Even before Puerto Rico was ravaged by Hurricane Maria in 2017, the island was experiencing an economic depression, as shown by the decrease in gross national product nearly every year since 2005 (Puerto Rico Planning Board 2014). There were some interrelated factors that resulted in this sustained downturn, including

- the elimination of Section 936, which previously granted U.S. corporations tax exemption on income generated from U.S. territories (Feliciano and Green 2017);
- low workforce participation (Bram and Wheeler 2016);
- population loss caused by out-migration and declining birthrates (Abel and Deitz 2014); and
- the government’s $70 billion debt (Decambre 2017).

The devastating impacts from Hurricane Maria and economic recovery efforts will only exacerbate the island’s debt, declining competitiveness, and migration patterns. Recovery efforts undoubtedly will require a large input of workers and resources and will take priority over other needs in the coming years. At the same time, however, longer-term workforce development issues, including both child poverty reduction and population retention, should remain at the forefront of efforts to spur economic growth on the island.

According to the Kids Count Data Center (2018a), in 2016 roughly 6 out of 10 children in Puerto Rico were living below the federal poverty rate, and nearly 4 in 10 were living in extreme poverty.\(^1\) The poverty rate was nearly three times that of the continental United States.
The island’s youth population also decreased by 32 percent between 2006 and 2016, mostly from the migration of families with children and declining fertility rates. Migration patterns after Maria threaten to accelerate loss of the youth population. The Center for Puerto Rican Studies estimates that more than 55,000 children could leave over the next year as a result of Hurricane Maria (Meléndez and Hinojosa 2017).

In the short term, child poverty and population loss can slow Puerto Rico’s recovery in various ways. In the long term, there will be fewer youth and adults able to enter the workforce because of population decline, the effects of child poverty on employability, and the exacerbating impacts from the recent hurricane. In particular, child poverty may negatively impact development and translate to significant losses in the economy. A study found that child poverty costs the United States roughly $500 billion dollars a year in lost human capital and in health and judicial costs (Holzer et al. 2008). Research also finds that natural disasters can compound the effects of poverty. For example, children who experienced Hurricane Katrina had a higher likelihood of dropping out of high school and being unemployed as adults (Fothergill and Peek 2015). If policies do not address the challenges posed by child poverty and population loss—challenges that were aggravated by Hurricane María—Puerto Rico’s economy will face further structural impediments to its short-term recovery and long-term economic development.

This chapter will discuss the dual strategy of 1) research and public-policy work and 2) innovative direct services programming implemented by the Boys and Girls Club of Puerto Rico and the Youth Development Institute to address child poverty. Reducing child poverty should translate to increasing opportunities for families with children, which could help curb migration of individuals who leave the island seeking better economic opportunities. Both institutions are tackling an essential but often overlooked component of long-term and sustainable economic development, and one that will be of essence for Puerto Rico’s economic recovery and growth.

**DUAL STRATEGY APPROACH**

The Boys and Girls Club of Puerto Rico (BGCPR) has delivered comprehensive services to youth in Puerto Rico for 50 years. It is curr-
rently one of the largest organizations supporting youth on the island, with 13 locations that serve more than 15,000 young people each year. Traditionally, the organization has provided safe meeting places, support with strong role models, and programming around education, health and life skills, the arts, leadership, and sports and recreation. However, as the organization undertook a strategic planning review in 2012, it became clear that the youth it served needed more. The challenges of structural and intergenerational poverty were at times undermining any progress made by the Club. It was also clear that the challenges faced by participants were reflective of challenges faced by all Puerto Rican children living in poverty.

As a result, BGCPRI developed a dual strategy to tackle the issues of systemic child poverty through 1) research and public policy work and 2) innovative direct services programming. On the research and public policy side, in 2013, the Boys and Girls Club created the Youth Development Institute of Puerto Rico (YDI) to promote economic security for youth by collecting and disseminating data on the condition of children and their families, including economic indicators; producing data-driven public policy recommendations; and carrying out data- and community-driven advocacy work.

On the programmatic side, BGCPRI is piloting a “two-generation approach” in the Ramos Antonini Boys and Girls Club in San Juan, through an initiative dubbed “Vimenti.” The two-generation approach involves simultaneously addressing the needs of both children and parents in order to address poverty. This includes comprehensive educational services for children and youth, a workforce development strand for both parents and youth, and family services. Components of the two-generation approach have been gradually implemented, with the full model expected to be in operation by August of 2018. The full model will feature a school for children ages five and six, and it will require complete family enrollment in all services. The implementation of some of the components, primarily education and workforce services, has shown promising results. A research and policy lab in collaboration with the Youth Development Institute will evaluate impacts once the full model is implemented. YDI plans to use these findings to inform public policy recommendations. Eventually, the results of the pilot at Ramos Antonini could contribute to an evidence-based model replicated in other communities in Puerto Rico.
Strategy 1: Research and Public Policy Work on Economic Instability, Child Poverty, and Potential Workforce Development Strategies

