

Between a
Rock
and a **Hard Place**



The **Benefits Cliff** of
Government Programs
and the **Economic
Mobility** of Families in
Puerto Rico

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wage
subsidies
housing
NAP
vouchers



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About the Instituto del Desarrollo de la Juventud

The Instituto del Desarrollo de la Juventud (IDJ) is the only nonpartisan organization in Puerto Rico dedicated to advocating for public policies —at the federal and local levels— that strengthen the economic security of families with children and youth in Puerto Rico. Its primary objective is for all children and youth to have the opportunities to reach their full potential and to live in families with economic security.

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Message from the Executive Director

There are decisions that may seem contradictory at face value: rejecting a salary increase, avoiding working overtime, or saying no to a new job opportunity in order to guarantee access to housing, healthcare, and even food for one's family.

But when getting ahead can mean losing essential sources of support, those decisions cease to be contradictory. They become a form of protection.

That is the dilemma faced by too many families in Puerto Rico: wanting to progress but living with the constant fear of losing the stability they know and that currently sustains their children. Because, when the system punishes small advances, the risk doesn't feel like progress; it feels like facing a cliff.

That fear is not theoretical. It is a real response to a system that, as it is currently designed, often functions more as a barrier than a bridge. That is one of the most compelling conclusions of this report: the benefits cliff remains one of the largest barriers preventing families from building economic stability and breaking the cycles of generational poverty.

The consequences of this system are not limited to individual decisions. They are felt at home, at the dinner table, and in the opportunities that children and young people in Puerto Rico have—or fail to have. When a family cannot move forward with security, not only is its present situation constrained, but its future is also limited. Yet, families want to change their reality. This is reflected here and in other reports from the Instituto del Desarrollo de la Juventud. What families need is to not have to choose between stability and opportunity. They need a system that allows them to build both simultaneously.

This requires more gradual transitions and support that doesn't disappear just when it's most needed. But it also implies something simple yet profoundly powerful: clarity.

The clarity to understand how a new job opportunity might affect the support their household currently relies on. Also, clarity to know which benefits might change, which might remain, and what tools, such as the

Earned Income Tax Credit or the Child Tax Credit, are added to the equation and can help them maintain their economic stability in the process – even increase family income. It also implies recognizing that not all programs respond in the same way or have such sharp cliffs, and that understanding this complexity shouldn't fall solely on families.

No one should have to make such important decisions lacking clear and accurate information. Supporting families means giving them the information they need to navigate the system, understand their options, and make decisions with greater certainty about their future.

With this document, we seek not only to elevate the debate but also to shift the conversation—and action—toward an urgent question: How do we design a system that truly supports low-income families?

Answering this question is undoubtedly a matter of social policy. But it is also a matter of economic development for Puerto Rico. Because a country that limits the ability of its families to advance also limits its own growth.

And although important steps have been taken, such as some adjustments in the transition of benefits from the Nutritional Assistance Program (PAN), which already demonstrate that it is possible to design public policies that are more sensitive to the realities of families, there is still a long way to go. If we aspire to reduce child poverty substantively, we must dare to implement this same approach with other programs and redesign the system with a more strategic vision focused on families. Let's work towards a social protection system that accompanies, supports, and paves the way. One that gives families something essential: the real possibility of thriving and prospering.



What families need is to not have to choose between stability and opportunity. They need a system that allows them to build both simultaneously.



Sarah Vázquez Pérez
Executive Director

Overview

For decades, over half of Puerto Rico's children have lived in poverty. Most of these children's families rely on government programs, such as NAP, Medicaid-Plan Vital, TANF, and public housing, to find relief from economic hardship. Such programs, however, are not designed to set families on a path to economic mobility. Families long for a better future but facing a benefits cliff due to a small increase in earnings will pull a family deeper into poverty.

Programs' eligibility rules make it clear that this benefits cliff is a reality, though its intensity varies by program. On the other hand, focus groups held with families and staff members from the agencies overseeing these programs confirm the existence of this cliff and its deterrent effect on formal work. Among the most pressing concerns shared is the rent increase in public housing once a participant starts working. Families feel that the system holds them back and curtails their prospects. Similarly, program staff members interviewed expressed that "the system itself suffocates you".

Families make decisions about their economic mobility amid uncertainty and

with limited reliable information about how their benefits are affected when they start working. In their interactions with public assistance programs, families receive little to no information of this kind. Furthermore, the lack of communication between agencies limits the scope of action available to program staff and adds to the confusion for families who have to navigate multiple programs without much needed support.

To reduce the benefits cliff and its impact on families, the following actions are recommended: (1) provide participants with clear information regarding eligibility requirements and any changes to their situation when they start working; (2) improve the quality of key elements of customer service; (3) optimize existing programs; (4) establish phased transitions in all programs, especially public housing; (5) institutionalize case management practices and implement an approach that considers the family as a whole; (6) allocate recurring funds to help families transition to employment; and (7) reinforce supports for working families including daycare, consistent and extended school hours, a local Child Tax Credit (CTC), and high quality workforce development.

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Background

Puerto Rico faces a persistent state of poverty and economic vulnerability that disproportionately affects families with children and youth. Data from 2024 shows that 40% of the population lives below the federal poverty level (U.S. Census Bureau, n.d.) This rate is even higher among children, with 52% living below the poverty level. Moreover, the median household income in Puerto Rico is \$27,200—nearly \$32,000 below the next lowest median among U.S. jurisdictions. Additionally, Puerto Rico’s labor force participation was 45% in December 2025, the lowest among U.S. jurisdictions (Department of Labor and Human Resources, n.d.; USA Facts, n.d.)

