

**Welfare Reform  
Implementation  
in Puerto Rico:  
A Status Report**

**R E S E A R C H   P A P E R   S E R I E S   ( 1 - 0 1 )**



# **Welfare Reform Implementation in Puerto Rico: A Status Report**

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April 2001



# ACKNOWLEDGEMENTS

Several people within the Puerto Rico Department of the Family provided useful data, assistance, and information that made the preparation of this report possible.

First, I thank Angie Colomer, Director of the Institute for Education and Training of the Department of the Family, who was instrumental in setting up my first appointment with the TANF program executive staff.

Second, I am indebted to the staff of the TANF program whose support and assistance made it possible to collect the information on welfare reform in Puerto Rico. I would especially like to thank:

- ▶ Laura Álvarez, Director of the TANF program, who took time out from her busy schedule to answer my questions.
- ▶ Agustina Rivera, Executive Director II, who introduced me to other TANF staff, provided data, and was always available to answer my questions.
- ▶ Carmen Sacarelo, Executive Director I, for her willingness to seek additional information and help throughout this endeavor.
- ▶ Eunice Pabón, Executive Director I, for being available when questions arose on data.
- ▶ José Otero, Office Clerk III, for his assistance and explanations on monthly statistical reports.
- ▶ Margarita Vázquez, Office Administrator, deserves special recognition for her willingness to help throughout the process of data-gathering.
- ▶ Jenny Jiménez, Administrative Assistant, was also helpful and was always available to assist me.

I would also like to thank the following NCLR staff: Sonia M. Pérez, Deputy Vice President for Research, for her guidance and useful comments; Eric Rodríguez, Director, Economic Mobility Initiative, for his support; María Eugenia Lane, Administrative Assistant, for her research assistance and help with preparing tables; and Jennifer Kadis, Editor, for her editorial and proof-reading oversight. Appreciation also goes to Ofelia Ardón-Jones, Senior Design Specialist, NCLR Graphics & Design Unit, for her assistance with the report's design, layout, and printing.

The preparation of this research paper was made possible by funding from the Public Issues Grants Program of the Chase Manhattan Bank. The content is the sole responsibility of the author and NCLR, and does not necessarily reflect the opinions of any NCLR funders or of any of the individuals who provided assistance.



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# I. INTRODUCTION

Almost four years after the new welfare law, the Personal Responsibility and Work Reconciliation Act (PRWORA),\* went into effect, numerous reports have described the significant decline in welfare caseloads on the U.S. mainland. Researchers and policy analysts have been monitoring welfare reform implementation and its impact on states, communities, and families, but few of these reports have included the effect of welfare reform on specific populations, like the Latino community on the U.S. mainland. They have also not sufficiently examined the case of residents in Puerto Rico.

In response to changes at the federal level, Puerto Rico, like the 50 states, has gone through different stages of welfare reform. A brief overview of welfare policy in Puerto Rico shows that, for 58 years, Puerto Rico has provided economic aid to those members of society whose incomes are inadequate to meet their basic needs. The first economic assistance program, “Public Economic Assistance,” was created in 1943. It was administered by the Division of Public Welfare (Bienestar Público)<sup>1</sup> of Puerto Rico’s Health Department<sup>2</sup> and operated with state funds. In 1952, Titles I, IV, X, XIV, and XVI of the Social Security Act of 1935 were granted to Puerto Rico; since then, federal funds have partially or completely financed economic aid programs targeted at the poor population.

Following the federal-level trend of trying to promote employment among welfare recipients, Puerto Rico established the Work Incentives Program (WIN) in 1967. WIN’s aim was to help Aid to Families with Dependent Children (AFDC) adult recipients find work. Two decades later, this emphasis on work was the centerpiece of welfare reform legislation known as the Family Support Act (FSA). At that time, the main objective was to move people off of welfare through education, training, and employment. One central feature of FSA was the Job Opportunities and Basic Skills (JOBS) training program, which replaced the WIN program. This new initiative mandated that each state and Puerto Rico establish its own JOBS program based on federal guidelines. PASOS (“Steps”), as the program was known in Puerto Rico, provided employment training and supportive services – such as childcare, transportation, and work-related expenses – to AFDC recipients. It focused on long-term recipients and emphasized preparing recipients to move quickly into the workforce.<sup>3</sup>

Most recently, as part of the 1996 federal welfare reform law, Temporary Assistance to Needy Families (TANF) replaced AFDC. Since then, TANF provisions have been enacted in Puerto Rico to effect changes in cash assistance to poor families with children.\*\* Program funds have also been used to provide economic assistance to the elderly and to the physically and

\* See Appendix A for an overview of PRWORA.

\*\* See Appendix B for a review of TANF’s key components and specific elements of Puerto Rico’s state plan.

mentally impaired (ABD categories), although TANF provisions only affect category C recipients – families with dependent children.

Little is known about the impact of TANF in Puerto Rico. Only a handful of studies or reports have documented its implementation and/or the impact of the declines in caseloads.<sup>4</sup> Recently, two studies have underscored the risk of unstable employment and other problems, like domestic violence, that women in Puerto Rico who receive welfare face.<sup>5</sup>

With the five-year time limit for receipt of public assistance approaching and the state of the Puerto Rico economy showing signs of a significant slowdown,<sup>6</sup> the National Council of La Raza (NCLR) has undertaken a review of welfare reform implementation on the island. This status report begins with a socioeconomic profile of Puerto Rico to provide the current context and public climate in which welfare reform implementation is occurring. It then reviews relevant details about the administration of the TANF program on the island. The report turns next to addressing caseload composition and changes between 1990 and 1999, and also examines employment issues affecting TANF participants. The report concludes by offering a preliminary assessment of welfare reform in Puerto Rico and outlining the next steps for researchers and analysts to consider. The Appendix provides an overview of welfare reform and the major provisions of the law that are the focus of this discussion, as well as a listing of the delegate agencies that provide case management services to TANF recipients.

The data for this report are taken from various sources: HHS TANF reports, Puerto Rico State Plan for Temporary Assistance for Needy Families (2000), TANF program's statistical reports, Case Management reports, Puerto Rico Welfare-to-Work Plan (1999), Census 1990 and estimates for recent years, Department of Labor, and other sources of information. In addition, several key informant interviews were conducted with TANF administrative staff, and relevant information is included here.

## II. CONTEXT OF WELFARE REFORM IMPLEMENTATION

To place the data on the implementation of welfare reform in context, it is necessary to take a closer look at the socioeconomic conditions on the island as well as at government public policy in the last decade.

### SOCIOECONOMIC CONDITIONS

Puerto Rican society is now facing certain social and economic conditions that impinge upon the well-being of its population, especially the poor. The issues highlighted below are especially relevant for single mothers and women with few skills entering the labor force.

## HIGH COST OF LIVING

The Consumer Price Index – the measure of the change in the cost of goods and services consumed by the average family – was 5.7% higher in 2000 than in 1999, which means that consumer purchasing power was reduced. Some specific items have been especially affected by price increases. For example, families in Puerto Rico now pay higher prices for the cost of medicines, which have risen by 9.1% from 1999 to 2000. Gasoline prices have increased by 12.7%, and groceries cost 8.4% more in 2000 than they did in 1999. The rates for telephone services provided by the now-privatized Puerto Rico Telephone Company have also been raised. For example, the fee for new installations increased from \$78.30 to \$118.30 for the same period for residential customers. In addition, clients will have to pay a \$3.00 maintenance charge in addition to the monthly payment. Electricity rates are also on the rise. In May 2000 the residential rate was \$42.52 (400KWH); a month later it was raised to \$46.83.<sup>7</sup>

## LABOR MARKET CONDITIONS

In 1999, the overall labor force participation rate in Puerto Rico was 46.2%. The average median weekly wage was \$274.40 for workers in non-agricultural industries. In terms of gender distribution of labor force participation, women made up 34.7% of wage labor in 1999 compared to 31.4% in 1990. Men, in contrast, did not experience any significant changes to their labor force participation rate; in 1999 it was 60.5% and in 1990 it was 60.7 %.<sup>8</sup>

In 1999, total employment in Puerto Rico was 1,149,000 persons. Almost four-fifths (88%) were in the non-agricultural sector (construction, manufacturing, commerce/trade, service, transportation, government, and finance/insurance/realty). In relation to each employment sector, the distribution of employment was as follows: construction (67,800), manufacturing (144,600), commerce/trade (206,100), service (209,200), transportation (35,300), government (293,800), and finance/insurance/realty (48,700).<sup>9</sup>

