CENTRO PARA RENOVACIÓN ECONÓMICA,
CRECIMIENTO Y EXCELENCIA

Inspiring Work

A Comprehensive Analysis of Welfare, Work, and Self-Sufficiency in Puerto Rico

August 2026


Photograph by: Ángel D. Carrasquillo Salgado, Portraits of Prosperity 2025

Centro para Renovación Económica, Crecimiento y Excelencia (Center for Economic Renewal, Growth and Excellence) is a non-partisan, non-profit organization in Puerto Rico that cultivates free market solutions to foster self-reliance, economic growth and social well-being.

Gaither International is a full-service marketing research and strategy firm in Puerto Rico, Latin America and the Caribbean.

CENTRO PARA RENOVACIÓN ECONÓMICA,
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Executive Summary

Puerto Rico faces the long-standing challenge of having the lowest labor participation rate in the United States, driven by structural poverty, limited economic opportunities, and widespread reliance on federal assistance programs. As noted in the report, "more than 38% of households depend on the NAP for food and nutrition support" and approximately "250,000 able-bodied individuals...are absent from the formal workforce."

Inspiring Work builds on CRECE's 2025 policy brief, *The Impact of the Welfare State on Puerto Rico's Labor Participation Rate*, to deepen understanding of the socio-economic, regulatory, and psychological factors that perpetuate long-term dependency. The study combines quantitative data from 500 able-bodied NAP recipients with qualitative interviews to identify barriers to employment, perceptions of welfare, and the conditions that would motivate beneficiaries to pursue formal work.

By combining robust quantitative data with deep qualitative personal accounts, this report moves beyond generalizations to provide a nuanced, evidence-based foundation for policy reform.

Key Findings

1. **NAP recipients are overwhelmingly financially vulnerable.** Nearly 73% reported household income below what they esteemed is needed to cover basic expenses, with almost half describing their situation as "well below." Respondents estimated they need $2,480 per month to meet basic needs—far above Puerto Rico's median household income.

2. **Most participants are willing and able to work.** A large majority (70%) stated they can work in any job, and 89% said they were contributing to household expenses through formal or informal work. However, average weekly hours remain low (18.7 hours), and many rely on sporadic employment.

3. **Dependency is deep and often intergenerational.** When asked what would happen without government assistance, 73% said they would face severe hardship, including 27% who said they would not survive. This reflects entrenched reliance on welfare programs over many years.

4. **The benefits cliff is a major deterrent to formal employment.** Over half (51%) fear that taking a formal job will worsen their financial situation due to reduced NAP benefits. And, 69% prefer a gradual reduction of benefits rather than an abrupt cutoff when transitioning to full-time work.

5. **Structural barriers and fear of losing benefits are encouraging informal employment and commercial activities.** Of the respondents, 66% said they engaged in informal income producing activities to make ends meet. On the one hand, their initiative shows entrepreneurial intent but, on the other hand, it reduces tax base and workforce. Lower income households (less than $10,000 a year) are more dependent on informal work, with 81% having at least one.

6. **Young men and women (between the ages of 18-34) are top priority segments.** Most of the male respondents (86%) said they were ready to work any job. Given their age, aspirations, and willingness, these groups are identified as top priority segments because they will likely take the most advantage of training and education programs and initiatives to pursue job opportunities, formal work, and social mobility. Keeping them engaged and motivated requires prompt action.

7. **Structural barriers limit upward mobility**. Participants cited low wages, limited job opportunities, high debt, childcare challenges, and bureaucratic obstacles as persistent barriers. Many fear losing the Medicaid-funded state health plan, known as Plan Vital, which provides health benefits to 76% of respondents.

Theoretical Insights

The study draws on frameworks such as Amartya Sen's Capability Approach, Seligman' Personal Agency Model, Human Capital Theory, and the Scarcity Mindset, all of which shed light on how poverty, limited opportunities, and welfare structures shape behavior, aspirations, and decision-making.

Policy Implications

The findings underscore the need for reforms that:

- Reduce the benefits cliff through transitional benefit models
- Prepare Puerto Rico for a potential transition from NAP to SNAP, which would eliminate structural funding caps and improve benefit responsiveness
- Expand technical training, financial literacy education, and transportation access
- Simplify regulatory barriers and reduce bureaucratic hurdles to work and entrepreneurship
- Strengthen work requirements paired with meaningful support services

Moreover, the analysis emphasizes the need to follow a phased, evidence-based approach to implement and measure reforms. The recommended approach prioritizes outcomes over programmatic activity. Key metrics should include:

- Increases in labor force participation
- Successful NAP-to-work transitions
- Growth in earned household income
- Workforce retention
- Reductions in long-term benefit dependency

Conclusion

Inspiring Work provides a comprehensive, evidence-based foundation for policy reform aimed at reducing dependency and increasing labor participation. By addressing structural barriers and creating incentives for work, Puerto Rico can expand economic opportunities, strengthen human dignity, and promote upward mobility for thousands of families.

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I. Introduction

As an unincorporated territory of the United States, Puerto Rico has the lowest labor participation rate in the country. Historically, it has faced high unemployment and limited market opportunities for workforce expansion. Migration to the continental U.S. has alleviated local unemployment pressures but it has also reduced the island's working age population. Recently, the influx of more than $69.5 billion in federal relief funds to mitigate damages from hurricanes and the COVID-19 pandemic have contributed to an increase in labor participation and reduced unemployment rates.

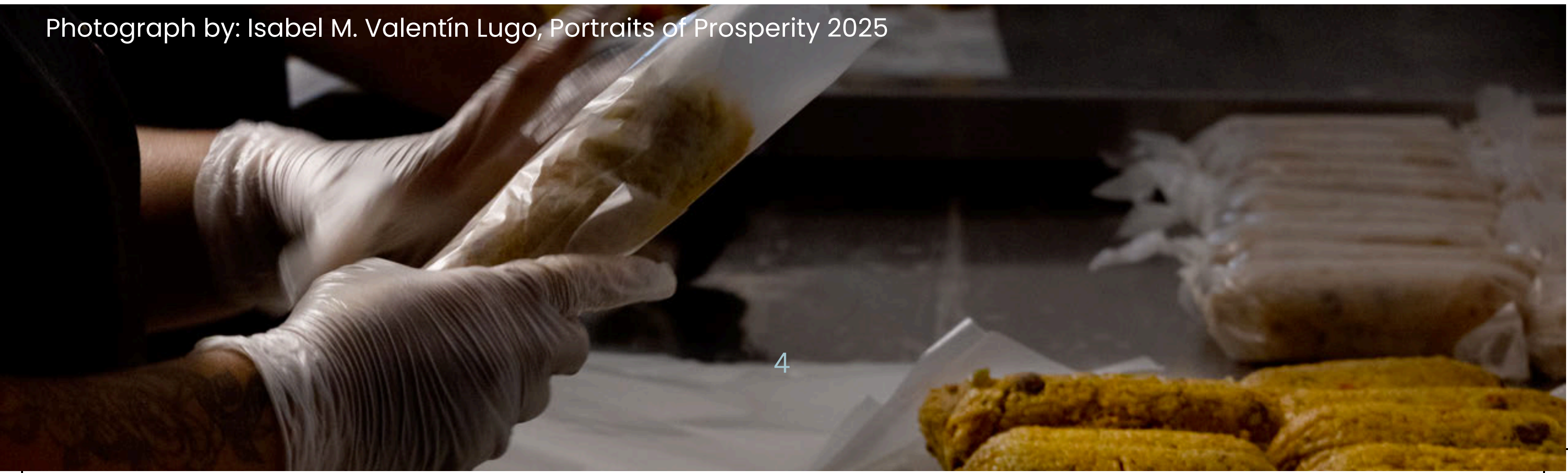
Despite these improvements, Puerto Rico's population is highly dependent on federal welfare programs for daily subsistence. Today, more than 38% of households depend on the federally funded Nutrition Assistance Program (NAP) for food and nutrition support, and approximately 250,000 able-bodied individuals within this segment of the population are absent from the formal workforce.

To address these challenges, CRECE set out to assess the relationship between welfare assistance programs and labor participation. In June 2025, CRECE, in collaboration with Intelligent Economics, an economics consulting firm, published a policy brief on the topic entitled, *The Impact of the Welfare State on Puerto Rico's Labor Participation Rate*. The study underscored the importance of balancing the government's policy to provide a safety net for citizens in need with the inherent right of individuals to be able to achieve economic independence through work. It also presented recommendations for policymakers to advance structural reforms in safety net programs that address barriers to employment and to create incentives for work.

Our June 2025 policy brief laid the foundation for *Inspiring Work*. We wanted to further understand the socio economic and regulatory conditions that perpetuate dependency. We also wanted to identify incentives to achieve self-sufficiency, particularly among able-bodied NAP recipients. By eliminating barriers and identifying incentives for nutrition assistance recipients to join the workforce, we aim to reduce welfare dependency, increase productivity, and improve the livelihood of residents on the island.

Inspiring Work synthesizes a mixed-methods study to answer critical questions: What are the existent barriers that prevent individuals from joining the formal workforce? What are their aspirations? And what policy changes would genuinely support their journey toward economic independence?

By combining robust quantitative data with deep qualitative personal accounts, this report moves beyond generalizations to provide a nuanced, evidence-based foundation for policy reform. Ultimately, the expectation is that the information provided herein helps strengthen advocacy efforts and promote policy reform enabling upward mobility for thousands of individuals and families on the island.


Photograph by: Isabel M. Valentín Lugo, Portraits of Prosperity 2025

CRECE's approach to this study was driven by several assumptions:

1. Work - or the act of creating, producing, and contributing to provide for oneself - is inherent to human flourishing.
2. All individuals should be able to work freely to pursue their aspirations and fulfill their needs through work.
3. Societies have a responsibility to care for those in need. This responsibility should not rest primarily on the government, but on the individuals that comprise societies.
4. Social safety net programs must uphold human dignity. Placing families and individuals in permanent, or long-term dependency, denigrates their dignity.

CRECE partnered with Gaither International, a market research firm based in San Juan, Puerto Rico, to carry out comprehensive quantitative and qualitative research focused on NAP recipients across the island. The quantitative study was restricted to able-bodied NAP beneficiaries, while the qualitative study included both able and non-able individuals, as defined by the NAP rules.The qualitative study was conducted in April 2025, and the quantitative study was conducted in July 2025.

Study Objectives

- Understand the conditions that would entice NAP recipients to join the formal workforce.
- Identify the barriers to employment and self-sufficiency. This includes both personal challenges as well as systemic obstacles.
- Provide an evidence-based analysis to seek policy reform that reduces dependency and increases labor participation in Puerto Rico.
- Gather insights into how beneficiaries perceive NAP and its role in their lives, including any potential disincentives to seeking employment.
- Ascertain what respondents understand they need to prosper (job training, childcare, etc.).

II. Economic Context

Puerto Rico remains one of the U.S. jurisdictions most affected by chronic and structural poverty. According to Yarimar Bonilla and Jennifer Hinojosa, et. al., from the Center for Puerto Rican Studies, Puerto Rico is a jurisdiction that "experiences persistent poverty,[1] and it has done so for more than half a century" (Bonilla et al., 2023, p. 4). Data from the U.S. Census Bureau shows that 37.3% of residents and approximately 56% of children live below the federal poverty line—more than three times the U.S. national average of 12.1%. Puerto Rico's median household income is $27,213, compared with $81,604 for the United States. It is less than half that of Mississippi ($55,980), the U.S. state with the lowest per capita income, underscoring the severity of the economic divide.

Poverty in Puerto Rico is structural—rooted in a century-long dependency on federal transfers, a limited productive base, and a highly taxed and regulated economy that hinders local wealth creation and limits capital investment.

[1] The federal government defines persistent poverty counties as a region or county that has experienced a poverty rate of 20% or more for more than 30 years (Dalaker, 2022, p. 1).

Historically, the phaseout of Section 936 tax incentives for U.S. corporations in 1996 led to a massive decline in manufacturing employment and capital investment. In 2016, the U.S. Congress created the Fiscal Oversight and Management Board (FOMB) under the PROMESA Act of 2016 to rein in excessive government spending and restore fiscal health. Puerto Rico's government declared bankruptcy in 2017, closing access to lending and markets. The impact of hurricane Maria in 2017 and the COVID-19 pandemic have limited Puerto Rico's economic recovery. While Puerto Rico received more than $69.5 billion (Restoring Growth and Prosperity, 2024 Fiscal Plan for Puerto Rico, 2024) in federal funds to address the consequences of these events, the relocation of as many as 215,000 island residents to the U.S. mainland (Puerto Rico: Two Years After Hurricane Maria, 2018) and high inflation have had a considerable effect on its capacity to expand economic activity. More importantly, both the FOMB and Puerto Rico's government have neglected to take action to address the inefficacies of the business climate – complex and punitive tax structure, excessive bureaucracy and regulations, and outdated infrastructure – that limit entrepreneurship, disincentivize formal work, and inadvertently promote dependency.

Puerto Rico's labor force participation rate—at about 45% in 2025—is the lowest in the U.S. (Puerto Rico Economy at a Glance, 2025). This gap reflects both limited employment opportunities and heavy reliance on public assistance programs such as the NAP, Temporary Assistance for Needy Families (TANF), and Medicaid.

Economist Juan Castañer Martínez, of Estudios Técnicos, Inc., has estimated that federal transfers account for more than one-third of Puerto Rico's personal income, the highest proportion in any U.S. jurisdiction (Castañer, J., 2022). Over a third of Puerto Rico's population rely on NAP to purchase groceries and nearly half depend on Medicaid for health insurance (Puerto Rico Medicaid Quality Strategy Evaluation: For Program Period 2021-2022, 2024).

Households face difficult trade-offs between low-paying jobs and the stability of program benefits. Low wages, limited market opportunities and informal work options, coupled with safety net support availability, have led individuals to consider nutrition assistance as a permanent supplementary income.

The benefits cliff—the abrupt loss of aid when earnings cross program thresholds—creates a disincentive for households to increase work hours or accept higher-paying jobs. A modest increase in income can trigger the sudden loss of NAP or childcare assistance, effectively penalizing upward mobility.

Photograph by: Naiara Cabezas Negrón, Portraits of Prosperity 2023

III. Nutrition Assistance in Puerto Rico Overview

A. Brief History and Origins

Puerto Rico's NAP, known locally as Programa de Asistencia Nutricional (PAN), was established in 1982, when Congress replaced Puerto Rico's participation in the federal Food Stamp Program with a capped block grant under Section 19 of the U.S. Food and Nutrition Act. The change reflected congressional intent to reduce federal costs and grant the Commonwealth flexibility to adapt program administration to local conditions. The U.S. Department of Agriculture's (USDA) Food and Nutrition Administration (FNA) retained oversight, while Puerto Rico's Administration of Socioeconomic Development of Family (ADSEF, for its acronym in Spanish) assumed responsibility for local management.

i. Purpose and Design

NAP's central goal is to ensure access to nutritious food for low-income households while allowing Puerto Rico to adapt eligibility and benefit structures to local needs. Benefits are distributed through electronic benefit transfer (EBT) cards, which can be used in certified retailers across the island. Unlike SNAP, NAP benefits are not portable outside Puerto Rico. Congress and the federal administration designed the program to balance flexibility with fiscal limits and accountability under the USDA's oversight.

ii. Program Scale and Population Served

As of recent fiscal years, approximately 1.2 million residents—around 38% of Puerto Rico's population—receive NAP benefits (Puerto Rico NAP State Plan of Operations FY 2026, 2025). Participation fluctuates with economic cycles, natural disasters, and supplemental federal funding (e.g., after hurricanes and during the COVID-19 pandemic). The program represents a cornerstone of Puerto Rico's social safety net, directly supporting food security for a sizable portion of the island's population.

iii. Federal Investment and Average Benefits

Funding for NAP is authorized under Section 19 of the Food and Nutrition Act of 2008. Because it is a capped block grant, annual funding levels must be approved by Congress through annual appropriations. Funding levels have grown significantly from $825 million in 1982, when the program was created, to $2,978,891,000 in Fiscal Year 2026 (NAP State Plan of Operations for Puerto Rico, n.d.). Historically, funding levels have been increased to consider inflation, economic shifts, and most recently, a federal update in 2021 to the Thrifty Food Plan, which is a metric used to calculate national food costs. Congress also approved increases for NAP funds as a response to Hurricane Maria and the COVID-19 pandemic (Marxuach, 2024).

The Fiscal Year 2026 allocation provides nutrition assistance to more than 729,700 households. Average benefit levels vary by caseload and appropriations. FNA program data show Fiscal Year 2025 average monthly benefit per person was $196.77 and $336.13 per household (Puerto Rico Nutrition Assistance Program | Food and Nutrition Administration, 2026).

Source: ARCHIVO/El Vocero

The table below provides a comparison of maximum monthly benefit levels between NAP beneficiaries in Puerto Rico and SNAP beneficiaries in the Continental states, Alaska, Hawaii, Guam and the Virgin Islands:

Table 1: NAP vs. SNAP: Maximum Monthly Benefit Levels by Households, effective July 1, 2025

Household Members	Puerto Rico	Vieques & Culebra	Continental U.S. and D.C.	Alaska	Hawaii	Guam	Virgin Islands
1	$183	$219	$281	$545	$538	$415	$362
2	$337	$404	$516	$1,000	$987	$761	$664
3	$482	$578	$740	$1,432	$1,413	$1,090	$951
4	$612	$734	$939	$1,819	$1,794	$1,385	$1,208
5	$727	$872	$1,116	$2,160	$2,131	$1,644	$1,434
6	$873	$1,047	$1,339	$2,592	$2,557	$1,973	$1,721

Source: Puerto Rico NAP State Plan of Operations FY 2026. ADSEF.

iv. Limitations of the Block-Grant Model

The capped block grant represents NAP's primary structural limitation. Unlike SNAP's open-ended federal entitlement, NAP's total annual funding cannot automatically expand during economic downturns or population growth, as any increase in funding would require Congressional approval through appropriations. Consequently, Puerto Rico must adjust benefit levels or tighten eligibility to remain within the federal ceiling. The block grant also restricts parity with SNAP benefit adjustments and limits administrative flexibility in crises. Additionally, because benefits are confined to on-island use, participants cannot use their EBT cards off-island.