Given these circumstances, a significant proportion of households rely, in part or completely, on public assistance programs aimed at ensuring access to food, health, and housing. These include the Nutrition Assistance Program (NAP), Medicaid, and public housing, among other support mechanisms. Public assistance programs have been essential in mitigating the effects of poverty and providing stability for low-income families. However, poverty persists.

The structure of programs can have unintended effects on economic mobility, keeping families in poverty. Most public assistance programs are means-tested, that is, as income increases, benefits are reduced or lost. In some cases, the loss of benefits may exceed the increase in income, compromising the family’s economic stability (Willner et al., 2021).

When government benefits drop sharply upon joining the workforce – generating a benefits cliff – families find themselves caught between a rock and a hard place. A benefits cliff is when a small increase in a family’s income triggers an immediate and substantial reduction in government program benefits. These abrupt reductions in assistance can deter people from joining the workforce or increasing the number of hours they work, or it can drive them into the informal economy, thus limiting their economic mobility.

This report discusses the findings of an in-depth analysis of the benefits cliff in Puerto Rico and its implications for economic mobility and participation in the workforce. To accomplish this, these were reviewed: (1) the existing literature on the subject; (2) the changes in eligibility as income increases of the most widely used programs; (3) the perspectives of government program staff members; and (4) the experiences of program participants. The report also includes the input and recommendations of the Community Advisory Council for this project, comprised of a multisectoral group from the Oasis 360 communities. Oasis 360 covers more than 90 communities in the 00923 and 00924 zip codes, which receive integrated services under the federal Reconnect grant (Platform for Social Impact, n.d.) The report focuses on four programs: NAP, Medicaid, public housing, and Temporary Assistance for Needy Families (TANF).

The benefits cliff is a public policy decision

Public assistance programs must be designed so as to strike a balance between their objectives of supporting families and reducing poverty and promoting responsible fiscal policy. For example, when income thresholds for receiving and maintaining benefits are higher, more people are able to join the program, which may help provide stability to families and reduce poverty but might also increase the fiscal burden (Card, 2000; Maag et al., 2014). This balance among program objectives emerges at the intersection of three key areas: (1) the program's generosity, (2) the eligibility requirements, and (3) the reduction of benefits as participant income increases (Coady et al., 2021). Ideally, as these key elements interact, programs should avoid creating conditions that disincentivize work (Coady et al., 2021). From this perspective, mitigating the benefits cliff should be a key aspect of program design and a public policy priority.

Although most of Puerto Rico's public assistance programs are funded and regulated by the federal government, some are structured in ways that provide flexibility to the local government to determine important aspects of their design (Enchautegui et al., 2021). This flexibility creates opportunities to establish parameters or practices that can reduce the benefits cliff and support the economic mobility of families. For example, NAP is a block grant that gives Puerto Rico some discretion in the program's design and administration, although this flexibility is subject to parameters and requirements established by the federal government. Similarly, Medicaid's income limits are determined by Puerto Rico's government within certain federal parameters, and the maximum rent amounts for public housing are determined based on local rental prices. The TANF benefit structure is also determined at a local level.

The flexibility to set program eligibility parameters and other design elements enables the implementation of measures that mitigate the benefits cliff in Puerto Rico's programs. Similarly, other states and jurisdictions have opted to supplement programs with local funds, to keep families from suffering a significant reduction in benefits when they join the workforce. **Table 1** lists some of the measures adopted by states and counties to reduce the benefits cliff.

Mitigating the benefits cliff should be a key aspect of program design and a public policy priority.



Table 1: Examples of measures adopted by States to mitigate the Benefits Cliff

State	Type of Measure	Description
Connecticut	Legislative action	Incorporated an analysis of the benefits cliff into its intergenerational initiative (H 5369, 2024).
Florida	Legislative action	Allocated funds to develop a legislative plan addressing the impact of the benefits cliff on families (S 2500, 2023).
Kentucky	Working groups and pilot projects	Created working groups tasked with exploring options to improve assistance for low-income residents (HJR 57, 2021), and developed tools such as benefit calculators and community pilot projects (H 708, 2022).
Louisiana, Maine, Montana, New Hampshire, South Carolina	Legislative studies	Commissioned studies to evaluate the impact of the benefits cliff on assistance programs.
Washington, D.C.	Career Mobility Action Plan (Career MAP) pilot project	Resolution R856 of 2022 declared a COVID-19 emergency to implement the Career MAP project, which aims to mitigate the cliff effect by providing intensive mentoring, housing assistance, and career services.
Colorado	Structural reform	Child Care Assistance Cliff Effect Pilot Program (HB14-1317, HB19-1194) for gradual transition into child care.
Massachusetts	Administrative reform	Temporarily excludes income increases from public housing benefits (DHCD Policy 2013-1).
Pennsylvania	Legislative studies	Resolution from the state Senate to analyze how the main assistance programs interact with family incomes and whether a cliff effect, or sudden loss of benefits, is produced as income increases (Senate Resolution 2013-62).
Utah and Georgia	Public agency pilot projects	Developed state-level simulators to assist beneficiaries and support integrated plans.
Ohio	Multi-program strategy	Benefit Bridge Employer Pilot Program (HB 33, FY2024–2025), gradual adjustment in PFCC and SNAP, local pilots in the counties of Allen and Lucas. The pilot establishes a sliding scale for SNAP benefits.