Within the government, finance, and service sectors, white-collar occupations (i.e., administrative, managerial, clerical, and technical) predominate. The manufacturing sector consists largely of high-technology industries - electronics, scientific instruments, pharmaceutical products, chemicals, and derivatives - which, for the most part, employ skilled workers.<sup>10</sup>

According to data from the Puerto Rico Department of Labor, Puerto Rico experienced a reduction in employment from 1999 to 2000. Non-agricultural wage labor in May 2000 consisted of 989,100 jobs – 17,500 fewer than in 1999. Several employment sectors registered reductions. The state government experienced a reduction of 14,700 jobs, due chiefly to the gradual privatization of government-based health services which has led to job displacement. The service sector also experienced a reduction in employment

from 209,200 in 1999 to 208,400 in 2000. Manufacturing employment also shrank; there were 4,500 fewer jobs in 2000 than in the previous year. The industrial sectors especially affected by loss of employment were clothing and textiles (1,700 jobs) and food products (1,400 jobs).<sup>11</sup> These are labor-intensive manufacturing industries that tend to employ large numbers of women workers. In contrast, commerce experienced a growth of employment from 206,100 jobs in 1999 to 210,500 in 2000, or 4,400 more jobs than in 1999.<sup>12</sup>

Figures from the Department of Labor indicate that underemployment in Puerto Rico reached 8.8% in 1999; 12% of underemployed workers were in trade, 23% in domestic and personal services, and 10% in other services.

The unemployment rate, which has stood between 12% and 14% over the last several years, reached a record low of 10% in May 2000. However, the official unemployment rate in Puerto Rico is a serious undercount of the unemployed, as the data are based on those actively looking for employment and not on the real number of people out of the labor force.<sup>13</sup> In FY 2000 the number of persons out of the labor force totaled 1,517,000, which represents an increase of 45,000 persons compared to 1,472,000 in 1999. On the other hand, the number of persons in the civilian labor force declined by 7,000 from 1,310,000 in 1999 to 1,303,000 in 2000.<sup>14</sup>

## ILLITERACY

A problem that has recently attracted the attention of the media is the high rate of illiteracy among the Puerto Rican population. According to 1990 Census figures (the most recent data available), there were 373,336 persons, or 10.6% of the island's population age ten or older, who could not read or write in their own language (Spanish). Of a total of 78 municipalities, 59 have illiteracy rates over 10.6%. In these municipalities the illiteracy rate ranges between 16% and 28%. Experts on the subject estimate that in 1990 there were about 1.5 million functional illiterates who lacked the necessary skills to fill out employment applications or follow written instructions. Analyses of trends in the last three decades along with population projections suggest that the illiteracy rate on the island may increase to 11% by the current year. This problem is further exacerbated by the fact that Puerto Rico lacks sufficient literacy programs; only 11 such programs exist island-wide.<sup>15</sup>

## HOUSING AND HOMELESSNESS

Large numbers of Puerto Ricans live in low-income communities that face deterioration of the physical environment, have substandard housing units, and lack basic infrastructure, like a sewage system. The houses in these poor communities are made either of mixed materials (wood and cement) or wood with zinc roofs. The issue of land titles is another serious problem faced by

residents of low-income communities, since many dwellers never acquired legal title to the land on which their houses have been built.<sup>16</sup>

Government data indicate that close to 70% of households spend over 30% of their income on housing, while 40% of the total households experience a severe cost burden, paying more than 50% of their income on housing. This group is at great risk of losing their homes and becoming homeless.<sup>17</sup>

An issue that has been largely ignored by researchers and policy-makers alike is the possibility of displacement for families who live in Section 8 multifamily project-based dwellings. Project-based Section 8 provides subsidies tied to specific properties rather than tenants; the properties themselves remain subsidized. Long-term contracts with private owners are now expiring, and owners may opt out to convert their properties into rent-to-market. This situation creates uncertainty among Section 8 tenants who fear losing their housing security.<sup>18</sup> During the next four years (2000-2004), 287 project-based property contracts will expire, totaling 11,928 subsidized units.<sup>19</sup>

There is a growing segment of the population in Puerto Rico with no stable residence or place to live. According to estimates by both public agencies and nonprofit organizations, there are approximately between 11,000 and 15,000 homeless persons in Puerto Rico. The same sources note that the number of homeless persons under 23 years of age appears to be on the rise. A disturbing observation made by service providers is that they are now seeing an increasing number of homeless adolescents aged 13-15 with substance abuse problems.<sup>20</sup>

## POVERTY

The issues discussed above underscore that poverty is a significant social problem in Puerto Rico. According to the 1990 Census (the most recent source of these data), the median income for all families was \$9,988, well below the federal poverty threshold of \$12,674. In that year, 59% of the total population of 3,522,037 lived below the poverty level. The proportion of families living below the poverty threshold was 55%. In 29 municipalities, the poverty level was even higher, ranging between 70% and 82%.<sup>21</sup>

Classifications by family structure and gender indicate that poverty is significantly higher for female-headed households. In 1990, the median family income for two-parent families was \$11,954 while the median income for female-headed families was only \$6,194. Such families are much more likely to be poor than other families, especially if they have children under 18 years of age. In 1990, the poverty rate for female-headed families was 69.9%. Over two-thirds of children in Puerto Rico were poor.<sup>22</sup>



Low educational attainment is another factor associated with poverty. In 1990, the poverty rate for persons without a high school diploma was 64%; for those who had attained high school, 52%; and those with a college degree, 19%. Interestingly, the poverty rate for people with a high school diploma slightly increased between 1980 and 1990.<sup>23</sup>

One consequence of high rates of poverty, unemployment, and illiteracy, especially among female single-parent families, is the need to rely on public assistance programs for survival. It is precisely these programs that have been targeted for reduction and eventual elimination.

The factors presented in this socioeconomic profile illustrate that the environment in which welfare reform is being implemented in Puerto Rico is quite different from that of the mainland United States, in which welfare reform legislation was crafted. In particular, positive labor market conditions, low unemployment, and the strength of the overall economy are critical precursors for welfare reform's success. Given that the centerpiece of welfare reform is an emphasis on work and movement into the labor force, the economic indicators discussed above suggest that TANF program recipients affected by time limits will have an especially difficult time simply getting a job. Poverty reduction, which is not a goal of welfare reform, and economic improvements overall for women and their children will be even more elusive.

## PUBLIC POLICY

Another issue to consider in the discussion of welfare reform implementation is the current political and policy environment in Puerto Rico. From 1992 - 2000, public policy in Puerto Rico has been directed toward a redefinition of the role of the state from administrator and major provider of public services to one less engaged in the public sector. The government followed two major strategies to change its role.

First, it sought to reduce the size of the public sector through privatization of public services. Historically, services like electricity, telephone, water, mass transportation, and education, as well as health care clinics and hospitals that serve low-income populations, have been owned and administered by the state government. Since the early 1990s, the government has either transferred or sold some of these services to the private sector. For instance, in 1992, the Department of Housing transferred the management of public housing projects to private companies. Similarly, in 1997, the governor signed a law that allows for the privatization of the public health care delivery system. Since then, public hospitals and health clinics have been sold to private companies through the government's health reform initiative. In addition, in 1998, despite massive opposition from the Puerto Rican population and a workers' strike, the Puerto Rico Telephone Company was sold to GTE, a U.S.-based company. A year later, the government transferred the administration of Puerto Rico Waterworks to Vivendi, a France-based company.

A second strategy that the previous administration used to re-shape government's role was the promotion of the reduction and elimination of social wel-

fare, particularly the Nutritional Assistance Program (PAN, Spanish acronym) and Economic Aid to Families with Dependent Children. In reference to the Nutritional Assistance caseload (the largest of all public assistance programs in Puerto Rico), former Governor Pedro Rosselló stated that his administration's goal was to “reduce the caseload to zero, that is the goal, that would be ideal and perfect” (“lograr reducirlas a cero, esa es la meta, eso es lo ideal y lo perfecto”).<sup>24</sup> Indeed, the number of participants in this program declined by 26%, from 1,480,547 in 1992 to 1,089,592 recorded for April 2000. Public policy discourse on the island has revolved around a strong economy with plenty of jobs available to end dependency. No mention is ever made of labor market conditions and significant poverty among the population in Puerto Rico.

Such rhetoric will be difficult to maintain, in light of substantial job losses in the manufacturing sector and general agreement that the Puerto Rico economy needs a boost. The posture of the new administration in dealing with these socioeconomic challenges and continuing welfare reform implementation has yet to be seen.