Table 2: NAP vs. SNAP Comparison

Factor	NAP (Puerto Rico)	SNAP (Continental States, Hawaii, Alaska/DC/territories)[2]
Funding Type	Capped block grant	Open-ended entitlement
Administration	ADSEF under Puerto Rico Dept. of the Family; FNA oversight	State/territory agencies; FNA oversight
Flexibility	Local rules (FNA-approved plan)	Uniform federal framework with state options
Benefit Portability	Cannot be used outside of Puerto Rico	Accepted nationwide, except in Puerto Rico (interoperable EBT)
FY2026 Funding	$2,978,891,000	$107,500,000,000 through Sept. 2026
Average Participation	1.4M monthly in FY2025	42.1M monthly in FY2025

Sources: USDA-FNA NAP summary (block-grant amount, EBT non-interoperability, ~1.4M participants), USDA-FNA SNAP Data Tables (FY2025 participation and costs), and PR NAP State Plan of Operations FY2026.

[2] SNAP jurisdictions include the 50 states, Washington, D.C., Guam and the Virgin Islands.

B. The Transition from NAP to SNAP

Source: Food and Nutrition Administration U.S. Department of Agriculture

There is a growing consensus among Puerto Rico's private sector and government leaders on the need to transition from NAP to SNAP. This transition is seen as crucial for providing adequate, responsive nutrition aid and eliminating the structural benefit cliffs inherent in the block grant model. In Washington, D.C., federal agencies and Congress evaluate the fiscal impact of integrating Puerto Rico into SNAP, and whether the local government is ready to implement a transition successfully. Meanwhile, Puerto Rico's government has taken steps to demonstrate its capacity to administer a more complex entitlement program.

In 2023, ADSEF and the Department of Economic Development and Commerce (DDEC, for its acronym in Spanish) launched a collaborative pilot program to introduce work requirements for NAP beneficiaries. Known as "Cuna de Talentos" (Cradle of Talents), the program is for NAP participants who are able-bodied adults without dependents (ABAWDS),[3] between the ages of 18 to 54. Under the program, participants must meet one of the following criteria to continue receiving NAP benefits: work 20 hours per week, enroll in training or educational programs, or volunteer for 20 hours a week (The Impact of the Welfare State on Puerto Rico's Labor Participation Rate, 2025). Since then, ADSEF has expanded the program from two regions to an islandwide initiative. It is unclear how many NAP recipients are participating in the "Cuna de Talentos" program. The program is still in the implementation phase. In the Puerto Rico NAP State Plan of Operations FY 2026, ADSEF notes that the agency is focused on training personnel and expanding interagency collaboration agreements to provide services.

The challenges of transitioning from NAP to SNAP are significant, involving administrative capacity building, funding formulas, and ensuring a seamless shift for recipients. A concrete transition would require Congressional approval and considerable ramp-up of administrative capacity. In 2022, the USDA published a feasibility study on the implementation of SNAP for Puerto Rico. The study estimates that fully implementing the program in Puerto Rico would take ten years and cost between $341 million and $426 million. Furthermore, the study estimates that the annual cost of administering the program would be between $249 million to $414 million, while the estimated cost of the benefits would be $4.5 billion annually,[4] impacting over 860,000 households (Thorn et al., 2022).

Several legislative attempts have been introduced in Congress to phase in a transition from Puerto Rico's NAP to SNAP. Puerto Rico's sole representative in Congress, Resident Commissioner Pablo José Hernández, introduced the Puerto Rico Nutrition Assistance Fairness Act (H.R. 5168) on September 8, 2025, but it was not included in the House of Representatives' version of the Farm, Food, and National Security Act of 2026 (commonly known as the Farm Bill). Meanwhile, Senators Kirsten Gillibrand (D-NY) and John Fetterman (D-PA) introduced a companion bill, S. 3958 on March 2, 2026. To date, there has been no action to move forward legislation on the matter.

[3] Federal law defines able-bodied individuals as people between ages 18 and 54 who are able to work. Excluded from this group are individuals who are physically and/or mentally disabled, pregnant women, mothers or heads of families taking care of children under 18, people who experience homelessness (SNAP Work Requirements | Food and Nutrition Administration, 2025).
[4] Estimates are in 2031 dollars, per (Thorn et al., 2022).

IV. Literature Review

A. Theoretical Frameworks

Understanding the relationship between welfare dependency, labor participation, and the incentives that prompt individuals to satisfy their needs by actively pursuing productive work, requires grounding in theoretical frameworks and international evidence. Following is an overview of the frameworks and international case studies that have guided our research.

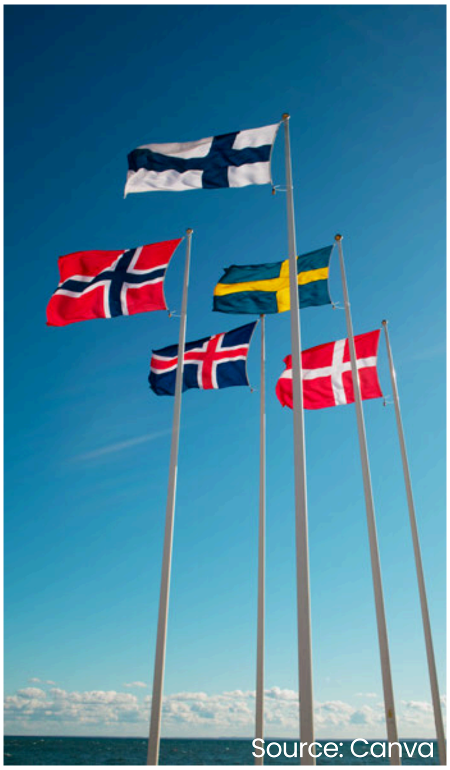
- **Capability Approach of Amartya Sen,** economist and Nobel Prize winner, maintains that poverty should not be understood solely as a lack of income, but as a deprivation of freedoms and opportunities to lead a dignified life. Applied to NAP, this framework suggests that the challenge is not only to provide food but also to incentivize beneficiaries' agencies and capabilities so they can integrate into the formal economy. In this context, barriers to entrepreneurship affect welfare dependents the most. Excessive bureaucracy, occupational licensing requirements, and regressive tax schemes limit the individual's capacity to get ahead by increasing costs for doing business and reducing access to capital.

- **Model of Personal Agency of psychologist Martin Seligman** posits that belief in one's ability to impact their future is crucial for escaping poverty. Seligman states that agency is shaped by three attributes: efficacy, optimism, and imagination. These attributes influence a person's ability to envision himself improving his circumstances and acting upon his visualization to get there. In other words, individuals must be confident in their abilities, have a positive mindset and envision an improved future if they want to get ahead. As the Cato Institute affirms, welfare systems that "infantilize" (Tanner, 2022, p. 5) recipients by limiting choice directly undermine this sense of agency. CRECE's qualitative data results illustrate how long-term dependency on welfare programs affects an individual's mindset to overcome challenges in life.

- **Human Capital Theory** proposes that investment in education and training increases productivity and thus the capacity to generate income. Empirical evidence from the United States and Europe shows that the most successful welfare-to-work programs are those that combine transfers with technical training and employability initiatives (Becker, 1993).

- Sendil Mullainathan and Eldar Shafir's, **The Scarcity Mindset and the Lithuanian Free Market Institute's Economic Theory of Scarcity** are critical to the discussion. As professors Mullainathan and Shafir explain, chronic scarcity creates a cognitive load that reduces people's capacity to plan and make long-term decisions (Shafir & Mullainathan, 2013). In this context, people focus on fulfilling immediate or present needs, such as putting food on the table. They neglect to evaluate the causes of their scarce resources and figure out how to change the situation. Furthermore, as argued by the Lithuanian Free Market Institute, scarcity is a natural catalyst for action, labor, and exchange. When government assistance creates the illusion that scarcity is no longer a problem, it can inadvertently reduce the incentives to work, exploit one's potential, and engage in the community, potentially fostering helplessness and dependency. Welfare dependency becomes a way of life, rather than an opportunity to get back on one's feet. "A social class who chooses to live on benefits, rather than getting a job or starting a business, forms." (Government Against Scarcity: How It Changes Who We Are, 2017, p. 31) In Puerto Rico, where NAP beneficiaries report living with high levels of debt and persistent difficulty covering basic expenses, this theory helps explain why, even with motivation to work, individuals may remain trapped in cycles of dependency.

B. International Evidence



- **Nordic Countries:** Models like Denmark and Norway show that robust welfare states are compatible with high labor-force participation. These countries invest in short technical training, transportation and childcare subsidies, and transitional benefit schemes that eliminate the benefit cliff. At the same time, these countries boast high levels of economic freedom to promote trade, entrepreneurship and growth. Fraser Institute's Economic Freedom of the World Report 2025 ranks most Nordic countries (except Finland) among the most economically free countries. Of note is Denmark's "flexicurity" model, which combines the following: high flexibility for employers to easily hire and fire workers to adapt to market changes; robust unemployment benefits and an active labor market policy that includes active search and training requirements for individuals who receive unemployment assistance (Ilsoe, A., & Larsen, T.P., 2023). Fraser Institute places Denmark in the top 10 most economically free countries, noting its strong property rights, free trade and attractive regulatory environment (Gwartney et al., 2025).

- **United States**: Studies on the benefits cliff from the Foundation for Research on Equal Opportunity (FREOPP) and the Department of Health and Human Services show that when increased earnings trigger an abrupt loss of benefits, households rationally choose to remain on assistance. Reforms focusing on transitional benefits (as piloted in Missouri, Tennessee, and Massachusetts) (Fixing the Broken Incentives in the U.S. Welfare System, 2024) that gradually phase out aid are emerging as a more effective solution. The Cato Institute (Tanner, 2022) further argues that the complexity and contradictory nature of over 134 U.S. welfare programs create bureaucratic inefficiencies that suck people into the system without effectively targeting those most in need.

- **Latin America:** The Latin American experience is highly relevant for Puerto Rico, where structural poverty coexists with a robust informal economy. Conditional cash transfer programs—such as Bolsa Família in Brazil —demonstrate that combining income support with requirements in education and health can improve intergenerational mobility. (Policy Basket: Brazil: Bolsa Familia, 2026) These programs have been most successful when accompanied by labor market inclusion strategies and training.

V. Quantitative Survey Findings

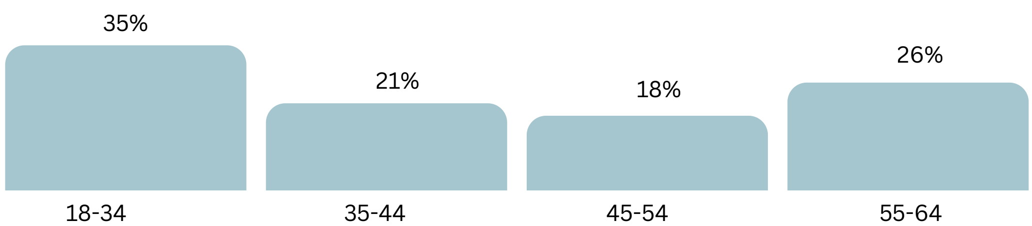
A. Methodology

- Target population: Able bodied adults (male and female) aged 18 to 54 receiving NAP assistance and not working in the formal economy, conducted island-wide (all regions and all socioeconomic status levels).
- 500 online Computer Assisted Web Interviews (CAWI) were conducted. The sample provided a margin of error of +/- 4.4% at a 95% level of confidence.

B. Demographics

Participants in the quantitative analysis were 36% male and 64% female versus Puerto Rico's population, which is 47% male, 53% female, per the U.S. Census. The majority of respondents (74%) were between the ages of 18 and 54, indicating that most participants were of productive age.

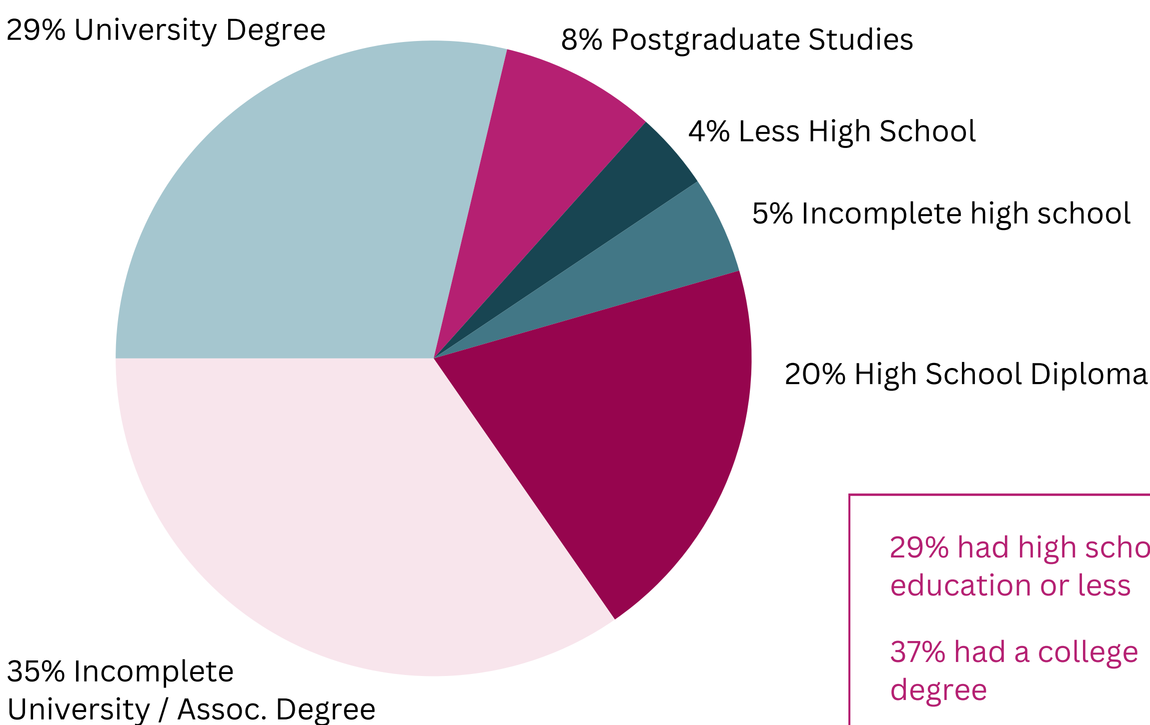
Figure 1. Age



vs. Puerto Rico Adult Population US 18 to 64 (Census):
- 18-24: 14%
- 25-34: 22%
- 35-44: 21%
- 45-54: 21%
- 55-64: 22%

Among participants, 53% had minors living with them. Regarding the level of education, most of the respondents were well educated: 37% had a college degree, 35% had some college or technical education, and 8% had postgraduate studies.

Figure 2. Education

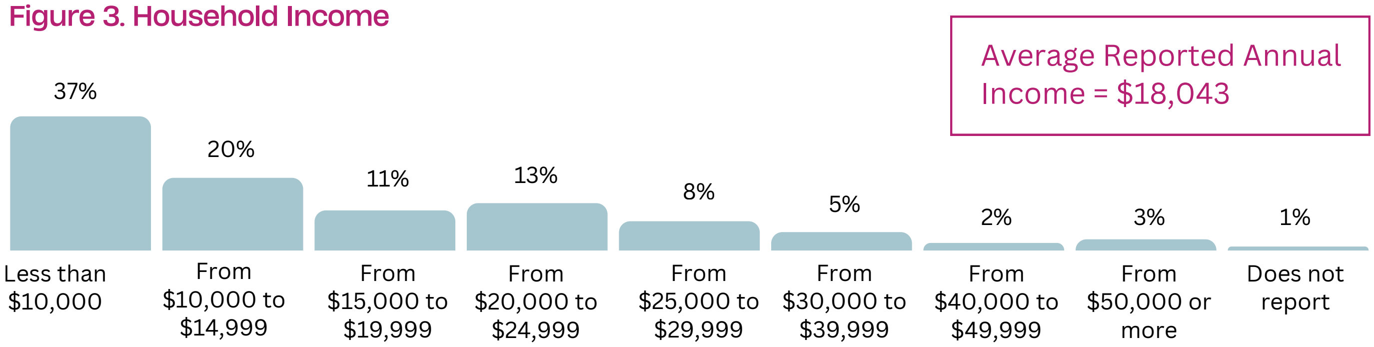


29% had high school education or less

37% had a college degree

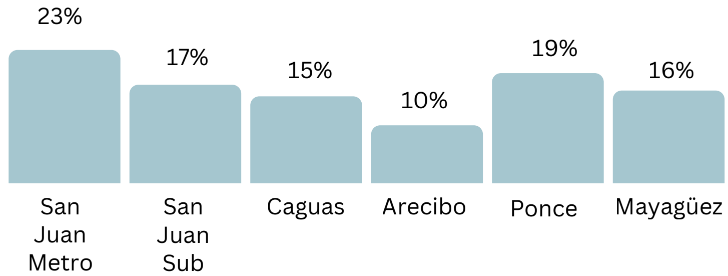
The average annual income among respondents was $18,043 per year, less than Puerto Rico's median household income of $27,213 per year, as estimated by the U.S. Census Bureau's 2024 American Community Survey. Of the respondents, 37% said their annual income was below $10,000.

Figure 3. Household Income



Gaither International used six demographic regions to represent Puerto Rico. The online interviews were conducted according to the population weight in each region.

