5% of those classified as low income, and 18.2% of those with middle-income or more.

Table 2.5.4 includes information on the proportion of the population that graduated from high school and compares it to the population that did not graduate from high school by poverty level. Close to 40.7% of the overall population in Puerto Rico did not graduate from high school and about 59.3% has a high school degree or more. There are significant differences in the proportion with a high school degree or more by poverty level with 41.9% of those in extreme poverty having a high school degree or more, 50.6% of those below poverty having a high school degree or more, 60.2% of those near poverty, 67.2% of those classified as low income, and 77.7% of those with middle-income or more. The contrasts are stark with 58.1% of persons in extreme poverty not graduated from high school compared to 22.3% of those in the middle-income or more category.

Figure 2.6 presents information on English language use and the proportion with a high school graduate or more by poverty level and clearly shows that the proportion reporting not knowing English “well or at all” goes from a high of 81% for those in extreme poverty to a low of 46% for those in the middle income or more category. The figure also shows how the proportion of the population with a high school degree or more varies from a low of 42% for those in extreme poverty to a high of 78% for those in the category that includes persons with middle income or more.

Figure 2.7 presents information on the proportion of the population with an associ-

ate or bachelor degree by poverty level and shows how about 8% of those in extreme poverty had an associate or bachelor degree and that number goes up to 12% for the population below poverty, 18% for those near poverty, 24% for those in the low income category, and the highest at 34% for those in the middle income or more category. Similarly, we see how the proportion with a Master degree or more is very low among those in extreme poverty and below poverty at close to 1% of the population and it increases with income to about 4% for those in the low income category and about 13% for those in the category middle-income or more. By adding the proportion with an associate or bachelor degree to the percentage with a Master degree or more we can clearly see significant differences in the proportion of the population

Poverty in Puerto Rico 73

with any type of college degree from associate's degree up to doctorates by poverty level. Close to 9% of persons in extreme poverty had any kind of college degree compared to 47% of persons in the middle income or more category. While Puerto Rico has been able to improve education levels significantly over time and reduce the gap with the U.S. and other countries, significant differences still remain particularly by social class background with persons in extreme and below poverty less likely to be able to complete high school, go into college, receive a college degree or more education.

74

74

H é c t o r R . C o r d e r o - G u z m á n

L

TOTA

116233

9.0%

100.0%

3.2%

2538093

100.0%

70.4%

625179

100.0%

17.3%

325399

100.0%

3604904

100.0%

100.0%

+))

OME

INC

19132

16.5%

2.0%

719088

28.3%

75.0%

89209

14.3%

9.3%

131876

40.5%

13.7%

959305

26.6%

100.0%

(OVER 200%

MIDDLE

)

OME

INC -199%

9804

8.4%

2.3%

312836

12.3%

73.2%

59568

9.5%

13.9%

45332

13.9%

10.6%

427540

11.9%

100.0%

**LOW (150
TY)**

t.

VEL

VER

TYLE

PO -149%

14657

12.6%

2.5%

432106

17.0%

73.8%

88370

14.1%

15.1%

50510

15.5%

8.6%

585643

16.2%

100.0%

ollmen

VER

(100

PO

NEAR

TY

VER

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9%)

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y school enr

PO 0-9 24957 21.5% 3.5% 515962 20.3% 71.5%

46209

6.4%

OW (5

134551

21.5%

18.6%

14.2%

721679

20.0%

100.0%

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BEL

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TY)

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Pover

PO 49%OW 47683 41.0% 5.2% 558101 22.0% 61.3% 253481 40.5% 27.8% 51472 15.8% 5.7%
910737 25.3% 100.0%

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Poverty in Puerto Rico 75

TABLE 2.5.2

Poverty level by grade level attending.

POVERTY LEVEL

TOTAL

EXTREME

BELOW

NEAR

LOW

MIDDLE

POVERTY

POVERTY POVERTY

INCOME

INCOME +

(BELOW 49%) (50-99%) (100-149%) (150-199%) (OVER 200%)

Not

Count

605784

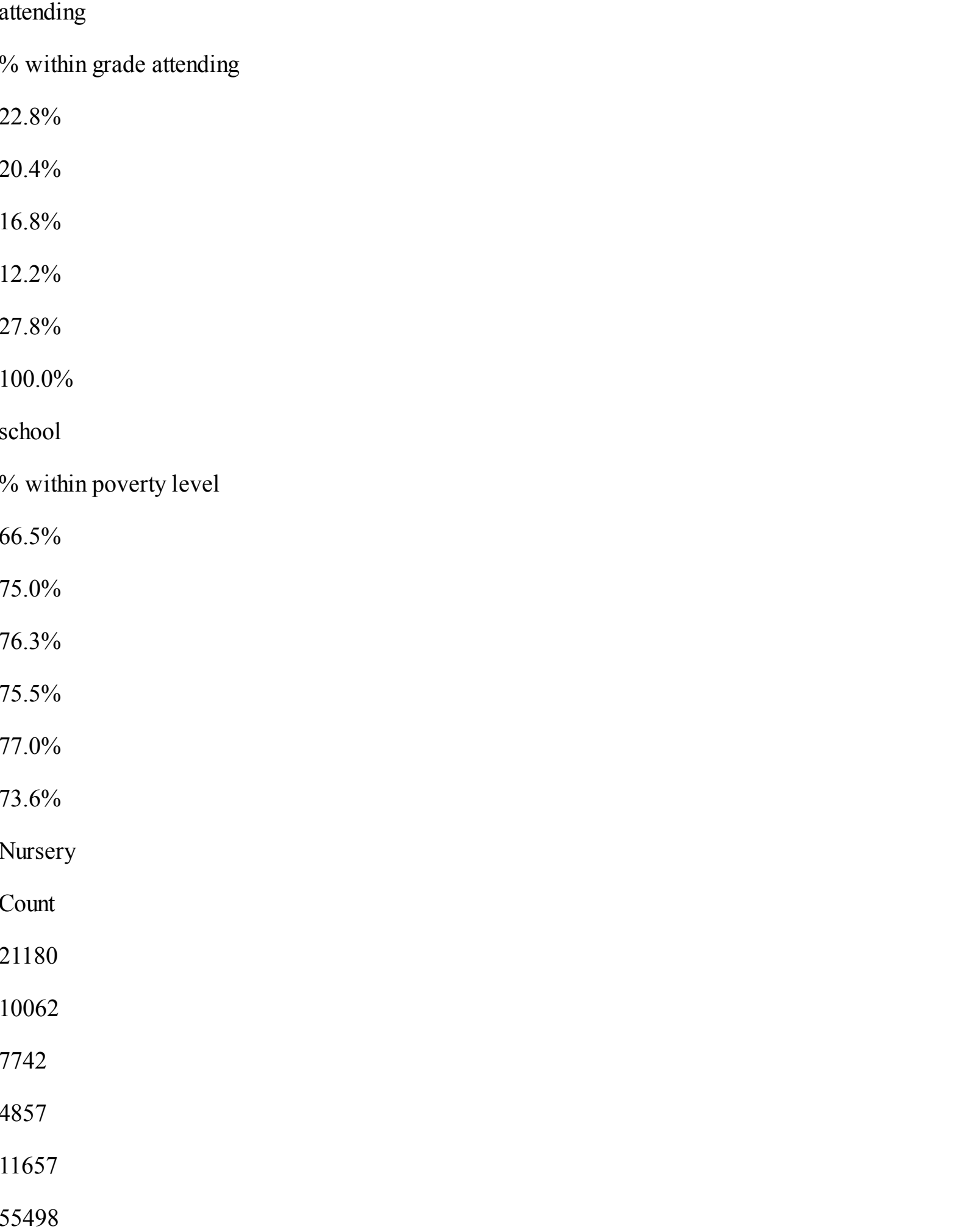
540919

446763

322640

738220

2654326



school-

% within grade attending

38.2%

18.1%

14.0%

8.8%

21.0%

100.0%

preschool

% within poverty level

2.3%

1.4%

1.3%

1.1%

1.2%

1.5%

Kindergarten Count

16606

8385

5550

4347

8016

42904

% within grade attending

38.7%

19.5%

12.9%

10.1%

18.7%

100.0%

% within poverty level

1.8%

1.2%

.9%

1.0%

.8%

1.2%

Grade 1

Count

20002

8441

5023

3659

6861

43986

% within grade attending

45.5%

19.2%

11.4%

8.3%

15.6%

100.0%

% within poverty level

2.2%

1.2%

.9%

.9%

.7%

1.2%

Grade 2

Count

16527

7405

5652

4603

8925

43112

% within grade attending

38.3%

17.2%

13.1%

10.7%

20.7%

100.0%

% within poverty level

1.8%

1.0%

1.0%

1.1%

.9%

1.2%

Grade 3

Count

17286

9238

6451

4729

9306

47010

% within grade attending

36.8%

19.7%

13.7%

10.1%

19.8%

100.0%

% within poverty level

1.9%

1.3%

1.1%

1.1%

1.0%

1.3%

Grade 4

Count

15024

8688

6913

4585

9549

44759

% within grade attending

33.6%

19.4%

15.4%

10.2%

21.3%

100.0%

% within poverty level

1.6%

1.2%
1.2%
1.1%
1.0%
1.2%
Grade 5
Count
17391
8503
6557
4588
9350
46389
% within grade attending
37.5%
18.3%
14.1%
9.9%
20.0%
100.0%
% within poverty level
1.9%
1.2%
1.1%

1.1%
1.0%
1.3%
Grade 6
Count
17518
10118
6622
5514
10219
49991
% within grade attending
35.0%
20.2%
13.2%
11.0%
20.4%
100.0%
% within poverty level
1.9%
1.4%
1.1%
1.3%
1.1%

1.4%

Grade 7

Count

20258

10862

7436

5147

11005

54708

% within grade attending

37.0%

19.9%

13.6%

9.4%

20.1%

100.0%

% within poverty level

2.2%

1.5%

1.3%

1.2%

1.1%

1.5%

Grade 8

Count

18208

10223

6918

5681

10270

51300

% within grade attending

35.5%

19.9%

13.5%

11.1%

20.0%

100.0%

% within poverty level

2.0%

1.4%

1.2%

1.3%

1.1%

1.4%

Continued on the next page.

Continued from the previous page.

Poverty level by grade level attending (continued from the previous page).

POVERTY LEVEL

TOTAL

EXTREME

BELOW

NEAR

LOW

MIDDLE

POVERTY

POVERTY POVERTY

INCOME

INCOME +

(BELOW 49%) (50-99%) (100-149%) (150-199%) (OVER 200%)

Grade 9

Count

17005

11112

7416

5394

10103

51030

% within grade attending

33.3%

21.8%

14.5%

10.6%

19.8%

100.0%

% within poverty level

1.9%

1.5%

1.3%

1.3%

1.1%

1.4%

Grade 10

Count

15421

10959

7778

5708

9559

49425

% within grade attending

31.2%

22.2%

15.7%

11.5%

19.3%

100.0%

% within poverty level

1.7%

1.5%

1.3%

1.3%

1.0%

1.4%

Grade 11

Count

15427

9993

8547

6298

10324

50589

% within grade attending

30.5%

19.8%

16.9%

12.4%

20.4%

100.0%

% within poverty level

1.7%

1.4%

1.5%

1.5%

1.1%

1.4%

Grade 12

Count

16601

10996

8651

5407

9690

51405

% within grade attending

32.3%

21.4%

16.8%

10.6%

18.9%

100.0%

% within poverty level

1.8%

1.5%

1.5%

1.3%

1.0%

1.4%

College

Count

56534

43018

37382

30028

65176

232138

undergraduate % within grade attending

24.4%

19.8%

15.3%

5.4%

9.4%

100.0%

years

% within poverty level

6.2%

18.5%

16.1%

12.9%

28.1%

6.4%

Graduate or

Count

3965

2757

4242

4295

21075

36334

professional % within grade attending

10.9%

7.6%

11.7%

11.8%

58.0%

100.0%

school

% within poverty level

.4%

.4%

.7%

1.0%

2.2%

1.0%

TOTAL

Count

910737

721679

585643

427540

959305

3604904

% within grade attending

25.3%

20.0%

16.2%

11.9%

26.6%

100.0%

% within poverty level

100.0%

100.0%

100.0%

100.0%

100.0%

100.0%

Poverty in Puerto Rico 77

TABLE 2.5.3

Poverty level by completed education.

POVERTY LEVEL

TOTAL

EXTREME

BELOW

NEAR

LOW

MIDDLE

POVERTY

POVERTY POVERTY

INCOME

INCOME +

(BELOW 49%) (50-99%) (100-149%) (150-199%) (OVER 200%)

Not

Count

56072

35455

22741

13115

19599

146982

schooling % within completed education

38.1%

24.1%

15.5%

8.9%

13.3%

100.0%

% within poverty level

6.5%

5.1%

4.0%

3.1%

2.1%

4.2%

Nursery

Count

18672

9215

6688

4634

10666

49875

or
% within completed education
37.4%

18.5%

13.4%

9.3%

21.4%

100.0%

preschool % within poverty level

2.2%

1.3%

1.2%

1.1%

1.1%

1.4%

Kindergarten Count

19616

8842

5779

4243

7446

45926

high school % within completed education

42.7%

19.3%

12.6%

9.2%

16.2%

100.0%

% within poverty level

2.3%

1.3%

1.0%

1.0%

.8%

1.3%

Grade 1

Count

22563

12314

7203

5398

9344

56822

% within completed education

39.7%

21.7%

12.7%

9.5%

16.4%

100.0%

% within poverty level

2.6%

1.8%

1.3%

1.3%

1.0%

1.6%

Grade 2

Count

24458

16386

10002

6269

10713

67828

% within completed education

36.1%

24.2%

14.7%

9.2%

15.8%

100.0%

% within poverty level

2.8%

2.4%

18%

1.5%

1.1%

1.9%

Grade 3

Count

28893

22821

15727

8175

13545

89161

% within completed education

32.4%

25.6%

17.6%

9.2%

15.2%

100.0%

% within poverty level

3.3%

33%

2.8%

2.0%

1.4%

2.6%

Grade 4

Count

32886

25545

17953

10514

15778

102676

% within completed education

32.0%

24.9%

17.5%

10.2%

15.4%

100.0%

% within poverty level

3.8%

3.7%

3.1%

2.5%

1.7%

2.9%

Grade 5

Count

29299

21303

13163

8839

13229

85833

% within completed education

34.1%

24.8%

15.3%

10.3%

15.4%

100.0%

% within poverty level

3.4%
3.1%
2.3%
2.1%
1.4%
2.5%
Grade 6
Count
47649
36482
23535
12567
17949
138182
% within completed education
34.5%
26.4%
17.0%
9.1%
13.0%
100.0%
% within poverty level
5.5%
5.2%

4.1%
3.0%
1.9%
4.0%
Grade 7
Count
39020
25324
16243
9917
14726
105230
% within completed education
37.1%
24.1%
15.4%
9.4%
14.0%
100.0%
% within poverty level
4.5%
3.6%
2.8%
2.4%

1.6%

3.0%

Grade 8

Count

41094

29934

19624

11199

18551

120402

% within completed education

34.1%

24.9%

16.3%

9.3%

15.4%

100.0%

% within poverty level

4.8%

4.3%

3.4%

2.7%

2.0%

3.5%

Continued on the next page.

78

78

H é c t o r R . C o r d e r o - G u z m á n

Continued from the previous page.

Poverty level by completed education (continued from the previous page).

POVERTY LEVEL

TOTAL

EXTREME

BELOW

NEAR

LOW

MIDDLE

POVERTY

POVERTY POVERTY

INCOME

INCOME +

(BELOW 49%) (50-99%) (100-149%) (150-199%) (OVER 200%)

Grade 9

Count

54259

40960

26391

16511

20933

159054

% within completed education

34.1%

25.8%

16.6%

10.4%

13.2%

100.0%

% within poverty level

6.3%

5.9%

4.6%

4.0%

2.2%

4.6%

Grade 10

Count

35339

22573

16423

9836

14774

98945

% within completed education

35.7%

22.8%

16.6%

9.9%

14.9%

100.0%

% within poverty level

4.1%

3.2%

2.9%

2.4%

1.6%

2.8%

Grade 11

Count

39614

27278

18663

11182

16285

113022

% within completed education

35.0%

24.1%

16.5%

9.9%

14.4%

100.0%

% within poverty level

4.6%

3.9%

3.3%

2.7%

1.7%

3.2%

12th grade- Count

12255

9454

7010

4542

5655

38916

no diploma % within completed education

31.5%

24.3%

18.0%

11.7%

14.5%

100.0%

% within poverty level

1.4%

1.4%

1.2%

1.1%

.6%

1.1%

Regular

Count

167246

154650

131604

90675

138531

682706

high school % within completed education

24.5%

22.7%

19.3%

13.3%

20.3%

100.0%

diploma

% within poverty level

19.4%

22.2%

23.0%

21.7%

14.7%

19.6%

GED or

Count

25261

18543

13639

8455

12719

78617

alternative % within completed education

32.1%

23.6%

17.3%

10.8%

16.2%

100.0%

credential % within poverty level

2.9%
2.7%
2.4%
2.0%
1.4%
2.3%
Some
Count
15554
12635
11830
8578
16696
65293
college-less % within completed education
23.8%
19.4%
18.1%
13.1%
25.6%
100.0%
than 1 year % within poverty level
1.8%
1.8%

2.1%

2.1%

1.8%

1.9%

1 or more Count

79979

74437

71992

56874

118834

402116

years of

college-

% within completed education

19.9%

18.5%

17.9%

14.1%

29.6%

100.0%

no degree % within poverty level

9.3%

10.7%

12.6%

13.6%

12.6%

11.5%

Associates Count

37473

43769

45103

35813

81902

244060

degree

% within completed education

15.4%

17.9%

18.5%

14.7%

33.6%

100.0%

% within poverty level

4.3%

6.3%

7.9%

8.6%

8.7%

7.0%

Bachelors Count

30597

40804

57910

63652

241030

433993

degree

% within completed education

7.1%

9.4%

13.3%

14.7%

55.5%

100.0%

% within poverty level

3.5%

5.9%

10.1%

15.2%

25.6%

12.4%

Masters

Count

3635

5867

9289

13369

78365

110525

degree

% within completed education

3.3%

5.3%

8.4%

12.1%

70.9%

100.0%

% within poverty level

.4%

.8%

1.6%

3.2%

8.3%

3.2%

Continued on the next page.

Continued from the previous page.

Poverty level by completed education (continued from the previous page).

POVERTY LEVEL

TOTAL

EXTREME

BELOW

NEAR

LOW

MIDDLE

POVERTY

POVERTY POVERTY

INCOME

INCOME +

(BELOW 49%) (50-99%) (100-149%) (150-199%) (OVER 200%)

Grade 9

Count

1137

1170

1670

2025

25278

31280

% within completed education

3.6%

3.7%

5.3%

6.5%

80.8%

100.0%

% within poverty level

.1%

.2%

.3%

.5%

2.7%

.9%

Grade 10

Count

483

961

804

1354

17625

21227

% within completed education

2.3%

4.5%

3.8%

6.4%

83.0%

100.0%

% within poverty level

.1%

.1%

.1%

.3%

1.9%

.6%

Grade 11

Count

863054

696722

570986

417736

940173

3488671°

% within completed education

24.7%

20.0%

16.4%

12.0%

26.9%

100.0%
% within poverty level
100.0%
100.0%
100.0%
100.0%
100.0%
100.0%

TABLE 2.5.4

Poverty level by high school graduate.

POVERTY LEVEL

TOTAL

EXTREME

BELOW

NEAR

LOW

MIDDLE

POVERTY

POVERTY POVERTY

INCOME

INCOME +

(BELOW 49%) (50-99%) (100-149%) (150-199%) (OVER 200%)

Yes

Count

501689

343886

227145

136941

209193

1418854

% within own child

35.4%

24.2%

16.0%

9.7%

14.7%

100.0%

% within poverty level

58.1%

49.4%

39.8%

32.8%

22.3%

40.7%

No

Count

361365

352836

343841

280795

730980

2069817

% within own child

17.5%

17.0%

16.6%

13.6%

35.3%

100.0%

% within poverty level

41.9%

50.6%

60.2%

67.2%

77.7%

59.3%

TOTAL

Count

863054

696722

570986

417736

940173

3488671

% within own child

24.7%

20.0%

16.4%

12.0%

26.9%

100.0%

% within poverty level

100.0%

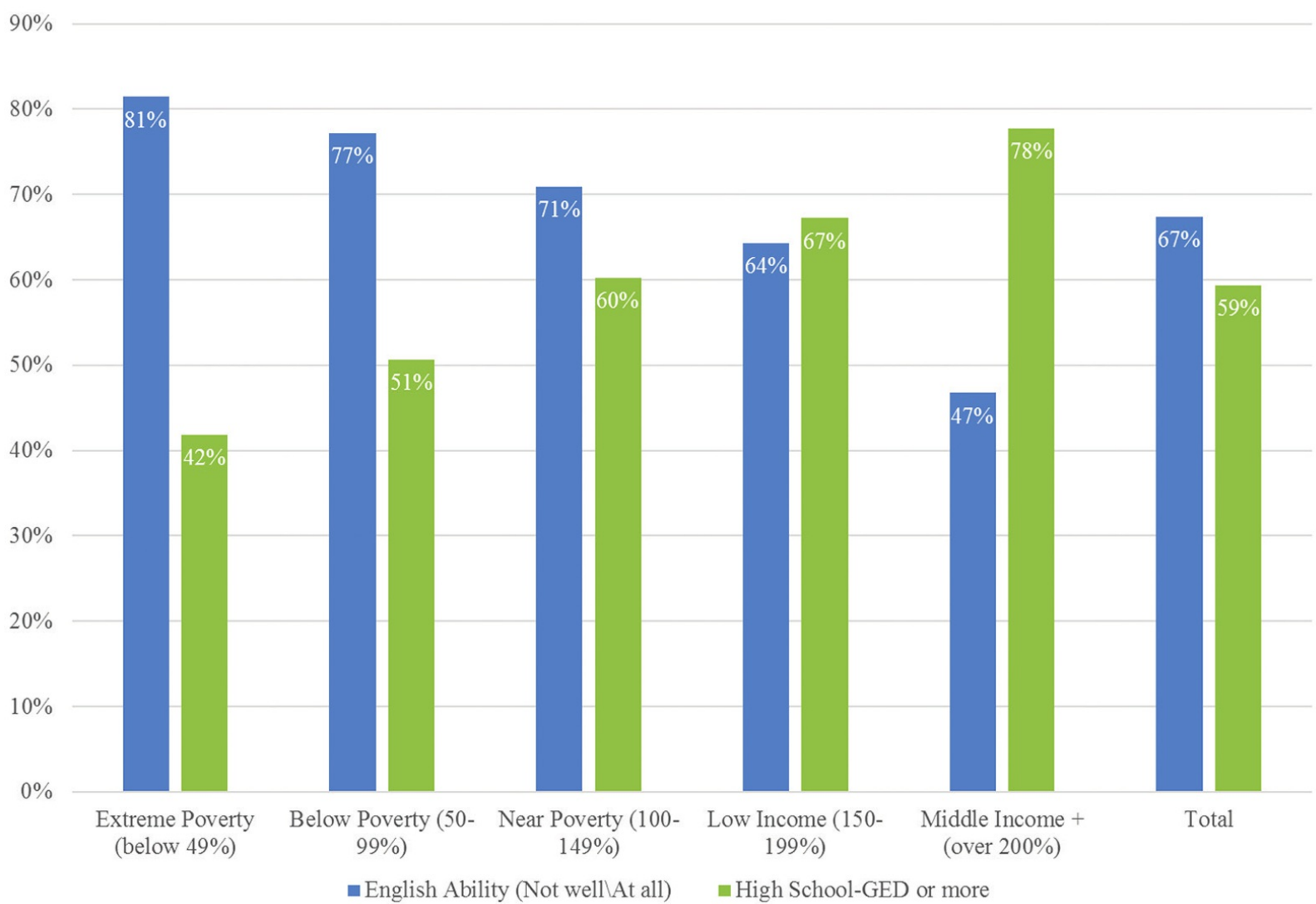
100.0%

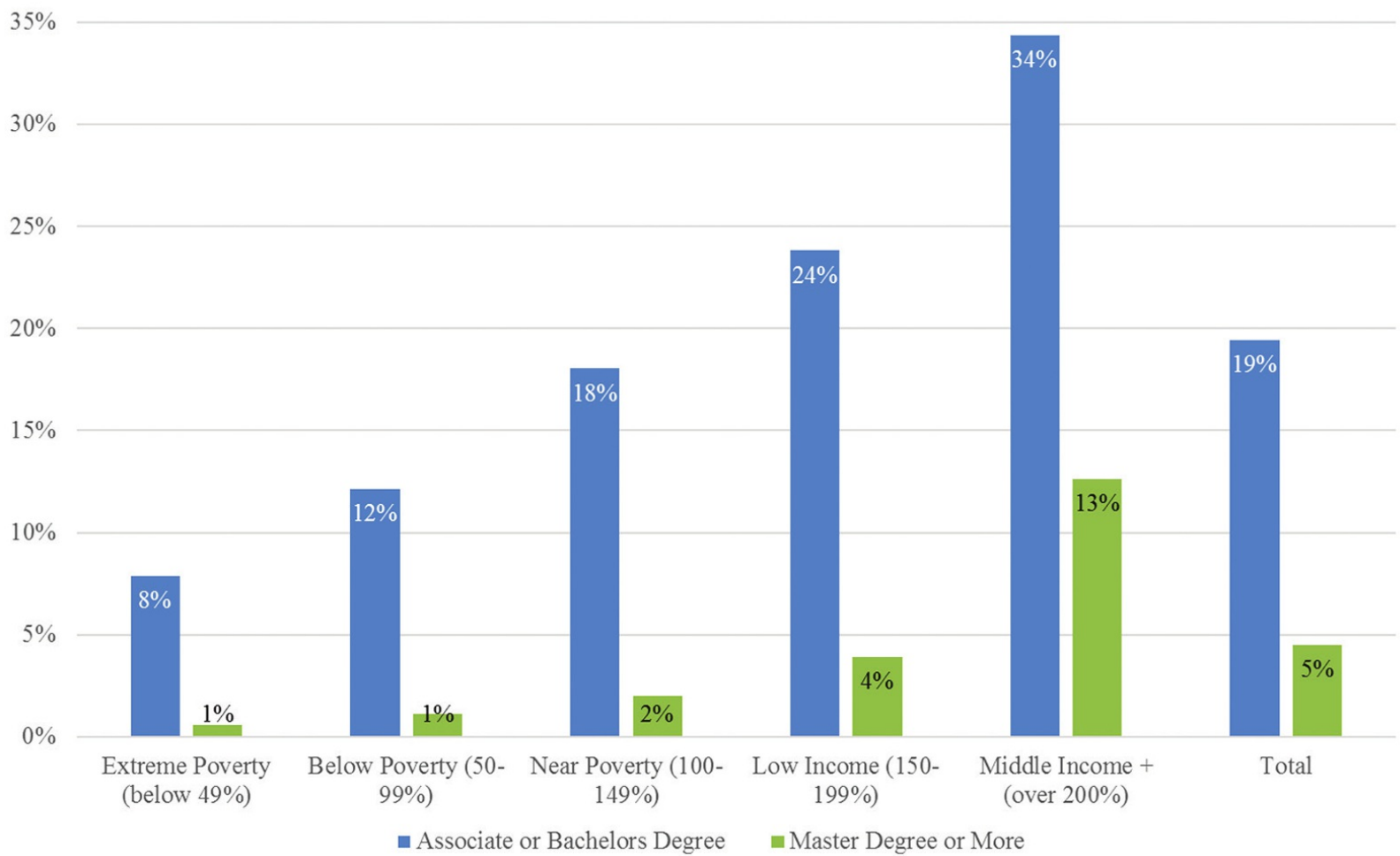
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Héctor R. Cordero - Guzmán

FIGURE 2.6

English language use and high school graduate or more by poverty level.

FIGURE 2.7

College graduate and Masters degree or more by poverty level.

Poverty in Puerto Rico 81

Employment status and labor force participation

Understanding employment is critical to the analysis of the social and economic status of the population. This section discusses data on the employment status of the population collected by the Puerto Rico Community Survey (PRCS). The census excludes

persons that are 15 years of age and younger from the calculation of persons eligible for the labor force and divides the rest of the population into civilian employed at work,

civilian employed but not at work, unemployed which includes persons that are in the labor force and looking for work, persons in the active Armed Forces, persons inactive from the Armed Forces, and persons not in the labor force (NILF). The category not in the labor force (NILF) includes persons that are neither working nor looking for work.

Table 2.6.1 presents information on the employment status of the population. Close to 20.0% of the population in Puerto Rico is 15 years old or younger and not considered of working age. About 28.9% of the population is employed in the civilian labor force, 1.1%

of the population are employed in the civilian labor force but were not at work, 6.7% of the population is considered unemployed (or 241,992 persons) and 43.2% of the population are classified as not in the labor force (about 1.5 million persons). Data on labor force participation confirm that Puerto Rico has a relatively low employment rate and a relatively high proportion of the adult population is not in the labor force.⁴ This has been a preoccupation of policy makers and analysts for some time.⁵ The explanation that is often given, however, focuses on supply side factors like willingness to work, the availability and use of public assistance, the role of the federal minimum wage,⁶ and has focused less on demand side factors like the availability, quantity and quality of jobs and labor market opportunities for workers, particularly those trying to enter into the labor force. With 241,992 persons looking for work, the Puerto Rico labor market seems to have an abundant supply of workers that are actively seeking but not able to find employment.

Table 2.6.2 excludes the population 15 years of age and younger from the calculations and divides the rest of the population into those employed, those in the labor force and looking for work (or unemployed), persons in the military, and persons not in the labor force. We can see that about 37.5% of the population were employed, and other 8.4% were looking for work or unemployed, a very small proportion in the military,

and about 54% of the population not in the labor force. There are significant differences ⁴ See Abel, J. B., Deitz, R., Haughwout, A., Klitgaard, T., & Orr, J. (2014). *An update of the competitiveness of Puerto Rico's economy*. New York, NY: Federal Reserve Bank of New York.

⁵ See United States Department of Commerce. (1979). *Economic study of Puerto Rico*. Washington, DC: U.S.

Department of Commerce; Weisskoff, R. (1985). *Factories and food stamps: The Puerto Rico model of development*. Baltimore: John Hopkins University Press.

6 See Burtless, G. and Sotomayor, O. (2006). Labor supply and public transfers. In Collins, Bosworth and Soto-Class (Eds.), *The economy of Puerto Rico: Restoring growth* (Chapter 3). Washington, DC: Brookings Institution; and Enchautegui, M. and Freeman, R. (2006). Why don't more Puerto Rican men work? The rich uncle (Sam) hypothesis. In Collins, Bosworth and Soto-Class (Eds.), *The economy of Puerto Rico: Restoring growth* (Chapter 4). Washington, DC: Brookings Institution.

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in employment and unemployment by poverty level. About 11.8% of persons below poverty were considered employed, this number increases about 26.9% of those below poverty and 38.5% of those near poverty. The proportion in the low income category that were employed was 47.8% and about 60% of those in the middle-income or more category were considered employed.

Unemployment also varies significantly by poverty level with about 17.1% of those in extreme poverty looking for work but not being able to find it and classified as unemployed compared to 9.3% of those below poverty, 6.6% of those near poverty, 5.2% of those in the low income category and about 3.5% for persons in the middle-income or more category. The different experiences of employment and unemployment mean that about 71% of persons in extreme poverty were not in the labor force compared to 63.8% of those below poverty, 54.9% of those near poverty, 46.9% of the low-income population and 36.4% for those middle-income or more. The differences in labor force participation by poverty level are pronounced with an almost 50 percentage point difference between the 11.8% of persons in extreme poverty that were employed and the close to 60% of persons employed in the category middle-income or more.

Figure 2.8 summarizes the information on employment status by poverty level and divides the population 16 years of age and older into three categories, employed, un-

employed or looking for work, and not in the labor force (not working or looking for work). Close to 54% of the population in Puerto Rico is considered not in the labor force, another 8% unemployed, and about 38% employed. Data show significant differences by poverty level in employment and connection to the labor market. Close to 12% of persons in extreme poverty were employed, 27% of persons below poverty, 38% of persons near poverty, 48% of those classified as low income, and 60% of the middle-income or more were employed. Close to 17% of persons in extreme poverty were classified as unemployed, 9% of those below poverty, 7% of those near poverty, 5% of those in the low income category, and 3% of those with middle-income or more. In contrast, about 71% of persons in extreme poverty were not in the labor force, 64% of persons below poverty, 55% of persons near poverty, 47% of persons classified as low income, and 36% of those in the middle-income or more category. The relationship between labor force status and poverty level is quite pronounced and robust.

Table 2.6.3 presents information on the type of place of employment for those that are working and in the labor force by poverty level. As suggested before, 57.9% of the population is either 15 years of age or younger, last worked over five years ago or never worked, and are considered not in the labor force. Another 3.0% of the population is unemployed or has not worked within the last five years. Of the rest, persons in the active labor force and working, about 23.7% are employees of a private for-profit company or business; 1.8% of the population are employed in the private not-for-profit or tax-exempt or charitable organization; 2.4% are employed by local government; 5.8% are employed by state government; .9% (or 32,085 persons) are employed by the federal government; 3.5% of the population (or 124,943 persons) are self-employed in their own unincorporated business; .9% of the population (or 34,147 persons) are self-

employed in their own incorporated business; .1% of the population (or close to 2,541 person) reported working without pay in their family business or farm.

If we only include persons employed or active in the labor force in the calculations, the proportion of persons employed in a private for-profit company or business is about 61%, the proportion working for state (Puerto Rico) government is close to 15%, the proportion that are self-employed in own incorporated business, professional practice, or farm is about 9%, local government (municipalities) employees are about 6%, employees in private not-for-profit, tax-exempt, or charitable organizations are about 5%, federal government employees are about 2%, and persons self-employed in their own incorporated business, professional practice or farm are about 2% of the workforce.

There are some notable differences in sector of employment by poverty level with about 64% of persons in extreme poverty that are employed working for private for-profit company or business (or for an individual) for wages, salary, or commissions. The proportion working in for-profit companies for those below poverty is 67%, for those near poverty is 65%, for those in the low income category it is about 60%, and for persons in the middle-income or more category it is about 55%. In terms of state government employees, there is significant variation by poverty level with only 5% of persons in extreme poverty and 7% of persons below poverty working for state government, about 12% of persons near poverty, 18% of persons in the low income category, and 21% of persons in the middle-income or more category that worked for state government. The third largest category includes persons that are self-employed in their own not incorporated business, professional practice, or farm and this includes 18% of persons in extreme poverty, 11% of persons below poverty, 8% of persons near poverty,

6% of persons classified as low income, and 7% of persons in the category of middle-income or more. The relatively high proportion of persons in extreme poverty and below poverty that are self-employed is notable and has interesting policy implications in terms of strategies that can support self-employment among those segments of the population. In terms of the other employment categories there does not appear to be much variation by poverty level.

Table 2.6.4 presents information on the proportion of the population that is available for work. The data suggest 265,939 persons or 7.4% of the population is considered available for work. There are notable differences in the proportion of persons available for work by poverty status with about 12.1% of persons in extreme poverty classified as available for work, 7.9% persons below poverty, 6.2% of persons near poverty, 5.2% of persons classified as low income, .2% of persons in the middle income category are more. This suggests that persons in poverty in Puerto Rico are looking for work with about 41.5% of the persons available for work being in the extreme poverty category, and another 21.4% in the below poverty category suggesting that 62.9% of persons available for work in Puerto Rico are below poverty.

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Table 2.6.5 presents information of the proportion of the population actually looking for work and it is estimated at 246,357 persons or 6.8% of the population. If we examine the proportion of the population that is actively looking for work, we also find that there are significant differences by poverty level. Close to 12% of persons in extreme poverty are looking for work as are about 7.4% persons below poverty, 5.7% of persons near poverty, about 4.6% of those classified as low income and about 3.2% of those in the category middle-income or more. Close to 44.2% of those looking for work in

Puerto Rico, about 108,998 persons, are in the extreme poverty category and another 21.8%, or 53,700 persons, were individuals in the below poverty category who were also looking for work. This means that there are over 165,000 persons below poverty looking for work in Puerto Rico and they represented 66% of all persons that are looking for work on the Island.

Table 2.6.6 shows information on the last year the persons worked. As has been said, close to 20% of the population is 15 years of age or younger and not considered of working age. About 32.9% of the population worked within the past 12 months, but 6.2% of the population worked last between one to five years ago, and about 40.9% of the population last worked over five years ago (or never worked). If we only include persons that worked within the last five years, close to 56.7% persons in extreme poverty worked within the last 12 months, 79.9% of persons below poverty, 86.1% of persons near poverty, 88.8% of persons classified as low income, 92% of persons in the middle-income or more category worked within the last 12 months.

Table 2.6.7 presents information on the number of weeks worked for those in the labor force by poverty level. The data suggest that close to 67.1% of the population is younger than 16 years of age or did not work in the previous 12 months. About 26.4% of the population worked between 50 and 52 weeks of the year and that is close to 951,023 persons. Close to 6.6% of the population worked between 13 and 49 weeks the previous year. If we only include persons in the labor force in the calculation, we find that about 80.2% of the labor force worked 50 and 52 weeks, about 1.2% worked between 48 and 49 weeks, about a 2.9% worked 40 and 47 weeks, close to 4.6% worked between 27 and 39 weeks, another 4.7% worked between 14 and 26 weeks, and 6.4% of the labor force worked 13 weeks or less. There are significant differences by poverty level, particularly for those in extreme poverty, where only about 41.9% of those in the labor force worked between 50 and 52 weeks compared to 70.7% of those

below poverty, 81.5% of those near poverty, 84.5% of those classified as low income, and 88.7% of those in the middle-income or more category. Close to 10.3% to those in extreme poverty worked between 27 and 39 weeks, another 15.4% worked between 14 and 26 weeks, and about 26.8% for less than 13 weeks.

Table 2.6.8 shows information on whether the respondent worked in the previous week and suggests that close to 28.6% of the population reported working in the week prior to the survey. Figure 2.9 shows the average hours worked by poverty level and suggests that the average was about 36 hours worked per week with some significant differences

Poverty in Puerto Rico 85

by poverty level. Persons in extreme poverty worked an average of 24 hours per week, persons below poverty worked 32 hours per week, persons near poverty worked 35 hours per week, persons in the low income category worked 37 hours per week, and persons in the middle-income or more category worked about 39 hours per week.

The findings about the strong relationship that exists between employment status, connections to the labor market and poverty level are important to keep in mind. It is also critical to disentangle a set of labor supply factors that focus on the individual level characteristics that make it hard for persons in extreme poverty to seek and find stable employment and a set of labor demand factors related to the lack of available jobs, the quality of jobs, and increasing competition over employment due to the abundance of

workers. Sawhill and Karpilow (2013, p. 2)⁷ find a similar phenomenon in low income communities throughout the United States and their finding has relevance for understanding the situation in Puerto Rico when they argue that,

In short, and not surprisingly, a scarcity of second earners combined with a shortage of work hours and low pay rates keep the bottom third out of the middle class.

However, the most important reason by far for the low incomes of these households is a lack of work. They are less likely to be employed and work fewer hours when they

do hold a job. We refer to this as the “work gap.”

There is a “work gap” in Puerto Rico and it is quite evident as is the collapse of the labor market since 2006. The Bureau of Labor Statistics (BLS)⁸ reports that in December

2006, Puerto Rico’s labor force was 1.4 million persons with 1,277,559 persons employed and this had declined consistently to a labor force of 1.1 million with 1,006,754 persons employed. The collapse of Puerto Rico’s labor market and employment during this period does not appear to be attributable to changes in eligibility rules or to the availability of federal safety net programs. In fact, evidence presented in Figure 2.9.1

combining BLS data with TANF caseload data from the Puerto Rico Department of the

Family suggests that take-up rates for programs chronologically followed the declines in employment and did not precede them. In fact, it appears the programs worked as they

should, providing a safety net of support to families during a period of sharp job losses and steady declines in employment. What appears worrisome, in fact, is the decline in

TANF participation as employment continues to decline suggesting, perhaps, that time

limits or other reasons could be forcing participants to exit the program or that participants may be a segment of those migrating out of Puerto Rico.

7 See Sawhill, I. & Karpilow, Q. (2013). *Strategies for assisting low-income families*. Washington, DC: Center on Children and Families at Brookings. Retrieved July 10, 2016, from <http://www.brookings.edu/~media/>

[research/files/papers/2013/07/01-assisting-low-income-families-sawhill/01-assisting-low-income-families-sawhill.pdf](http://www.brookings.edu/~media/research/files/papers/2013/07/01-assisting-low-income-families-sawhill/01-assisting-low-income-families-sawhill.pdf)

8 See BLS Labor market and employment data at <http://www.bls.gov/eag/eag.pr.htm> (retrieved July 10, 2016).

TABLE 2.6.1

Poverty level by employment status recode.

POVERTY LEVEL

TOTAL

EXTREME

BELOW

NEAR

LOW

MIDDLE

POVERTY

POVERTY POVERTY

INCOME

INCOME +

(BELOW 49%) (50-99%) (100-149%) (150-199%) (OVER 200%)

Between

Count

270451

144459

98510

70794

137165

721379

0 and 15

% within employment status

37.5%

20.0%

13.7%

9.8%

19.0%

100.0%

years old

% within poverty level

29.7%

20.0%

16.8%

16.6%

14.3%

20.0%

Civilian

Count

72909

149353

180836

163821

474222

1041141

employed, % within employment status

7.0%

14.3%

17.4%

15.7%

45.5%

100.0%

at work

% within poverty level

8.0%

20.7%

30.9%

38.3%

49.4%

28.9%

Civilian em- Count

2759

5943

6685

6862

19147

41396

ployed, with

a job but

% within employment status

6.7%

14.4%

16.1%

16.6%

46.3%

100.0%

not at work % within poverty level

.3%

.8%

1.1%

1.6%

2.0%

1.1%

Unemployed Count

109710

53450

31956

18508

28368

241992

% within employment status

45.3%

22.1%

13.2%

7.6%

11.7%

100.0%

% within poverty level

12.0%

7.4%

5.5%

4.3%

3.0%

6.7%

Armed forces, Count

0

39

99

73

764

975

at work

% within employment status

0.0%

4.0%

10.2%

7.5%

78.4%

100.0%

% within poverty level

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Armed forces, Count

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with a job but % within employment status

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not at work % within poverty level

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Not in

Count

454908

368435

267557

167471

299639

1558010

labor force % within employment status

29.2%

23.6%

17.2%

10.7%

19.2%

100.0%

% within poverty level

49.9%

51.1%

45.7%

39.2%

31.2%

43.2%

TOTAL

Count

910737

721679

585643

427540

959305

3604904

% within employment status

25.3%

20.0%

16.2%

11.9%

26.6%

100.0%

% within poverty level

100.0%

100.0%

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100.0%

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Poverty in Puerto Rico 87

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986

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11.7%

3.5%

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299639

19.2%

36.4%

822140

28.5%

100.0%

(OVER 200%

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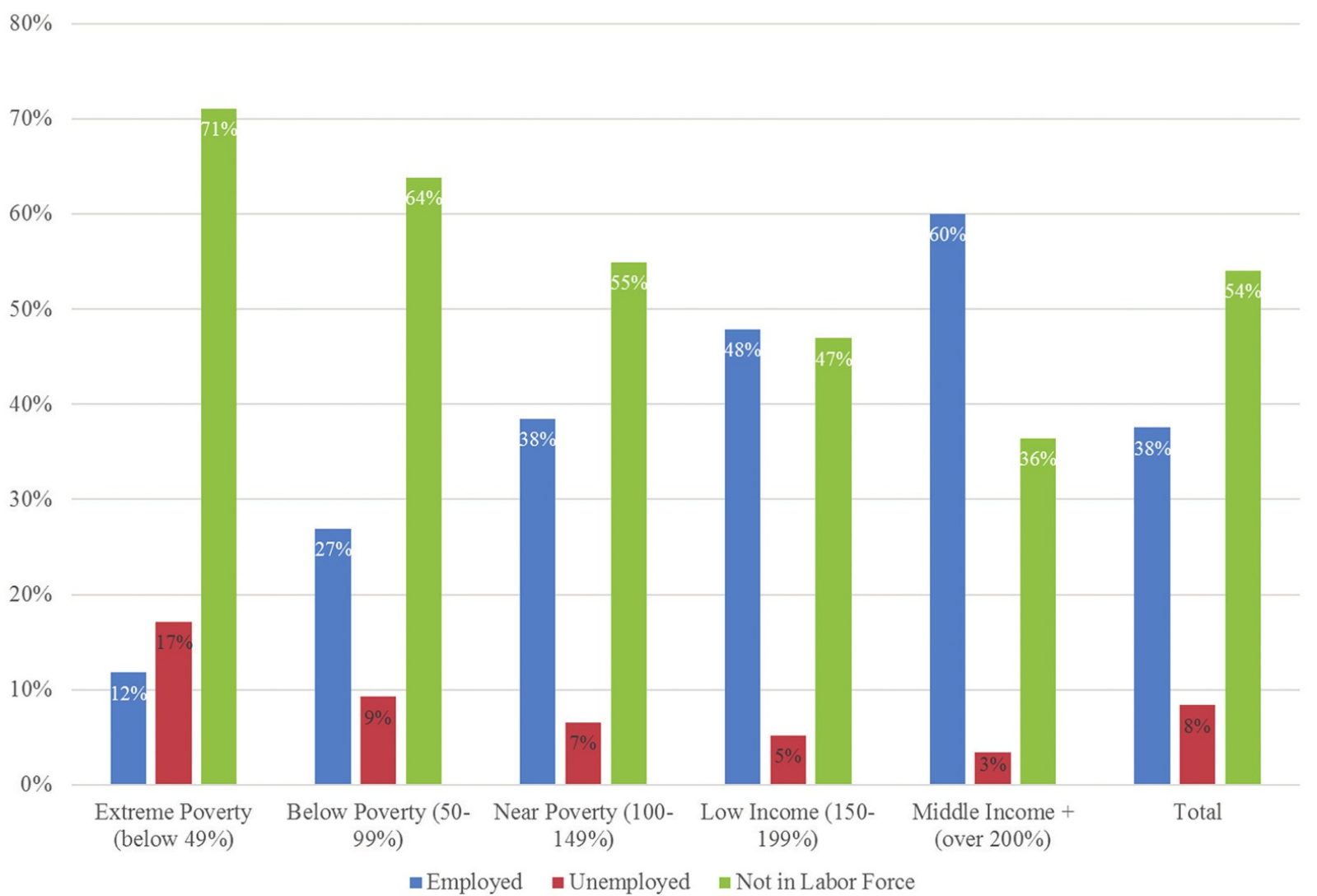
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FIGURE 2.8

Employment status by poverty level.

Poverty in Puerto Rico 89

2.4%

100.0%

57.9%

854106

100.0%

23.7%

65587

100.0%

1.8%

85739

100.0%

209409

100.0%

5.8%

32085

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124943

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36.5%

32.5%

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56.7%

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19492

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37774

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TABLE 2.6.7

Poverty level by weeks worked past 12 months.

POVERTY LEVEL

TOTAL

EXTREME

BELOW

NEAR

LOW

MIDDLE

POVERTY

POVERTY POVERTY

INCOME

INCOME +

(BELOW 49%) (50-99%) (100-149%) (150-199%) (OVER 200%)

Between 0 and Count

811218

543412

380923

244196

438903

2418652

15 years old/

did not work % within weeks worked past

33.5%

22.5%

15.7%

10.1%

18.1%

100.0%

past 12 months % within poverty level

89.1%

75.3%

75.0%

57.1%

45.8%

67.1%

50 to 52

Count

41713

125972

166877

154911

461550

951023

weeks

% within weeks worked past

4.4%

13.2%

17.5%

16.3%

48.5%

100.0%

% within poverty level

4.6%

17.5%

28.5%

36.2%

48.1%

26.4%

48 to 49

Count

1408

1913

3106

2253

5966

14646

weeks

% within weeks worked past

9.6%

13.1%

21.2%

15.4%

40.7%

100.0%

% within poverty level

.2%

.3%
.5%
.5%
.6%
.4%
40 to 47
Count
4184
8094
6184
4777
11028
34267
weeks
% within weeks worked past
12.2%
23.6%
18.0%
13.9%
32.2%
100.0%
% within poverty level
.5%
1.1%

1.1%

1.1%

1.1%

1.0%

27 to 39

Count

10247

13366

9366

7325

14463

54767

weeks

% within weeks worked past

18.7%

24.4%

17.1%

13.4%

26.4%

100.0%

% within poverty level

1.1%

1.9%

1.6%

1.7%

1.5%

1.5%

14 to 26

Count

15284

13335

8544

6171

12688

56022

weeks

% within weeks worked past

27.3%

23.8%

15.3%

11.0%

26.6%

100.0%

% within poverty level

1.7%

1.8%

1.5%

1.4%

1.3%

1.6%

48 weeks

Count

26683

15587

10643

7907

14707

75527

or less

% within weeks worked past

35.3%

20.6%

14.1%

10.5%

19.5%

100.0%

% within poverty level

2.9%

2.2%

1.8%

1.8%

1.5%

2.1%

TOTAL

Count

910737

721679

585643

427540

959305

3604904

% within weeks worked past

25.3%

20.0%

16.2%

11.9%

26.6%

100.0%

% within poverty level

100.0%

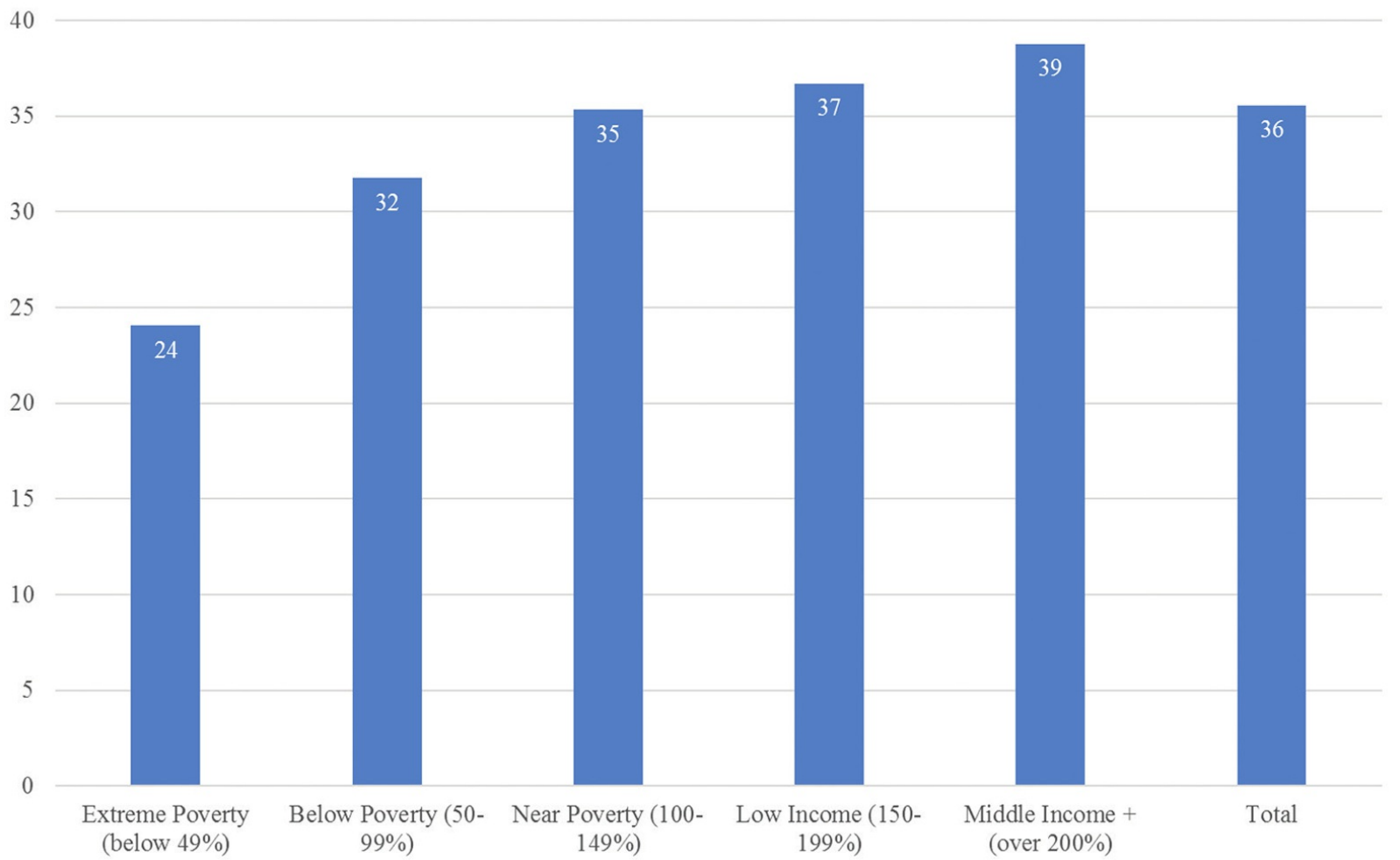
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Poverty in Puerto Rico 95

TABLE 2.6.8

Poverty level by worked last week.

POVERTY LEVEL

TOTAL

EXTREME

BELOW

NEAR

LOW

MIDDLE

POVERTY

POVERTY POVERTY

INCOME

INCOME +

(BELOW 49%) (50-99%) (100-149%) (150-199%) (OVER 200%)

Not

Count

296930

173802

121146

88466

168602

848946

reported % within worked last week

35.0%

25.0%

14.3%

10.4%

19.9%

100.0%

% within poverty level

32.6%

24.1%

20.7%

20.7%

17.6%

23.5%

Worked Count

71359

146109

178607

161190

427161

1029426

% within worked last week

6.9%

14.2%

17.4%

15.7%

45.9%

100.0%

% within poverty level

7.8%

20.2%

30.5%

37.7%

49.2%

28.6%

Did not Count

542448

401768

285890

177884

318542

1726532

work

% within worked last week

31.4%

23.3%

16.6%

10.3%

18.4%

100.0%

% within poverty level

59.6%

55.7%

48.8%

41.6%

33.2%

47.9%

TOTAL Count

910737

721679

585643

427540

959305

3604904

% within worked last week

25.3%

20.0%

16.2%

11.9%

26.6%

100.0%

% within poverty level

100.0%

100.0%

100.0%

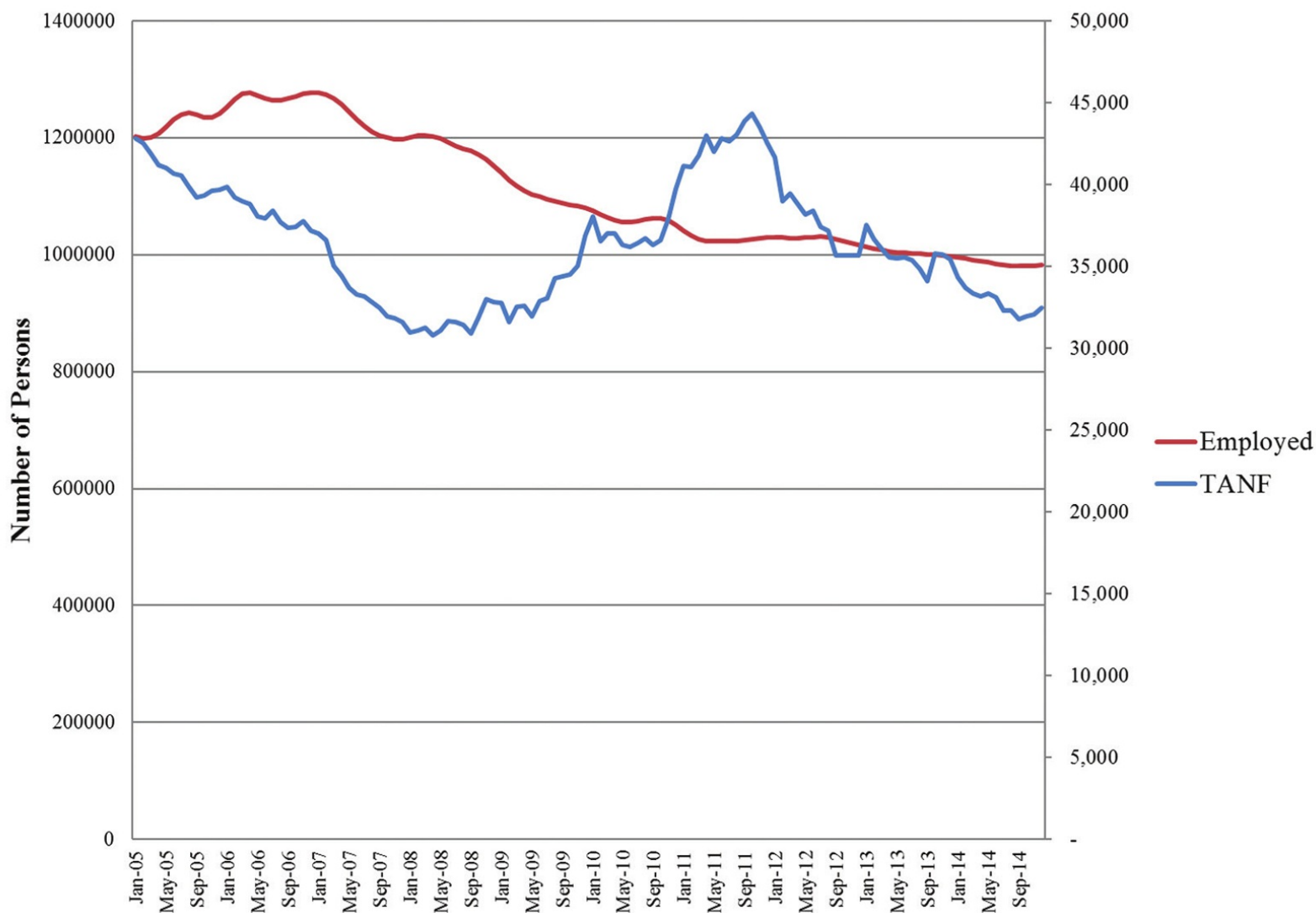
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FIGURE 2.9

Average hours worked per week by poverty level.



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Héctor R. Cordero - Guzmán

FIGURE 2.9.1

Persons employed and TANF case load by poverty level.

Poverty in Puerto Rico 97

Sources, levels and the distribution of income in Puerto Rico

In order to better understand the socioeconomic characteristics of the population in

Puerto Rico this section presents a detailed analysis of sources and levels of income. The sources of income we explore include interest, dividends and rental income; public assistance income; retirement income; self-employment income; Social Security income;

SSI (a social security disability program that is not available in Puerto Rico) income; other sources

of income; wages or salary income; total earnings; and person's total income. We divide the data into equal categories of \$10,000 increments and present the

information on sources and levels of income by poverty level.

The issue of public assistance income has received a lot of attention in the literature and public discussions on poverty, and Table 2.7.1 includes information in the proportion of the population receiving public assistance income which is estimated at 3.6%

of the population or about 105,618 persons. Figure 2.10 shows the percentage of the population reporting public assistance income by poverty level and suggests that about 8% of those in extreme poverty receive some cash assistance, about 5% of those below poverty, around 3% of those near poverty, around 2% of those in the low income category, and about 1% of persons in the middle income or more category. Overall about 4% of the population reported receiving some public assistance income.

Figure 2.11 presents information on the average dollar amounts of public assistance income received by poverty level in Puerto Rico. The data suggest that the average level of assistance for persons in extreme poverty was about \$148, close to \$96 for persons below poverty, about \$52 for persons near poverty, about \$33 for persons in the low income category, and about \$18 for persons that are middle income category or more. The overall average in Puerto Rico was about \$70 in public assistance.

Starting with interest income, Table 2.7.2 shows that close to 97.9% of the population in Puerto Rico did not report any interest, dividends or rental income. Table 2.7.3 shows that only about 3.6% of the population received some public assistance income and that the amounts were less than \$9,999 per year. Retirement income is in Table 2.7.4 and the data suggest that close to 92.7% of the population did not receive any retirement income and that the amounts appear modest. Those that received retirement income tended to be in the higher income categories. Table 2.7.5 presents the data on self-employment income and suggests that about 4.3% of the population reported some

self-employment income with those in the highest poverty categories reporting some modest amounts of self-employment income. Table 2.7.6 lists a very tiny proportion that reported SSI income in Puerto Rico. Table 2.7.7 shows that, interestingly, slightly higher proportions of persons in extreme poverty and below poverty reported receiving “other income” though in the overwhelming amount of cases it was less than \$9,999.

Table 2.7.8 shows data on Social Security (SS) income and this is an important source with over 20% of the population reporting receiving some SS income. Close to 22.5% of persons in the middle income or more category, 28.5% of persons in the low income

98

98

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category, 34.5% of persons near poverty, 35.4% of persons below poverty and 13.5% of persons in extreme poverty reported receiving social security income.

Figure 2.12 presents information on the average retirement income and Social Security income by poverty level. In terms of retirement income, the data shows that persons in extreme poverty received on average about \$38, the average for persons below poverty was \$226, for persons near poverty it was \$585, for persons classified as low income the average was \$1,115, and for persons in the middle income category or more average retirement income was \$2,445. In terms of Social Security (SS) income, persons in extreme poverty received an average \$571, persons below poverty received \$2,597, persons near poverty received an average \$3,117, persons classified as low income received an average \$2,863, and persons in the middle-income or more category received close to \$2,614 in average SS income.

Figure 2.13 presents information and average self-employment income; interest, dividend and any rental income; and any other sources of income by poverty level. The differences in

self-employment income and in “other income” by poverty level are significant but not large and, clearly, persons in the middle-income or more category received a substantially higher average self-employment income at \$2,331 compared to the other categories.

Table 2.7.9 presents information on wages and salaries for the population in Puerto Rico. Close to 63.4% of the population report not receiving any wages or salaries and the number varies from a high of 88.7% for those in extreme poverty, 73.5% of those below poverty, close to 61.9% of the population near poverty, close to 52.8% of those classified as low income and 41.7% of persons classified as middle income or more said that they did not receive any wages or salaries.