### III. TANF ADMINISTRATION AND IMPLEMENTATION

Welfare reform is in the process of being implemented against the socioeconomic backdrop presented above, but other factors also determine how the program unfolds and its effects, particularly at the local level with individual women and their families. Logistically, the Administration for Socioeconomic Development of the Family (ADSEF, Spanish acronym) is the state agency responsible for the administration of the AFDC/TANF program.<sup>25</sup> It has ten island-wide regional offices (with 112 local offices) encompassing the 78 Puerto Rico municipalities, as shown below:

- ▶ Aguadilla Region: Aguada, Aguadilla, Isabela, Las Marías, Moca, Rincón, and San Sebastián
- ▶ Arecibo Region: Arecibo, Barceloneta, Camuy, Ciales, Florida, Hatillo, Lares, Manatí, Morovis, Quebradillas, and Utuado
- ▶ Bayamón Region: Bayamón, Cataño, Corozal, Dorado, Naranjito, Toa Alta, Toa Baja, Vega Alta, and Vega Baja
- ▶ Caguas Region: Aguas Buenas, Barranquitas, Caguas, Cidra, Comerío, Gurabo, and San Lorenzo
- ▶ Carolina Region: Canóvanas, Carolina, Loíza, Luquillo, Río Grande, and Trujillo Alto
- ▶ Guayama Region: Arroyo, Guayama, Patillas, Salinas, Santa Isabel, and Cayey

- ▶ Humacao Region: Ceiba, Culebra, Fajardo, Humacao, Juncos, Las Piedras, Maunabo, Naguabo, Vieques, and Yabucoa
- ▶ Mayaguez Region: Añasco, Cabo Rojo, Guánica, Hormigueros, Lajas, Maricao, Mayagüez, Sabana Grande, and San Germán
- ▶ Ponce Region: Adjuntas, Aibonito, Coamo, Guayanilla, Jayuya, Juana Díaz, Orocovis, Peñuelas, Ponce, Villalba, and Yauco
- ▶ San Juan Region: Guaynabo and San Juan (includes Río Piedras and Cupey)

The regions are distributed among eight intermediary agencies whose main responsibility is to provide case management services to TANF recipients (see Appendix C).<sup>26</sup>

ADSEF consists of four assistance programs: a) Temporary Assistance for Needy Families, b) Nutritional Assistance, c) Employment Opportunities for Nutritional Assistance Participants, and d) Family Economic and Social Rehabilitation. Each program has its own director, budget, and regulations.

The TANF Program provides economic assistance to low-income families with children (AFDC category). It also provides economic aid and services to the elderly, the blind, and the physically or emotionally impaired (ABD categories). These categories prevail since Puerto Rico was not included in the original Supplementary Security Insurance Program (SSI) or in subsequent amendments of the law. Also, through the assignment of state funds, financial aid is given to adults who are temporarily and fully disabled (G category) and to children living with non-legal guardians (T category).

TABLE 1

**TANF OPERATING BUDGET 1998-2000 (dollars)**

FUNDS	1998 EXPENDED	1999 EXPENDED	2000 CURRENT	2001 RECOMMENDED
State Funds	36,180,000	31,498,000	38,822,000	38,445,000
Federal Funds	88,862,000	89,091,000	89,484,000	89,484,000
Total	125,042,000	120,589,000	128,306,000	127,929,000

Source: Summary of Puerto Rico Budget ([www.presupuesto.prstar.net](http://www.presupuesto.prstar.net))

The total amount of the block grant for Puerto Rico is \$71,562,501 for the period 1997-2000. Funds received from the federal government are matched with state funds at a ratio of 75:25. The total FY 2000 operating budget (state and federal) for the program was \$128,306,000 of which \$38,822,000 comes



from the General Budget (state funds). Almost 70% (\$89,484,000) of the program budget comes from federal funds.

Implementation of TANF is divided into two programmatic phases, as follows:

- ▶ Phase I consists of an initial interview to determine eligibility of applicants and the signing of a contract (Individual Responsibility Plan) whereby the applicant agrees to comply with program requirements and case management efforts. The local office staff of ADSEF is responsible for this phase of the program.
- ▶ Phase II begins when applicants sign the contract. They are then referred to a “delegate” or intermediary agency responsible for case management services. As case manager, the delegate agency performs needs assessments, develops individual plans, manages employment and/or work activities, monitors participants’ progress, and recommends the application of sanctions for failure to comply with work requirements.

## **JOB PLACEMENT STRATEGIES**

Because the focus of the welfare reform law is on work and on moving welfare recipients into the workforce, the TANF program, through the case management agencies, makes referrals to several job placement programs. These are:

- ▶ The Special Wage Incentive Program (SWIP) administered by ADSEF. This program, funded by the Nutritional Assistance Program, subsidizes intermediary agencies to provide employment placement services.
- ▶ The Vale-Empleo Program (Employment Vouchers) of the Administration for Commercial Development was created in 1996 to subsidize private sector employment. Under this program, the government pays half the wages of participants up to one year.
- ▶ The Welfare-to-Work Program (WtW) administered by the Human Resources and Occupational Development Council. Enacted under the Balanced Budget Act of 1997, its main objective is to provide transitional employment assistance to the hardest to employ TANF recipients (i.e., no high school diploma or GED, poor work history, and recent history of substance abuse). The employment activities provided are work experience, job creation, and on-the-job training. In addition to employment services, the program provides support services, such as childcare and transportation. The strategy utilized by the program is to provide job placement services through the existing Job Training Partnerships Act structures.<sup>27</sup>

## IV. AFDC/TANF PROGRAM CASELOAD CHANGES

In this section, the report examines AFDC/TANF caseloads, characteristics of recipients, work-related activities of recipients, and caseload changes. Between 1990 and 1999 the AFDC/TANF Category C program served 598,204 families and a total of 1,856,246 individuals.

TABLE 2

### TOTAL AFDC/TANF CASELOAD 1990-1999

FY	FAMILIES	RECIPIENTS
1990	58,953	183,440
1991	60,442	188,958
1992	61,412	192,861
1993	60,900	194,877
1994	59,443	191,297
1995	58,007	184,780
1996	51,680	172,431
1997	48,575	157,705
1998	43,845	146,597
1999	37,815	111,773

Source: Puerto Rico State Plan for Temporary Assistance for Needy Families (2000)

As of July 2000, 30,474 families and 88,152 individuals received cash assistance. Table 3 provides a breakdown of family caseloads by region.

As the data on Table 3 show, the San Juan (capital city), Ponce, Bayamón, and Arecibo regions have the largest share of TANF cases. While San Juan is mainly an urban setting, the other regions, including Ponce, are regions with urban centers, semi-rural areas, and rural areas. As the following sections show, this distribution poses some difficulties for employment opportunities for TANF recipients.

## PROFILE OF RECIPIENTS

With respect to gender distribution, AFDC/TANF caseloads have included a larger proportion of women compared to men. This is not surprising since women are typically the children's caretakers. According to ADSEF/TANF figures, women comprise 95% of all adult TANF recipients; the majority are in the 25-39-year-old age range. In terms of household size and structure, the average size of families remained constant at 3.1 persons over a four-year period, from 1994 to 1998, which according to TANF staff still prevails at the

TABLE 3  
TANF CASELOAD BY REGION, JULY 2000

REGION	CASELOAD	% TOTAL
San Juan	5100	16.7
Ponce	4344	14.2
Bayamón	4148	13.6
Arecibo	3418	11.2
Humacao	2775	9.1
Caguas	2578	8.4
Carolina	2276	7.4
Guayama	1999	6.5
Aguadilla	1932	6.3
Mayaguez	1904	6.2
Total	30,474	

Source: ADSEF/TANF Report of Cases by Region and Municipalities

present time. Almost nine in ten (88%) TANF minor recipients are between the ages of one and three. In about 65% of all TANF families, the youngest child ranges in age from three to 11 years.

With regard to educational attainment, data reported for 1999 indicate that 39% of adult recipients had completed high school or had some college education. Nevertheless, half (50%) had not completed high school. Of this group, 36% had nine years or less of schooling, while 14% had 10-11 years of education. The remaining 11% of cases were in the unknown category.<sup>28</sup>

According to recent available data on five regions (Guayama, Humacao, Bayamón, Arecibo, and Ponce), the proportion of TANF recipients with a high school diploma was approximately 37%. The Guayama region had the highest rate of program participants who had completed high school (68%). The breakdown of the remaining four is as follows: Humacao (41%), Bayamón (30%), Arecibo (33%), and Ponce (22%).<sup>29</sup>

In terms of benefit receipt, cash assistance to families has remained extremely low even though the cost of living has been on the rise in Puerto Rico for the last several years. In 1990, each TANF recipient (children) received \$32.00 per month, a sum that increased slightly to \$34.00 in the last several years. The adult guardian receives \$24.00 a month. As an example, a family composed of an adult and three children receives \$120.00 a month plus Nutritional Assistance and subsidies for utilities and telephone services.