Note: Table compiled by the authors, based on data from the National Conference of State Legislatures. (2025). State actions addressing benefits cliffs: <https://www.ncsl.org/human-services/addressing-benefits-cliffs>; Benefits Cliffs Pilot Programs. (n. d.) An Incomplete List of Proposed 7 Active Benefits Cliffs Pilots, <https://www.benefitsclifspilots>, American Public Human Services Association. (n. d.) Benefits Cliff Resource Hub, <https://aphsa.org/benefit-cliff-dashboard/>



Previous studies

Previous research on the benefits cliff has focused on how families respond to the reduction in benefits as income increases, and on its negative impact on low-income families. There are few national studies that directly address the issue, although there are local studies aimed at mitigating the problem.

The benefits cliff disincentivizes work

One of the most studied aspects of the cliff effect is its impact on work. The benefits cliff can be a deterrent to joining the workforce, wage increases, and the generation of wealth for many families (Anderson et al., 2022; Blackwood et al., 2021; Ficencic & Cotten, 2020; Richardson & Blizard, 2021; Shapiro et al., 2016). Drawing on focus groups with employment service providers, Ruder et al. (2020) found that benefits cliffs can influence work-related decisions among low-income individuals, as the risk of losing public benefits may affect their willingness to accept wage increases,

promotions, or job changes. Ballentine et al. (2022), through in-depth interviews with low-income parents, found that the decisions made on how much work to take on vis-à-vis the loss of benefits are based on careful assessments of available resources, leading individuals to limit hours or reject job opportunities to avoid losing benefits. Similarly, interviews conducted by Anderson et al. (2022) showed that some mothers chose not to earn more income to avoid losing benefits or due to the uncertainty of what would happen if earnings increased.

Studies like the one conducted on the Benefits Cliff Employer Pilot Program (Howe, 2024) have shown that the deterrent effect on labor participation is stronger in households with children or other financially dependent individuals – such as older adults and/or people with disabilities – and in contexts where the cost of living is high. The Live Well Erie Workforce Development program recommends setting grace periods to submit changes or recertifications in order to reduce the automatic risks involved in slight income increases (St. Vil et al., 2024). The same project also recommends a gradual transition



through staggered benefit reductions rather than abrupt cuts.

These studies are based on small, local samples. However, a study by Roll, Miller, and Despard (2025) used a nationally representative sample of employed individuals with incomes of up to 250% of the poverty level. The authors reported that 22% of working benefit recipients limit their working hours, pass on promotions, or reduce their savings to retain the assistance. The most common response was to avoid accepting additional hours. In terms of program design, the authors identified TANF and housing assistance as the programs with the highest incidence of “counter-cliff” measures by participants, with 25.6% and 21.2% of participants, respectively, making work adjustments to maintain their benefits.

In the international context, Canada’s Self-Sufficiency Project (Michalopoulos et al., 2005; MDRC, 1996) offered earnings supplements for a three-year period to single-parent households who had started receiving public assistance. This assistance was conditional on employment of at least 30 hours per week. The purpose was to determine whether an earnings supplement would reduce poverty and the use of public assistance. The supplements addressed the problem that many public assistance participants were earning low wages, which did not motivate them to increase their participation in the workforce. These supplements ranged from \$3,000 to \$7,000 per year. Participants were selected between 1992 and 1995. This was a randomized control trial in two Canadian provinces, with intervention and control groups with samples of approximately 6,000 individuals, so the effects can be interpreted as causal. The results showed a significant increase in permanent employment and tax returns, suggesting that well-designed incentives can counteract the negative impact of the cliff effect.

The benefits cliff is a tax on low-income families

The analysis of the benefits cliff has incorporated the concept of the effective marginal tax rate (EMTR), which takes into account both taxes paid and benefits lost when calculating the net impact of an increase in earnings. (Bandoch, 2024; Roll, Despard & Zhang, 2025). That is to say, the EMTR calculates how much is lost in benefits for each additional dollar earned through employment. When the EMTR exceeds 60%, or even 80%, it means that there is a strong economic disincentive to advance in the workforce. This means that for each additional dollar earned through employment, the family loses between 60 and 80 cents in benefits.



Several studies illustrate the effect of the EMTR on household income and workforce participation. For example, Samper et al. (2023) analyzed care providers in New York, showing that wage increases can be offset, or even wiped out, by the loss of benefits, with EMTRs of up to 65%. In a scenario modeled by the Federal Reserve Bank of Atlanta (2021), a single mother with two children faced the cliff effect on two benefits: the first cut reduced her financial resources by \$6,000, and the second, by \$5,000. This illustrates how severe the impact can be for individuals undergoing an employment transition without mitigation mechanisms. In this case, the EMTR was 110%, meaning that the family lost more in benefits than it gained in additional income, creating an extreme disincentive to advance in the workforce.

Also, Richardson and Blizard (2021) simulated data from Forsyth County, NC, and reported EMTRs of 90–100% across a wide range of incomes, leading to the conclusion that, based on the economic theory of preference, at these rates, “no rational person would work more than part-time”.

Nonetheless, Moffitt (2014) notes that the income for most low-income families receiving SNAP benefits is so low that the benefits are not immediately lost, as such SNAP reductions are not made from the first dollar earned. Holt and Romich (2007), using tax and administrative records for approximately 2.5 million Wisconsin residents between 2000 and 2002, found that only 11% of single parents living in poverty, and less than 10% of those earning incomes of

100–250% of the poverty threshold, faced marginal tax rates exceeding 50%.