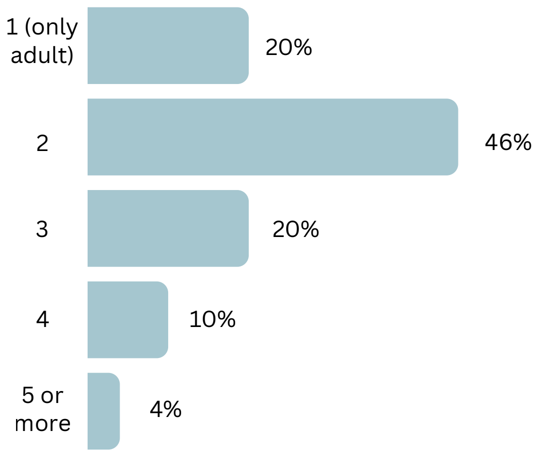
Figure 4. Regions

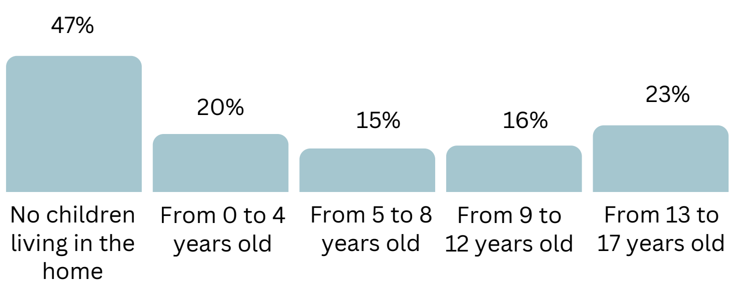


C. Profile of NAP Recipients

The quantitative survey provides a snapshot of NAP recipients. In general, more women than men are enrolled in NAP. A considerable number of able-bodied individuals do not have minors at home (47%). The average number of adults per household is 2.3.

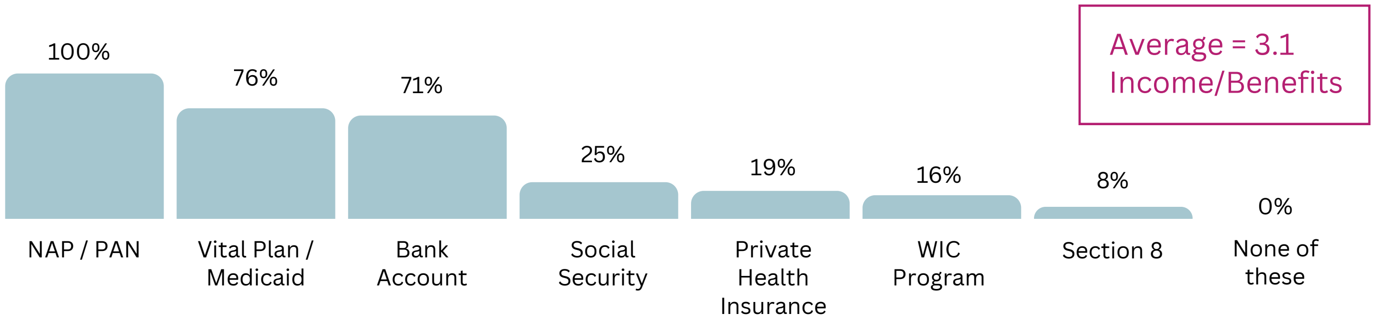
Figures 5 & 6. Number of Adults Residing in the Household and Age Groups of Children Living in the House





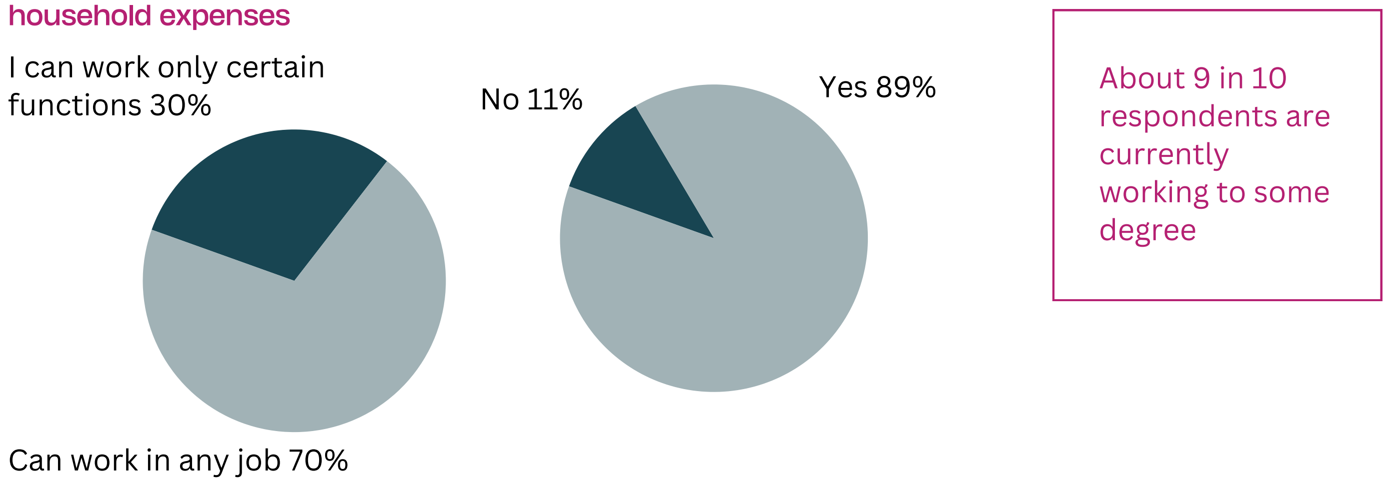
In addition to receiving NAP benefits, 76% were enrolled in the Medicaid-funded state health plan, known as Plan Vital. Even though NAP beneficiaries working full-time were more likely to have private health insurance, the group's dependence on the government funded program remains quite high with 58% of full-time workers participating in Plan Vital. Of those enrolled in Plan Vital, the majority (81%) were female.[5]

Figure 7. Household Income and Benefits



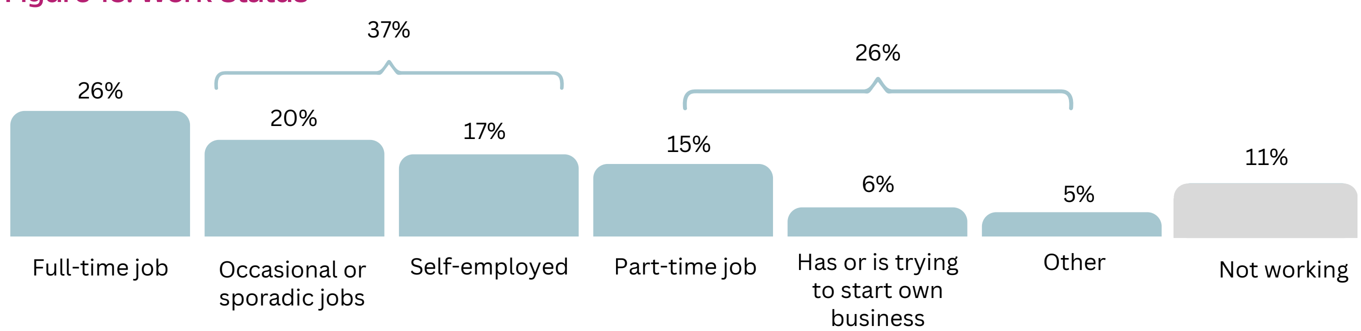
Based on education levels, participants were prepared and equipped to work. Of the respondents, 89% contributed to household expenses through formal or informal work. In addition, 70% said they can work in any job, while 30% indicated having certain limitations. The incidence of limitations rises to 50% among respondents between the ages of 50-64.

Figures 8 & 9. Whether is Able bodied and Whether works to help with household expenses



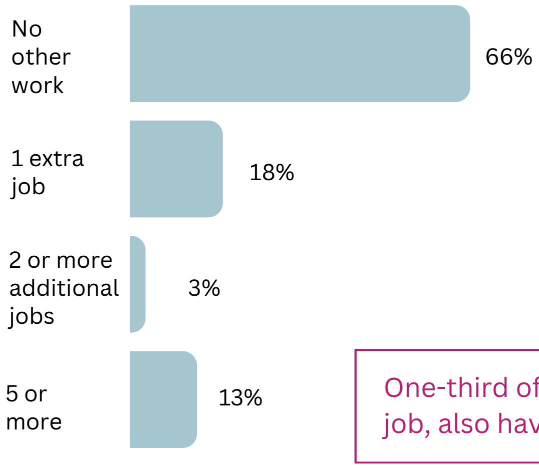
Regarding the number of hours worked by respondents, 26% worked full-time, 15% worked part-time and 20% worked sporadically. Most of the sample (66%) worked only one job, while 34% had multiple jobs to supplement income.

Figure 10. Work Status

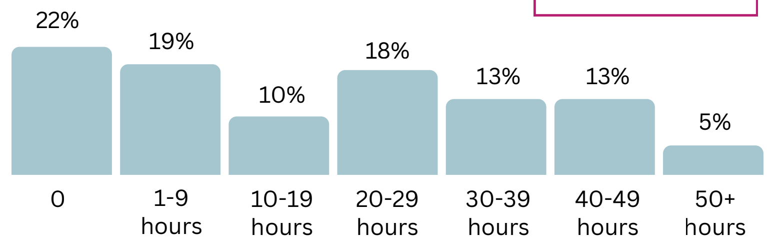


[5] See Appendix A: Additional Survey Findings, for a detailed distribution of Household Income and Benefits per gender, age, region, education, employment status and income.

Figures 11 & 12. Whether has More than One Job to Generate Income and Hours Worked per Week



Average = 18.7 hours

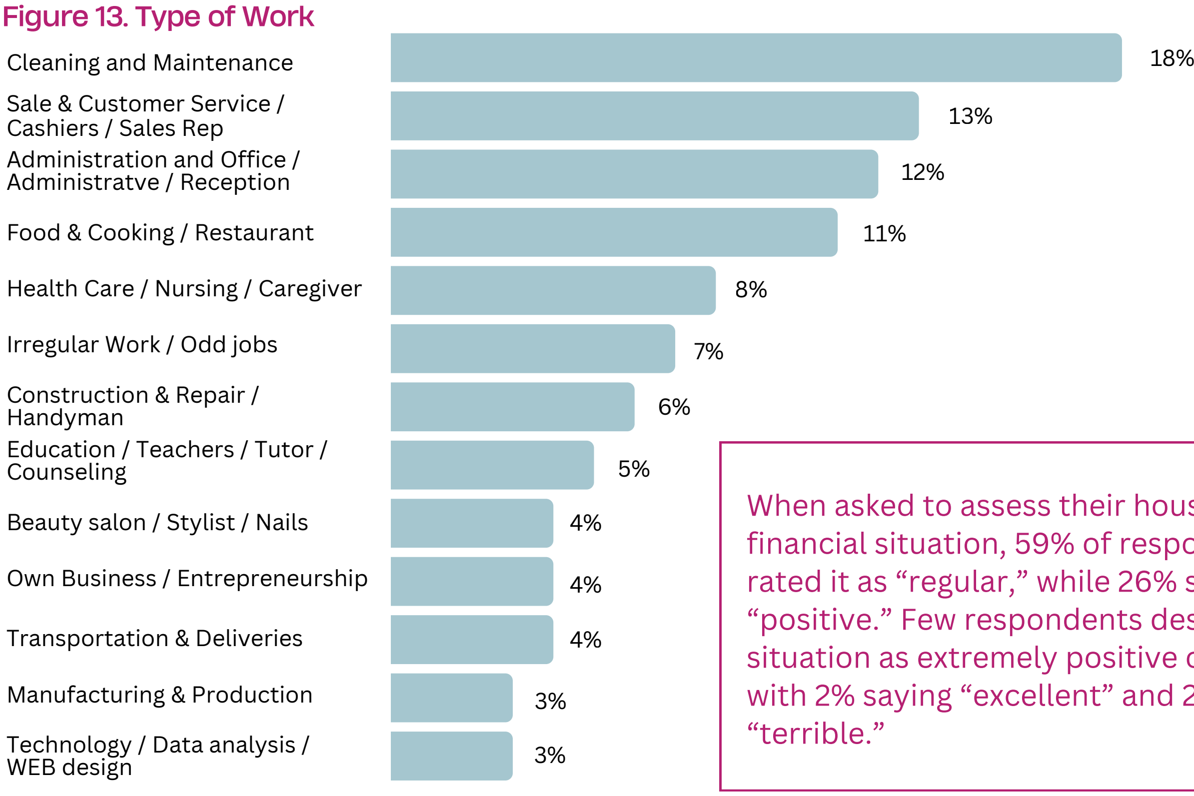


One-third of those with a full-time or part-time job, also have another job.

Among those who were working, 18% said they were working more than 40 hours per week, 31% said to be working between 20 and 39 hours a week, and 51% said to be working less than 19 hours a week. As a result, respondents work an average of 18.7 hours per week.

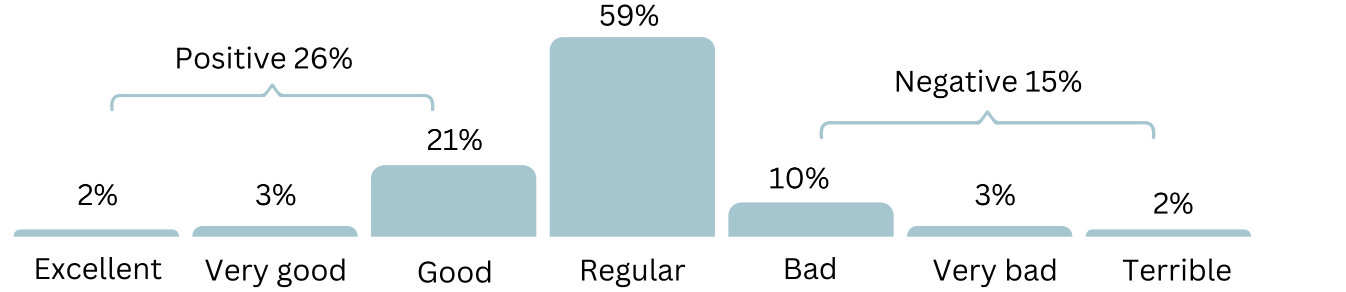
Survey participants engaged in a wide variety of jobs, including non-skilled and skilled work in different economic sectors.

Figure 13. Type of Work



When asked to assess their household's financial situation, 59% of respondents rated it as "regular," while 26% said it was "positive." Few respondents described their situation as extremely positive or negative, with 2% saying "excellent" and 2% saying "terrible."

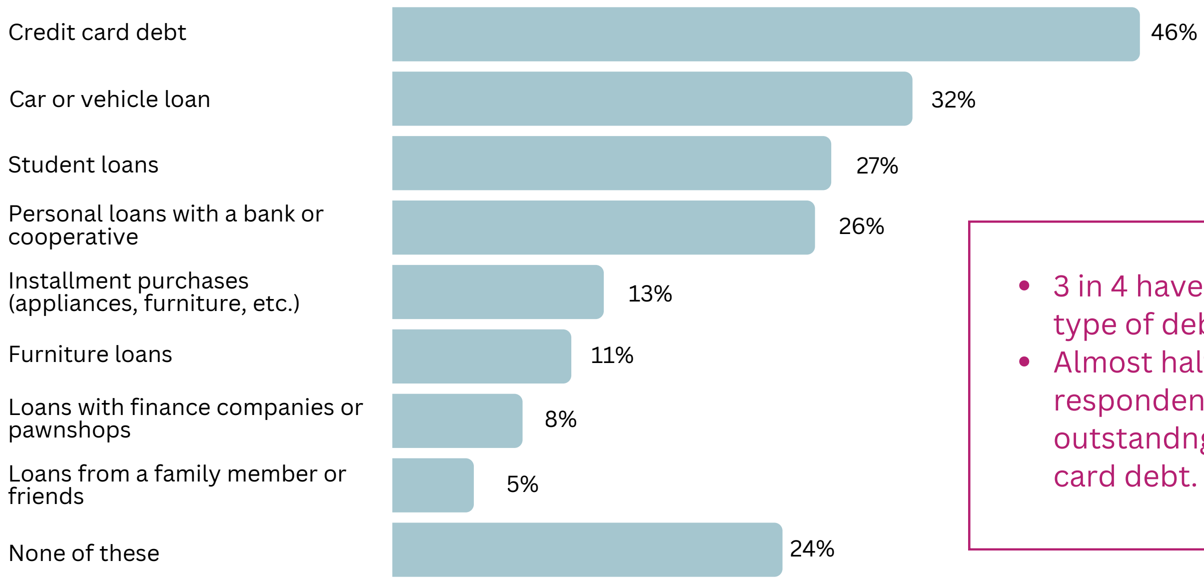
Figure 14. Evaluation of Household's Economic Situation



Respondents who said to be working full-time were more positive (46%) about their economic situation than those with occasional jobs and self-employed (25%).[6]

A closer look at their households' finances showed that NAP recipients owed money. Three in four respondents had some type of financial liability: 46% had credit card debt, which is consistent with the national average, and 22% had auto loans.[7] Exposure to debt was tied to the level of education. In the group of participants with a high school diploma or higher, 83% had at least one type of debt, which is significantly higher than 59% in the group with some high school education or less.

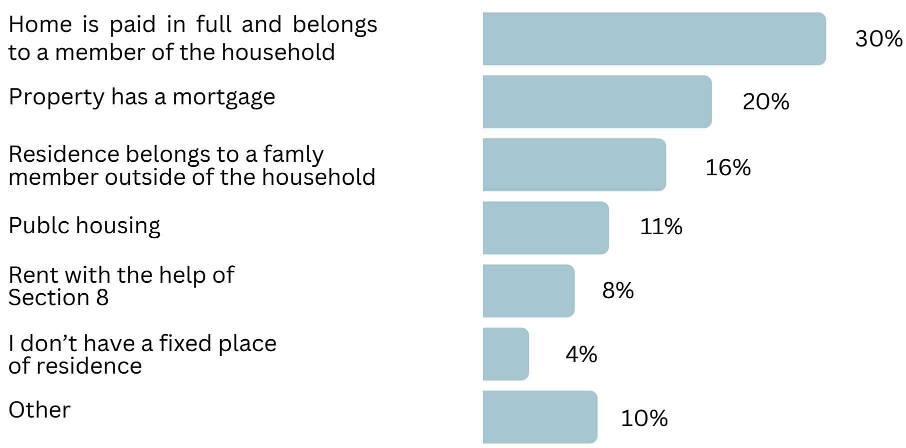
Figure 15. Type of Household Loans or Debts



- 3 in 4 have some type of debt.
- Almost half the respondents have outstandng credit card debt.