## CASELOAD CHANGES

In the last decade, Puerto Rico has been experiencing a sharp decline in welfare caseloads. The following tables reflect the changes in the number of recipients and families affected by welfare reform.

As these data show, in a ten-year period the number of families receiving assistance dropped by 36%. The number of individual recipients declined by 41%, from 188,958 to 111,773.

TABLE 4

**AFDC/TANF CASELOAD CHANGES  
1990-1999**

<b>CASELOAD</b>	<b>1990</b>	<b>1999</b>	<b>% CHANGE</b>
<b>Families</b>	<b>58,953</b>	<b>37,815</b>	<b>-36%</b>
<b>Recipients</b>	<b>188,958</b>	<b>111,773</b>	<b>-41%</b>

Source: Puerto Rico State Plan for Temporary Assistance for Needy Families (2000)

As the data on Table 5 indicate, between 1990 and 1996 (prior to the enactment of PRWORA), Puerto Rico reported a 12% decline in family caseloads. The actual number of individual recipients dropped by 31,253 (17%).

TABLE 5

**AFDC/TANF CASELOAD CHANGES  
1990-1996**

<b>CASELOAD</b>	<b>1990</b>	<b>1996</b>	<b>% CHANGE</b>
<b>Families</b>	<b>58,953</b>	<b>51,680</b>	<b>-12%</b>
<b>Recipients</b>	<b>188,958</b>	<b>157,705</b>	<b>-17%</b>

Source: Puerto Rico State Plan for Temporary Assistance for Needy Families (2000)

Since 1997 the number of families receiving cash assistance dropped by 35% from 46,965 in 1997 to 30,474 recorded for July 2000, as shown in Table 6. Compared to the 1990-1996 period, the reduction of cases has accelerated in the last three years.

TABLE 6

**AFDC/TANF CASELOAD CHANGES,  
JULY 97 AND JULY 2000**

<b>CASELOAD</b>	<b>JULY 1997</b>	<b>JULY 2000</b>	<b>% CHANGE</b>
<b>Families</b>	<b>46,965</b>	<b>30,474</b>	<b>-35%</b>
<b>Recipients</b>	<b>141,215</b>	<b>88,152</b>	<b>-38%</b>

Source: ADSEF/TANF Report of Cases and Recipients

The number of children receiving assistance dropped from 103,603 to 63,093, or 40,510 fewer cases (39%) between July 1996 and June 2000.

More recently, for the period January to August 2000, TANF caseload regional changes show that the San Juan and Carolina regions experienced larger caseload declines compared to other regions. By contrast, the Bayamón region experienced a slight increase in caseloads during the same period, as Table 7 shows.

TABLE 7  
TANF CASELOAD CHANGES BY REGION,  
JANUARY-AUGUST 2000

REGION	JANUARY	AUGUST	% CHANGE
San Juan	5753	5071	-11.8
Ponce	4697	4354	-7.3
Bayamón	4033	4101	+1.6
Arecibo	3680	3378	-8.2
Humacao	2890	2775	-3.9
Caguas	2719	2576	-5.2
Carolina	2540	2269	-10.6
Guayama	2097	2009	-4.1
Aguadilla	2313	1926	-4.3
Mayaguez	1959	1886	-3.7

Source: ADSEF/TANF Report of Cases by Region and Municipalities

## CASE CLOSURES AND REASONS

Data gathered by ADSEF indicate that the major reasons for families leaving welfare rolls in 1999 were:

- ▶ Failure to comply with program rules (36.7%)
- ▶ Employment or excess of earnings (15.2%)
- ▶ Youngest child reached the age limit for welfare receipt (9.1%)

However, Puerto Rico reported 28.6% of closures due to “other” reasons. According to ADSEF/TANF staff, the “other” category generally means voluntary closures; that is, recipients leave welfare voluntarily.

If one compares reasons for case closures in 1995 and 1999, several important changes are evident. First, the proportion of recipients who left the system because of “other” reasons and were placed in that category increased

TABLE 8

## CASE CLOSURES BY REASONS, FY 1995 AND 1999

REASONS FOR CLOSURES	1995	1995	1999	1999
	N	%	N	%
Families	58,953		51,680	-12%
Employment and/or excess of earnings	2,156	11	2095	15.2
Marriage	524	2.7	356	2.5
Federal 5YR time limit	0	NA	0	0
Sanctions	0	NA	0	0
Excess unearned income	468	2.4	201	1.4
Youngest child too old to qualify for assistance	2,400	12.3	1265	9.1
Minor child absent from home (extended period)	1,175	6	847	6.1
Failure to appear at eligibility re-determination appointment, submit required verification material, cooperate with eligibility requirements	10,075	51.7	5058	36.7
Other	2,688	13.7	3936	28.6
<b>Total Case Closures</b>	<b>19,486</b>		<b>13,758</b>	

Source: ADSEF/TANF Caseload Reduction Report

by 38%, or 1,248 more cases in 1999 than in 1995. According to ADSEF staff, more people are now leaving welfare voluntarily to avoid work requirements mandated by the 1996 law. Second, case closures for failure to comply with program rules have been drastically reduced from 10,075 in 1995 to 5,058 in 1999 or by 51%. Third, the percentage of cases closed by employment or excess in earnings increased slightly. This category comprised 11% of all cases in 1995, while in 1999 it comprised 15.2% of all cases.

## V. EMPLOYMENT OF TANF RECIPIENTS

In keeping with the work-first approach, Puerto Rico requires TANF participants to engage in an up-front individual job search that begins immediately after benefits are authorized. This process involves mandatory registration with the Department of Labor with guidelines to contact five employers within a 30-day period.

These steps must be taken before the initial interview with case management agencies. As previously noted (Section III), Puerto Rico shifted responsibility for case management and employment placement to “delegate” private agencies. At the initial interview with the delegate agencies, participants must

submit signed job search and action plan forms. Once the proper documents are submitted, the case manager proceeds to perform an initial interview or evaluation interview that gathers information/data about the recipient. This includes household size, health, age, education, housing, transportation, and other related information. The initial interview must be completed within a 30-day period after authorization of benefits.

Under TANF provisions, recipients are permitted to participate in a variety of work activities that can be divided into primary activities and secondary activities. The primary activities include: 1) employment (unsubsidized and subsidized), 2) work experience, 3) community service, 4) on-the-job training, 5) job search and readiness, 6) vocational training for up to a 12-month period, 7) childcare service, and 8) school attendance (for teen parents under 18 years of age).

Participants who have met the required 30 hours of participation in primary activities are allowed to engage in three secondary activities: job skills training directly related to employment, educational training related to employment, and high school or GED programs for drop-outs.

One difficulty reported by delegate agencies in their monthly reports is that TANF recipients generally fail to bring the required job search forms and the Department of Labor's registration card. Recipients indicate that they do not receive information about such forms and/or procedures at ADSEF local offices. Participants are asked to register at the Department of Labor, and a second appointment is made to conduct the initial interview. Once this is done, an employability plan is made for each participant who is then assisted in a job search. Job preparation workshops include training on the following issues or skills: looking for a job, filling out an employment application, interview skills, values and attitudes necessary for a successful job search, what employers look for in job applicants, and employers' job requirements. It is then that recipients engage in a guided and closely monitored job search that involves referrals to prospective employers.

## **BARRIERS TO EMPLOYMENT**

TANF adult recipients who meet work requirements face certain barriers that inhibit employment opportunities. These include:

- RELATIVE LOW EDUCATIONAL ATTAINMENT.** A considerable proportion of adult recipients lacks a high school diploma at a time when educational preparation is a requirement of the labor market.
- LACK OF EMPLOYMENT OPPORTUNITIES.** Because of limited education and skills, the jobs they qualify for and hold tend to be low-paying and unstable. As discussed, recent data indicate that the labor market appears to be shrinking, and job opportunities have become more limited.
- TRANSPORTATION ISSUES.** TANF recipients residing in semi-rural and rural areas face transportation difficulties. In some areas, reliable public



transportation is not available after 2 p.m. or even earlier. In addition, participants must walk long distances from their homes to the closest area to board transport.