It is worth noting that, for greater precision in the analysis and conclusions regarding the cliff effect, these simulations should take into account the tax credits that families would receive when they join the workforce. Researchers at the Urban Institute (Maag et al., 2014) calculated the marginal tax rates for single mothers who had two children and received TANF and SNAP benefits as well as the Earned Income Tax Credit (EITC) and the Child Tax Credit (CTC), and found that as income increased from 100% to 150% of the poverty line, they might face marginal tax rates ranging from 40% to 60%. However, this is uncommon because few families receive TANF benefits. The authors pointed out that the EMTR varies according to income level. Families with very low income may experience negative EMTRs, meaning that for every dollar of additional income, their benefits increase by more than a dollar due to the tax credits. Simulations in the study by Anderson et al. (2022), which focused on three states and on the population of TANF recipients, revealed that only 6% would lose benefits if their earnings increase by \$2,300. This study highlights the importance of the EITC and CTC when calculating the benefits of labor participation. Similarly, Shapiro et al. (2016) show that, for a typical single-parent family with children, with a head-of-household working part-time at the federal minimum wage, the net gain would exceed \$10,000 when considering tax credits and benefits, even if benefits are reduced.





Program participants have insufficient information to navigate the benefits cliff

Addressing the benefits cliff requires not only technical adjustments to the programs, but also a transformation in how financial information is conveyed and managed for beneficiaries. Bandoch (2024) and Anderson et al. (2022) report that the families interviewed have little knowledge of how changes in their earnings would affect their eligibility or the amount in benefits they can receive.

According to Schoellkopf (2019), one of the greatest challenges in addressing the cliff effect problem is the limited awareness of the full range of resources and benefits available among the professionals working within the system, from social workers to government officials and public policy experts. Each one of these agents has a specialized but limited view, making it difficult to provide a comprehensive response to the multiple situations families face. The benefits system is also notable for being a complicated web of rules, thresholds, and requirements that vary by state, by county, and even by city, contributing to the confusion and anxiety among beneficiaries. The Live Well Erie Workforce Development program recommends the use of tools or calculators to help participants estimate how a modest increase in their income would affect different benefits, with the goal of providing a clear picture of the benefits cliff effect (St. Vil et al., 2024).

In an effort to address information gaps and gain a clearer understanding of how benefits, taxes, and credits interact based on families' income patterns, the Federal Reserve Bank of Atlanta developed the Career Ladder Identifier and Financial Forecaster (CLIFF), a tool where participants can enter their information and explore different financial scenarios (Federal Reserve Bank of Atlanta, n.d.) However, Puerto Rico is not included in this tool.

In Puerto Rico, understanding the loss of benefits is even more complex because, unlike other jurisdictions where guidelines are more clearly defined and standardized, there is no consistency in the definition of income or poverty across all the different programs (Enchautegui et al., 2021). Enchautegui et al. (2021) argue that the welfare system run by Puerto Rico's government includes ten income-based programs benefiting families with children, most of which are federally funded and not necessarily designed to address the reality of Puerto Rican families. This lack of transparency and consistency across programs has a direct impact on decision-making processes. Low-income families, without a clear picture of their financial situation, are compelled to turn down

raises, avoid formal employment, or limit their working hours to stay below the thresholds that would lead to a loss of benefits (Romich et al., 2007; Ballentine et al., 2022). In many cases, these decisions are not based on accurate or well-informed calculations, but rather on the fear of ending up in a worse financial situation. As noted by Anderson et al. (2022), this lack of transparency means that, rather than choosing among clear options to support their families, many participants are operating within a context of fear, anxiety, and confusion that can hinder their professional development and perpetuate the use of assistance programs as a means of survival.

Perspectives on behavioral economics

Behavioral economics combines psychology and economic theory to understand why people make seemingly irrational decisions, or decisions that do not appear rational from a purely economic perspective (Laibson & List, 2015). It introduces concepts such as bounded rationality, cognitive biases, the nudge, and heuristics, or mental shortcuts, all of which shape an individual's decision-making context.

The benefits cliff, linked to households' financial constraints, changes the way people think and make decisions, influencing their employment choices and their strategies for saving and generating income. This central idea brings together complementary perspectives. Snurencu (2025) highlights the subjective experience of loss, showing how the aversion to losing benefits turns an increase in earnings into a perceived setback that disincentivizes additional work. That is, people generally give more weight to what is lost than to what is gained. Snurencu (2025) also adds that even gradual reductions in assistance can be perceived as punishments. Although a pay raise can leave a worker "slightly better off", the experience feels like a step down. For example, if you earn \$100 and lose \$75 in benefits, the net balance does not capture the feeling of having "wasted most of the effort".

Financial hardship and prolonged exposure to these

The benefits cliff, linked to households' financial constraints, changes the way people think and make decisions, influencing their employment choices and their strategies for saving and generating income.

programs also lead people to value the present more than the future and to prefer the status quo. Gennetian and Shafir (2015) explain the underlying psychological mechanism: income scarcity and volatility increase the cognitive burden, reducing the ability to plan and exercise self-control, which leads to prioritizing immediate solutions over strategic decisions. Experimental evidence shows that decisions requiring cross-program calculations and foresight become mentally burdensome, generating deficits in tests of intelligence and executive function (Gennetian & Shafir, 2015).

The behavioral perspective is especially relevant in Puerto Rico's context, where families have been using multiple government programs for years, sometimes even generations, and live in an environment where the rules for each program are extensive, jobs are scarce, and wages can be low and unstable. Taken together, these findings show that public policy must go beyond the simple math of benefits and consider the cognitive and emotional aspects that prolong the use of government benefits. This perspective offers a key interpretive lens: the system may be mathematically "correct" and still be "wrong" in practice, with deterrent effects that lead people to avoid overtime, promotions, and job offers.

There are guidance programs for families, also known as benefits cliff coaching, illustrating the importance and value of understanding how to navigate such cliffs in a process involving economic, emotional, behavioral, and family dynamics (The Prosperity Agenda, n.d.; Leap Fund, n.d.) These programs are designed to provide families with clear information about the cliff effect and help them plan for when they join the workforce, from a perspective that acknowledges the complexity of family situations, respects their autonomy, and focuses interactions on transparency and collaboration.