Participants had secure housing. Half of them were homeowners, while 16% said they lived in a residential property owned by a family member outside their household. Another 11% lived in public housing and 8% rented under the Housing Choice Voucher Program, ("Section 8," as commonly known in Puerto Rico).[8]

Figure 16. Home Ownership Status



Half of the respondents have their own home (with or without a mortgage)

[6] See Appendix A: Additional Quantitative Survey Findings for detailed information on attitudes of economic situation among survey participants by gender, age, region, education, employment status and income.
[7] Access to public transportation in Puerto Rico is limited, hence owning a car is a necessity.
[8] The Housing Choice Voucher Program is administered by the U.S. Department of Housing and Urban Development (HUD) that helps low-income families, seniors and individuals with disabilities access secure housing by subsidizing a portion of their rent in the private market.

Little assistance was received or sought outside of government programs. Reported additional assistance consisted mostly of alimony (18%) and family transfers (12%). Pensions and disability benefits played a secondary role. Only 7% reported receiving food assistance from charitable organizations.

Figure 17. Other Sources of Income & Assistance Received (Aided)

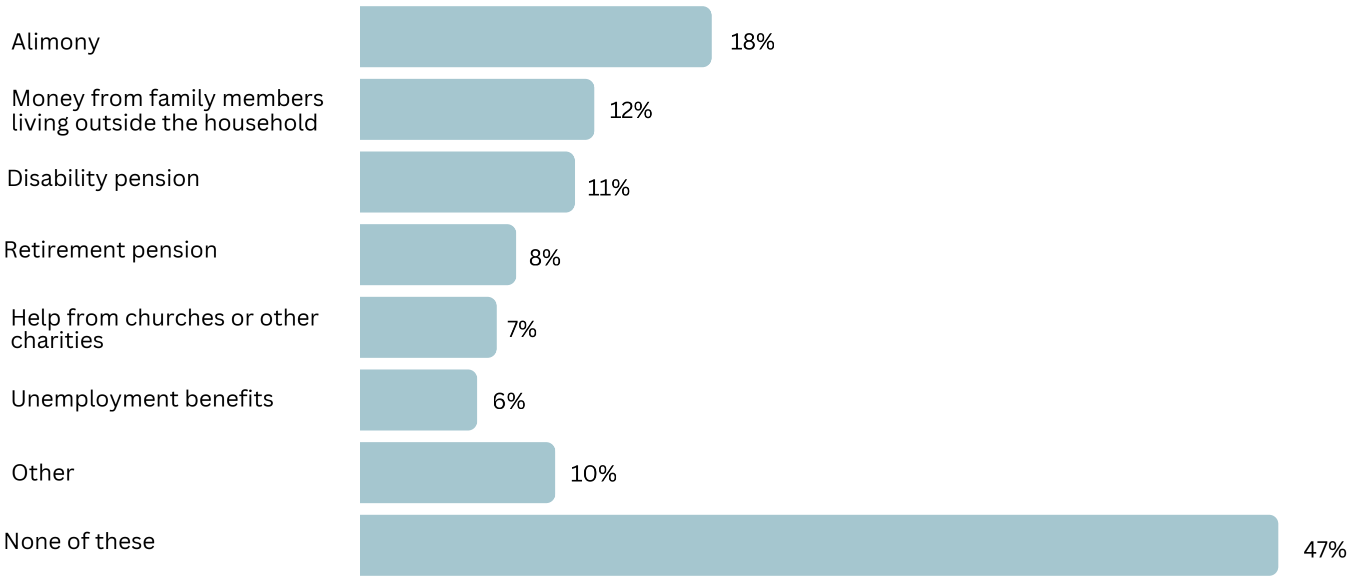
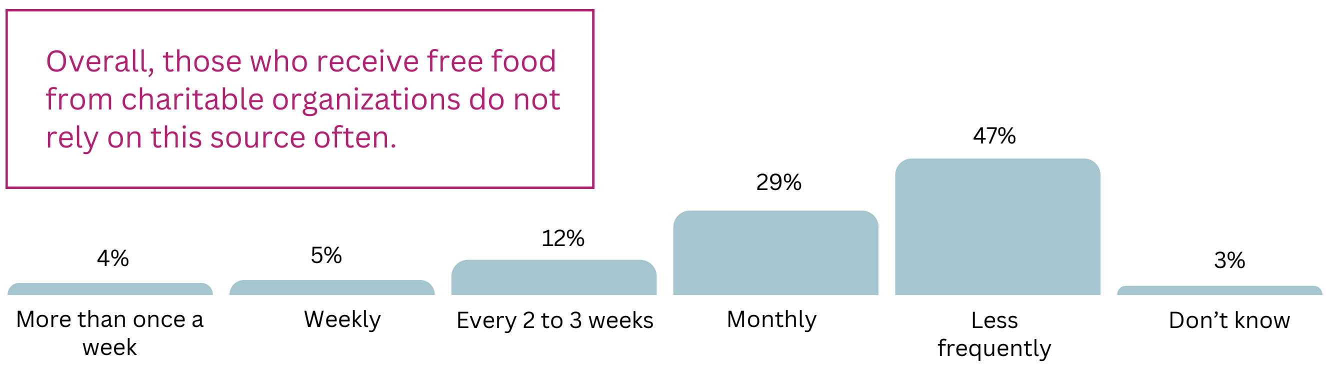


Figure 18. Frequency of Help Obtained from a Food Bank, Church or Other Organization



Financial vulnerability is widespread. Nearly three-quarters of respondents (73%) reported a household income below the amount needed to cover basic expenses, including 49% who described it as "well below." On average, respondents estimated that to meet basic needs they required $2,480 per month—$29,760 annually. This estimate exceeds Puerto Rico's median household income by $2,547/year.

Figure 19. Household Income vs. Income Needed to Cover Expenses

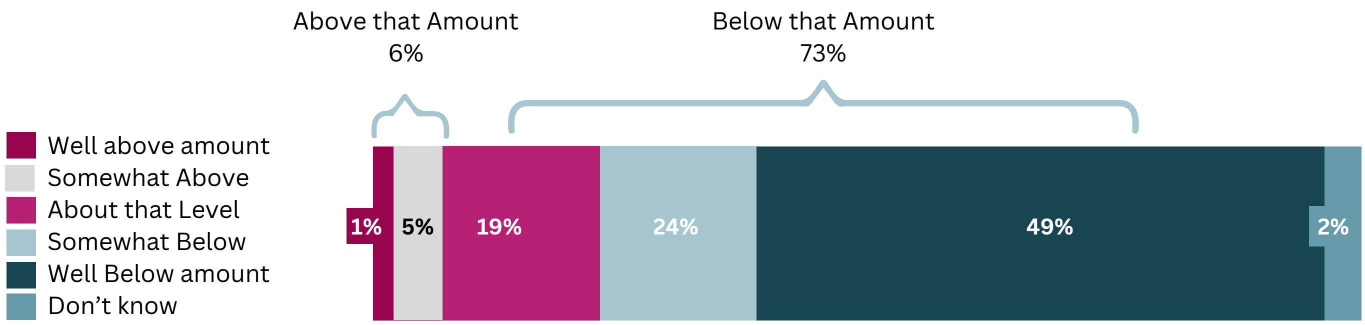
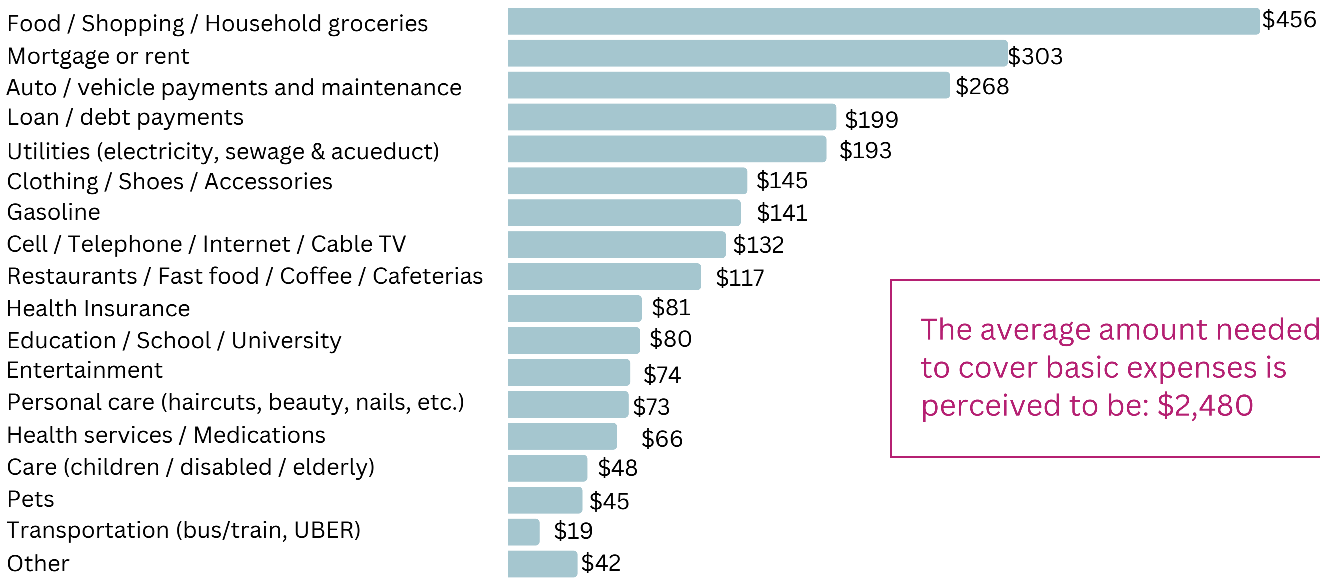


Figure 20. Average Income Needed to Cover Basic Expenses

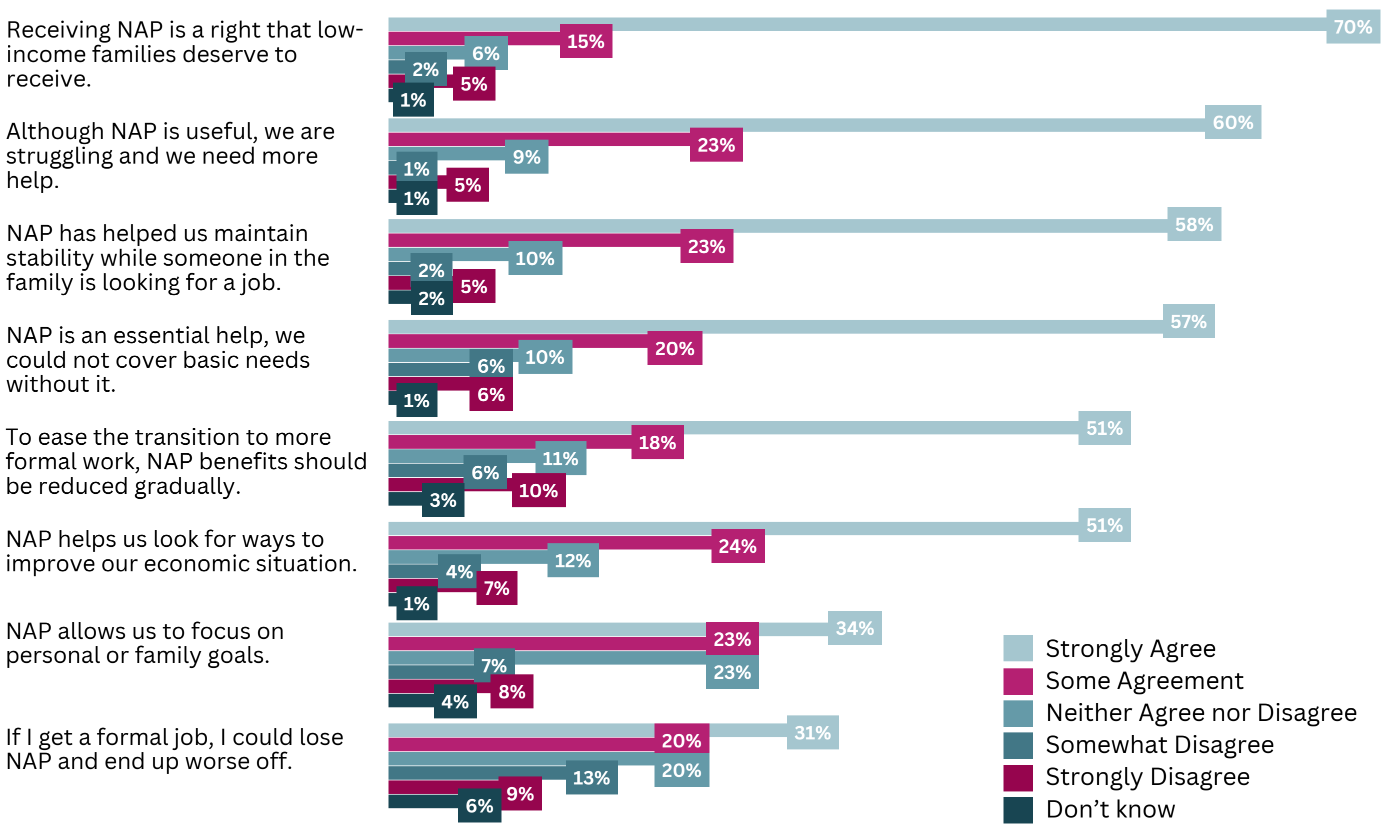


The average amount needed to cover basic expenses is perceived to be: $2,480

NAP recipients affirmed that receiving government aid was essential for them to meet basic needs. Of the respondents, 85% think of nutrition assistance as a right for low-income families, while 76% depended on it to cover basic needs.

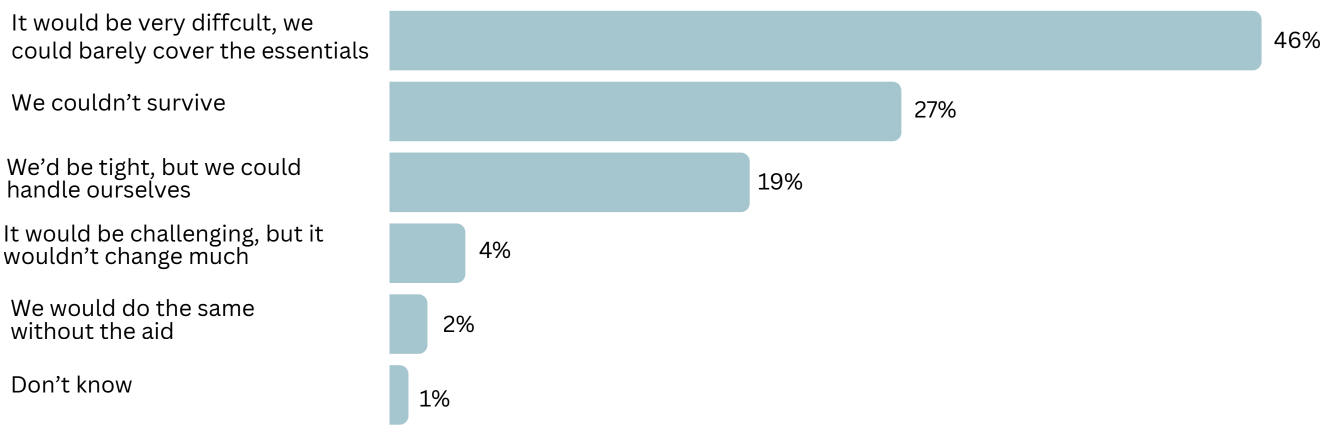
Respondents expressed concern about potential program changes. A majority (69%) of respondents indicated that they prefer a gradual reduction of benefits rather than an abrupt elimination when transitioning to full-time or formal work. Additionally, 51% said they worry that by taking formal employment, their financial situation could worsen as their NAP benefits would be reduced.

Figure 21. Level of Agreement with the Attributes of NAP



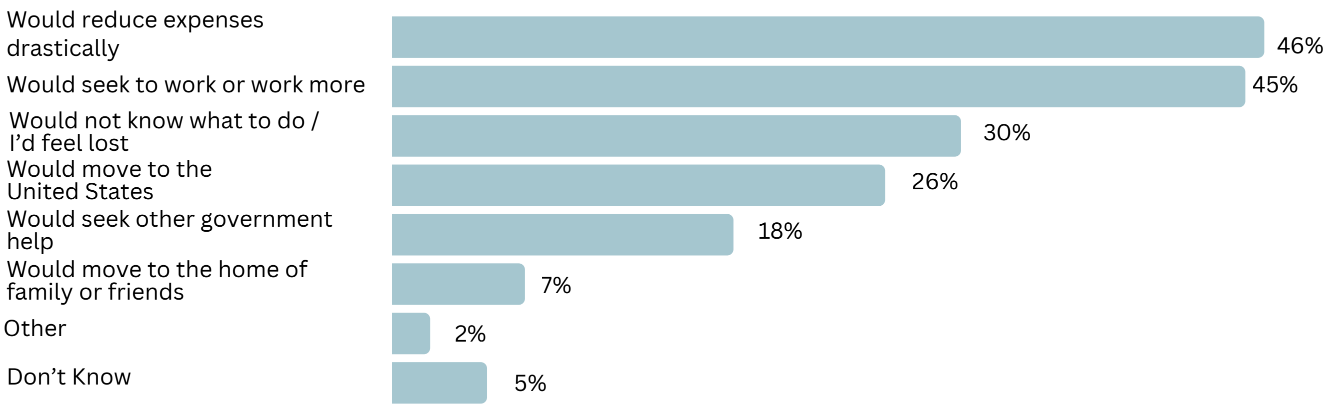
When asked what would happen in the absence of government assistance, 73% said they would face severe economic hardship, including 27% who said they would not survive. This reflects a dependency developed over years, with many participants having "inherited" benefits from parents.