- CHILD CARE SERVICES.** Another barrier face by TANF recipients is lack of sufficient childcare services, particularly in the rural areas. Recipients receive orientation on how to access ADFAN funds for childcare services. However, delegate agencies report that recipients have difficulty receiving proper service due chiefly to delays in payments to childcare workers. Another issue associated with children and employment of parents is that the Administration for Family and Children only pays for childcare services for children under 13 years of age. Moreover, parents who leave children aged 13-17 unattended may face removal of children from the home because of negligence. Hence, TANF single mothers are caught between two contradictory family policies.
- EMPLOYER RELUCTANCE TO HIRE TANF RECIPIENTS.** According to reports, employers tend to be disinclined toward hiring TANF recipients because of their lack of skills and employment history. Many employers require a high school diploma even for unskilled jobs, such as maintenance.
- LACK OF MOTIVATION.** At least three delegate agencies report that TANF participants - especially those living in urban centers - lack interest and motivation to engage in job search and program activities.

These barriers affect the employability of participants and the types of jobs for which they are eligible.

## TANF PARTICIPANTS AND JOBS

Although it was not possible to obtain data on jobs for the most recent, complete year, a review of monthly reports provided insights into employment of TANF recipients.<sup>30</sup> Data for the month of May 2000 illustrate the trends in employment and wages of the TANF population. During that month, a total of 10,834 recipients island-wide were active in case management services. Of these, 3,541 (33%) participated in work activities as defined by the PRWORA law.

Of those participating in work activities, 27% were in jobs; 41% participated in job search; 15% participated in community service; and 15% participated in vocational/technical training. The remaining 2% participated in on-the-job training, childcare service, and/or work experience.

As shown on Table 9, eight regions had less than 50% of job placement. Of these eight regions, Mayagüez had the lowest rate at 6%. This region has been experiencing job losses, which according to the delegate agency serving the region is one of the barriers it faces in assisting TANF recipients to secure jobs. In fact, the Mayagüez Metropolitan Statistical area topped the list of 25



TABLE 9

## JOB PLACEMENT BY REGION, MAY 2000

REGION	NO. PERSONS IN WORK ACTIVITIES	NO. PERSONS IN EMPLOYMENT	% EMPLOYMENT PLACEMENT
Aguadilla	318	90	24
Arecibo	295	128	43
Bayamón	349	72	21
Caguas	260	96	37
Carolina	248	54	22
Guayama	352	68	19
Humacao	183	94	51
Mayagüez	325	21	6
Ponce	723	94	34
San Juan	488	247	51

Source: Case Management Monthly Reports

metropolitan areas in the United States which experienced job loss between June 1999 and June 2000.<sup>31</sup> The closing of Star-Kist Caribe, planned for May 2001, will cause 1,350 permanent layoffs in the area.<sup>32</sup> In 1990, six of the municipalities that compose the Mayagüez Region had poverty rates above 60%. Of the six, Guánica and Maricao had 76% of the population living below the poverty level.

The southern region in Puerto Rico where Ponce and Guayama are located has been experiencing a decline in jobs due to factory closings.<sup>33</sup> For example, over the last four years, 45% of industries promoted by the Puerto Rico Industrial Development Corporation (PRIDCO) closed down operations. According to the president of the Association of Industrial Entrepreneurs of the region, there is no industrial growth in the southern part of the island where the unemployment rate is close to 20%.<sup>34</sup> Moreover, five out of 11 municipalities that compose the Ponce Region are among the poorest municipalities in Puerto Rico. These are: Orocovis, Adjuntas, Jayuya, Juana Díaz, and Villalba. The poverty rates in these municipalities range from 73% to 82%. Five out of six municipalities of the Guayama Region – Arroyo, Guayama, Patillas, Salinas, Santa Isabel – are also experiencing high unemployment rates.<sup>35</sup> Over 70% of the population in these municipalities lives below the poverty level.

The Aguadilla Region has two municipalities – Las Marías and San Sebastián – whose poverty rates were above 70% in 1990. The delegate agency serving the Caguas Region reports difficulties in securing jobs for TANF recipients

in the municipalities of Barranquitas and Comerío, due mainly to high unemployment levels. These two municipalities had poverty rates of 72% and 77%, respectively, that same year.

The Humacao Region poses an interesting case inasmuch as it has a 51% rate of job placement of TANF recipients. However, when one examines non-subsidized employment versus subsidized employment, about 60% of jobs secured were subsidized. Island-wide, slightly over half of jobs held by TANF recipients were subsidized, but such employment only lasts one year. According to information obtained in researching this report, it is common practice to lay off TANF recipients at the end of the one-year subsidy period.

For the same reporting month, 63% of recipients were not ready for work - that is, they were unprepared to engage in job search, let alone participate actively in wage labor. Of the ten regions, Bayamón had the highest percentage (94%) of clients who were not ready for work, followed by Mayaguez (83%), Humacao (69%), Arecibo (60%), and Aguadilla (56%). Of course, the number of recipients classified either as ready-to-work or not-ready-to-work fluctuates month by month. Nevertheless, the trend toward having larger percentages of clients not-ready-to-work seems to remain fairly constant. For instance, during February 2000, 64% of clients were in the not-ready-to-work category.<sup>36</sup>

An examination of case management reports indicates that the general trend among TANF recipients is to engage in jobs in the service sector, mainly as cooks, kitchen hands, crew members (fast food restaurants), clerks, cashiers (retail trade), private domestic workers, private childcare workers, and janitors. Some find clerical jobs as office clerks and secretaries.

With few exceptions, the hourly wages in these occupations range between \$4.00 and \$5.25; the majority offer an average hourly wage of \$5.15. At such a rate, a participant working part-time (20 hours/week) would earn \$103; for a 30-hour week, \$155; for a 35-hour week, \$180; and for a 40-hour week, \$206. Thus, a full-time worker earning minimum wage would have annual earnings of \$10,712; for a family of three this is still significantly below the poverty line. Moreover, these jobs typically do not offer benefits, such as health insurance. Another issue is the duration of jobs, especially in the current economic climate. It was not possible to ascertain whether the jobs secured by TANF participants are temporary or permanent since this information is not specified in case management reports.

## **HARD-TO-EMPLOY PARTICIPANTS**

Over 45% of TANF adult participants can be classified as hard-to-employ, someone (usually a woman) receiving benefits for at least 30 months, and someone who lacks a high school diploma.

Delegate agencies refer individuals who have been classified as hard-to-employ to the Welfare-to-Work Formula Grant Program (WtW), administered by the Human Resources and Occupational Development Council. Only one region, Arecibo, has a competitive WtW grant program administered by a nonprofit agency that takes referrals from this particular region.

From August 1998 to May 2000, a total of 4,295 adult TANF recipients were referred to the WtW Formula Grant Program. Of this number, 2,963 (69%) were accepted into the WtW program. Of those accepted into the program, almost one-third (928) had been placed in work activities, particularly work experience for 30 hours or more. Work activity is voluntary work without pay and should only last six months.

A problem identified by ADSEF staff is that once the six-month period of participation in work experience is over, participants are referred back to case management agencies. These agencies are unable to tend to the needs of WtW clients. The chief reason is that once a referral is made to WtW, the case is closed for case management purposes. Moreover, the case remains open at the ADSEF local office. In this respect, hard-to-employ recipients may be left without much-needed services.

In this connection, delegate agencies report that WtW delays for several months the acceptance or rejection of referrals made by case managers. For example, in February 2000, the Carolina Region reported that 70% of cases referred to WtW had not been acted upon since 1999.

According to the TANF program director, the WtW law was contradictory in nature. On the one hand, WtW was created as an additional resource to help the hard-to-employ segments of the TANF population. On the other hand, the law inhibited the program from offering education or training to those considered most needy and hardest to serve. For this reason, the WtW program only accepted those recipients who had the best probabilities to engage in work activities. In 2000, a new ruling allows WtW program participants to engage in educational programs such as GED programs.

Another contradiction between TANF program provisions and the WtW program is work requirements. Under TANF provisions, able-body recipients must engage in a work activity 30 hours a week. On the other hand, WtW only requires participants to engage in work activities up to 20 hours a week. Arrangements have been made to require WtW participants to engage in work activities 25 hours a week. Given that the new ruling allows recipients to participate in educational programs, the TANF program will add five hours of educational training to make up the 30-hour work requirement.