Table 2.7.10 presents the distribution of earnings for the overall population. Earnings refer to money earned typically through wages at work and related activities. Earnings tend to be lower than total income which includes all sources. Data suggest that close to 59.0% of the population in Puerto Rico did not report any earnings while 10.8% reported earning less than \$9,999. Another 13.1% earned between \$10,000 and \$19,999. This means that 82.9% of the population reported earning less than \$19,999 during the previous year and the table highlights significant differences in earnings by poverty level, as can be expected.

Lastly, Table 2.7.11 presents information on person’s total income divided into equal categories of \$10,000 increments and classified by poverty level. Data suggest that close to 27.3% of the population reported no income and about 29.3% of the population reported income of between \$1 and \$9,999. Another 21.6% of the population reported total income between \$10,000 and \$19,999 while another 9.5% reported total incomes between \$20,000 and \$29,999. About 12.2% of the population in Puerto Rico reported total incomes of \$30,000 or more. The table shows the distribution of income for the total population and for each of the poverty levels highlighted throughout this report.

Figure 2.14 summarizes information on average wage earnings or salaries; person’s total earnings, and person’s total income for the population in Puerto Rico by poverty

level. Clearly wages, earnings and incomes vary by poverty level but we can see the exact magnitudes in the figure. Focusing on total income we see that the average person in extreme poverty reported a total income of \$1,686, the average person below poverty reported an average income of \$6,411, persons near poverty reported an average income of \$10,223, persons in the low income category reported an average of \$14,034 in income and persons in the middle-income or more category reported an average total income of \$31,179 or almost fifteen times more than the average income of persons in extreme poverty and five times more than persons in the below poverty category.

Table 2.8.1 examines the distribution of income by stratifying the population by poverty level and showing information on average incomes, number of persons (ages 15 and over), the standard deviation of the average income, the median income, the proportion of total income that goes to each poverty level, and the proportion of the total population in each poverty level. The data on inequality⁹ suggest that persons in extreme poverty (at 0 and 49% of the poverty line cutoff) are 22.4% of the population but earned 2.7% of the total income, persons in the below poverty category (between 50% and 99% of the poverty cutoff) were about 20% of the population and earned 9.2% of the total income, those near poverty (between 100% and 149% of the poverty cutoff) were about 16.9% of the population and earned 12.5% of the total income, persons classified as low income (between 150% and 199% of the poverty cutoff) were 12.3% of the population and earned a proportional 12.4% of the total income and persons in the middle income or more category (with incomes over 200% of the poverty cutoff) were 28.3% of the population but earned a whopping 63.2% of the total income in Puerto Rico.

Related analysis showed that the top bottom 20% of the population on the Island earned 1% of total income and the next 20% earned 8% of total income. This means that the bottom 40% of the income distribution in Puerto Rico earned close to 9% of the total income. The top 20% of the income distribution earned 54% of all income

and the top 5% took 25% of all the income in Puerto Rico. These findings are consistent with the study by Sotomayor¹⁰ who found that between 1970 and 1990 the bottom 20 percent earned less than two percent of the total income while the top 20% of the population earned close to 55 percent (Sotomayor, 1998, p. 118). In addition to the challenges of income generation, Puerto Rico also appears to have a very uneven distribution of income with those of the top taking a very high proportion of the income generated on the island while those at the bottom receive a minuscule share of total income at 1% for the bottom 20% and 9% for the bottom 40%.

⁹ For previous studies on income inequality in Puerto Rico see Corrada, R. C. (2004). *The increasing income gap between rich and poor in Puerto Rico*. San Juan, PR: Graduate School of Planning, University of Puerto Rico; and Cue, F. M. (1988). Income distribution and economic development: A case study of the Kuznets’

hypothesis applied to Puerto Rico. *Review of Social Economy*, Vol. 46(1), 61-80.

¹⁰ Sotomayor, O. J. (1998). *Poverty and income inequality in Puerto Rico, 1970-1990*. Río Piedras, P.R.: Centro de Investigaciones Sociales, Universidad de Puerto Rico.

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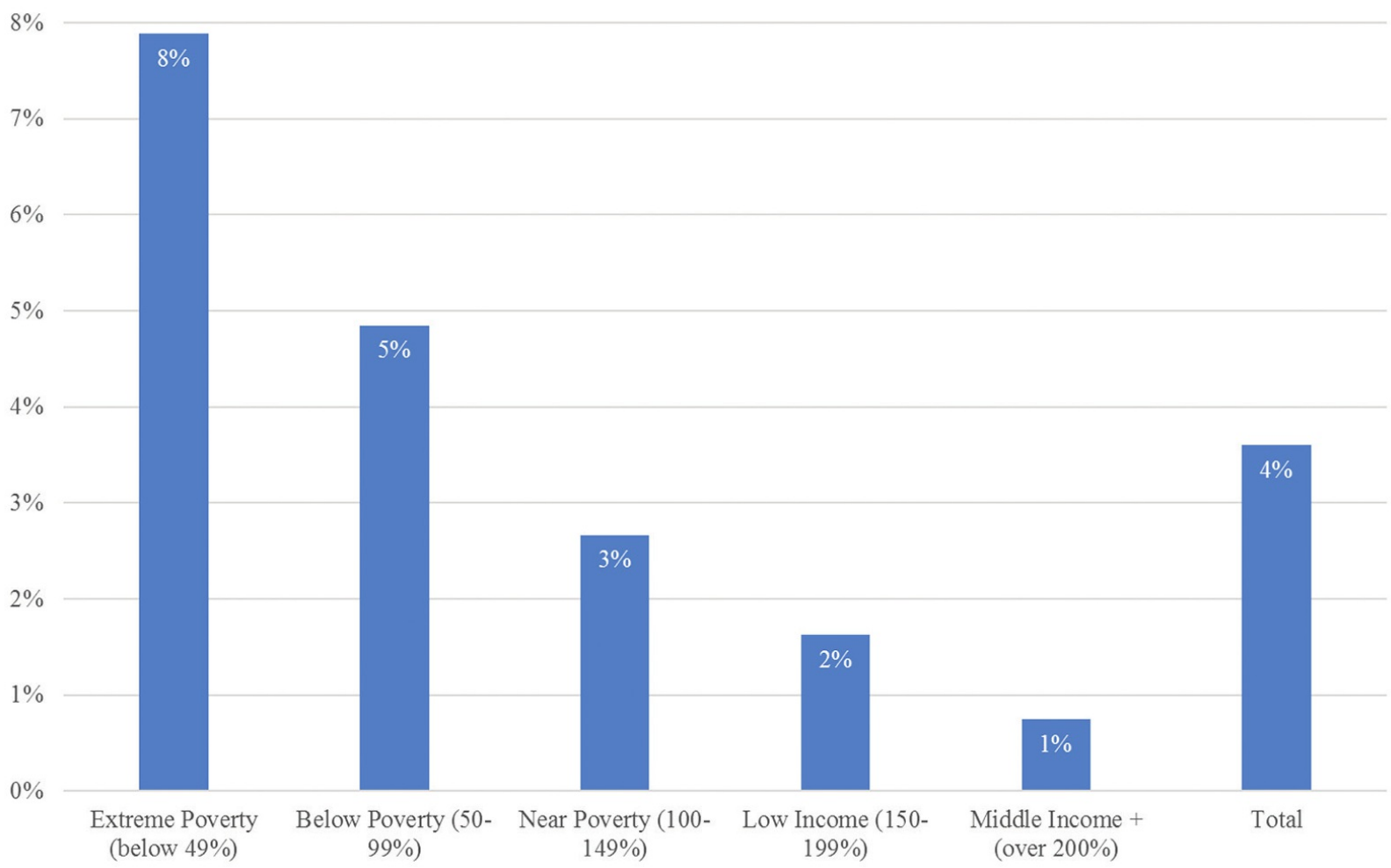
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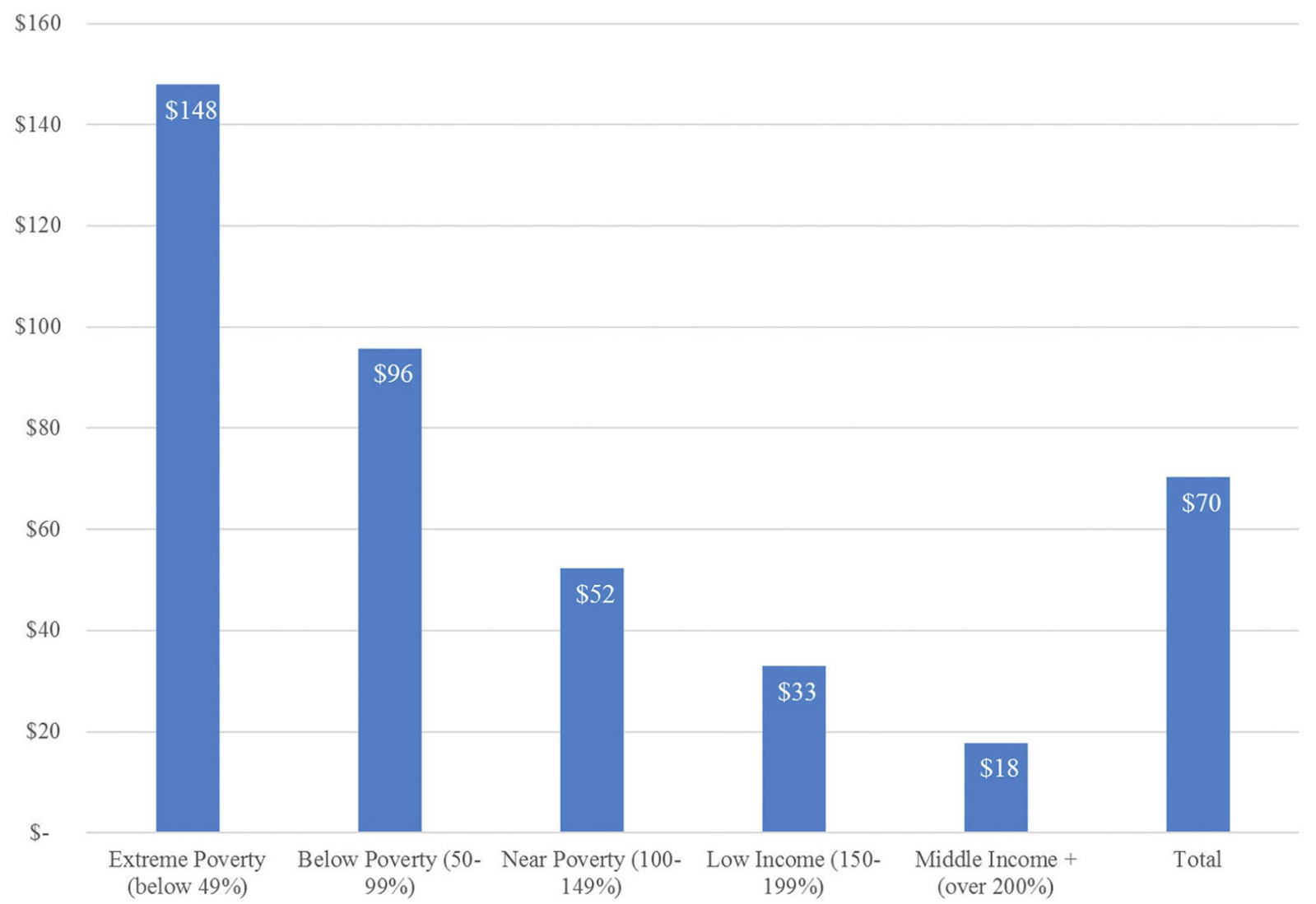
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Poverty in Puerto Rico 101

FIGURE 2.10

Percentage with public assistance income by poverty level.

FIGURE 2.11

Average public assistance income by poverty level.

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Héctor R. Cordero - Guzmán

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100.0%

97.9%

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\$30k t

TOTA

Poverty in Puerto Rico 105

TABLE 2.7.4

Poverty level by retirement income.

POVERTY LEVEL

TOTAL

EXTREME

BELOW

NEAR

LOW

MIDDLE

POVERTY

POVERTY POVERTY

INCOME

INCOME +

(BELOW 49%) (50-99%) (100-149%) (150-199%) (OVER 200%)

Lowest

Count

649637

565005

456270

322844

724646

2718402

thru 0

% within retirement income

23.9%

20.8%

16.8%

11.1%

26.7%

100.0%

% within poverty level

98.8%

96.1%

92.2%

89.2%

87.2%

92.7%

\$1 to \$9,999 Count

7801

18811

27980

22413

34298

111303

% within retirement income

7.0%

16.9%

25.1%

20.1%

30.8%

100.0%

% within poverty level

1.2%

3.2%

5.7%

6.2%

4.1%

3.8%

\$10k to

Count

94

3853

9454

11858

35083

60342

\$19,999

% within retirement income

.2%

6.4%

15.7%

19.7%

58.1%

100.0%

% within poverty level

.0%

.7%

1.9%

3.3%

4.2%

2.1%

\$20k to

Count

0

65

941

4610

21824

27440

\$29,999

% within retirement income

0.0%

.2%

3.4%

16.8%

79.5%

100.0%

% within poverty level

0.0%

.0%

.2%

1.3%

2.6%

.9%

\$30k to

Count

0

0

44

192

7787

8023

\$39,999

% within retirement income

0.0%

0.0%

.5%

2.4%

97.1%

100.0%

% within poverty level

0.0%

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.0%

.1%

.9%

.3%

\$40k to

Count

0

0

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398

398

\$49,999

% within retirement income

0.0%

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100.0%

100.0%

% within poverty level

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\$50k to

Count

0

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1273

1273

\$59,999

% within retirement income

0.0%

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100.0%

100.0%

% within poverty level

0.0%

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\$60k

Count

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2625

2625

to \$79,999 % within retirement income

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100.0%

% within poverty level

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.3%

.1%

\$80k to

Count

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2810

2810

\$99,999

% within retirement income

0.0%

0.0%

0.0%

0.0%

100.0%

100.0%

% within poverty level

0.0%

0.0%

0.0%

0.0%

.3%

.1%

TOTAL

Count

657532

587734

494689

361917

830744

2932616

% within retirement income

22.4%

20.0%

16.9%

12.3%

28.3%

100.0%

% within poverty level

100.0%

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Poverty in Puerto Rico 109

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% within other inc

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C

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% within po

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o \$19,999

o \$29,999

o \$39,999

o \$49,999

o \$9,999

L

Lowest thr

\$1 t

\$10k t

\$20k t

\$30k t

\$40k t

TOTA

110

110

H é c t o r R . C o r d e r o - G u z m á n

TABLE 2.7.8

Poverty level by Social Security income.

POVERTY LEVEL

TOTAL

EXTREME

BELOW

NEAR

LOW

MIDDLE

POVERTY

POVERTY POVERTY

INCOME

INCOME +

(BELOW 49%) (50-99%) (100-149%) (150-199%) (OVER 200%)

Lowest

Count

568464

378712

323525

258537

643015

2172253

thru 0

% within Social Security

26.2%

17.4%

14.9%

11.9%

29.6%

100.0%

% within poverty level

86.5%

64.6%

65.6%

71.5%

77.5%

74.2%

\$1 to \$9,999 Count

87619

170985

101768

56555

85222

502149

% within Social Security

17.4%

34.1%

20.3%

11.3%

17.0%

100.0%

% within poverty level

13.3%

29.2%

20.6%

15.6%

10.3%

17.1%

\$10k to

Count

1410

36370

67258

43112

83737

231887

\$19,999

% within Social Security

.6%

15.7%

29.0%

18.6%

36.1%

100.0%

% within poverty level

.2%

6.2%

13.6%

11.9%

10.1%

7.9%

\$20k to

Count

0

320

895

3217

16962

21394

\$29,999

% within Social Security

0.0%

1.5%

4.2%

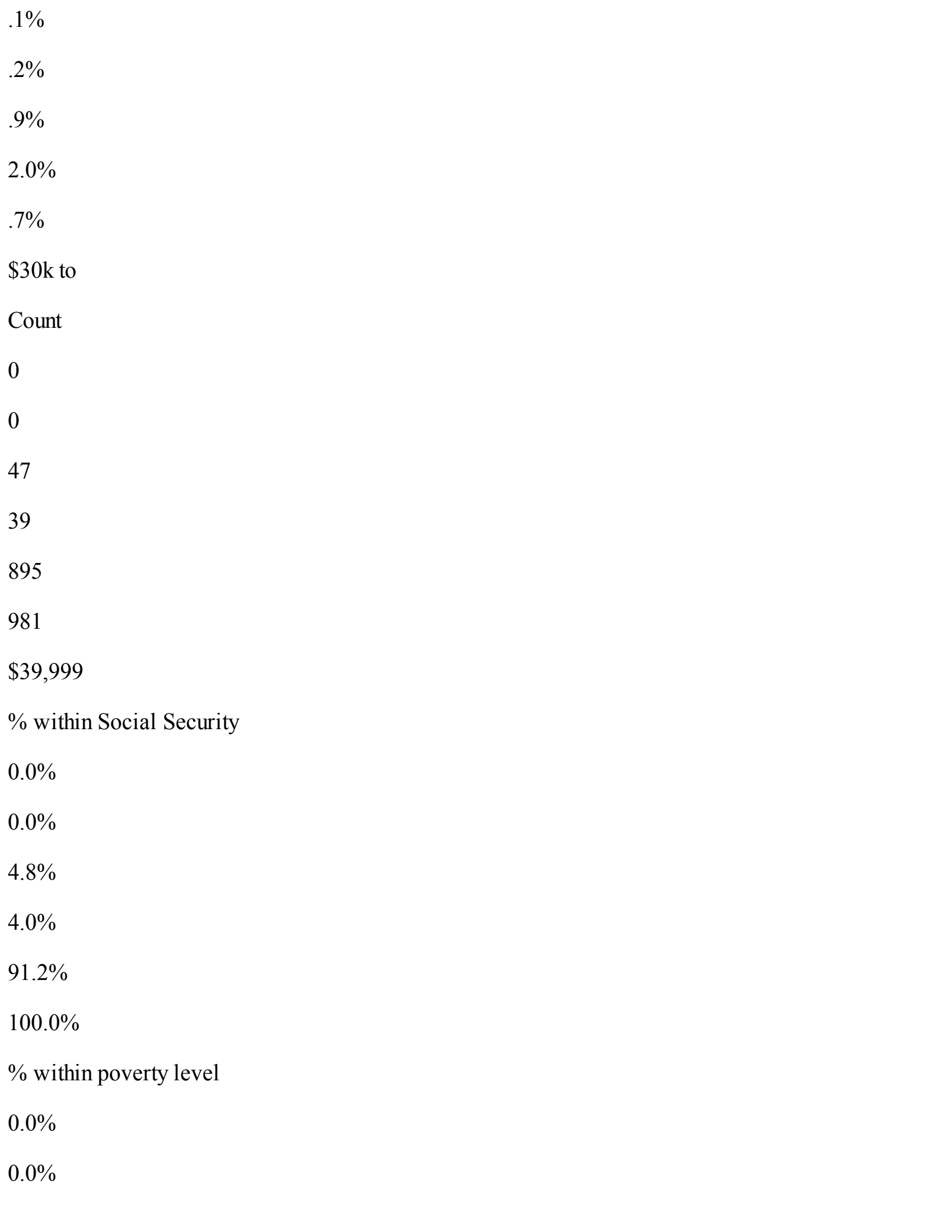
15.0%

79.3%

100.0%

% within poverty level

0.0%



.0%
.0%
.1%
.0%
\$40k to
Count
0
0
0
7
139
146
\$49,999
% within Social Security
0.0%
0.0%
0.0%
4.8%
95.2%
100.0%
% within poverty level
0.0%
0.0%
0.0%

.0%
.0%
.0%
\$50k to
Count
0
0
0
0
104
104
\$59,999
% within Social Security
0.0%
0.0%
0.0%
0.0%
100.0%
100.0%
% within poverty level
0.0%
0.0%
0.0%
0.0%

.0%

.0%

TOTAL

Count

657493

586387

493493

361467

830074

292914

% within Social Security

22.4%

20.0%

16.8%

12.3%

28.3%

100.0%

% within poverty level

100.0%

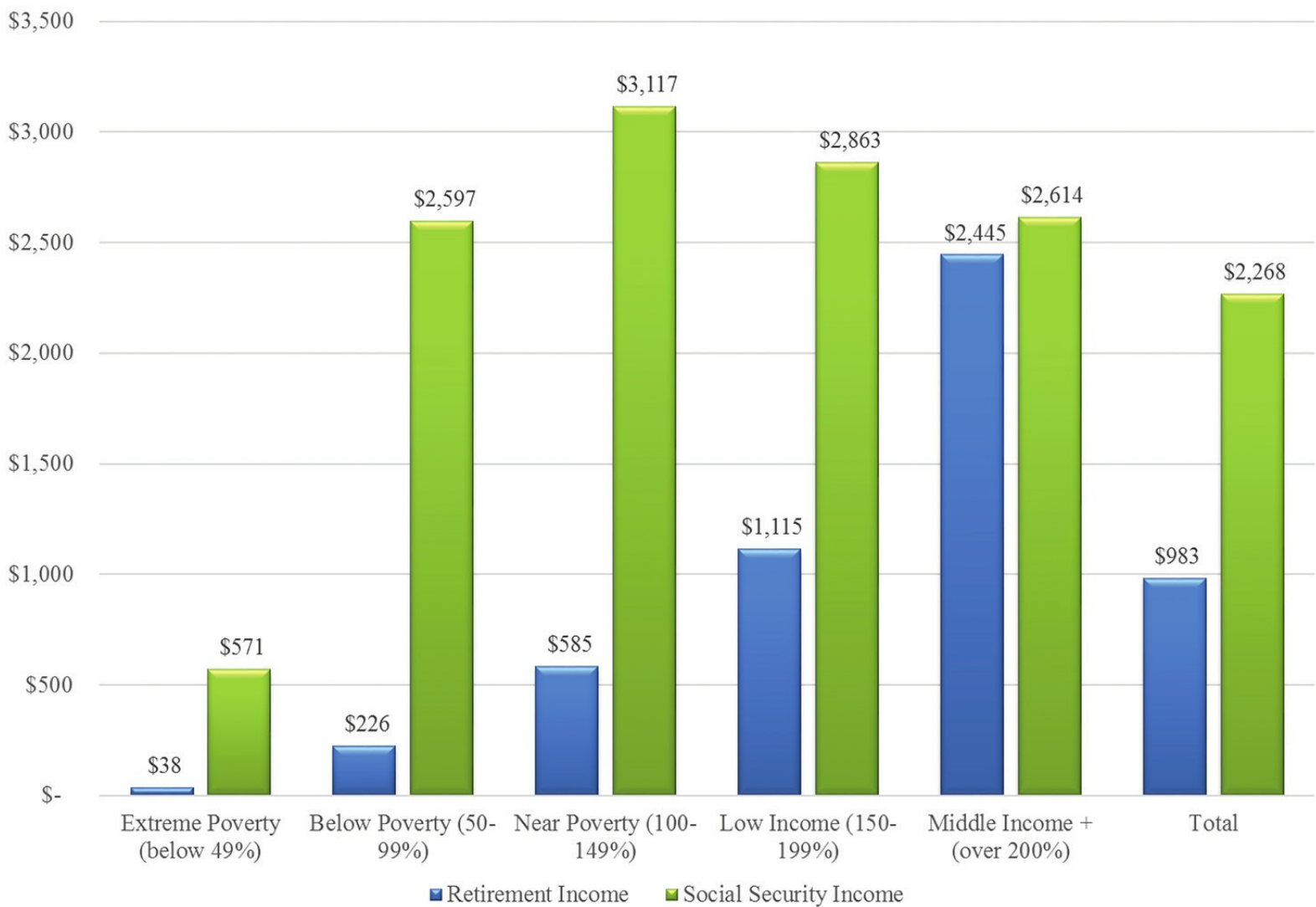
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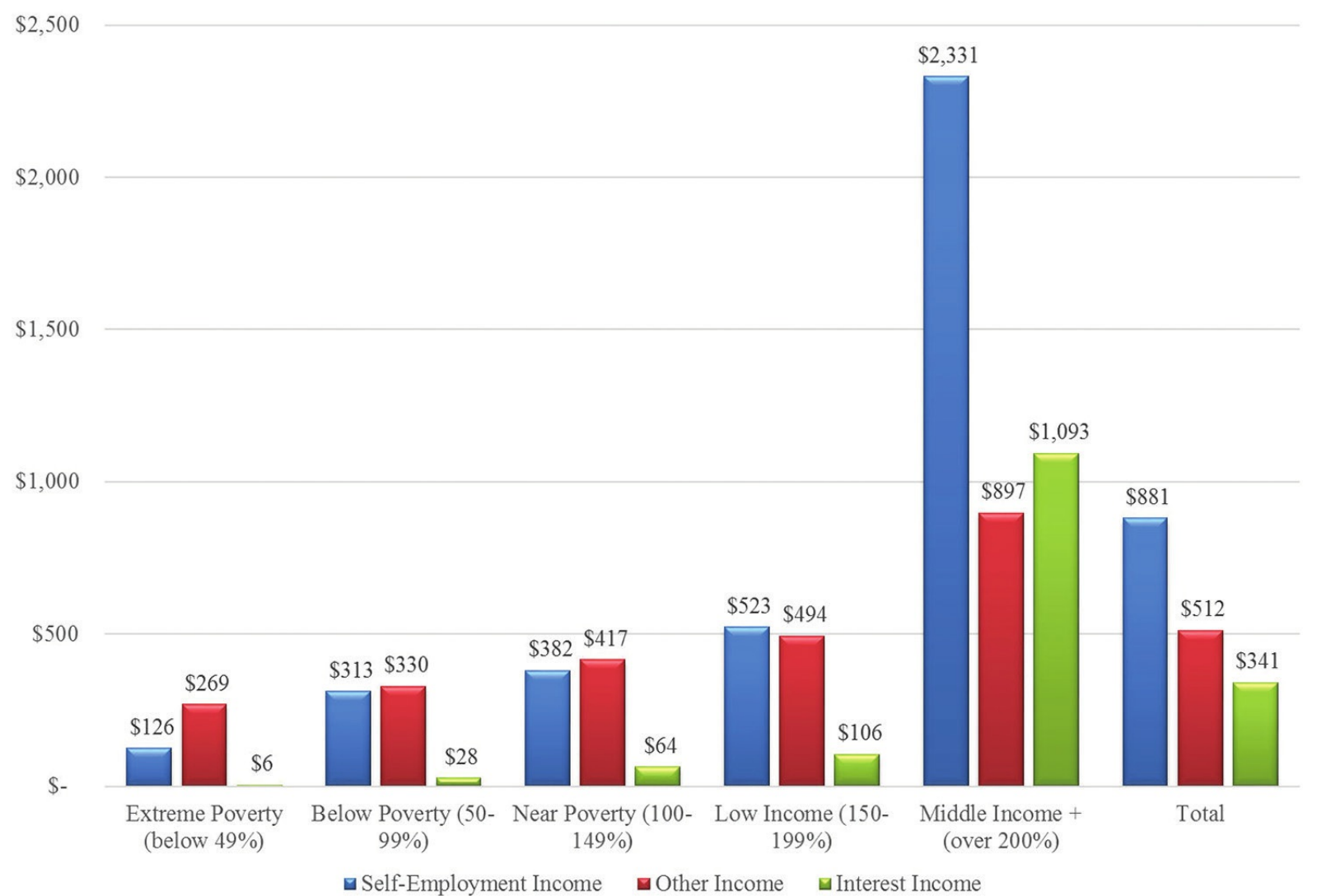
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100.0%

100.0%





Poverty in Puerto Rico 111

FIGURE 2.12

Average retirement and Social Security income by poverty level.

FIGURE 2.13

Average self-employment, interest and other income by poverty level.

112

112

Héctor R. Cordero - Guzmán

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TOTA

1857226

6.6%

100.0%

63.4%

259358

100.0%

8.9%

353464

100.0%

12.1%

193767

100.0%

119658

100.0%

4.1%

50100

100.0%

1.7%

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OME

INC

Contin

345874

18.6%

41.7%

47675

18.4%

5.7%

91981

26.0%

11.1%

104088

53.7%

12.6%

97512

81.5%

11.8%

46530

92.9%

5.6%

(OVER 200%

MIDDLE

)

OME

INC -199%

191001

10.3%

52.8%

27304

10.5%

7.6%

69537

19.7%

19.2%

53889

27.8%

14.9%

16199

13.5%

4.5%

3310

6.6%

.9%

LOW (150

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TYLE

PO -149%

305917

16.5%

61.9%

42666

16.5%

8.6%

110414

31.2%

22.3%

29376

15.2%

5.9%

5574

4.7%

1.1%

260

.5%

.1%

y inc

VER

(100

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VER

LE 2.7.9

age or salar

9%)

0

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PO 0-9 431550 23.2% 73.5% 72320 27.9% 12.3%

6414

3.3%

1.1%

373

.3%

.3%

0.0%

0.0%

y w

76472

OW (5

21.6%

13.0%

TA

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TY)

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VER PO 49%

0

0

0

OW

Pover

582884

31.4%

88.7%

69393

26.8%

10.6%

5060

1.4%

.8%

0.0%

0.0%

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TREME (BEL

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o \$49,999

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Lowest thr

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\$10k t

\$20k t

\$30k t

\$40k t

Poverty in Puerto Rico 113

L

TOTA

28768

.0%

100.0%

1.0%

33486

100.0%

1.1%

15097

100.0%

.5%

311

100.0%

18339

100.0%

.6%

2929574

100.0%

100.0%

+)

OME

INC

28425

98.8%

3.4%

33410

99.8%

4.0%

15097

100.0%

1.8%

311

100.0%

.0%

18339

100.0%

2.2%

829242

28.3%

100.0%

(OVER 200%

MIDDLE

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INC -199%

343

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.1%

54

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361637

12.3%

100.0%

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587129

20.0%

100.0%

y inc

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657337

22.4%

100.0%

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TREME (BEL

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\$60k t

\$80k t

\$100k t

Over \$150,000

TOTA

114

114

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TOTA

1698482

7.1%

100.0%

59.0%

311310

100.0%

10.8%

377418

100.0%

13.1%

203164

100.0%

126880

100.0%

4.4%

53853

100.0%

1.9%

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OME

Contin

INC

301964

17.8%

36.8%

52339

16.8%

6.4%

96233

25.5%

11.7%

108280

53.3%

13.2%

103680

81.7%

12.6%

49995

92.8%

6.1%

(OVER 200%

MIDDLE

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OME

INC -199%

173502

10.2%

48.7%

30812

9.9%

8.7%

73873

19.6%

20.7%

57010

28.1%

16.0%

16896

13.3%

4.7%

3530

6.6%

1.0%

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282642

16.6%

58.1%

49219

15.8%

10.1%

117455

31.1%

24.1%

30920

15.2%

6.4%

5931

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1.2%

307

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69.2%

85981

27.6%

14.9%

373

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1.2%

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84.6%

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Poverty in Puerto Rico 115

L

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31007

.0%

100.0%

1.1%

36622

100.0%

1.3%

16755

100.0%

.6%

964

100.0%

22555

100.0%

.8%

2879010

100.0%

100.0%

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INC

30637

98.8%

3.7%

36546

99.8%

4.5%

16755

100.0%

2.0%

964

100.0%

.1%

22555

100.0%

2.8%

819948

28.5%

100.0%

(OVER 200%

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.1%

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640076

22.2%

100.0%

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o \$99,999

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\$50k t

\$60k t

\$80k t

\$100k t

Over \$150,000

TOTA

116

116

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L

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TOTA

799578

9.5%

100.0%

27.3%

858482

100.0%

29.3%

632468

100.0%

21.6%

277550

100.0%

154435

100.0%

5.3%

69997

100.0%

2.4%

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OME

Contin

INC

108813

13.6%

13.1%

103147

12.0%

12.4%

144690

22.9%

17.5%

148235

53.4%

17.9%

126389

81.8%

15.3%

65198

93.1%

7.9%

(OVER 200%

MIDDLE

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OME

INC -199%

61121

7.6%

16.9%

73053

8.5%

20.2%

121476

19.2%

33.7%

79820

28.8%

22.1%

20324

13.2%

5.6%

4432

6.3%

1.2%

LOW (150

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PO -149%

96280

12.0%

19.5%

135762

15.8%

27.5%

212637

33.6%

43.1%

40622

14.6%

8.2%

7349

4.8%

1.5%

346

.5%

.1%

VER

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21

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0-9

160485

20.1%

27.4%

271351

31.6%

46.3%

.2%

.1%

.0%

.0%

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8860

3.2%

1.5%

OW (5

144491

22.8%

24.7%

TA

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BEL

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ty lev

VER PO 49%

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Pover

OW

13

372879

46.6%

56.7%

275169

32.1%

41.9%

9174

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verty lev

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Lowest thr

\$1 t

\$10k t

\$20k t

\$30k t

\$40k t

Poverty in Puerto Rico 117

L

TOTA

38939

.2%

100.0%

1.3%

43379

100.0%

1.5%

20959

100.0%

.7%

4496

100.0%

24933

100.0%

.9%

2925216

100.0%

100.0%

+))

OME

INC

38433

98.7%

4.6%

43303

99.8%

5.2%

20959

100.0%

2.5%

4496

100.0%

.5%

24933

100.0%

3.0%

828596

28.3%

100.0%

(OVER 200%

MIDDLE

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OME

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.1%

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100.0%

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585581

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y persons t

657235

22.5%

100.0%

TREME (BEL

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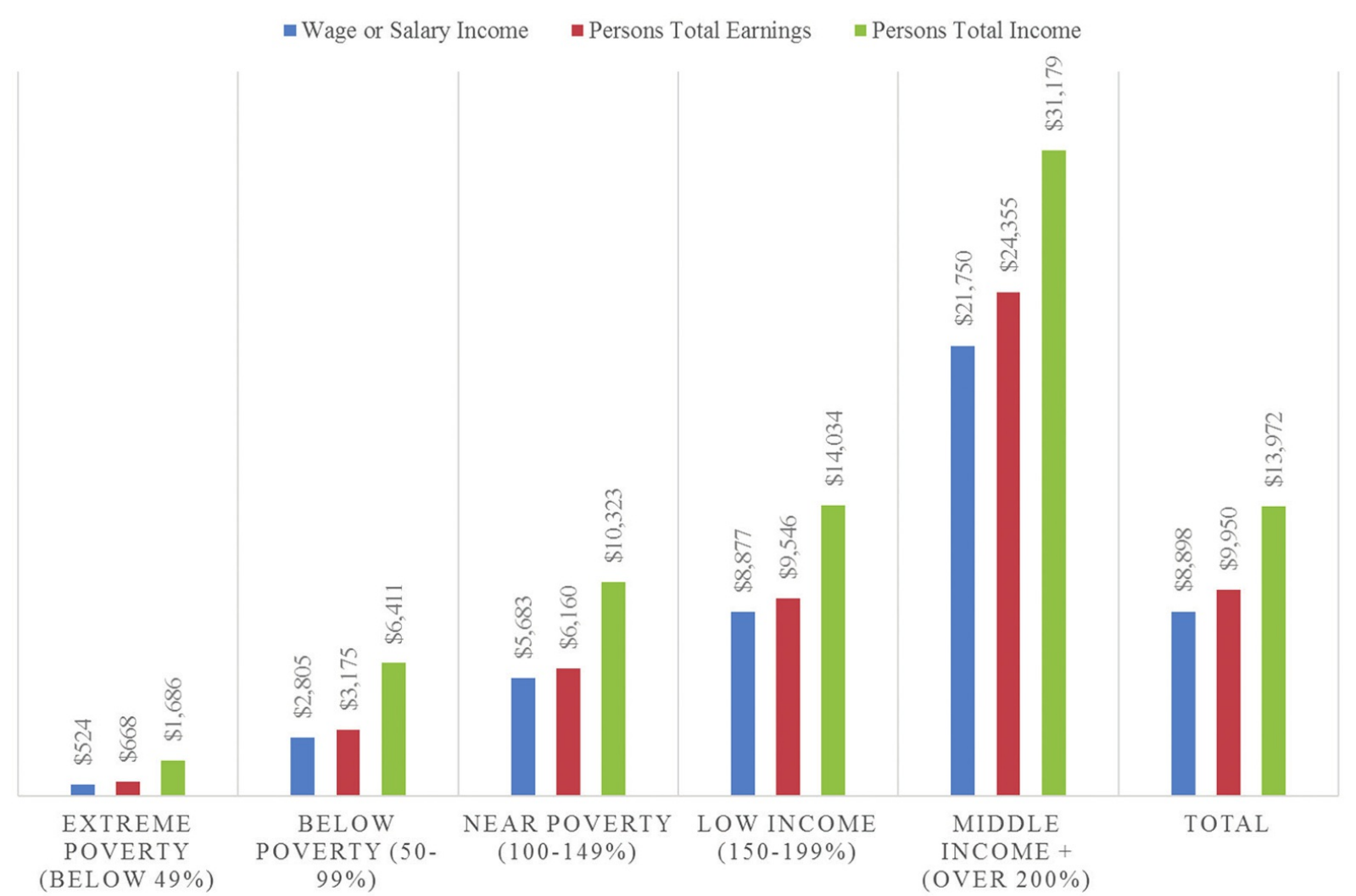
\$60k t

\$80k t

\$100k t

Over \$150,000

TOTA



118

118

Héctor R. Cordero - Guzmán

FIGURE 2.14

Average wages, earnings and income by poverty level.

TABLE 2.8.1

Distribution of persons total income and income shares by poverty level.

POVERTY LEVEL

MEAN

N

STANDARD MEDIAN % OF % OF POP

DEVIATION

INCOME

Extreme poverty (below 49%)

\$1,686

657,532

\$2,652

—

2.7%

22.4%

Below poverty (50-99%)

\$6,411

587,835

\$5,647

\$6,565

9.2%

20.0%

Near poverty (100-149%)

\$10,323

494,749

\$7,924

\$10,891

12.5%

16.9%

Low income (150-199%)

\$14,034

362,279

\$10,409

\$14,443

12.4%

12.3%

Middle income + (over 200%) \$31,179

831,474

\$36,466

\$24,438

63.2%

28.3%

TOTAL

\$13,972

2,933,869

\$23,243

\$7,783

100%

100%

Poverty in Puerto Rico 119

Multivariate statistical analysis of income and poverty in Puerto Rico

This section examines how demographic and socioeconomic factors impact poverty and income levels in Puerto Rico. We estimate and present a multivariate linear regression model that explores the relationship between demographic factors like age and

gender; marital status; English ability; education level; employment status and connection to the labor market; disability status; public assistance income; mobility status; citizenship status; and presence and age of own children as independent variables using both income and poverty levels as the dependent variables. The first model examines the factors related to poverty level where the dependent variable is the ratio of a person's income to the poverty line with values of less than 100 indicating that the person is below poverty and values over 100 indicating that the person is over the poverty line (and how much over the line they are in terms of the ratio of their income to the poverty line).

The second model explores the factors related to the person's income level. These models are similar to those used by Canabal (1997)¹¹ to study the determinants of poverty among the Puerto Rican population in the United States.

The linear regression equation includes a dependent variable (poverty or income depending on the model) and a vector of independent variables and takes the standard form,

$$Y_i = \beta_0 + \beta_1 X_{i1} + \beta_2 X_{i2} + \dots + \beta_j X_{ij} + \varepsilon_i$$

i
 0
 1
 $1i$
 2
 $2i$
 3
 $3i$
 j
 ji
 i

Where,

• Y_i is the value of the dependent variable (effect) for i th case

i

• $X_{1i}, X_{2i}, \dots, X_{ji}$ is the value of each independent (predictor) variable for i th case

$1i, 2i, ji$

• $B + \beta_1 X_1 + \beta_2 X_2 + \dots + \beta_j X_j$ is the linear relation between Y and X (or conditional mean)

0

$1i$

i

i

• B is the mean of Y when $X=0$ (or Y -intercept)

0

• $\beta_1, \beta_2, \dots, \beta_j$ are the variable coefficients or change in Y for a one unit change in X

$1, 2, \dots, j$

j

(slope)

• ε_i is a random error term

i

In the equation, $B, \beta_1, \beta_2, \dots, \beta_j$, etc. are unknown parameters estimated using the least squares

$0, 1, 2, \dots, j$

method. The regression model gives us a sense of the amount of variation in the depen-

dent variable (poverty or income levels) that can be attributed to the set of independent 11 Canabal, M. E. (1997). *Poverty among Puerto Ricans in the United States*. East Lansing, MI: Julian Samora Research Institute, Michigan State University.

variables included in the model. The statistical analysis can also help us answer some key empirical questions including: (a) Is there is a relationship between each of the independent variables and the dependent variable? (b) What is the extent and magnitude of the relationship? (c) What is the direction of the relationship (positive or negative)? and (d) What is the relative importance of each variable in the particular outcome?

By ranking the value of the standardized coefficients for each variable included in the model we can get a sense of which factors are more central and important and related to poverty and income levels and which factors appear to be more tangential.

The first model examines the factors related to poverty level with the dependent variable defined as the ratio of a person’s income to the poverty line and transformed into a logarithmic scale to better fit the statistical assumptions of the model and provide more interpretable param-

TABLE 2.8.2.1

eters. Table 2.8.2.1 provides some summary statistics of the results of the

Multivariate model on poverty-summary statisticsb.

R

R SQUARE

ADJUSTED

STD. ERROR OF

R SQUARE

THE ESTIMATE

poverty models and sug-

gests that all the variables

.546a

.298

.298

.82888

in the statistical analysis

a. Predictors: (Constant), Children under 6 & from 6 to 17, High School or GED, Not Citizen, taken together help explain Divorced or Separate, Naturalized, Children under 6, Doctorate, Public Assistance Income, Professional Degree, Unemployed, Recent Movers, Children from 6 to 17, Master Degree, With about 29.8% (or close to Disability, Associate Degree, English–not well–at all, Female, Some College only, Married, Last one third) of the observed Worked 5yr ago or Never, PUMS Age, College Graduate, Not in Labor Force

variation in Puerto Rico’s

b. Dependent Variable: Log Poverty

poverty level.

Table 2.8.2.2 includes the descriptive characteristics of all of the variables included in the poverty model. The first column includes the mean for each of the variables and in

most cases can be interpreted as a proportion of the cases in each of the categories. The second column includes the standard deviation of the mean and the third column includes the valid number of cases included in the analysis. The average age in the sample for the analysis was 46.8 years of age and the sample was about 52.8% female.

Table 2.8.2.3 includes the detailed results from the statistical regression model and

gives us information on the factors associated with poverty level and their relative importance. The analysis suggests that education level appears to be highly relevant to

understanding poverty as are employment status and connections to the labor market.

The parameter estimates of these variables were the highest. Since public assistance is likely received by those with the most needs, the negative and significant coefficient for the variable on receipt of public assistance suggests that persons that said they received public assistance appear to be in deeper poverty. Factors such as English ability, age, presence and age of own children were also related to poverty in that younger persons

were more likely to be poor, those that did not speak English, and persons with chil-

dren under 17 in their household. Other factors such as marital status, mobility status, Poverty in Puerto Rico 121

and disability status were related to poverty but the magnitude of the effects was much smaller. Lastly, citizenship status was the least important of all the factors considered and does not seem to be central to poverty in Puerto Rico.

The second estimated model explores the factors related to the person’s income level transformed into a logarithmic scale to better fit the statistical assumptions of the method. Table 2.8.3.1 provides some summary statistics on the income model and suggests that all the variables included in the statistical analysis explain about 42.3% (or close to half) of the observed variation in income levels in Puerto Rico.

TABLE 2.8.2.2

Descriptive statistics for poverty models.

POVERTY LEVEL

MEAN

STANDARD

N

DEVIATION

Log Poverty

4.7485

.98935

2677677

PUMS Age

46.80

19.294

2677677

Female

.5283

.49920

2677677

Married

.4066

.49120

2677677

Divorced or separate

.1660

.37211

2677677

English—not well—at all

.6220

.48490

2677677

High School or GED

.2604

.43885

2677677

Some College only

.1628

.36921

2677677

Associate Degree

.0868

.28157

2677677

College Graduate

.1580

.36475

2677677

Master Degree

.0408

.19776

2677677

Professional Degree

.0115

.10649

2677677

Doctorate

.0078

.08822

2677677

Unemployed

.0746

.26276

2677677

Not in Labor Force

.5210

.49956

2677677

With Disability

.2432

.42900

2677677

Last Worked 5yr ago or Never

.4861

.49981

2677677

Public Assistance Income

.0392

.19415

2677677

Recent Movers

.0598

.23719

2677677

Naturalized

.0145

.11973

2677677

Not Citizen

.0188

.13593

2677677

Children under 6

.0281

.16521

2677677

Children from 6 to 17

.0836

.27677

2677677

Children under 6 & from 6 to 17

.0219

.14621

2677677

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122

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TABLE 2.8.2.3

Coefficients for multivariate model on povertya.

UNSTANDARDIZED

STANDARDIZED

COEFFICIENTS

COEFFICIENTS

POVERTY LEVEL

B

STANDARD

BETA

t

SIG.

ERROR

(Constant)

4.568

.002

2143.063

0.000

PUMS Age

.006

.000

.119

179.212

0.000

Female

.008

.001

.004

6.598

.000

Married

.207

.001

.103

165.779

0.000

Divorced or separate

-.094

.002

-.035

-60.351

0.000

English—not well—at all

-.251

.001

-.123

-223.602

0.000

High School or GED

.214

.001

.095

147.915

0.000

Some College only

.409

.002

.153

238.786

0.000

Associate Degree

.448

.002

.128

214.139

0.000

College Graduate

.739

.002

.272

407.131

0.000

Master Degree

.889

.003

.178

309.290

0.000

Professional Degree

1.023

.005

.110

206.726

0.000

Doctorate

1.048

.006

.093

177.206

0.000

Unemployed

-.612

.002

-.163

-280.272

0.000

Not in Labor Force

-.340

.002

-.172

-171.720

0.000

With Disability

-.025

.001

-.011

-18.528

.000

Last Worked 5yr ago or Never

-.068

.002

-.034

-35.926

.000

Public Assistance Income

-.703

.003

-.138

-264.277

0.000

Recent Movers

-.181

.002

-.044

-83.961

0.000

Naturalized

.085

.004

.010

19.922

.000

Not Citizen

.010

.004

.001

2.732

.006

Children under 6

-.386

.003

-.064

-119.960

0.000

Children from 6 to 17

-.398

.002

-.111

-197.672

0.000

Children under 6 & from 6 to 17

-.581

.004

-.086

-161.678

0.000

a. Dependant Variable: Log Poverty

Table 2.8.3.2 presents the descriptive characteristics of all of the variables included in the model. The first column shows the mean for each of the variables and in most cases it can be interpreted as a proportion of the cases in each of the categories. The second column includes the standard deviation of the mean and the third column includes the valid number of cases included in the analysis. Young persons and children are assigned a poverty level based on their family income but the individual income variable is only recorded for Poverty in Puerto Rico 123

TABLE 2.8.3.1

persons over 16 years of

Multivariate model on income-summary statisticsb.

age and therefore includes

a smaller proportion of the

R

R SQUARE

ADJUSTED

STD. ERROR OF

population. The average

R SQUARE

THE ESTIMATE

age in the sample for the

.651a

.423

.423

.84473

income analysis was 50.3

a. Predictors: (Constant), Children under 6 & from 6 to 17, High School or GED, Not Citizen, years and the sample was Divorced or Separate, Naturalized, Children under 6, Doctorate, Public Assistance Income, about 51.3% female.

Professional Degree, Unemployed, Recent Movers, Children from 6 to 17, Master Degree, With Disability, Associate Degree, English—not well—at all, Female, Some College only, Married, Last Table 2.8.3.2 includes the

Worked 5yr ago or Never, PUMS Age, College Graduate, Not in Labor Force

results from the statistical

b. Dependent Variable: Log Income

regression model and gives

us information on the factors associated with income levels and the relative importance of each variable in income determination. The analysis suggests that age, employment

status and connections to the labor market, and education level were the factors most

associated with income differences. Being unemployed and out of the labor force are

associated with lower incomes while higher education levels are clearly related to higher incomes. The receipt of public assistance was associated with lower income as was gender (being a woman). Factors such as marital status, English ability, and the presence

and age of own children were somewhat related to incomes. Factors such as disability

status, mobility status, and citizenship status were minimally related to income differences and only help explain a small amount of the variation in incomes in Puerto Rico.

The statistical analysis helps to confirm that are indeed a number of factors associated with poverty levels and incomes in Puerto Rico and that we can estimate the relative

importance of each of them. First, education levels are clearly related to poverty and to income levels. Persons with higher education can get access to a range of skills and human capital that gives

them access to better jobs and higher incomes. Connections to the labor market are also important in that persons that are unemployed, currently out of the labor force, or out of the labor force for a significant period of time are much more likely to have lower incomes and higher poverty levels. Demographic factors such as age and gender are also central to incomes and poverty in Puerto Rico. Younger persons have much lower incomes and are much more likely to be poor and the probability of being in poverty decreases with more age and the likelihood of higher income increases. Gender continues to be an important factor related to poverty and lower incomes as women are much more likely to be poor and be in the lower income categories. Higher poverty rates among women are related to lower pay and also related to how the presence and age of children impacts connections to the labor market, entry into the labor force, and the types of jobs and work that young low income women with children can get in Puerto Rico. Data on employment and income differences by gender suggest that Puerto Rican society continues to be very male-dominated and the expectation that women will take primary responsibility for child care and child rearing is still very present.

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Factors such as marital status also have an influence on poverty and income in that those that have never been married are more likely to be poor and have lower incomes compared to those that are married and even those that have been separated or divorced. Disability status is prevalent in Puerto Rico, as has been discussed in the previous section, with slightly over 20% of the population reporting some type of physical or cognitive disability. Disability status however appears to be marginally related to poverty or income in that there are disabled persons across the poverty and income spectrum and not just confined to the poor. Similarly, having moved within

Descriptive statistics for poverty models.

POVERTY LEVEL

MEAN

STANDARD

N

DEVIATION

Log Poverty

9.3298

1.11239

2144328

PUMS Age

50.30

18.472

2144328

Female

.5129

.49983

2144328

Married

.4294

.49498

2144328

Divorced or separate

.1931

.39470

2144328

English—not well—at all

.6182

.48582

2144328

High School or GED

.2562

.43651

2144328

Some College only

.1458

.35296

2144328

Associate Degree

.0924

.28965

2144328

College Graduate

.1783

.38274

2144328

Master Degree

.0485

.21489
2144328
Professional Degree
.0133
.11474
2144328
Doctorate
.0093
.09620
2144328
Unemployed
.0504
.21876
2144328
Not in Labor Force
.4441
.49687
2144328
With Disability
.2678
.44282
2144328
Last Worked 5yr ago or Never
.3847

.48653

2144328

Public Assistance Income

.0496

.21721

2144328

Recent Movers

.0665

.24920

2144328

Naturalized

.0162

.12632

2144328

Not Citizen

.0194

.13777

2144328

Children under 6

.0265

.16048

2144328

Children from 6 to 17

.0846

.27827

2144328

Children under 6 & from 6 to 17

.0217

.14562

2144328

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Puerto Rico in the previous year was only marginally related to poverty and income

while naturalization and citizenship status seem to have very little relationship to poverty and income in Puerto Rico and immigration status does not appear to be related

to poverty or income levels.

TABLE 2.8.3.3

Coefficients for multivariate model on povertya.

UNSTANDARDIZED

STANDARDIZED

COEFFICIENTS

COEFFICIENTS

POVERTY LEVEL

B

STANDARD

BETA

t

SIG.

ERROR

(Constant)

8.463

.003

3097.347

0.000

PUMS Age

.019

.000

.323

429.668

0.000

Female

-.261

.001

-.117

-198.419

0.000

Married

.204

.001

.091

146.600

0.000

Divorced or separate

.152

.002

.054

91.196

0.000

English—not well—at all

-.116

.001

-.051

-90.415

0.000

High School or GED

.318

.002

.125

187.661

0.000

Some College only

.407

.002

.129

195.871

0.000

Associate Degree

.594

.002

.155

249.918

0.000

College Graduate

.902

.002

.310

440.640

0.000

Master Degree

1.141

.003

.220

370.447

0.000

Professional Degree

1.395

.005

.144

264.433

0.000

Doctorate

1.470

.006

.127

236.362

0.000

Unemployed

-.975

.003

-.192

-351.549

0.000

Not in Labor Force

-.705

.002

-.315

-305.608

0.000

With Disability

-.038

.002

-.015

-25.264

.000

Last Worked 5yr ago or Never

-.177

.002

-.078

-75.039

0.000

Public Assistance Income

-.802

.003

-.157

-290.732

0.000

Recent Movers

-.040

.002

-.009

-16.934

.000

Naturalized

.004

.005

.000

.914

.361

Not Citizen

-.092

.004

-.011

-21.666

.000

Children under 6

.054

.004

.008

14.326

.000

Children from 6 to 17

.141

.002

.035

61.064

0.000

Children under 6 & from 6 to 17

.175

.004

.023

42.442

0.000

a. Dependant Variable: Log Income

Socioeconomic characteristics and poverty in Puerto Rico

The socioeconomic and demographic data presented in this chapter shows that there are significant differences in demographic characteristics by poverty level for the population in Puerto Rico. We analyzed data on the age distribution and gender composition of the population; household characteristics and marital status; English language use, birthplace, citizenship status and mobility; disability status and access to health insurance; school enrollment and educational attainment; employment status, labor force participation and connection to the labor market; and the various sources, levels and the distribution of incomes in Puerto Rico by poverty level and in almost every indicator there is a clear pattern and there are significant differences between those that are in extreme poverty, persons below poverty, persons near poverty, persons in the low income category, and persons in the middle-income or more category.

Persons in extreme poverty tend to be younger than the rest of the population with an average age of 32 compared to about 40 for the rest of the population. About 55% of persons in extreme poverty were female compared to 50% in the middle-income or more category. Persons in extreme poverty are much less likely to have ever been married, about 66% have never been married, compared to those in the middle-income or more category with about 39% and they are also much less likely to be married, about 16% of persons in extreme poverty, compared to 44% of those in the middle-income or more category. The proportion divorced or separated does not seem to vary much by poverty status but persons in extreme poverty are more likely to have moved in the last year, about 10%, compared to 5% of those in the middle-income or more category. English ability and educational level also varies significantly by poverty level with 81% of persons in extreme poverty saying that they could not speak English “well” or

“at all” compared to 47% of those in the middle-income or more category. Similarly, about 40% of persons in extreme poverty had a high school degree or more compared to 76% in the middle-income or more category. The proportion with a college degree or a Master degree or more also varies significantly by poverty level. Only about 4.1% of persons in extreme poverty had obtained a bachelor degree and about 1% had obtained a Master degree or more. This compares to about 38.5% of persons in the middle-income or more category who received a bachelor’s degree and about 13% who had received a Master degree or more.

Disability rates among the population in Puerto Rico relatively high with about 21% of the population claiming to have some disability. There appears to be some relation between poverty and disability status with about 26% of persons below poverty reporting some disability compared to 60% of persons in the middle-income or more category.

The information presented in this chapter also shows that there are significant differences in employment, unemployment and labor force participation by poverty status.

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Only about 12% of persons in extreme poverty were employed compared to 60% of persons in the middle-income or more category. Close to 17% of persons in extreme poverty were unemployed compared to 3% of persons in the middle-income or more category and close to 71% of persons in extreme poverty were not in the labor force compared to 36% of persons in the middle-income or more category. Similarly, persons in extreme poverty worked an average 24.1 hours per week compared to 38.8 hours per week for the middle-income or more category. Connections to work and to the formal labor market are key to understanding the prevalence and increase of poverty in Puerto

Rico. Our findings are similar to those reported in Sawhill and Karpilow (2013, p. 2)¹²

...we find that low-income households are disproportionately female, minority, and young. Most of these households have minor children at home, and many are headed by single parents. Their low incomes are partly due to their low wages, but even more to a lack of employment.

Low-income populations appear to have a difficult time finding and securing long-term employment and seem to be circulating among a number of low-wage jobs sometimes in the formal sector, sometimes in the informal sector, and for some their income is supplemented by participating in public assistance programs. Issues of access to jobs; the concentration of jobs in the metropolitan areas; challenges in accessing transportation during different times of the day and being able to get to and from work; access to childcare and the ability to make other arrangements; and a number of other factors make it more difficult for persons in extreme poverty to access the labor market, secure steady employment, and find a way to stay connected to the formal labor market and able to link to career ladders. Low-income workers in Puerto Rico appear to circulate among a range of low-wage jobs; coming in and out of the labor market; and find it difficult to stay employed for the long-term in a very challenging labor market in the current Puerto Rico economy. The scarcity of jobs means that individuals with more education end up outcompeting individuals with less education even for many low-wage jobs. We find that individuals with some college experience and even college degrees are doing jobs that used to require a high school degree and earn well below fellow citizens in the United States, including Puerto Ricans living in the continental U.S.

The data on sources levels of income suggest that persons in extreme poverty receive income from fewer sources than others and receive less income from each of the sources.

Individuals in extreme poverty are less likely to receive retirement income; Social Se-

curity income; interest, dividend, or rental income; and also less likely to receive wage ¹² See Sawhill, I. and Karpilow, Q. (2013). *Strategies for assisting low-income families*. Washington, DC: Center on Children and Families at Brookings. Retrieved July 10, 2016, from

research/files/papers/2013/07/01-assisting-low-income-families-sawhill/01-assisting-low-income-families-sawhill.pdf

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income or income from any other sources. Individuals in extreme poverty, however, are more likely to receive public assistance income (and to some extent self-employed income) with about 8% of persons in extreme poverty reporting receiving some cash assistance compared to 5% of persons below poverty, and 3% of persons near poverty. The proportion reporting receiving some cash assistance appears low given the high poverty rates on the Island. Information from the Department of the Family in Puerto Rico¹³

corroborates that the proportion of the population participating in the cash assistance TANF program is small oscillating between 60,000 and 70,000 cases while participation in the nutritional assistance program (PAN) was about 1.4 million persons in the period around 2014-2016.

Comparing wages, earnings, and total incomes shows the level and extent of inequality in Puerto Rico. The average wage or salary income for persons in extreme poverty was \$524, average total earnings were \$668, and average total incomes were \$1,685. In

contrast, average wage and salary income for the population overall was \$8,898, average earnings were \$9,950 and average total incomes were \$13,972. Persons in the middle-income or more category had significantly higher resources compared to the overall

population and to persons in extreme poverty. The average wage or salary for persons in the middle-income or more category was \$21,750, average earnings were \$24,355, and

average total incomes were \$31,179. These differences are significant and illustrate how families in extreme and below poverty have much less income to support themselves

and are slightly more likely to rely on public assistance to care for themselves and their families.

Next, in Chapter 3, we examine significant geographic variations in poverty in Puerto

Rico and compare poverty levels among various regions of the island. We then move to an analysis of children and poverty in Puerto Rico in Chapter 4 and poverty among the elderly population in Chapter 5.

13 See <http://www2.pr.gov/presupuestos/Presupuesto2015-2016/PresupuestosAgencias/127.htm> (retrieved July 5, 2016).



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III. Sociodemographic analysis of
households by regions and poverty levels
in Puerto Rico: 2007-2011

Alberto L. Velázquez-Estrada

Introduction

The poverty scenario in Puerto Rico shows that nearly half of the population live under the poverty level according to U.S. Census Bureau as discussed in the preceding chapter. Subsequent research questions arose regarding the poverty situation in Puerto Rico. Among them, we follow up the next one: Is the household's poverty scenario analogous in all regions throughout the Island? A previous poverty study in Puerto Rico pointed out that extreme poverty could be found in a diversity of areas through the Island, like high population density urban areas, coastal fishing communities, rural isolated areas and land parcels with and without title (Colón Reyes, 2006). In this chapter an overview of the regional poverty scenarios in Puerto Rico is presented. Specifically, as in the previous chapter, we analyze the five economic scenarios based on the income to poverty ratio defined for each region. The Puerto Rico Community Survey (PRCS) provides data through the Public Use Microdata Sample (PUMS) down to a smaller geographic areas known as Public Use Microdata Areas (PUMAs). With this data set, we were able to create different regions of interest in Puerto Rico.

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Alberto L. Velázquez - Estrada

In order to use the most recent data available from the PRCS (2012 through 2014), an initial analysis for the most recent PUMAs (2010 decennial census based) was performed to set apart different geographic regions in Puerto Rico. A limitation quickly aroused; the 2010 PUMAs geographic delimitations merge a large part of the central region with coast regions in Puerto Rico. Therefore, we analyzed the previous PUMAs delimitation (2000 decennial census based), which made it possible to use the total information up to the 2011 year from the PRCS data. The results came up with a more

flexible PUMAs geographic delimitations. Using the 2000 PUMAs, we were able to separate the coastal areas from the central region in Puerto Rico.

For the current analysis, the regions were created segregating seven groups of the 30 PUMAs according the 2000 decennial census that enclosed the 78 municipalities in Puerto Rico. The geographic distribution results in seven regions across the Island including the two Island municipalities, Culebra and Vieques in the east. These seven regions are the following: *Centro*, *Centro-Caguas*, *Este*, *Metro*, *Norte*, *Oeste* and *Sur*, as the reference map shows in the beginning of each section. Using the 2007-2011 five year estimates of the PUMS file that comes from the PRCS, leads this research to provide a descriptive approach of the household's socio-demographic profile for each specific region in Puerto Rico. Specifically, this analysis includes only those households in which the householder or reference person in the housing unit is 16 years or older.

The study seeks an approach to the households profile through diverse characteristics of the householders in different economic scenarios defined by the federal poverty level (PL) ratio.¹ There are five subgroups of households that were created according the household's income as a percentage of the poverty level (PL). The five subgroups are: extreme poverty (0-49), poverty (50-99), near poverty (100-149), low income (150-199) and median income or more (200 through higher). As a result, the profile provides an outlook of the different household scenarios that live in a specific geographic region of the Island. A comprehensive group of variables are included in order to provide a detailed picture of the households given by the poverty level (PL) status.