Figure 22. Economic Situation if Government Stopped Providing Financial Assistance



Resilience among NAP recipients was closely tied to work. To deal with the loss of government benefits, 91% of respondents said they would drastically cut expenses, find work, or work more hours. A substantial 30% said they would not know what to do. Meanwhile, 26% said they would move to the U.S. mainland, and a minority would move in with family or friends. This data shows a variety of adaptive responses, but also a strong sense of uncertainty, helplessness and limited personal agency.

Figure 23. Household Response to Loss of Government Assistance (Aided) [9]



Dependence was highest among low-income households and women outside the San Juan metro area without full-time employment. In contrast, full-time workers, higher-income households and San Juan Metro residents showed a greater ability to take affirmative steps to address a loss of welfare benefits. Younger respondents would be more willing to work more hours but showed a higher tendency to feel lost.[10]

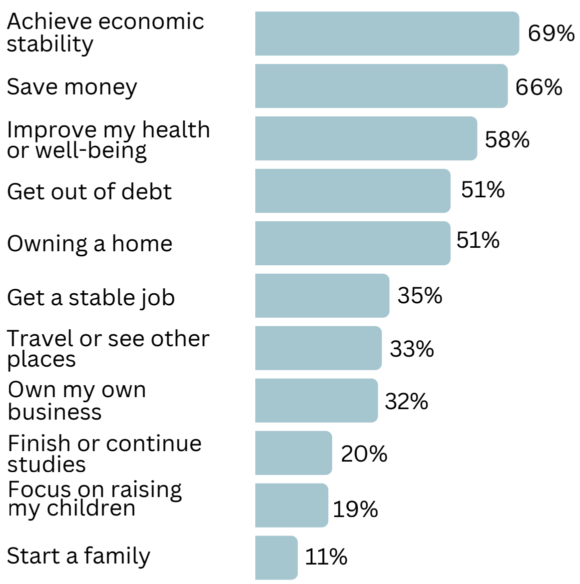
[9] For purposes of the quantitative survey, "aided" means that the participant was presented with options to answer a question.
[10] See Appendix A: Additional Quantitative Survey Findings, for segmented attitudes on a hypothetical loss of government assistance by gender, age, region, education, employment status, and income.

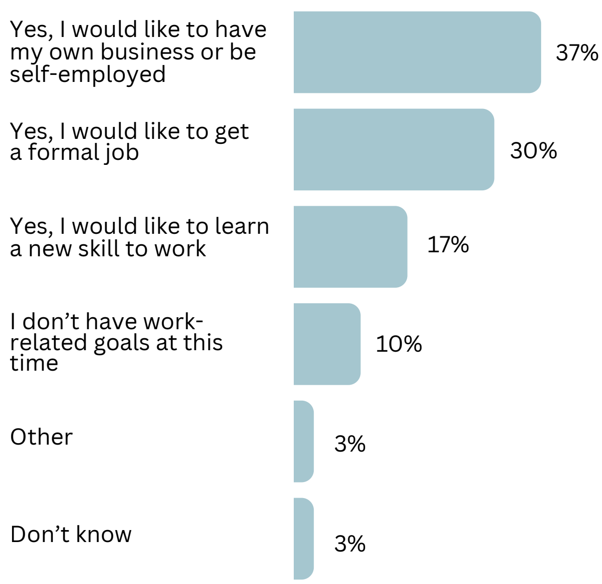
D. Aspirations:

There was a considerable gap between median household income among NAP recipients participating in the survey ($18,043) and what they estimate they needed to be more financially stable ($29,760). These households would have to generate an additional $11,717 annually (more than $970 a month) to reach their goal.

Not surprisingly, most respondents were actively trying to achieve goals associated with financial freedom: 69% of survey respondents wanted economic stability, 66% wanted to save more money, while 51% wished to reduce their debt burden and/or own a home.[11]

Figures 24 & 25. Aspirational Goals (Aided) and Goals or Aspirations Related to Work or Generating Income (Aided)



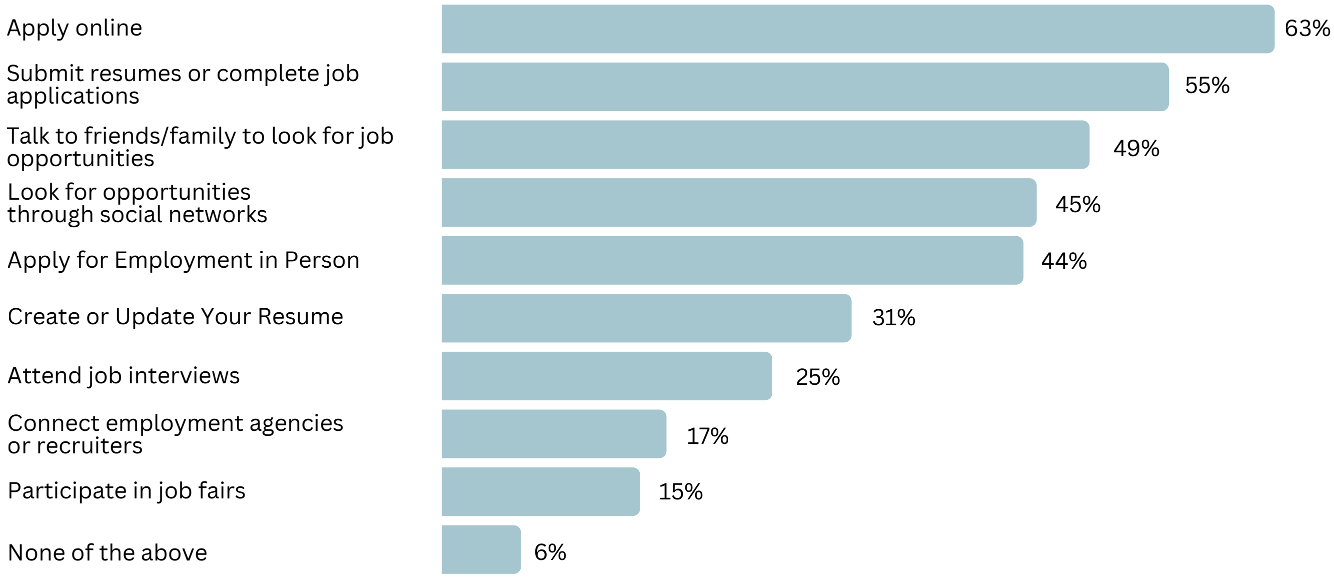


Like most people, NAP recipients aspire to improve their financial situation through entrepreneurship and/or work. According to the survey, self-employment (37%) and formal employment (30%) were the preferred means to generate income. Only a small minority lack work goals (10%). Men and women between the ages of 18-34 had stronger aspirations to own a business, be self-employed or get a formal job than older segments of respondents. Those who were young and were occasionally working also aspired to employment in the formal workforce.

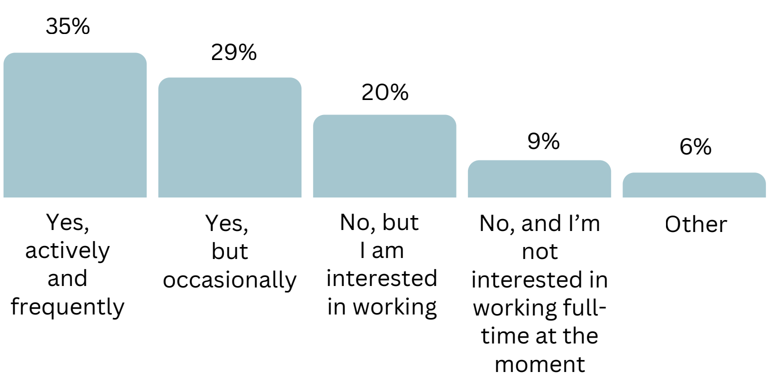
What actions were NAP beneficiaries taking to achieve their goals and aspirations? 64% of respondents were looking for work while 20% said they were not currently looking for work but were interested in working. To find work, respondents were using different channels: 63% applied online; 55% submitted resumes or filled-out job applications; 49% obtained leads through networks (family and friends); 45% used social media networks to seek job opportunities. Young men were more likely to be actively looking for employment than women and older men.[12]

[11] See Appendix A: Additional Quantitative Survey Findings, for segmented attitudes on Aspirational Goals by gender, age, region, education, employment status and income.
[12] See Appendix A: Additional Quantitative Survey Findings, for segmented attitudes on a job search in the last 12 months by gender, age, region, education, employment status and income.

Figure 26. Actions taken to Find Work in the Last 12 Months



Figures 27 & 28. Whether Has Looked for Full-Time Job in Last 12 Months and Participation in Employment / Education Programs (Aided)



45% of survey participants had participated in job search, education, and/or job training programs.

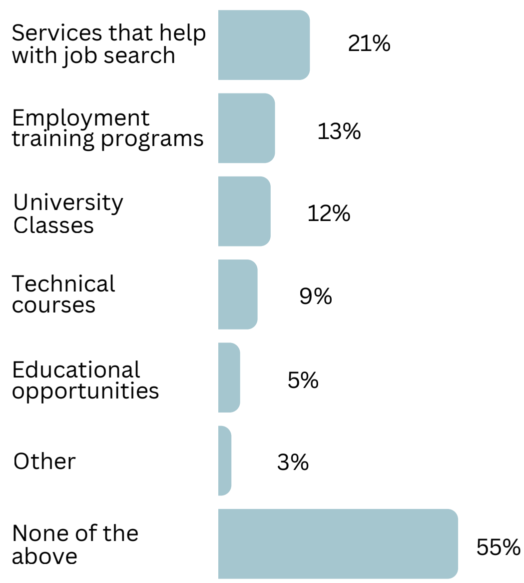
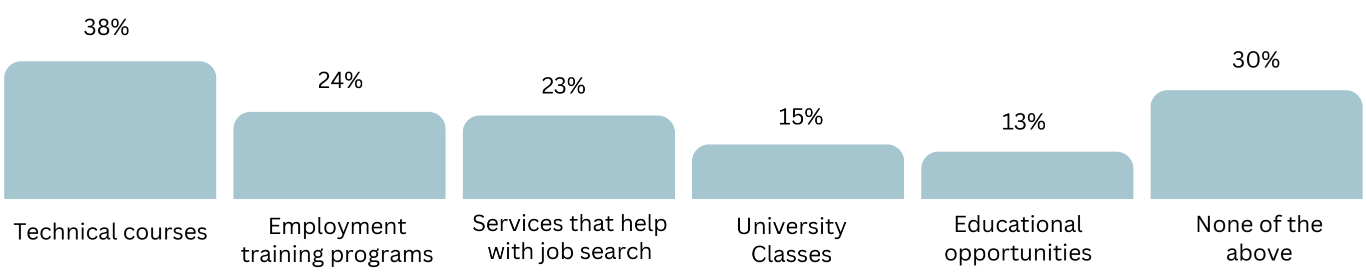


Figure 29. Interest in Employment or Education Opportunities (Among those not in employment/education programs in the past year)



70% are interested in at least one of these opportunities

E. Barriers to Work:

While most NAP recipients in the survey aspired to more economic stability and were actively pursuing options to improve their financial situation, they faced several challenges to work full-time.

- **Labor market limitations:** Insufficient job opportunities, especially for young men, and underemployment (not enough work hours) were prevalent. Inflexible work schedules and regulations that did not meet personal circumstances, particularly for those who were studying, or have caregiver responsibilities at home.
- **Low wages:** 84% believed that income from a full-time job at minimum wage was not enough to survive.
- **Personal Challenges:** Caregiving responsibilities (particularly for women between the ages of 35 and 44) and health limitations (for adults between the ages of 50 and 64) were major barriers.
- **Economic Disincentives:** 51% feared their situation would worsen if they got a full-time job in the formal economy that leads to the loss of benefits.

Figures 30 & 31. Personal Circumstances that Impact Employment and Reasons for Not Working (Unaided)

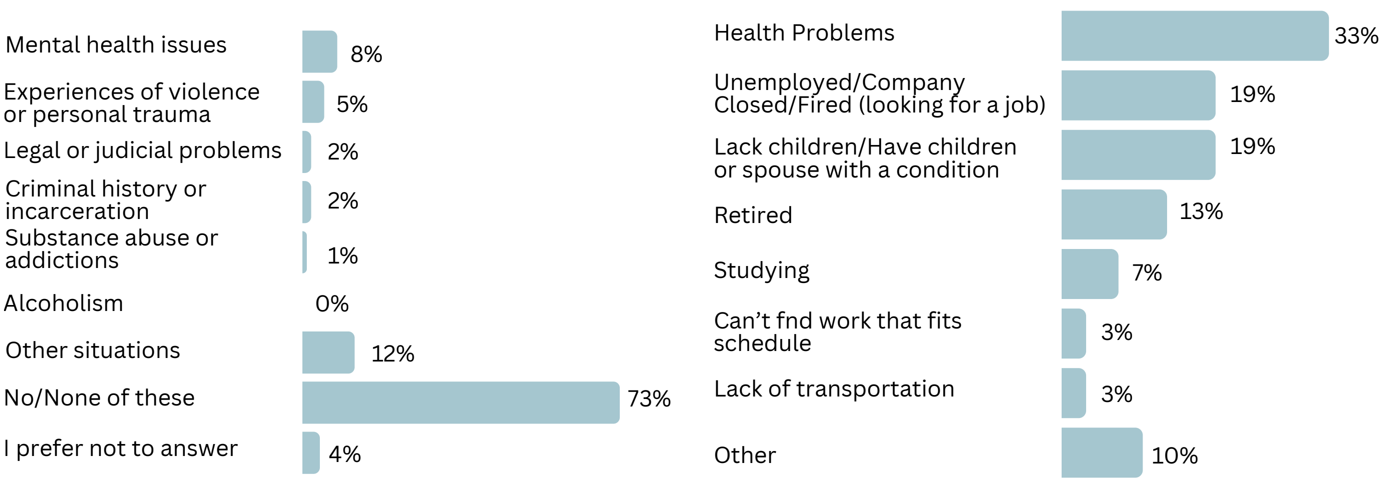


Figure 32. What needs to improve personal/economic situation (Aided)

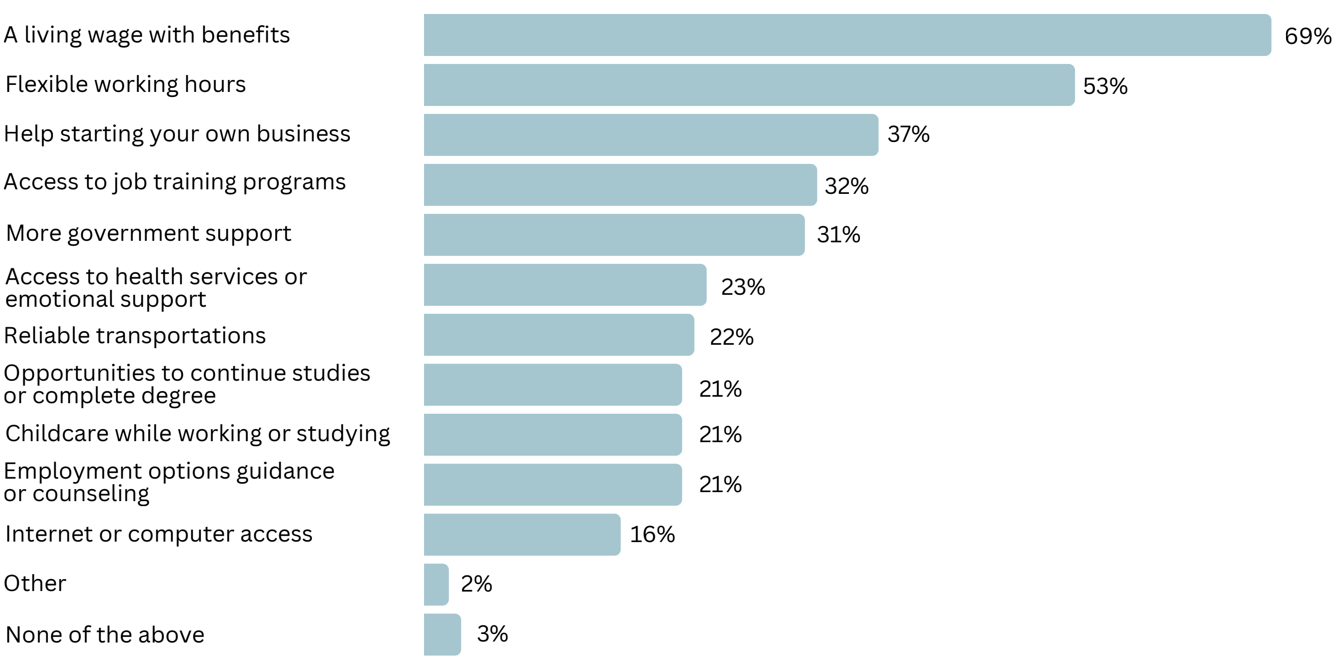
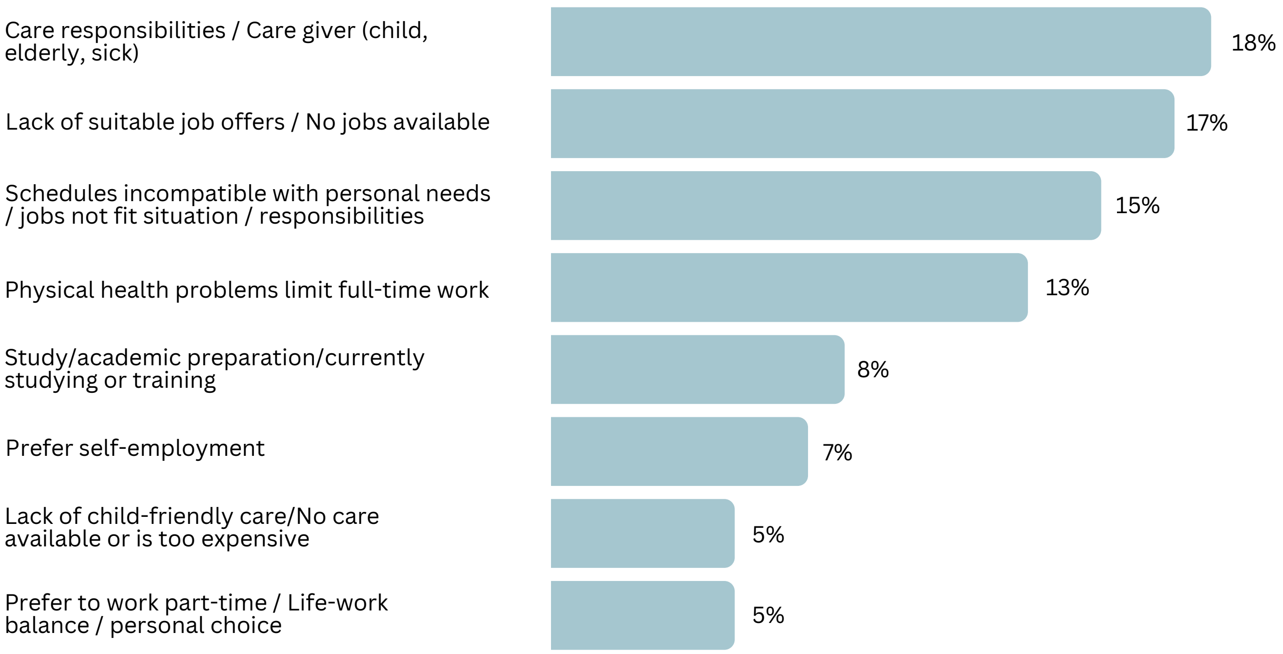