Summary of previous studies

The literature on the impact of the benefits cliff understands the cliff as a limitation on the economic mobility of families that requires urgent, coordinated attention. It also points to strategies and models to address the cliff effect in a way that allows families to enter or increase their participation in the workforce without jeopardizing their economic security. These include providing earnings supplements, raising families' awareness of program rules, and understanding the impact of CTC and the EITC tax credits on families' financial situations. In the case of Puerto Rico, where jobs can be unstable and beneficiaries have stayed in programs for extended periods of time, behavioral economics and benefits cliffs coaching could help understand and solve the problem.

How Program Benefits Change as Income Increases

This section provides a simulation of how income changes impact benefits in four programs: (1) Nutrition Assistance Program (NAP), (2) Temporary Assistance for Needy Families (TANF), (3) Medicaid-Plan Vital, and (4) public housing. These programs have the highest participation rates in Puerto Rico and set income limits low enough to influence participants' decisions about joining the workforce.

For this section, we reviewed each program's relevant rules and the state plans filed with federal agencies, and conducted interviews with agency staff members to ask questions about the eligibility criteria. It is important to emphasize that eligibility and benefit amounts depend on many factors that cannot always be modeled with the available information; therefore, illustrative cases have been used. **However, even in these cases, eligibility and benefit amounts cannot be accurately simulated. Accordingly, the information provided in this section should not be construed as conclusive regarding the eligibility or benefits that simulated families may receive.**

It should also be noted that, as families generate income through employment, they become eligible for refundable income credit programs, such as the CTC for federal taxes and the EITC for Puerto Rico taxes. These credits are taken into account in the cross-program analysis, which looks at all four programs together.

NAP

The Nutrition Assistance Program (NAP) is the second most widely used program in Puerto Rico. During the federal FY2025, approximately 1,246,651 individuals received NAP benefits, at an average monthly benefit of \$197 per person (US Food and Nutrition Service, 2026). In the case of Puerto Rico, the federal government allocates funds through a Farm Bill block grant. The block grant allows flexibility for the local government to determine the program's eligibility criteria, while ensuring compliance with federal requirements, such as the program's purpose, eligible populations, the allowable use of funds, specific prohibitions, and federal reports and audits.

NAP benefits generally depend on: (1) income; (2) resources (property, savings, vehicles); (3) household

composition; (4) age of household adults; (5) medical expenses; (6) daycare expenses; (7) disability status; and (8) whether anyone in the household is a college student. The program allows for certain income deductions when determining eligibility and benefit amounts. **The income after applicable deductions is known as net income.** The maximum benefit depends on the household composition. If the net income is within the established limits, the benefit amount is then calculated.

The benefit granted is the maximum benefit for the household minus the family's expected contribution. The program assumes that the household will devote 15% of its net income to food purchases. For example, if a family's contribution is determined to be \$100, and the maximum benefit is \$350, the benefit granted would be \$250. If the net income is 0, the family's contribution would be 0 and the maximum benefit is granted.

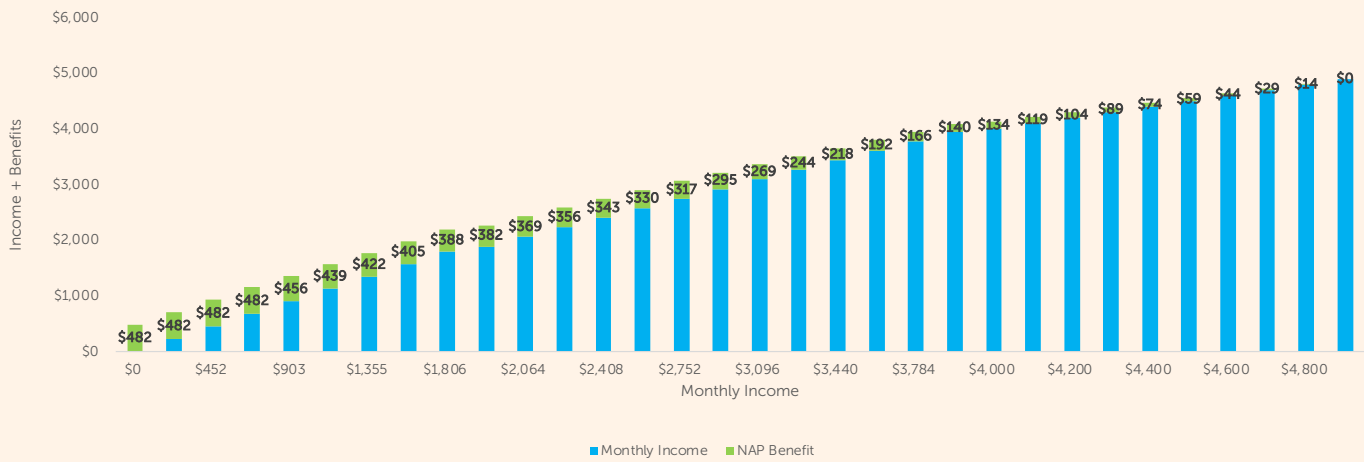
NAP has been proactive in making benefits available to employed individuals by raising the income limits. It has also established transition periods for program participants who start working, and has adjusted deductions from earned income to account for increases in Puerto Rico's minimum wage.

Figure 1 shows the benefits as income increases for the case of a mother with two children, ages 3 and 7, who starts receiving NAP benefits and receives earned income. **The income shown is gross income, that is, income before deductions.** The program's eligibility rules and allowed deductions are applied, in accordance with Rule 8684 of the Administration for the Socioeconomic Development of Families (ADSEF, 2015) and the 2025 State Plan (ADSEF, n.d.).

