

An Island in Crisis? A Statistical Portrait of Recent Puerto Rican Migration and Socioeconomic Outcomes between 2005 and 2015

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BACKGROUND

Puerto Rico's economic decline has become widespread news in recent years. While Puerto Rico is often considered culturally and linguistically distinct from the United States, its political and economic relationship with the United States has shaped Puerto Rican migration patterns since its colonial days.

Since 2006, Puerto Rico has faced multiple economic setbacks – the repeal of tax incentives, mounting debt, high unemployment, and weak economic institutions. The decade-long recession has led to the migration of working-age adults in search of job opportunities and better economic conditions.

Many point to the phasing out and of Section 936 of the IRS code as an event that may have contributed to the recent large out-migration of Puerto Ricans (Abel & Dietz, 2014). Section 936 helped bolster manufacturing activities through tax exemptions. The program expired in 2005. However, in 2010, the Puerto Rican government enacted the Tourism Development Act to facilitate and promote tourism projects and businesses.

This analysis specifically addresses the social and economic changes in Puerto Rico's population between 2005 and 2015.

- How has Puerto Rico's population changed? How many and who has left? Who is left behind?
- How have economic conditions on the island changed in terms of employment, earnings, and work opportunities for the Puerto Rican-born population residing on the island?

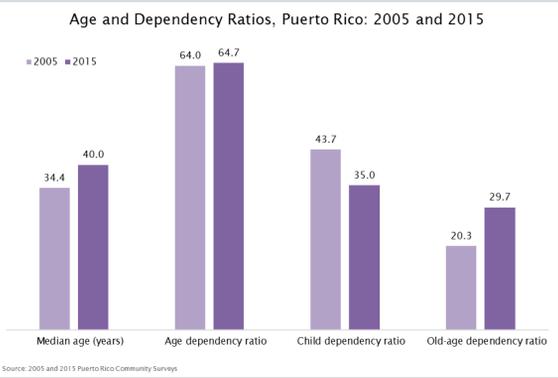
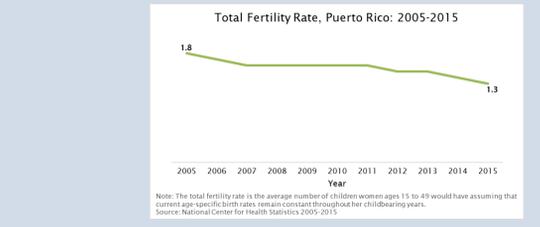
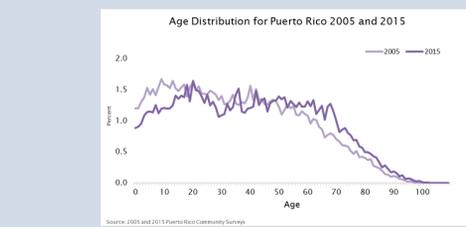
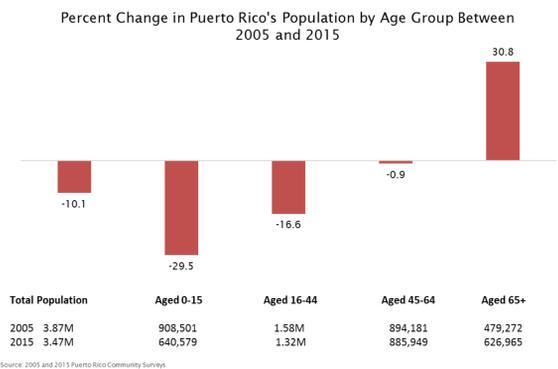
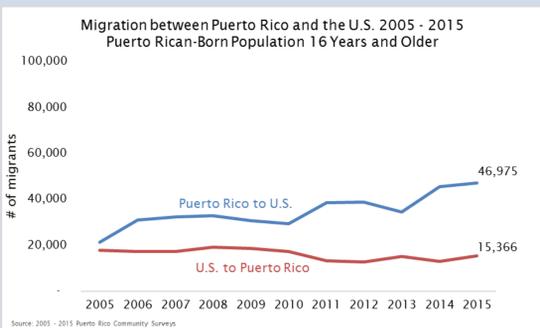
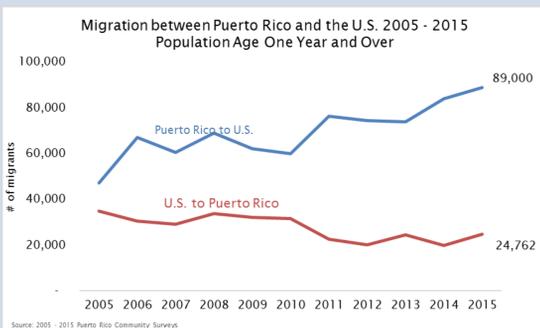
DATA

We use the 2005 and 2015 Puerto Rico Community Survey (PRCS) and the American Community Survey (ACS) 1-Year data sets to examine various individual level social and economic characteristics. We also utilize the Economic Census to examine selected business characteristics on the island between 2007 and 2012. For more information see www.census.gov/programs-surveys/acs/

Reference: Abel, Jason and Richard Deitz (2014). "The Causes and Consequences of Puerto Rico's Declining Population." *Federal Reserve Bank of New York Current Issues in Economics and Finance*, 20(4).