Figure 33. Reasons for not working full-time

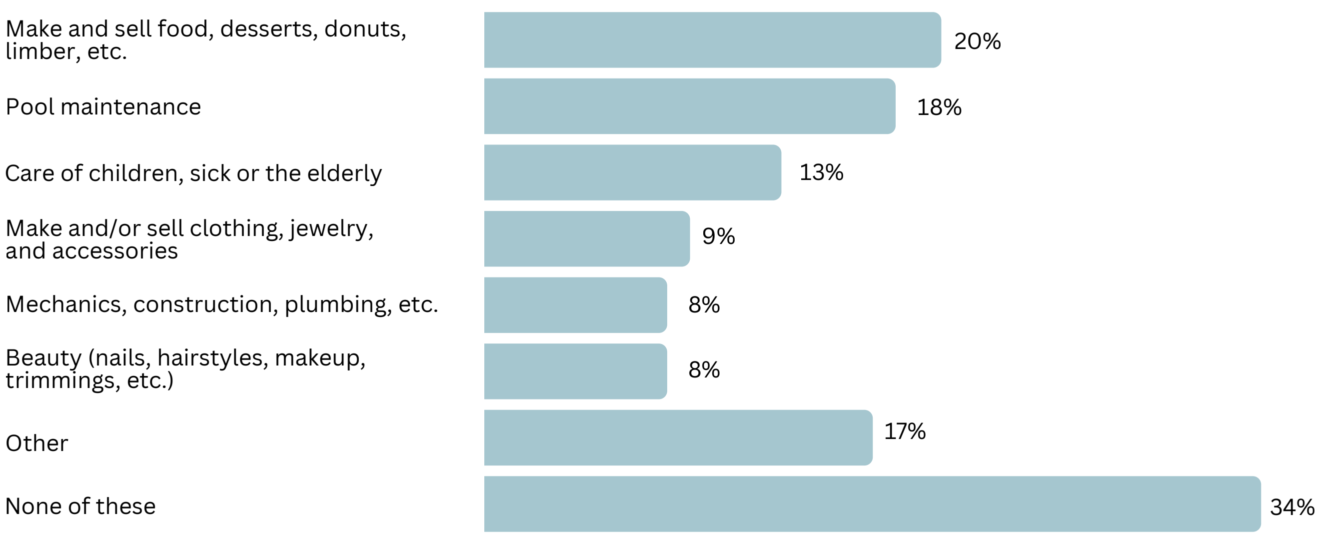


F. The Role of the Informal Economy:

NAP recipients were active participants in Puerto Rico's informal economy. They opted to generate income through the informal economy due to several factors: limited financial resources to formalize their informal trades, existing challenges (structural and personal), and the fear of losing welfare benefits.

Of the respondents, 66% engaged in informal activities. Most said they generate income by making and selling baked goods, and doing yard or residential maintenance work, which shows entrepreneurial intent. Structural barriers like insufficient access to capital and excessive bureaucracy, as well as fear of the benefit cliff, can incentivize these individuals to continue operating informally and occasionally, instead of formalizing their "trades" as micro entrepreneurs. Taking affirmative actions to encourage formal work is critical to increase workforce participation and tax base.

Figure 34. Additional Informal Jobs

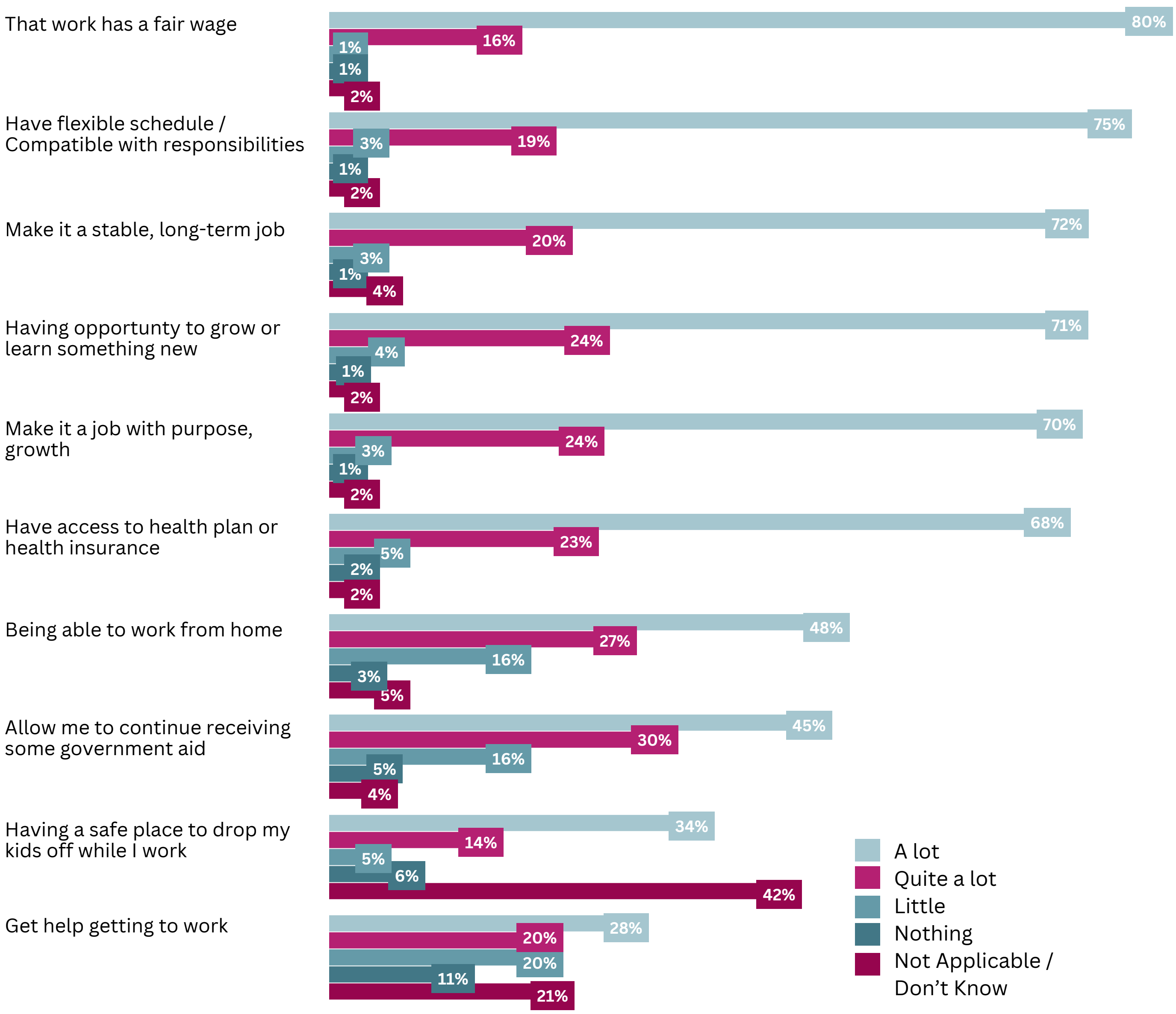


Low-income (<$10k) households were the most dependent on informal work (81% do at least one). Higher-income households ($20k+) were less likely (55%) to turn to the informal economy to generate additional income. People in sporadic/occasional jobs were the most engaged in informal activity (88%), showing reliance on disconnected jobs to generate income. Individuals who did not continue their education after high school were more active in informal jobs (76%). Of the respondents who said they were working full-time, 53% often do informal work on the side.

G. Incentives to Work:

Respondents would work full-time in the formal economy if the wages were fair (80%), the hours were stable (75%) and had job stability (72%). Among participants, 71% were motivated by growth opportunities in the workplace and 70% aspired to have meaningful jobs. Access to health insurance was also important.

Figure 35. Motivating Factors to Work Full-Tme



Based on the survey results, we have segmented the sample of participants by their motivation to enter the formal job market. Priority should be given to the segments that are most inclined to pursue work and entrepreneurship and to take advantage of training and education opportunities.

Top Priority Segments

1. **Young Men (aged: 18–34; income: $15k–$24k income; level of education: some university)**
    - High work ability: 86% can work in any job.
    - Already engaged in part-time/occasional jobs.
    - Barriers: Lack of job opportunities.

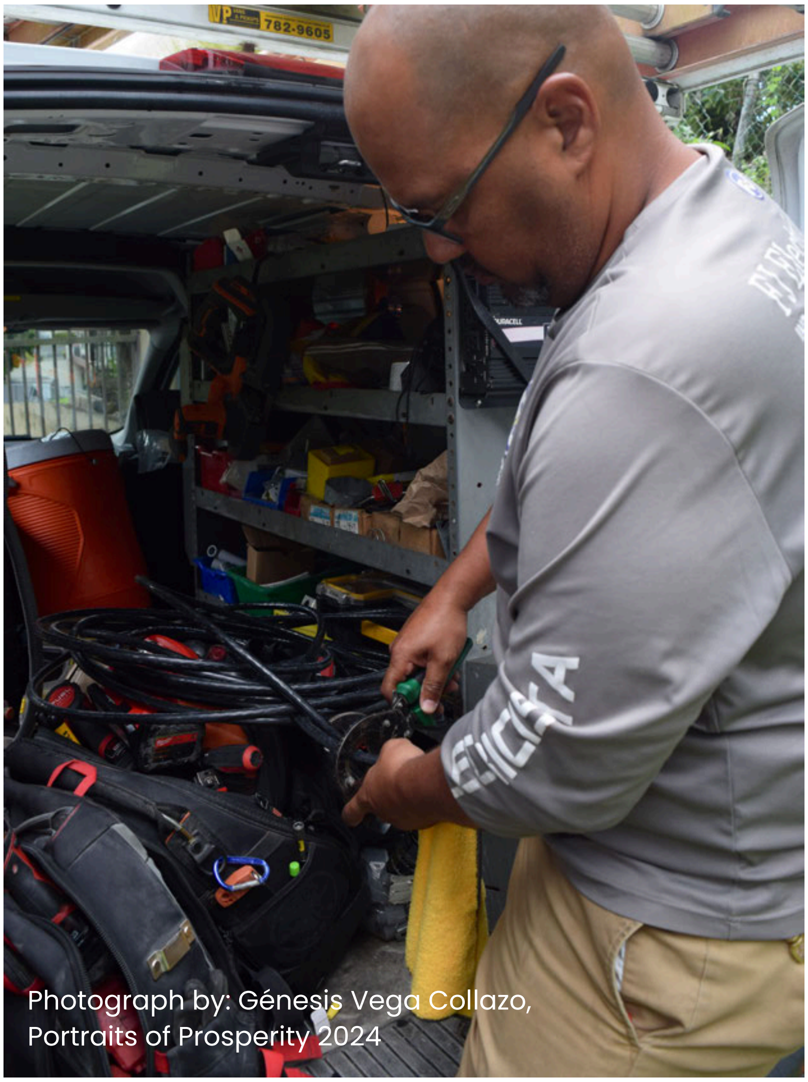
2. **Young Women (aged: 18–34; income: $10k–$19k; level of education: some university/university degree**
    - Educated and motivated (many in training programs).
    - Barriers: childcare, caring for adults and flexibility.

3. **Women (aged: 35–44; stay at home mothers and caregivers; income: $15k–$24k)**
    - Largest underemployed group: heavy reliance on occasional/self-employment.
    - Many are trying to start a small business.
    - Barriers: Caregiving duties and fear of losing NAP benefits.

Low Priority Segments

1. **Moderate Feasibility Segments**
    - Households $10k–$14k income: Able to work (65%) but need stronger support.
    - Self-employed / "starting a business" (23% combined): Require microloans and mentorship.

2. **Lowest Feasibility Segments (Not initial targets)**
    - Older adults (50–64 years): 50% have physical limitations.
    - Deep poverty (<$10k households): Highly dependent on informal jobs and NAP, fewer resources.



Photograph by: Génesis Vega Collazo, Portraits of Prosperity 2024

IV. Qualitative Survey Findings

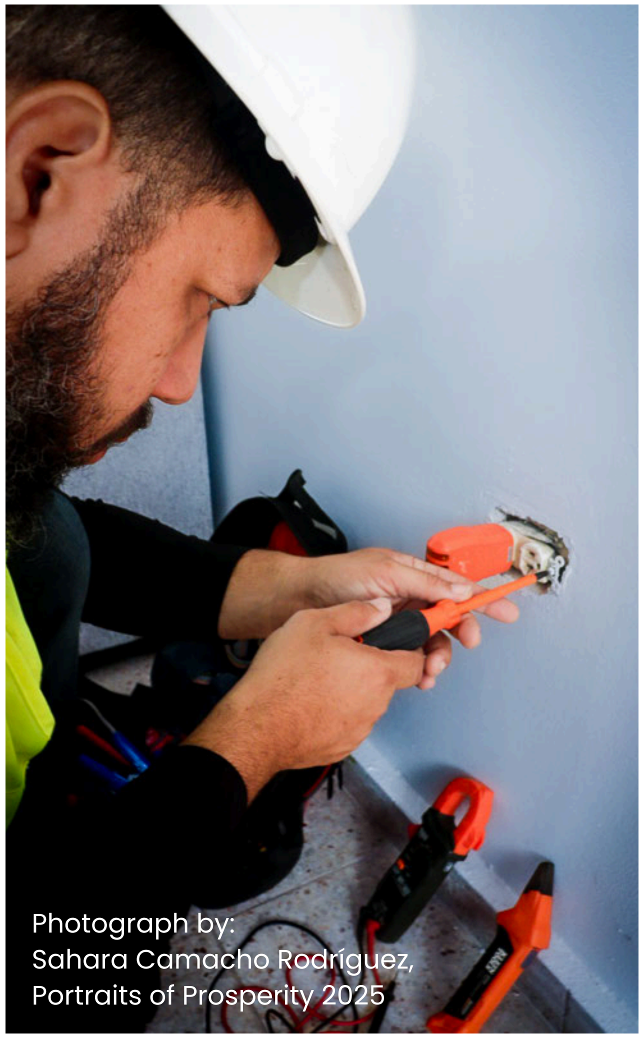
A. Methodology:

- Sixteen (16) focus group interviews were conducted in four regions in Puerto Rico: San Juan, Ponce, Mayagüez, Arecibo.
- Four sessions were conducted for each region. Participants were divided by age and employment status.
  - Session 1: Age 25-34, NAP beneficiaries, work full-time, part-time in the formal or informal economy.
  - Session 2: Age 35-64, NAP beneficiaries, work full-time, part-time in the formal or informal economy.
  - Session 3: Age 25-35, NAP beneficiaries, do not work.
  - Session 4: Age 35-64, NAP beneficiaries, do not work.
- Sixty (60) one-hour sessions with at least eight (8) participants per session.
- A total of 115 participants attended the sessions:
  - All received NAP benefits
  - Ages 25-64
  - Employment status varied: unemployed, full-time employees (informal economy) and part-time.
- For focus groups, a sample size of 100 interviews provides a margin of error of +/-9.8 percentage points at the 95% confidence level.

B. Key Takeaways from Focus Groups:

- **High cost of living:** All participants, across all groups and regions, reported severe financial strain due to rising prices of food, utilities, rent, and basic consumer goods.
- **Housing:** A mix of homeownership, renting, and living in public/subsidized housing or with family to share expenses.
- **Financial situation:** Most live "paycheck-to-paycheck" or "day-by-day" without describing their situation as "tight" or "just surviving." Any unexpected expense causes significant hardship.
- **Aspirations vs. barriers:** Most participants said they aspire to a better financial and life situation. Common goals included obtaining technical certifications (nursing, beauty, welding), starting a business, owning or improving their homes, and providing better education for their children. As barriers that hinder these aspirations, focus group attendees mentioned lack of access to capital and fear of debt; bureaucratic hurdles to obtain licenses and permits; the benefits cliff; and lack of access to childcare and flexible work schedules.

- **Perception of government aid (NAP and other programs):** Focus group attendees viewed NAP as an essential right but insufficient to cover monthly food needs. Participants said that they must supplement the government assistance by getting help from food banks, family, or odd jobs. The process to apply and renew NAP benefits was described as confusing, unreliable and demeaning. They pointed to flaws in digital platforms and non-responsive customer service. Focus groups also revealed that program rules and conditions – such as the strict asset limit (~$2,000 in savings) and the requirement to report all income[13] – disincentivize savings and formal work. Participants said they felt that they were being punished for any attempt to improve their income. They requested more oversight and auditing to prevent fraud and ensure that aid reaches those "who really need it." Many participants mentioned "inheriting" their parents' welfare benefits - like NAP or public housing - indicating a cycle of long-term dependency.