## VI. EFFECTS OF WELFARE REFORM: A PRELIMINARY ASSESSMENT

The data and information gathered thus far shed some light - albeit limited - on the effects of welfare reform on poor families in Puerto Rico, a majority of whom are headed by single women. The impacts can be summarized as follows:

### ► REDUCTION OF ROLLS REGARDLESS OF NEED

- ❖ Since welfare reform was enacted, families have been pushed off the rolls regardless of their need for assistance. As noted previously, 28.6% of the recipients who left welfare did so due to “other reasons,” that according to TANF staff means voluntary closures. A significant segment (36.7%) left because of sanctions for failure to appear at eligibility re-determination, submit the required documents, or cooperate with program requirements. The data indicate that many may be leaving TANF with little or no cash assistance.

### ► CHALLENGES WITH MOVING INTO THE LABOR MARKET

- ❖ TANF recipients, especially those with low levels of education, are unprepared to meet the demands of a labor market that increasingly requires a workforce with higher levels of skills.
- ❖ Up-front individual job search is not consistent with the needs and profile of TANF recipients who must be provided with job preparation training and guided job search. The TANF program fails to consider the skills or lack of skills of the recipient population.
- ❖ Due to transportation difficulties, recipients may find themselves without means of transport to and from places of work, which may result in job resignation or refusal to take jobs outside the municipalities or areas where they reside.
- ❖ WtW clients appear to get lost in the system since they are often left without the necessary supportive services, guided job search, and/or employment.

### ► LOW WAGES AND UNSTABLE JOBS

- ❖ TANF recipients find jobs in what is called the secondary labor market, which is characterized by low wages, poor working conditions, few opportunities for promotion, little or no job security, and few or no fringe benefits. They also enter a labor market that offers limited job opportunities for unskilled labor. Hence, TANF recipients entering wage labor join the ranks of the working poor.

- ❖ Information on wages suggests that earnings of employed TANF recipients are well below the poverty level (\$16,954 for a family with three children under 18 years of age in 1999). For example, a single mother with three children who works a 40-hour week, all year long, at a minimum wage of \$5.15 will earn \$10,712. Those working 30 and 20 hours, year-round will earn \$8,034 and \$5,356, respectively. Considering that upon employment the system eliminates telephone and utilities subsidies and nutritional assistance if wages exceed income limits, employment does not readily translate into a reduction in poverty.
- ❖ TANF recipients who are placed in subsidized employment may face displacement once the one-year subsidy is up, thus joining the ranks of the jobless and the unemployed.
- ❖ The work-first strategy does not address the interaction of social forces that shape the ability of TANF recipients to engage in gainful employment: labor market conditions, education and skills of the TANF population, education and training opportunities, and support services (transportation and childcare). In recent years, employment opportunities, especially for people who have not obtained a high school diploma, have diminished. Recipients need training and extended educational programs that will facilitate their entry into the workforce and offer opportunities for mobility and progress.

## VII. NEXT STEPS

There are multiple areas and questions that deserve further investigation about the impact of welfare reform on families in Puerto Rico. In the first place, it would be useful to investigate TANF recipient experiences and views on welfare reform. This would help to identify their values, perceptions, and reactions to work requirements and time limits.<sup>37</sup>

Furthermore, it is necessary to get a richer sense of the multiple barriers – physical health problems, mental health problems, substance abuse, domestic violence – of the current TANF population and how these problems are dealt with in order to help them move into self-sufficiency.

Another area of further analysis is to examine women recipients who have left the welfare rolls. It would be especially illustrative to identify empirically their employment status and income after leaving welfare. Several questions arise in this connection: How many have remained employed one or two years after they left welfare? How many experience hardships like food shortage or problems with rent and utilities payments? Does a reduction in TANF rolls mean poor recipients have experienced improvement in their economic well-being? Equally important would be to explore the perspectives of employed welfare leavers in various types of work settings, such as

clerical work, maintenance jobs, retail trade, fast food, and micro-enterprises. Another dimension that deserves investigation is case re-openings or recidivism owing to a return to the TANF program.

The consequences of welfare reform on families and children in Puerto Rico is also an area that merits further study. Welfare reform not only affects adult individual recipients but also their children. Several questions arise in this regard: How do children of welfare leavers fare under welfare reform? How do mothers who left welfare sustain their children? Do mandated work requirements translate into new role models for children?

One issue that has received little attention is the role of community-based organizations that provide social services to low-income populations in Puerto Rico. The declines in public assistance and the weakening of the economy, as well as the approach of time limits, suggest that these organizations will be called upon further to fill the gap in terms of responding to the needs of poor families. Yet, it is not clear whether the resources to these organizations, from private and other sources, have increased and whether they will continue to be able to meet the demands placed upon them.

Other research gaps to fill include a detailed study that combines ethnographic and statistical analyses to determine the exact impact of welfare reform on women and families. In this regard, research must take a closer look at urban and rural differences in the ADSEF ten-region areas in terms of local labor market conditions, barriers to employment, conditions of living, and regional culture.

In terms of public policy, information obtained from interviews and this research suggests that the continued implementation of welfare reform could be less detrimental to families in Puerto Rico by creating alternative sources of employment. For example:

- ▶ Assisting recipients to become transportation providers in rural areas. Without transportation solutions, TANF recipients in some communities cannot reach the jobs that are available.
- ▶ Establishing childcare centers administered by former TANF recipients. The TANF program, for instance, helped recipients establish a childcare center in an isolated community of Adjuntas, a highland municipality, but more of these efforts are needed.
- ▶ Promoting the development of micro-enterprises owned by TANF recipients. Currently, there are several such initiatives in Puerto Rico, such as “Home Aides” and a “Seamstresses Project,” both organized by the Department of the Family. The Seamstresses Project is expected to grow into a cooperatively-owned apparel enterprise.



Finally, with the reauthorization of welfare reform slated for 2002, it is critical that the issues that Puerto Rico faces also be included in the Washington, D.C. policy debates. Policy-makers must recognize that the law has different meaning in an area that averages an unemployment rate four times that of the U.S. and its 50 states. In addition to the gaps in skills and education that are characteristic of TANF recipients in Puerto Rico, the labor market and overall economy have not been able to absorb even those workers with education, high skills, and experience. In this sense, some TANF law provisions need to be adjusted to fit this reality, especially those related to time limits and education and/or training. Based on the experience of the TANF program in Puerto Rico to date, recipients should be given an extension of the federal time limits, and education and workforce development programs should be of sufficient duration in order for individuals to achieve self-sufficiency and independence. Moreover, welfare reform cannot be implemented in a vacuum separate from other economic development strategies; Puerto Rico's overall economy needs a stimulus to boost both job growth and workers' wages.

# ENDNOTES

1. In Puerto Rico, the AFDC/TANF program is still known as Bienestar Público, which means public well-being.
2. In 1968, the Public Economic Assistance program was transferred from the Health Department to the newly-created Department of Social Services, which was responsible for all social welfare programs in Puerto Rico, including vocational rehabilitation and the Commission on Children.
3. For a summary and brief assessment of PASOS, see, Rodriguez, Eric and Deirdre Martinez, *Latinos and JOBS: A Review of Ten States and Puerto Rico*. Washington, DC: National Council of La Raza, January 1995.
4. For instance, see Colón Reyes, Linda I., “Las transformaciones en el “welfare state” norteamericano y su impacto en la pobreza en Puerto Rico,” (article distributed at the “Congreso sobre los Derechos de los Niños y Adolescentes,” December 14-16, 1998, San Juan, Puerto Rico). In addition, Legal Services of Puerto Rico has undertaken efforts to inform its clients of the changes in welfare reform law, and has sponsored seminars and produced materials toward this end. Two additional reviews of welfare reform in Puerto Rico include, Pérez Alvarado, Sonia M., “Reforma de bienestar social y su impacto en la familia con niños,” in *Revista Jurídica de la Universidad Interamericana de Puerto Rico*, Vol. XXXIII, enero-abril, 1999, No. 2; and Pérez, Sonia M. and Eric Rodriguez, “Mejorando los resultados de la reforma del sistema de bienestar para las mujeres latinas: evaluando la implementación y los siguientes pasos para la política pública,” (prólogo) in Hernández-Angueira, Luisa, *Mujeres Puertorriqueñas, “Welfare” y Globalización*, Hato Rey, Puerto Rico: Publicaciones Puertorriqueñas, 2001.
5. These studies were undertaken by Carmen Guemárez and Eileen Segarra Alméstica of the University of Puerto Rico, as cited in, “Auguran un deprimente cuadro social,” *El Nuevo Día*, 29 de enero de 2001, p. 6.
6. Media outlets have reported that since the beginning of 2001, more than five thousand jobs have been or will be lost due to plant closings and manufacturing declines. See, for example, “Golpe bajo para la industria manufacturera,” *El Nuevo Día*, 8 de febrero de 2001, p. 63.
7. This information was obtained from several *El Nuevo Día* newspaper articles: Colón, Wilma, “Más caro el servicio telefónico,” 1 de junio de 2000, p.8; Trinidad, Pablo, “Aumenta el índice de precios al consumidor,” 22 de junio de 2000, p.66; and Trinidad, Pablo, “Sin freno el alza en el costo de la gasolina,” 25 de junio de 2000, p.13.
8. Puerto Rico Department of Labor, *Participación de la mujer en la fuerza laboral*, San Juan, 1999.
9. Puerto Rico Department of Labor, *Empleo Asalariado No-Agrícola en Puerto Rico*, San Juan, mayo 2000.
10. The Puerto Rico economy underwent dramatic changes over the latter half of the 20th century; the island moved from an agrarian society to an industrial economy dominated by manufacturing to a service-oriented economy. The manufacturing industry in turn,