The total household distribution by regions and poverty levels in Puerto Rico is presented in Table 3.1.1. Additionally, a geographic distribution overview of the households by five economic scenarios and seven regions in Puerto Rico are presented in Map 1.

¹ The poverty level is given by the poverty guidelines for the 48 contiguous states and Washington D.C. The 2011 guideline established that a household/family of one person is in poverty with an income below \$10,890.

For the household/family with more than one person, add \$3,820 for each person.

A diversity of households percentages between 19% through 34% were found in severe economic situation, that is referred to as an extreme poverty scenario, considering the total of households in each region in Puerto Rico (Map 1). The central region (*Centro*) is highlighted by the darkest brown with a 34% of the households living in an extreme poverty followed by the south region (*Sur*, 30%) and west (*Oeste*, 29%). On the other hand, the *Metro*, *Centro-Caguas* and *Este* regions of the Island presented the lower percentages of households in extreme poverty as Map 1 shows. However, for all the regions the extreme poverty percentages represent at least a remarkable 23 thousand or more households Table 3.1.1.

TABLE 3.1.1
Households by regions and poverty levels, Puerto Rico: 2007-2011.

POVERTY LEVELS

EXTREME

BELOW

NEAR

LOW

MIDDLE

POVERTY

POVERTY

POVERTY

INCOME

INCOME OR

TOTAL

(<50)

(50-99)										
(100-149)										
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41,182 28.9%	32,964 23.2%	24,822 17.4%	15,549 10.9%	27,822 19.5%	142,339	100.0%				
Norte										
53,354 26.8%	45,480 22.9%	33,840 17.0%	21,116 10.6%	45,187 22.7%	198,977	100.0%				
Centro										
23,723 34.2%	17,050 24.6%	10,745 15.5%	6,709 9.7%	11,101 16.0%	69,328	100.0%				
Sur										
49,813 30.2%	36,963 22.4%	26,105 15.8%	17,434 10.6%	34,580 21.0%	164,895	100.0%				

Metro

68,262 19.1% 58,896 16.5% 51,445 14.4% 39,870 11.2% 138,630 38.8% 357,103 100.0%

Centro-Caguas 29,605 21.2% 27,039 19.3% 22,337 16.0% 16,190 11.6% 44,643 31.9% 139,814 100.0%

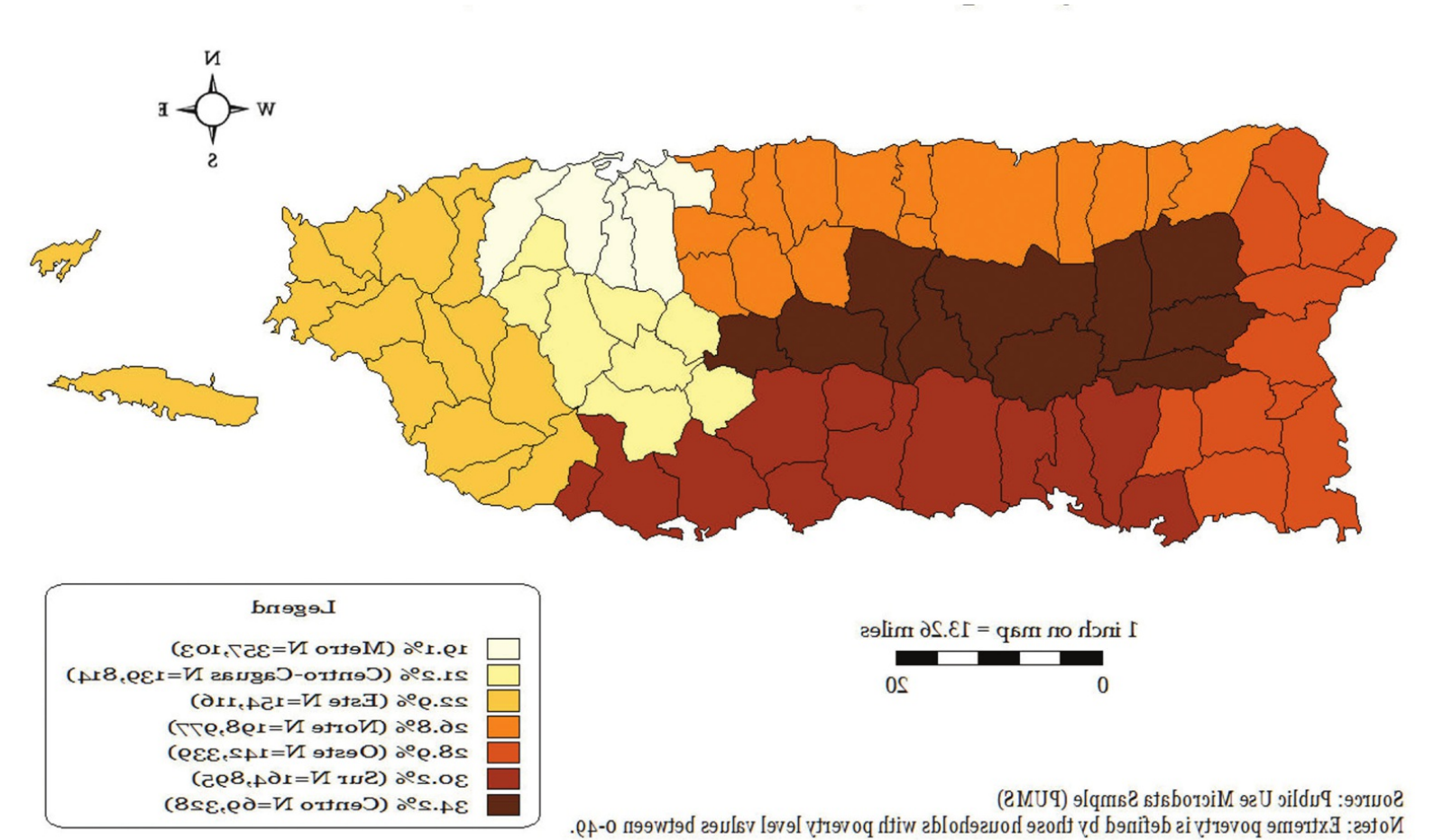
Este

35,325 22.9% 35,227 22.9% 26,884 17.4% 18,288 11.9% 38,392 24.9% 154,116 100.0%

TOTAL

301,264 24.6 253,619 20.7% 196,178 16.0% 135,156 11.0% 340,355 27.7% 1,226,572 100.0%

Source: Public Use Microdata Sample (PUMS) 2007-2011, Puerto Rico Community Survey (PRCS), U.S. Census Bureau.



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Poverty in Puerto Rico 133

Similar to the extreme poverty status, the households below poverty in the central

region (*Centro*) had the highest percentage too, specifically one of every four households had between 50 through 99 in the poverty ratio. The west region (*Oeste*) had the second highest

percentage of households below poverty with 23%. In the *Metro*

and *Centro-Caguas* regions the smaller percentages were found with 17% and 19% of the households, respectively (Map 2).

During years 2007-2011, the households near the poverty status (100-149 poverty ratio) have a larger proportion in the western (*Oeste*) and eastern (*Este*) regions, with 17 percent of the households for each one. The *Metro* (15%) and *Centro* (16%) regions are the areas with a smaller share of households under the poverty ratio (Map

3). It is important to recognize that some federal programs of socioeconomic support

for the population in Puerto Rico go over 100 per cent of poverty in their eligibility

requirements. Among the reasons to go beyond the poverty ratio, is the fact that the

poverty guidelines for the 48 contiguous states do not fit well into the poverty scenario of Puerto Rico. Suggestions have been discussed in order to have poverty guidelines

independently developed for Puerto Rico like in Alaska and Hawaii.

Another poverty status, the shares of households with low income, was isolated by

regions and presented in Map 4. As a matter of fact, the percentage range for all the

regions doesn't present a wide diversity, showing only a range from 10% to 12%. The

results highlight the east (*Este*) and *Centro-Caguas* regions, with 12% of households having low income.

The upper economic status presented by regions in Puerto Rico is for the households

with middle income or more. In other words, these are the households that report

better economic situation than the households in the four subgroups previously dis-

cussed. As expected, after the previous analyses for the two subgroups of households

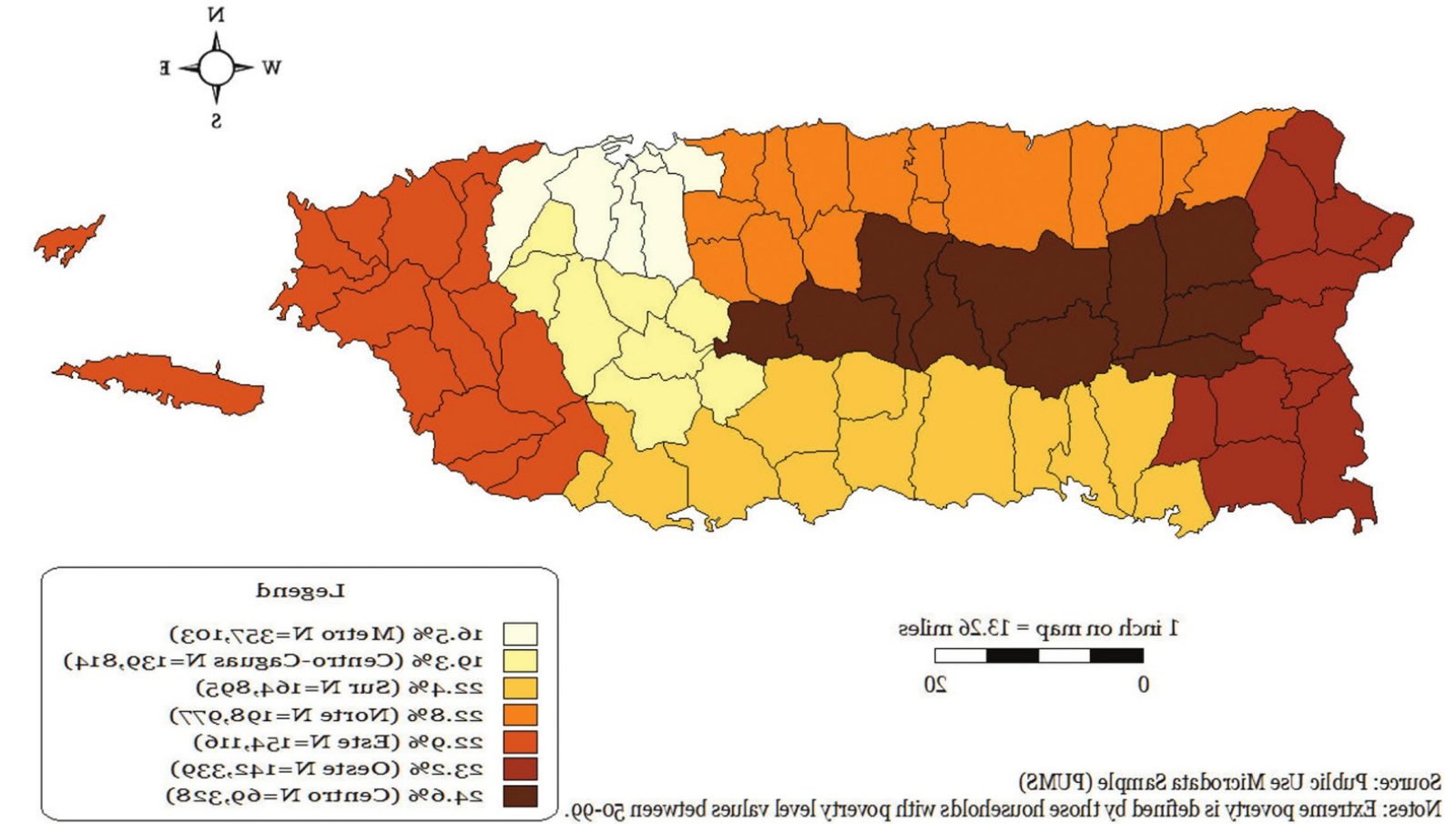
under the poverty line (extreme poverty and under poverty) the counterpart regions

Metro, *Centro-Caguas* and *Este* had the highest percentages of households with middle income or more, with 39%, 32% and 25% respectively, as shown in Map 5.

After the geographic overview, the households' socio demographic profile is pre-

sented for each of the seven regions in Puerto Rico separately by sections. From the

west coast to east coast regions, a group of household's characteristics are described.



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Alberto L. Velázquez-Estrada

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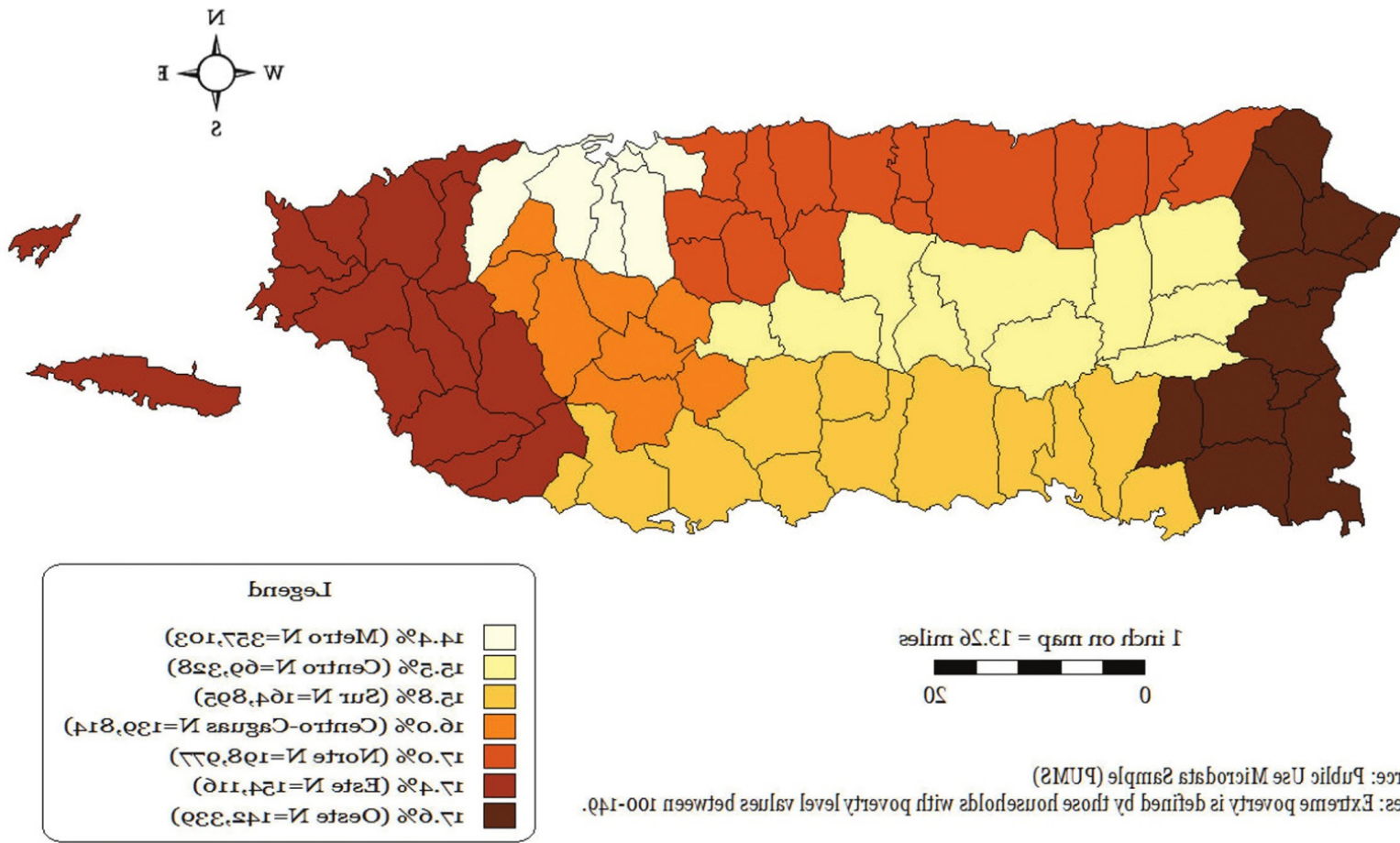
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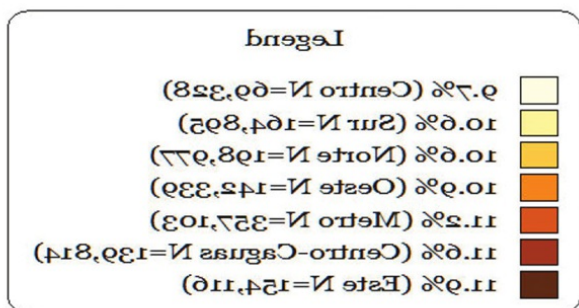
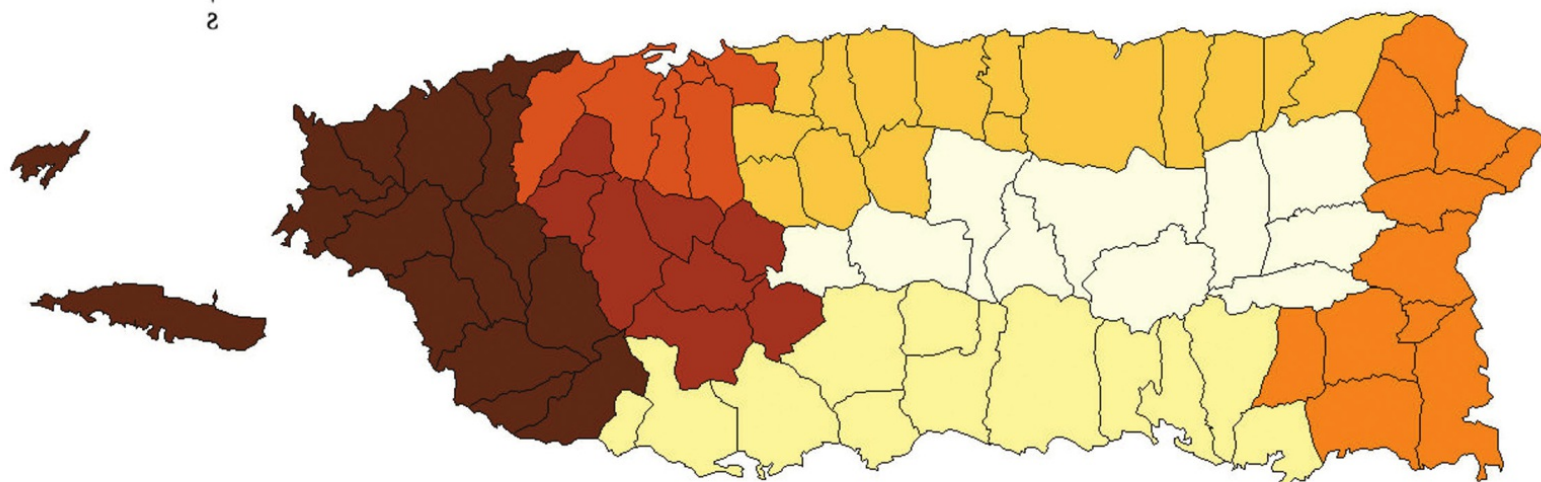
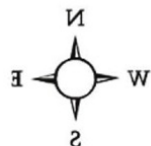
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1 inch on map = 13.26 miles

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Notes: Extreme poverty is defined by those households with poverty level values between 150-199.
Source: Public Use Microdata Sample (PUMS)

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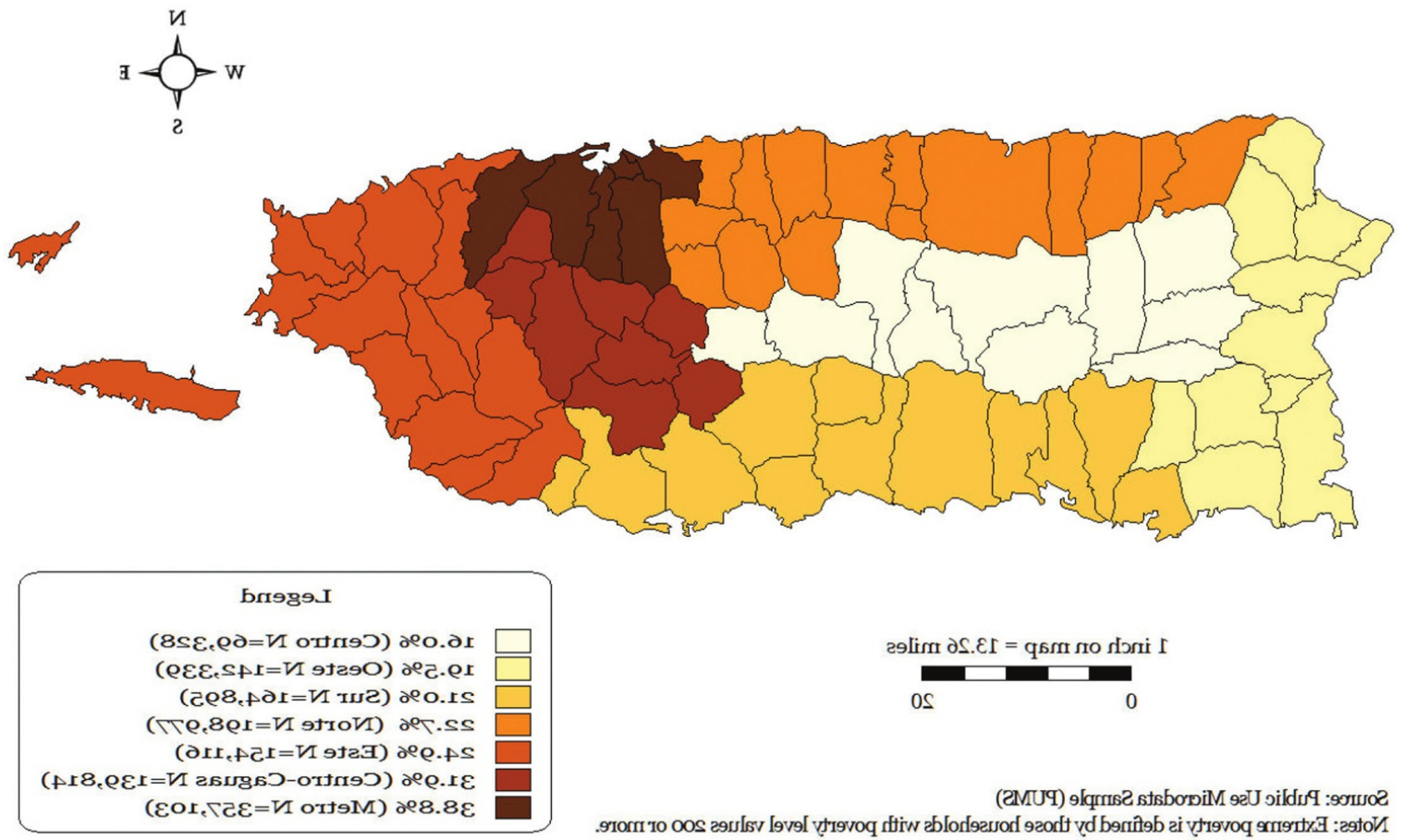
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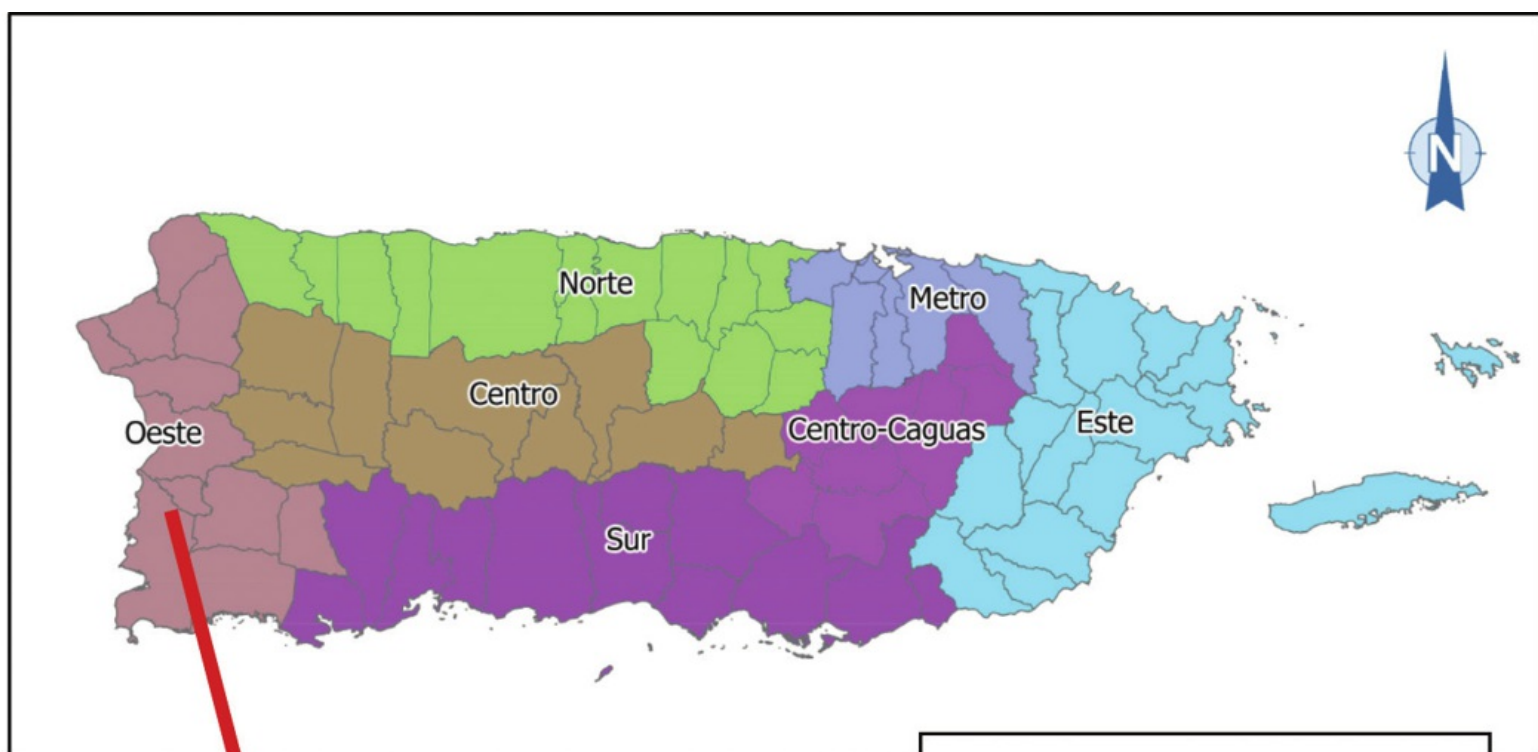
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Oeste geographic region in Puerto Rico

Oeste Region

Public Use Microdata Areas

Counties

(PUMAs 2000)

Aguadilla

San Germán

Moca

Sabana Grande

Aguada

Cabo Rojo

00100, 02100, 0200,

Rincón

Lajas

Añasco

Hormigueros

Mayagüez

Puerto Rico enlarged

geographic region

For the analysis, the *Oeste* region was created

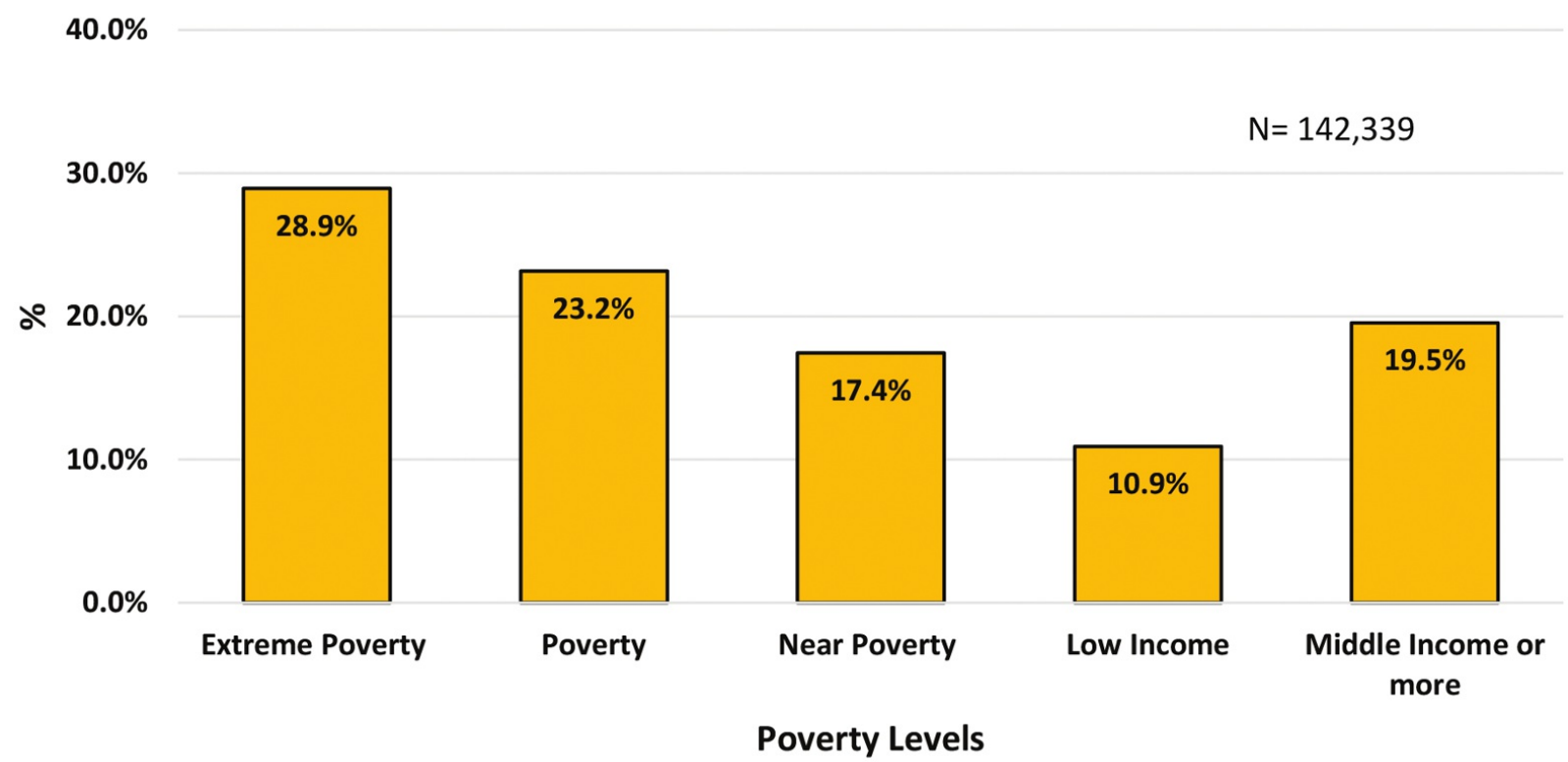
joining together three Public Use Microdata Areas

(PUMAs) delimitations according the 2000 decen-

nial census PUMAs encompassing 11 municipali-

ties within the delimited geographic area. This area

can be found in the west coast of Puerto Rico as the reference map shows. The households' socio-demographic profile for this specific region of Puerto Rico is hereby presented.



Poverty in Puerto Rico 139

A total of 142,735 households were located in the *Oeste* region of Puerto Rico distributed in 11 municipalities. Among the poverty levels, 29% of the households are in the extreme poverty subgroup and 23% in the poverty subgroup. These two subgroups add up to 52% of the households in *Oeste* geographic region indicating that more than half of households are in poverty. The third large subgroup of the poverty levels is the middle income or more subgroup, with 20% among the total households in the *Oeste* region. The households that are in the near poverty scenario total 24,822, with a share of 17% in the *Oeste* households (Figure 3.2.1).

FIGURE 3.2.1.
Households in *Oeste* region by poverty levels, Puerto Rico: 2007-2011.

TABLE 3.2.1

Households by poverty levels in *Oeste* Region, Puerto Rico: 2007-2011.

REGION POVERTY LEVELS

EXTREME

BELOW

NEAR

LOW

MIDDLE

POVERTY

POVERTY

POVERTY

INCOME

INCOME OR

TOTAL

(<50)

(50-99)

(100-149)

(150-199)

MORE (>200)

COUNT

%

COUNT

%

COUNT

%

COUNT

%

COUNT

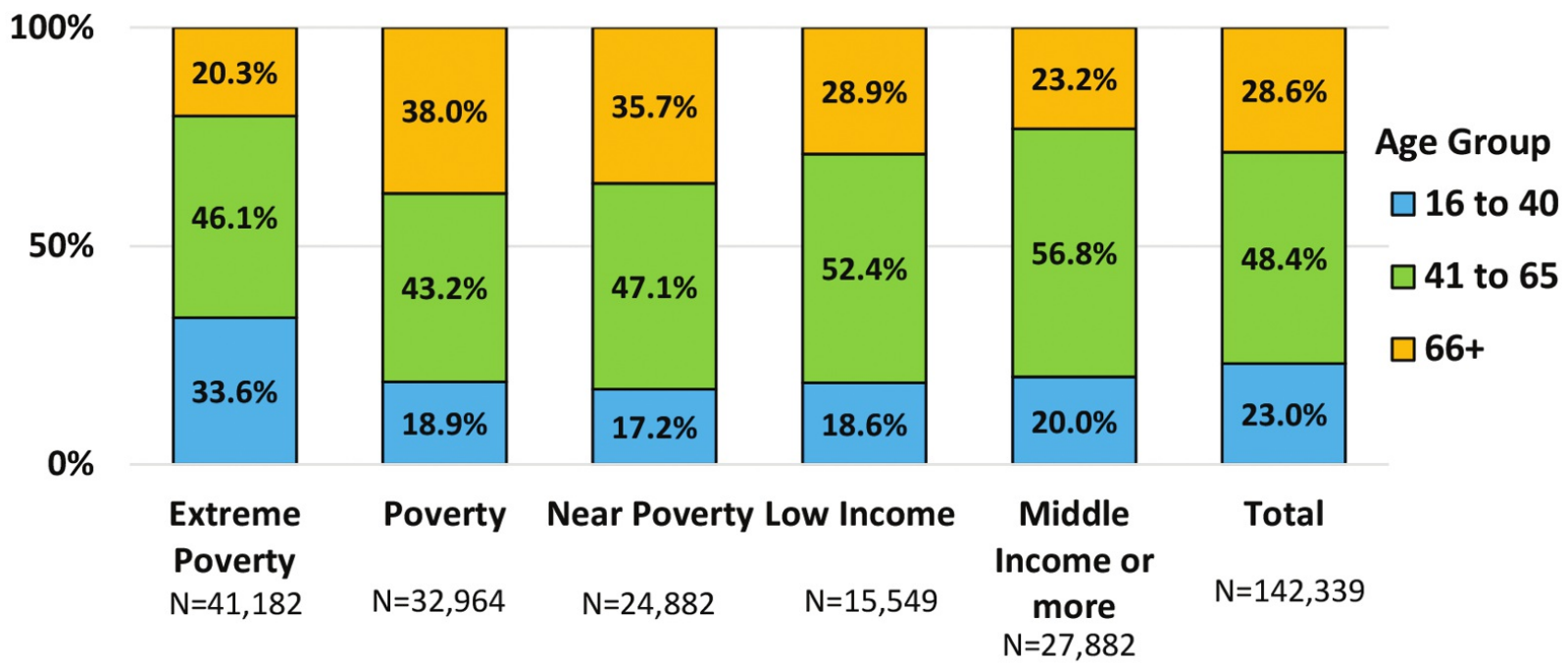
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COUNT

%

Oeste 41,182 28.9% 32,964 23.2% 24,822 17.4% 15,549 10.9% 27,822 19.5% 142,339 100.0%

Source: Public Use Microdata Sample (PUMS) 2007-2011, Puerto Rico Community Survey (PRCS), U.S. Census Bureau.



140

140

Alberto L. Velázquez - Estrada

The young householders (ages 16 to 40 years) were more usually in the extreme poverty level, with 34%. The adult householders (between 41 to 65 years) show the highest portion (57%) in the median income level. Also, the distribution of the elderly householders (>65 years) represents 38% of households among the distribution

within the poverty status (51 to 100 poverty level). Regarding the age distribution of the total householders in the *Oeste* region, nearly half of them, 68,881 (48%), were in the age group from 41 to 65 years (Figure 3.2.2).

FIGURE 3.2.2.

Households in *Oeste* region by age groups and poverty levels Puerto Rico: 2007-2011.

TABLE 3.2.2

Households in *Oeste* Region by age groups and poverty levels, Puerto Rico: 2007-2011.

REGION

POVERTY LEVELS

EXTREME

BELOW

NEAR

LOW

MIDDLE

AGE

POVERTY

POVERTY

POVERTY

INCOME

INCOME OR

TOTAL

GROUPS

(<50)

(50-99)

(100-149)

(150-199)

MORE (>200)

COUNT

%

COUNT

%

COUNT

%

COUNT

%

COUNT

%

COUNT

%

16 to 40 13,846 33.6% 6,217 18.9% 4,272 17.2% 2,899 18.6% 5,568 20.0% 32,802 23.0%

Oeste 41 to 65 18,986 46.1% 14,233 43.2% 11,700 47.1% 8,151 52.4% 15,811 56.0% 68,881 48.4%

66+

8,350 20.3% 12,514 38.0% 8,850 35.7% 4,499 28.9% 6,433 23.2% 40,656 28.6%

TOTAL	41,182	100.0%	32,964	100.0%	24,822	100.0%	15,549	100.0%	27,822	100.0%	142,339	100.0%

Source: Public Use Microdata Sample (PUMS) 2007-2011, Puerto Rico Community Survey (PRCS), U.S. Census Bureau.

The median age of the total householders in *Oeste* region is 55 years. Among the poverty levels, the youngest median age belongs to the extreme poverty level householders (50 years), this median age contrasts with the poverty level householders

which have 10 years of difference, with a median age of 60 years (Table 3.2.3).

Considering the householders sex distribution in the *Oeste* region, there is a slight majority of male householders, representing 52% of the total region. Almost all of the

poverty categories present a male householder proportion above 50%. An interesting difference is found in the extreme poverty status which points to a greater amount of female householders in this region, with 60.4% (Table 3.2.4).

TABLE 3.2.3

Households in *Oeste* Region by median age
and poverty levels, Puerto Rico: 2007-2011.

REGION POVERTY LEVELS

EXTREME BELOW

NEAR

LOW

MIDDLE

POVERTY POVERTY POVERTY INCOME INCOME OR

TOTAL

(<50)

(50-99) (100-149) (150-199) MORE (>200)

Oeste

50

60

59

Source: Public Use Microdata Sample (PUMS) 2007-2011, Puerto Rico Community Survey (PRCS), U.S.

Census Bureau.

TABLE 3.2.4

Households in *Oeste* Region by sex and poverty levels, Puerto Rico: 2007-2011.

REGION

POVERTY LEVELS

EXTREME

BELOW

NEAR

LOW

MIDDLE

SEX

POVERTY

POVERTY

POVERTY

INCOME

INCOME OR

TOTAL

(<50)

(50-99)

(100-149)

(150-199)

MORE (>200)

COUNT

%

COUNT

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COUNT

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COUNT

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COUNT

%

COUNT

%

Male 16,293 30.6% 16,554 50.2% 14,471 58.3% 9,288 59.7% 17,932 64.5% 74,538 52.4%

Oeste Female 24,889 60.4% 16,410 49.8% 10,351 41.7% 6,261 40.3% 9,890 35.5% 67,801 47.6%

TOTAL 41,182 100.0% 32,964 100.0% 24,822 100.0% 15,549 100.0% 27,822 100.0% 142,339 100.0%

Source: Public Use Microdata Sample (PUMS) 2007-2011, Puerto Rico Community Survey (PRCS), U.S. Census Bureau.

142

142

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Regarding educational attainment, the analysis shows the following results in Table

3.2.5: 4% of the householders in extreme poverty have no school completed and 27% have a high school degree. Only .6% have reached a master degree. Thirteen per cent of the householders in poverty and extreme poverty report an educational level from nursery school to grade 4. The middle income or more status, has the highest percentage of householders with a bachelor degree (30%), master degree (11%) or doctorate degree (5%). Among the low income householders 31% have a high school degree and 18% have a bachelor degree. Among the total householders in the *Oeste* region, 27% have a high school degree and 3% have no school completed. A similar percentage have a master degree.

Observing the marital status characteristic, 65% householders that are in better economic status (median income or more) are married. This percentage remarkably contrasts with a 27% of the householders married that are in extreme poverty status. A notable difference is found in the percentage of householders divorced in extreme poverty, reporting 24%. No other poverty status has more than 20% in this category.

Among the total *Oeste* region, 16% are householders never married and 48% are married (Table 3.2.6).

Another characteristic evaluated in this profile is the household type as presented in Table 3.2.7. Between the total households in the *Oeste* region, 14% of the householders live alone and 22% are households of women with no husband. For this household type (women householder with no husband present), the results clearly suggest that while the economic status for the householder is worse, the percentage of women as head of the home with no husband present increased. Thirty three per cent of the women with no husband present are heads of homes among the extreme poverty householders. The extreme poverty householders have a family median income of \$3,600, highlighting a \$46 thousand dollar difference when compared to the middle income or more householders (Table 3.2.8).

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Alberto L. Velázquez - Estrada

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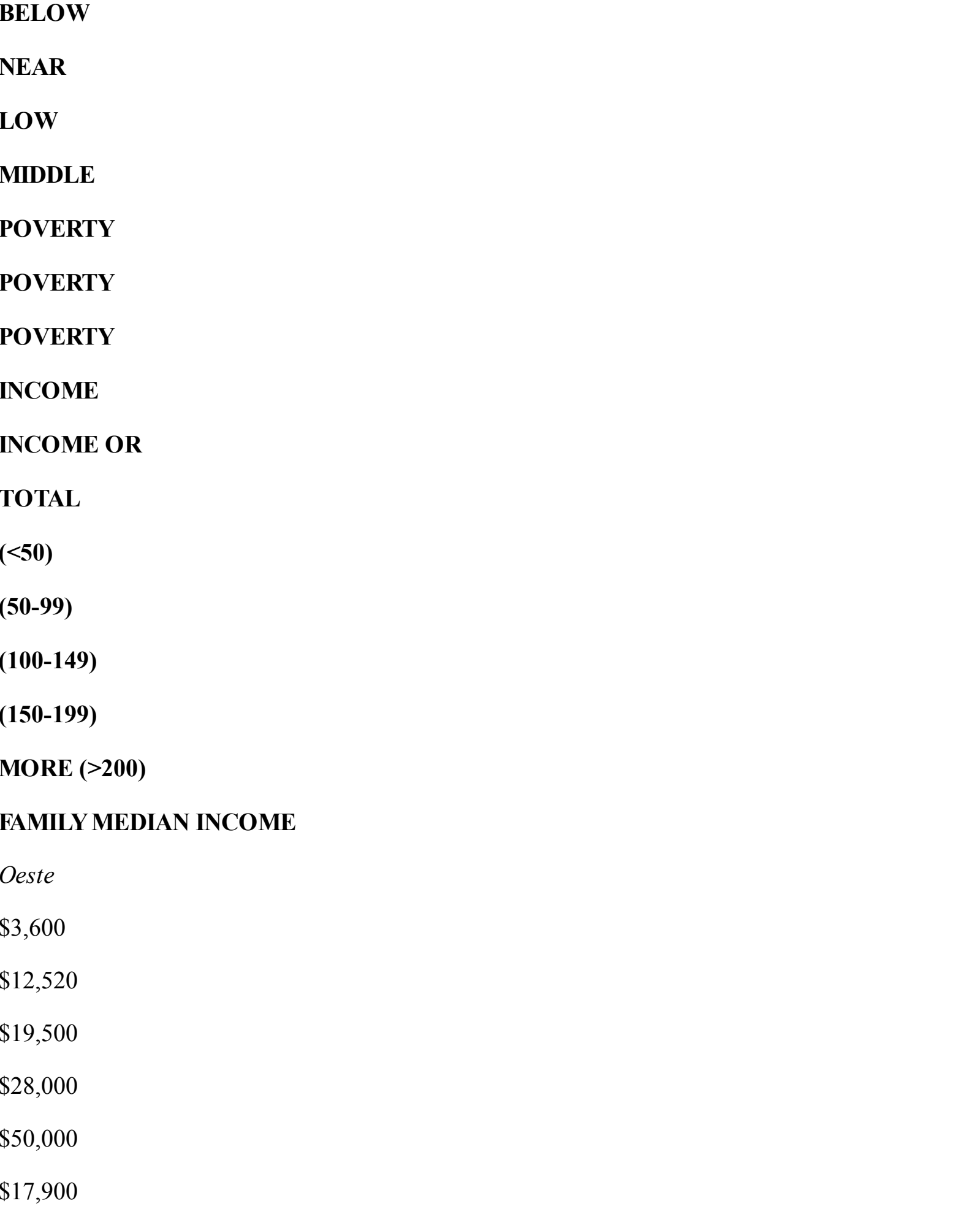
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TABLE 3.2.8

Households in *Oeste* Region by family median income
and by poverty levels, Puerto Rico: 2007-2011.

REGION POVERTY LEVELS

EXTREME



Source: Public Use Microdata Sample (PUMS) 2007-2011, Puerto Rico Community Survey (PRCS),

Table 3.2.9 presents the participation of the householders in the Nutritional Assistance Program (PAN) that was also studied in this profile. Around 4 of each 10 householders in *Oeste* region receive benefits in this program. Six percent of the householders in the middle income or more status, participate in the program. Also, 77% and 42% of householders that participate in the program belong to the extreme poverty and the poverty scenario respectively. Among the householders in near poverty status, 82% do not participate in this program. Another look at the households by poverty levels was performed considering the housing tenure. For the total *Oeste* region, half of the households owned their house free and clear. Twenty per cent of the householders are paying a mortgage for the house. Meanwhile, 18% of householders were renting their house (Table 3.2.10).

Regarding the number of persons in the households, between 42 to 50 percent of all households in all the poverty levels report three or four persons in the household. Among the two person families, 46% are within the poverty level and 49% are near poverty (Table 3.2.11).

Among the housing characteristics, we analyzed the number of bedrooms in the households. The most frequent number of bedrooms in households is three among all the different poverty scenarios. Twenty per cent of the middle income or more householders reported having four bedrooms (Table 3.3.12).

The employment status in households presents a similar pattern as the household type, in which the higher percentage in the extreme poverty scenario is a female holder that is not in the labor force (39%). In the poverty scenario, the greater percentage represents a married couple, both of them not in labor force (31%). This is followed by the married couple with the husband in the labor force but the wife not in the labor force, representing 18% (Table 3.2.13).

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142,339

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62.6%

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Alberto L. Velázquez - Estrada

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Poverty in Puerto Rico 149

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Alberto L. Velázquez - Estrada

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Poverty in Puerto Rico 151

The industry sectors by householders in the *Oeste* region are presented in Table 3.2.14. First, the professional and business services industry sector is the most common, with 32% or more among all the poverty scenarios, interestingly including

householders in poverty and extreme poverty scenarios. For the householders in mid-dle income or more scenario this percentage moved up to 42%. On the other hand,

the agriculture, forestry, fishing and hunting and construction industrial sectors show larger portions of the households that live in extreme poverty, with 4% and 12%

respectively. As a matter of fact, the householders in extreme poverty is the only scenario that registered more than 1% in the category Unemployed and last worked 5 years ago or earlier, or never worked, with a reported 13%. Also, the householders in near poverty (19%) and in poverty (18%) scenarios indicate the second highest portion of the Manufacturing sector.

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Alberto L. Velázquez-Estrada

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Poverty in Puerto Rico 153

Norte geographic region in Puerto Rico

Norte Region

Public Use Microdata Areas

Counties

(PUMAs 2000)

Isabela

Vega Baja

Quebradillas

Vega Alta

Camuy

Dorado

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Hatillo

Morovis

00500, 00300

Arecibo

Corozal

Barceloneta

Naranjito

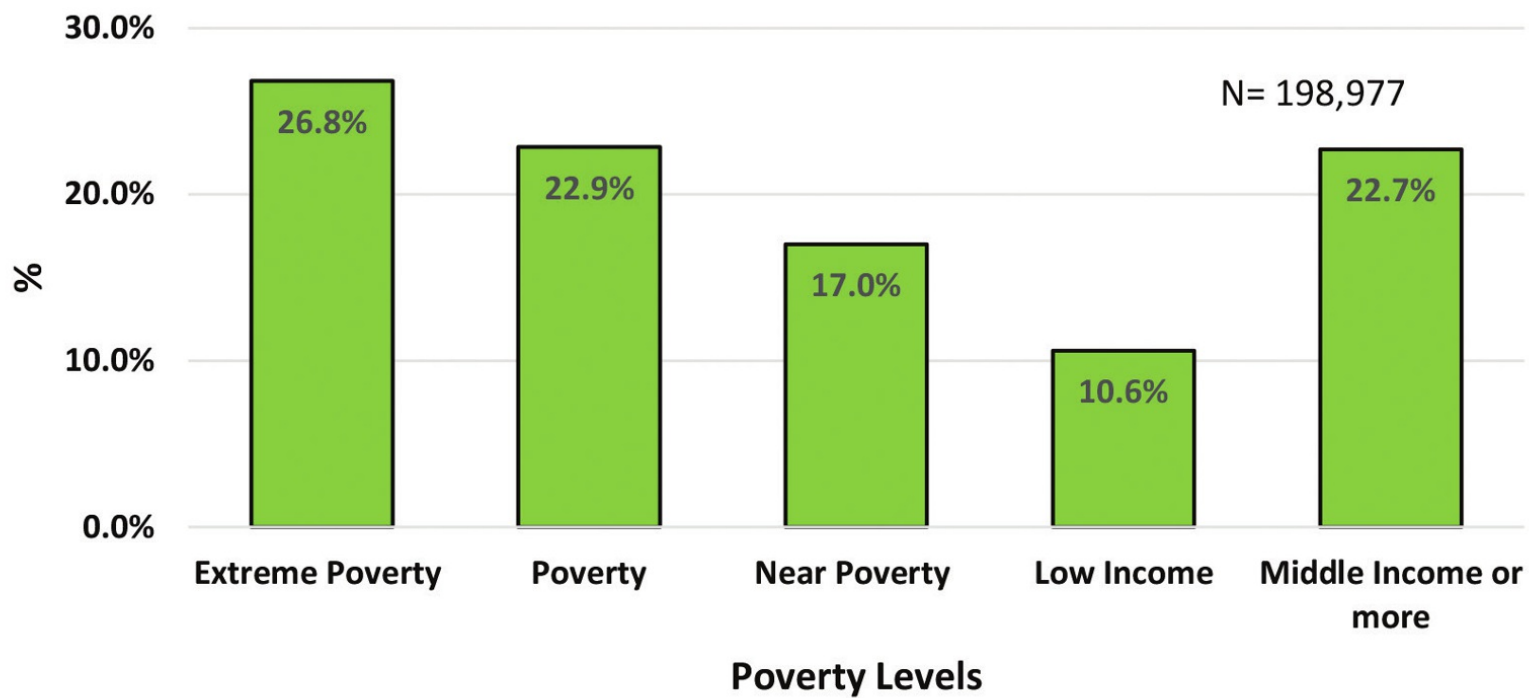
Florida

Toa Alta

Manatí

Puerto Rico enlarged

geographic region



154

154

Alberto L. Velázquez - Estrada

Located in a large north coast area of Puerto Rico, the *Norte* region was formed fitting together five Public Use Microdata Area delimitations (PUMAs) according the 2000

Decennial Census PUMAs enclosing 15 municipalities within the delimited geographic

area. From the 15 municipalities, 10 are located in the north coast of Puerto Rico and five municipalities aren't in the coast, as the reference map shows.

The estimates point out that 198,977 households are located in the *Norte* region of Puerto Rico distributed in 15 municipalities. Among the poverty levels, 27% of the

households were in extreme poverty and 23% in poverty. These two subgroups add up to

50% of the households in *Norte* geographic region showing that half of the households are at or below poverty status. The third subgroup of the poverty levels is the middle income or more at 23% among the total *Norte* region households. This indicates that for every ten households in the *Norte* region, around seven of them are at or near poverty. The households with low income are around 21 thousand of the *Norte* households (Figure 3.3.1).

FIGURE 3.3.1.

Households in *Norte* region by poverty levels, Puerto Rico: 2007-2011.

TABLE 3.3.1

Households by poverty levels in *Norte* Region, Puerto Rico: 2007-2011.

REGION POVERTY LEVELS

EXTREME

BELOW

NEAR

LOW

MIDDLE

POVERTY

POVERTY

POVERTY

INCOME

INCOME OR

TOTAL

(<50)

(50-99)

(100-149)

(150-199)

MORE (>200)

COUNT

%

COUNT

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COUNT

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COUNT

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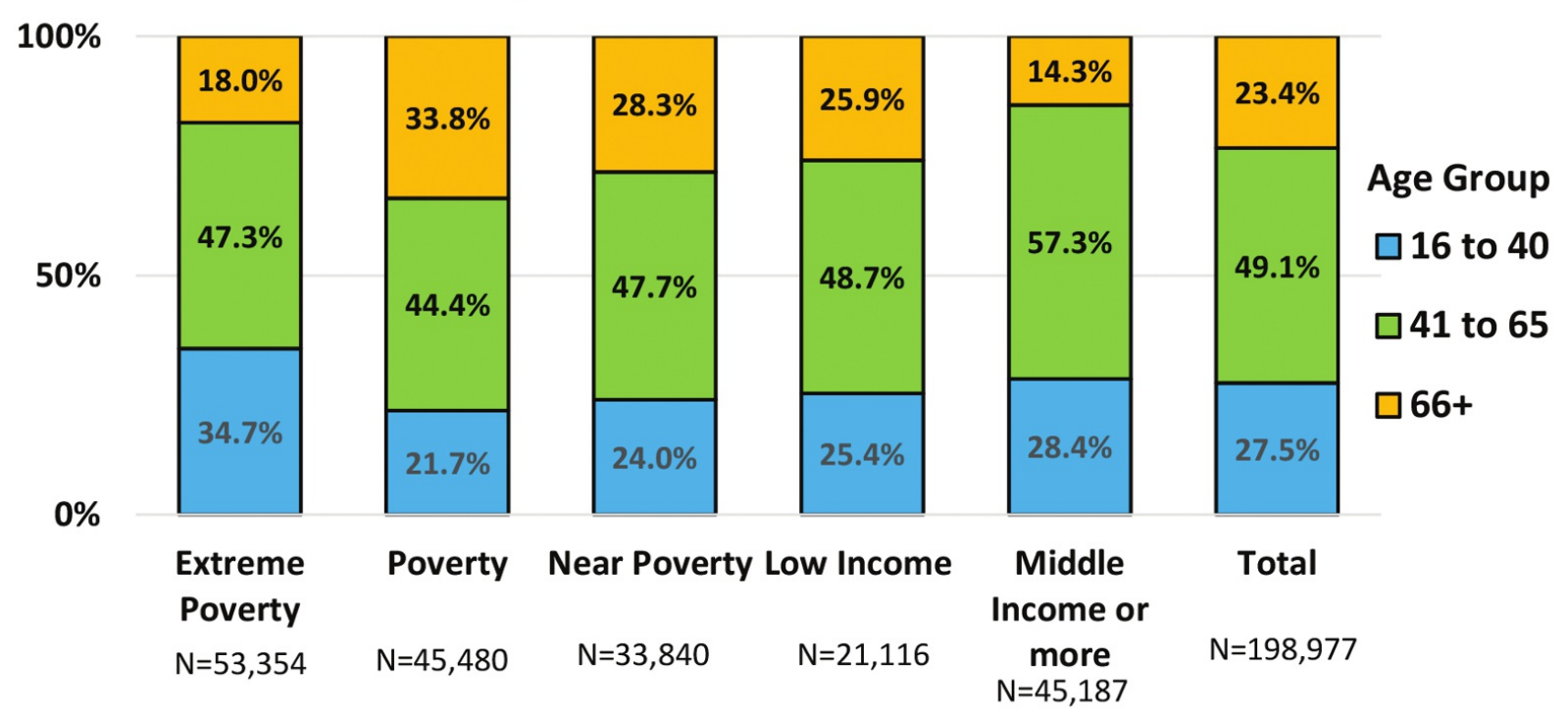
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Norte 53,354 26.8% 45,480 22.9% 33,840 17.0% 21,116 10.6% 45,187 22.7% 198,977 100.0%

Source: Public Use Microdata Sample (PUMS) 2007-2011, Puerto Rico Community Survey (PRCS), U.S. Census Bureau.



Poverty in Puerto Rico 155

As the Figure 3.3.2 indicates, the householder’s age groups distribution by economic levels shows that the highest percentage of young adults (16 years to 40 years) householders were in the extreme poverty scenario, at 35%. For the adult householders, those between 41 and 65 years, show a 57 percent of the householders in

the middle income or more scenario of the *Norte* Region. The elderly age group of householders (66 years or more) shows the highest percentages in the below poverty (34%) and near poverty (28%) scenarios. The median age of the householders for all poverty levels in the *Norte* region oscillates from 49 to 58 years as presented in Table 3.3.3. Observing the householder’s sex by poverty levels, the percentages of distribution suggest that female householders increase at the same time that the poverty level decreases. On the other hand, male householders are a majority in the middle income or more householders (Table 3.3.4).

FIGURE 3.3.2.
Households in *Norte* region by age groups and poverty levels Puerto Rico: 2007-2011.

156
156
Alberto L. Velázquez - Estrada

TABLE 3.3.2
Households in *Norte* Region by age groups and poverty levels, Puerto Rico: 2007-2011.

REGION
POVERTY LEVELS
EXTREME
BELOW
NEAR
LOW
MIDDLE
AGE
POVERTY
POVERTY

POVERTY

INCOME

INCOME OR

TOTAL

GROUPS

(<50)

(50-99)

(100-149)

(150-199)

MORE (>200)

COUNT

%

COUNT

%

COUNT

%

COUNT

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COUNT

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COUNT

%

16 to 40 18,499 34.7% 9,883 21.7% 8,121 24.0% 5,359 25.4% 12,832 28.4% 54,694 27.5%

Norte 41 to 65 25,243 47.3% 20,207 44.4% 16,129 47.7% 10,291 48.7% 25,888 57.3% 97,758

49.1%

66+

9,612 18.3% 15,390 33.8% 9,590 28.3% 5,466 25.9% 6,467 14.3% 46,525 23.4%

TOTAL 53,354 100.0% 45,480 100.0% 33,840 100.0% 21,116 100.0% 45,187 100.0% 198,977 100.0%

Source: Public Use Microdata Sample (PUMS) 2007-2011, Puerto Rico Community Survey (PRCS), U.S. Census Bureau.

TABLE 3.3.3

Households in *Norte* Region by median age

and poverty levels, Puerto Rico: 2007-2011.

REGION POVERTY LEVELS

EXTREME BELOW

NEAR

LOW

MIDDLE

POVERTY POVERTY POVERTY INCOME INCOME OR

TOTAL

(<50)

(50-99) (100-149) (150-199) MORE (>200)

Norte

49

58

55

52

49

Source: Public Use Microdata Sample (PUMS) 2007-2011, Puerto Rico Community Survey (PRCS), U.S.

Census Bureau.

Poverty in Puerto Rico 157

TABLE 3.3.4

Households in *Norte* Region by sex and poverty levels, Puerto Rico: 2007-2011.

REGION

POVERTY LEVELS

EXTREME

BELOW

NEAR

LOW

MIDDLE

SEX

POVERTY

POVERTY

POVERTY

INCOME

INCOME OR

TOTAL

(<50)

(50-99)

(100-149)

(150-199)

MORE (>200)

COUNT

%

COUNT

%

COUNT

%

COUNT

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Male 15,984 30.0% 19,490 42.9% 16,452 48.6% 10,709 50.7% 26,563 58.8% 89,198 44.8%

Norte Female 37,370 70.0% 25,990 57.1% 17,388 51.4% 10,407 49.3% 18,624 41.2% 109,779 55.2%

TOTAL 53,354 100.0% 45,480 100.0% 33,840 100.0% 21,116 100.0% 45,187 100.0% 198,977 100.0%

Source: Public Use Microdata Sample (PUMS) 2007-2011, Puerto Rico Community Survey (PRCS), U.S. Census Bureau.

Another characteristic among the householders in the *Norte* region is the educational attainment by poverty levels. The high school degree is the more common among the householders in almost all the poverty levels, with a percentage of around 26%, except for the householders with middle income or more, which had the larger proportion (33%) with a bachelor degree. As a matter of fact, the householders in middle

income or more scenario had similar shares (11%) with associate degree and bachelor degree in educational attainment (Table 3.3.5). The marital status of the householders shown, in Table 3.3.6, indicates a clear pattern for the married householders. As the percentage of married householders increases the income level improves. Specifically, the percentage grows from 31% married householders in extreme poverty up to 69% married householders in the middle income or more scenario. About half of the *Norte* region householders are married (51%), the second common status is the divorced householders at 18 per cent.

The household type shows that the female householder with no husband present had the higher share (39%) in the extreme poverty level. Indeed, among the poverty levels studied, the extreme poverty level is the only level that reveals a different principal category of household type besides the married couple householders (Table 3.3.7). Considering the family median income, the total for the *Norte* region, Table 3.3.8 shows a median income around \$19,000. As expected, through the poverty levels, the extreme poverty households show less family income with \$3,000. On the other hand, the middle income or more households have a marked difference in income from the extreme poverty households of around \$50,000 additional income.

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Alberto L. Velázquez - Estrada

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Poverty in Puerto Rico 159

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Poverty in Puerto Rico 161

TABLE 3.3.8

Households in *Norte* Region by family median income
and by poverty levels, Puerto Rico: 2007-2011.

REGION POVERTY LEVELS

EXTREME

BELOW

NEAR

LOW

MIDDLE

POVERTY

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POVERTY

INCOME

INCOME OR

TOTAL

(<50)

(50-99)

(100-149)

(150-199)

MORE (>200)

FAMILY MEDIAN INCOME

Norte

\$2,900

\$12,800

\$20,200

\$28,800

\$52,400

\$18,600

Source: Public Use Microdata Sample (PUMS) 2007-2011, Puerto Rico Community Survey (PRCS), U.S. Census Bureau.