Photograph by:
Sahara Camacho Rodríguez,
Portraits of Prosperity 2025

- **The informal economy:** Focus group participants viewed the informal economy as a practical necessity to avoid the sales tax (IVU) and cope with the high costs of living. They justified participating in the informal economy as a response to a lack of formal job opportunities and a rigid welfare benefits system. Participants pointed to common jobs like street vending, house cleaning, beauty services, childcare, sewing, baking, construction, and handyman work ("chiripeos"), as examples of informal work. In general, focus group participants acknowledged the risks of informal work. They understood the downsides: no Social Security contributions, no labor protections, and potential future loss of benefits.
- **The benefits cliff:** A full-time minimum wage job ($10.50/hr ≈ $1,680/month) almost always pushes household income over the NAP eligibility threshold (~$1,500 for a family of four), resulting in a total loss of benefits. As a result, participants said they choose to work part-time, limit hours, or hide income to avoid this cliff, as working more could make them worse off financially. All focus groups overwhelmingly advocated for a gradual reduction of benefits as income rises, instead of an abrupt cutoff. Many suggested the implementation of a "grace period" (6 to 12 months) after starting a new job.

1[13] The $2,000 asset limit refers to resource eligibility rules that participants perceived as discouraging savings, since accumulating modest financial reserves could affect continued eligibility for public assistance benefits.

- **Resourcefulness:** All participants were asked what they would do if they stopped receiving NAP. The responses to this question varied, depending on their employment status, age, place of residence, family situation and, on the length of dependency on government assistance. In general, those who were working full-time or part-time tended to face the loss of benefits by reducing their expenses and seeking more work. On the other hand, those who were not working, and whose income came mostly from government assistance demonstrated less resourcefulness. Participants from the San Juan Metro area were more resilient than those from other regions. This was mainly influenced by the availability of job opportunities in the Metro area versus other regions in Puerto Rico. Regardless of their work status, all participants mentioned informal work as an alternative to make up for the loss of NAP benefits.

C. Participant Clusters

Four distinct profiles of NAP recipients emerged from the focus groups. They consider personal agency, motivation to improve their livelihood, and attitudes towards government assistance. These profiles can help policymakers and stakeholders to design targeted policies aimed at transitioning those individuals who are highly motivated to work away from dependency, while ensuring that those most in need are provided with a reasonable safety net.

- **The Idle Society:** Group of NAP recipients who are unemployed and demonstrate low work motivation. They show little or no interest in seeking employment or improving their work situation. They prefer to rely exclusively on government benefits and display a passive acceptance of their circumstances. They demonstrate low personal agency and adaptability.
- **The Dual Earners:** Group of NAP recipients who seek out loopholes in the welfare regulatory system to avoid the benefits cliff by strategically combining work and government assistance. They work just enough to avoid losing their benefits, often keeping some income in cash. They receive income “under the table” to prevent official benefit reductions and aim to maximize their total income by combining formal and informal sources of income. They are resourceful and can adapt to a sudden change in benefits, albeit hesitantly.
- **Steady Workers:** Group of NAP participants who value their independence and actively seek to work, despite the risk of losing NAP support. They try to work even though their benefits are reduced due to their income. They choose to keep working because they value employment and economic independence. They occasionally turn to the informal economy to supplement income. They tend to have a stronger work ethic and values compared to other groups. They demonstrate high levels of personal agency and positive aspirations for the future.
- **Transition Trailblazers:** Group of NAP recipients who are unable to work due to age, disability, or caregiving restrictions. They are unemployed due to layoffs, relying on assistance while seeking new opportunities. They are elderly or ill individuals who are unable to work and require social support to meet basic needs. They have little personal agency.


Source: Canva

VII. Analysis

The convergence of CRECE's survey findings with the literature review sends a powerful, evidence-based message: the path to reducing dependency in Puerto Rico requires shifting from a system that manages poverty to one that invests in personal agency and opportunities. This means replacing policies that create disincentives – like the benefits cliff and complex bureaucracy – with those that build capability, like transitional benefits, occupational licensing reform, and support for entrepreneurship. The goal, as Mauricio Miller asserts, is not to see people as charity cases but to recognize them as the primary agents of their own change and to create a system that follows their lead (Miller, 2019).

Source: Generated using AI

Survey and focus group data from Puerto Rico show that most NAP participants actively contribute to household expenses, confirming that beneficiaries are not simply choosing to stay out of the workforce. The main obstacles identified—particularly the benefits cliff—are well-documented in U.S. welfare research. FREOPP and the Department of Health and Human Services' Office of the Assistant Secretary for Planning and Evaluation (2023) both report that abrupt benefit losses can discourage formal employment by penalizing increases in additional earnings (Fixing the Broken Incentives in the U.S. Welfare System, 2024).

As the Lithuanian Free Market Institute argues, when "benefits fully replace labor income, people are less willing to invest in productive abilities, to learn and improve oneself." (Government Against Scarcity: How It Changes Who We Are, 2017, p. 34). Tanner similarly contends that welfare systems which "infantilize recipients" (Tanner, 2022, p. 5) by limiting choice undermine motivation and self-determination. He further argues that welfare programs replace people's choices and preferences with those of the government. This means that government assistance participants make choices not based on their preferences, but on what the government demands they do. In Puerto Rico, for example, NAP beneficiaries are "incentivized" to attend specific markets to purchase fresh local products where they are able use their EBT cards. Focus group participants, however, claimed that their preference was to buy produce at supermarket stores because the specialty markets were more expensive, leaving them with less money to buy groceries.

Perhaps the most startling evidence found in the survey is the helplessness displayed by participants when asked to imagine the absence of government assistance: 27% of respondents said they would not survive without it. Asked how they would respond to a loss of government benefits, 30% said they would not know what to do. For this segment, it appears that years of depending on government assistance has created a false sense of security, affecting their capacity to resolve daily problems. It should be noted however, that most respondents demonstrated a capacity to identify strategies to absorb the hypothetical loss of government assistance, and that personal agency was more prevalent among those who were working.

The prevalence of informal work (66% overall, 81% in the lowest-income households) is a direct survival response to the constraints of the formal economy and welfare rules. This aligns with Miller's argument that we must recognize and tap into the entrepreneurial talent within low-income communities (Miller, 2019). Underreporting income and working "under the table" are rational responses to a system that penalizes formal work. However, as the Lithuanian Free Market Institute notes, while informality provides resilience, it can also perpetuate marginality, undermine long-term security, and break social ties by operating outside formal community and economic structures. The informal economy is a resilient adaptation, but it perpetuates marginality, offering no safety net or path to long-term security.

Informality is also encouraged by Puerto Rico’s high tax burden and excessive bureaucracy and regulations. As illustrated through the focus groups, the regressive nature of the IVU (sales tax) leads individuals with very limited resources to engage in informal transactions that “save” them money.

Photograph by:
Carol Suheily Cedeño Ortiz,
Portraits of Prosperity 2026

Research by the Puerto Rico Institute for Economic Freedom (ILE, for its acronym in Spanish) and from the Institute for Justice’s License to Work, 3rd ed. (Knepper et al.) has shown that onerous occupational licensing requirements in Puerto Rico constitute a significant barrier for low-income beneficiaries who wish to pursue entrepreneurship or skilled trades. The quantitative and qualitative survey results support this assertion. The time and cost of occupational licensing requirements impose a real barrier for individuals to pursue formal work and entrepreneurship opportunities, particularly in blue collar jobs. Simply put, for many, engaging in occasional handyman work – like painting a house or doing yardwork – for cash is a lot easier than investing limited time and financial resources in getting a license to do the same type of work. As a result, people choose to remain working informally and dependent on the government.

The survey shows that most participants (85%) view NAP as a right, echoing Tanner’s observation that U.S. welfare programs often evolve into perceived entitlements.

Focus group interviews reaffirmed this sense of entitlement, with many saying that government assistance was not only a right, but that it was insufficient. Yet, strong support for gradual benefit phase-outs indicates a pragmatic desire for self-sufficiency. This aligns with reforms proposed by FREOPP and the Department of Health and Human Services advocating transitional benefits to replace sudden cutoffs. Beneficiaries oppose losing stability—not work itself—mirroring evidence from U.S. state pilot programs that gradual benefit reduction strengthens motivation to work (Understanding Economic Risk for Low-Income Families: Economic Security, Program Benefits, and Decisions about Work, 2024).

The perceived entitlement of NAP benefits among surveyed individuals indicates that long-term dependency affects upward mobility and human flourishing. As the Lithuanian Free Market Institute aptly points out, an unintended consequence of government welfare assistance is that it creates a false notion that scarcity is not a problem. It creates an illusion that poverty can be eliminated without personal effort (Government Against Scarcity: How It Changes Who We Are, 2017). As a result, dependence becomes a way of life. People make a rational choice of abdicating their decision-making powers to the government as a guarantee for meeting immediate necessities, even if that translates into a passive, subservient life with little hope for upward mobility. Over time, “people develop an attitude that responsibility for saving them from poverty should fall” (Government Against Scarcity: How It Changes Who We Are, 2017, p. 34) on the government, not on themselves.

Notably, the survey found that NAP participants sought little support outside of government programs, with only 7% receiving sporadic food assistance from charitable organizations. This may point to welfare recipients being isolated from social support networks. The isolation in turn may entrench dependence in paternalistic government aid.

The high motivation and entrepreneurial spirit among recipients are untapped resources of opportunities. The challenge is reforming a system that currently suppresses this potential. Institutional reform does not and should not focus solely on the current welfare system. Increasing the labor participation rate in Puerto Rico requires long overdue structural reforms to reduce and simplify the tax and regulatory environment that hinder local entrepreneurship, limit job creation and feed informal economic activity. As illustrated in this report, high taxation and burdensome bureaucracy are matters that negatively affect all citizens, including those on welfare assistance.

Photograph by: Marieliz Falero Marrero,
Portraits of Prosperity 2024

Building a more prosperous, inclusive economy in Puerto Rico requires profound introspection and an honest evaluation of how we, as a society, view and treat individuals and families who are experiencing poverty and/or are dependent on government assistance. It demands that we recognize and treat them, not as charity cases or lost causes, but as capable and active contributors to our economy. Most of them work, pay taxes, purchase goods and services. They have goals and aspire to improve their quality of life. If we want people to attain financial independence, we must create the conditions for them to freely pursue their goals and for them to become even more active contributors to our economic growth. At the same time, it is important to acknowledge that the current welfare structure does not promote upward mobility nor human dignity.

VIII. Recommendations

This report presents an evidence-based framework for transforming Puerto Rico's welfare system from a punitive, dependency-based model into one of empowered inclusion and economic mobility. Drawing from participant insights, comparative policy research, and empirical literature, it outlines actionable recommendations to align Puerto Rico's safety-net system with human-centered, dignity-based approaches. **The goal is to create a pathway toward economic self-sufficiency, where policies reward work, foster entrepreneurship, and reinforce dignity.**

As the U.S. Congress, together with the local and the federal governments, develop a plan to transition from the current block grant model to SNAP, Puerto Rico is uniquely positioned to implement the recommendations herein and measure their success based on the number of participants that successfully achieve self-reliance through work. The program's success metrics should focus on individuals and families that no longer depend on it.

A. Core Principle: Responsibility Through Empowerment

Lasting responsibility stems from empowerment: ***"you can't expect people to behave responsibly if they are never given any responsibility"*** (Tanner, 2022, p. 5). Policies should therefore be designed to trust individuals with decision-making power, emphasizing autonomy and accountability (Thaler & Sunstein, 2008; Banerjee & Duflo, 2011).

1. **Economic Mobility and Work Incentives**
    - Transition Puerto Rico from NAP to SNAP, ensuring parity with U.S. states and enabling automatic income-based phase-out.
    - Establish a robust local Earned Income Tax Credit (EITC) to reward formal employment, work, and earnings, while offsetting the loss of other benefits (Center for Economic Renewal, Growth and Excellence, 2025).

2. **Empowerment and Human Dignity**
    - Redesign benefit structures to include gradual phase-outs, ensuring that higher earnings always yield net gains.
    - Promote human-centered policy design that integrates the experiences of participants, addressing cost of living, family care, and agency.
    - Mandate empathy and trauma-informed training for government employees to reduce stigma and rebuild trust.

3. **Education, Skills, and Entrepreneurship**
   - Integrate financial literacy, entrepreneurship, and job-readiness curricula for NAP beneficiaries, as well as in public and private schools to strengthen economic mobility and long-term self-sufficiency.
   - Expand short-term technical training in high-demand fields (construction, healthcare, technology), coupled with mentorship and microcredits.
   - Reform occupational licensing laws that restrict low-income entrepreneurship (Institute for Justice, 2023). Consider reducing the cost of obtaining licenses, increasing the frequency of exams, easing continuing education requirements in high demand fields.
   - Develop microcredit and mentorship initiatives for women and young entrepreneurs.

4. **Human-Centered Administration**
   - Shift the focus of program success metrics from enrollment volume to long-term outcomes: workforce transitions, income growth, and reduction of benefits cliffs.
   - Simplify and digitize benefits application and renewal processes through the Puerto Rico Innovation and Technology Services (PRITS).
   - Develop transparent communication channels between NAP administrators and beneficiaries to clarify eligibility and reduce confusion.
   - Educate and inform NAP recipients regularly on changes to work requirements.

5. **Community and Social Capital**
   - Showcase personal success stories of individuals and families who have achieved financial independence through digital platforms to foster hope, role modeling, and self-efficacy.
   - Measure and integrate Puerto Rico’s informal economy into policy planning.

The report's recommendations are powerfully validated by international evidence:

- **Transitional Benefits:** The call to eliminate the benefits cliff is not theoretical. Models in states like Tennessee ("OurChanceTN") and Massachusetts provide a blueprint for implementing a gradual benefit reduction tied to earnings.
- **Cash vs. In-Kind (Cato):** The Cato Institute's recommendation to provide cash instead of in-kind benefits to restore dignity and decision-making aligns with the agency-focused solutions needed.
- **Occupational Licensing Reform:** The Institute for Justice's findings on licensing barriers provide direct, evidence-based support for the report's policy recommendation to reduce these hurdles, particularly in high-demand fields like construction. The quantitative and qualitative surveys performed for this report affirm that NAP recipients: 1) already practice technical jobs albeit irregularly and informally; and 2) they are motivated to seek self-employment and technical jobs that require less investment in education. In this context, eliminating licensing requirements could open opportunities for NAP beneficiaries to enter the workforce by reducing the cost and time associated with licenses.
- **Investing in Agency and Initiative:** The focus on technical training, microloans, and mentorship is supported by literature showing that investing in people demonstrated initiative and psychological building blocks of agency is more effective than traditional, top-down charity.

B. Implementation and Measurement Framework

Reform should follow a phased, evidence-based approach that prioritizes measurable outcomes over programmatic activity. Too often, pilot initiatives are implemented without relying on proven models, establishing clear baseline data, or defining meaningful success indicators. As a result, attention is frequently placed on processes—such as the number of participants served or activities completed—rather than on whether participants achieve greater economic self-sufficiency.

Future pilots should be grounded in evidence, including rigorous evaluation, and focus on outcomes rather than outputs. Key metrics should include increases in labor force participation, successful NAP-to-work transitions, growth in earned household income, workforce retention, and reductions in long-term benefit dependency. Puerto Rico must move beyond measuring what programs do and begin measuring the results they produce in the lives of individuals and families.

C. Target Population

Prioritize policy for high-potential segments: Young Men (job creation), Young Women (childcare support), Women between the ages of 35 and 44 (microloans, gradual phase-out).

Table 3. Priority engagements for intervention

Segment	Profile	Barriers	Proposed Policy Levers
Young Men (Aged 18-34)	$15k–$24k income, some university education.	Lack of job opportunities.	Job creation, apprenticeships, direct placement services.
Young Women (Aged 18-34)	$10k–$19k income, some or complete university.	Childcare responsibilities and need for flexibility.	Childcare availability, flexible work hours, safe transportation.
Women (Aged 35-44)	Caregivers, $15k–$24k income.	Caregiving duties and fear of losing NAP.	Gradual NAP phase-down, family care availability, microloans/formalization help.