Analysis of U.S. Census data compiled by the Youth Development Institute shows that child poverty is rooted in several structural issues that go beyond the current economic crisis, one of which is parents’ participation in the workforce. The child poverty rate in 1999, a time when the island was experiencing a fair amount of economic growth, stood at 58 percent (Mather 2003). As of 2016, the child poverty rates remained at a similar level of 56 percent. In addition, 53 percent of children had parents who lacked secure employment, and 28 percent of children living in low-income households did not have a parent in the workforce (Kids Count Data Center 2018b). As of November 2017, Puerto Rico’s labor participation rate was 40 percent (Statistical Institute of Puerto Rico 2017), much lower than the 63 percent labor participation rate in the United States (Bureau of Labor Statistics 2018). When compared to individual states, Puerto Rico’s participation is still over ten percentage points below that of West Virginia, which has the lowest labor force participation rate in the country (Bureau of Labor Statistics).

BGCPR saw that addressing parental participation in the labor market would be key to decreasing child poverty in the communities the clubs served. The Ramos Antonini club serves 450 children, 98 percent of whom are living under the poverty line and 90 percent in single-female-headed households. Two-thirds of families reported a monthly income of $299 or less. The vast majority of this reported income comes from government assistance and pensions (Public Housing Administration 2014).

Further analysis was needed to understand why those parents were not employed and/or not participating in the labor force. According to a literature scan conducted by the Youth Development Institute, public transfers can serve as a driver for the low labor force participation rate (Collins, Bosworth, and Soto-Class 2006). A review of the literature on single-female-headed households also suggests that in general, mothers in Puerto Rico face a series of barriers to employment, including lack of relevant skills and adequate and cost-effective child care (Rosa 2016). Through conversations with families in the Ramos Antonini community, BGCPR confirmed these and other barriers to work, including dis-
incentives to join the workforce due to losing benefits, lack of child care, lack of social capital, and, most notably, lack of marketable skills or education.

BGCPR also analyzed global economic trends and the industries poised for growth in Puerto Rico over the coming years. One of the areas identified for growth was tourism, which contributes $7.4 billion to the Puerto Rican economy and accounts for 8 percent of the gross domestic product. This industry generates approximately 67,000 direct and indirect jobs (World Travel and Tourism Council 2017). Puerto Rico Planning Board data (2014) indicate that 3.2 million tourists traveled to Puerto Rico in 2014, which represents 14 percent of all tourists to the Caribbean. The World Travel and Tourism Council also projects that tourism to the island will generate a 3 percent increase in employment by 2027.

BGCPR examined barriers to employing young people at the rate required for the tourism industry’s growth and found significant opportunities to add value. Roadblocks to long-term employment and retention include lack of knowledge about the nature and extent of meaningful careers in the hospitality industry, and not being suitably qualified for the opportunities. Given the proximity of the Ramos Antonini community to major tourism hubs in San Juan, BGCPR decided to address these barriers and make tourism the focus industry of its pilot project.

**Strategy 2: A Two-Generation Approach**

The two-generation approach has emerged in recent years as a new way to improve economic opportunity for low-income families in the United States. The approach offers services, support, and opportunities for learning and empowerment to both children and parents. Evidence suggests that the two-generation approach has the potential to significantly increase financial stability for low-income families (Aspen Institute 2016).

Taking into account BGCPR’s focus on economic security and on ending the cycle of poverty through economic development, the Vimenti pilot at Ramos Antonini features three programmatic pillars: 1) education, 2 economic development, and 3) family. These are all combined into a “one-stop shop model” for both child development and workforce development.
Pillar no. 1: Education

In 2015, roughly 40 percent of juniors in high school in Puerto Rico were proficient in language arts, science, and English, and only 10 percent were proficient in mathematics (Statistical Institute of Puerto Rico 2016). Puerto Rico also had the lowest National Assessment of Educational Progress (NAEP) scores, with all students performing at basic and prebasic levels in fourth-grade mathematics (National Center for Education Statistics 2017).

Given these performance data, as well as the impact on educational outcomes of living in poverty (Ratcliffe 2015), it was crucial for BGCPR to address education as part of a broader strategy to reduce poverty and promote workforce participation. The Education Pillar comprises three components: 1) the Vimenti School, 2) academic support, and 3) post-secondary support.