Income starts at zero dollars and increases gradually as the mother's income from work increases. For this simulation, household income includes child support income, assuming in this case that the father works full time earning \$15/hour and that child support was calculated following the guidelines established by the Child Support Administration (ASUME, 2024). The NAP benefit was calculated after applying the standard deduction of \$279 and the 50% reduction of earned income up to \$1,400. A deduction for child care expenses is also applied for children age 2 and older when the mother starts working more than 25 hours, as well as a deduction of \$100 on unearned income, such as the income from child support.

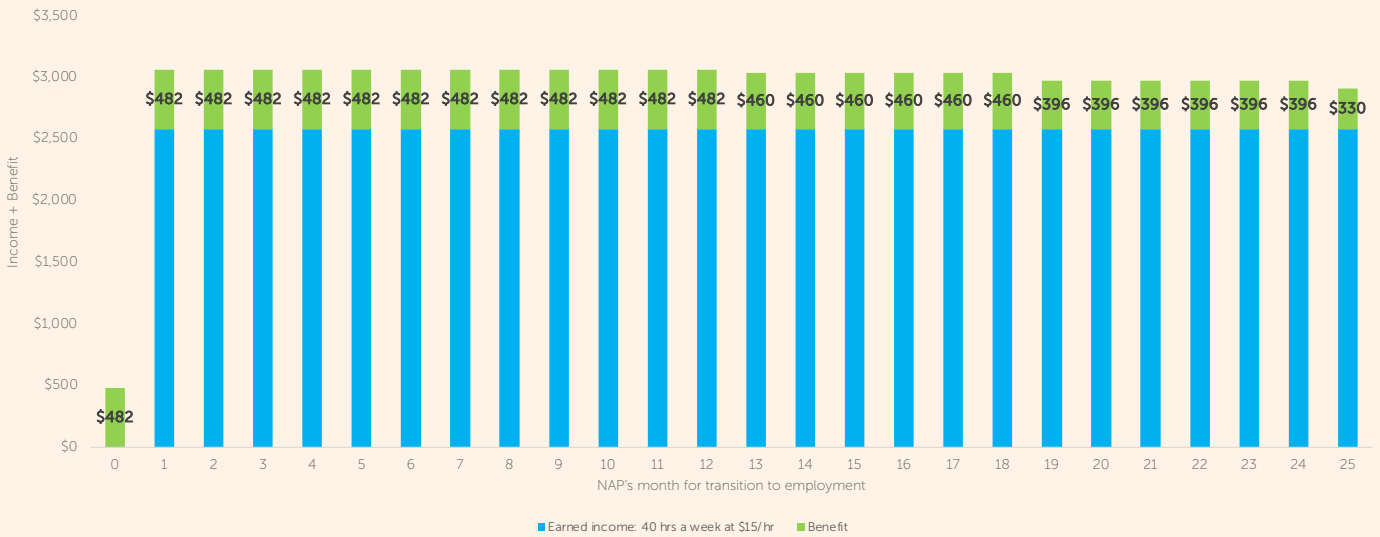
Taking all of these elements into account, **Figure 1** shows the gross income and the benefit granted for a household of one adult and two children. The maximum benefit for this family of three is \$482 per month in 2025, which is granted when a family has zero income. The graph shows how the benefit is slowly reduced until it reaches \$44 as

Figure 1: Income and estimated NAP benefits, family of three, monthly, 2025



Note: This graph shows the case of a family that starts receiving NAP with earned income.

Figure 2: Income and estimated NAP benefits, 3-person household during employment transition period, monthly, 2025



Note: This graph shows the case of a participating family as the mother starts working over 25 hours per week and opts into the transition process, which grants deductions on earned income for 24 months.

gross income reaches \$4,600 per month.

For NAP, the benefit is phased out rather than lost abruptly. For example, if a participant joins the program while employed and their income increases by \$688—from \$2,408 to \$3,096—the benefit will decrease by \$74, from \$343 to \$269. The gross income deductions allowed by the program help protect the benefits.

The example in the graph above involved an applicant family joining the program with earned income. However, if the household is already enrolled in NAP and starts earning income after, the benefit is calculated differently in relation to income: a transition period goes into effect.

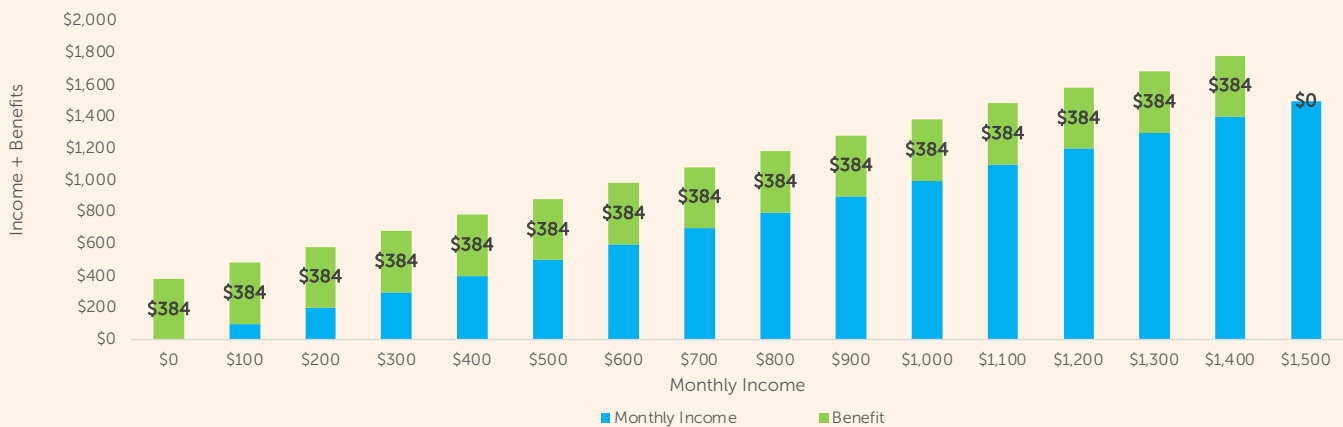
NAP has integrated income deductions for unemployed participants with the purpose of incentivizing employment. When a participant finds employment for 25 or more hours per week, the program applies deductions on the earned income for up to 24 months. This means that participants could keep their benefits for up to two years. During the first 12 months, 100% of the earned income is deducted, and the benefit remains the same, provided that no other household changes occur that would affect the benefit determination. After these 12 months, the earned income is gradually taken into account. From month 13 to month 18, only 33% of the earned income