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Appendix A. Additional Quantitative Survey Findings

Table 4. Household Income and Benefits by Gender, Age, Regions, and Education

Column %		Gender		AGE			Regions		Education		
	Total	Men	Women	18-34	35-49	50-64	San Juan Metro	Island	HS or less	Incomplete University	Complete University
Base Size:	500	181	319	173	153	175	113	387	143	173	185
NAP / PAN	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Vital Health Plan / Medicaid	76%	**67%**	**81%**	72%	78%	76%	74%	76%	76%	79%	72%
Bank account (checking or savings)	71%	69%	72%	73%	65%	74%	71%	71%	**57%**	**81%**	72%
Social Security	25%	28%	23%	23%	**16%**	**34%**	25%	24%	**13%**	28%	**31%**
Private Health Insurance	19%	21%	18%	17%	17%	23%	20%	19%	**10%**	17%	**28%**
WIC Program	16%	14%	17%	**34%**	13%	**1%**	12%	17%	16%	14%	18%
Section 8	8%	8%	8%	10%	5%	8%	**12%**	**7%**	11%	5%	7%
None of these	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Table 5. Household Income and Benefits by Work Status and Income

Column %		Work Status			Able bodied		Income		
	Total	Full-time job	Occasional jobs / Self employment	Other Work	Can work in any job	I can work only certain functions	Less than $10,000	From $10,000 to $19,999	More than $20,000
Base Size:	500	128	184	131	350	150	185	152	156
NAP / PAN	100%	100%	100%	100%	100%	100%	100%	100%	100%
Vital Health Plan / Medicaid	76%	**58%**	**81%**	**82%**	**73%**	**82%**	78%	81%	**66%**
Bank account (checking or savings)	71%	76%	**66%**	74%	72%	68%	**61%**	73%	**84%**
Social Security	25%	24%	18%	23%	**21%**	**33%**	**12%**	27%	**37%**
Private Health Insurance	19%	**34%**	**14%**	**13%**	19%	18%	**5%**	14%	**41%**
WIC Program	16%	15%	15%	21%	**20%**	**6%**	19%	12%	16%
Section 8	8%	**2%**	**10%**	7%	**6%**	**13%**	**14%**	6%	**3%**
None of these	0%	0%	0%	0%	0%	0%	0%	0%	0%

Table 6. Evaluation of Household's Economic Situation by Gender, Age, Regions, and Education

Column %		Gender		AGE			Regions		Education		
	Total	Men	Women	18-34	35-49	50-64	San Juan Metro	Island	HS or less	Incomplete University	Complete University
Base Size:	500	181	319	173	153	175	113	387	143	173	185
Positive (Net)	26%	27%	26%	28%	24%	27%	28%	26%	22%	23%	**33%**
Excellent	2%	**4%**	**1%**	**4%**	1%	**0%**	3%	2%	3%	1%	3%
Very good	3%	4%	2%	3%	3%	3%	3%	3%	3%	3%	4%
Good	21%	19%	23%	21%	20%	23%	22%	21%	16%	20%	**26%**
Regular	59%	56%	61%	53%	62%	62%	57%	59%	66%	59%	53%
Negative (Net)	15%	17%	13%	19%	14%	11%	15%	15%	12%	17%	15%
Bad	10%	10%	10%	13%	10%	7%	9%	10%	9%	11%	11%
Very bad	3%	4%	3%	**6%**	3%	**1%**	2%	3%	2%	5%	2%
Terrible	2%	**3%**	**1%**	**0%**	1%	**3%**	**4%**	**1%**	1%	1%	2%

Those with a university degree evaluate their economic situation higher.

Table 7. Evaluation of Household's Economic Situation by Work Status and Income

Column %		Work Status			Able bodied		Income		
	Total	Full-time job	Occasional jobs / Self employment	Other Work	Can work in any job	I can work only certain functions	Less than $10,000	From $10,000 to $19,999	More than $20,000
Base Size:	500	128	184	131	350	150	185	152	156
Positive (Net)	26%	**46%**	19%	21%	29%	21%	18%	16%	**45%**
Excellent	2%	4%	1%	2%	3%	1%	2%	0%	3%
Very good	3%	**7%**	**1%**	3%	3%	3%	1%	3%	**5%**
Good	21%	**35%**	17%	**16%**	23%	17%	**15%**	**13%**	**37%**
Regular	59%	**47%**	64%	64%	57%	64%	62%	**70%**	**45%**
Negative (Net)	15%	**7%**	18%	15%	15%	15%	19%	14%	9%
Bad	10%	7%	12%	9%	11%	9%	13%	10%	**6%**
Very bad	3%	**0%**	3%	**6%**	3%	3%	4%	2%	3%
Terrible	2%	0%	**3%**	1%	**1%**	**3%**	2%	2%	1%

Those with a full-time job and in the highest income segment deem their economic situation better.

Table 8. Economic Situation if Government Stopped Providing Financial Assistance by Gender, Age, Regions, and Education

Column %		Gender		Age			Regions		Education		
	Total	Men	Women	18-34	35-49	50-64	San Juan Metro	Island	HS or less	Incomplete University	Complete University
Base Size:	500	181	319	173	153	175	113	387	143	173	185
It would be very difficult, we could barely cover the essentials	46%	46%	47%	47%	45%	48%	45%	47%	50%	43%	47%
We couldn't survive	27%	23%	29%	29%	27%	26%	22%	29%	29%	28%	25%
We'd be tight, but we could handle ourselves	19%	22%	17%	16%	19%	22%	**25%**	**17%**	15%	23%	19%
It would be challenging, but it wouldn't change much	4%	5%	4%	6%	5%	3%	5%	4%	4%	3%	6%
We would do the same without the aid	2%	3%	2%	3%	3%	1%	2%	2%	2%	3%	2%
Don't know	1%	1%	1%	0%	1%	1%	1%	1%	0%	1%	2%

Table 9. Economic Situation if Government Stopped Providing Financial Assistance by Work Status and Income

Column %		Work Status			Able bodied		Income		
	Total	Full-time job	Occasional jobs / Self employment	Other Work	Can work in any job	I can work only certain functions	Less than $10,000	From $10,000 to $19,999	More than $20,000
Base Size:	500	128	184	131	350	150	185	152	156
It would be very difficult, we could barely cover the essentials	46%	45%	46%	48%	46%	46%	48%	48%	42%
We couldn't survive	27%	**15%**	30%	32%	25%	32%	**36%**	27%	**17%**
We'd be tight, but we could handle ourselves	19%	**27%**	17%	15%	20%	16%	**9%**	22%	**28%**
It would be challenging, but it wouldn't change much	4%	8%	3%	4%	5%	4%	4%	2%	**8%**
We would do the same without the aid	2%	2%	4%	2%	2%	2%	2%	1%	4%
Don't know	1%	**3%**	0%	0%	1%	0%	**2%**	0%	0%

Table 10. Household Response to Loss of Government Assistance by Gender, Age, Regions, and Education (Aided)

Column %		Gender		Age			Regions		Education		
	Total	Men	Women	18-34	35-49	50-64	San Juan Metro	Island	HS or less	Incomplete University	Complete University
Base Size:	500	181	319	173	153	175	113	387	143	173	185
I would reduce my expenses drastically	46%	45%	46%	41%	46%	51%	**55%**	**43%**	39%	46%	50%
Would seek to work or work more	45%	46%	44%	**52%**	46%	**37%**	48%	44%	40%	45%	48%
I wouldn't know what to do / I'd feel lost	30%	28%	31%	**36%**	28%	24%	24%	31%	34%	29%	27%
I would move to the United States	26%	28%	25%	30%	27%	20%	20%	28%	24%	32%	22%
Would seek other government help	18%	**23%**	**15%**	**24%**	17%	14%	19%	18%	18%	19%	17%
I would move to the home of family or friends	7%	8%	6%	**10%**	7%	4%	7%	7%	9%	7%	5%
Other	2%	1%	2%	1%	1%	3%	0%	2%	1%	3%	1%
Don't know	5%	6%	4%	3%	7%	5%	5%	5%	4%	3%	7%

Table 11. Household Response to Loss of Government Assistance by Work Status and Income (Aided)

Column %		Work Status			Able bodied		Income		
	Total	Full-time job	Occasional jobs / Self employment	Other Work	Can work in any job	I can work only certain functions	Less than $10,000	From $10,000 to $19,999	More than $20,000
Base Size:	500	128	184	131	350	150	185	152	156
I would reduce my expenses drastically	46%	55%	**43%**	51%	47%	43%	**34%**	48%	**59%**
Would seek to work or work more	45%	52%	44%	46%	**50%**	**33%**	41%	41%	**54%**
I wouldn't know what to do / I'd feel lost	30%	**17%**	28%	**39%**	28%	33%	31%	34%	**23%**
I would move to the United States	26%	20%	24%	**34%**	23%	32%	26%	30%	**19%**
Would seek other government help	18%	17%	17%	25%	17%	21%	18%	17%	20%
I would move to the home of family or friends	7%	4%	8%	8%	8%	5%	**13%**	4%	**2%**
Other	2%	3%	**0%**	2%	2%	2%	1%	2%	2%
Don't know	5%	6%	5%	2%	5%	4%	6%	2%	5%

Table 12. Goals you are trying to achieve by Gender, Age, Regions, and Education (Aided)

Column %		Gender		Age			Regions		Education		
	Total	Men	Women	18-34	35-49	50-64	San Juan Metro	Island	HS or less	Incomplete University	Complete University
Base Size:	500	181	319	173	153	175	113	387	143	173	185
Achieve economic stability	69%	64%	72%	69%	72%	66%	70%	68%	63%	70%	72%
Save money	6%	66%	66%	**72%**	67%	**59%**	69%	65%	67%	62%	69%
Improve my health or well-being	58%	57%	59%	53%	56%	**65%**	61%	57%	57%	60%	57%
Get out of debt	51%	52%	51%	**43%**	52%	**58%**	48%	52%	**35%**	**61%**	55%
Own a home	51%	51%	51%	**58%**	**59%**	**37%**	56%	49%	55%	45%	54%
Get a stable job	35%	32%	37%	**47%**	33%	**25%**	33%	36%	36%	36%	34%
Travel or see other places	33%	32%	34%	**40%**	31%	30%	34%	33%	**25%**	32%	**41%**
Own my own business	32%	35%	31%	**41%**	33%	**24%**	33%	32%	31%	30%	36%
Finish or continue studies	20%	20%	20%	**38%**	**14%**	**6%**	22%	19%	17%	23%	19%
Focus on raising my child	19%	17%	20%	**28%**	**27%**	**4%**	17%	20%	17%	17%	23%
Start a family	11%	**16%**	**9%**	**20%**	9%	**5%**	12%	11%	9%	10%	14%

The youngest age segment has the most goals they are trying to achieve. 6 in 10 of the oldest segment want to get out of debt.

Table 13. Goals you are trying to achieve by Work Status and Income (Aided)

Column %		Work Status			Able bodied		Income		
	Total	Full-time job	Occasional jobs / Self employment	Other Work	Can work in any job	I can work only certain functions	Less than $10,000	From $10,000 to $19,999	More than $20,000
Base Size:	500	128	184	131	350	150	185	152	156
Achieve economic stability	69%	67%	67%	74%	69%	69%	66%	66%	**76%**
Save money	66%	71%	64%	68%	67%	64%	65%	62%	72%
Improve my health or well-being	58%	54%	52%	**66%**	**51%**	**75%**	56%	62%	58%
Get out of debt	51%	**66%**	**41%**	53%	50%	53%	**40%**	55%	**64%**
Own a home	51%	53%	49%	57%	54%	44%	53%	56%	**43%**
Get a stable job	35%	**19%**	42%	**47%**	35%	34%	**42%**	32%	30%
Travel or see other places	33%	**48%**	**23%**	37%	36%	28%	**24%**	34%	**44%**
Own my own business	32%	**26%**	32%	**43%**	34%	29%	33%	35%	30%
Finish or continue studies	20%	20%	15%	24%	**23%**	**11%**	18%	22%	20%
Focus on raising my child	19%	23%	19%	18%	**23%**	**11%**	22%	15%	21%
Start a family	11%	15%	8%	13%	13%	8%	11%	10%	13%

Those with a full-time job and in the highest income level are more likely to want to get out of debt.

Table 14. Whether Has Looked for Full-Time Job in Last 12 Months by Gender, Age, Regions and Education

Column %		Gender		Age			Regions		Education		
	Total	Men	Women	18-34	35-49	50-64	San Juan Metro	Island	HS or less	Incomplete University	Complete University
Base Size:	291	89	202	97	93	101	64	227	89	98	104
Yes, actively and frequently	35%	39%	33%	41%	39%	**25%**	**25%**	**38%**	41%	32%	33%
Yes, but occasionally	29%	24%	32%	29%	29%	30%	28%	30%	28%	29%	32%
No, but I am interested in working	20%	20%	21%	23%	20%	18%	**33%**	**17%**	17%	24%	20%
No, and I am not interested in working at the moment	9%	8%	9%	**4%**	9%	**14%**	7%	10%	7%	12%	7%
Other	6%	9%	5%	3%	3%	**13%**	7%	6%	8%	3%	8%

Table 15. Whether Has Looked for Full-Time Job in Last 12 Months by Work Status and Income

Column %		Work Status			Able bodied		Income		
	Total	Full-time job	Occasional jobs / Self employment	Other Work	Can work in any job	I can work only certain functions	Less than $10,000	From $10,000 to $19,999	More than $20,000
Base Size:	291	0	184	106	195	96	136	87	63
Yes, actively and frequently	35%	n/a	34%	36%	36%	32%	**48%**	**21%**	25%
Yes, but occasionally	29%	n/a	31%	26%	31%	26%	24%	36%	31%
No, but I am interested in working	20%	n/a	19%	23%	21%	19%	19%	23%	21%
No, and I'm not interested in working at the moment	9%	n/a	8%	11%	7%	12%	**4%**	**15%**	12%
Other	6%	n/a	8%	3%	4%	10%	5%	6%	11%

Appendix B. Regional Findings from Qualitative Survey (Focus Group Sessions)

CRECE partnered with Gaither International, a market research firm based in San Juan, Puerto Rico, to carry out qualitative research focused on NAP recipients across the island. The qualitative study was conducted in April 2025. Sixteen (16) focus group interviews were conducted in four regions in Puerto Rico: Mayagüez, Arecibo, Ponce and San Juan. Focus group participants were divided into four sessions per region according to age and employment status. All focus group participants were NAP beneficiaries. Following is an overview of the findings across regions.

Regional Findings

Western Puerto Rico (Mayagüez and surrounding towns)

Families in Mayagüez, Aguadilla, and nearby municipalities tend to live in small to medium households, often multigenerational, including children and older relatives with chronic conditions. While homeownership is common, underemployment and reliance on informal jobs predominate. Participants described rotating between temporary service jobs, sales, small businesses, and caregiving. Many women highlighted the impossibility of sustaining formal employment without reliable childcare or transportation, often choosing informal work or leaving jobs altogether. Physical or health conditions were reported in several households, limiting employability. Overall, families in this region expressed strong concern about balancing income generation with caregiving duties and the rising cost of food and utilities.

Southern Puerto Rico (Ponce and nearby towns)

Households in Ponce, Yauco, Juana Díaz, Villalba, and Santa Isabel reflected a mix of small and medium families, often caring for children, elderly, or disabled relatives. Public housing is common, though some participants own or rent. The employment profile was more diverse than in Mayagüez, including professional roles such as nursing, engineering, and education, alongside informal or service jobs (beauty, homemaking, retail). Despite these professional positions, participants emphasized that wages were insufficient and often triggered loss of benefits. Unemployment and underemployment were present, as was widespread reliance on PAN, Reforma, and informal income streams. This region reflected the tension between formal work and the “benefit cliff,” where modest salary increases quickly reduced aid, undermining financial stability.

North-Central Puerto Rico (Arecibo region)

Families in Arecibo, Camuy, Hatillo, and Florida described strong reliance on aid programs combined with informal jobs. Many participants were retired, disabled, or had left jobs to care for dependents, underscoring how external circumstances shape household economies. Work histories varied -- from technical trades to healthcare and education — but many reported permanent exits from the labor market. Several participants described themselves as resourceful, sustaining households through small-scale vending, caregiving, or manual labor, while acknowledging that government benefits were indispensable. The general perception was that aid had become permanent rather than transitional support, particularly for older adults and caregivers.

Metropolitan San Juan

San Juan participants described complex survival strategies in a high-cost urban environment. Households ranged from single individuals to small families, with caregiving duties common. Participants juggled multiple informal and part-time jobs — Uber driving, beauty services, caregiving, and food vending — while depending on aid programs to stabilize their budgets. They openly acknowledged preferring cash transactions to avoid the sales tax and to prevent income from being officially reported, reflecting both pragmatism and moral conflict. Concerns about bureaucracy, unreliable benefit renewal systems, and the inadequacy of aid compared to rising living costs were more strongly voiced here than in other regions. Participants also expressed high levels of mistrust toward both local and federal governments, perceiving themselves as especially vulnerable to U.S. policy changes that directly impact prices and funding.

Appendix C. International Models for Advancing Self-Sufficiency

This document compiles international projects that have been verified and recognized for their impact in promoting economic freedom, empowering vulnerable communities, and sustainably reducing poverty. The selected programs include rigorous evaluations (randomized trials, longitudinal studies, or quasi-experimental designs) and have been acknowledged by multilateral organizations, international awards, or academic institutions.

Table 16. Priority segments for intervention

Program/ Initiative	Location / Scale	Description	Evidence / Recognition	Key Lessons
Poverty Stoplight (Fundación Paraguaya)	47 countries	Participatory multidimensional poverty self-assessment tool that empowers families to create their own pathway out of poverty.	Recognized by the OECD OPSI; awarded the World Summit Awards 2024; currently undergoing randomized evaluation by IPA (Honduras).	Promotes local agency, multidimensional measurement, and scalable adaptation across diverse communities.
BRAC – Graduation / Ultra-Poor Graduation	Bangladesh (global)	Comprehensive intervention combining productive assets, mentoring, healthcare, and savings support for households in extreme poverty.	Randomized controlled trials (Bangladesh, Philippines, Uganda) show sustained increases in income and assets after 7 years.	Globally replicable model combining credit, education, and human-centered support.
Bolsa Família	Brazil	National conditional cash transfer program for families living in extreme poverty.	Studies demonstrate reductions in poverty and inequality; recognized by the World Bank and UNDP.	Combines social justice and fiscal responsibility with proven impact.
Red de Protección Social (RPS)	Nicaragua	Rural conditional cash transfer program focuses on education and healthcare access.	Experimentally evaluated by IFPRI (2000–2002).	Demonstrated effectiveness in rural settings and became a model for other Central American countries.
Opportunity NYC	United States	Pilot conditional cash transfer initiative in New York City.	Evaluated by MDRC using a randomized design.	Successful adaptation of a Latin American model to a developed urban context.
DIG / Disability-Inclusive Graduation	Uganda and Africa	Graduation approach adapted for people with disabilities through productive assets, inclusion, and support services.	Cluster randomized controlled trial (RCT) underway; preliminary evidence is positive.	Demonstrates productive inclusion for traditionally excluded populations.
Partnership for Central America (PCA)	Central America / United States	Public-private partnership aimed at creating jobs, promoting financial inclusion, and reducing economic migration.	Supported by the White House, the World Bank, and multinational corporations; multiple social impact reports published.	Intersectoral model for regional economic cooperation and development.