Householders that participate in the Nutritional Assistance Program (PAN) are presented in Table 3.3.9 by poverty levels. Around 77% of householders near poverty didn't take part in the PAN program. Furthermore, for those householders in extreme poverty, near 21% of them didn't participate in the program either . Among the total householders in *Norte* region, six of every ten (61%) participate in the program.

The remainder 39% do not participate. Regarding the housing tenure characteristic of households, about half were owned free and clear in the region. For those households with middle income or more, 53% owned the house with mortgage and in the extreme poverty households, 20% are renters. (Table 3.3.10).

The most frequent family size is three or four persons per family, in approximately 49% of the households and the two person families being the second most common on the *Norte* region, as described in Table 3.3.11. Regarding the employment status of married couple households, 33 percent of those living below poverty had neither the husband nor the wife in the labor force, pretty much similar to those households near poverty, at 32% as shown in Table 3.3.13. The same table shows the distribution of

non-married couple households. Female householders not in labor force were by far the most common between the households in an extreme poverty scenario. Also, the industries for the householders is presented in Table 3.3.14. The highest proportion of householders in all the poverty levels point out that they were in the professional and business services industry with percentages that oscillate between 36% and 45%. Householders in extreme poverty report that 18% of them were unemployed and last worked 5 years ago or earlier or never worked.

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162

Alberto L. Velázquez - Estrada

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26.9%

49.0%

12.0%

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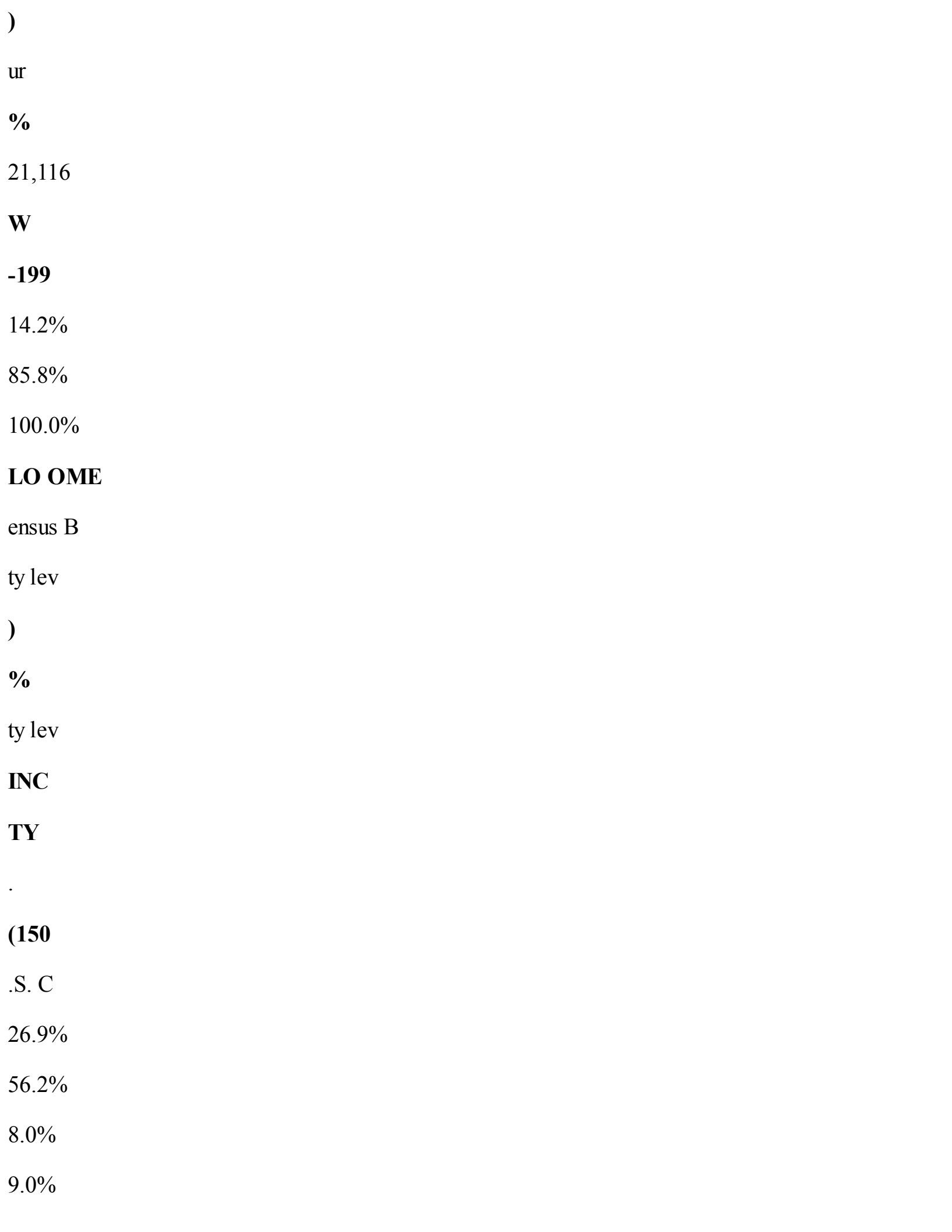
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Poverty in Puerto Rico 163

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Poverty in Puerto Rico 165

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Alberto L. Velázquez - Estrada

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1.4%

4.2%

38.2%

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3.8%

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COUNT

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28

5,335

9,170
10,384
2,654
1,090
3,176
29,158
3,834
7,379
156
2,882
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3.1%
15.2%
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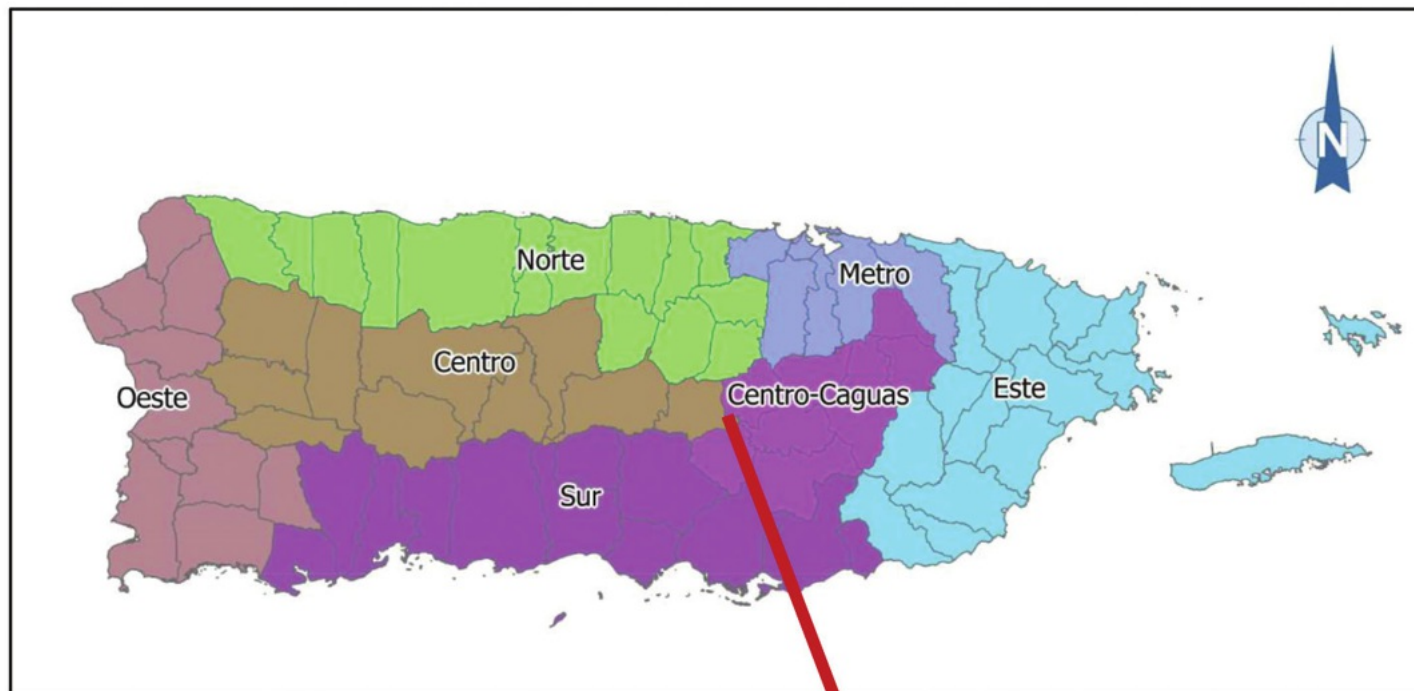
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REGION

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Poverty in Puerto Rico 167

Centro geographic region in Puerto Rico

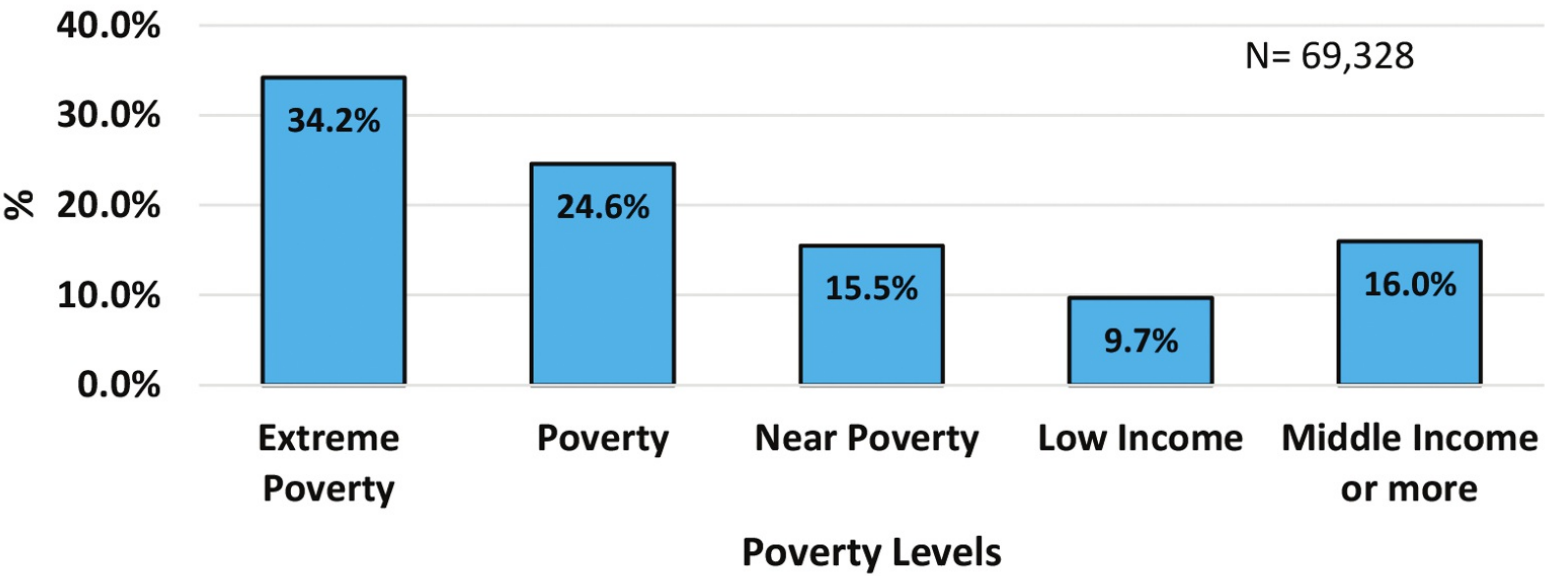
Centro Region

Public Use Microdata Areas

Counties

(PUMAs 2000)

- San Sebastián
- Adjuntas
- Lares
- Jayuya
- Las Marías
- 02200, 02300
- Ciales
- Maricao
- Orocovis
- Utado
- Barranquitas
- Puerto Rico enlarged
- geographic region



As the region reference map shows, the *Centro* region is defined by ten municipalities in the central region of Puerto Rico. According to the 2000 Public Use Microdata Areas

(PUMAs) geographic delimitations, *Centro* region enclosed two PUMAs. The central region of the Island has different access to job opportunities and some government services in contrast from the others regions. Indeed, some of the municipalities in *Centro* region are isolated, typically the population in the region has to travel more distance requesting services like hospitals, utilities and employment.

The PRCS estimates the *Centro* region households in around 69 thousand. Actually, this region is the one with less households contrasted with the other 6 regions. Observing Figure 3.4.1, around 59% of households are below poverty level. Moreover, 34 percent of them are in extreme poverty. Considering the levels in worst economic situation (extreme poverty, below poverty and near poverty), the estimates suggest that three of each four households in the *Centro* region are near, below or in extreme poverty. In the other hand, 16% of households are in middle income or more level, while 10% are low income.

FIGURE 3.4.1.

Households in *Centro* region by poverty levels, Puerto Rico: 2007-2011.

TABLE 3.4.1

Households by poverty levels in *Centro* Region, Puerto Rico: 2007-2011.

REGION POVERTY LEVELS

EXTREME

BELOW

NEAR

LOW

MIDDLE

POVERTY

POVERTY

POVERTY

INCOME

INCOME OR**TOTAL**

(**<50**)

(50-99)

(100-149)

(150-199)

MORE (>200)

COUNT

%

COUNT

%

COUNT

%

COUNT

%

COUNT

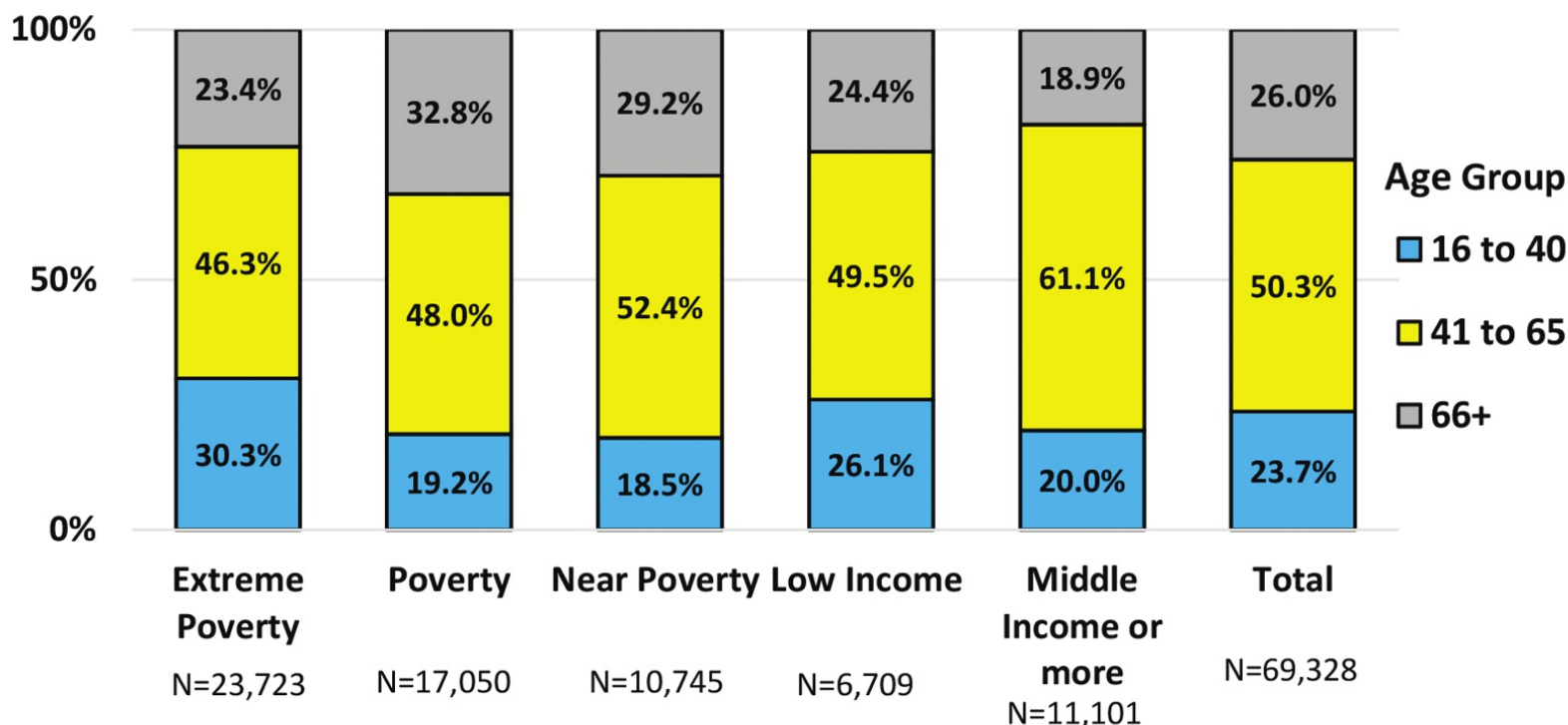
%

COUNT

%

Centro 23,723 34.2% 17,050 24.6% 10,745 15.5% 6,709 9.7% 11,101 16.0% 69,328 100.0%

Source: Public Use Microdata Sample (PUMS) 2007-2011, Puerto Rico Community Survey (PRCS), U.S. Census Bureau.



Poverty in Puerto Rico 169

The age group distribution of householders indicates the elders group (66+ years) were more common in the poverty scenario, with 33%, followed by the householders near poverty (29%). For the adult householders (41-65 years), the highest percentage (61%) is for those in the middle income or more category. Analogous to other regions, the youngest householders (16-40 years) had the highest share in extreme poverty (Figure 3.4.2). Observing the results of the median age in Table 3.4.3, between the poverty levels, the youngest median age (51 years) belongs to the extreme poverty householders and the oldest median age stands for those householders in poverty level, presenting 58 years median age. For the total householders in the *Centro* region, the median age is 54 years.

Typically among the regions, the households sex by poverty level pattern indicates that females were majority in the extreme poverty level. Considering the sex distribution of the *Centro* region householders that are presented in Table 3.4.4, the extreme poverty level householders had a female majority of 56%. A peculiar characteristic was identified for the householders in the poverty level and which had a majority of

male householders of at least 57%.

FIGURE 3.4.2.

Households in *Centro* region by age groups and poverty levels Puerto Rico: 2007-2011.

170 Alberto L. Velázquez - Estrada

TABLE 3.4.2

Households in *Centro* Region by age groups and poverty levels, Puerto Rico: 2007-2011.

REGION

POVERTY LEVELS

EXTREME

BELOW

NEAR

LOW

MIDDLE

AGE

POVERTY

POVERTY

POVERTY

INCOME

INCOME OR

TOTAL

GROUPS

(<50)

(50-99)

(100-149)

(150-199)

MORE (>200)

COUNT

%

COUNT

%

COUNT

%

COUNT

%

COUNT

%

COUNT

%

16 to 40 7,193 30.3% 3,271 19.2% 1,983 18.5% 1,752 26.1% 2,215 20.0% 16,414 27.5%

Centro 41 to 65 10,981 46.3% 8,182 48.0% 5,626 52.4% 3,323 49.5% 6,783 61.1% 34,895 49.1%

66+

5,549 23.4% 5,597 32.8% 3,136 29.2% 1,634 24.4% 2,103 18.9% 18,019 23.4%

TOTAL	23,723	100.0%	17,050	100.0%	10,745	100.0%	6,709	100.0%	11,101	100.0%	69,328	100.0%

Source: Public Use Microdata Sample (PUMS) 2007-2011, Puerto Rico Community Survey (PRCS), U.S. Census Bureau.

TABLE 3.4.3

Households in *Centro* Region by median age

and poverty levels, Puerto Rico: 2007-2011.

REGION POVERTY LEVELS

EXTREME BELOW

NEAR

LOW

MIDDLE

POVERTY POVERTY POVERTY INCOME INCOME OR

TOTAL

(<50)

(50-99) (100-149) (150-199) MORE (>200)

Centro

51

58

57

54

53

54

Source: Public Use Microdata Sample (PUMS) 2007-2011, Puerto Rico Community Survey (PRCS), U.S.

Census Bureau.

TABLE 3.4.4

Households in Centro Region by sex and poverty levels, Puerto Rico: 2007-2011.

REGION

POVERTY LEVELS

EXTREME

BELOW

NEAR

LOW

MIDDLE

SEX

POVERTY

POVERTY

POVERTY

INCOME

INCOME OR

TOTAL

(<50)

(50-99)

(100-149)

(150-199)

MORE (>200)

COUNT

%

COUNT

%

COUNT

%

COUNT

%

COUNT

%

COUNT

%

Male 10,519 44.3% 9,725 57.0% 6,330 58.9% 4,225 63.0% 7,427 66.9% 38,226 55.1%

Centro Female 13,204 55.7% 7,325 43.0% 4,415 41.1% 2,484 37.0% 3,674 33.1% 31,102 44.9%

TOTAL	23,723	100.0%	17,050	100.0%	10,745	100.0%	6,709	100.0%	11,101	100.0%	69,328	100.0%

Source: Public Use Microdata Sample (PUMS) 2007-2011, Puerto Rico Community Survey (PRCS), U.S. Census Bureau.

Poverty in Puerto Rico 171

Regarding the educational attainment of the householders in *Centro* region presented in Table 3.4.5, 6% of householders in extreme poverty report no school com-

pleted, 24% have a high school degree and just 4% have bachelor degree. The highest

percentage of householders with high school completed was found in those at the

near poverty level (35%). On the other hand, householders with bachelor and master

degrees were more common in the middle income or more category with 29% and

10% of householders respectively. As a matter of fact, only about 1% of household-

ers throughout all the poverty levels in the *Centro* region report having a doctorate degree.

The marital status of the householders among the poverty levels in *Centro* region reveals that three of each four householders in better economic situation (middle income or more) were married.

Moreover, the never married householder percentages

indicate that the highest proportion within this group is in the extreme poverty level

with 25%. The divorced householders were also more common in the extreme pov-

erty level (19%). In fact, the married householders were at least half of the remaining four levels, poverty and above, as Table 3.4.6 shows. Evaluating the household type

among the economic scenarios in Table 3.4.7, the top proportion of female house-

holders with no husband present were found in the extreme poverty scenario (32%).

The male householders with no wife present oscillate between 5 through 9 percent among all the economic levels. Looking at household family income, the extreme poverty families had \$3,700 of annual median income. In contrast, the median family income of the near poverty and middle income households was \$20,100 and \$46,200 in that order (Table 3.4.8).

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%

3.7%

11.1%

9.2%

7.7%

6.0%

2.3%

2.9%

1.1%

26.3%

1.2%

8.0%

6.6%

10.9%

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**TOTAL
COUNT**

2,540
7,692
6,355
5,339
4,170
1,619
2,015
753
18,226
805
5,555
4,576
7,575
1,786
183
139
198,977

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OR

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.8%

3.1%

2.4%

3.4%

2.3%

.4%

1.6%

.4%

21.1%

1.2%

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Poverty in Puerto Rico 173

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6.4%

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Male householder-N

Female householder

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Poverty in Puerto Rico 175

TABLE 3.4.8

Households in *Centro* Region by family median income
and by poverty levels, Puerto Rico: 2007-2011.

REGION POVERTY LEVELS

EXTREME

BELOW

NEAR

LOW

MIDDLE

POVERTY

POVERTY

POVERTY

INCOME

INCOME OR

TOTAL

(<50)

(50-99)

(100-149)

(150-199)

MORE (>200)

FAMILY MEDIAN INCOME

Centro

\$3,700

\$12,720

\$20,100

\$29,500

\$46,200

\$15,000

Source: Public Use Microdata Sample (PUMS) 2007-2011, Puerto Rico Community Survey (PRCS), U.S. Census Bureau.

Another characteristic presented for the *Centro* region households was the participation in the Nutritional Assistance Program (PAN). Eighty five percent of household-

ers in extreme poverty participated in the PAN program. However, those household-ers at the poverty and near poverty levels had 54 and 32 percent participation in the program (Table 3.4.9). The housing tenure of the total householders in *Centro* region shown in Table 3.4.10 indicates that around half of the houses were owned free and clear, 25% were owned with mortgage and 12% were rented.

Regarding the number of persons per family, around 18 percent of the extreme poverty households had 5 or 6 persons. The most frequent family size among all the economic scenarios were families of 2 persons or 3 to 4 persons. These two categories add up to 86% of the total *Centro* region households presented in Table 3.4.11. At least 50% of the households are in houses of three bedrooms through all of the different economic scenarios (Table 3.4.12).

TABLE 3.4.9

Households in *Centro* Region by food stamp and poverty levels, Puerto Rico: 2007-2011.

REGION
POVERTY LEVELS
FOOD
EXTREME
BELOW
NEAR
LOW
MIDDLE
STAMP/
POVERTY
POVERTY
POVERTY

INCOME

INCOME OR

TOTAL

SNAP

(<50)

(50-99)

(100-149)

(150-199)

MORE (>200)

COUNT

%

COUNT

%

COUNT

%

COUNT

%

COUNT

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COUNT

%

Yes

20,194 85.1% 9,240 54.2% 3,403 31.7% 1,203 17.9% 1,315 11.8% 35,355 26.9%

Centro

No

3,529 14.9% 7,810 45.8% 7,342 68.3% 5,506 82.1% 9,786 88.2% 33,973 49.0%

TOTAL 23,723 100.0% 17,050 100.0% 10,745 100.0% 6,709 100.0% 11,101 100.0% 69,328 100.0%

Source: Public Use Microdata Sample (PUMS) 2007-2011, Puerto Rico Community Survey (PRCS), U.S. Census Bureau.

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Poverty in Puerto Rico 177

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TABLE 3.4.12

Households in *Centro* Region by bedrooms and poverty levels, Puerto Rico: 2007-2011.

REGION

POVERTY LEVELS

EXTREME

BELOW

NEAR

LOW

MIDDLE

BEDROOMS

POVERTY

POVERTY

POVERTY

INCOME

INCOME OR

TOTAL

(<50)

(50-99)

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(150-199)

MORE (>200)

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COUNT

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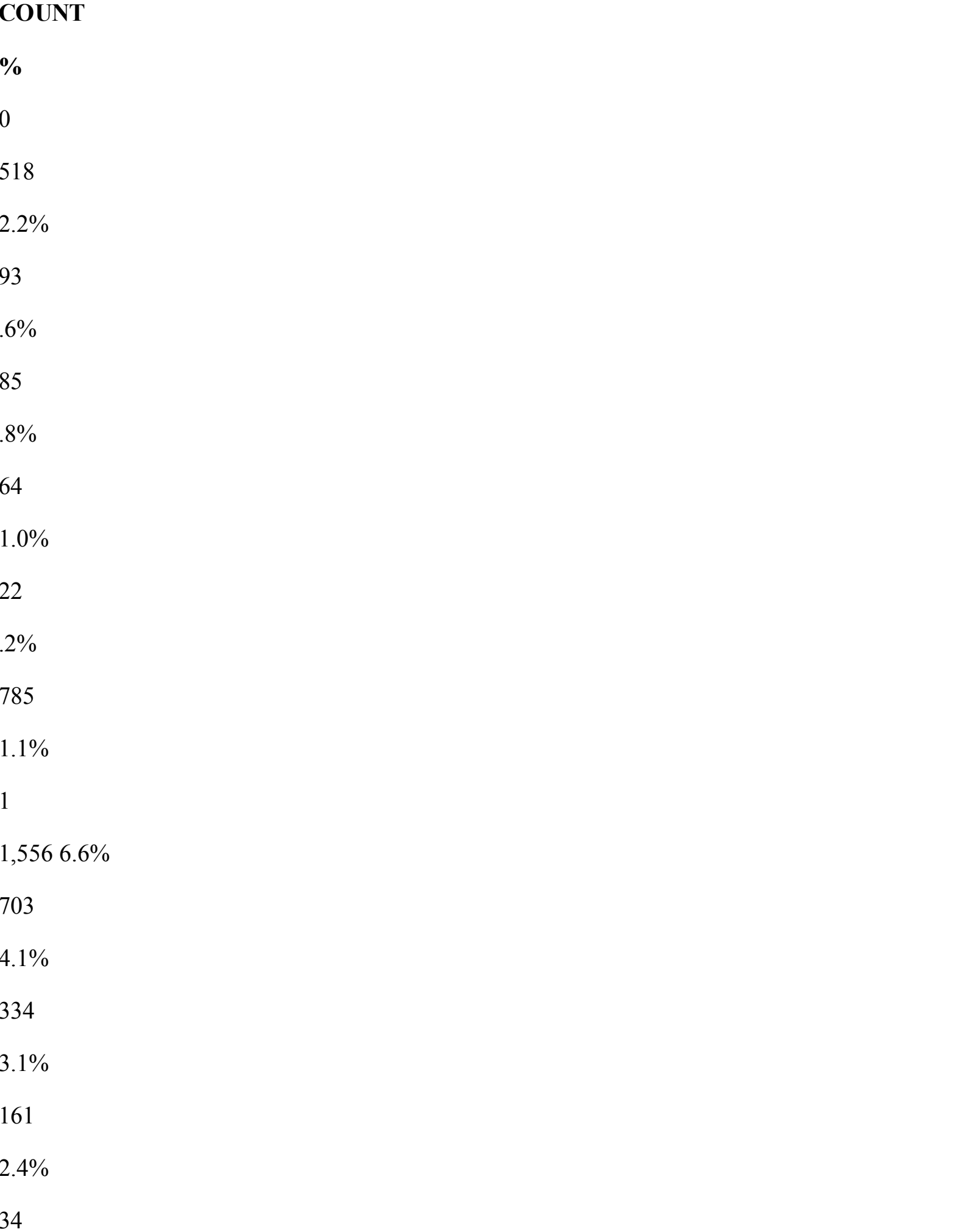
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6,273 26.4% 3,300 19.4% 2,151 20.0% 919 13.7% 1,113 10.0% 13,756 19.8%

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12,022 50.7% 9,856 57.8% 6,458 60.1% 4,562 68.0% 7,116 64.1% 40,014 57.7%

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2,764 11.7% 2,661 15.6% 1,442 13.4% 856 12.8% 2,289 20.6% 10,012 14.4%

5+

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434

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275

2.6%

147

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527

4.7% 1,973 2.8%

TOTAL

23,723 100.0% 17,050 100.0% 10,745 100.0% 6,709 100.0% 11,101 100.0% 69,328 100.0%

Source: Public Use Microdata Sample (PUMS) 2007-2011, Puerto Rico Community Survey (PRCS), U.S. Census Bureau.

Regarding the employment status of householders, specifically if they were a mar-

ried couple or not (Table 3.4.13), the not married female householder not in labor

force, with a share of 30% among the extreme poverty householders, can easily be spotted. In the near poverty scenario, three of every ten householders were married couples both not in the labor force. Indeed, the married couple householders both not in labor force were the highest proportion in the *Centro* households (26%). The industry groups of those employed householders are shown in Table 3.4.14. The agriculture, forestry, fishing and hunting group was more typical for those householders in extreme poverty, poverty and near poverty with 14%, 10% and 7% respectively. Regarding the top industry group reported, the professional and business services was the group with the highest proportion in every economic level analyzed. In fact, at least one of every four householders reported being employed in the professional and business services among all the economic scenarios.

Poverty in Puerto Rico 179



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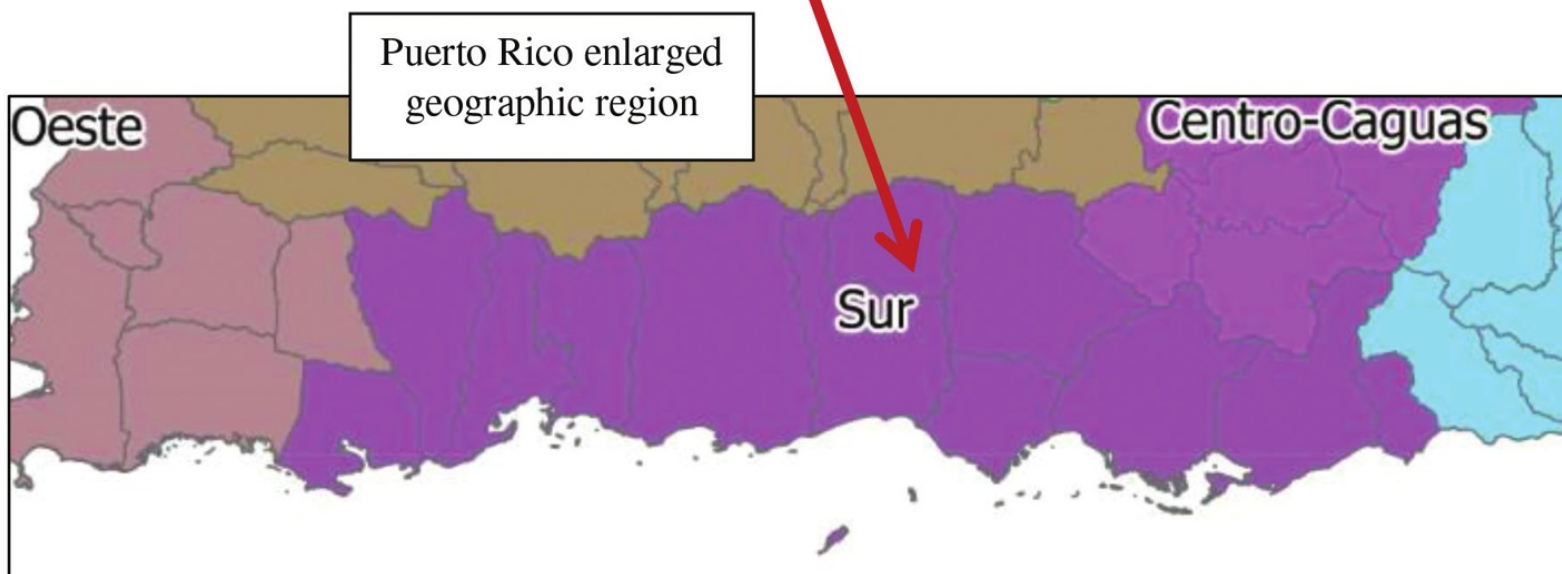
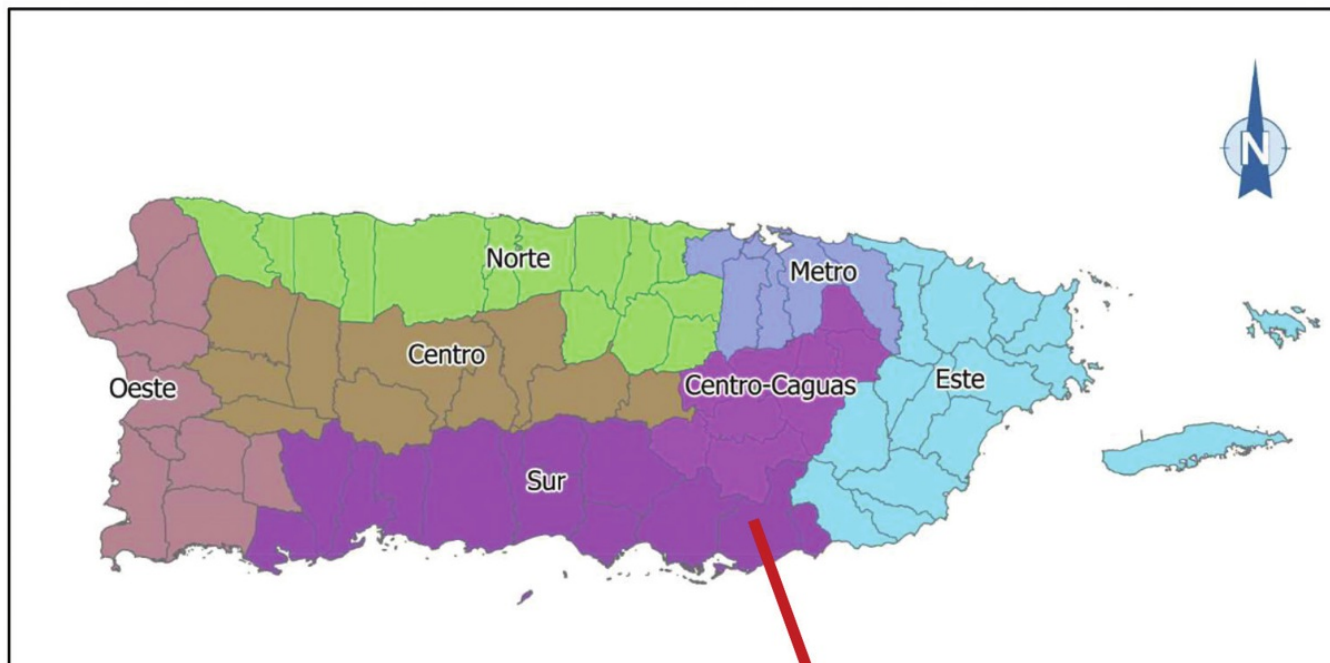
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Poverty in Puerto Rico 181

Sur geographic region in Puerto Rico

Sur Region

Public Use Microdata Areas

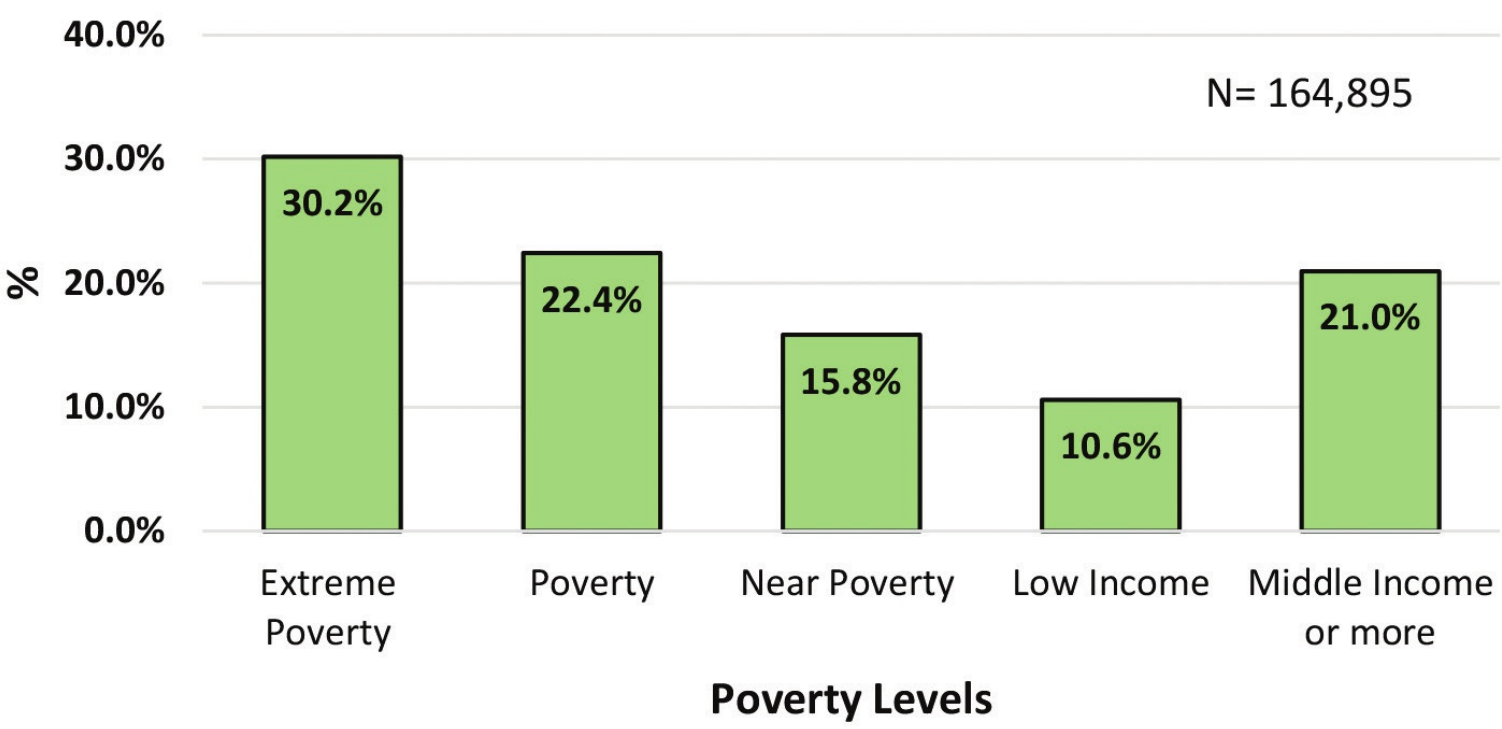
Counties

(PUMAs 2000)

Guánica

Villalba

Yauco
Coamo
Guayanilla
Santa Isabel
01600, 01700, 01900, 01800
Peñuelas
Salinas
Ponce
Guayama
Juana Díaz
Arroyo
Puerto Rico enlarged
geographic region



Located in the south coast area in Puerto Rico, the *Sur* region was formed fitting together four Public Use Microdata Areas (PUMAs) delimitations according the 2000 decennial census PUMAs encompassing 12 municipalities within the delimited geographic area. Ten of the 12 municipalities are located in the southern coast of Puerto Rico.

The census estimates indicate that 164,895 households are located in the *Sur* region of Puerto Rico. Among the poverty levels, 30% of the households belong to the extreme poverty and 22% to the poverty subgroup. These two subgroups add up to more than 50% of the households in the *Sur* region. Moreover, the households that were near poverty or beneath poverty combine for 68%. This means that for every ten households in the *Sur* region, more than six are at or nearly above the poverty line. The third large subgroup by the poverty levels was the middle income or more with 21% among the total *Sur* region households (Figure 3.5.1).

FIGURE 3.5.1.

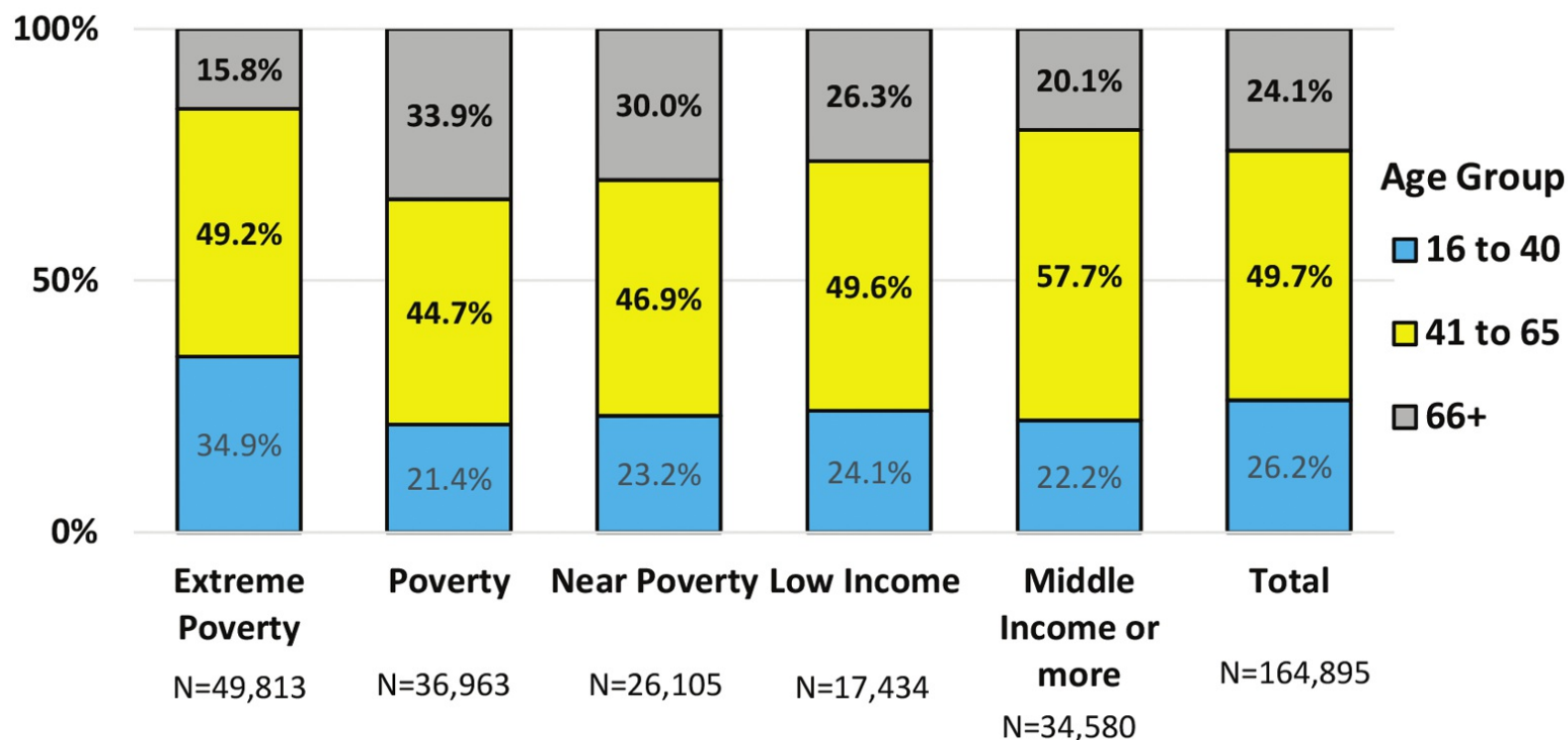
Households in *Sur* region by poverty levels, Puerto Rico: 2007-2011.

TABLE 3.5.1

Households by poverty levels in *Sur* Region, Puerto Rico: 2007-2011.

REGION POVERTY LEVELS

- EXTREME**
- BELOW**
- NEAR**
- LOW**
- MIDDLE**
- POVERTY**
- POVERTY**
- POVERTY**
- INCOME**
- INCOME OR**



Poverty in Puerto Rico 183

Figure 3.5.2 indicates the householders age group distribution by economic levels.

As the figure shows, the highest percentage of young adults householders (16 to 40 years) were in the extreme poverty scenario, with more than 30%. Among the adult householders, those between 41 and 65 years, more than 50% were in the middle income or more subgroup of the *Sur* Region. The elderly age group of householders (66 years or more) shows the highest percentages in the poverty (34%) and near poverty (30%) scenarios. Regarding the median age of the householders 16 years or more in the *Sur* region the median is 53 years. When the median age is observed by poverty level in the *Sur* region, it oscillates from 48 to 59 years, as presented in Table 3.5.3.

The householders in the *Sur* region are mostly females. Regarding the householder sex by poverty levels, an inverse distribution is observed. While in 66% of the households in extreme poverty the householders is a female, 39% of the households are in the middle income or more are headed by males.

FIGURE 3.5.2.

Households in *Sur* region by age groups and poverty levels Puerto Rico: 2007-2011.

184

184

Alberto L. Velázquez - Estrada

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49.7%

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Poverty in Puerto Rico 185

TABLE 3.5.3

Households in *Sur* Region by median age

and poverty levels, Puerto Rico: 2007-2011.

REGION POVERTY LEVELS

EXTREME BELOW

NEAR

LOW

MIDDLE

POVERTY POVERTY POVERTY INCOME INCOME OR

TOTAL

(<50)

(50-99) (100-149) (150-199) MORE (>200)

Sur

48

59

55

54

53

53

Source: Public Use Microdata Sample (PUMS) 2007-2011, Puerto Rico Community Survey (PRCS), U.S.

Census Bureau.

TABLE 3.5.4

Households in *Sur* Region by sex and poverty levels, Puerto Rico: 2007-2011.

REGION

POVERTY LEVELS

EXTREME

BELOW

NEAR

LOW

MIDDLE

SEX

POVERTY

POVERTY

POVERTY												
INCOME												
INCOME OR												
TOTAL												
(<50)												
(50-99)												
(100-149)												
(150-199)												
(MORE (>200))												
COUNT												
%												
COUNT												
%												
COUNT												
%												
COUNT												
%												
COUNT												
%												
Male	17,089	34.3%	17,854	48.3%	13,273	50.8%	9,398	53.9%	21,037	60.8%	78,651	47.7%
<i>Sur</i>												
Female	32,724	65.7%	19,109	51.7%	12,832	49.2%	8,036	46.1%	13,543	39.2%	86,244	52.3%

TOTAL 49,813 100.0% 36,963 100.0% 26,105 100.0% 17,434 100.0% 34,580 100.0% 164,895 100.0%

Source: Public Use Microdata Sample (PUMS) 2007-2011, Puerto Rico Community Survey (PRCS), U.S. Census Bureau.

186

186

Alberto L. Velázquez - Estrada

Another characteristic that is presented for the householders in the *Sur* region is the educational attainment by poverty levels. The high school graduate category is the most common among the householders in almost all poverty levels, with a percentage of around 30%, except for the householders with middle income or more, which had a proportion of 20%. Observing the below poverty and extreme poverty categories the householders achieved less than high school. As a matter of fact, more education means less probability to be below the poverty line (Table 3.5.5).

Considering the marital status of the householders presented in Table 3.5.6, it is suggested that the percentage of married householders increases when the poverty level improves. Specifically, the percentage grows from 26% married householders in extreme poverty up to 64% married householders in the middle income or more scenario. Nearly half of the *Sur* region householders are married (45%). The second most common status is the never married householders with 20 percent. Thirty four percent of the householders in this marital status were in extreme poverty.

Forty three percent of households in the *Sur* region are married couple family households. In the extreme poverty category, 24% are married couplefamily households as shown on the Table 3.5.7. In the same poverty level category, it is observed that the female householder with no husband present had the higher share (39%) within the extreme poverty level. Considering the family median income, the total for the *Sur* region in Table 3.5.8 shows a median around \$17,000. As expected, through the poverty

levels, the extreme poverty family households show less family income with \$3,000. On the other hand, the middle income or more family households have a difference from the extreme poverty households of around \$50,000 additional income.

Poverty in Puerto Rico 187

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6.8%

5.6%

6.1%

5.0%

2.4%

3.2%

1.2%

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14,426	
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Alberto L. Velázquez - Estrada

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8,089
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Poverty in Puerto Rico 189

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25.7%

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12.1%

1.3%

100.0%

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42,345
15,455
2,446
19,880
2,216
164,895
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190

Alberto L. Velázquez - Estrada

TABLE 3.5.8

Households in *Sur* Region by family median income
and by poverty levels, Puerto Rico: 2007-2011.

REGION POVERTY LEVELS

EXTREME

BELOW

NEAR

LOW

MIDDLE

POVERTY

POVERTY

POVERTY

INCOME

INCOME OR

TOTAL

(<50)

(50-99)

(100-149)

(150-199)

MORE (>200)

FAMILY MEDIAN INCOME

Sur

\$3,300

\$12,700

\$20,500

\$28,600

\$50,000

\$17,400

Source: Public Use Microdata Sample (PUMS) 2007-2011, Puerto Rico Community Survey (PRCS), U.S. Census Bureau.

Householders that participate in the PAN program are presented in Table 3.5.9 by poverty levels. Around 88% of householders in the low income category didn't take part in PAN. Surprisingly, 18% of those householders in extreme poverty, didn't par-

ticipate in the program either . On the other hand, 7% of the households of middle income or more participate in PAN. Among the total householders in the *Sur* region, five of every ten (57%) of them do not participate in the PAN program; the counterpart, 43%, participate. Regarding the housing tenure characteristic of households,

almost 50% of the households in the region are owned free and clear. Of those households in extreme poverty status, 45% owned the house free and clear (Table 3.5.10). Regarding family size, it is observed that the most frequent size is three or four persons, throughout all of the poverty levels, which have more than 40% in this category. The two person families are the second most common group on the *Sur* region as shown in Table 3.5.11. Observing the employment status of married couple households, the households near poverty are 10% more than those in extreme poverty (16% to 26% respectively) as Table 3.5.13 specifies. The same table shows the distribution of non-married couple households. Among these, female householders not in labor force were by far the most common group within the households in extreme poverty. Table 3.5.14. shows the householders by industry group and poverty level. As in other regions, the highest proportion of householders in all the poverty levels were in the professional and business services industry, with percentages that oscillate from 28% to 40%. The second highest percent in industry groups for households in extreme poverty is the wholesale and retail trade with 13%.

Poverty in Puerto Rico 191

L
%
23.7%
48.9%
15.2%
12.2%
100.0%
TOTA
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COUNT	
39,060	
80,592	
25,098	
20,145	
164,895	
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57.4%	
100.0%	
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OR	
%	
45.4%	
44.3%	
6.9%	
3.4%	
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COUNT	
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94,652	

164,895

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Alberto L. Velázquez - Estrada

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Poverty in Puerto Rico 193

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Poverty in Puerto Rico 195

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EX PO (<50

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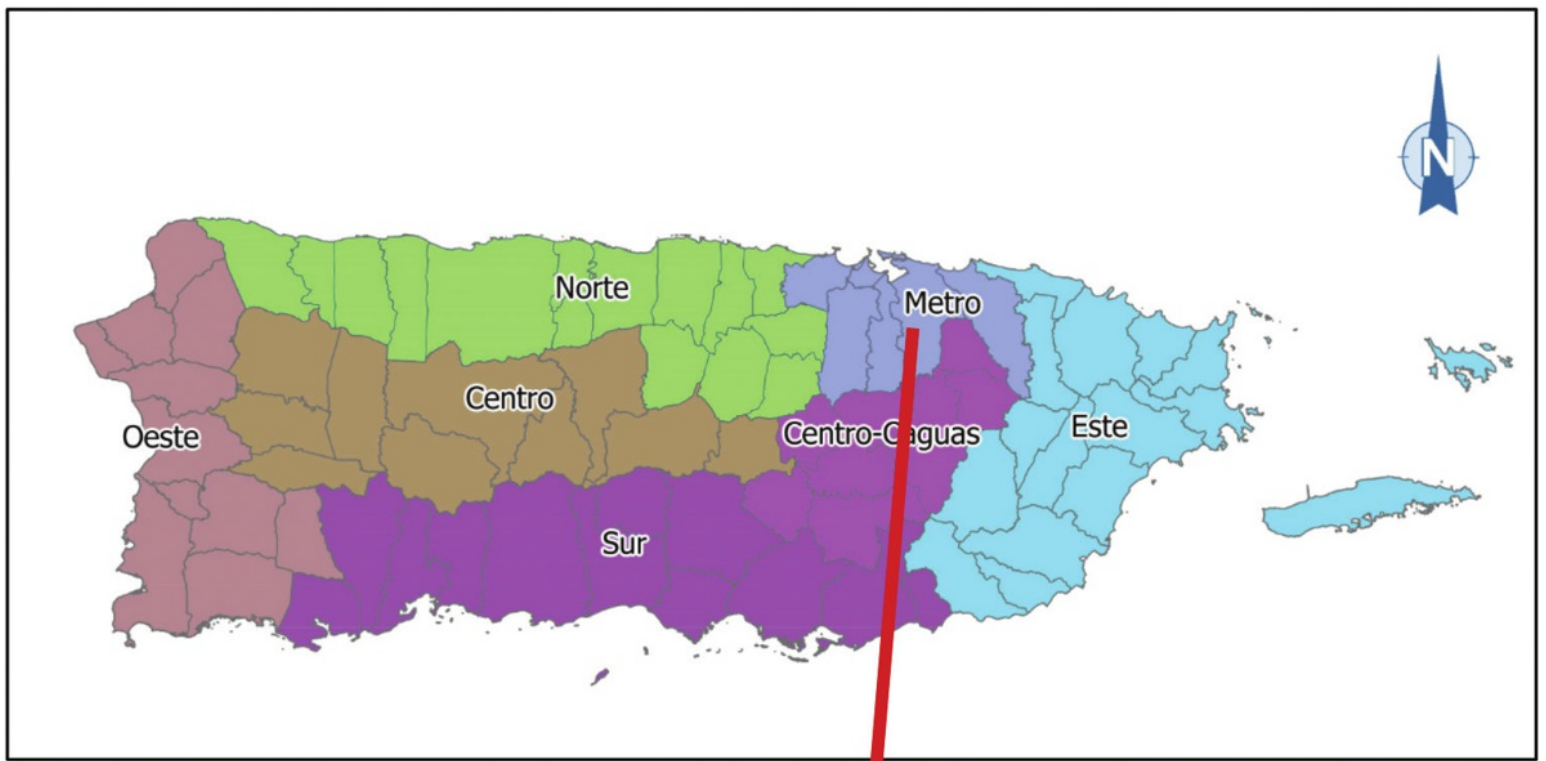
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REGION

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Puerto Rico enlarged
geographic region



196

196

Alberto L. Velázquez - Estrada

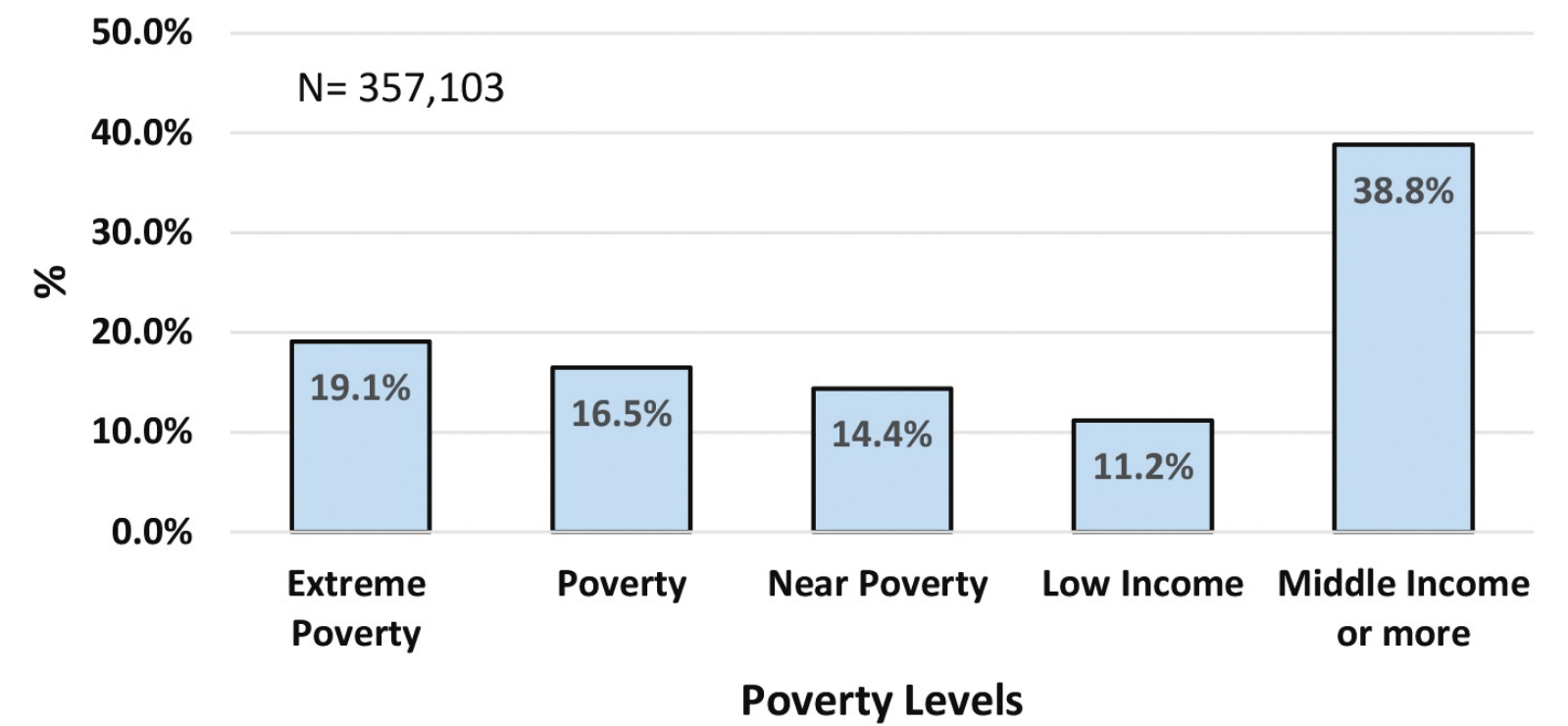
Metro geographic region in Puerto Rico

Metro Region

Public Use Microdata Areas

Counties
(PUMAs 2000)

- Toa Baja
- San Juan
- 00801, 00802, 00900, 01003, 01100,
- Cataño
- Carolina
- 00600, 01001, 01002, 01004
- Bayamón
- Guaynabo
- Puerto Rico enlarged
- geographic region



Poverty in Puerto Rico 197

For the purpose of this analysis, the *Metro* region was created with the union of three Public Use Microdata Areas (PUMAs) delimitations according the 2000 decennial census

PUMAs inclosing 6 municipalities within the delimited geographic area. This area is located at the northeast coast of Puerto Rico as the reference map shows.