The Vimenti School. The Vimenti School will be the first independent and tuition-free school to be based in a housing project in Puerto Rico. It is the result of a collaboration between BGCPR and a prestigious private school in Puerto Rico. The school will start with kindergarten and first grade in the fall of 2018 and will add one new grade each year thereafter. The school also will serve as a one-stop shop for parents, as it will provide access to workforce training, social services, and other supports. It will be considered a lab for education innovation in serving low-income students in Puerto Rico.

Academic support. The academic support component includes regular tutoring sessions for Spanish, literacy and conversational English, and others. These supports will be available for Vimenti School students as well as for BGCPR after-school participants, as it has been in the past. The tutoring program started in 2013 and impacts more than 80 children and youth ages 6 to 17 each year. Each participant goes through an individual assessment to determine their needs and to develop a plan based on their established educational goals. According to internal evaluations of student outcomes, some academic gains have already been achieved: half of participants increased their language arts grade by at least 25 percent, and all participants experienced gains in test scores.
**Postsecondary support.** In the BGCPR after-school program, youth ages 13 to 21 go through five stages in which they 1) complete tests to determine their talents and interests, 2) design experiences related to those talents and interests, 3) map out their sociocultural environment to identify obstacles to completing their studies, 4) participate in activities to learn about university life while still in high school, and 5) receive vocational guidance and support in the transition to postsecondary institutions. Once in college, BGCPR staff follow up directly with students every quarter. Participants must be enrolled in college to continue participating in the program. Parents take part in all phases of the program and also receive supports if they choose to pursue higher education.

During implementation of this pillar, BGCPR found it needed to focus more on the logistics around transitioning to college. Many students faced challenges succeeding at the postsecondary level because of costs of transportation, lodging, and food, as well as academic difficulties. BGCPR also had to double down on supports and mentoring to prevent students from dropping out during their first year.

**Pillar no. 2: Economic development**

The economic development pillar seeks to develop the skills necessary for both youth and their parents to enter the workforce and gain economic security. It features two components: entrepreneurship and careers.

**Entrepreneurship.** Reducing poverty through workforce development also includes providing the skills necessary for entrepreneurship. BGCPR’s work to build entrepreneurial mindsets and skills begins with participants as young as six years old. The organization uses “Project Makers,” a project-based learning curriculum designed by BGCPR, to expose youth to the concepts and realities of business generation and management. While younger participants take part in activities to develop an entrepreneurial way of thinking, older participants work with facilitators to create and present their own market plans. The entrepreneurship pillar also provides mentoring to parents who wish to develop their own businesses.

Starting in 2016, this program was the first of its kind to offer training at such an early age, and to offer it to populations living in pov-
This entrepreneurship program has had some challenges. Initially, most participants perceived entrepreneurship as a foreign concept and a goal that was out of their reach. Their perceptions often changed during the first weeks of the program as they gained confidence. In addition, BGCPR learned that parents had to be better integrated into the process, and that the program should align with school curriculum. BGCPR also recently developed a network of mentoring professionals to support young people’s business plans so that ideas generated from the program could come to fruition.

**Career.** The career component simultaneously exposes youth to tourism careers and provides career development activities to parents aimed at giving them the necessary skills to obtain and maintain a job in the tourism industry.

Youth participants learn about cultural tourism, medical tourism, and ecological tourism, and they connect to internships and preemployment experiences. In addition, the Ramos Antonini Club developed a Hospitality and Tourism Training Center, which re-creates a hotel space, including a reception area, gift shop, and coffee shop. The center offers a hospitality and tourism course for parents, which consists of different workshops on the tourism industry, hotel management, and hotel services. Business volunteers teach each workshop and offer their own real-world experiences. The center is also integrated into educational programming for youth, in order to expose young people to the industry.

BGCPR also supports parents with their job searches in the tourism industry, by providing access to computer labs, assistance in résumé writing and interview preparation, and job referrals. At the end of the Hospitality and Tourism course, adult participants are expected to attend at least one job interview in the tourism industry.

Since the start of the career pillar in 2015, youth have engaged in a series of real-world experiences, including internships. As of June 2017, 62 adults from the community and the surrounding areas have completed the Hospitality and Tourism Training Center course. Sixty percent of the adults completed interviews, and 13 adults received a
job. In addition, 22 other adults, who did not take the course but are parents of children attending BGCPR’s after-school programs, have been placed directly in jobs, thanks to tailored support the accompanying orientation process provided by the job placement leader.

**Pillar no. 3: Family**

Families that live in poverty face enormous challenges to achieve economic and social stability because of chronic stress (Evans and Kim 2013) and weak social support systems (Klebanov, Brooks-Gunn, and Duncan 1994). The family pillar will address these barriers through family wellness services, which will include but not be limited to individual and group therapy, life management skills development, and intensive case management. The family strength pillar has yet to be implemented, since BGCPR is in the process of securing financing for the staff needed to deliver these high-quality services.