is considered; and from month 19 to month 24, 66% of the income is considered. After this period of 24 months, that is, at the start of month 25, the full income amount is considered. **Figure 2** shows the example of a mother with two children who are NAP recipients. She gets a job and starts working 40 hours per week, earning \$15 per hour. The household’s monthly income is \$2,580. **Figure 2** shows how the benefit is gradually reduced over the transition period of 24 months, assuming that the earnings are consistent.

For 12 months, the family keeps receiving the same benefits (\$482) as when the mother was unemployed. At month 13, they start receiving \$460 a month; in month 19, they start receiving \$396; and in month 25, at the end of the employment transition period, the family is still eligible and receives \$330. At the end of the employment transition process, the household’s eligibility and benefit amount are redetermined. If the individual loses their job, the period of deductions on earned income is suspended. This is why it is important to report the loss of employment, to stop the count of months in the transition period. This transition process is granted only once per person, for life. This graph shows that there is no cliff effect when this transition option is applied.

In summary, NAP has income deductions and limits that

Figure 3: Income before deductions and maximum TANF-C benefits, household of one adult and two children, zero unearned income, monthly, 2025



Note: As income increases, the benefit for this family remains the same because: (1) this family is assumed to have no unearned income; (2) even with the income shown, the family income remains below the 185% threshold of eligibility for the maximum benefit; (3) deductions are applied to the gross income, such as \$90 per employed person and production expenses, and Social Security contributions, among others; and (4) the family meets the weekly work hours required by the Fair Labor Standard Act (FLSA), based on household composition. The FLSA requires 20 hours of work per week if there is at least one child under the age of 6, or 30 hours per week if there are no children of ages 0 to 6 in the household.

1 The weekly income is multiplied by 4.3 to calculate the monthly income.

prevent a benefits cliff. It also has a 24-month transition period over which the income is gradually considered for NAP participants who start working. **NAP is an example of how programs can be designed to mitigate the impact of the benefits cliff and incentivize employment.**

TANF

TANF benefits are classified into four categories, A to D, each with its own eligibility specifications. However, for the purposes of this benefits cliff analysis, we will focus on category C, which deals with families with children ages 0 to 17, taking into account Rule 7653 (ASDEF, 2008) and the State Plan for FY2024 to FY2026 (ADSEF, 2023). Category C is designed to promote family economic mobility and is primarily intended for families without employment and without child support income. Participants are assisted by case managers who help remove barriers so that they may participate in development activities. The program sets a lifetime maximum participation period of 60 months.

Despite the high number of low-income families headed by women, TANF-C only covers a small number of families. In federal FY2024, there were 2,390 TANF-C cases, covering 6,641 individuals (U.S. Administration for Children and Families, 2025).

To assess financial eligibility, the first step is to determine the family's resources. If the value of those resources exceeds \$5,000, the family is not financially eligible for the program, pursuant to the TANF State Plan for FY2024 through FY2026. The resource assessment does not take into account the family's primary residence or the land where it is located (up to 4,500 m²), as well as the value of furniture and personal items. If the resources do not exceed \$5,000, the process continues with the eligibility determination and benefit allocation.

The program also uses the amount needed to cover basic necessities—such as clothes, food, transportation, utilities, and housing costs—as a benchmark, and adds 85% to that total. A household is determined to be eligible for assessment if its monthly income is less than 185% of the amount required to cover the basic needs recognized by the program. This amount works out to about \$473 per household member per month. If the income exceeds the basic necessities covered by the program, the family is considered ineligible.

The term “net income” refers to income after deducting allowable expenses under the program, such as \$90 per employed person, business expenses, daycare expenses, tax payments, and Social Security contributions. If the net income is below the calculated 185% of basic necessities, the family is eligible for the maximum benefit. After this

calculation, any unearned income, such as a monthly contribution from a grandparent or child support from a noncustodial parent, is subtracted. The benefit is reduced based on such sources of income.

TANF is the only program that offers recurring cash payments to families, but it is not intended to cover all estimated needs. The maximum benefit is up to \$128 per person and 50% of the rent, up to \$200. If the family's net income, after deductions, is zero or less than the maximum benefit, this family may receive the benefit. If the net income is greater than zero but less than the maximum benefit, that amount is subtracted from the maximum benefit.

In the case of TANF, a small increase in income can result in the immediate and total loss of the benefit, making it a clear example of the cliff effect.



Figure 4: Income and Plan Vital benefits, one adult, monthly, 2025



Medicaid-Plan Vital

The Medicaid program in Puerto Rico—known currently as Plan Vital and formerly, as Mi Salud and La Reforma—provides coverage for medical services for low-income individuals. Plan Vital is the public assistance program with the highest participation rate in Puerto Rico: it covers 1.3 million individuals (Department of Health, n.d.). States determine eligibility using the federal poverty line, as established by the Department of Health and Human Services (DHHS), whereas Puerto Rico can set its own income limit – within federal parameters—known as the Puerto Rico Poverty Level.