had three stages of development. The first (1950 through mid-1960s) saw the development of light, labor-intensive manufacturing industries. The second (mid-1960s through mid-1970s) was oriented toward capital-intensive industries such as petrochemicals. The third (late 1970s through mid-1990s) was characterized by the establishment of high-technology manufacturing industries like electronics and pharmaceuticals. Changes in manufacturing industries were accompanied by an expansion of the service industry that accelerated during the last 20 years.

11. op. cit., *Empleo Asalariado No-Agrícola en Puerto Rico*.
12. Ibid.
13. Some economists, like Fernando Zalacain and José Alameda, contend that lower unemployment rates can be attributed to a reduction in job creation, which has resulted in people leaving the labor force. They further point out that the labor market exhibits a pattern of limited growth in new jobs. See, *El Nuevo Día*, Trinidad, Pablo, "Estancado el mercado laboral," 17 de marzo de 2000, p. 139; Trinidad, Pablo, "Estancado el crecimiento del empleo en junio," 22 de julio de 2000, p. 54; and Trinidad, Pablo, "Débil el mercado laboral de la isla," 30 de junio de 2000, pp. 6-7.
14. Trinidad, Pablo, "Débil el mercado laboral de la isla," *El Nuevo Día*, 30 de junio de 2000, p. 7.
15. For detailed information see Colón, Wilma, "Media población analfabeta," *El Nuevo Día*, 25 de junio de 2000, p. 5.
16. For further details on this issue, see Boujouen, Norma and Sonia M. Pérez, "The Study of the Determinants of Hispanic Participation in Federally-Funded Housing Programs: An Analysis of San Juan, Puerto Rico." Report prepared for the National Hispanic Housing Council, Washington, DC, February 2000.
17. Puerto Rico Consolidated Five-Year Strategic Plan (1995-2000).
18. Boujouen and Pérez, op.cit, report that participants of focus group interviews on federally-funded housing programs in San Juan City stated deep concern over possible housing displacement from Section 8 project-based housing projects.
19. Data obtained from the Housing and Urban Development (HUD) Multifamily Caribbean Program Center.
20. Colón, Wilma, "Jóvenes los que deambulan," *El Nuevo Día*, 24 de abril de 2000, pp. 4-6.
21. Census 1990, Table 12 (Income and Poverty Status in 1989 by municipality).
22. These data were obtained from two sources: Census 1990 and publications of Puerto Rico Planning Board.
23. See Rivera-Batiz, Francisco and Carlos E. Santiago, *Island Paradox: Puerto Rico in the 1990s*. New York, New York: Russell Sage Foundation, 1996.
24. Former Governor Pedro Rosselló made this comment during a press conference after the inauguration of an employment and micro-enterprise development orientation center located in a public housing project. See, Dávila, Jesús, "Destinado a desaparecer el PAN," *El Nuevo Día*, 23 de mayo de 1998, p. 4.

25. ADSEF is part of the Department of the Family, which consists of a Secretariat and several operational and programmatic components. In addition to ADSEF, major divisions include: Administration for Families and Children, Administration for Child Support, and the Administration for Vocational Rehabilitation. The Department of the Family replaced the Department of Social Services in 1995, in a reorganization plan implemented by then-Governor Pedro Roselló.
26. These agencies are American Management, Inc., Centro Sor Isolina Ferré, Community Services, Inc., Consorcio del Este, Poli-Tec de Puerto Rico, Inc., SER Jobs for Progress, Universal Career, Inc., and Vetelba, Inc.
27. The Workforce Investment Act (WIA) of 1998 replaced the Job Training Partnerships Act. The WIA requires states to consolidate their job training structures by creating "One-Stop" Career Centers for both job seekers and employers. The Centers will be administered by locally-appointed, business-led Workforce Investment Boards, made up of business, educators, community leaders, government, and trade representatives.
28. According to the Third Annual Report to Congress, Department of Health and Human Services, August 2000.
29. Data reported by delegate agencies to the TANF program.
30. Case Management Monthly reports examined: September 1999; January, February, May, July 2000.
31. For more information on this subject see Trinidad, Pablo, "Segunda la isla en la pérdida de empleo," *El Nuevo Día*, 9 de agosto de 2000, p. 59.
32. To these must be added the loss of employment indirectly linked to the tuna fish industry, such as land and sea transportation services, commerce, and other manufacturing companies. For a detailed analysis of the potential effects of the closing of Star-Kist in the Mayagüez region, see Trinidad, Pablo, "Cerca del fin de la industria atunera," *El Nuevo Día*, Negocios del domingo, 25 de marzo de 2001, pp. 12-15.
33. There is a broad body of literature on plant closings in the United States that document the detrimental effects on workers, families, and communities. Some of the ripple effects on communities are apathy, distrust, erosion of social relations, higher crime rates, and the closing down of businesses. Research on Puerto Rican women factory workers in Connecticut reveals that upon job displacement, women experienced subsequent employment instability, reduction in the standard of living, downward mobility, loss of economic independence, and feelings of anger, frustration, and resentment. See, Boujouen, Norma E., "Menea Esas Manos": Factory Work, Domestic Life, and Job Loss among Puerto Rican Women in a Connecticut Town, Ph.D. Dissertation, Anthropology Department, University of Connecticut, Storrs, CT, 1990. Unfortunately, research on factory closings in Puerto Rico is virtually non-existent.
34. Varela, Luis R., "Denuncian crisis de industrias en la region sur," *El Nuevo Día*, 21 de julio de 2000, p. 58.

35. Guadalupe, Hiram, "A veces sale más caro trabajar que vagar," *Primera Hora*, 13 de marzo de 2000, pp.2-3.
36. Data refer to employability plans prepared by delegate agencies.
37. Findings from a study on 50 TANF participants – residents of two public housing projects in San Juan – indicate that women were highly motivated to engage in gainful employment or self-employment. See, Guemárez Cruz, Carmen L. and Carmen A. Guzmán López, "Características socioeconómicas, destrezas laborales y conocimiento sobre la reforma de bienestar social de mujeres participantes en el programa de Ayuda Temporera a Familias Necesitadas," forthcoming, Special Publication of the Office of the President, University of Puerto Rico. This finding contradicts reports by TANF staff and delegate agencies that many recipients dislike the idea of entering the labor force.

# APPENDIX

## A. THE PERSONAL RESPONSIBILITY AND WORK RECONCILIATION ACT (PRWORA)

The Personal Responsibility and Work Reconciliation Act (PRWORA), enacted in 1996, brought dramatic changes to the welfare system. The PRWORA law represented a culmination of retrenchment policies in social welfare which began two decades ago with cuts in federal spending, changes in welfare programs, and repeal of Title IV Aid to Families with Dependent Children (AFDC) of the 1935 Social Security Act. The new law also abolished the JOBS program, a welfare-to-work program designed to help AFDC recipients move off welfare rolls into self-sufficiency.

The PRWORA law has three major goals: 1) to end dependence of needy families on government by promoting job preparation, work, and marriage; 2) to prevent and reduce out-of-wedlock pregnancies; and 3) to encourage the formation and maintenance of two-parent families. Central to welfare reform is the adoption of a "work-first" approach that emphasizes moving recipients off welfare into the labor force in a short span of time rather than education and training.