**FINDINGS AND POLICY IMPLICATIONS**

**The Benefits Cliff Is a Real Disincentive for Joining the Workforce**

One of the biggest challenges for parents who found employment through the two-generation pilot program has been the reduction in or loss of benefits, particularly housing assistance and support from the Supplemental Nutrition Assistance Program (SNAP). During anecdotal conversations, participants of the program reported that losing these supports offset any wages generated from their part-time or full-time jobs, so that their economic situations did not drastically improve. This complicated process discourages families as they enter or reenter the workforce.

As a response, the Youth Development Institute is focused on gathering all the necessary data to develop robust recommendations for reforming the social welfare system in Puerto Rico to address the benefits cliff and incentivize employment through adequate work supports.

In order to encourage such incentives, the government of Puerto Rico could increase support for workforce development programs that remove barriers to employment.
BGCRP created the two-generation pilot program as a response to the limited availability of programs to help parents develop skills and access employment. A recent children’s budget analysis commissioned by the Youth Development Institute (2018) confirmed that total government expenditures on programs aimed at fostering self-sufficiency amounted to $131 million.

According to parents served by the two-generation pilot, another barrier to employment has been the lack of child care. Public investments for child care have continued to decline over time. In 2018, the Child Care Program of the Department of Family, which provides child care vouchers to low-income households, experienced a 16 percent budget cut. The number of vouchers available for families dropped from 7,500 in 2014 to a projected 3,552 vouchers for Fiscal Year 2018 (University of Puerto Rico at Cayey 2018).

YDI’s children’s budget analysis also found that current programs aimed to offer pathways and remove barriers to employment for low-income parents have a limited reach that does not meet the need in Puerto Rico. For example, Temporary Assistance for Needy Families (TANF) offers employment training and opportunities for 53,000 female heads of households, while there are 272,327 single mothers living in poverty. Similarly, while there are 57,000 children under the age of six with no parent in the workforce, there are only 3,552 child-care vouchers available (Youth Development Institute 2018).

Although the Puerto Rican government created a local earned income tax credit program for low-income families in 2007, the tax credit was eliminated in 2014. This is despite evidence that earned income tax credits can be effective in increasing workforce participation and addressing child poverty (Meyer and Rosenbaum 2001).

Investments in work incentives and supports provide pathways to economic mobility for both parents and youth, and they could contribute to reductions in child poverty in Puerto Rico. A stronger workforce may also deter out-migration from the island, which could in turn strengthen a pipeline of future workers essential for Puerto Rico’s economic survival.
The Government of Puerto Rico Could Develop a Public Policy Strategy for Youth Entrepreneurship

During implementation of its entrepreneurship pillar, BGCPR faced various challenges and limited external support to help youth apply their ideas in the real world. As a result, the Youth Development Institute recommends that the government of Puerto Rico develop a robust public policy framework to address these issues. According to the United Nations Conference on Trade and Development (UNCTAD)’s Policy Guide on Youth Entrepreneurship (2015), the key areas to consider in a policy strategy include the following four: 1) Optimizing the Regulatory Environment; 2) Enhancing Entrepreneurship Education and Skills Development; 3) Facilitating Technology Exchange and Information, and 4) Improving Access to Finance and Promoting Awareness and Networking.

In terms of the second strategy area, “Enhancing Entrepreneurship Education and Skills Development,” in recent years the Puerto Rico Department of Education (PRDE) has taken on a series of initiatives to promote entrepreneurship in education (Puerto Rico Department of Education 2016). In 2016, PRDE established internal policy to require integration of entrepreneurship into the public school curriculum. Schools must develop action plans to ensure implementation. Notably, this policy was an unfunded mandate, which makes implementation challenging. A change occurred in PRDE administration in 2017, and now BGCPR and YDI recommend revision of this policy to ensure implementation and adjustments to requirements when necessary. It is also recommended that at least one full-time position be assigned to manage the crucial coordination among stakeholders involved, including higher education and the private sector.

These findings and policy implications are preliminary, given that not all components of the two-generation pilot have been implemented. As time goes on, impacts of the program on child poverty and economic security will be measured through a policy and research lab, which YDI currently is developing as part of the pilot. If it proves successful, the BGCPR program could serve as a model for two-generation approaches throughout Puerto Rico, and could support policies to increase investments in workforce development for youth and families.
Notes

1. Extreme poverty is defined as a household earning 50 percent of the income that the government considers to be the poverty threshold.
2. Information throughout this chapter about the programmatic components of the Boys and Girls Club and the Youth Development Institute are based on internal planning documents, internal evaluation and progress reports, case statements developed by the organizations, and ongoing communication between authors and leaders of the organizations.
3. The Annie E. Casey Foundation’s Kids Count serves as a partner for the Youth Development Institute.

References