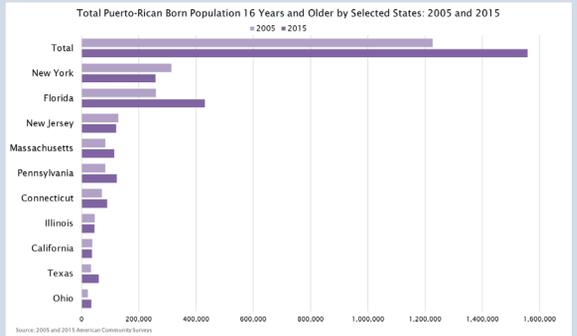
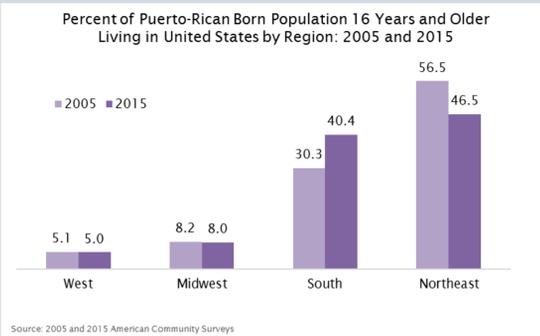
A population in decline -

Puerto Rico's population has been falling over the last decade and the pace has increased in recent years. About 89,000 people moved from Puerto Rico to the mainland United States in 2015, while only around 24,000 moved back to the island. Young people represent a disproportionate share of those who have migrated, leaving behind an older population. The island's natural population growth has also slowed due to declining fertility rates.



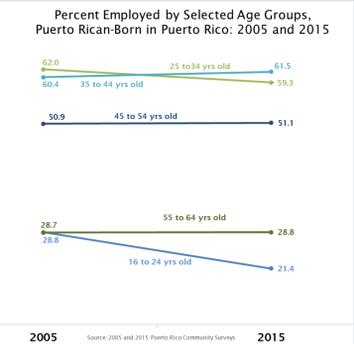
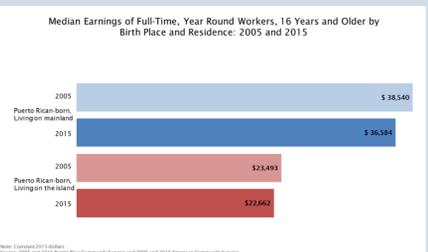
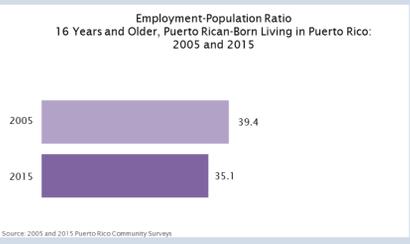
Areas of migration -

The Puerto Rican-born population 16 years and older are more likely to reside in the Northeast or South. However, recent population shifts suggests the number of Puerto Ricans migrating to the South is increasing. The number of Puerto Rican-born individuals 16 years and older living in Florida surpassed the number living in New York in 2015.



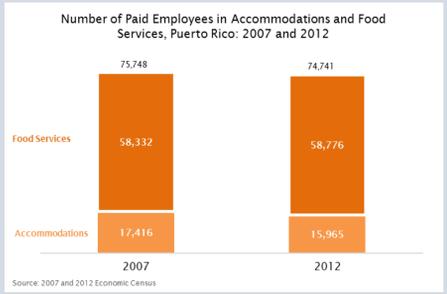
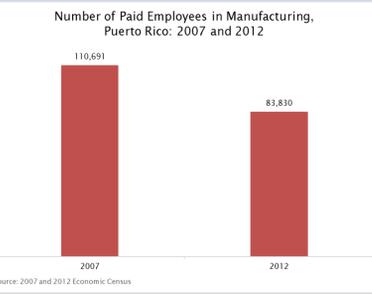
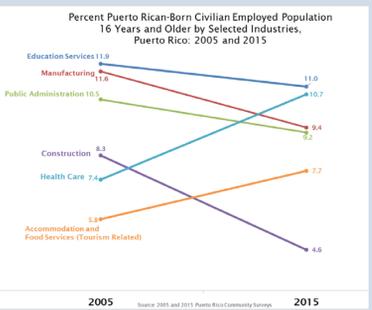
Stalled progress on the island -

Employment on the island declined over the last ten years. In 2015, over a third of the Puerto Rican-born population was employed. Compared with their Puerto-Rican born peers living in the U.S. mainland, median earnings among full-time, year-round workers were lower in both years. Puerto Rico's employment rate is the lowest for the island's youngest workers.



Industry and business outlook -

Employment in the manufacturing industry has declined, corresponding with employer reports of fewer paid employees at manufacturing establishments. Employment in the tourism related industries increased. Despite an increase in the number of paid employees in food services, tourism related industries as a whole saw a decrease in the number of paid employees.



SUMMARY

Puerto Rico's recent population loss over the last ten years presents a host of difficulties for the island. A smaller population translates into a smaller tax base to support government programs. In 2016, the Puerto Rico Oversight, Management, and Economic Stability Act (PROMESA) was enacted to enable the island to restructure its debt and rebuild its economy. Future research should further examine the characteristics of workers who have left and what that means for the longevity of the Puerto Rican economy and opportunities for younger workers.



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