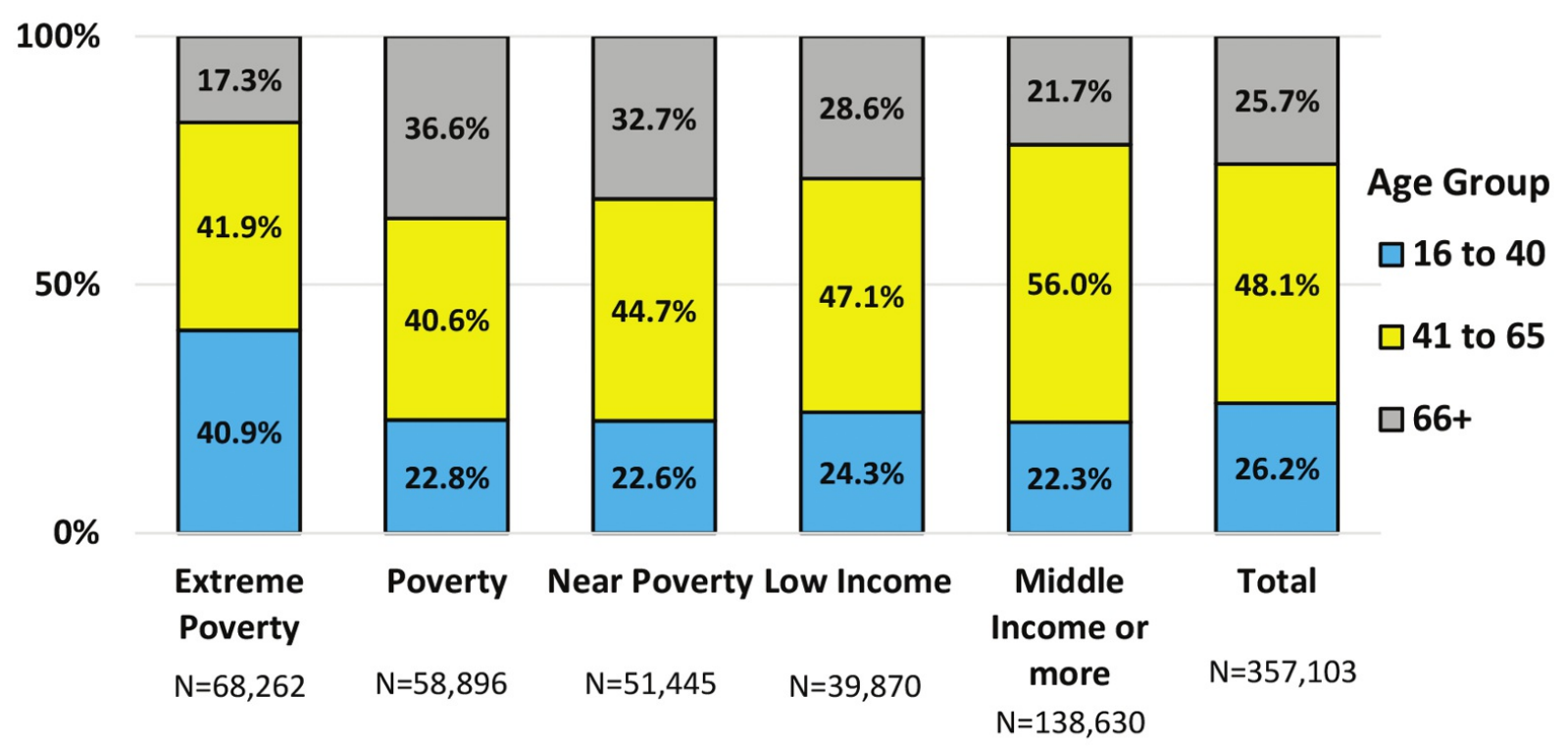
A total of 357,103 households are located in the *Metro* region of Puerto Rico distributed in 6 municipalities. Figure 3.6.1 shows that among the poverty levels, 19% of the households belong to the extreme poverty subgroup and 17% are in the poverty subgroup.

These two subgroups that were under the poverty line add up 36% of the households in the *Metro* region, pointing out that around 4 of every 10 households are in poverty within this region. The upper percentage subgroup by poverty level was the middle income or more group with 39% among the total *Metro* region households. The households in the near poverty scenario totalize 51,445, or 14% of the *Metro* households.

The broad age group of householders in the *Metro* region indicates that 41% of the householders in the extreme poverty level had between 16 and 40 years. Adult householders between ages 41 and 65 show the highest proportion (56%) in the middle income or more level. Moreover, the percentage distribution of the elderly householders (>65 years) presents 37% of them among the poverty scenario (51 to 100 poverty level). Concerning the age distribution of the total householders in the *Metro* region, around 26% were in the youngest and older age groups respectively. Both groups represent basically half of the region households (Figure 3.6.2).

FIGURE 3.6.1.

Households in *Metro* region by poverty levels, Puerto Rico: 2007-2011.



198

198

Alberto L. Velázquez - Estrada

TABLE 3.6.1

Households by poverty levels in Metro Region, Puerto Rico: 2007-2011.

REGION POVERTY LEVELS

EXTREME

BELOW

NEAR

LOW

MIDDLE

POVERTY

POVERTY

POVERTY

Households in *Metro* region by age groups and poverty levels Puerto Rico: 2007-2011.

Poverty in Puerto Rico 199

TABLE 3.6.2

Households in *Metro* Region by age groups and poverty levels, Puerto Rico: 2007-2011.

REGION

POVERTY LEVELS

EXTREME

BELOW

NEAR

LOW

MIDDLE

AGE

POVERTY

POVERTY

POVERTY

INCOME

INCOME OR

TOTAL

GROUPS

(<50)

(50-99)

(100-149)

(150-199)

MORE (>200)

COUNT

%

COUNT

%

COUNT

%

COUNT

%

COUNT

%

COUNT

%

16 to 40 27,893 40.9% 13,408 22.8% 11,606 22.6% 9,701 24.3% 30,875 22.3% 93,483 26.2%

Metro 41 to 65 28,578 41.9% 23,934 40.6% 23,004 44.7% 18,761 47.1% 77,603 56.0% 171,880 48.1%

66+ 11,791 17.3% 21,554 36.6% 16,835 32.7% 18,468 28.6% 30,152 21.7% 91,740 25.7%

TOTAL	68,262	100.0%	58,896	100.0%	51,445	100.0%	39,870	100.0%	138,630	100.0%	357,103	100.0%

Source: Public Use Microdata Sample (PUMS) 2007-2011, Puerto Rico Community Survey (PRCS), U.S. Census Bureau.

Observing the median age of the total householders in the *Metro* region, Table 3.6.3

indicates a median age of 53 years. among the poverty levels, the youngest median age

belongs to the extreme poverty level householders (46 years). This median age contrasts with the householders at the poverty level which show a 12 year difference (at 58) in

median age. On the other hand, the householders' sex distribution in the *Metro* region indicates a majority of female householders, representing 55% of the total region. An

interesting difference is found in the extreme poverty status that points to a greater amount of female householders in this region with a 76%. Specifically, this percentage expressed that three of every four householders in extreme poverty level were female (Table 3.6.4).

Householder’s educational attainment analysis in the *Metro* region indicate the following results in Table 3.6.5: 12% of the householders in extreme poverty have one year or more of college with no degree completed and 27% have a high school degree. Barely .1% reach a master degree. The householders near poverty and in low income levels have 14% and 19% respectively with bachelor degree. Regarding the middle income or more status, the highest percentages were found for those with bachelor degree (34%) and master degree (12%). Considering the total householders in the *Metro* region, 21% have a high school degree, nearly the same percentage (20%) have a bachelor degree.

About the marital status characteristic in Table 3.6.6, 54% of householders that are in better economic status (middle income or more) were married. This percentage remarkably contrasts with a 14% of the householders married that were in extreme poverty status. A notable percentage of householders in all economic scenarios (at least 20%) were found to be divorced in this region. Among the total *Metro* region 22% are householders never married, 39% married and 13% widowed.

200

200

Alberto L. Velázquez - Estrada

TABLE 3.6.3

Households in *Metro* Region by median age and poverty levels, Puerto Rico: 2007-2011.

REGION POVERTY LEVELS

EXTREME BELOW

NEAR

LOW

MIDDLE

POVERTY POVERTY POVERTY INCOME INCOME OR

TOTAL

(<50)

(50-99) (100-149) (150-199) MORE (>200)

Metro

46

58

56

55

53

53

Source: Public Use Microdata Sample (PUMS) 2007-2011, Puerto Rico Community Survey (PRCS), U.S.

Census Bureau.

TABLE 3.6.4

Households in *Metro* Region by sex and poverty levels, Puerto Rico: 2007-2011.

REGION

POVERTY LEVELS

EXTREME

BELOW

NEAR

LOW

MIDDLE

SEX

POVERTY

POVERTY

POVERTY

INCOME

INCOME OR

TOTAL

(<50)

(50-99)

(100-149)

(150-199)

MORE (>200)

COUNT

%

COUNT

%

COUNT

%

COUNT

%

COUNT

%

3.1%

1.5%

100.0%

.

TOTA

COUNT

5,864

18,583

12,937

16,998

14,098

6,798

8,113

5,199

73,957

8,054

44,846

33,018

69,887

22,425

10,928

5,398

357,103

)

OR

%

.6%

1.7%

1.1%

1.5%

1.4%

.6%

.5%

.8%

12.3%

1.8%

11.9%

9.7%

33.5%

12.4%

6.9%

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15,093

1,354

6,653

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COUNT

1,918

5,689

3,675

5,550

5,092

2,752

3,304

1,456

18,674

1,939

8,297

4,744

3,820

948

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Alberto L. Velázquez - Estrada	
TABLE 3.6.6	

Households in *Metro* Region by marital status and poverty levels, Puerto Rico: 2007-2011.

REGION

POVERTY LEVELS

EXTREME

BELOW

NEAR

LOW

MIDDLE

MARITAL

POVERTY

POVERTY

POVERTY

INCOME

INCOME OR

TOTAL

STATUS

(<50)

(50-99)

(100-149)

(150-199)

MORE (>200)

COUNT

%

COUNT

%
COUNT
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COUNT
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COUNT
%
COUNT
%
Married
9,738 14.3% 17,056 29.0% 19,367 37.6% 17,574 44.1% 75,084 54.2% 138,819 38.9%
Widowed 7,931 11.6% 12,327 20.9% 8,387 16.3% 4,829 12.1% 11,024 8.0% 44,498 12.5%
<i>Metro</i>
Divorced 15,937 23.3% 13,701 23.3% 11,883 23.1% 8,975 22.5% 27,894 20.1% 78,390 22.0%
Separated 6,470 9.5% 3,659 6.2% 2,706 5.3% 1,486 3.7% 3,245 2.3% 17,566 4.9%
Never married 28,186 41.3% 12,153 20.6% 9,102 17.7% 7,006 17.6% 21,383 15.4% 77,830 21.8%
TOTAL
68,262 100.0% 58,896 100.0% 51,445 100.0% 39,870 100.0% 138,630 100.0% 357,103 100.0%

Source: Public Use Microdata Sample (PUMS) 2007-2011, Puerto Rico Community Survey (PRCS), U.S. Census Bureau.

The household type characteristic was evaluated in the *Metro* region profile. The results are shown in Table 3.6.7. Among the region totals, 16% of the householders live alone and 26% are households of women householder with no husband present. Similar to the other regions in Puerto Rico, this household type (women householder no husband present) points to the highest percentage in the worst economic status. Specifically, 47% and

27% of the women with no husband present are heads of households in the extreme poverty and poverty levels correspondingly. Regarding the median family income presented in Table 3.6.8, the extreme poverty householders have a median of \$3,000, divergent of the \$59,000 median for the middle income or more householders in the *Metro* region.

Analyzing Table 3.6.9 that shows the participation of the householders in the PAN programs in the *Metro* region. About 1 in 4 householders in *Metro* region receive benefits of this program. Householders in middle income or more status reported a 4% participation in the program. Furthermore, 68% and 39% of householders that participate in the program were in the extreme poverty and the poverty scenario respectively. For those householders in near poverty status, 83% of them do not participate in this program. Other analysis of households by poverty levels was performed. In this instance the housing tenure was considered. For the total *Metro* region, 33% of the households owned their house free and clear and the same proportion of the householders are paying mortgage for the house. In the meantime, nearly half of the householders (49%) in extreme poverty report that they were paying rent for the house (Table 3.6.10).

Poverty in Puerto Rico 203

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- %
- 36.9%
- 5.9%
- 25.8%
- 10.8%
- 2.1%
- 16.4%
- 2.2%

100.0%

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COUNT

131,807

20,894

91,972

38,459

7,547

58,619

7,805

357,103

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52.6%

5.1%

15.6%

10.8%

2.0%

12.1%

1.8%

100.0%

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72,986

7,096

21,613

14,944

2,789

16,728

2,474

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16,835

2,285

9,990

3,625

1,028

5,367

740

39,870

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2.3%

-149

35.5%

7.0%

24.1%

10.7%

17.6%

100.0%

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COUNT

18,250

3,621

12,412

5,488

1,440

9,052

1,182

51,445

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13,219

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TABLE 3.6.8

Households in *Metro* Region by family median income
and by poverty levels, Puerto Rico: 2007-2011.

REGION POVERTY LEVELS

EXTREME

BELOW

NEAR

LOW

MIDDLE

POVERTY

POVERTY

POVERTY

INCOME

INCOME OR

TOTAL

(<50)

(50-99)

(100-149)

(150-199)

MORE (>200)

FAMILY MEDIAN INCOME

Metro

\$3,300

\$12,920

\$20,400

\$28,700

\$58,600

\$28,100

Source: Public Use Microdata Sample (PUMS) 2007-2011, Puerto Rico Community Survey (PRCS), U.S. Census Bureau.

TABLE 3.6.9

Households in *Metro* Region by food stamp and poverty levels, Puerto Rico: 2007-2011.

REGION

POVERTY LEVELS

FOOD

EXTREME

BELOW

NEAR

LOW

MIDDLE

STAMP/

POVERTY

POVERTY

POVERTY

INCOME

INCOME OR

TOTAL

SNAP

(<50)

(50-99)

(100-149)

(150-199)

MORE (>200)

COUNT

%

COUNT

%

COUNT

%

COUNT

%

COUNT

%

COUNT

%

Yes

46,536 68.2% 22,729 38.6% 9,028 17.5% 4,301 10.8% 5,522 4.0% 88,116 24.7%

Metro

No

21,726 31.8% 36,167 61.4% 42,417 82.5% 35,569 89.2% 133,108 96.0% 268,987 75.3%

TOTAL	68,262	100.0%	58,896	100.0%	51,445	100.0%	39,870	100.0%	138,630	100.0%	357,109	100.0%

Source: Public Use Microdata Sample (PUMS) 2007-2011, Puerto Rico Community Survey (PRCS), U.S. Census Bureau.

Poverty in Puerto Rico 205

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%

32.7%

33.4%

25.8%

8.2%

100.0%

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COUNT

116,668

119,341

91,983

29,111

357,103

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%

51.9%

32.6%

12.7%

2.7%

100.0%

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COUNT

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45,223

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3,791

138,630

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36.8%

35.9%

21.4%

5.9%

100.0%

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14,668

14,313

8,523

2,366

39,870

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TY

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-149

27.5%

39.6%

25.5%

7.3%

100.0%

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COUNT

10,424

23,116

19,423

5,933

58,896

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8.0%

23.9%

48.7%

19.4%

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33,259

13,262

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Observing the number of persons per household, results in Table 3.6.11, show that across all poverty scenarios in the *Metro* region percentages fluctuate between 44% to 48% households having three or four persons. Families of 5 or 6 persons were more common in the extreme poverty situation with 14%. Regarding the bedrooms in the households shown in Table 3.6.12; the most frequent number of bedrooms in households is three in all the different poverty levels, similar to the other regions of Puerto Rico. The five bedrooms or more households represents 4% in the middle income or more household level.

Other characteristic presented for the *Metro* region was the employment status in households. The higher percentage shows the female householder that is not in the labor force with 43% in the extreme poverty scenario households. In the poverty scenario, the top percentage (27%) was for the female householder in the labor force. The married couple both in labor force were more frequent in the middle income or more category, representing 36% (Table 3.6.13).

Householders by industry sectors results are presented in Table 3.6.14. Among all the poverty scenarios the professional and business services industry sector is the most common with 40%. This percentage means that out of every 10 employed householders in the *Metro* region, 4 were employed in the professional and business services. On the other hand, the householders in extreme

poverty greatly contrast among the poverty levels in the Unemployed and last worked 5 years ago or earlier or never worked characteristic, with 19%. Additionally, the householders indicate the second highest proportion on the manufacturing sector in the poverty (18%), near poverty (18%) and low income levels (14%).

Poverty in Puerto Rico 207

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42.1%

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Poverty in Puerto Rico 209

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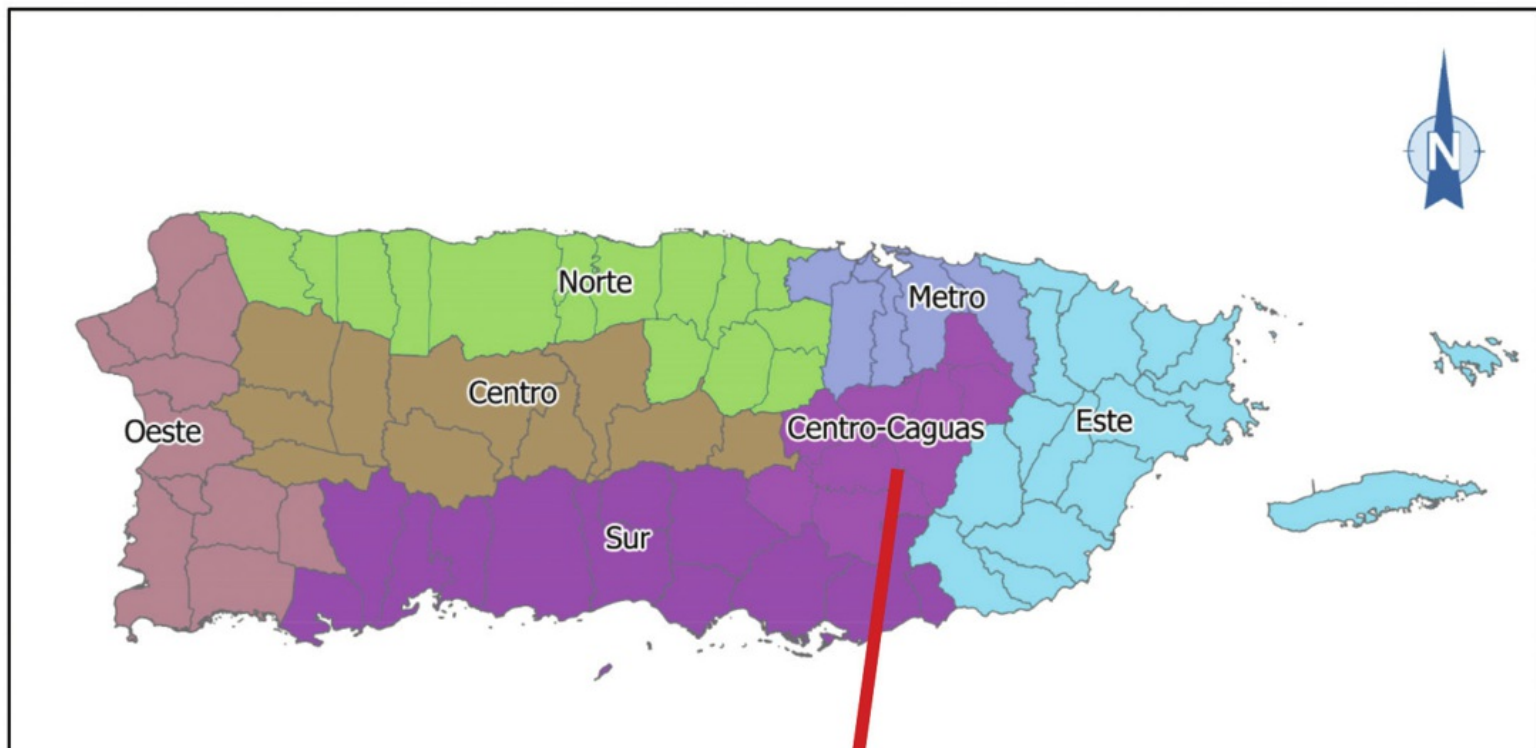
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Puerto Rico enlarged
geographic region



Poverty in Puerto Rico 211

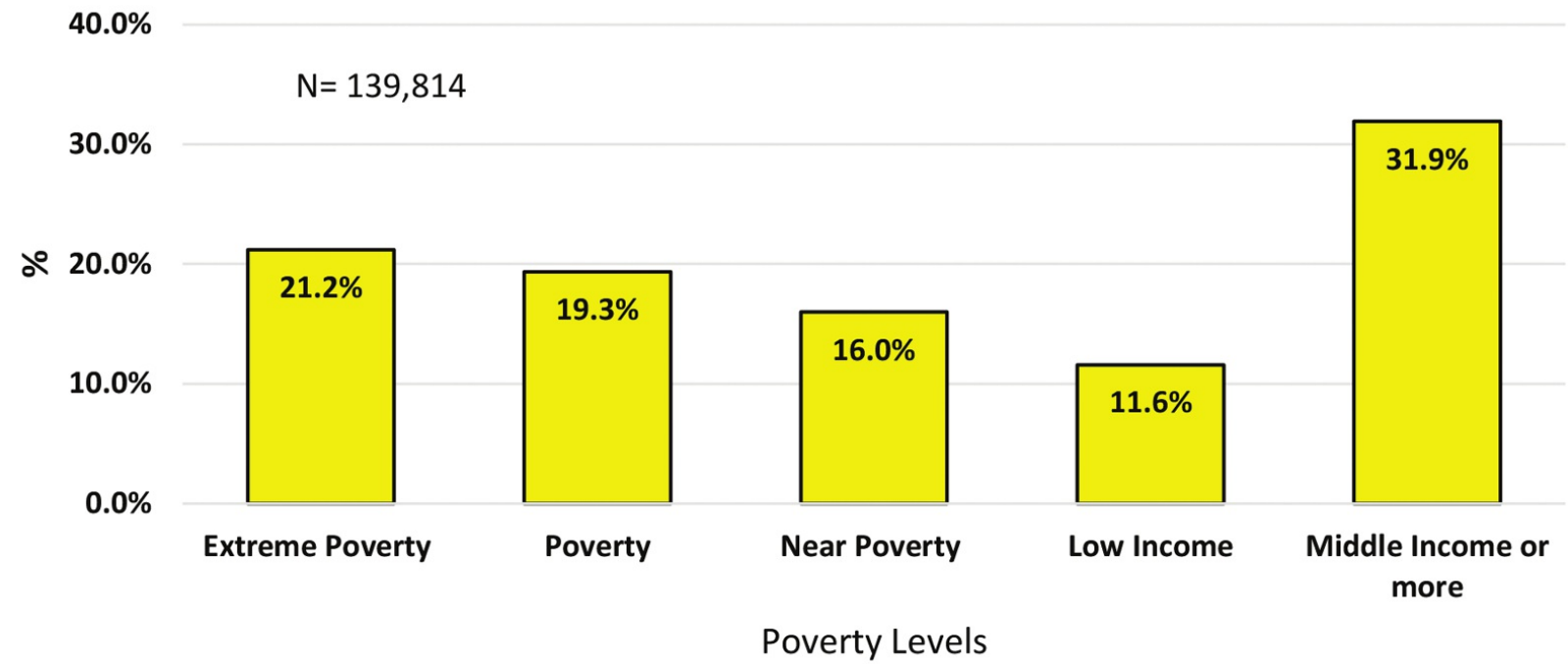
Centro-Caguas geographic region in Puerto Rico

Centro-Caguas Region

Public Use Microdata Areas

Counties
(PUMAs 2000)

- Trujillo Alto
- Cidra
- Gurabo
- Cayey
- 02500, 02400, 02600
- Caguas
- Aibonito
- Aguas Buenas
- Comerio
- Puerto Rico enlarged
- geographic region



The reference map in the previous page shows the *Centro-Caguas* region which links ten municipalities in the central east region of Puerto Rico. According to the 2000

Public Use Microdata Areas (PUMAs) geographic delimitations, *Centro-Caguas* region enclosed three PUMAs. Similar to the previous regions presented, the five year estimates 2007-2011 of the Public Use Microdata Sample (PUMS) that comes from the

Puerto Rico Community Survey (PRCS) provided an approach to lead the analysis of the household's socio-demographic profile in this specific region of Puerto Rico.

Puerto Rico Community Survey estimates the *Centro-Caguas* region households at around 140 thousand. In fact, this region is the second smallest among the 7 regions considered in this analysis. Figure 3.7.1 shows about 41% of households below poverty level. Furthermore, 21% of total households are in extreme poverty scenario. Similar to the *Metro* and *Este* regions, the highest proportion of the *Centro-Caguas* households were in middle income or more level. In this case 32%. Considering the levels in worst economic situation (extreme poverty, poverty and near poverty), the estimates suggest that 57 of every 100 households in the *Centro-Caguas* region were near, below or in extreme poverty.

FIGURE 3.7.1.

Households in *Centro-Caguas* region by poverty levels, Puerto Rico: 2007-2011.

Poverty in Puerto Rico 213

TABLE 3.7.1

Households by poverty levels in *Centro-Caguas* Region, Puerto Rico: 2007-2011.

REGION POVERTY LEVELS

EXTREME

BELOW

NEAR

LOW

MIDDLE

POVERTY

POVERTY

POVERTY

INCOME

INCOME OR

TOTAL

(<50)

(50-99)

(100-149)

(150-199)

MORE (>200)

COUNT

%

COUNT

%

COUNT

%

COUNT

%

COUNT

%

COUNT

%

Centro-

Caguas 29,605 21.2% 27,039 19.3% 22,337 16.0% 16,190 11.6% 44,643 31.9% 139,814 100.0%

Source: Public Use Microdata Sample (PUMS) 2007-2011, Puerto Rico Community Survey (PRCS), U.S. Census Bureau.

Householder age groups distribution indicates that the elderly group (66+ years) were more numerous in the poverty scenario, with 34%, followed by the householders near poverty (29%). Analogous to other regions, the youngest householders (16-40 years) had the highest share in extreme poverty (36%). For the adult's householders (41-65 years), the highest percentage (59%) are in the middle income or more category (Figure 3.7.2). Observing the median age results in Table 3.7.3, among the poverty levels, the youngest median age (49 years) is among the extreme poverty householders and the oldest median age stands for those householders within the poverty level (58 years). The overall householder median age in *Centro-Caguas* region was 52 years.

Considering the householder sex distribution of the *Centro-Caguas* region presented in Table 3.7.4, the extreme poverty level householders had a female majority, with

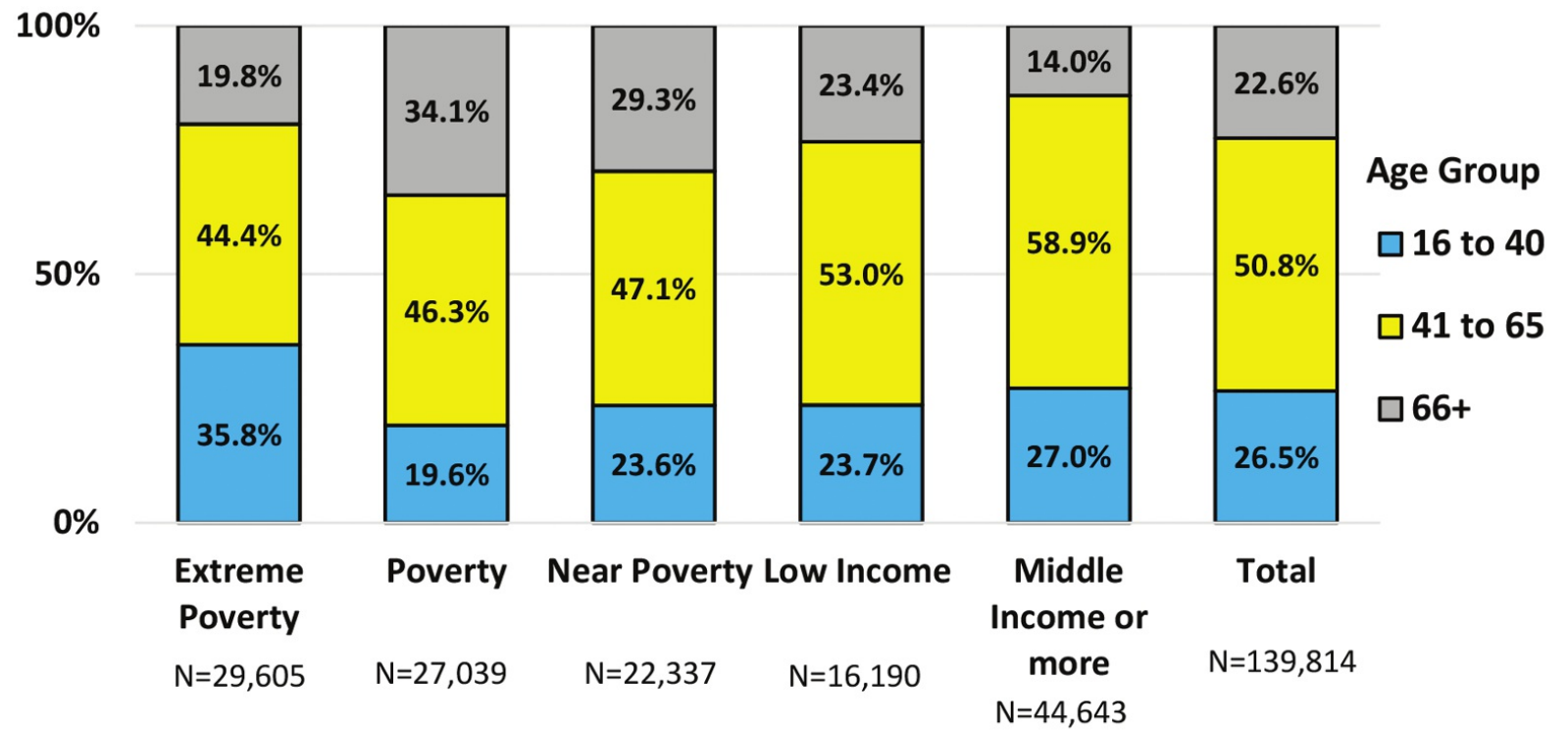
67%. Usually among the regions, the household sex majority distribution displays that females were majority in the extreme poverty and poverty circumstances. Also, in this region the near poverty level had a slight female majority (51%). Householders with low income and middle income or more have a male majority, with 53 and 59 percentage respectively.

The educational attainment distribution of the *Centro-Caguas* householders by poverty level is presented in Table 3.7.5. They were 4% of householders in extreme poverty and poverty levels with no school completed. Also in those economic levels, around 31% have high school completed, resulting in the highest percentage within the distribution. On the other hand, those householders with bachelor or master de-

gress were more common in the middle income or more category with 37% and 13%

of householders respectively. Through the poverty levels in the *Centro-Caguas* region, just the middle income or more householders report more than one percent with

doctorate degree, specifically 2%, which represents about 1 thousand householders.



214

214

Alberto L. Velázquez - Estrada

FIGURE 3.7.2.

Households in *Centro-Caguas* region by age groups and poverty levels Puerto Rico: 2007-2011.

TABLE 3.7.2

Households in *Centro-Caguas* Region by age groups and poverty levels, Puerto Rico: 2007-2011.

REGION

POVERTY LEVELS

EXTREME

BELOW

NEAR

LOW

MIDDLE

AGE

POVERTY

POVERTY

POVERTY

INCOME

INCOME OR

TOTAL

GROUPS

(<50)

(50-99)

(100-149)

(150-199)

MORE (>200)

COUNT

%

COUNT

%

COUNT

%

COUNT

%

COUNT

%

COUNT

%

16 to 40 10,599 35.8% 5,300 19.6% 5,277 23.6% 3,831 23.7% 12,074 27.0% 37,081 26.5%

Centro- 41 to 65 13,146 44.4% 12,524 46.3% 10,519 47.1% 8,577 53.0% 26,314 58.9% 71,080 50.8%

Caguas 66+ 5,860 19.8% 9,215 34.1% 6,541 29.3% 3,782 23.4% 6,255 14.0% 31,653 22.6%

TOTAL 29,605 100.0% 27,039 100.0% 22,333 100.0% 16,190 100.0% 44,643 100.0% 139,814 100.0%

Source: Public Use Microdata Sample (PUMS) 2007-2011, Puerto Rico Community Survey (PRCS), U.S. Census Bureau.

Poverty in Puerto Rico 215

TABLE 3.7.3

Households in *Centro-Caguas* Region by median age and poverty levels, Puerto Rico: 2007-2011.

REGION POVERTY LEVELS

EXTREME BELOW

NEAR

LOW

MIDDLE

POVERTY POVERTY POVERTY INCOME INCOME OR

TOTAL

(<50)

(50-99) (100-149) (150-199) MORE (>200)

Centro-

Caguas

49

58

56

51

50

52

Source: Public Use Microdata Sample (PUMS) 2007-2011, Puerto Rico Community Survey (PRCS), U.S.

Census Bureau.

TABLE 3.7.4

Households in *Centro-Caguas* Region by sex and poverty levels, Puerto Rico: 2007-2011.

REGION

POVERTY LEVELS

EXTREME

BELOW

NEAR

LOW

MIDDLE

SEX

POVERTY

POVERTY

POVERTY

INCOME

INCOME OR

TOTAL

(<50)

(50-99)

(100-149)

(150-199)

MORE (>200)

COUNT

%

COUNT

%

COUNT

%

COUNT

%

COUNT

%

COUNT

%

Male

9,805 33.1% 11,937 44.1% 10,988 49.2% 8,635 53.3% 26,340 59.0% 67,705 48.4%

Centro-

<i>Caguas</i> Female	19,800	66.9%	15,102	55.9%	11,349	50.8%	7,555	46.7%	18,303	41.0%	72,109	51.6%
TOTAL	29,605	100.0%	27,039	100.0%	22,337	100.0%	16,190	100.0%	44,643	100.0%	139,814	100.0%

Source: Public Use Microdata Sample (PUMS) 2007-2011, Puerto Rico Community Survey (PRCS), U.S. Census Bureau.

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216

Alberto L. Velázquez - Estrada

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L

%

2.1%

6.3%

5.4%

4.8%

4.6%

1.9%

2.0%

1.1%

25.8%

1.3%

10.5%

8.8%

18.2%

5.2%

1.2%
.7%
100.0%
TOTAL
COUNT
2,971
8,863
7,580
6,683
6,453
2,632
2,745
1,550
36,122
1,820
14,637
12,257
25,435
7,311
1,739
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139,814
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36.9%

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16,466

5,645

1,561

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44,643

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4.9%

3.8%

3.1%

3.1%

1.2%

1.4%

1.1%

1.5%

4.7%

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28.7%

13.2%

12.7%

18.7%

100.0%

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4,654

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COUNT

16,190

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TY

%

1.8%

6.9%

6.0%

5.2%

5.5%

1.5%
2.0%
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11.5%
14.2%
100.0%
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2,576

1,936

3,176

509

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COUNT

1,259

3,043

2,380

2,459

2,144

1,088
1,078
340
9,360
426
2,534
2,071
1,219
187
0
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Poverty in Puerto Rico 217

As Table 3.7.6 shows, similar to other regions in Puerto Rico, *Centro-Caguas* householder marital status among the poverty levels points out that six of every ten householders in the better economic circumstances (low income and middle income or more) were married. Additionally, never married householder percentages indicate the highest proportion was in the extreme poverty level, with 37%. Moreover, the divorced householders were more common in the poverty level (21%). The widowed householder distribution shows the top percentage in the poverty (19%) and near poverty (14%) categories.

Regarding the *Centro-Caguas* household type among the economic scenarios in Table 3.7.7, similar to other regions in Puerto Rico, the top proportion of female householders with no husband present were found in the extreme poverty scenario (41%). Specifically, four of every ten householders in extreme poverty were female with no husband present. However, the male with no wife present was 7% in the same economic circumstances. The householders living alone percentage oscillated between

7 and 19 among the economic levels. On the topic of family household income, the results on Table 3.7.8 point out that the extreme poverty families had \$3,600 of annual median income. In disparity, the median family income of the middle income or more households was \$55,700 underlining around 52 thousand dollars difference in family income.

TABLE 3.7.6
Households in *Centro-Caguas* Region by marital status and poverty levels, Puerto Rico: 2007-2011.

REGION

POVERTY LEVELS

EXTREME

BELOW

NEAR

LOW

MIDDLE

MARITAL

POVERTY

POVERTY

POVERTY

INCOME

INCOME OR

TOTAL

STATUS

(<50)

(50-99)

(100-149)

(150-199)

MORE (>200)

COUNT

%

COUNT

%

COUNT

%

COUNT

%

COUNT

%

COUNT

%

Married

7,037 23.8% 10,410 38.5% 10,277 46.0% 9,492 58.6% 28,158 63.1% 65,374 46.8%

Widowed 3,707 12.5% 5,032 18.6% 3,142 14.1% 1,597 9.9% 2,722 6.1% 16,200 11.6%

Centro- Divorced 5,509 18.6% 5,643 20.9% 4,418 19.8% 2,849 17.6% 7,522 16.9% 25,971 18.6%

Caguas Separated 2,559 8.6% 1,523 5.6% 1,124 5.0% 589 3.6% 1,093 2.4% 6,888 4.9%

Never married 10,793 36.5% 4,431 16.4% 3,376 15.1% 1,663 10.3% 5,118 11.5% 25,381 18.2%

TOTAL

29,605 100.0% 27,039 100.0% 22,337 100.0% 16,190 100.0% 44,643 100.0% 139,814 100.0%

Source: Public Use Microdata Sample (PUMS) 2007-2011, Puerto Rico Community Survey (PRCS),

218

218

Alberto L. Velázquez - Estrada

L

%

45.2%

6.0%

24.7%

8.8%

1.5%

12.4%

1.4%

100.0%

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TOTA

COUNT

63,133

8,395

34,570

12,295

2,147

17,369

1,905

139,814

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OR

%

62.0%

4.2%

16.1%

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o: 2007-2011

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OME -199

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-149

44.6%

6.4%

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COUNT

9,956

1,421

5,403

1,924

481

2,777

375

22,337

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3,018

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284

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Households in
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Male householder
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Female householder
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Public Uce:

REGION

Centr Cagu

Sour

Poverty in Puerto Rico 219

TABLE 3.7.8

Households in *Centro-Caguas* Region by family median income
and by poverty levels, Puerto Rico: 2007-2011.

REGION POVERTY LEVELS

EXTREME

BELOW

NEAR

LOW

MIDDLE

POVERTY

POVERTY

POVERTY

INCOME

INCOME OR

TOTAL

(<50)

(50-99)

(100-149)

(150-199)

MORE (>200)

FAMILY MEDIAN INCOME

Centro-

Caguas

\$3,600

\$12,900

\$20,300

\$29,500

\$55,700

\$24,600

Source: Public Use Microdata Sample (PUMS) 2007-2011, Puerto Rico Community Survey (PRCS), U.S. Census Bureau.

The Nutritional Assistance Program (PAN) participation characteristic is presented for the *Centro-Caguas* households in Table 3.4.9. The analysis for those householders in extreme poverty shows that 74 of every 100 householders participated in the program. On the other hand, those householders in poverty level and near poverty level had 43 and 20 percentage participation in the program respectively. The housing tenure characteristic of the total householders in *Centro-Caguas* region presented in Table 3.4.10, indicates that 41% of the houses were owned free and clear, 32% were owned with mortgage and 16% were rented. As a matter of fact, 29 percent of households in extreme poverty were paying rent for the house and 24% occupied the house without payment of rent.

In the analysis of the number of persons in families by poverty level, about 13 percent of the extreme poverty households were 5 or 6 persons. The two person family percentage oscillates between 30% and 43%. For the total *Centro-Caguas* region, the usual family size among all the economic scenarios were families of 3 or 4 persons, indicating half of the families (50%) within this category as shown Table 3.7.11.

Regarding the number of bedrooms in the house, an average of 6 of every 10 houses had three bedrooms as represented in Table 3.7.12. This was the typical number of bedrooms in the households among all the poverty levels.

220

220

Alberto L. Velázquez - Estrada

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%

30.4%

69.6%

100.0%

TOTA

o: 2007-2011

COUNT

42,524

97,290

139,814

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4.8%

95.2%

100.0%

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44,643

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14.3%

85.7%

100.0%

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16,190

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17,917

22,337

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Households in

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Poverty in Puerto Rico 221

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32.3%

40.8%

16.3%

10.6%

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22,855

14,791

139,814

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o: 2007-2011

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16.6%

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18.5%

10.8%

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Alberto L. Velázquez - Estrada

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50.4%

10.8%

.8%

.2%

100.0%

TOTA

COUNT

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11,413

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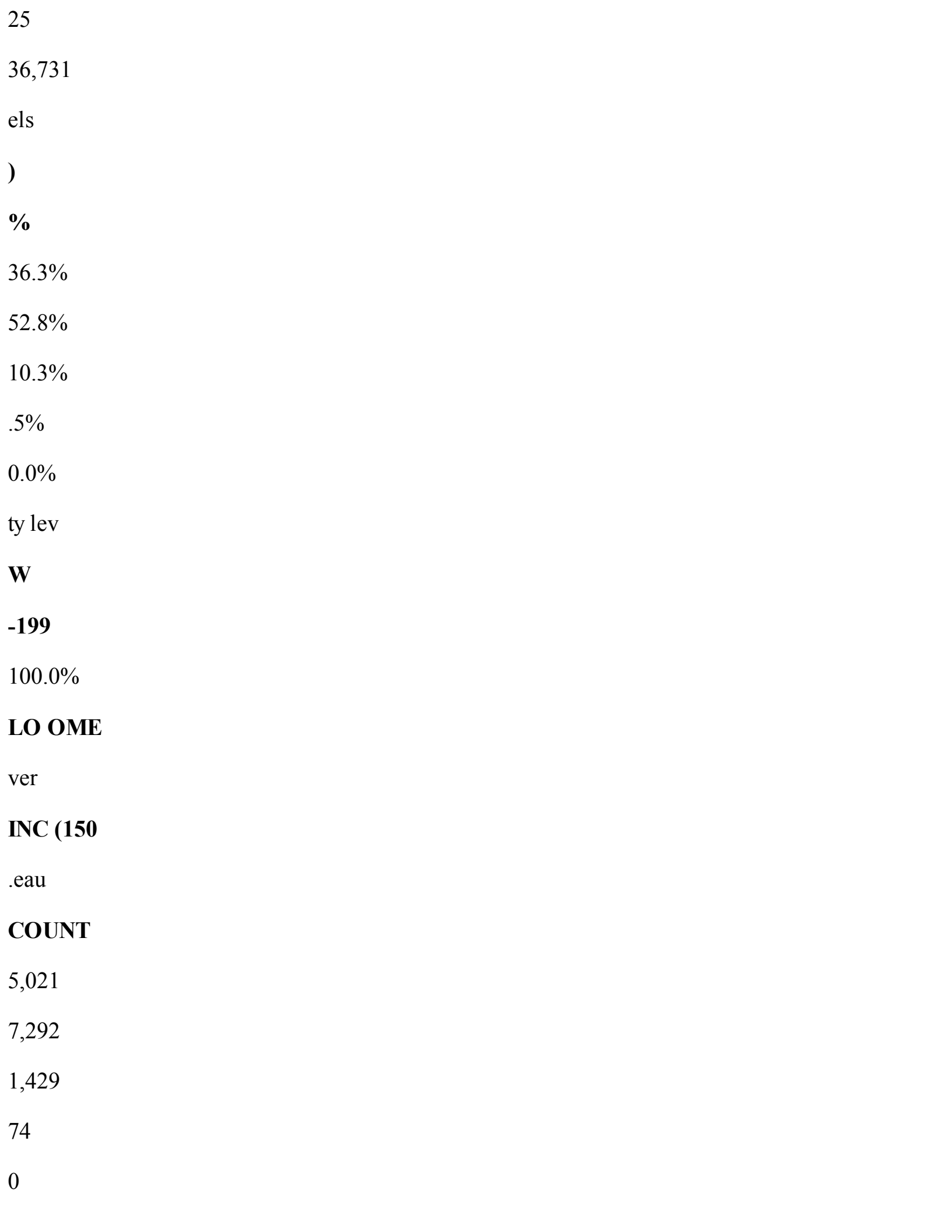
COUNT

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Poverty in Puerto Rico 223

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3,193

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Households in

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Employment status for *Centro-Caguas* householders points out the greater percentage in the poverty scenario is characterized by married couple both not in labor force, with 29%. In the extreme poverty circumstances, the more common households were

headed by females not in the labor force (39%). On the other hand, the married couple both in labor force had top share in the middle income or more category representing 43% (Table 3.7.13).

The industry sectors for the employed householders are presented in Table 3.7.14.

The most common, with 37% or more among all the economic scenarios, was the professional and business services industry sector. On the other hand, construction industrial sector shows the highest proportions for the households that live in poverty and extreme poverty, both with ten percent of the householders. The householders in

extreme poverty are the only scenario that registered more than 1% in the category

Unemployed and last worked 5 years ago or earlier or never worked with 12%. Fur-

thermore, the householders in extreme poverty, poverty, near poverty and low income scenarios indicate the second highest portion on the wholesale and retail sector with

percentages fluctuating from 14% to 22%.

Poverty in Puerto Rico 225

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22.5%

13.3%

4.3%

19.3%

5.0%

2.9%

17.2%

15.4%

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o: 2007-2011

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26.7%

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5.1%

20.6%

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Alberto L. Velázquez - Estrada

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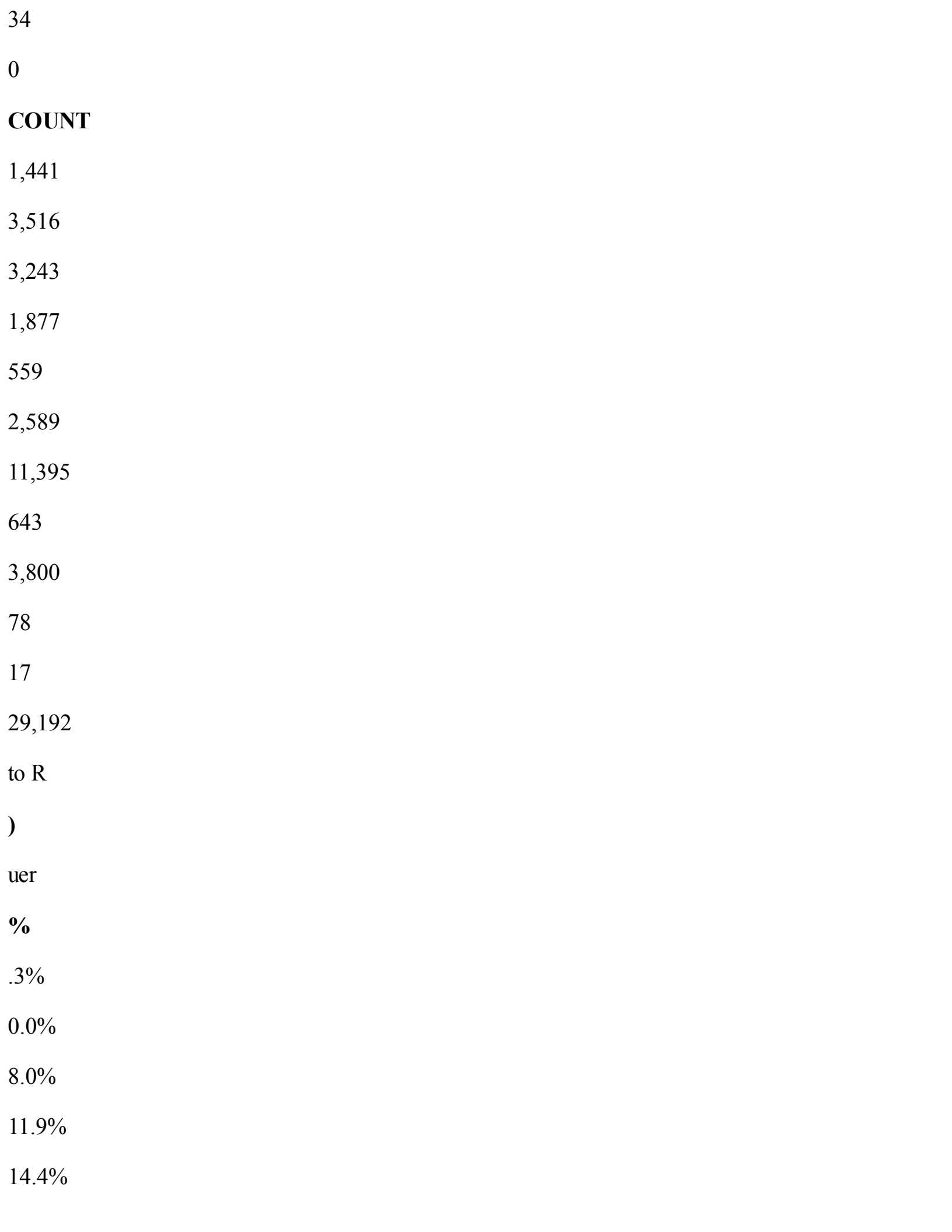
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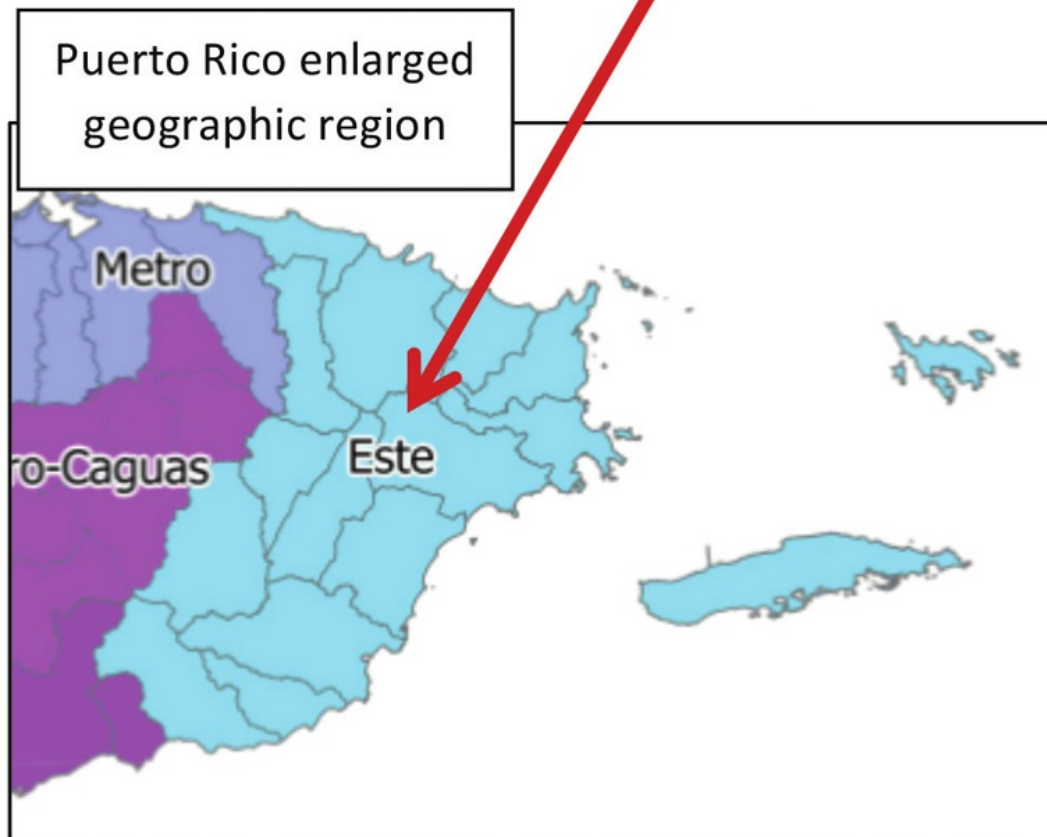
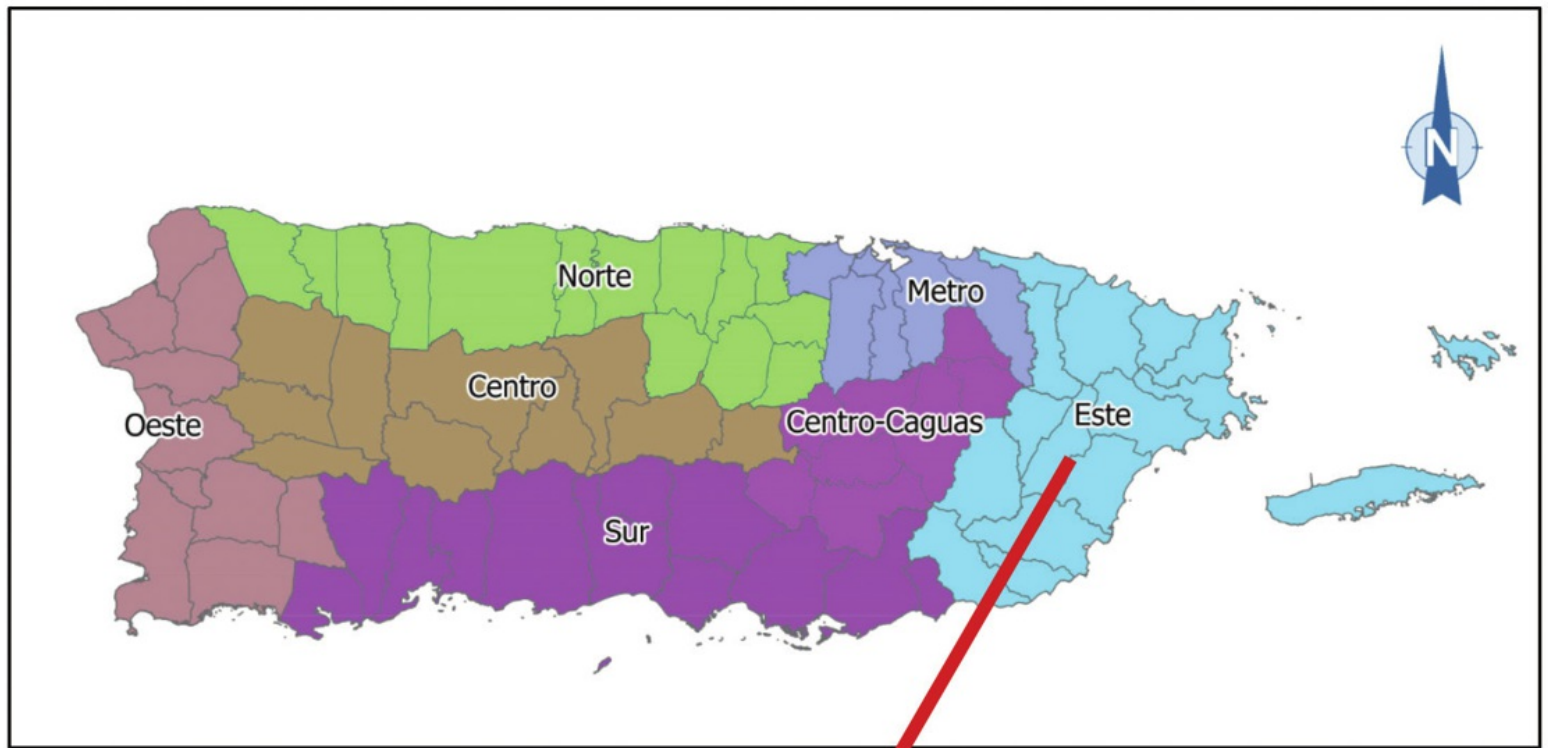
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Public Uce:

REGION

Centr Cagu

Sour



Poverty in Puerto Rico 227

Este geographic region in Puerto Rico

Este Region

Public Use Microdata Areas

Counties

(PUMAs 2000)

Loíza

Culebra

Canóvanas

Vieques

Río Grande

Naguabo

Luquillo

01200, 01300, 01400, 01500

Humacao

Fajardo

Yabucoa

Ceiba

San Lorenzo

Patillas

Juncos

Las Piedras

Maunabo

Puerto Rico enlarged

geographic region

228

228

Alberto L. Velázquez - Estrada

Placed located in the east area of Puerto Rico, the *Este* region was formed putting together four Public Use Microdata Areas (PUMAs) delimitations according to the 2000

decennial census PUMAs enclosing 16 municipalities within the delimited geographic

area. As the reference map shows, from the 16 municipalities 12 are located on the coast of Puerto Rico and four municipalities aren't in the coast. The estimates indicate that 154,116 households were located in the *Este* region of Puerto Rico. The top subgroup by the poverty level was the middle income or more households with 25% of the total *Este* households. Households with low income were around 18 thousand in the *Este* region.

Among the poverty levels, extreme poverty and the poverty level each had 23% of the

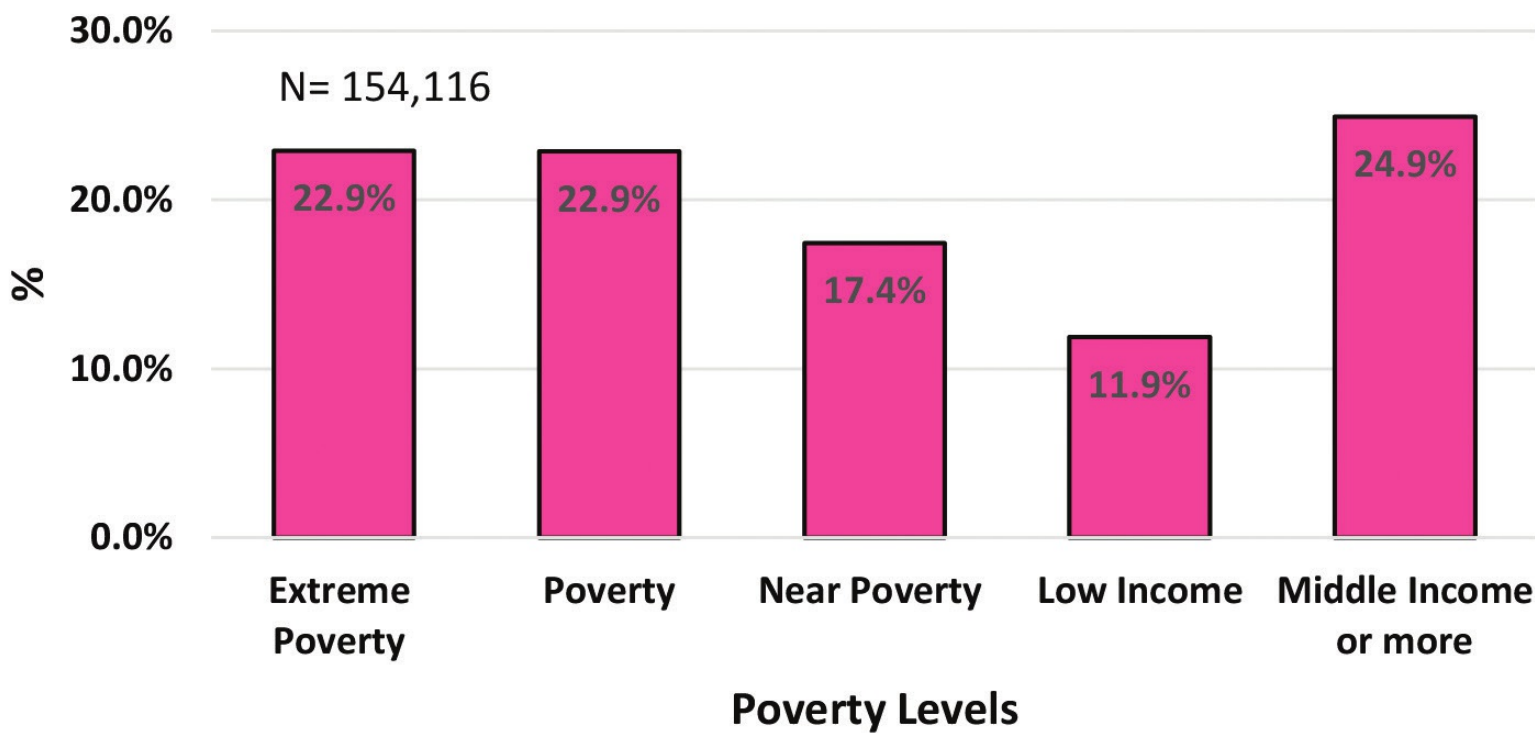
households. These two subgroups combine for 46% of the households in the *Este* region, or nearly half of households are below poverty status (Figure 3.8.1).

Figure 3.8.2 which indicates the householders age groups distribution by economic lev-

els shows that the highest percentage of young adults (16 years to 40 years) householders were in the extreme poverty scenario, with 34%, similar to the other regions in Puerto

Rico. The elderly age group of householders (66 years or more) shows the highest percentages in the poverty (34%) and near poverty (32%) scenarios. For the adult householders, those among 41 to 65 years, there were more common, with 59%, among the householders in the middle income or more scenario of the *Este* region. The median age of the householders by poverty level in this region fluctuates from 49 to 58 years as presented in Table 3.8.3. The householder's sex by poverty level distribution suggests that the female householder majority increases at the same time that the poverty level decreases. On the other hand, male householders are a majority in the middle income or more householders

(Table 3.8.4).



Poverty in Puerto Rico 229

FIGURE 3.8.1.

Households in *Este* region by poverty levels, Puerto Rico: 2007-2011.

TABLE 3.8.1

Households by poverty levels in *Este* Region, Puerto Rico: 2007-2011.

REGION POVERTY LEVELS

EXTREME

BELOW

NEAR

LOW

MIDDLE

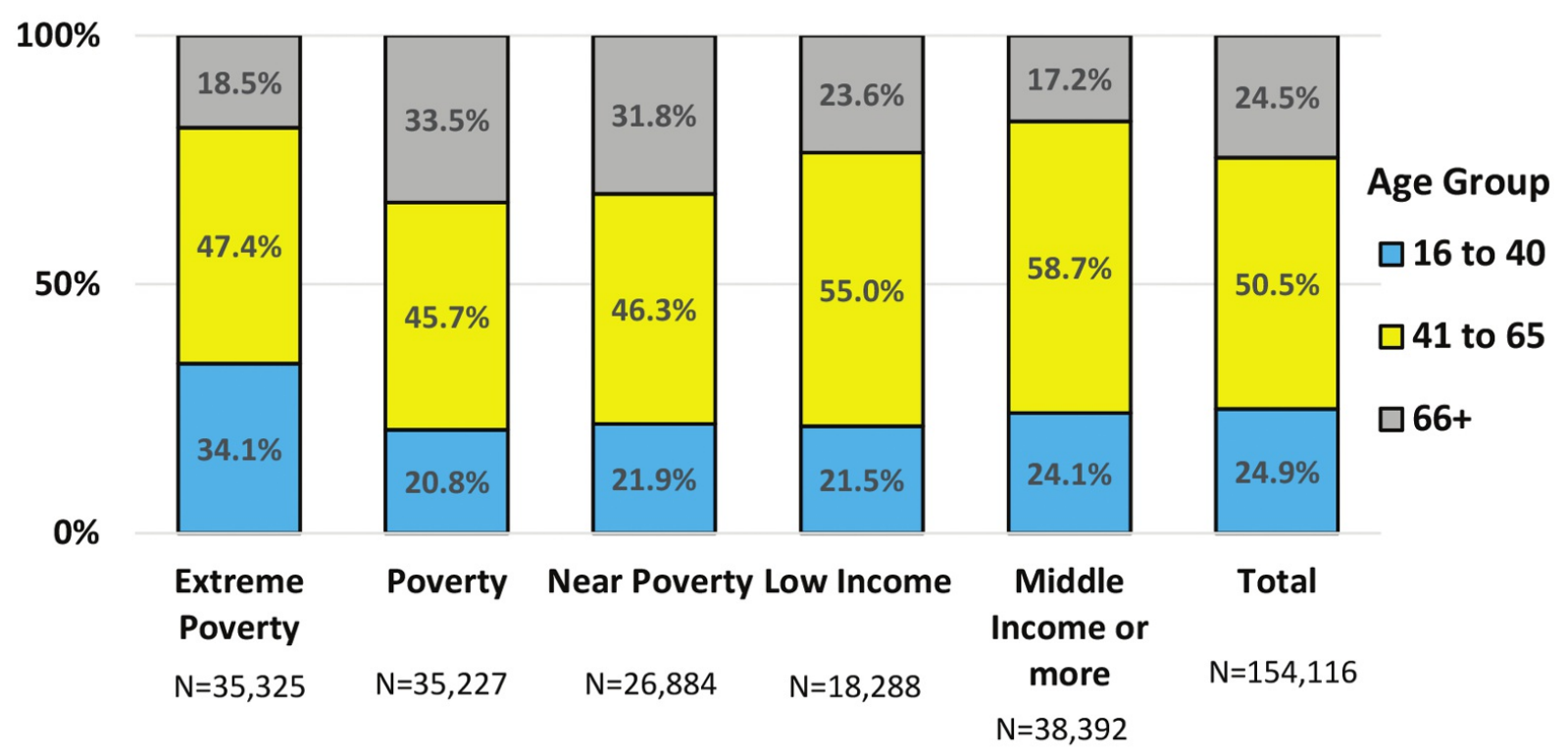
POVERTY

POVERTY

POVERTY

INCOME									
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TOTAL									
(<50)									
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(100-149)									
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MORE (>200)									
COUNT									
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<i>Este</i> 35,325 22.9% 35,227 22.9% 26,884 17.4% 18,288 11.9% 38,392 24.9% 154,116 100.0%									

Source: Public Use Microdata Sample (PUMS) 2007-2011, Puerto Rico Community Survey (PRCS), U.S. Census Bureau.