The 1996 law replaced AFDC and JOBS programs with the Temporary Assistance for Needy Families (TANF) block grant program that is being administered at the state level. The federal policy for the TANF program contains five key features: 1) work participation requirements and penalties; 2) time limits on benefits; 3) strict eligibility standards; 4) fixed amount of funding over a five-year period; and 5) devolution of policy responsibilities to the states. PRWORA not only eliminated JOBS and AFDC programs, but also made a number of changes in the Nutritional Assistance program. One set of changes affected eligibility requirements. Prior to the passage of PRWORA, anyone – regardless of citizenship status – with an income at or below poverty level was eligible to receive food stamps. Welfare reform barred most legal immigrants from receiving nutritional assistance. A second set of changes pertains to work requirements. Adults between the ages of 18 and 50 without children must work at least 20 hours per week in order to continue receiving nutritional assistance. Failure to comply with work requirements will result in a time limit of three months of food stamps in a 36-month period. Many states have now placed a five-year time limit to nutritional assistance receipt.

## B. MAJOR LAW PROVISIONS

Key components of federal TANF laws and Puerto Rico's current plan are as follows:

COMPONENT	TANF PROVISION	PUERTO RICO PLAN
<b>1. TIME LIMITS ON BENEFITS</b>	States cannot use federal funds to provide assistance to a family that includes an adult who has received assistance for 60 months (five years). States have the option to set lower time limits on the receipt of TANF benefits	Lifetime at 60 consecutive months.
<b>2. TIME LIMITS ON WORK REQUIREMENTS</b>	Adult recipients are required to participate in work activities within 24 months (two years). Work is defined by the states that have the option to set lower time limits on the receipt of benefits.	<p>Requires adult recipients (18 or older) who have been classified as "ready-to-work" to engage in work activities six months after receiving benefits. "Ready-to-work" refers to someone who has completed high school or GED and/or has employment experience for a period exceeding three consecutive months in the last 12 calendar months.</p> <p>Adult recipients classified as "not ready-for-work" are given 24 months (two years) to participate in work activities. These are individuals who have not completed high school or their GED, have little or no work histories, have been receiving cash assistance for 30 months, or are within 12 months of reaching their limits. Recipients are allowed to participate in educational/training programs up to 18 months, and the remaining six months are for job readiness and search.</p>
<b>3. WORK REQUIREMENTS</b>	Single-parent recipients are required to participate 30 hours per week in FY 2000 and thereafter. Two-parent families must work 35 hours per week. The bill allows mothers with children under age six to work 20 hours per week. States have the option to exempt single parents with children under age one for a total of 12 months.	<p>Work activities include: unsubsidized and subsidized employment, community service, work experience, on-the-job training, job search, vocational training (12 months), school attendance/GED program, and homemaker services.</p> <p>Single-parent recipients must work at least 30 hours per week (prior to year 2000, the law required single-parents to work at least 20 hours per week).</p> <p>Adult recipients in two-parent families are required to work 35 hours per week.</p> <p>Those exempt from participation include: single parents with children under age one; single parents who are caring for a disabled child; adults age 60 or older.</p>

COMPONENT	TANF PROVISION	PUERTO RICO PLAN
<b>4. MINOR RECIPIENTS</b>	Compulsory school attendance for minors under the age of 18.	Mandatory school attendance. By failure to comply with this rule, the needs of the caretaker will be excluded from the budget, and the minor dependent will receive assistance through a protective payment.
<b>5. INDIVIDUAL RESPONSIBILITY PLAN</b>	States are required to make an initial assessment of the skills, work experience, and employability of adult recipients. States may opt to develop an Individual Responsibility Plan (IRP).	Requires applicants and recipients to enter into written contracts (Agreement for Temporary Assistance or Individual Responsibility Plan) with the Administration for Socioeconomic Development of the Family. Puerto Rico utilizes what can be called a two-part Individual Responsibility Plan: Part One (Form 11) is an agreement between participants and TANF local office. By signing this contract, the recipients agree to cooperate and comply with program requirements. Part Two (Form 13) is a contract for case management services. The contract includes provisions to require immunizations of children, cooperation with case management agencies, school attendance of minor recipients, and cooperation with child support enforcement. Refusal to sign the agreement results in denial of assistance. Refusal to cooperate with case management agencies in delineating the Individual Responsibility Plan also results in denial of benefits. Noncompliance with work requirements results in cash reduction. To date, the sanctions have involved termination of cash assistance to custodial parents while the children continue to receive economic aid. However, Puerto Rico is planning to impose the maximum sanction of case termination (includes children) if parents fail to comply with work requirements.
<b>6. TEEN PARENTS</b>	In order to receive assistance, single teen parents are required to live with an adult (parents, relatives, legal guardians) or in an adult-supervised supportive living arrangement (i.e., foster home). Teen parents are also required to participate in educational or training activities.	Teen parents are required to live with their own parents or a legal guardian. Teen parents who have children three-months-old or older must attend school or a General Equivalency Diploma program.

COMPONENT	TANF PROVISION	PUERTO RICO PLAN
<b>7. COMMUNITY SERVICE REQUIREMENT</b>	Parents or caretakers who are not engaged in work are required to participate in community service employment after two months of benefit receipt. States may opt out of this requirement.	Puerto Rico elected not to enact the Community Service Provision due to limitation of funds. Puerto Rico allows participation in community service as a regular work activity.
<b>8. CHILD SUPPORT REQUIREMENTS</b>	States are required to operate a child support enforcement program whereby recipients assign rights to child support. States have the option either to deny assistance or reduce assistance of at least 25% to recipients who fail to cooperate with authorities in establishing paternity or obtaining child support.	Operates a Child Support Enforcement Program (ASUME, Spanish acronym). Failure to cooperate with establishing paternity or obtaining child support results in a reduction of benefits by a minimum of 25%.
<b>9. CHILD CARE</b>	Creates a new Child Care Development Block Grant (CCDBG) which provides additional resources for families moving off welfare.	The Administration for Socioeconomic Development of the Family coordinates with the Administration for Families and Children to provide child-care services to TANF participants.

Sources: Information obtained from Puerto Rico TANF Plan (revised 2000), ADSEF/TANF documents, and HHS TANF First Report to Congress (1998).

Below are other key provisions of Puerto Rico's TANF plan:

- ▶ TANF recipients are automatically eligible to receive health services under Puerto Rico's health reform (Health Card Program).
- ▶ Puerto Rico's eligibility and payment standards will be applied to recipients who come from another state or territory.
- ▶ Assistance to individuals who have been convicted of a drug-related felony under federal or state law is denied.
- ▶ Assistance to victims of domestic violence up to 12 months beyond the 60 months lifetime limit is provided.
- ▶ Pregnant women with no other children are excluded from receiving benefits.



## C. ADMINISTRATION FOR SOCIOECONOMIC DEVELOPMENT, PUERTO RICO DEPARTMENT OF THE FAMILY, TANF PROGRAM-LIST OF MUNICIPALITIES AND DELEGATE AGENCIES

REGION	MUNICIPALITIES SERVED	DELEGATE AGENCY
Aguadilla	Aguada, Aguadilla, Isabela, Las Marías, Moca, Rincón, San Sebastián	Consortio del Noroeste
Arecibo	Arecibo, Barceloneta, Camuy, Ciales, Florida, Hatillo, Lares, Manatí, Morovis, Quebradillas, Utuado	Community Services, Inc.
Bayamón	Bayamón, Cataño, Corozal, Dorado, Naranjito, Toa Alta, Toa Baja, Vega Alta, Vega Baja	Ser Jobs for Progress
Caguas	Aguas Buenas, Barranquitas, Caguas, Cidra, Comerío, Gurabo, San Lorenzo	Vetelba, Inc.
Carolina	Canóvanas, Carolina, Loiza, Luquillo, Río Grande, Trujillo Alto	Ser Jobs for Progress
Guayama	Arroyo, Guayama, Patillas, Salinas, Santa Isabel	Universal Career, Inc. (Ofic. Guayama)
	Cayey	(Ofic. Cayey)
Humacao	Ceiba, Culebra, Fajardo, Humacao, Juncos, Las Piedras, Maunabo, Naguabo, Vieques, Yabucoa	American Management, Inc.
Mayaguez	Añasco, Cabo Rojo, Guánica, Hormigueros, Lajas, Maricao, Mayagüez, Sábana Grande	Poli-Tec de Puerto Rico, Inc.
Ponce	Adjuntas, Aibonito, Castañer, Coamo, Guayanilla, Jayuya, Juana Díaz, Orocovi, Ponce, Villalba, Yauco	Centro Sor Isolina Ferré
San Juan	Cupey, Guaynabo, Río Piedras, San Juan	Vetelba Inc.