230

230

Alberto L. Velázquez - Estrada

FIGURE 3.8.2.

Households in *Este* region by age groups and poverty levels Puerto Rico: 2007-2011.

TABLE 3.8.2

Households in *Este* Region by age groups and poverty levels, Puerto Rico: 2007-2011.

REGION

POVERTY LEVELS

EXTREME

BELOW

NEAR

LOW

MIDDLE

AGE

POVERTY

POVERTY

POVERTY

INCOME

INCOME OR

TOTAL

GROUPS

(<50)

(50-99)

(100-149)

(150-199)

MORE (>200)

COUNT

%

COUNT

%

COUNT

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COUNT

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COUNT

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COUNT

%

16 to 40 12,040 34.1% 7,314 20.8% 5,888 21.9% 3,929 21.5% 9,252 24.1% 38,423 24.9%

Este 41 to 65 16,741 47.4% 16,095 45.7% 12,450 46.3% 10,052 55.0% 22,535 58.7% 77,873 50.5%

66+

6,544 18.5% 11,818 33.5% 8,546 31.8% 4,307 23.6% 6,605 17.2% 37,820 24.5%

TOTAL 35,325 100.0% 35,227 100.0% 26,884 100.0% 18,288 100.0% 38,392 100.0% 154,116 100.0%

Source: Public Use Microdata Sample (PUMS) 2007-2011, Puerto Rico Community Survey (PRCS), U.S. Census Bureau.

Poverty in Puerto Rico 231

TABLE 3.8.3

Households in *Este* Region by median age

and poverty levels, Puerto Rico: 2007-2011.

REGION POVERTY LEVELS

EXTREME BELOW

NEAR

LOW

MIDDLE

POVERTY POVERTY POVERTY INCOME INCOME OR

TOTAL

(<50)

(50-99) (100-149) (150-199) MORE (>200)

Este

58

57

54

51

53

Source: Public Use Microdata Sample (PUMS) 2007-2011, Puerto Rico Community Survey (PRCS), U.S.

Census Bureau.

TABLE 3.8.4

Households in *Este* Region by sex and poverty levels, Puerto Rico: 2007-2011.

REGION

POVERTY LEVELS

EXTREME

BELOW

NEAR

LOW

MIDDLE

SEX

POVERTY

POVERTY

POVERTY

INCOME

INCOME OR

TOTAL

(<50)

(50-99)

(100-149)

(150-199)

MORE (>200)

COUNT

%

COUNT

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COUNT

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COUNT

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COUNT

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COUNT

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Male 11,772 33.3% 15,001 42.6% 13,545 50.4% 9,974 54.5% 22,009 57.3% 72,298 46.9%

Este Female 23,553 66.7% 20,226 57.4% 13,339 49.6% 8,314 45.5% 16,386 42.7% 81,818 53.1%

TOTAL	35,325	100.0%	35,277	100.0%	26,884	100.0%	18,288	100.0%	38,392	100.0%	154,116	100.0%

Source: Public Use Microdata Sample (PUMS) 2007-2011, Puerto Rico Community Survey (PRCS), U.S. Census Bureau.

232

232

Householder's educational attainment in this region points out the following results as shown in Table 3.8.5: nine percent of the householders in extreme poverty have one year or more of college with no degree completed; 33% have a high school degree and five of every 100 households have bachelor or master degrees. The householders near poverty and in low income levels have 14% and 19% respectively with a bachelor or master degree. Concerning the middle income or more status, the highest percentages were found for those with bachelor degree (29%) and 21 % high school. Master degrees in category were achieved by 10% of the householders. Results for the total number of householders in *Este* region indicate that 29% have high school degree and 13% bachelor degree. About the marital status, 63% of householders that are in better economic status (middle income or more) are married. This percentage contrasts with the the married householders that are in extreme poverty status (24%). Around 31 percent of householders in extreme poverty were never married and 22% were divorced in this region. Among the *Este* region totals, 17% are householders never married, 45% married and 13% widowed (Table 3.8.6).

The results of household type characteristic for the *Este* region profile are shown in Table 3.8.7. Among the region totals, 13% of the householders live alone and 24% are households of women householder with no husband present. Specifically, 39% and 23% of the women with no husband present are head of homes among the extreme poverty and poverty householder levels respectively. Analogous to the others regions in Puerto Rico, household type suggests that the the lowest percentages of married couple families were found within worst economic status for householders. Table 3.8.8 presents the family median income by poverty level. The extreme poverty householders have a median income of 3 thousand dollars as opposed to \$51,000 for middle income or more householders.

Poverty in Puerto Rico 233

L

%

2.1%

7.3%

6.2%

6.4%

5.0%

2.2%

2.5%

1.2%

28.7%

1.5%

10.3%

8.8%

13.2%

3.5%

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100.0%

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COUNT

3,283

11,266

9,533

9,932

7,775

3,379

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1,802

44,213

2,388

15,915

13,532

20,405

5,318

665

900

154,116

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Poverty in Puerto Rico 235

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Alberto L. Velázquez - Estrada

TABLE 3.8.8

Households in *Este* Region by family median income
and by poverty levels, Puerto Rico: 2007-2011.

REGION POVERTY LEVELS

EXTREME

BELOW

NEAR

LOW

MIDDLE

POVERTY

POVERTY

POVERTY

INCOME

INCOME OR

TOTAL

(<50)

(50-99)

(100-149)

(150-199)

MORE (>200)

FAMILY MEDIAN INCOME

Este

\$3,400

\$13,000

\$20,300

\$29,200

\$50,700

\$21,100

Source: Public Use Microdata Sample (PUMS) 2007-2011, Puerto Rico Community Survey (PRCS), U.S. Census Bureau.

Table 3.8.9 shows the participation of the householders in the PAN program in the *Este* region. Around 4 of every 10 householders in *Este* region receive benefits from this program. Householders in the middle income or more status reported an 8% participation in the program. Moreover, 83% and 52% of householders that participate in the program were in the extreme poverty and poverty scenarios respectively. Among those householders in near poverty status, 74% do not participate in this program.

Observing other household characteristics, specifically housing tenure by poverty level presented in Table 3.8.10, the results show 48% of the total *Este* region households owned the house free and clear. The second highest proportion of the total households indicates that they were paying mortgage for the house (29%). In the meantime, 23 of each 100 households in the extreme poverty scenario report that

they were paying rent in the house.

Table 3.8.11 presents the number of persons in households. All the poverty scenari-

os in the *Este* region show percentages that oscillate from 43% to 52% of households with three or four persons in family size. Similar to the other regions, bigger families of 5 to 6 persons were more common in the extreme poverty group, with 16%. Regarding the bedrooms in households, the most frequent number of bedrooms is three

in all the different poverty categories. For the *Este* region six of every ten households have three bedrooms. The five bedrooms or more households represent 2% of those

in middle income or more level and 4% for those in the low income scenario (Table 3.8.12).

Poverty in Puerto Rico 237

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%

39.3%

60.7%

100.0%

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COUNT

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154,116

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Alberto L. Velázquez - Estrada

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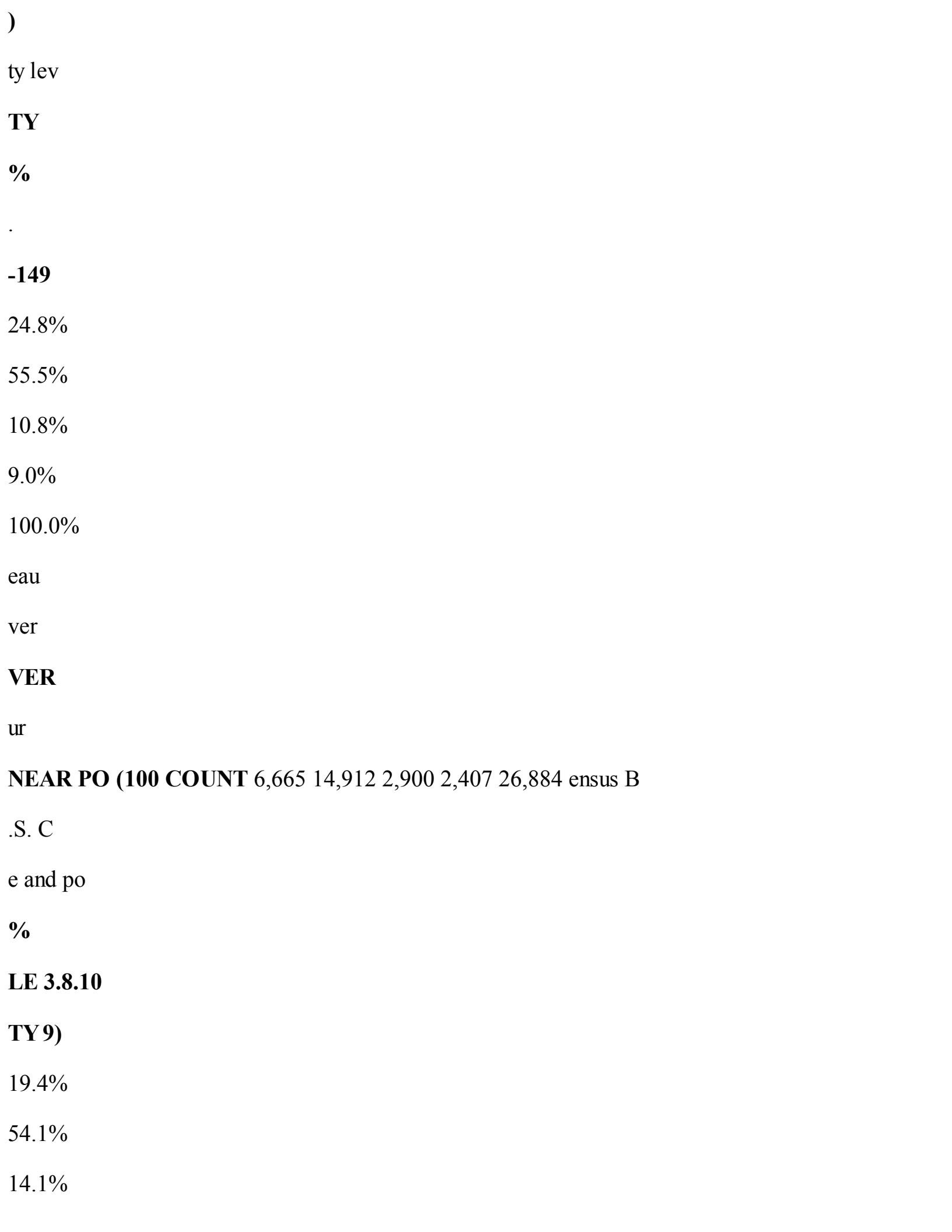
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Alberto L. Velázquez - Estrada

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Poverty in Puerto Rico 241

The employment status in households was another characteristic presented for the regional profile. Households that report to be a married couple both in labor force were more frequent in the middle income or more level, representing 39%. In contrast, not married female householders not in labor force represent the higher percentage, with 37% among the extreme poverty scenario households. In the poverty scenario, the maximum percentage (27%) was for the married couple householders neither husband or wife in labor force (Table 3.8.13).

Householders by industry sectors results are presented in Table 3.8.14. The householders in extreme poverty greatly contrast among the poverty levels in the Unem-

employed and last worked 5 years ago or earlier or never worked characteristic, with nearly 12%. Not different to other regions, among all the poverty scenarios the professional and business services industry sector is the most common, with 39%. This percentage indicates that, for every ten employed householders in region, about four were employed in the professional and business services. Additionally, householders indicate the second highest proportion on the construction sector in the poverty (14%) and extreme poverty (13%) respectively.

242

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Alberto L. Velázquez - Estrada

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Poverty in Puerto Rico 243

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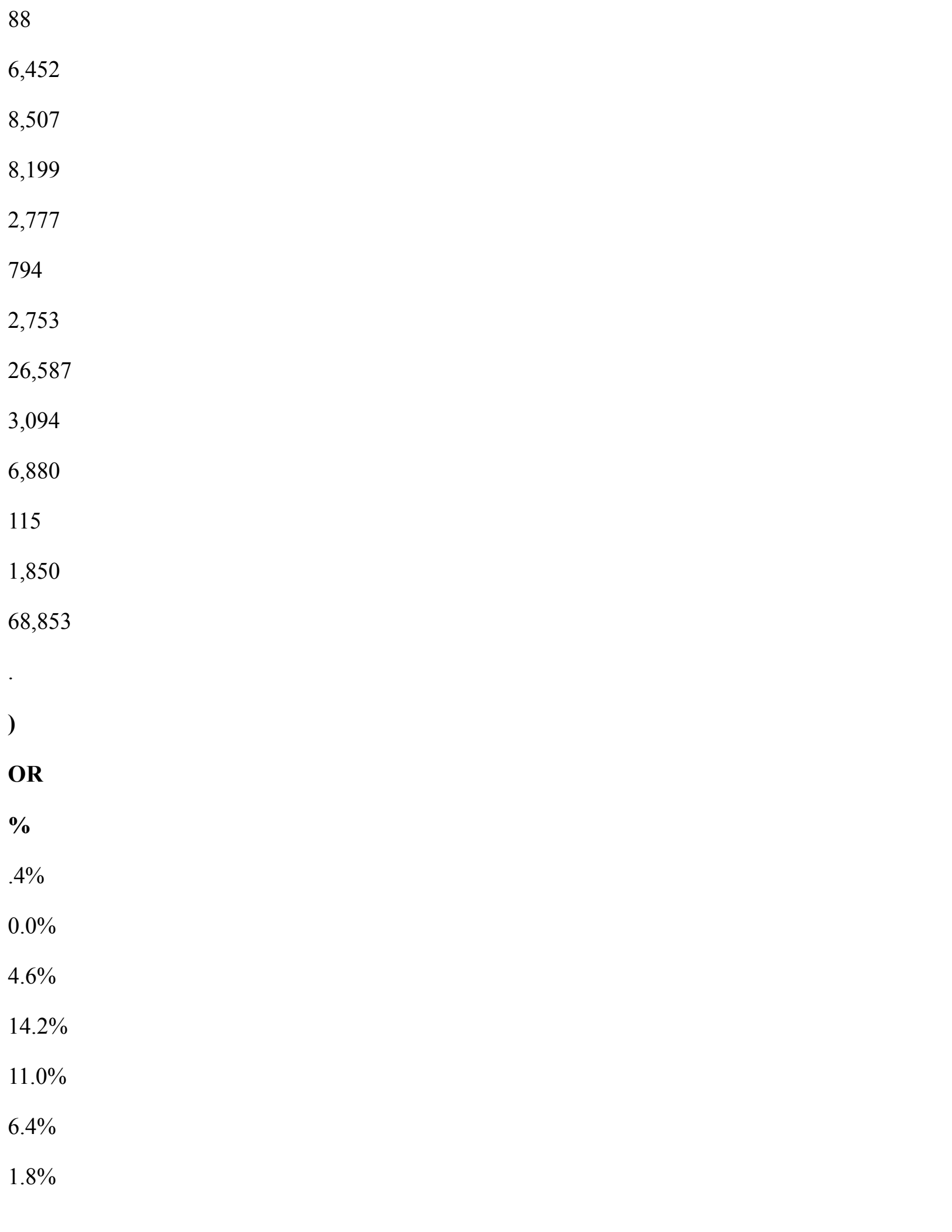
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Some conclusions

Regarding our initial question: Is the households poverty scenario analogous in all the regions through the Island?

- After the descriptive analysis, the results indicate there is a diversity of household distribution by poverty levels among the regions.
- The *Centro* region of Puerto Rico highpoints 59% of households below poverty.
- Regions *Sur* and *Oeste* follow the *Centro* region presenting the second and third highest percentages of households below poverty with 53% and 52% respectively.
- The geographic distribution of households in Puerto Rico by poverty level suggest that the regions in the eastern side of the Island (*Metro*, *Centro-Caguas* and *Este*) have lower proportions of households in extreme poverty and in poverty scenarios.
- Householder median age in *Oeste* and *Centro* regions indicates they were the elders regions in

Puerto Rico, reporting 55 and 54 years of age of the householder correspondingly.

- The householders sex distribution points out that in two (*Norte* and *Centro* regions) of the seven regions male headed households were the majority.
- The higher percent of householders with no school completed accentuated the *Centro* region. On the other hand, *Metro* and *Centro-Caguas* regions revealed the higher percentages of householders with bachelor and master degrees.
- Around half of the householders in all the regions were married. The married householders were more common in better economic circumstances (middle income or more level).
- Household type among the regions consistently displayed two major characteristics, married couple family and female householders with no husband present in the house. Particularly, female householders with no husband present was the main characteristic for those in the extreme poverty and poverty scenarios.
- Family median income was higher in the *Metro*, *Centro-Caguas* and *Este* regions.

The counterpart, lower median family income, was found in the *Centro*, *Sur* and *Oeste* regions.

- The region with more than half of the householders participating in Nutritional Assistance Program (PAN) program was the *Centro* region.
 - The leading housing tenure characteristic for all the regions was housing owned free and clear, the second most frequent characteristic was housing owned with loan or mortgage. The rented housing was more common in the *Metro* region in
- Poverty in Puerto Rico 245
- which one on every four households was paying rent.
- Nearly half of the households in all the regions were composed of three or four persons.
 - A regular pattern of three bedrooms households was found among all regions and poverty levels. Around 6 of 10 households have this characteristic.
 - Besides *Metro* and *Centro-Caguas* regions, employment status in all other regions shows the married householders neither husband nor wife were in labor force

as the principal characteristic. In the *Metro* and *Centro-Caguas* regions married householders with both, husband and wife, in labor force was the most frequent characteristic.

- Householders employed in the professional and business services industry was the most common characteristic among all the regions, followed by two more industries consistently, wholesale and retail trade and manufacturing. The agriculture, forestry, fishing and hunting industry employed more householders in the *Centro* region than any other region with remarkable difference.

Finally, the *Centro* region had more frequent households that were living in the poorest economic circumstances. However, all the regions in Puerto Rico have at least five of ten households living in extreme poverty, poverty or near poverty scenarios. This distinction can be mainly explained by economic reasons like, lack of job opportunities and low wage jobs in Puerto Rico. Besides this economic situation we must consider the effects of the present misleading support structure for female householders with no husband present that makes it difficult for a woman to enter the workforce instead of helping her to become self-sufficient. The regional profiles provided in this chapter evidence the differences among household characteristics across the various regions.

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IV. Children poverty

in Puerto Rico

Raúl Figueroa-Rodríguez

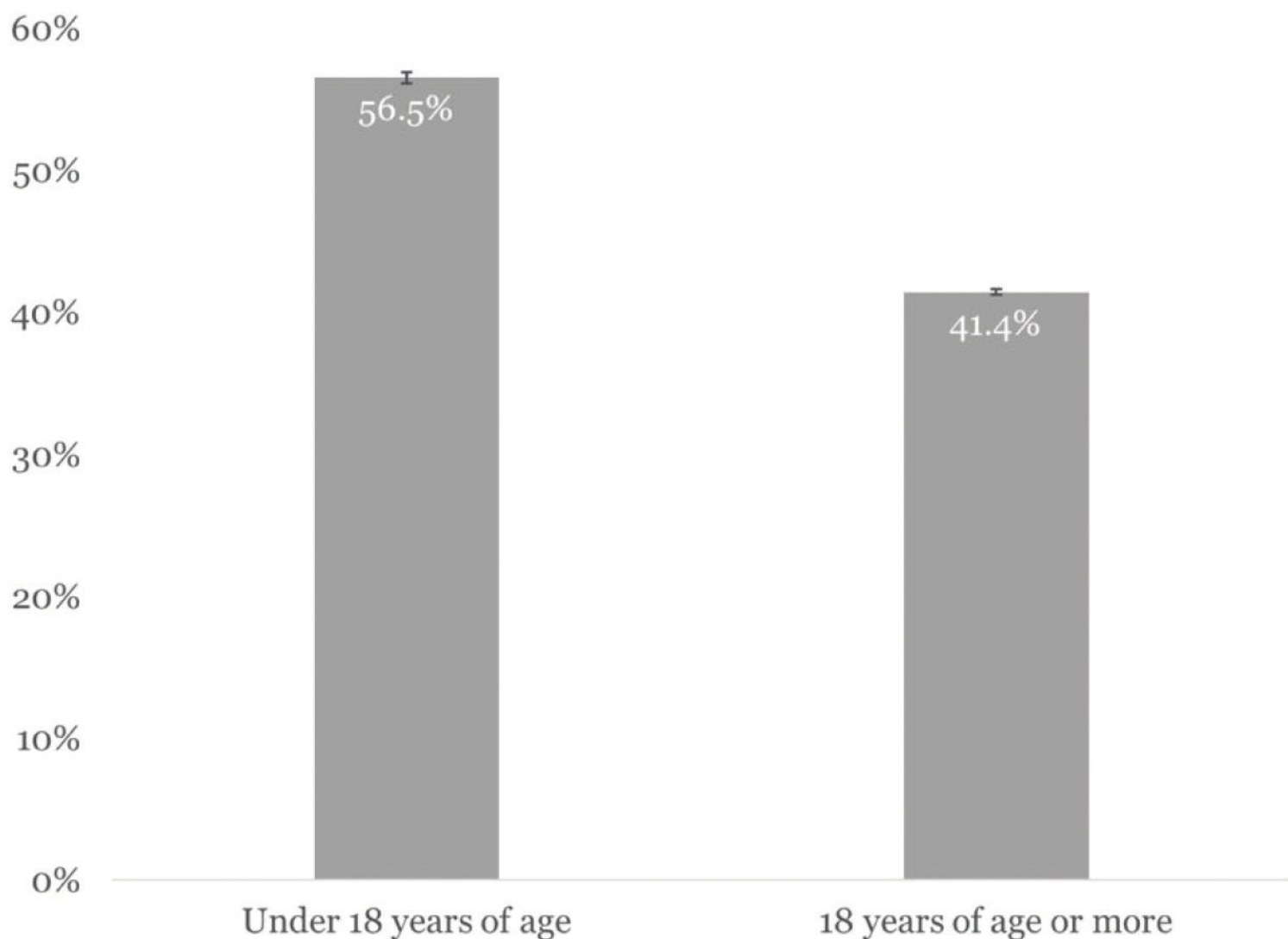
High children poverty

More than half of the children¹ in Puerto Rico live below the poverty level. That fact has remained constant for several decades. The U.S. Census Bureau estimates that in the five years between 2010 and 2014, 56.5% of children in Puerto Rico lived below the poverty level. This was a similar number to the one reported in the

2000 decennial census (58%) and suggests that the pace of poverty reduction in Puerto Rico, particularly for children, has slowed down considerably. Without question, high poverty rates among children and youth remain a major challenge for Puerto Rico and the strategies and programs that have been designed to reduce poverty among children and youth need to be properly analyzed and examined. Poverty is a problem that seems to pass from generation to generation, with no noticeable sign that it is going to stop soon and that Puerto Rico will be able to make sufficient progress to break the cycle of poverty for a substantial proportion of its population.

During the period between 2010 and 2014, the poverty rate for children in Puerto Rico was higher than for the rest of the population (Figure 4.1.1) with children and youth being the most disadvantaged age groups. This chapter seeks to describe the poverty in this population from a demographic perspective. We will present and describe the characteristics of children living below the poverty level and we will explore the demographic correlates and determinants of poverty. This chapter seeks to present information on children and youth below poverty in order to encourage discussion, serve as a factual starting point for future studies in other disciplines, and support the development of public policies that help reduce poverty among children and youth.

Most of the data presented in this chapter are of a quantitative nature. We explore the characteristics of the children that lived below the poverty level and their parents using 1 We define children as the people with 17 years of age or less.



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Raúl Figueroa - Rodríguez

the U.S. Census Bureau five years (2010-2014) Public Use Microdata Sample (PUMS) from the American Community Survey. This dataset provides comprehensive information that can be used to gain a better understanding of this segment of the population and what makes children and youth particularly vulnerable to poverty.

FIGURE 4.1.1

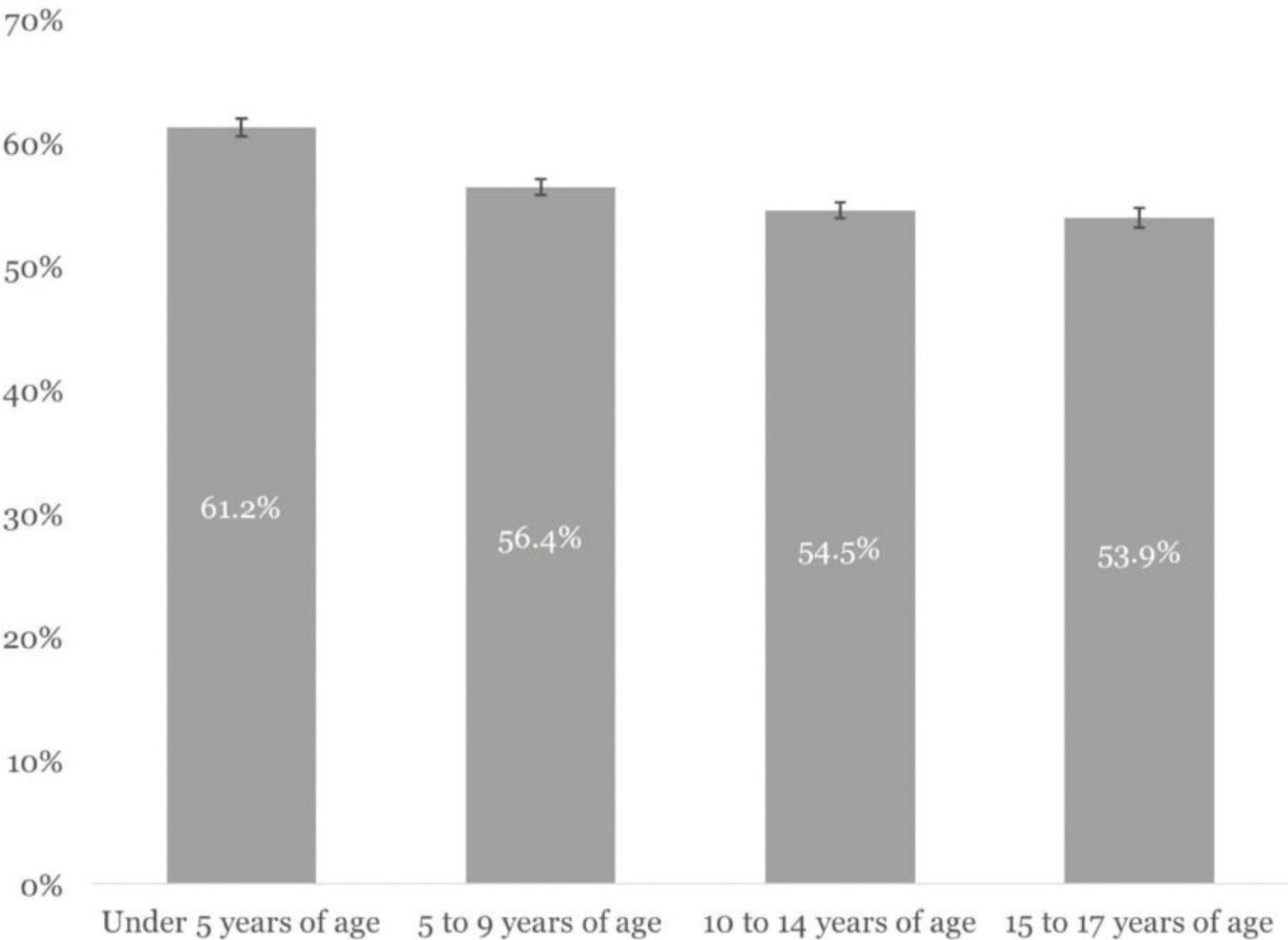
Percentage of people living under poverty level
by broad age groups, Puerto Rico 2010-2014.

Source: U.S. Census Bureau five years (2010-2014) Public Use Microdata Sample (PUMS).

How poor are the children in Puerto Rico?

When we started writing this chapter, Puerto Rico was in an economic recession. The island was losing population, mainly because of the emigration and a low fertility context. The number of people under 18 years of age decreased 13.9% between 2010 and 2014. That was the largest drop in population among all the main population age groups. However, even with the declining number of children, there was one constant, the children remained very poor.

Nearly 57% of the children in Puerto Rico lived below the poverty level between 2010 and 2014; but the poverty was not the same in the other age groups. The youngest



children had higher poverty levels than the adolescents. At least six of every 10 children under five years of age lived below the poverty level, while the rest of the children had lower poverty rates (Figure 4.2.1). Even in the case of adolescents, who have lower poverty rates than younger children, more than half lived below the poverty level and this fact is a cause for concern.

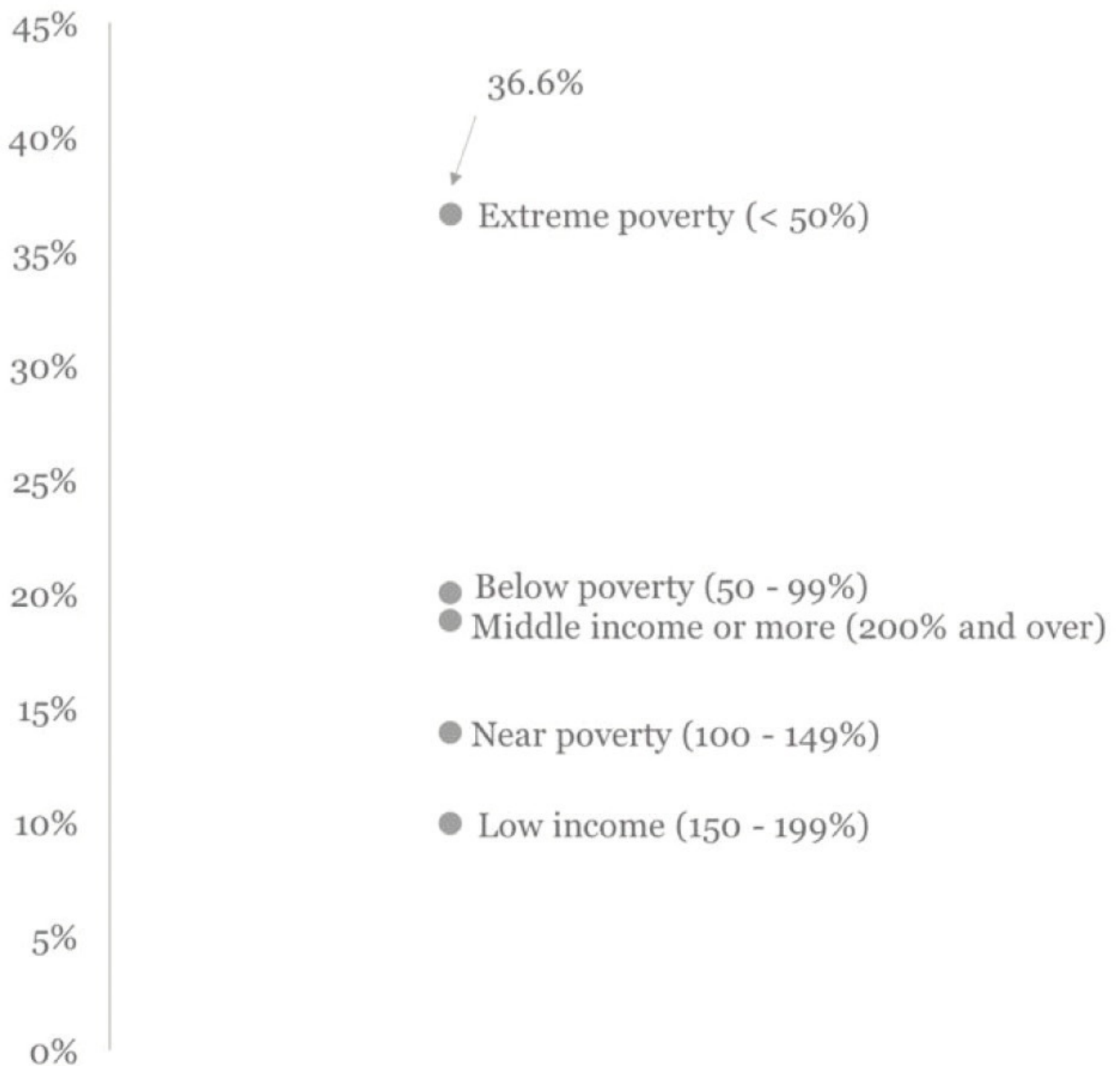
FIGURE 4.2.1

Poverty rates for five years age groups, Puerto Rico 2010-2014.

Source: U.S. Census Bureau five years (2010-2014) Public Use Microdata Sample (PUMS).

When subdividing the data for more distinctive poverty levels, 37% of the children were found to live in extreme poverty. For this chapter, we define extreme poverty as having a poverty level lower than the 50% poverty threshold. Additionally, another 20% of the children lived below the poverty level but not in extreme poverty (Figure 4.2.2). The percentage of children living in extreme poverty in Puerto Rico (37%) even surpassed the proportion of children below 100% poverty level in the United States (21.9%).

For these children, there is no turning back in time; they face a harsh reality that goes with poverty. The effects of child poverty can last a lifetime (Ortiz, Moreira Daniels, & Engilbersdóttir, 2012). For example, a child does not get a second chance of having a quality education, and malnutrition affects development in an irreversible



250

250

Raúl Figueroa - Rodríguez

way (Ortiz et al, 2012). Additionally, the effects of poverty include physical and cognitive impairment for life, which allows for perpetuating the poverty cycle through adulthood. (Ortiz et al, 2012). The outcomes of children who grow up in poverty in-

clude poor health and limited access to education of quality which results in low-wage jobs or unemployment as adults (Camfiels, Streuli, & Woodhead, 2009).

Poverty is a multidimension-

FIGURE 4.2.2

al and dynamic phenomenon

Poverty level subdivisions, Puerto Rico 2010-2014.

(Ortiz et al, 2012). The dimen-

sions include well-being in an

economic and social context

(Ortiz et al, 2012). Poverty is

not a static condition, there are

upward and downward fluc-

tuations within it and there are

differences within a country

(Ortiz et al, 2012). Worldwide,

22% of the population fall into

poverty, almost the same per-

centage move out of it (Ortiz

et al, 2012). In the geographic

comparison chapter (CH 3),

we determined that poverty

was concentrated in areas with

a younger age structure like the

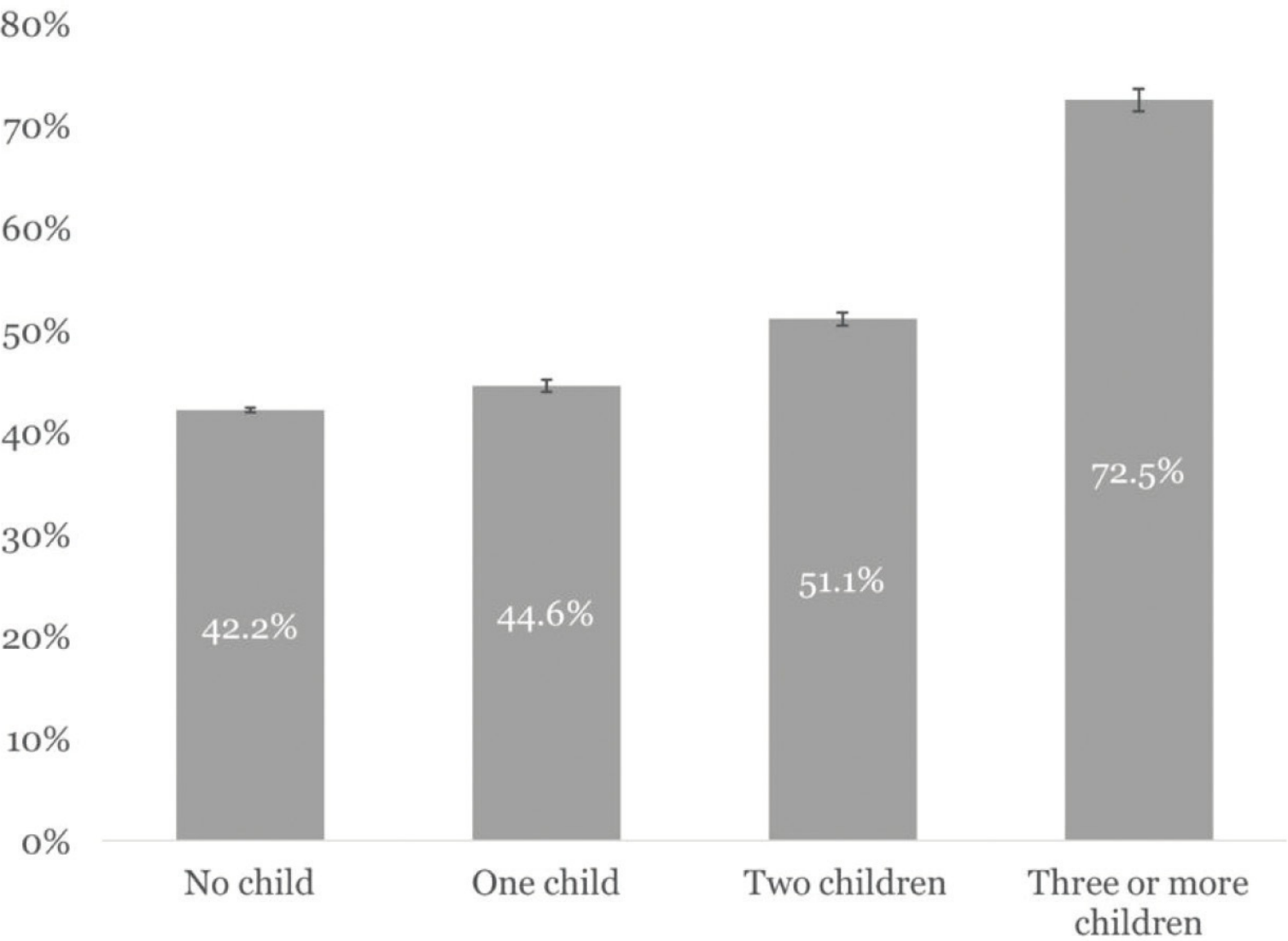
Source: U.S. Census Bureau five years (2010-2014) Public Use Microdata Sample (PUMS).

central part of Puerto Rico.

It’s all about the family

Children live below the poverty level because of their families. Children simply cannot take care of themselves and therefore, rely on their parents or tutors for their economic well-being. Children are poor because the adults in their families are poor. But, why are the adults poor? The education attained, jobs and other demographic characteristics are some of the reasons why they live below the poverty level. The probability of being poor increases if: there is more than one child in a household; the parents are cohabitating instead of being married; the mother cohabitates with the child’s stepfather; the mother lives alone with the child; the mother was younger than 30 at child birth; the mother is not white; or, the mother has a low educational. Another factor for poverty is that the family does not own the house they live in (Bradshaw & Holmes, 2010).

For the most part, the data from the U.S. Census Bureau support the results regarding the determinants of poverty for children. In Puerto Rico, the percentage of families



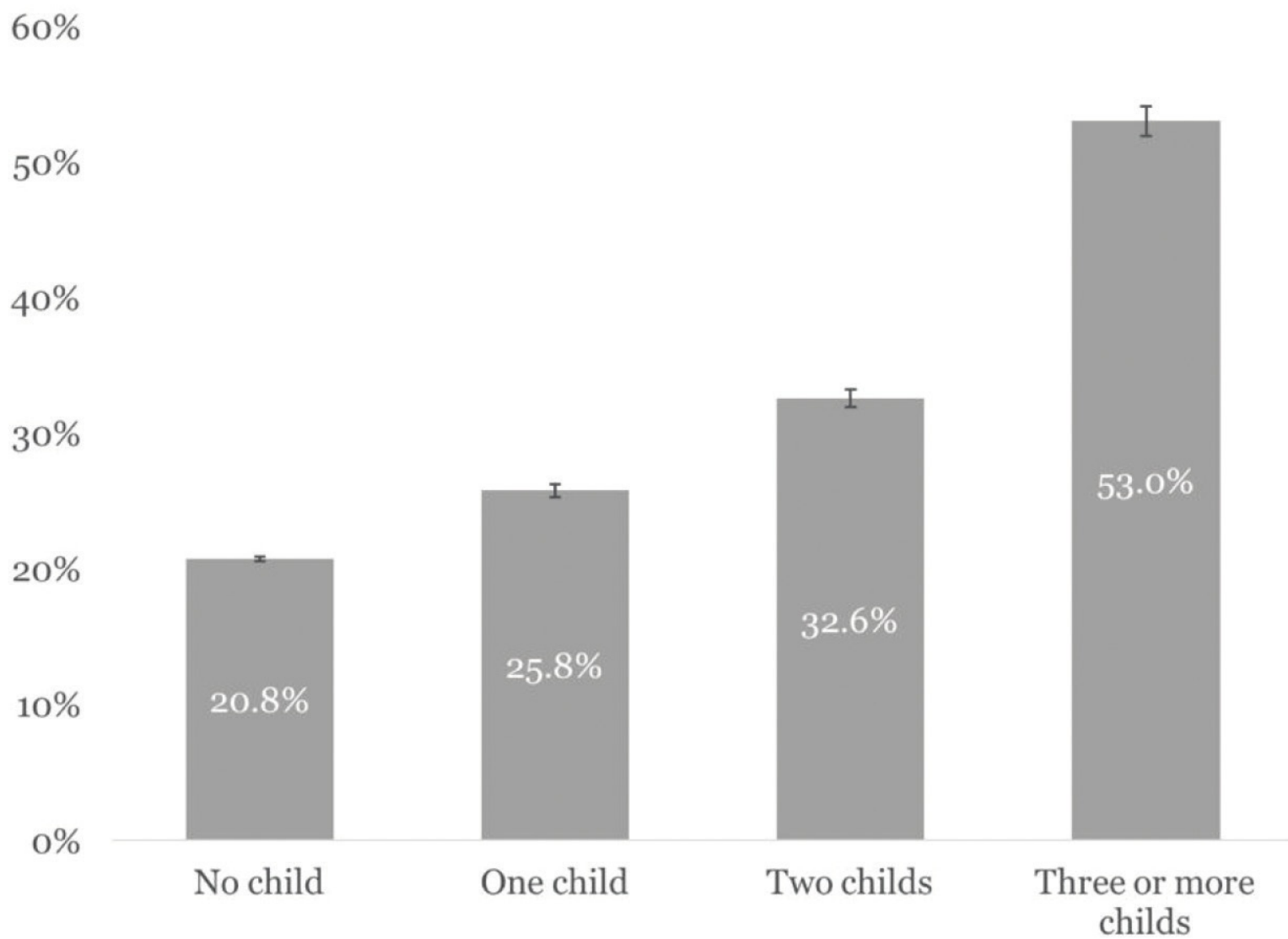
below the poverty level was greater as they had more children. Specifically, more than half of the families with two children, and seven out of ten families with three or more children, lived below the poverty level..Conversely, less than half of the families with one or no children lived below poverty levels (Figure 4.3.1). A similar pattern was observed for the families that live below extreme poverty. More than half of the families with three or more children lived below the extreme poverty level (Figure 4.3.2).

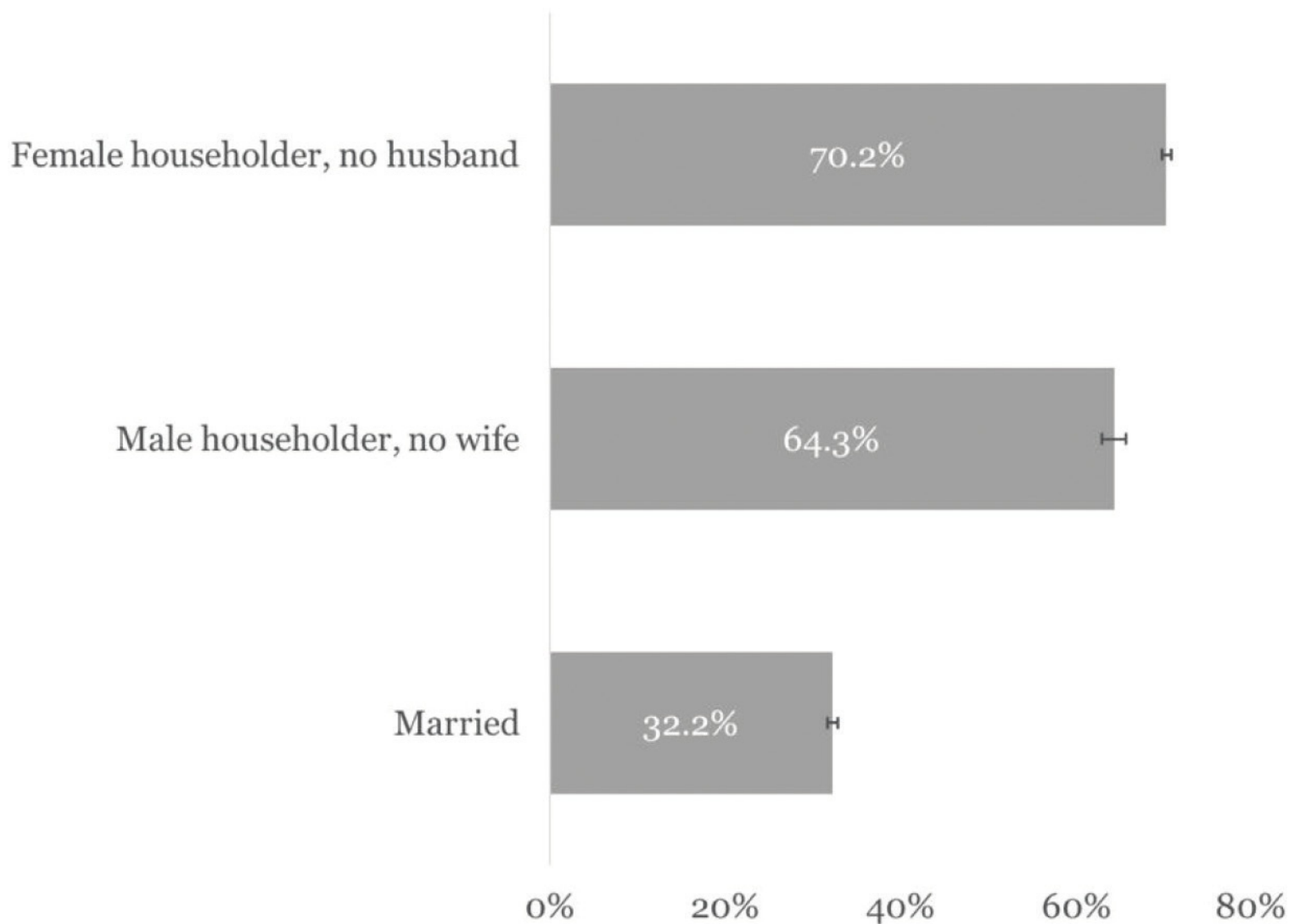
FIGURE 4.3.1

Poverty level by number of children in the family, Puerto Rico 2010-2014.

Source: U.S. Census Bureau five years (2010-2014) Public Use Microdata Sample (PUMS).

The composition of the family is another significant factor for child poverty. Families where parents are married and both are earners (workers) are considered to be protective against poverty (Bradshaw & Holmes, 2010). In Puerto Rico, married couple families with children have a considerably lower level of poverty when compared to families with just one parent. Especially worrisome was that seven out of ten families of female householders with no husband present lived below poverty level (Figure 4.3.3). This is a type of family that is increasing with time. It's indispensable to mention that among the families with children, families with female householders and no husband present had more children per household (1.95) than any of the other types of families (less than 1.85 children per house).





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Raúl Figueroa - Rodríguez

FIGURE 4.3.2

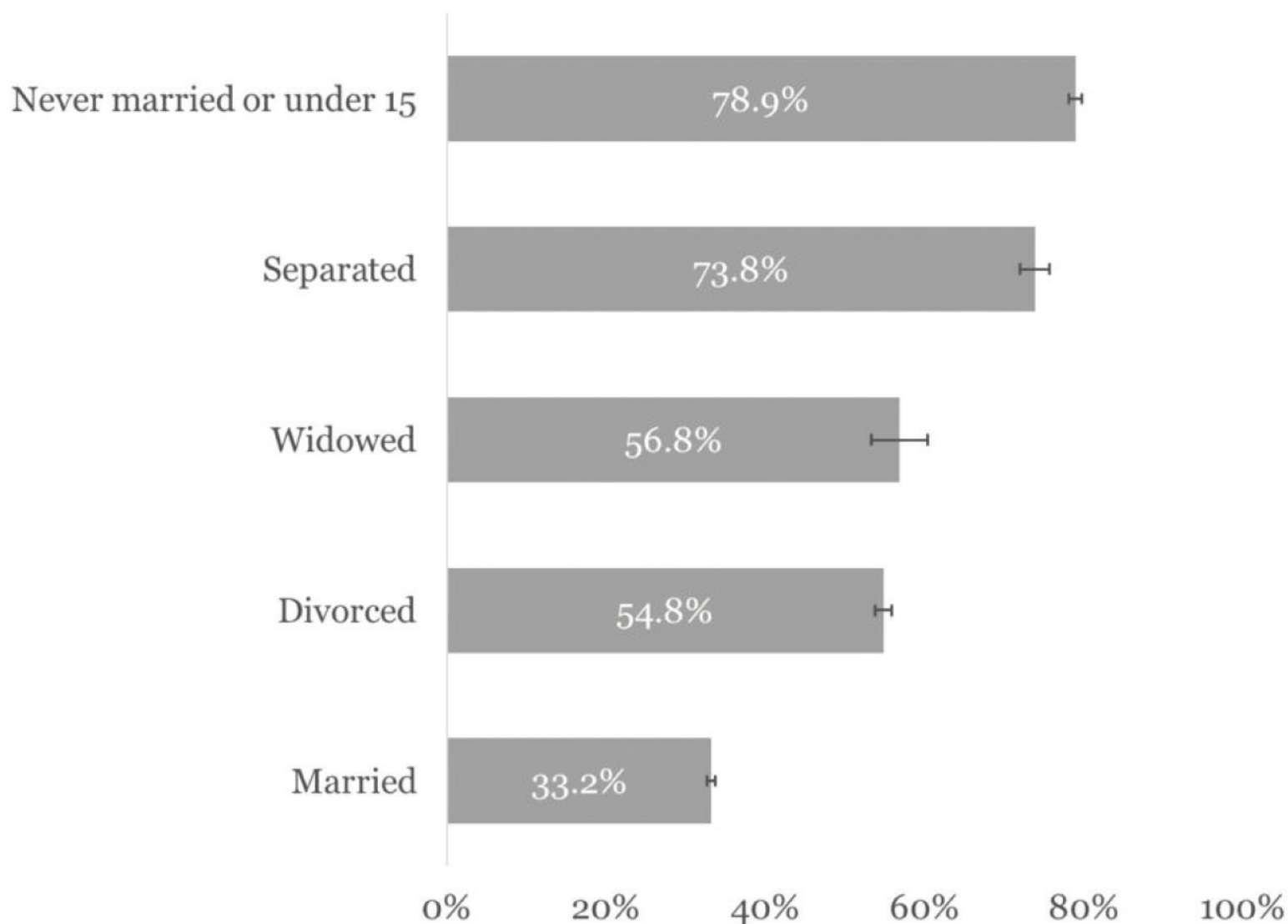
Extreme poverty by number of children in the family, Puerto Rico 2010-2014.

Source: U.S. Census Bureau five years (2010-2014) Public Use Microdata Sample (PUMS).

FIGURE 4.3.3

Poverty level of families with children by type of family, Puerto Rico 2010-2014.

Source: U.S. Census Bureau five years (2010-2014) Public Use Microdata Sample (PUMS).



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The protective nature that married families have against poverty was also displayed when the marital status of the head of the family with children was analyzed. Once again, families with children where the head of the household was married were the only ones with less than 50% of poverty. On the other hand, poverty was higher when the head of household was never married or separated (Figure 4.3.4). This was also observed within the more specific poverty levels. The children living below the extreme poverty level had the lowest percentage of families where the head of the household was married and the highest percentage where the head of the family never married (Table 4.3.1).

There was a significant difference in the poverty rates when both parents were in the labor force versus when just one or none of the parents was in the labor force. When

both parents in the family were in the labor force, 19% of the families lived below the poverty level. That was much lower than the 68.5% of the families living below poverty level when just one or none of the parents was in the labor force. Less than five percent of children living below the extreme poverty level had both parents in the labor force (Table 4.3.2). These data indicate that the labor participation of the parents is an important factor to prevent poverty. With the number of married families decreasing, it is expected that the child’s poverty rate will remain high in the future.

FIGURE 4.3.4

Percentage of families with children under poverty level
by marital status of the householder, Puerto Rico 2010-2014.

Source: U.S. Census Bureau five years (2010-2014) Public Use Microdata Sample (PUMS).

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R a ú l F i g u e r o a - R o d r í g u e z

TABLE 4.3.1

Marital status of the head of the household with children
by poverty level, Puerto Rico 2010-2014.

- NEVER**
- POVERTY LEVEL**
- MARRIED**
- WIDOWED**
- DIVORCED**
- SEPARATED**
- MARRIED**

Extreme poverty (<50%)
24.11

1.57

18.71

8.80

46.81

Margin of error (95%)

1.33

0.37

1.12

0.83

1.63

Below poverty (50-99%)

45.49

1.69

19.22

4.97

28.63

Margin of error (95%)

2.02

0.49

1.51

0.93

2.18

Near poverty (100-149%)

54.16

2.24

21.51

4.62

17.47

Margin of error (95%)

2.54

0.72

1.82

1.03

1.96

Low income (150-199%)

62.95

1.32

19.86

3.09

12.78

Margin of error (95%)

2.40

0.54

2.17

1.04

1.63

Middle income or more (200% and over)

78.77

0.72

11.89

1.53

7.08

Margin of error (95%)

1.39

0.25

1.20

0.43

0.92

Source: U.S. Census Bureau five years (2010-2014) Public Use Microdata Sample (PUMS).

TABLE 4.3.2

Percentage of both parents in labor force

by poverty level, Puerto Rico 2010-2014.

PERCENT

POVERTY LEVEL

BOTH PARENTS

MARGIN OF ERROR

IN LABOR FORCE

(95%)

Extreme poverty (<50%)

4.48

0.84

Below poverty (50-99%)

14.08

1.73

Near poverty (100-149%)

29.07

3.13

Low income (150-199%)

44.10

3.65

Middle income or more (200% and over)

59.99

3.39

Source: U.S. Census Bureau five years (2010-2014) Public Use Microdata Sample (PUMS).

The education attained by the head of the household was another factor that showed a significant difference in the poverty levels. Householders with 25 years of age or older, with a higher level of education attained, had lower poverty rates when compared to householders with less education. A noticeable drop in poverty rates was detected for the householder with a bachelor degree (Table 4.3.3). The children living below the extreme poverty level in Puerto Rico had the highest percentage when the head of the household did not complete high school (Table 4.3.4). Above the poverty rate, fewer heads of households did not complete high school. This was expected because education has a high correlation with income.

TABLE 4.3.3

Poverty level of families with children
by education attained of the householder

wiith 25 years or older, Puerto Rico 2010-2014.

PERCENTAGE

MARGIN OF ERROR

EDUCATION ATTAINED

BELOW POVERTY

(95%)

No schooling completed

81.31

13.15

Nursery school, preschool

100.00

0.00

Kindergarten

63.33

61.96

Grade 1

90.52

18.34

Grade 2

91.76

16.08

Grade 3

90.88

11.75

Grade 4

84.65

8.62

Grade 5

87.44

7.25

Grade 6

89.65

4.44

Grade 7

92.92

4.14

Grade 8

87.26

4.07

Grade 9

86.61

3.27

Grade 10

88.42

4.36

Grade 11

88.56

2.96

12th grade-no diploma

79.17

6.75

Regular high school diploma

70.40

1.71

GED or alternative credential

79.87

3.90

Some college, but less than 1 year

64.96

4.81

1 or more years of college credit, no degree

53.47

1.97

Associate's degree

45.97

2.09

Bachelor's degree

20.84

1.38

Master's degree

11.71

2.55

Profesional degree beyond a bachelor’s degree

4.05

2.64

Doctorate degree

9.71

5.45

Source: U.S. Census Bureau five years (2010-2014) Public Use Microdata Sample (PUMS).

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R a ú l F i g u e r o a - R o d r í g u e z

TABLE 4.3.4

Percentage of head of household with children

that do not high school, Puerto Rico 2010-2014.

NOT COMPLETED

MARGIN OF ERROR

POVERTY LEVEL

HIGH SCHOOL

(95%)

Extreme poverty (<50%)

26.63

1.42

Below poverty (50-99%)

15.91

1.44

Near poverty (100-149%)

7.05

1.25

Low income (150-199%)

3.43

1.07

Middle income or more (200% and over)

1.28

0.33

Source: U.S. Census Bureau five years (2010-2014) Public Use Microdata Sample (PUMS).

Grandparents responsible for grandchildren were prone to live below poverty. The poverty rate for families of grandparents responsible for grandchildren was 77.4%. That percentage was higher than for families of single mothers with no husband present.

Most of the time, the grandparents are not prepared to take care of the grandchildren.

The economic burden of taking care of a child at an older age and with limited resources provokes the high poverty levels of this group.

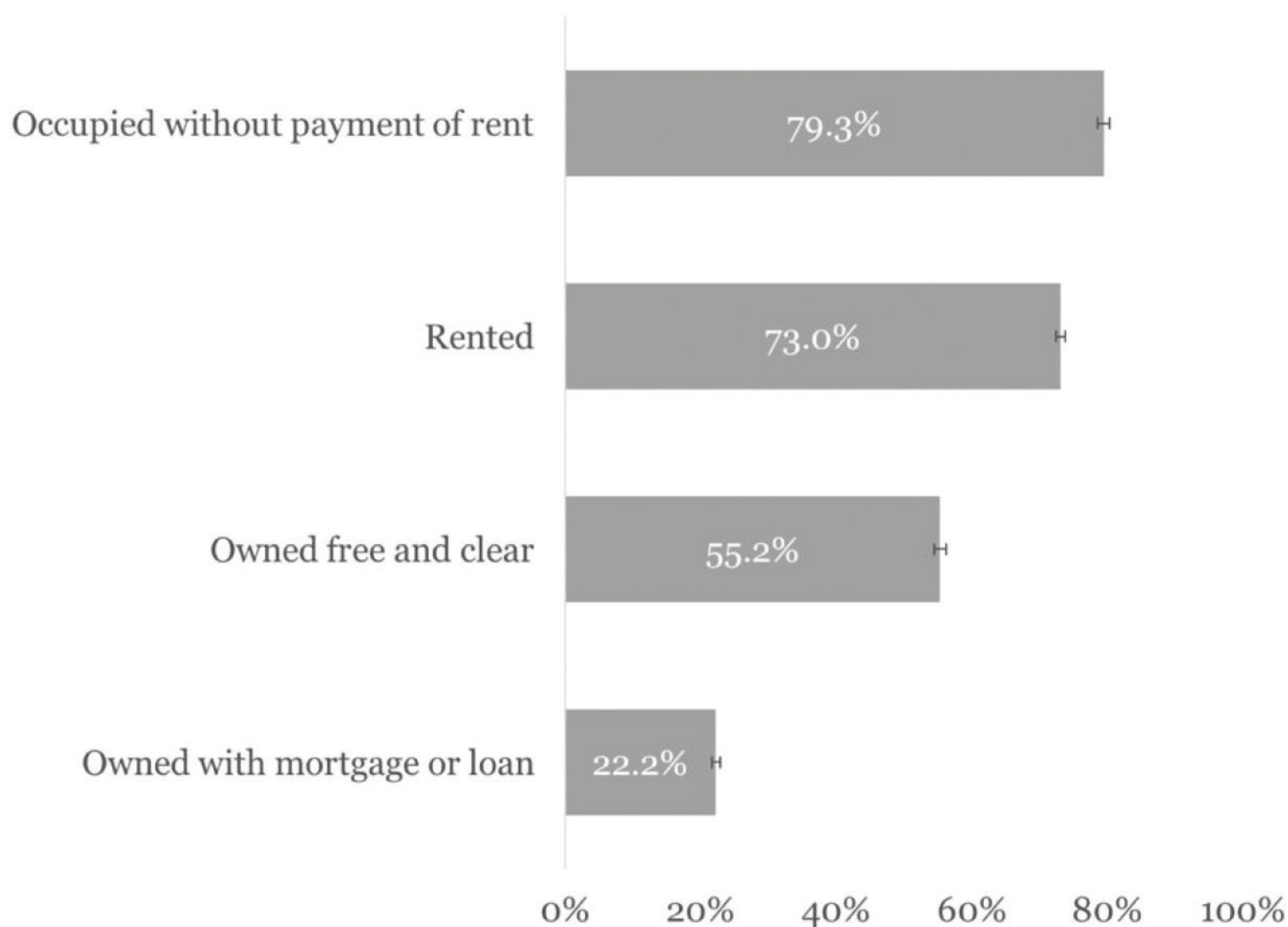
Not owning a house, was another factor identified as characteristic of the people living below poverty. The data from the U.S. Census Bureau corroborated that this characteristic was seen in Puerto Rico. The owners of houses with children had lower poverty

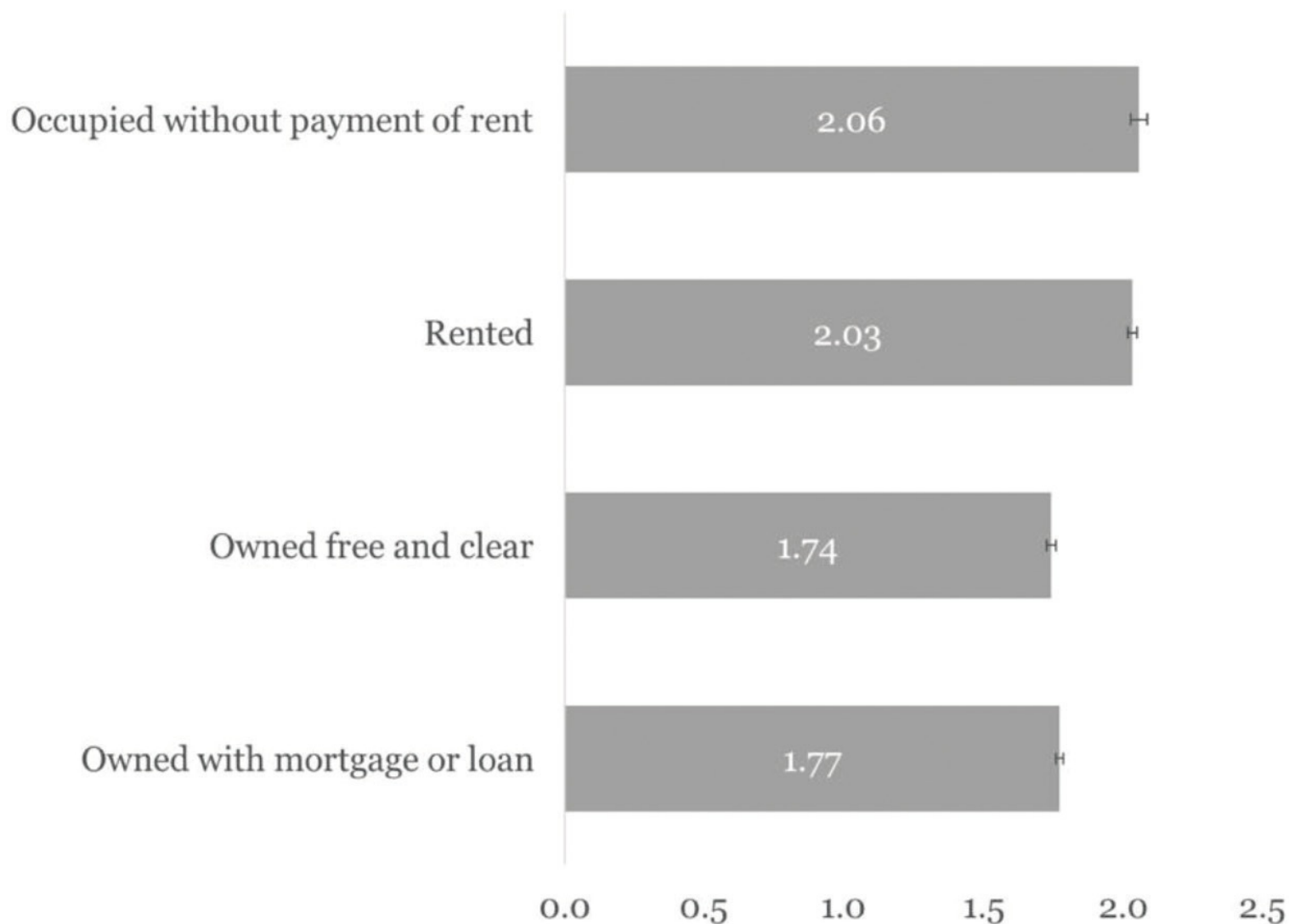
rates than families with children living in rented or occupied houses without paying rent (Figure 4.3.5). It's important to note that families in rented and occupied houses had more children per household than the families that own houses (Figure 4.3.6).

Another aspect studied was the poverty levels by citizenship status of the householder.

The results showed that the families with children where the head of the household was not a citizen had a higher poverty rate than the rest of the families. Citizens by naturalization and the citizens of American parents born abroad had the lowest poverty rates (Figure 4.3.7). The high cost of the naturalization process (\$680) might hinder the opportunity for the people that live below the poverty level to become American citizens by naturalization.

Hispanic origin also had a relationship with the poverty level. Especially prominent was the poverty rate among Dominicans, when compared to the rest of the groups. On the other hand, Cubans had the lowest poverty rate, with less than 30%. However, Dominican households did not have more children per house than the other groups (Table 4.3.5). Low income seems to be the reason why Dominicans had the high poverty rate. Over half of the Dominicans with children and a job (54.4%) lived below the poverty level while for the rest of the Hispanic or non-Hispanic groups the percentage was 31%.





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FIGURE 4.3.5

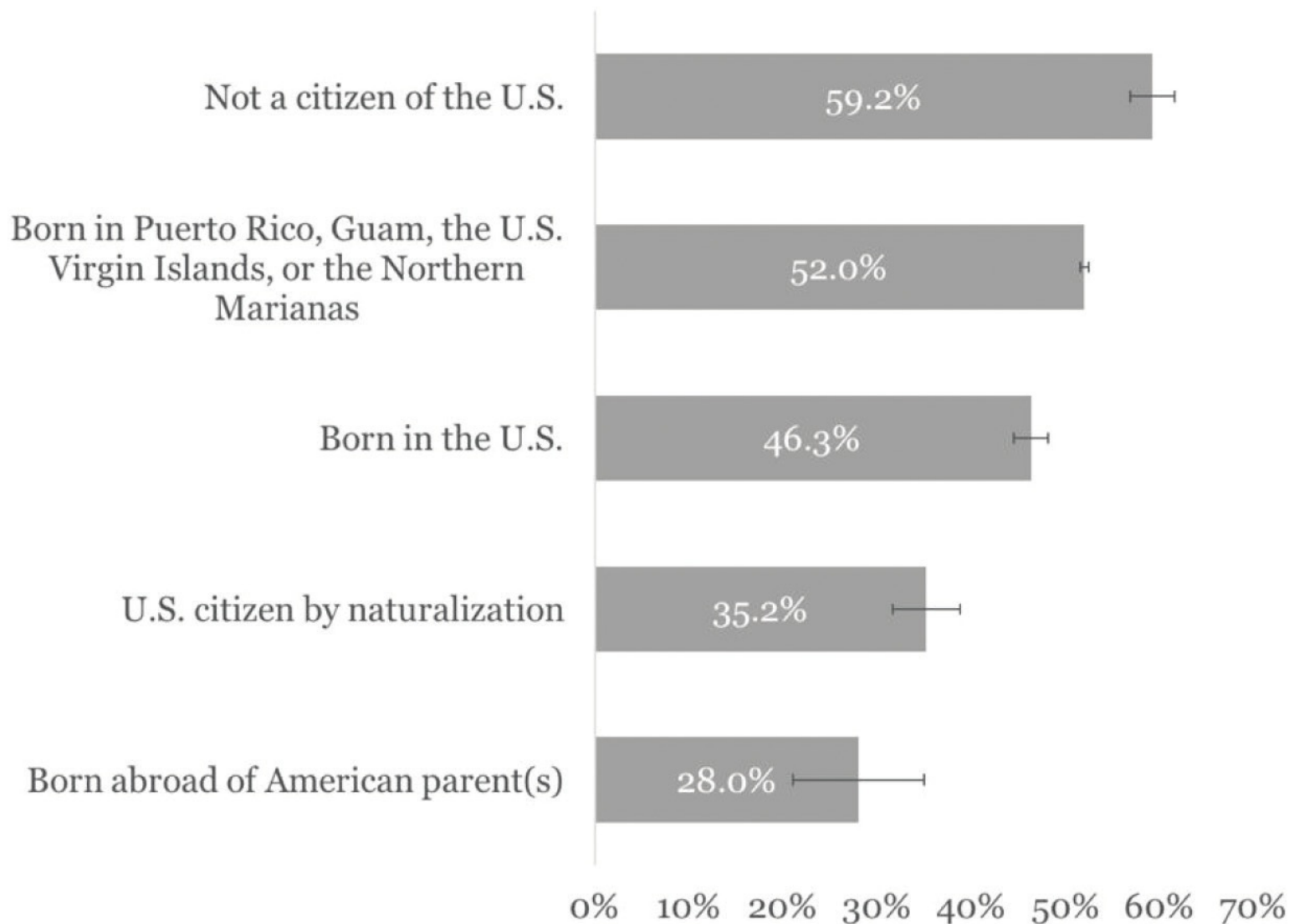
Poverty level of families with children by tenure, Puerto Rico 2010-2014.

Source: U.S. Census Bureau five years (2010-2014) Public Use Microdata Sample (PUMS).

FIGURE 4.3.6

Mean number of children in families by tenure, Puerto Rico 2010-2014.

Source: U.S. Census Bureau five years (2010-2014) Public Use Microdata Sample (PUMS).



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FIGURE 4.3.7

Poverty level of families by citizenship status of householder, Puerto Rico 2010-2014.

Source: U.S. Census Bureau five years (2010-2014) Public Use Microdata Sample (PUMS).

TABLE 4.3.5

Poverty level by Hispanic origin of household

and mean number of children in the family, Puerto Rico 2010-2014.

PERCENTAGE

MARGIN OF

MEAN NUMBER

MARGIN OF

HISPANIC ORIGIN

BELOW POVERTY ERROR (95%)

OF CHILDREN

ERROR (95%)

Dominican

64.42

5.147

1.76

0.089

Puerto Rican

51.53

0.777

1.88

0.017

Mexican

45.75

11.948

1.82

0.202

Not Spanish/Hispanic/Latino

43.50

8.267

1.88

0.103

Cuban

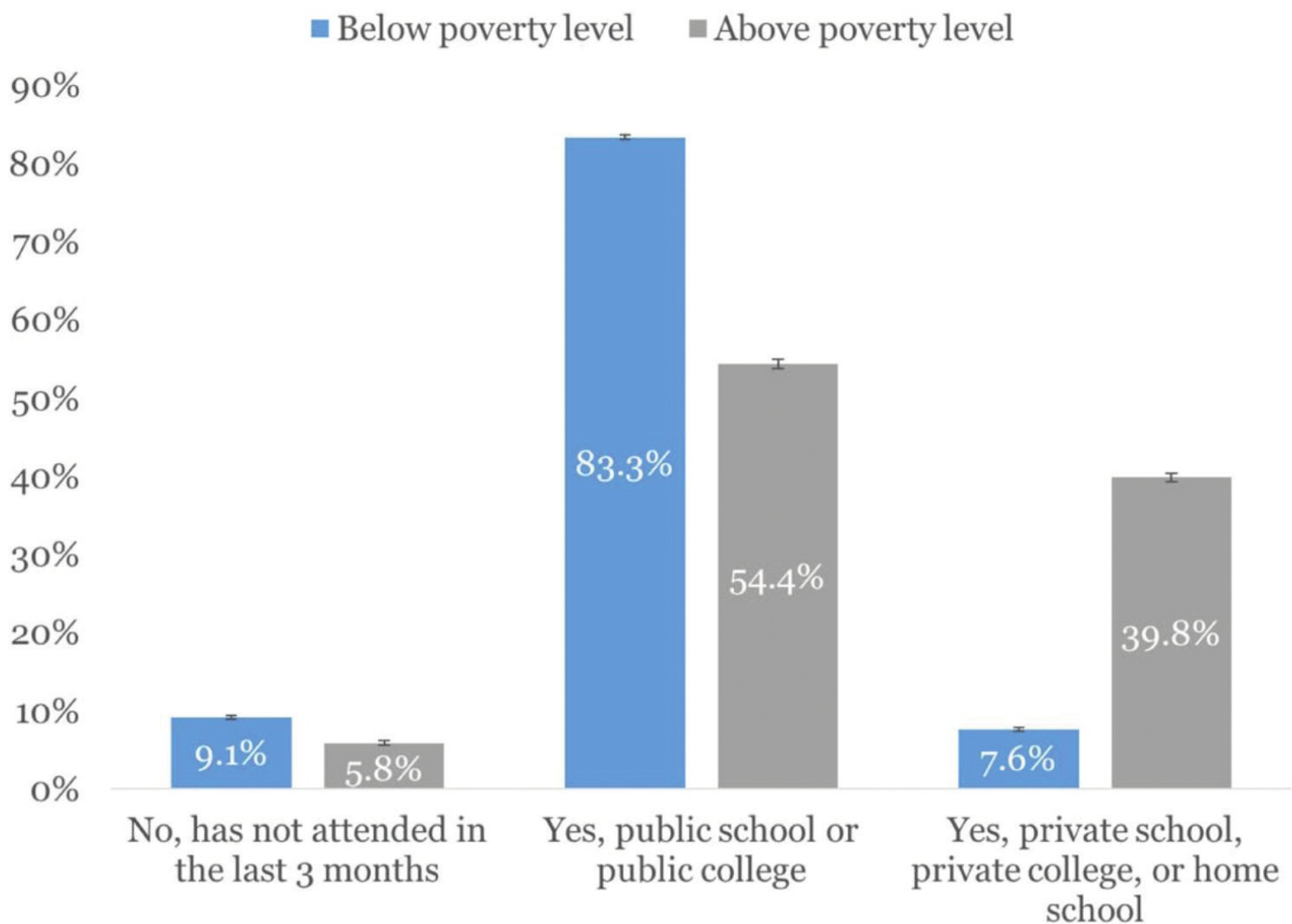
27.24

13.528

1.65

0.174

Source: U.S. Census Bureau five years (2010-2014) Public Use Microdata Sample (PUMS).



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Education and health disadvantage

Poverty deprives children of quality services in fundamental areas like education and health. In Puerto Rico, most of the children attend public school. This is true for children below and above the poverty threshold. There was a higher proportion of children living below the poverty level enrolled in public schools, when compared to children above the poverty threshold (Figure 4.4.1). The proportion that did not attend school in the last 3 months was also higher for children living below poverty level.

We can argue that the level of schooling in Puerto Rico, especially in public schools, is deficient. For example, in a 2013 NAEP mathematics assessment administered in Spanish to public school students in Puerto Rico,² the average score was 182 for 4th graders and 218 for 8th graders. Those average scores were below the public national average of 241 and 284 respectively. Other international test like PISA, where Puerto Rico obtained one of the lowest scores, demonstrates the issues with the

public education in the Island (*El Nuevo Día*, 2014.).

FIGURE 4.4.1

Children school enrollment by poverty level status, Puerto Rico 2010-2014.

Source: U.S. Census Bureau five years (2010-2014) Public Use Microdata Sample (PUMS).

2 http://www.nationsreportcard.gov/puerto_rico_2013/#

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Most of the children living below poverty level in Puerto Rico have health insurance access through Medicaid benefits. According to the data, just 3.5% of children living below poverty lacked health insurance. That percentage was lower than the one for children living above poverty, were 4.6% lacked a health insurance. The Health Plan of the Government of Puerto Rico provides health insurance to 93.25% of the children living below the extreme poverty level and to 72.7% of the rest of the children below the poverty level (Table 4.4.1). Many have questioned the quality of service patients receive from the public health plan in Puerto Rico. At the same time, the public health plan in Puerto Rico does not guarantee other essential components of health, like proper labor conditions, adequate housing, or nutritive food. All of these are important components to satisfy the World Health Organization definition of health.³

TABLE 4.4.1

Children public health care coverage
by poverty level, Puerto Rico 2010-2014.

PERCENT WITH
MARGIN OF ERROR
POVERTY LEVEL

PUBLIC HEALTH

(95%)

COVERAGE

Extreme poverty (<50%)

93.25

1.12

Below poverty (50-99%)

72.69

2.27

Near poverty (100-149%)

45.35

3.82

Low income (150-199%)

25.77

3.82

Middle income or more (200% and over)

9.381

1.65

Source: U.S. Census Bureau five years (2010-2014) Public Use Microdata Sample (PUMS).

A recipe for high poverty

Children’s poverty in Puerto Rico seems like a never ending story. Poverty has been high for many years without clear signs of improvement. The poverty of this population in Puerto Rico is high even if we restrict ourselves only to the children living in extreme poverty (or below 50% of the poverty threshold). Many factors contribute to high poverty rates among children in Puerto Rico. One of the main factors is household composi-

tion and the increasing number of families with just one parent. When this is combined with an elevated number of children in single parent families and a considerable number 3 Health is a state of complete physical, mental and social well-being and not merely the absence of disease or infirmity.

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of families with just one or none of the parents in the labor force, we have a recipe for producing and reproducing high poverty levels.

Puerto Rico needs to develop strategies to fight poverty at early ages and stages of the life course. Studies have found that the first five years of life are fundamental to preventing some of the most negative effects of poverty to carry over to adulthood (Field, 2010). This points to the needs to support strategies that focus on helping adults in

the household to connect to the labor market, generate income and exit poverty. The

biggest challenge in Puerto Rico has been the slow pace of employment generation and

accumulated job losses over the last decade. Lack of jobs makes it difficult for parents, especially single mothers or fathers living in isolated areas, or without access to child care or reliable transportation and other supports, to find and keep employment. If

such a large proportion of families in Puerto Rico continue without connection to the

formal labor market and access to well-paying jobs, while having a higher proportion

of the children in Puerto Rico, lowering child poverty rates will be an increasingly

challenging task.

There are several federally funded programs whose goal is to improve the quality of

life of families with low-incomes in Puerto Rico. Healthcare programs like Medicaid

and the Nutritional Assistance Program (PAN) provide some support to a majority of

poor families with children in Puerto Rico (86% Medicaid and 72% PAN). Ensuring

that children are healthy and well-nourished is essential and while Puerto Rico has

high child poverty levels, these programs ensure that children get medical care when

needed and that they have some steady access to food. These programs, however, only

provide minimum subsistence level resources and do not seem to provide the types of

supports and resources needed to connect families to the labor market and to increase

asset building and self-sufficiency. The high poverty rate for families with children in Puerto Rico presents a set of critical lifetime challenges for those in poverty but also for the rest of a Puerto Rican society that needs every person and every resource to be fully productive.

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V. Elderly poverty

in Puerto Rico

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A growing concern

Puerto Rico's population has been aging over the last few decades and the pro-

portion of elders or seniors¹ to the total population is growing appreciably. The

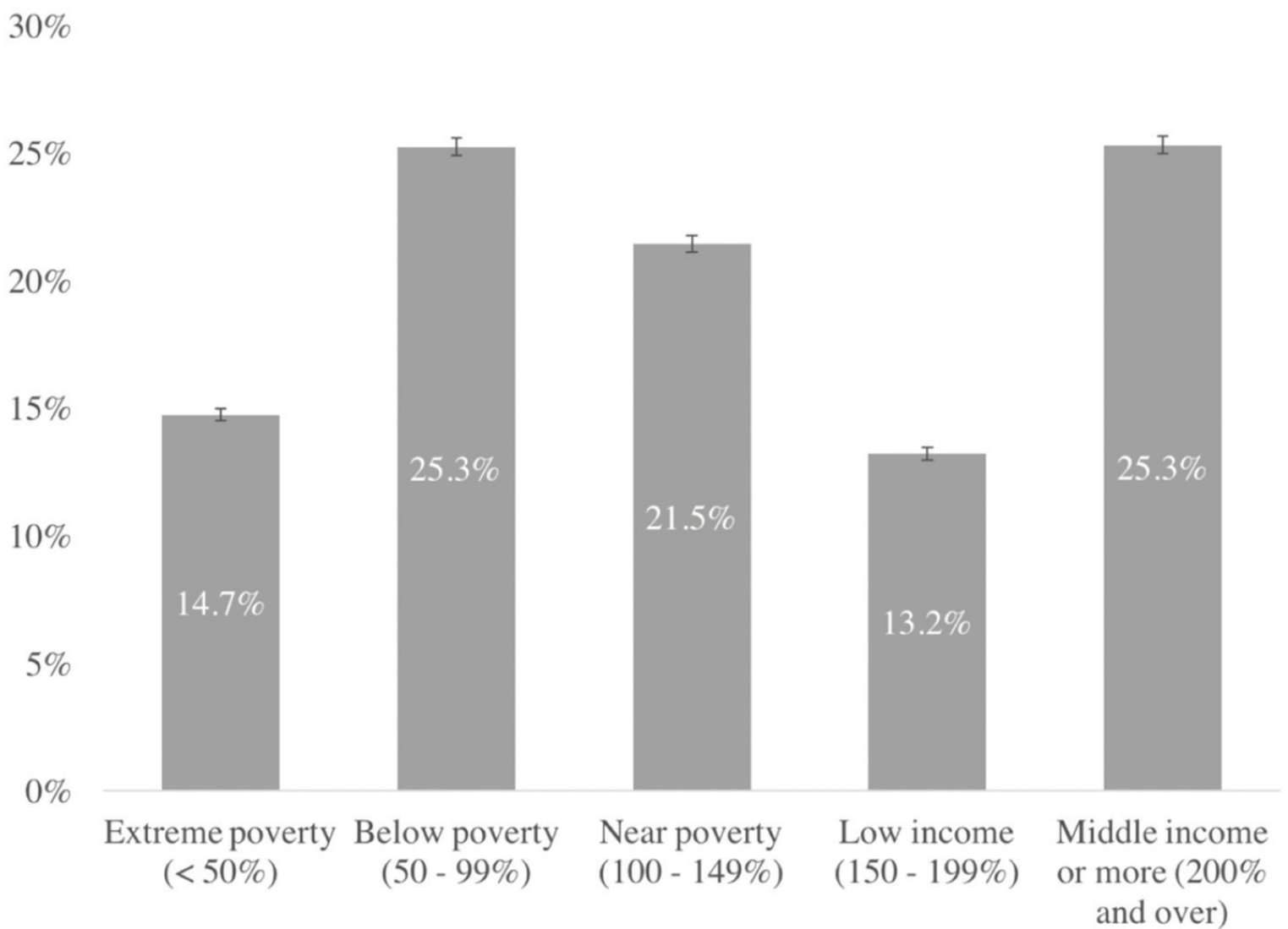
number of elder people living in Puerto Rico increased by 44.3% from July 2000 to

July 2014. The population with at least 65 years of age already doubles the population under 5 years of age and is expected to surpass the population under 18 years of age in the near future. In this chapter, we use the five years (2010-2014) Public Use Microdata Sample (PUMS) from the U.S. Census Bureau's Puerto Rico Community Survey (PRCS) to better understand poverty among the elderly or senior population in Puerto Rico and the characteristics of poor seniors in Puerto Rico.

There were an estimated 230,203 people with 65 years of age or more living below poverty. That represented 40% of the elder population in Puerto Rico and is the highest percentage among all the U.S. states or territories. Consistent with the analysis presented in Chapter 1, the proportion of elders below poverty of 40% around 2014 is not too different from the estimated elderly poverty rate in the 2000 decennial census (44%), suggesting that the pace of poverty reduction has also slowed down among the elderly population. Because of the aging of the population, there are nearly 50,000 more elders below the poverty level around 2014 than in the year 2000, when the elderly poverty rate was slightly higher.

The experience of poverty among elders could be even worse than what the poverty rate indicates. Some researchers believe that the current poverty measures underestimate poverty among the elders. They argue that the federal poverty line measure is obsolete since it has not incorporated other measures besides inflation adjustment, number

1 Elders or Seniors are defined as persons over the age of 65.



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of people in a household, and a factor for estimating food consumption (Borrowman, 2012). The author pointed out that the current measure underestimates poverty among the elderly since

“it assumes lower consumption needs for those over 65 and assigns lower income thresholds. It is not consumption needs but expenditure patterns that determine income sufficiency and the elderly have had a larger increase in the financial burden of health care costs than other groups” (p. 12) .

FIGURE 5.1.1

Distribution of elders by poverty level subdivision, Puerto Rico 2010-2014.

Source: U.S. Census Bureau five years (2010-2014) Public Use Microdata Sample (PUMS).

The U.S. Census Bureau poverty measure does not consider health care costs, for example, and this is an issue that increasingly affects the elderly population. In the United States and Puerto Rico, for example, the cost of medication and other supports has been increasing (Janet, 2015; Parés Arroyo, 2015). This affects the elders the most, since they use more medicines due to the higher prevalence of chronic diseases. Additionally, the cost of living and consumer goods in Puerto Rico is relatively high. For example, the cost of energy in Puerto Rico 265

Puerto Rico was estimated to be 2.5 times the cost in the United States.² Using the federal poverty line, in Puerto Rico, 21.5% of the elders were near the poverty level and could be considered to be below the poverty level in other measures of poverty (Figure 5.1.1).

With 75% of the elder population below the 200% poverty level, the economic security of the elders in Puerto Rico appears to be precarious and in danger. Additionally, most of the main public pension systems in Puerto Rico are near collapse because of the aging of the population, lack of adequate investments and capitalization, and a series of questionable administrative decisions. Most of the pension systems did not make adjustments in

time to mitigate the effects of the demographic changes occurring in the Island on the level and amount of disbursements. Nowadays, people live longer and many pension systems do not appear to have the funds to continue with expected payouts for much longer.

The catholic schools pension system in San Juan was the first to disappear (Coto, 2016), and many others could follow the same path in the future. Situations like these, could

pose a threat to the economic security of the elders and increase their poverty in the future.

Poverty among the very elderly (oldest-old) in Puerto Rico

According to Borrowman (2012), data from the federal poverty line show that as age increases, so do the poverty rates. For Puerto Rico, the oldest-old, people with 85 years of age or more, had a higher poverty level than the youngest elders (65-74 years of age).

This could be related to various demographic factors, especially their education level.

The oldest-old had a lower level of education attained than the younger members of

the elder population, like the baby boomers (Table 5.2.1). Additionally, most of the oldest-old were females, which had a higher poverty rate than their male counterparts.

TABLE 5.2.1

Poverty rate by age group, percentage of female and percentage of high school graduates, elder population Puerto Rico 2010-2014.

MARGIN PERCENTAGE MARGIN PERCENTAGE WITH MARGIN

AGE GROUP

POVERTY

RATE

OF ERROR

FEMALES

OF ERROR

HIGH SCHOOL

OF ERROR

(95%)

(95%)

DEGREE

(95%)

65 to 74

38.3%

1.03

54.8%

0.10

53.4%

0.90

75 to 84

42.4%

1.16

57.3%

0.59

42.8%

0.99

85 or more

42.1%

1.93

63.1%

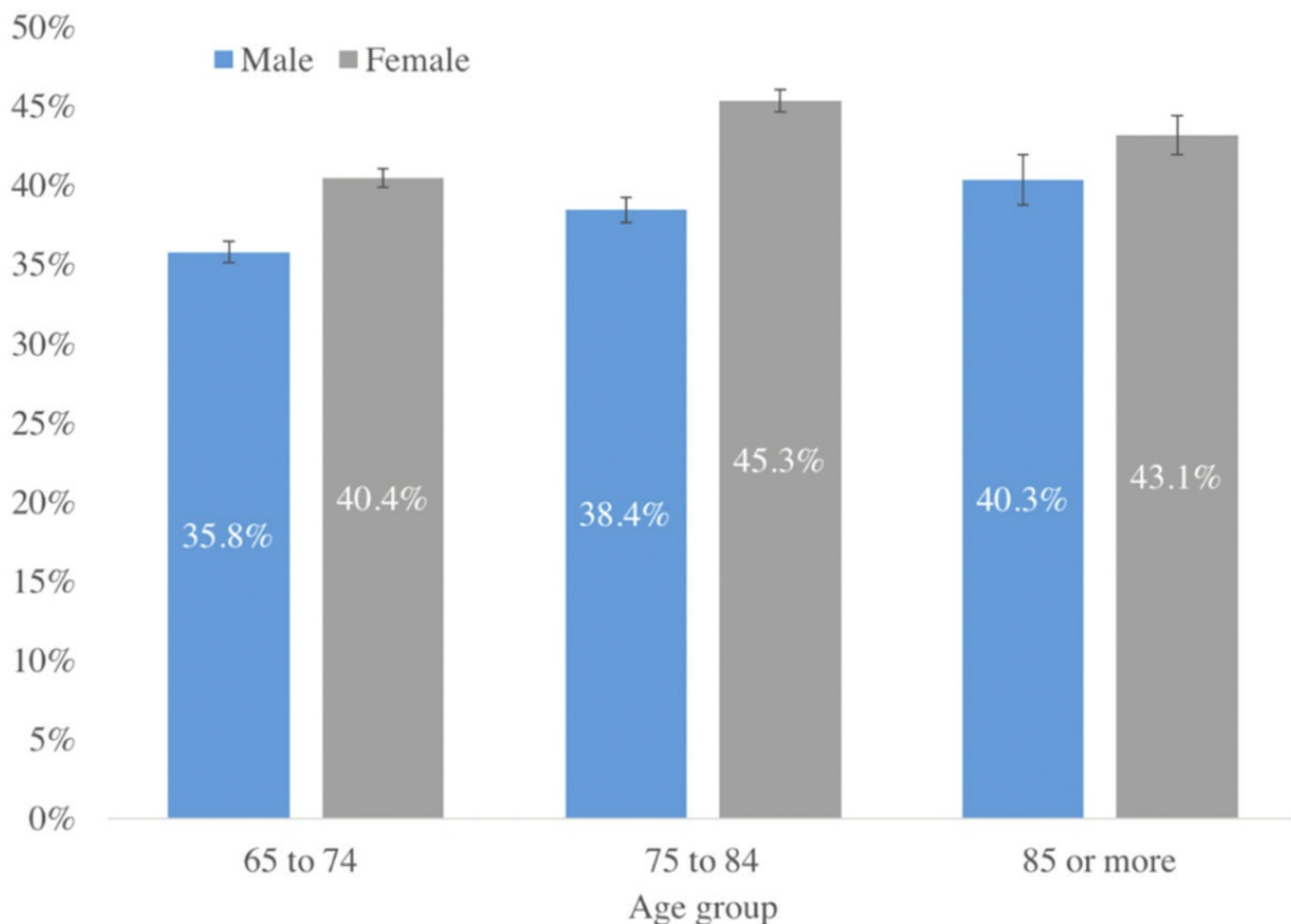
1.47

30.6%

1.87

Source: U.S. Census Bureau five years (2010-2014) Public Use Microdata Sample (PUMS).

2 Instituto de Estadísticas de Puerto Rico, Council for Community and Economic Research, Primer trimestre (abril a junio) 2015.



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The latter could be explained by lower earnings during their lifetime and lower labor participation rates of these females. These lower earnings could be explained by the amount of time older females used for caregiving during their lifetime. Additionally, females have a longer life expectancy than males, leaving many widows without the additional income that their spouses brought to the household.

Female poverty in the elderly population

Most of the elders in Puerto Rico are females (56.5%), and according to the U.S. Cen-

U.S. Census Bureau data for 2010-2014, more women in Puerto Rico lived below poverty level than men. That is also evident in the elderly population. Elder women in Puerto Rico had a 42.3% poverty rate, which was higher than the poverty rate of their male counterparts (37%). The elder's poverty was higher for females in all age groups, especially after the 75 years of age (Figure 5.3.1). After 75 years of age, there is an increase in widowed women, which is a factor for poverty, while the majority of the males remained married.

The poverty rates do not differ much within each sex by age. Women that were classified below the extreme poverty level fluctuated from 15.56% to 16.57% in each of the three elder age groups (Table 5.3.1). A similar pattern occurred for each of the poverty categories.

FIGURE 5.3.1

Poverty rates by age groups and sex for elders in Puerto Rico 2010-2014.

Source: U.S. Census Bureau five years (2010-2014) Public Use Microdata Sample (PUMS).

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TABLE 5.3.1

Poverty levels by age group and sex, elder population, Puerto Rico 2010-2014.

EXTREME

BELOW

NEAR

LOW

MIDDLE INCOME

AGE GROUP

POVERTY

POVERTY

POVERTY

INCOME

OR MORE

(< 50%)

(50-99%)

(100-149%)

(150-199%) (200% AND OVER)

Males

65 to 74 (Male)

13.27

22.48

21.42

14.06

28.77

Margin of error (95%)

0.83

1.20

0.97

0.76

1.05

75 to 84 (Male)

13.41

25.02

22.98

14.00

24.59

Margin of error (95%)

1.15
1.45
1.50
1.20
1.38
85 years or more
13.89
26.41
21.81
13.80
24.10
Margin of error (95%)
1.87
2.76
2.46
1.76
2.63
Females
65 to 74 (Male)
15.56
24.86
20.72
13.11
25.74

Margin of error (95%)

0.70

0.88

0.89

0.83

1.10

75 to 84 (Male)

15.90

29.41

21.78

11.51

21.40

Margin of error (95%)

1.12

1.40

1.33

0.91

1.16

85 years or more

16.57

26.54

21.07

13.15

22.66

Margin of error (95%)

1.68

2.14

2.08

1.66

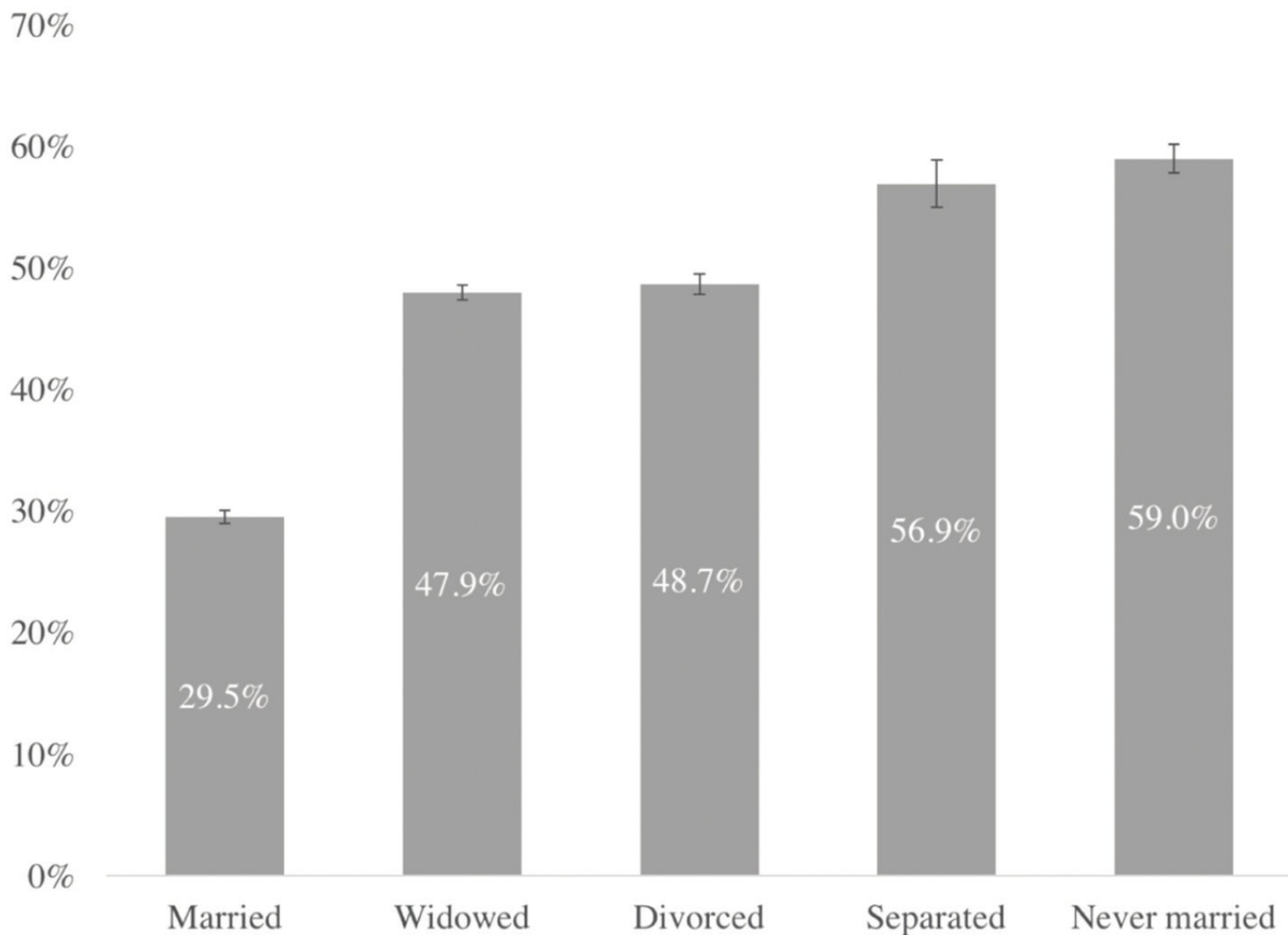
2.19

Source: U.S. Census Bureau five years (2010-2014) Public Use Microdata Sample (PUMS).

The elder women in Puerto Rico from 2010-2014 were mostly from pre-baby boomers era, had high fertility rates, low educational attainment, and low labor participation rates. This generation of women stayed for longer periods of times in the house taking care of children and doing unpaid work. Due to the fact that women are currently having less children and studying more, it could be reasonable to expect a decrease in women poverty that will drive overall poverty down.

Marriage and tenure of elders in poverty

Elders who were not married were poorer than those who were married. While married elders had an estimated poverty rate of 30%, for the other civil status, the poverty rate fluctuated between 48% and 59% (Figure 5.4.1). When comparing the more detailed poverty categories, elders classified below the extreme poverty level, had the lowest marriage percentage and the highest percentage for never married (Table 5.4.1). This behavior was similar in other population groups, reflecting the protective nature of marriage against poverty. In Puerto Rico, married couple families are decreasing, which could lead to more poverty in the future.



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FIGURE 5.4.1

Poverty rates by civil status for elders in Puerto Rico 2010-2014.

Source: U.S. Census Bureau five years (2010-2014) Public Use Microdata Sample (PUMS).

TABLE 5.4.1

Marital status for elders by poverty level, Puerto Rico 2010-2014.

NEVER

POVERTY LEVEL

MARRIED

WIDOWED

DIVORCED

SEPARATED

MARRIED

Extreme poverty (<50%)

28.47

32.20

18.28

4.08

16.97

Margin of error (95%)

1.79

1.62

1.27

0.57

1.14

Below poverty (50-99%)

41.32

32.83

14.40

2.61

8.84

Margin of error (95%)

1.33
1.05
0.90
0.34
0.88
Near poverty (100-149%)
54.07
26.32
11.58
2.05
5.98
Margin of error (95%)
1.40
1.20
0.93
0.39
0.74
Low income (150-199%)
59.39
22.90
11.14
1.60
4.97
Margin of error (95%)

2.01
1.53
1.29
0.39
0.77

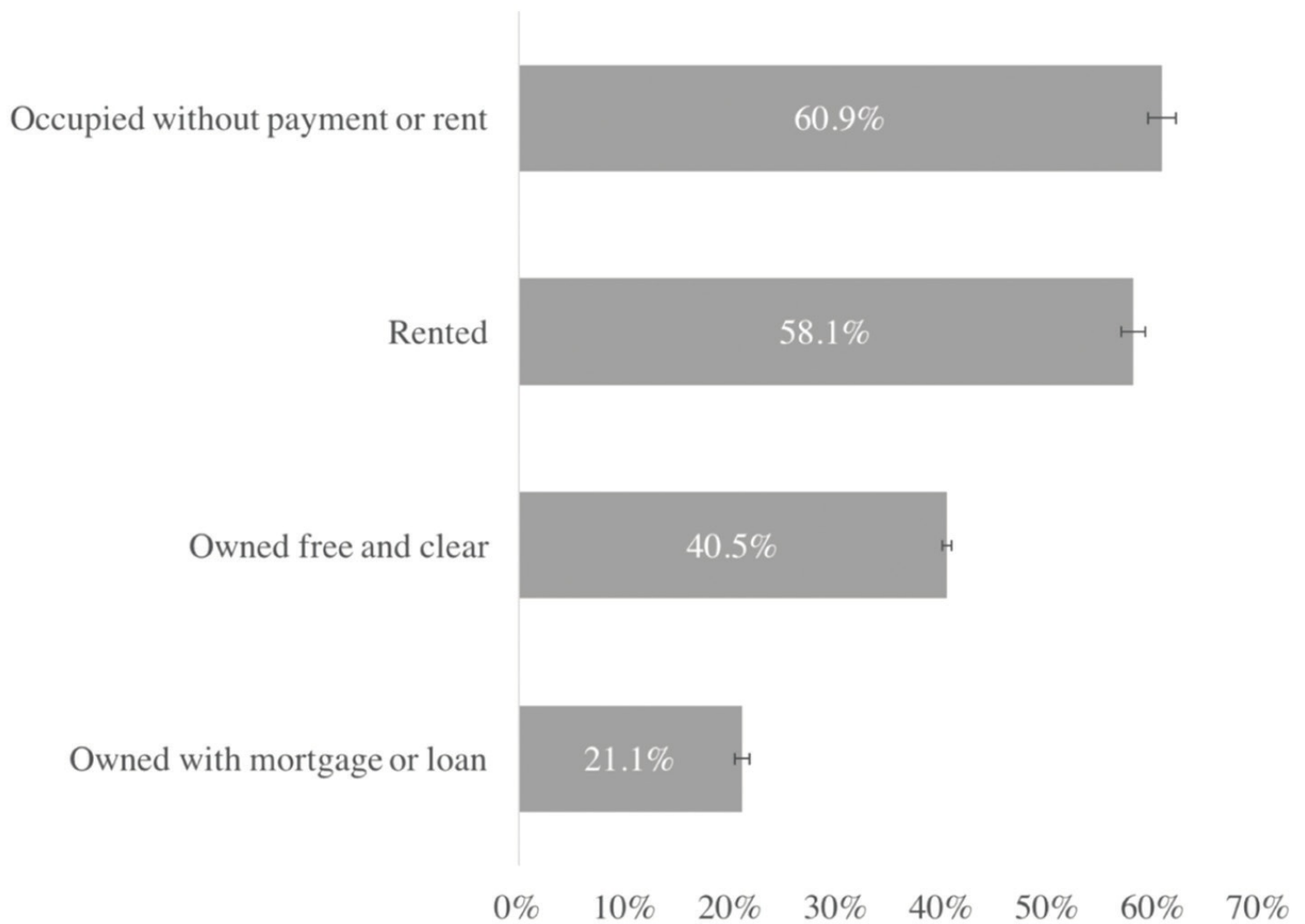
Middle income or more (200% and over)

61.07
21.64
10.75
1.19
5.35

Margin of error (95%)

1.24
1.14
0.83
0.31
0.62

Source: U.S. Census Bureau five years (2010-2014) Public Use Microdata Sample (PUMS).



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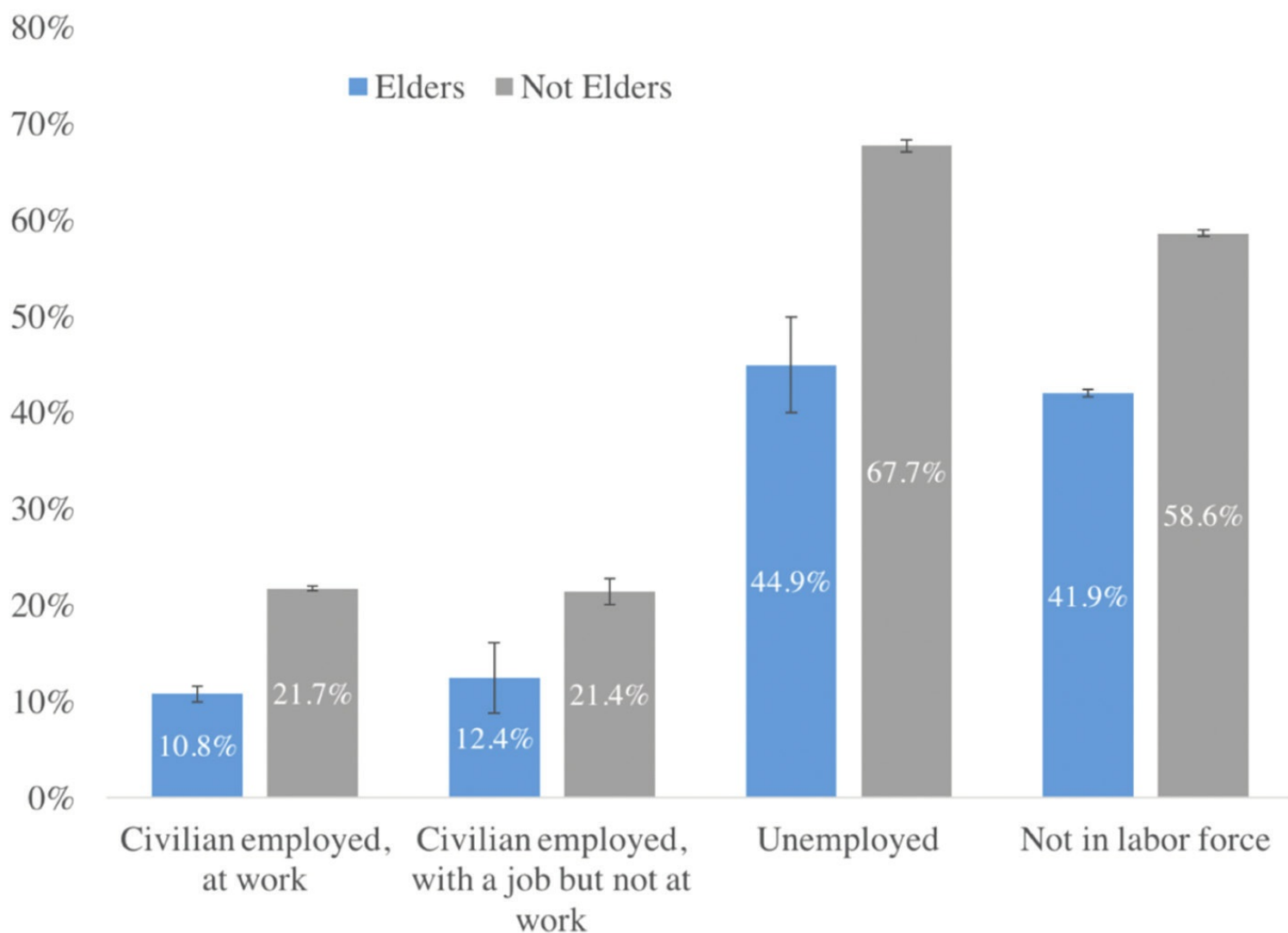
According to the U.S. Census Bureau data, elders that owned their house had a lower poverty rate when compared to the ones that live in rented or occupied houses. This is especially notable in the elders that live in an owned house with a mortgage (Figure 5.4.2). This could be explained partly by the fact that more elders in houses with mortgages are still in the labor force (11.7%) when compared to the other tenures (5.5% to 7.7%). Additionally, the mean household income was higher (\$42,229) than the other tenures (\$16,129 to \$25,482).

FIGURE 5.4.2

Poverty rates by tenure for elders in Puerto Rico 2010-2014.

Source: U.S. Census Bureau five years (2010-2014) Public Use Microdata Sample (PUMS).

Being responsible for grandchildren, is another factor that could be provoking that some elders live in poverty. The data showed that the elders that lived with grandchildren for whom they were responsible had a higher poverty rate (52.2%) than the elders living with grandchildren but for whom they were not responsible (38.3%). The poverty level of elders who did not live with grandchildren was 39.8%. It seems that being responsible for grandchildren is a factor for poverty, but that was not necessarily the case when living with grandchildren.



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Labor force participation

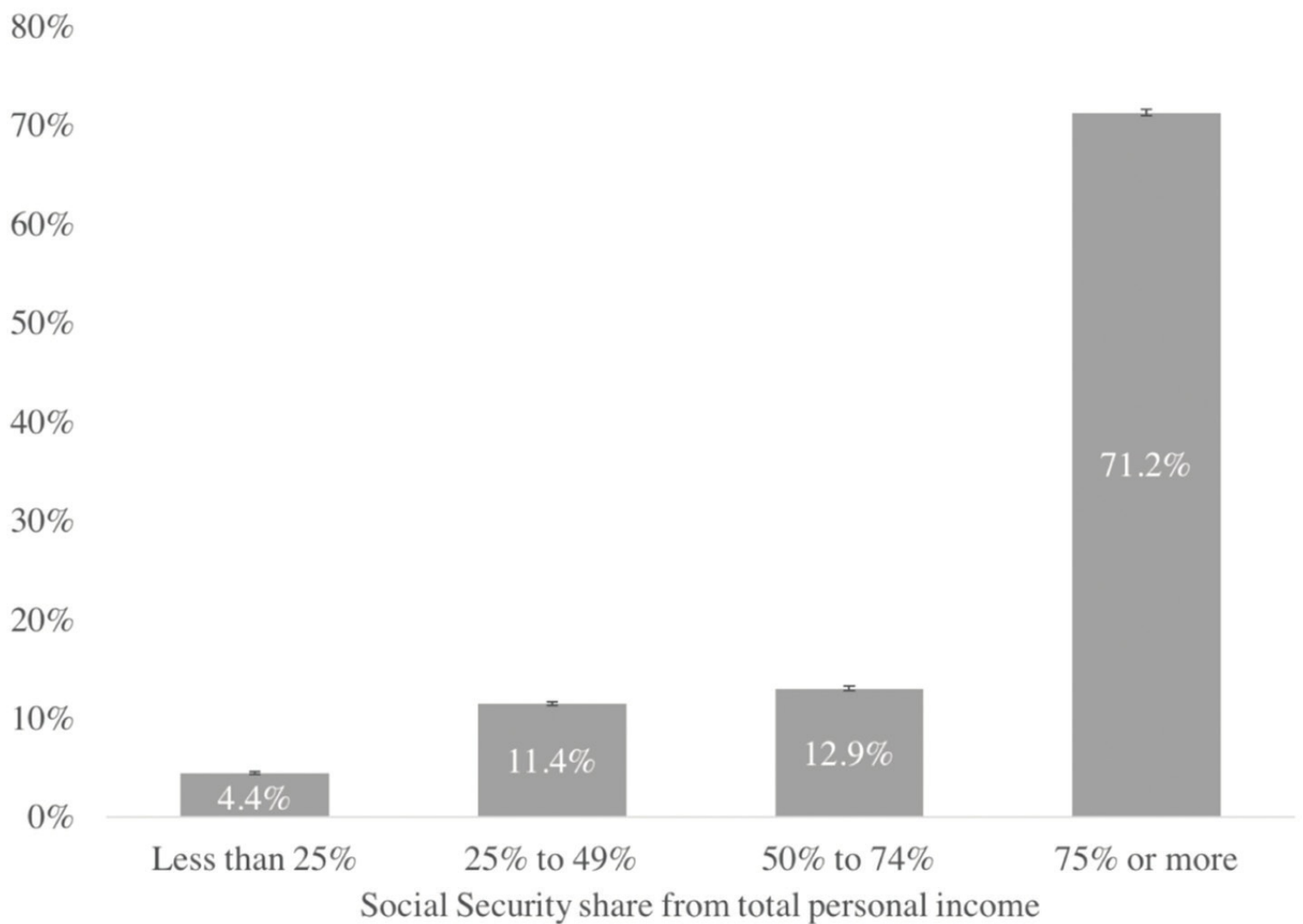
Elders had a low labor participation rate. Only 6.7% of the elders participated in the labor force during the 2010-2014 period. However, employed elders had a low poverty rate (10.8%). That poverty rate was even lower than the rate for employed people younger than 65 years of age (Figure 5.5.1). The poverty rate for elders skyrockets when they exit the labor force. It appears that the loss of employment related income pushes many elders below the poverty level. Even then, the poverty rate of

elders was lower than the poverty for the rest of the population. Increasing proportion and level of Social Security payments is one of the main reasons some elders never reach poverty according to the U.S. Census Bureau measures. Social Security appears to be working as expected in that, while there may be income declines, it prevents many elderly from falling into extreme poverty.

FIGURE 5.5.1

Poverty rates by employment status, elders vs not elders, Puerto Rico 2010-2014.

Source: U.S. Census Bureau five years (2010-2014) Public Use Microdata Sample (PUMS).



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Social Security: A protective factor?

Social Security is an important source of income for elders in Puerto Rico. According to the U.S. Census Bureau data, an estimated 85.2% of the elders in Puerto Rico received

Social Security benefits; among those, Social Security is the only source of income for nearly 64%. That percent is higher than in the United States, where for 20% of the elders, Social Security is their only source of income (American Psychological Association

[APA], 2016). In Puerto Rico, for nearly 84% of the Social Security beneficiaries, the

Social Security represented 50% or more of their total personal's income (Figure 5.6.1).

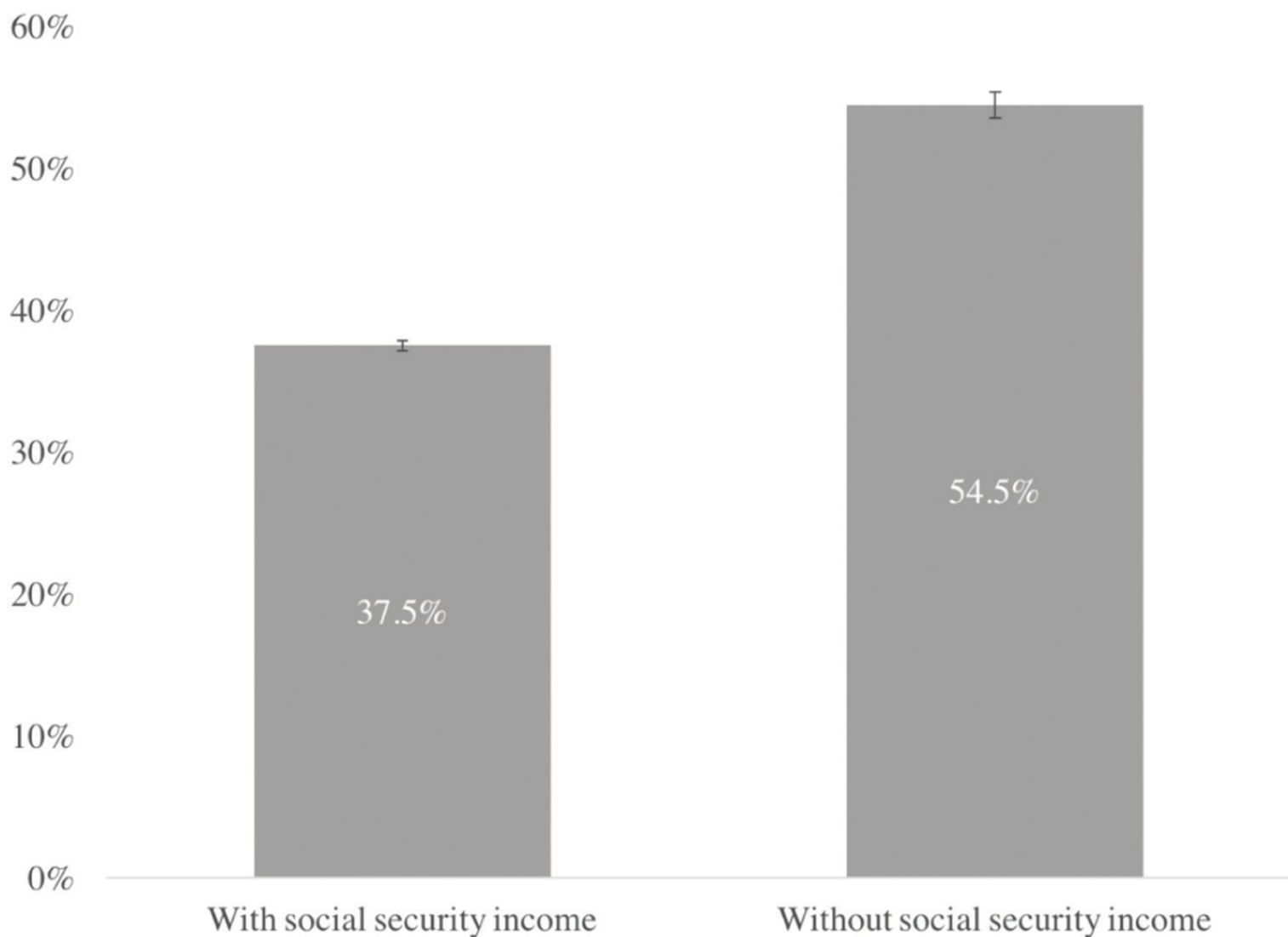
FIGURE 5.6.1

Share of Social Security income from total personal income

for elders with Social Security in Puerto Rico 2010-2014.

Source: U.S. Census Bureau five years (2010-2014) Public Use Microdata Sample (PUMS).

According to Van de Water and Sherman (2012), receiving income by means of Social Security reduces the number of people under poverty. Van de Water and Sherman highlighted that, among the elderly who receive Social Security income, the loss of such



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income will push more than 40% of them under poverty level. A similar effect could be expected in Puerto Rico, where the elders are heavily dependent on Social Security, and the poverty rate was higher for people without this benefit (Figure 5.6.2). Elders living below the extreme poverty level had the highest proportion of people without Social Security when compared to other poverty levels (Table 5.6.1). It seems that not qualifying for or having access to Social Security puts those elders at risk of falling into extreme poverty in Puerto Rico and that the Social Security program is responsible for significantly reducing poverty in Puerto Rico.

FIGURE 5.6.2

Poverty rates by Social Security status for elders in Puerto Rico 2010-2014.

Source: U.S. Census Bureau five years (2010-2014) Public Use Microdata Sample (PUMS).

Annually, the Social Security income for elder women (\$7,278) was on average \$2,300 lower than the income of their elder male counterparts (\$9,605). This is another reason why older women have a higher poverty rate than older men. The poverty rate of elder females receiving Social Security was 39.7% while the rate for the older males was 34.7%.

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TABLE 5.6.1

Social Security status by poverty level, elder population,
Puerto Rico 2010-2014.

WITHOUT
WITH
POVERTY LEVEL
SOCIAL SECURITY
SOCIAL SECURITY

Extreme poverty (<50%)

38.39

61.61

Margin of error (95%)

1.81

1.81

Below poverty (50-99%)

9.45

90.55

Margin of error (95%)

0.81

0.81

Near poverty (100-149%)

9.23

90.77

Margin of error (95%)

0.83

0.83

Low income (150-199%)

11.06

88.94

Margin of error (95%)

1.03

1.03

Middle income or more (200% and over)

12.96

87.04

Margin of error (95%)

0.81

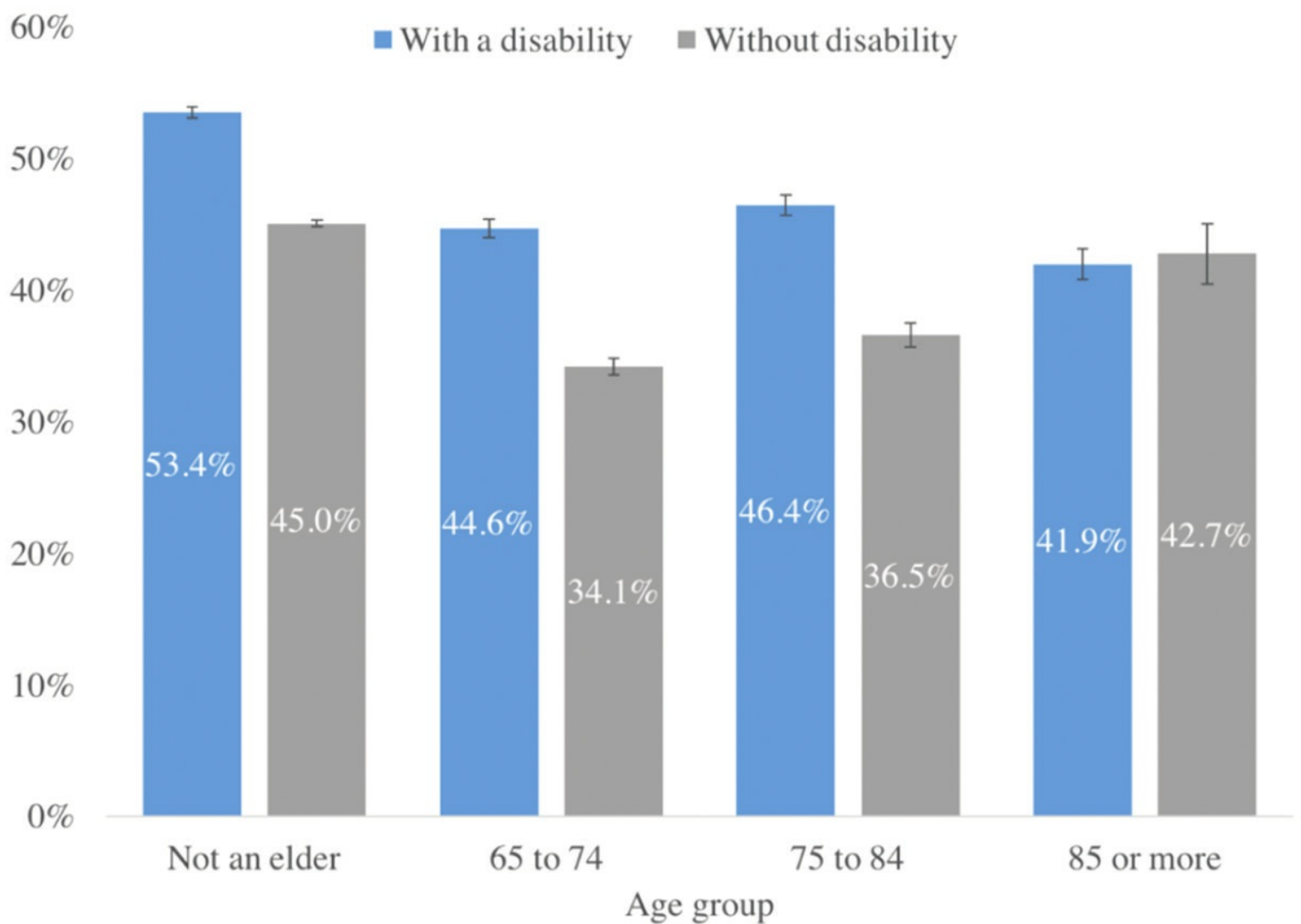
0.81

Source: U.S. Census Bureau five years (2010-2014) Public Use Microdata Sample (PUMS).

Disability

Approximately, half of the people in Puerto Rico with at least 65 years of age had a disability for the period of 2010 to 2014. However, that percentage increases to 83% for the people with 85 years of age. The poverty rate was higher for people with disabilities in most age groups, except for the older-old which had similar poverty rates for people with or without disabilities (Figure 5.7.1).

Females tend to live longer than males and constitute the majority of the elderly population. Elderly women are also poorer than males, especially in the oldest age groups. In addition, elder women report a higher prevalence of disabilities than males (54.3% vs 46.7%). This results in a large number of elder women living below poverty and with disabilities. These women are vulnerable, and in many instances discriminated against, for being both women and for having a disability (Winzer & Mazurek, 2015). The data in this chapter suggest that there is a need to better understand the causes of disability rates among the elderly population in Puerto Rico and how disability connects to poverty. The analysis also suggests that social programs for the elderly, like Medicare and Social Security contribute significantly to improving the lives and reducing poverty levels and sickness amongst the elderly in Puerto Rico. The impacts of the connections between housing supports, healthcare, nutritional assistance and income supports among the elderly population in Puerto Rico are clear and these programs help prevent poverty rates among the elderly from being even higher.



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But, as migration among younger populations increases, the population continues to age, and the stability of health care and retirement funding are threatened, Puerto Rico is going to have to manage the many challenges and increasing costs of providing needed supports to an increasingly old population well into the future.

FIGURE 5.7.1

Poverty rates by age and disability status, Puerto Rico 2010-2014.

Source: U.S. Census Bureau five years (2010-2014) Public Use Microdata Sample (PUMS).

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VI. The production and reproduction

of poverty in Puerto Rico

Héctor Cordero-Guzmán

Data on employment, poverty, and the distribution of income paint a difficult

and challenging picture for Puerto Rico. Poverty on the island has been histori-

cally high and over the last 25 years it has remained stubbornly so. In 1990 about

31% of the population was estimated to be living in families with income that were

less than half of the federal poverty line, what we call “extreme poverty.” By the year 2000 the percentage in extreme poverty decreased to 26% but it was still 25% in

2014. This suggests that the pace of decline stalled in the last decade and that one in four residents in Puerto Rico still live on incomes that are less than half of the federal poverty line. In 1990, close to 27% of the population in Puerto Rico had income

between 50% and 99% of the poverty line. That number declined to 23% in the year

2000 and to 20% by the year 2014. This means that the proportion of the population

below poverty in Puerto Rico was 58% in 1990, 48% in the year 2000, but decreased

only slightly to a still very high 45% by the year 2014. The number in extreme

poverty has remained virtually the same. In essence, close to half of the population

in Puerto Rico still lives below the federal poverty line with annual incomes below

\$11,670 for one person or \$15,730 for two persons.

In this concluding chapter we begin with a review of the characteristics of the poor

and discuss the main implications of the data analysis for the production and re-

production of poverty in Puerto Rico. We then move to a discussion of the relation

between poverty and the structure and patterns of participation in some of the main

welfare and related support programs for low income and poor populations in Puerto

Rico. We argue that program participation is a response to poverty, labor market

inequalities, and economic stagnation and not a primary cause of poverty in Puerto

Rico. We conclude with a discussion of the employment, income, and poverty challenges facing Puerto Rico in a time of crisis and the need to focus the resources of the various existing federal and local programs into a comprehensive and integrated system and develop an additional set of tailored and targeted job creation and anti-poverty strategies.

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The characteristics of the poor and the reproduction of poverty in Puerto Rico

The profile that emerges of the population below poverty in Puerto Rico suggests that

there are a number of demographic and socioeconomic factors associated with the prob-

ability of being in poverty and extreme poverty in Puerto Rico and that the Island faces significant challenges in developing the kind of comprehensive strategies that are needed to systematically reduce poverty and inequality. Age and gender are key demographic factors in the reproduction of poverty. Close to 37.5% of persons 15 years or younger were in extreme poverty and another 20% below poverty suggesting that a total of 57.5% of

persons 15 and younger were living under the poverty line. And, while women are close

to 52% of the overall population on the Island, they are 55.4% of persons in extreme

poverty but a lower 50.3% of persons in the middle income or more category. Close to

36,949 women gave birth in the period around 2014 and of these, 14,995 (or 40.6%)

were in extreme poverty and another 20% were below poverty which means that close

to 60.6% of births in Puerto Rico were to women below poverty or in extreme poverty.

Close to 33.8% of women in extreme poverty were living with children under 18 com-

pared to 21.6% of women in the middle income or more category.

Birthplace, knowledge of the English language, and mobility status are also related to poverty in Puerto Rico but they play a relatively minor role compared to demographic, education and employment factors. There is some small variation in the proportion of persons born in the continental United States versus Puerto Rico by poverty level. About 5.8% of persons in the middle income or more category were born in the continental United States compared to 4.6% of persons in extreme poverty. About 90.3% of persons in the middle-income or more category were born in Puerto Rico while 93.2% of persons in the extreme poverty category were also born on the island. The proportion of the population that said they did not speak English “at all” also varies significantly by poverty level with about 54.4% of persons in extreme poverty answering that they did not speak English at all, compared to 49% of persons below poverty, 42.2% persons near poverty, 34.8% of persons classified as low income, and 21.5% of persons in the middle income or more category. Lastly, the share of the population that are considered recent movers varies by poverty level and suggests that close to 10% of the population in extreme poverty changed residences in the previous year compared to 7% of persons below poverty, 6% of persons near poverty or in the low income category, and 5% of persons in the middle-income or more category. This means that being born in Puerto Rico, inability to speak English, and residential mobility are related to higher levels of poverty and there is no evidence that Puerto Rico is “importing” its poverty from the U.S. or from abroad though recent immigrants appear more likely to be poor. Health related challenges, disability status, and access to state provided health care and health insurance are central aspects of the experience of poverty in Puerto Rico.

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Data suggest that about 20.8% of the population in Puerto Rico reported some type of disability. The proportions vary by poverty level with persons in extreme poverty reporting a 20.5% disability rate, while persons below poverty reported a 26.2% disability rate, followed by persons near poverty with a 23.5% disability rate. Persons in the low income category had a disability rate at around 20.3% while those in the middle income or more category reported the lowest disability rates

at 15.6%. Understanding levels of disability and differential rates by socioeconomic status is an area that needs significantly more research.

Higher rates of disability among the poor mean that low income populations are more likely to need support services and access to the health care system. There is significant variation in access to and type of health insurance coverage by poverty level. Close to 83.1% of persons in extreme poverty received health insurance through Medicaid or other means-tested public coverage, compared to 64% of persons below poverty, 41.2% of persons near poverty, 24.6% of persons in the low income category, and 11% of persons in the middle-income or more category. Data suggest that health insurance through Medicaid or other means-tested public coverage is essential for Puerto Rico, particularly for the population in extreme poverty, where 83% get coverage through the Medicaid or local government health insurance program.

Education levels and educational credentials are central measures of human capital. Education is one of the most valuable assets that individuals have and is key to access the labor market and more stable employment. There have been significant gains in educational attainment in Puerto Rico over the last five decades. In 1990, for example, close to 63% of the population did not have a high school diploma; that number declined to 54% in the year 2000 and further declined to 41% around the year 2014. This means, essentially, a 22 percentage point decline in the proportion of the population without a high school diploma. Still a very high proportion of the population have not finished high school and the dropout rate remains relatively high both in high school and among persons that have attended college—particularly among low income segments of the population.

At the top of the education distribution in 1990 about 13% of the population in Puerto Rico had an associate degree, a bachelor degree or higher levels of education. By the year 2000 this number had increased to 18%, or by five percentage points, and further increased to 24% by the year 2014 suggesting that close to one in four residents of Puerto Rico had an associate degree, a bachelor degree or higher levels of education. Between

1990 and 2014, there was a six percentage point increase in the proportion of high school graduates, a five percentage point increase in the proportion with some college, an eight percentage point increase in the proportion with an associate degree or a bachelor degree, and a three percentage point increase in the proportion with a master degree or more.

While there have been significant gains in the proportion of high school graduates, persons attending college, and those receiving associates, bachelors, master degrees and higher levels of education, there are significant differences in school enrollment and in the types of schools attended by different segments of the population based on their

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poverty level. The proportion enrolled in public school or college varies significantly by poverty level with 83% of those in extreme poverty enrolled in a public school or

college, 64% of those below poverty, 64% of those near poverty, 57% of those in the low income category and 40% of those in the middle income or more category. Persons

below poverty appear to be reasonably represented among those attending college in

that 45.3% of the population is under the poverty line, while 42.9% of students in un-

dergraduate college were under the poverty line. In contrast, about 18.1% of students

in graduate or professional school were below poverty, compared to 45.3% for the

total population below poverty or in extreme poverty. If we add the proportion of the

population in Puerto Rico with an associate or bachelor degree to the percentage with

a master degree or more we can clearly see significant differences in the proportion of the population with any type of college degree from associate's degree up to doctorates by poverty level. Close to 9% of persons in extreme poverty have some type of college

degree compared to 47% of persons in the middle income or more category.

If we examine the proportion completing between the first and 12th grade only, in

2014 it was 33.7% of the overall population, but 47.2% of those in extreme poverty,

41.9% of those below poverty, 33.6% of those near poverty, 27.5% of those classified as low income, and 18.2% of those middle-income or more. There are also significant differences in the proportion with a high school degree or more education by poverty level with 41.9% of those in extreme poverty having a high school degree or more, 50.6% of

those below poverty having a high school degree or more, 60.2% of those near poverty,

67.2% of those classified as low income, and 77.7% of those with middle-income or more category. The contrasts in years of completed education by poverty level are stark, with 58.1% of persons in extreme poverty not graduated from high school compared to 22.3% of those in the middle-income or more category.

Age, period, cohort and poverty level have significant impacts on the proportion of completed education in the population. If we examine data on the population ages 20-29 we find that 87.8% had completed high school, compared to 84.7% of persons 30-39 years of age and 61.7% of persons 60-69 years of age. But, data by poverty level suggests that 77.7% of persons ages 20-29 in extreme poverty had graduated from high school compared to 86.7% of persons below poverty and 96.9% of persons in the middle income or more category. Similarly, 68.8% of persons ages 30-39 in extreme poverty had completed high school, compared to 79% of persons below poverty and 96.5% of persons in the middle income or more category. The effects are even more pronounced among persons ages 60-69 with 35.7% of those in extreme poverty completing high school or more, compared to 46% of those below poverty and 86.2% of persons ages 60-69 in the middle income or more category.

Data on college graduates by poverty level suggests that 6.8% of persons ages 20-29 in extreme poverty had a college degree, compared to 11% of persons below poverty and 36.2% of persons in the middle income or more category. Similarly, 8.9% of persons

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ages 30-39 in extreme poverty had received a college degree compared to 13.2% of persons below poverty and 58.7% of persons in the middle income or more category.

The effects of age and period are even more pronounced among persons ages 60-69 with 3.6% of those in extreme poverty completing a college degree compared to 5.4% of those below poverty and 39.8% of persons ages 60-69 in the middle income or

more category with a college degree. Ladd and Rivera Batiz (2006, p. 189) point out that while education gains have continued over the last two decades, there are increasing questions about the effectiveness of the public education system and its ability to continue to deliver quality education particularly to the poorest and more marginalized segments of the population. Ladd and Rivera-Batiz argue that,

The consensus among policymakers, the education establishment itself, and the population in general is that the public education system on the island is currently in crisis. Although substantial reforms intended to improve the system have been implemented over the past fifteen years, the reforms have failed to meet their objectives. Not only have they not improved the system, they may have weakened it.

Education and human capital are significantly related to employment but the paradox in Puerto Rico appears to be that while the proportion of the population with a high school degree or more increased by 22 percentage points between 1990 and 2014, the proportion of the total population employed, unemployed, and out of the labor force has remained virtually the same (with some monthly and yearly fluctuations) and the gaps in access to employment by poverty level continue to be large and may have grown in the last decade. There are significant differences in the probability of employment and unemployment by poverty level. About 11.8% of persons below poverty were considered employed. This number increases to 26.9% of those below poverty and to 38.5% of those near poverty. The proportion in the low income category that were employed was 47.8% and about 60% of those in the middle-income or more category were considered employed. That is a 48 percentage point difference in the proportion employed between those at the very bottom in the extreme poverty category and those at the top category including persons with middle income or more (over 200%, or double, the poverty line). Unemployment also varies significantly by poverty level, with about 17.1% of those in extreme poverty looking for work but not being able to find it and classified as unemployed, compared to 9.3% of those below poverty, 6.6% of those near poverty, 5.2% of

persons in the low income category and about 3.5% of individuals in the middle-income or more category. Close to 25% of persons 20-39 years of age in extreme poverty were actively looking for work and trying to enter the labor market. The different experiences of employment and unemployment mean that about 71% of persons in extreme poverty were not in the labor force, compared to 63.8% of those below poverty, 54.9% of those near poverty, 46.9% of the low-income population and 36.4% for those middle-income or more. The differences in labor force participation by poverty level are pronounced

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with an almost 34.6 percentage point difference between the 71% of persons in extreme poverty that were not in the labor force, compared to the close to 36.4% of persons in the category middle-income or more that were not in the labor force.

Contrary to some of the claims made in popular discussions and in some recent reports¹ the data suggest that persons below poverty in Puerto Rico are looking for work, with about 41.5% of the persons available for work being in the extreme poverty category, and another 21.4% in the below poverty category, suggesting that 62.9% of persons available for work were below poverty. In addition, close to 44.2% of those looking for work, about 108,998 persons, were in the extreme poverty category and another 21.8%, or 53,700 persons, were individuals in the below poverty category who were also looking for work. This means that there were over 165,000 persons below poverty looking for work in Puerto Rico and they represented 66% of all persons that were looking for work on the Island.

But, the probability of finding employment in Puerto Rico and a stable connection to the labor market varies significantly by poverty level. If we only include persons that worked within the last five years, close to 56.7% persons in extreme poverty worked

within the last 12 months, 79.9% of persons below poverty, 86.1% of persons near poverty, 88.8% of persons classified as low income, 92% of persons in the middle-income or more category said that they worked for pay within the 12 months previous to the data collection date. If we focus on persons 30-39 years of age, we find that 19.5% of persons in extreme poverty were employed and 25.7% unemployed, compared to 54.3% of persons below poverty that were employed and 14.8% unemployed, and close to 64.7% of persons near poverty were employed, and 10.3% unemployed. In contrast, 80.7% of the population in the low income category were employed and 6.3% unemployed, while 87.8% of persons in the middle income or more category were employed and 4.2% were unemployed.

Another way to measure stable connections to the labor market is by examining the number of weeks worked in the year prior to the survey. There are significant differences in weeks worked by poverty level, particularly for those in extreme poverty. Only about 41.9% of those in the labor force worked between 50 and 52 weeks, compared to 70.7% of those below poverty, 81.5% of those near poverty, 84.5% of those classified as low income, and 88.7% of those in the middle-income or more category. Close to 10.3% to those in extreme poverty worked between 27 and 39 weeks, another 15.4% worked between 14 and 26 weeks, and about 26.8% for less than 13 weeks.

In sum, the probability of employment, being unemployed and looking for work, and being out of the labor force varies significantly by poverty level. Persons in the middle income or more category are significantly more likely to be employed, less likely to be unemployed and out of the labor force, and much more likely to have worked for more

1 Krueger, A. O., Teja, R., & Wolfe, A. (2015). *Puerto Rico: A way forward*. San Juan: Report to the Government of Puerto Rico.

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weeks during the year. Over 165,000 persons in the categories below poverty and in

extreme poverty in Puerto Rico, however, were looking for work and they represented 66% of all persons looking for work on the Island.

Clearly, wages, earnings and incomes vary by poverty level but we can see the exact magnitudes in the data presented in detail in chapter 2. Focusing on the average total annual income by poverty level, persons in extreme poverty reported an average total income of \$1,686; persons below poverty reported an average total income of \$6,411; persons near poverty reported an average income of \$10,223; persons in the low income category reported an average of \$14,034 in income and persons in the middle-income or more category reported an average total annual income of \$31,179 or almost fifteen times more than the average income of persons in extreme poverty and five times more than persons in the below poverty category.

Income in Puerto Rico is not distributed evenly by socioeconomic background and the proportion of total income earned by various social classes in Puerto Rico varies significantly. Persons in extreme poverty (at between 0 and 49% of the poverty line cutoff) were 22.4% of the population but earned 2.7% of the total income; persons in the below poverty category (between 50% and 99% of the poverty cutoff) were about 20% of the population and earned 9.2% of the total income; those near poverty (between 100% and 149% of the poverty cutoff) were about 16.9% of the population and earned 12.5% of the total income; persons classified as low income (between 150% and 199% of the poverty cutoff) were 12.3% of the population and earned a proportional 12.4% of the total income; while those in the middle income or more category (with income over 200% of the poverty cutoff) were close to 28.3% of the population but earned a whopping 63.2% of the total income in Puerto Rico. The top 5% of earners in Puerto Rico take close to 25% of all the income and the top 40% take close to

55% of all the income in Puerto Rico while the bottom 20% make 1% and the bottom 40% make 9% of all the income on the Island.

Puerto Rico's income appears to be highly concentrated at the top of the distribution and recent efforts to move away from income taxes and towards more consumption-based taxes are likely to have a disproportionate impact on persons with lower income. Those at the bottom pay a higher proportion of their income in consumption taxes and this leaves a higher proportion of the tax burden falling on the middle and lower (most numerous) segments of the population and not on the segments at the top of the distribution that earn the most income. Policy makers on the Island argue that sales taxes are more effective at capturing taxes from participants in the informal economy,² estimated at 25% of the total economy, but it is not clear from the study who the participants in Puerto Rico's informal economy are and a number of key questions remain. Are participants in the

² See Government Development Bank 2010 study prepared by Estudios Técnicos at http://www.estadisticas.gobierno.pr/iepr/Estadisticas/Bibliotecavirtual/Estudiosespeciales/tabid/93/edit_itemId/263/Default.aspx.

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informal economy the poor and unemployed? Are they from the lower socioeconomic classes or from the middle class? Are they people disconnected from the formal economy or supplementing their formal economy income? Do individuals participate in the formal economy full time, part time, or occasionally? What proportion of participants only participate in the informal economy and what proportion participate in both the formal and informal economies?

There have been two frequently cited arguments that suggest skepticism about the poverty level in Puerto Rico. First, that the income statistics vastly underestimate the actual income of the population³ and, second, that the federal poverty line is too high given economic needs and standards of living in Puerto Rico and that it should be lower. Let us address each argument in turn.

First, it is quite possible that income could be systematically under-reported and underestimated in Puerto Rico and that income from informal economy or other sources is not reported in either wages, self-employment income or “other income” questions in the data collection survey. We have no way of independently verifying the accuracy of the numbers though one could make adjustments to the data depending on any evidence of systematic under-reporting by type of income and in particular amounts,⁴ but we did not attempt any corrections. The data on income, however, appears to be consistent across data sources and over time in terms of the proportion of persons reporting income and the distribution of income which suggests that if there is under reporting it could be systematic across categories and over time. We also don’t know whether persons with low income are more likely to under-report or underestimate their income compared to those with higher income and by what factor. These are questions that need to be further researched and studied in the Island of Puerto Rico.

The second argument that is made is that the federal poverty line in Puerto Rico may be too high compared to the living standards and costs of living differences between the mainland and the Island. But, recent research by the Puerto Rico Institute of Statistics⁵ suggest that compared to an average for 325 areas in the continental USA, costs of living in Puerto Rico were 13% higher than in the continental USA which suggests that, if anything, the poverty line may be low given the costs of basic necessities for families in Puerto Rico.

The issue of what is the right comparison or reference point or place to better understand, calibrate and baseline data from Puerto Rico is an important one and can impact

³ For technical details of sampling and non-sampling sources of errors in the Puerto Rico Community Survey and related U.S. data see https://www2.census.gov/programs-surveys/acs/tech_docs/pums/accuracy/2014AccuracyPUMS.pdf (retrieved July 6, 2016).

⁴ If one suspects self-employment income, for example, is under-reported by 20% one can adjust the

reported figure by adding 20%.

⁵ See <http://www.estadisticas.pr/iepr/LinkClick.aspx?fileticket=SZIJXVibB3g%3D&tabid=105&mid=590>

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the conclusions that one draws from the data. Compared to the continental U.S., Puerto Rico's income is very low and the poverty rate is quite high but compared to many countries in Latin America and the Caribbean, Puerto Rico's income is relatively high and the effects of poverty are supposed to be cushioned by Puerto Rico's access to federal health and nutrition programs and a number of other local and federal services and subsidies. But, even if we use extreme poverty, or persons with family income between

0 and 49% of the federal poverty line, the proportion in extreme poverty in Puerto Rico is higher than the regular poverty rate in any of the 50 states. Compared to the 50 states Puerto Rico has had much higher and persisting poverty rates⁶ and much higher levels

of child poverty while the costs of consumer goods and other products is similar, and often higher, than in many of the 50 states.

Puerto Rico's poverty may be different when compared to other parts of the Caribbean but it is real and has concrete consequences for the families and children that constantly have to struggle to make ends meet with very low income and limited access to formal employment opportunities on the Island. The fact that the poverty level has

been persistently high over the last 20 years and that Puerto Rico has not caught up to the poorest U.S. state over the last 40 years, even though educational levels in Puerto Rico have increased and educational differences with the 50 states have narrowed significantly, should be reason for alarm and increasing concern. Puerto Rico's workforce

is as qualified as that of many U.S. states but levels of compensation and rates of return appear to be much lower than on the mainland and lowering over time. This is a hypothesis that needs to be further investigated and the returns to education reported in Ladd and Rivera-Batiz (2006, p. 234) should be reanalyzed and updated.

Poverty and program participation in Puerto Rico

Poverty in Puerto Rico is high but some of the most negative effects of poverty are cushioned by access to a range of supports that are part of the “safety net.” The safety net in Puerto Rico includes a number of federal and local programs that support healthcare, nutritional assistance, cash assistance to needy families, and housing supports. There are also programs that cover unemployment insurance, disability, and social security for elderly and disabled. The largest programs are in health care⁷ and include Medicare, with a budget of \$4.5 billion and close to 670,019 participants; Medicare part B with

⁶ For data on state level poverty rates see <http://www.census.gov/data/tables/time-series/demo/income-poverty/historical-poverty-people.html> (retrieved July 6, 2016). In 2014, the highest poverty rates were in Louisiana at 23.1%, Mississippi at 22.1%, Arizona at 21.2%, West Virginia at 20.6%, Kentucky and New Mexico at 20% and Washington DC at 19%.

⁷ See estimates for fiscal year 2011 included in the appendices to Czerwinski, S. J. (2014). *Puerto Rico-Information on how statehood would potentially affect selected federal programs and revenue sources*. Washington, DC: The Government Accountability Office.

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a budget of \$214.4 million and 106,305 participants; and Medicaid with a budget of \$685 million and close to 1.2 million participants. Our data also show that these are the programs with the highest proportion of coverage among the low income population.

There are concerns, however, that the funds needed to cover continuing services are at risk of running out in the coming years.⁸

The Nutritional Assistance Program (PAN)⁹ is the second largest program with a budget of \$1.9 billion and serving 644,176 households or close to 1.4 million persons around 2011. The number of participants has gone down in the last couple of years

to about 1.2 million out of a poor population of close to 1.63 million. The rest of the programs are relatively small and are more focused on serving persons under particular circumstances including disabilities, pregnant women and small children (WIC)

or single mothers with young children (TANF). The TANF¹⁰ and SSI programs in

Puerto Rico operate in unique ways. The local version of SSI¹¹ has a budget of \$24 million and covers about 34,401 elderly and disabled persons. The regular TANF program for low income families with young children has a budget of \$71.6 million and provided support to around 23,000 persons in April 2016.¹² The funding for housing mostly includes the Section 8 program, with a budget of \$65.1 million in 2015-2016. In that fiscal year, close to 900 new Section 8 vouchers were awarded and about 2,845 affordable housing units were built for a much higher total poor population of close to 1.63 million persons.¹³

In spite of the fact that programs for low income populations in Puerto Rico are often limited by federal funding caps, over the least 30 years some analysis and researchers have argued that the availability and use of federal support programs in Puerto Rico and participation in the safety net programs has created “disincentives to work” and

⁸ See <http://puertoricohealthcarecrisis.com/> (retrieved July 10, 2016).

⁹ See budget numbers for Puerto Rico’s Department of the Family, the agency that manages the TANF and PAN programs <http://www2.pr.gov/presupuestos/Presupuesto2015-2016/PresupuestosAgencias/127.htm> (retrieved July 5, 2016) and information included in Czerwinski, S. J. (2014). *Puerto Rico-Information on how statehood would potentially affect selected federal programs and revenue sources*. Washington, DC: The Government Accountability Office; and information in Peterson, A., Johnson, B., Moulton, B. E., Smith, E. O., Suchman, A., Wilson, C., Francisquini, S., Kauff, J., Ladinsky, J., & Castner, L. (2010). *Implementing SNAP in Puerto Rico: A feasibility study*. Alexandria, VA: United States Department of Agriculture, Food and Nutrition Service.

¹⁰ See budget numbers for Puerto Rico’s Department of the Family that manages the TANF program in Puerto Rico <http://www2.pr.gov/presupuestos/Presupuesto2015-2016/PresupuestosAgencias/127.htm> (retrieved July 5, 2016).

¹¹ The SSI program does not formally operate in Puerto Rico but there are a number of TANF cases (more than half) that fall under the old aged, blind and disabled programs in Puerto Rico and are handled by TANF.

¹² Cordero-Guzmán, H. (2016). *The characteristics of participants in the TANF program in Puerto Rico in April 2016*. Report for Human Services Research Partnerships Puerto Rico. San Juan: Inter American University.

¹³ See budget numbers for Puerto Rico's housing agency at <http://www2.pr.gov/presupuestos/PresupuestoAprobado2015-2016/PresupuestosAgencias/078.htm> (retrieved July 5, 2016).

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has become one of the main factors in the production and reproduction of poverty in Puerto Rico. These arguments have been made in Weiskoff,¹⁴ followed by Santiago and Thorbecke,¹⁵ investigated in depth and repeated in the CNE/Brookings¹⁶ volume, and more recently expressed in the reports by Feliciano¹⁷ and Krueger, Teja & Wolfe (Krueger Report).¹⁸

In concluding their recent analysis of the economic, fiscal and labor market situation in Puerto Rico, Krueger, Teja & Wolfe (2015) recommend a number of expense cuts and program changes including in overall reduction in the level of government services; changes to welfare benefits to low income segments of the population; changes in employment and labor laws and in the regulations protecting workers; reductions in the minimum wage and exemptions for young workers to the set rate; cuts in the number of teachers and schools and in the amount and level of government subsidies to the University of Puerto Rico; consolidation of government agencies; other reductions in government expenses; increased privatization of services and functions; and a number of other “cost-cutting” measures. The report also recommends increases in taxes, particularly consumption-based taxes (known as IVA and IVU in Puerto Rico), and increases in fees and other forms of government revenue. The report, however, does not make any mention of poverty, income distribution, or inequality in Puerto Rico or offer any analysis of which segments of the population in Puerto Rico are expected to carry the weight of the suggested changes and which segments are more likely to benefit.

Focusing on the specific role of “welfare benefits” in causing declines in employment

in Puerto Rico, the Krueger Report (Krueger, Teja and Wolfe 2015, p. 7) argues that,

Workers are disinclined to take up jobs because the welfare system provides generous benefits that often exceed what minimum wage employment yields; one estimate

shows that a household of three eligible for food stamps, AFDC, Medicaid and

utilities subsidies could receive \$1,743 per month – as compared to a minimum

wage earner’s take-home earnings of \$1,159.

14 Weisskoff, R. (1985). *Factories and food stamps: The Puerto Rico model of development*. Baltimore: John Hopkins University Press.

15 See Santiago C. E., & Thorbecke, E. (1988). A multisectoral framework for the analysis of labor mobility and development in LDCs: An application to postwar Puerto Rico. *Economic Development and Cultural Change*. Vol. 37(1), 127-148.

16 See Collins, S., Bosworth, B., & Soto-Class, M. (2006). *The economy of Puerto Rico: Restoring growth*.

Washington, DC: Brookings Institution; and Burtless, G. & Sotomayor, O. Labor supply and public transfers (chapter 3); and Enchautegui, M. & Freeman, R. Why don’t more Puerto Rican men work? The rich uncle (Sam) hypothesis (chapter 4).

17 Feliciano, V. (2015). *Beneficios de las personas elegibles al TANF vs escenario de salario mínimo federal*. Report for Human Services Research Partnerships Puerto Rico. San Juan: Inter American University.

18 Krueger, A. O., Teja, R., & Wolfe, A. (2015). *Puerto Rico: A way forward*. San Juan: Report to the Government of Puerto Rico.

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The difference may look impressive but these estimates are based on a recent report

by Feliciano¹⁹ which has a number of flawed assumptions and calculations. Feliciano

(2015, p. 21) presents some estimates of the monthly benefits that could be received

based on household size for a hypothetical family receiving subsidies from the PAN

program, Section 8, the health subsidy program (Mi Salud), telephone, electricity, and water. The study computes the total benefits estimated for households with one to up to eight persons and focuses on estimating how much a minimum wage worker in Puerto

Rico would earn under a part-time scenario and a full-time scenario. While the exercise is informative, there are a number of assumptions and flaws in the analysis that compromise its usefulness and applicability.

First, the earnings estimates derived from work do not incorporate the fact that some subsidies remain even after some work income is generated. There are households where all the income comes from aid, there are households where all the income comes from work and related (and receive no subsidies), and there are households that have work related income and also receive some subsidies and the estimates in this report do not account for these possibilities. Families that work are estimated to receive zero subsidies and families that received subsidies are not expected to generate any income from work while they are in the programs. In fact, however, there are families that qualify for health and nutrition (PAN) subsidies even if they work for a certain number of hours and generate income and this reality should be incorporated into any scenario that tries to ascertain the advantages of program participation compared to income generated from work.

Second, not all eligible persons actually enroll in and use health (Mi Salud), housing, nutritional assistance or other subsidies and programs. The report needs to factor the

probability of participation and take-up rates into the estimates of the value of subsidies over work. People's eligibility and the probability of receiving aid from any particular program are key to understanding the potential advantages of one scenario over the other. While participation in the healthcare and nutritional assistance programs is relatively high and they cover a large proportion of the poor population on the Island, participation in housing programs, and particularly in TANF, is much lower and the probability

of receiving support is not assured.

The estimates comparing how much a family could get in welfare benefits compared to income generated in a minimum wage job included in Feliciano (2015) and cited in the Krueger Report, only work when a person or household are enrolled in all of the programs they could hypothetically qualify for and the household has three members or

more. But, data from participants in the TANF program²⁰ shows that, of the total 57,973

participants in April 2016, there were 23,439 persons (or 8,594 households) in the TANF

19 Feliciano, V. (2015). *Beneficios de las personas elegibles al TANF vs escenario de salario mínimo federal*. Report for Human Services Research Partnerships Puerto Rico. San Juan: Inter American University.

20 Cordero-Guzmán, H. (2016). *The characteristics of participants in the TANF program in Puerto Rico in April 2016*. Report for Human Services Research Partnerships Puerto Rico. San Juan: Inter American University.

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category C regular program (out of a poor population in Puerto Rico of 1.6 million per-

sons). This suggests that only a small fraction of persons below poverty in Puerto Rico are in the TANF program and thus receive the full package of programs including TANF,

PAN, Section 8 housing, healthcare, electricity, water and phone subsidies. Of the 8,594

families in TANF category C, 48% had two persons or less, 34% (or 2,926) had three

persons, 14% had four persons and 5% had five persons or more. This means that the

calculation that “benefits” pay more than “work” appears to apply only to 15,315 per-

sons (or 4,462 households) out of a total population of 1.6 million poor persons. While healthcare and nutrition programs are widely used, the vast majority of persons below

poverty in Puerto Rico do not participate in the TANF cash assistance program.

Recent administrative data on TANF program participants²¹ show that the program

in Puerto Rico is relatively small and focuses on very poor populations of elderly, disabled persons, and very poor women with young children in the household. Program

benefits are very modest and appear unlikely to adequately cover all household needs. In TANF Category C,²² close to 37% of the households have one child, 38.2% of households have two children, 19.2% of the households have three children, and 5.5% of the

households have four children or more. The bulk of participants in the TANF program

have completed less than a high school education.

About 31.4% of participants in the Regular TANF Category C program were young

males not disabled and another 30.3% young females not disabled. This means that close to 61.7% of participants in TANF regular program were under 17 years of age and ineligible to work. Another 30.9% of participants in the TANF program (Category C) were female adults not disabled. This group is eligible to work but many are young single women caring for their young children. TANF Category C, then, is essentially a program for adult women (30.9%) and their children (61.7%). In terms of overall participation in the TANF program the proportion of male adults not disabled was 1.1% or 640 cases out a total caseload of 57,973 in April 2016. The TANF program does not appear to be relevant to explaining the labor supply of men in Puerto Rico and it may be of limited use in trying to understand the labor force participation of the mostly young women with young children that participate in the program.

A third challenge with the estimates presented in Feliciano (2015) is that they assume every family will get the maximum potential payment or benefit level for every subsidy program. This happens only in theory and the authors did not appear to have

21 Cordero-Guzmán, H. (2016). *The characteristics of participants in the TANF program in Puerto Rico in April 2016*. Report for Human Services Research Partnerships Puerto Rico. San Juan: Inter American University.

22 There are 6 separate TANF categories in Puerto Rico: Category A for the elderly, Category B for blind persons, Category C also known as the “regular TANF program,” Category D for disabled persons, Category G, known as the “general category,” and the sixth Category T includes children not living with their relatives.

About 16,488 (or 28.4%) of participants are in Category A covering the elderly, close to 23,439 (or 40.4%) are in Category C or the regular TANF program, and 17,651 persons (or 30.4%) are in Category D for persons with disabilities. The other three categories are very small.

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used actual program data and real benefit levels by household size in their estimates

and calculations. Very few cases get the maximum potential benefit in each and every program because federal funds for Puerto Rico are typically capped and thus the level of payments and the proportion of the eligible population that is actually enrolled in each program tends to be significantly lower than the eligible population.

A fourth challenge with the calculations included in Feliciano (2015) is that they assume that household labor supply (of one person) is the same (and unaffected) by household size or the age\gender composition of the household. Larger households, depending on the age of members, are likely to have higher labor supply and it is unreasonable to assume that a household with 8 members will have the same labor supply (the same number of active workers) as a household with one member. Estimating earnings from just one member in larger households lowers the estimates of earned income and increases the relative value of the hypothetical subsidies. Lastly, the estimates produced do not account for the fact that many households would still be eligible for Mi Salud (health) and PAN subsidies even if they had some earnings (typically at minimum wage and below poverty level).

A detailed analysis of the estimates produced in Feliciano (2015) indicating that “welfare pays more than work” suggests that the estimates have a number of flaws that compromise their usefulness and applicability. Feliciano (2015) assumes that households receive the maximum amount of every possible subsidy and also assumes that households either do not work at all if they receive some aid or they live relying exclusively on income generated from work activities and do not receive any subsidies if they work. The authors do not contemplate, analyze, or propose a cost\benefit calculation for households that receive some health, housing, or nutritional assistance (PAN) subsidies and also generate some income from work. And, even if one found that the total amount of aid received by some households exceeds the gains from minimum wage income it is not clear why the policy recommendation suggested in the Krueger

Report²³ is to cut benefit levels for the families that receive them as opposed to increasing wages or the rewards from work for everyone in the population.

Recent analysis of administrative data²⁴ shows that the average monthly benefit level for participants in TANF program Category C was \$83.28 for one person, \$149.07 for two

and \$209.23 for three participants in the household. These average benefit levels for TANF participants in Puerto Rico are lower than the estimates used in the study by Feliciano²⁵

²³ See page 18, Krueger, A. O., Teja, R., & Wolfe, A. (2015). *Puerto Rico: A way forward*. San Juan: Report to the Government of Puerto Rico.

²⁴ Cordero-Guzmán, H. (2016). *The characteristics of participants in the TANF program in Puerto Rico in April 2016*. Report for Human Services Research Partnerships Puerto Rico. San Juan: Inter American University.

²⁵ Feliciano, V. (2015). *Beneficios de las personas elegibles al TANF vs escenario de salario mínimo federal*. Report for Human Services Research Partnerships Puerto Rico. San Juan: Inter American University.

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and repeated by Krueger, Teja & Wolfe (Krueger Report)²⁶ and significantly lower than average TANF payment in the mainland United States.²⁷

The Krueger Report's²⁸ limited analysis of welfare programs in Puerto Rico leads the authors to conclude that somehow welfare programs are responsible for the collapse

of the labor market in Puerto Rico (that it is a labor supply problem) and not that the collapse of the labor market in Puerto Rico and anemic levels of job growth over the

last decade, combined with low wages and rates of return, are the cause of Puerto Rico's economic and demographic challenges (a demand side problem). The Krueger Report²⁹

concludes that,

Federal welfare payments are generous relative to the low incomes in Puerto Rico, and as such are a disincentive for the unskilled to accept work (lest they lose benefits).

Welfare needs to be made consistent with local labor market conditions rather than with U.S. mainland conditions. The federal government should therefore give the Commonwealth more latitude to adjust welfare requirements and benefits—e.g., to

continue food stamps for a while even after a person returns to work; or to provide lower housing benefits to more people rather than higher benefits to a few (the Commonwealth block grant is capped and insufficient for all those who qualify). Puerto Rico too can act here, cutting back the Medicaid benefits it pays out over and above the Federal minimum standard (thus saving some \$150 million per year).

Thus, according to the Krueger Report, the solution to Puerto Rico's low employment

and high poverty problem is to cut the value of cash assistance and providing lower levels of housing and healthcare benefits—a recipe similar to that proposed in previous studies like the CNE/Brookings³⁰ volume. The challenge with this recipe is two-fold: first, this is in fact the recipe that has been tried since 1996 when the AFDC program with a lifetime guarantee of cash assistance was eliminated and replaced with the TANF program

that emphasizes connections to the labor market, to work, and family self-sufficiency;

26 Krueger, A. O., Teja, R., & Wolfe, A. (2015). *Puerto Rico: A way forward*. San Juan: Report to the Government of Puerto Rico.

27 Compare Puerto Rico average monthly payment for a three person household of \$209.23 with the numbers reported in <http://www.cbpp.org/research/family-income-support/tanf-cash-benefits-have-fallen-by-more-than-20-percent-in-most-states> (retrieved July 10, 2016). Puerto Rico's average monthly payments are lower than 47 states and only slightly higher than Mississippi (\$170), Tennessee (\$185) and Arkansas (\$204).

28 Krueger, A. O., Teja, R., & Wolfe, A. (2015). *Puerto Rico: A way forward*. San Juan: Report to the Government of Puerto Rico.

29 See page 18, Krueger, A. O., Teja, R., & Wolfe, A. (2015). *Puerto Rico: A way forward*. San Juan: Report to the Government of Puerto Rico.

30 See Collins, S., Bosworth, B., & Soto-Class, M. (2006). *The economy of Puerto Rico: Restoring growth*.

Washington, DC: Brookings Institution and Burtless, G. & Sotomayor, O. Labor supply and public transfers (chapter 3); and Enchautegui, M. & Freeman, R. Why don't more Puerto Rican men work? The rich uncle (Sam) hypothesis (chapter 4).

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and, second, that welfare programs like TANF and Food Stamps³¹ have not only changed

over time to emphasize work, but the relative value of aid and the benefit amounts have changed over

time. If there is anything that we have learned from the welfare reforms of 1996 is that it is much easier to cut people from welfare and reduce aid than it is to make a significant effort to reduce poverty. Rather than reduce poverty, welfare reforms appear to have lowered the living standards of the very poor.³²

The fact that the Krueger report (Krueger, Teja and Wolfe 2015, p. 7) still refers to “welfare” as AFDC when that particular program was eliminated almost 20 years earlier suggests that the authors are either unaware of the changes or did not study them sufficiently to nuance their analysis and inform their recommendations based on existing welfare programs in Puerto Rico. The post-welfare era after 1996, around the country but particularly in Puerto Rico, has been accompanied by lower levels of program participation, benefits that are not quite generous, a higher proportion of poor families not receiving aid, and more hardship for poor families³³ leading to more outmigration from the Island. Cash assistance programs like TANF have contracted over time and this appears to have been accompanied not by a reduction in poverty as Krueger and others have predicted, but by declines in the rate of poverty reduction.

The labor market collapse in Puerto Rico after 2006 was not driven by changes in labor supply behavior, or reductions in the desire to work, or increases in the generosity of welfare but was caused by a collapse in the demand for work that preceded the 2007-2008 recession and were accentuated by it. It appears that cutting access to cash assistance, to food stamps, and lowering the levels of health care covered by programs are unlikely to stimulate economic growth and lead to more job creation and the systematic entry of welfare recipients into stable employment. The likely consequence of program cuts in a low employment and recession economy like Puerto Rico is that poor families and children in Puerto Rico are going to have less access to healthcare, less access to food and other consumer goods, lower incomes to support themselves and their families and a higher probability that these families will end up either more entrenched in poverty or just migrate out of Puerto Rico to try to escape it.

Rather than generous, it appears that nutritional assistance (PAN) and limited cash

assistance programs like TANF are acting as a floor on income and to maintain minimal levels of consumption thus preventing many Puerto Rican families from falling below

31 Peterson, A., Johnson, B., Moulton, B. E., Smith, E. O., Suchman, A., Wilson, C., Francisquini, S., Kauff, J., Ladinsky, J., & Castner L. (2010). *Implementing SNAP in Puerto Rico: A feasibility study*. Alexandria, VA: United States Department of Agriculture, Food and Nutrition Service.

32 See <http://www.cbpp.org/research/family-income-support/tanf-cash-benefits-have-fallen-by-more-than-20-percent-in-most-states> and <http://www.clasp.org/resources-and-publications/publication-1/TANF-101-Cash-Assistance.pdf> for an analysis of current challenges in the TANF program (retrieved July 5, 2016).

33 See <http://www.cbpp.org/research/family-income-support/tanf-cash-benefits-have-fallen-by-more-than-20-percent-in-most-states> and <http://www.clasp.org/resources-and-publications/publication-1/TANF-101-Cash-Assistance.pdf> for an analysis of current challenges in the TANF program (retrieved July 5, 2016).

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a minimum level of resources to access food and basic necessities. But, these programs do not appear to be working as poverty reduction strategies or antipoverty programs designed to provide poor families and individuals with the types and levels of needed resources and accompanied by strategies that may lead them to escape poverty. Rather, welfare programs in Puerto Rico appear to be operating to maintain and sustain a minimum level of consumption and to provide basic survival resources to poor families and children—not a set of pathways to come out of poverty.

Low income and poor families in Puerto Rico use and depend on government provided

healthcare and nutritional assistance programs but rely much less on cash assistance subsidies like TANF. Significant proportions of the 1.63 million poor persons in Puerto Rico do receive some form of Medicare, Medicaid, or locally provided health care coverage

and a large proportion participate in the nutritional assistance program (PAN) but the amounts received for nutritional assistance are minimal and life for many low income families and children in Puerto Rico is still quite difficult and fraught with challenges.

Young women with small children face particular difficulties in getting access to reliable transportation and child care and many are unable to find employment with reasonable schedules and other accommodations that would allow them to work more consistently while caring for small children. Low income women, particularly those without a high school degree, also have to compete with many others in Puerto Rico that are looking for work in a shrinking labor market and one where higher levels of education mean that individuals with more educational credentials are also competing for all the available jobs and pushing those with less education out of the labor market. The original purpose of welfare and antipoverty programs and strategies was to work systematically to reduce poverty and improve lives and livelihoods of participants. In Puerto Rico, given the high levels of need, the high proportions of the population below poverty, and the limited resources invested in the programs, “welfare” seems to operate more as a system of consumption maintenance, social containment, and population control via threats to take the aid away than as a concerted set of social strategies designed to increase access to economic opportunity and significantly reduce levels of poverty on the Island.

Poverty reduction and the challenges facing Puerto Rico in a time of crisis

Puerto Rico faces a number of key challenges as it approaches the next phase in its history and the next chapter in an increasingly acute economic, financial, fiscal and demographic crisis. As of this writing, Congress approved the *Puerto Rico Oversight, Management, and Economic Stability Act (PROMESA)* 34 legislation which provides a 34 See text of legislation at <https://www.congress.gov/bill/114th-congress/house-bill/5278/text> (retrieved July 10, 2016).

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torturous restructuring mechanism for the public debt and a federal financial control board to manage and approve Puerto Rico’s budgets including expenses and revenue generation mechanisms. The President is expected to name seven persons to the board

from lists submitted by the majority and minority leadership in Congress. The board is tasked with working on four key domains: public debt restructuring; pension liabilities; government budget and expenses; and mechanisms for revenue generation. Who will be on the board, how it will interact with Puerto Rico's elected government, who will be in Puerto Rico's government, and how the various decisions will eventually be made is still a mystery but what is clear is that deeper changes are coming to Puerto Rico.

The most critical need for Puerto Rico at this time is a set of tools and initiatives that lead to sustained economic development and job creation. In this regard, PROMESA set up a congressional commission that is tasked with offering a set of economic development plans and job creation initiatives but at the moment it is unclear what they will be. In the final analysis, the success of any strategy to improve the economy and labor market, increase wages and incomes, and reduce poverty and inequality in Puerto Rico

will depend not on congressional desires or mandates, or local hopes and slogans, but on an accurate diagnosis of the nature of the socioeconomic problems, concerted use of data, the development of effective and implementable strategies, and the sustained involvement of all relevant social actors, sectors and stakeholders. The chance of success is also based on a realistic analysis of the nature of the problems and a clear assessment of the particular assets, resources, and challenges faced by all segments of the population in Puerto Rico, particularly those that are more marginalized and at the bottom of the social hierarchy.

The poor in Puerto Rico are more likely to be younger, female, never married or not married; with young children in the household; more likely to have changed residences in the last year; with significantly lower education levels; more likely to attend or have attended public school; less connected to the labor market and more likely to experience more episodes and longer periods of unemployment; slightly more likely to be disabled; and much more likely to be looking for work. The poor in Puerto Rico have fewer sources of income and a smaller share of income that comes from wages; are more likely to receive health coverage from the state; and are more likely to be connected to public assistance systems. But, we present evidence that significant proportions of poor persons in Puerto Rico are in school, they are a large segment of persons looking for work and trying to enter the labor market; and many appear to be looking to expand their sources and levels of income.

But, key questions remain. Why has the pace of poverty reduction in Puerto Rico declined over the last 20 years? Why has the poverty level stagnated at around 45% of the population? Why has the labor force participation rate remained around 46% and the proportion employed at close to 38%?

Poverty and employment are intimately related and there are a number of reasons for these trends that have to do with: 1) the limitations of economic development policies

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and job creation initiatives; 2) the absence of a concerted set of anti-poverty strategies; and 3) a set of additional social, economic, and political challenges that impact education, employment and the generation and distribution of income and that Puerto Rico

needs to better understand, work through, and develop strategies and policies to solve.

While there have been significant gains in education over the last 30 years, there con-

tinue to be persistently high school and college dropout rates and low levels of college graduation among low income populations. Puerto Rico needs to increase the quality

of public education and address apparent declines in performance at the intermedi-

ate, high school, and post-secondary levels. There has been a proliferation of low level higher education institutions with higher dropout rates, low rates of program or degree completion, and low employment rates among graduates that need to be better studied.

Low income populations are over-represented in the public education system up to

the high school level but, at the college and university level, the public universities are highly competitive and more likely to attract students of higher socioeconomic backgrounds. This means that poor college students are more likely to attend lower quality

institutions which reduced their chances of completing college and getting a quality

job. Puerto Rico needs to continue to invest in human capital building strategies, in-

cluding adult education in order to keep the population competitive and to maximize

productivity and minimize talent waste and under-utilization. It also needs to monitor

the quality and outcomes of public and private institutions to ensure that low income

populations are getting the quality education needed to succeed.

Nevertheless, increasing levels of human capital in Puerto Rico, by themselves, do not seem to be translating into higher employment levels and labor force participation rates. There is a serious employment problem in Puerto Rico with a proliferation of low paying service jobs and a limited supply of higher paying quality jobs. Individuals with higher levels of education end up employed in jobs that did not require a college degree before and those with more education compete and displace those with less education for the same sets of jobs. Individuals with higher levels of education are increasingly doing lower level jobs and displacing persons with lower education levels.

There is also a low wage problem in Puerto Rico. Too many jobs pay too little and this creates a large pool of persons with low incomes and a high poverty problem for the Island. Too many workers earn too little and the income that is earned is distributed very unevenly. A few people (5% of the population) make a quarter (25%) of all the income and the top 20% of the population takes 55% of all the income, leaving 45% of the income for the remaining 80% of the population. The bottom 20% of the population make 1% of the total income and the next 20% make 8% of total income. This means that while the top 20% of earners take 55% of all income in Puerto Rico, the bottom 40% makes only 9%. The segments of the population that take the most money are not paying a proportionate share of taxes as the Puerto Rico government moves away from taxing the income of those at the top and moves into taxing a larger share of consumption from larger segments of the population. On the other hand, the limited social

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welfare system covers some of the basic health and nutrition needs of the population but does not cover a broader range of needed services and nor does it make the kinds of programmatic investments that are critical to develop effective antipoverty strategies.

Job creation in Puerto Rico has been challenging over the last decade and the main reasons have to do with: the Island's small market size; the particular and uneven nature of demand for local versus imported goods and services; the nature, types and location of local investments and the behavior of local and foreign investors; and to the relatively low wages paid to workers in Puerto Rico. While low wages have often been seen as an advantage in terms of attracting foreign capital and investments, low wages also mean that there are lower levels of income for the masses and that they consume and accumulate less capital over time. There has been a production and consumption mismatch in that the island does not consume what it produces and does not produce what it consumes. This means that the gains from production are limited to wages and a large proportion of the gains and profits from consumption go to outsiders and the capital leaves the island as opposed to staying and circulating in it. The Puerto Rican economy is very open, has lots of leakages and obtains less capture than needed to generate and stimulate higher levels of local economic growth.

The lack of a significant Island capital base invested locally and profits staying locally have contributed, in part, to a relatively small private sector on the Island, to the explosion in public and private debt, and the collapse of the existing debt financing and tax exemption based economic development model. The significant employment gains that are needed to increase labor force participation rates have not materialized and existing strategies, tax exemptions and investment levels have not led to sustained job growth which exacerbates the economic challenges and insecurities of many families and leads to more outmigration. The misallocation of limited government resources, economic development subsidies, and uneven taxation have also exacerbated the fiscal and debt problems. There are countless stories of mismanagement and corruption that waste and misappropriate scarce resources that are needed to develop and fund evidence-based policy making, more effective program evaluation, and independent fact based policy analysis. Politics and patronage are king in Puerto Rico and the local government (along with the local economic and political elites) shares a significant part of the blame for the debt and economic crisis and for its inability to develop and find support for a coherent and implementable economic

development plan. There have been too many economic

development mistakes and false starts as population needs have increased and time to avoid further collapse and broader defaults appears to be running out.

The federal government, particularly Congress, has not paid the needed attention to

Puerto Rico and also shares responsibility for the economic and fiscal challenges faced by the Island. The broad policy parameters and outlines of Puerto Rico's economy are

set in Congress and changes have been made without proper attention and management

of the local economic consequences. In addition, the federal programs that are designed Poverty in Puerto Rico 297

to support low income and poor populations in Puerto Rico have not been tailored,

the initiatives have not been nuanced and contextualized, and the types of resources

and levels of local participation and engagement that are needed to launch consistent

antipoverty initiatives has been lacking.³⁵ Instead, Puerto Rico has a set of programs that are not interconnected and work together comprehensively in a way that can benefit

recipients and lead to long term self-sufficiency. Puerto Rico's economy and social welfare support infrastructure have been designed with United States needs and parameters

in mind and not based on an assessment of the particular needs, assets, circumstances

and challenges faced by the low income and poor population of Puerto Rico. As the lo-

cal government moves further into insolvency and bankruptcy, and a financial control

board is set to take over Puerto Rico's finances, there is increasing uncertainty in the population, growing concern about levels of dependency and the potential stability

of funding streams and resources, increasing anxiety about the future, and a sense of

frustration manifested in increasing outmigration and accelerated population change.

With an eroding workforce and a shrinking tax base to sustain the economy, Puerto

Rico finds itself in a downward spiral and consumed in a poverty trap. But, as policy

makers on the island look for solutions it is important to remember that the fight that Puerto Rico needs to wage over the next decade is the fight against poverty not a fight against poor people or against the programs that are designed to provide a minimum

amount of support and survival resources to them. The problem is a collapsed labor market, economic policies that fail to deliver growth, high levels of poverty and inequality, and a set of social programs that are not designed or operated to help participants lift themselves out of poverty. The problem is not poor people or welfare programs, even though the programs should be transformed into effective antipoverty programs and initiatives and not just provide minimal income and basic consumption maintenance.

Recent debates on the Puerto Rico's economic crisis, as exemplified by Krueger, Teja & Wolfe (Krueger Report),³⁶ have been dominated by five principal myths. The first is that Puerto Rico has low levels of education and human capital. This is not true if we compare Puerto Rico to many U.S. states and if we examine younger populations whose educational attainment is similar to the equivalent populations of many states. The second myth is that Puerto Ricans do not want to work. This also appears false based on the number and characteristics of the hundreds of thousands of persons (241,992) in Puerto Rico looking for work; the high proportion of the population in Puerto Rico, including persons with various levels of education, working for low wages; the 172,342 individuals (or 17.8% of persons) that worked 50-52 weeks of the year in Puerto Rico

³⁵ See also Colón, L. (2011). *Sobrevivencia, pobreza y "mantengo". La política asistencialista estadounidense en Puerto Rico: El PAN y el TANF*. San Juan, PR: Ediciones Callejón.

³⁶ Krueger, A. O., Teja, R., & Wolfe, A. (2015). *Puerto Rico: A way forward*. San Juan: Report to the Government of Puerto Rico.

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whose earnings were below poverty; and the high proportion of the population that is leaving the labor force and migrating out of Puerto Rico in search for work.

The third myth is that welfare programs in Puerto Rico are too generous but this is based on questionable assumptions and calculations. The actual program data show

that TANF cash welfare levels in Puerto Rico are low compared to poverty rates, to the benefits received in other states, and to the costs of living in Puerto Rico. Welfare duration is also low relative to employment and poverty levels when we compare Puerto Rico to other U.S. states. The fourth myth is that participation in welfare programs creates a “disincentive to work” but Puerto Rico has relatively low TANF participation rates and benefit levels, there are no males eligible for work and without disability in the TANF program, and TANF caseloads follow the pattern of changes in employment and increased after the collapse in the labor market, not before. This means that welfare participation does not appear to explain male labor supply at all in Puerto Rico and may have a limited role explaining the labor supply of females.

The fifth myth is that wages in Puerto Rico are too high relative to productivity levels and that the minimum wage is too generous given local income levels. The challenge with this argument is that minimum wage changes in PR do not explain the historical employment pattern on the island—particularly since 2006 when the labor market collapsed. Puerto Rico has the lowest average and median wages of all states and territories including Guam and the Virgin Islands. Average and median hourly wages in Puerto Rico are lower than those in all states in every occupation. The wage gap between Puerto Rico and all other U.S. states and territories is large (median hourly wages in Puerto Rico were \$9.42 vs \$16.81 in the U.S. or 56 cents per dollar)³⁷ and persistent, while hourly wages rates are positively related to employment levels for states and territories.

This means that states with higher wages have higher employment levels so it is not clear how lowering wages in Puerto Rico, as recommended in the Krueger Report, will lead to more employment and higher standards of living over the long run. The minimum wage gap between Puerto Rico and the U.S. has been constant over the last decade but the gap in GDP growth rates between Puerto Rico and the U.S. has not. This suggests that constant minimum wage gap does not explain differences in economic growth rates between Puerto Rico and the U.S.³⁸

The argument that Puerto Rico is a low human capital and productivity place where

people do not want to work because they rather receive “aid” from some generous welfare programs, that end-up disincentivizing work in a tropical place, where the minimum

37 See detailed BLS wage data at http://www.bls.gov/oes/current/oes_nat.htm

38 For a detailed discussion by Professor Arin Dube please see <http://equitablegrowth.org/research-analysis/>

[puerto-ricos-predicaments-minimum-wage-culprit/](#) see also recent comments by Professor Richard Freeman one of the authors of Brookings male labor supply study and earlier work on minimum wage in Puerto Rico <http://thinkprogress.org/economy/2015/07/08/3677565/puerto-rico-crisis-minimum-wage/> (retrieved July 5, 2016).

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wage is too high, has become the new blaming the victim narrative, and is anchored

in a colonial sense of dependence that stereotypes Puerto Ricans as lazy opportunists

and *vividores*, while not paying attention to a collapsed labor market and inadequate program resources and design. The programs that provide healthcare and limited housing, nutrition, and related supports to thousands of low income families and children in Puerto Rico are not operating as antipoverty strategies but as consumption maintenance

and survival needs programs with an element of social control. The original purpose—

to reduce poverty and improve lives and livelihoods of participants—has been lost over

a focus on social containment, minimum consumption maintenance, and population

control via threats to take the aid away without proposing alternative development pro-

grams or sources of income generation, employment, and other supports. Limited alter-

natives to generate income and increased labor market competition on the Island mean

that the population that utilizes welfare programs feels trapped and dependent on them

and many consider migrating to being made to feel dependent on help from the state.

In the current round of negotiations in Congress over Puerto Rico’s economy and debt

restructuring, many argued that Puerto Rico needed: 1) tools for renegotiating the debt; 2) technical support on government finances, 3) economic development tools, and 4)

parity in a range of federal social and economic development opportunities and pro-

grams. In addition, we would argue that Puerto Rico needs to develop, on its own and with support from Congress, effective antipoverty strategies and a mechanism to generate and fairly distribute social gains. There are many that argue for political changes and a resolution to Puerto Rico's status situation. One side suggests that poverty on the Island can only be reduced further when Puerto Rico solves the status question while others argue that Puerto Rico cannot solve the status question and become either a U.S. state or an independent republic (associated with the U.S. or not) unless it tackles its poverty and makes significant progress towards solving its vexing economic and fiscal challenges.

In order for the Puerto Rican economy to grow, policy makers need to tackle three key challenges. First, there is a need to continue to augment the human capital of the population, increase levels of education, and improve the quality of education—particularly at the secondary and higher education levels. Second, Puerto Rico needs to revitalize its anemic economy and revive the local labor market by promoting policies that generate economic development and increase the labor force participation rate and the proportion of the population employed. And, third, Puerto Rico needs to develop policies that lead to increased wages, improved salaries, and higher incomes and that distribute these gains evenly throughout various segments and sectors of the population. A sustained focus on human capital building; more effective labor markets and employment structure; and growth in wages, salaries and incomes are essential to reduce poverty and inequality in Puerto Rico. These changes, however, cannot be achieved without significant political will and a growth plan that is embraced and activated by all relevant stakeholders on the Island, in the U.S. Congress, and beyond.

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Poverty is not a virus or a disease. It is a social condition and there are strategies to reduce it. But, currently the economy of Puerto Rico is not working for most people and the existing social welfare programs are not tailored to meet the particular needs of the population while failing to move many out of poverty. Puerto Rico has an economy that was historically designed to meet the needs of outsiders and advance their financial and geopolitical interests. It has had a government structure that has been sustained by significant levels of debt financing. For the last decade, that model has been collapsing and thousands have left the Island,

while the consumption and livelihoods of large segments of the population that remain is sustained by access to a limited set of federal and local health, nutrition, and housing subsidies and programs. Only when the economy

of Puerto Rico is designed and administered to meet the needs of the people of Puerto Rico; and social programs are actually planned and funded to systematically move the masses out of poverty, will we see renewed hope that the gorgeous Island, and all the beautiful people of Puerto Rico, can be on a firmer path towards achieving the sustainable and lasting social, economic, and political progress that they so richly deserve.

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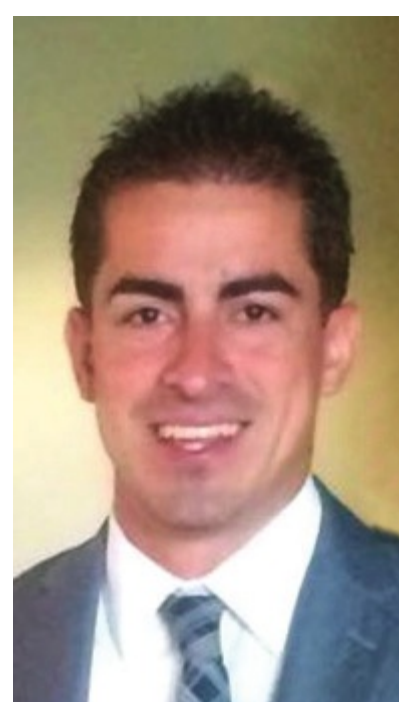
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