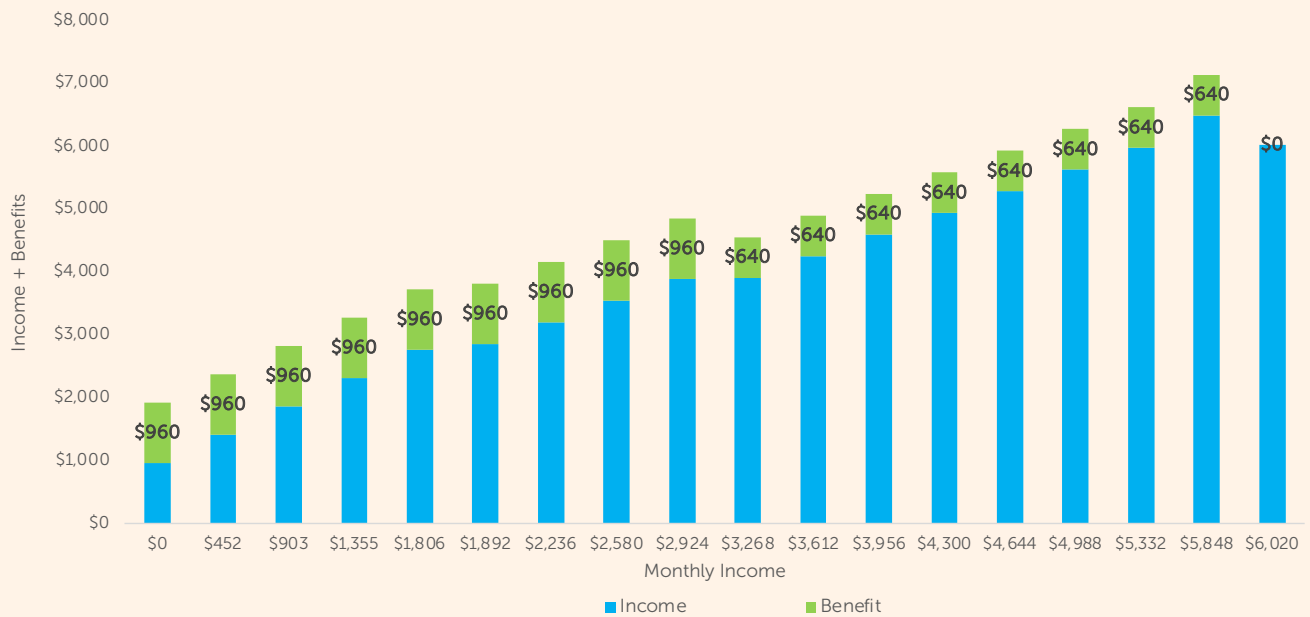
Prior to FY2025, Puerto Rico’s income limits were significantly below the federal poverty threshold. Starting in FY2025, the Puerto Rico Poverty Level was increased, and it currently corresponds to the federal poverty line, thus raising the maximum monthly income allowed for families to be eligible. For example, for a family of three, the maximum monthly income to cover the entire household increased to \$3,065, and to \$6,018 to cover only children and youths, ages 0 to 19, through the Children’s Health Insurance Program (CHIP). The 2024 Policies and Procedures Manual of the Department of Health (Department of Health, 2024) establishes that the eligibility of Plan Vital applicants is determined using the Modified Adjusted Gross Income (MAGI). The MAGI allows for the exclusion of scholarships, academic awards, royalty payments to Native American tribes, and money received in a particular month.

Figure 4 shows the Plan Vital relationship between benefits and wage income in the case of one adult. **Since there is no data available on the value of the coverage under Plan Vital, the monthly benefit was calculated on a per capita basis using Plan Vital’s budget.** The annual budget was divided by the number of beneficiaries, yielding an estimated monthly benefit of \$320 per person. The figure shows an abrupt benefits cliff when an adult’s income exceeds \$1,806 per month, equivalent to full-time employment at minimum wage.

Figure 5 shows the case of a household composed of 1 adult and 2 children. In this case, the eligibility determination allows the parent or caregiver to have an income of up to \$3,065 per month, which would be equivalent to a 40-hour workweek at \$17 per hour. However, even if the income limit is exceeded, they may still be eligible if there are recurring medical expenses, like the cost of medications, which could be deducted. If the income exceeds the limit, children up to 19 years old may be covered under CHIP, provided that the monthly household income is below \$6,018.

Plan Vital has the strictest income requirements, as the allowed deductions are very limited. Moreover, as the Medicaid funding available varies from year to year, the income limits also vary, introducing uncertainty as to someone’s eligibility. However, being able to keep children enrolled in Medicaid through CHIP mitigates the benefits cliff.

Figure 5: Income and Plan Vital benefits, family of one adult and two children, monthly, 2025



Public housing assistance

The income limits for public housing are established by the United States Department of Housing and Urban Development (HUD) taking into account the zone where the unit is located and the number of individuals who will reside in the household. For example, in 2025 the annual income limit for a family of three in the San Juan area was \$28,000, while in the Adjuntas area, it was \$20,900 (U.S. Department of Housing and Urban Development, 2025). These figures are calculated by HUD based on the estimated median family income collected in the Puerto Rico Community Survey, and are revised annually to account for inflation, as measured by the Consumer Price Index.

The calculated income includes earned income and regular payments of alimony and child support. It also includes earned income for each person over the age of 18 and the unearned income of minors of age 17 and under, with the exception of full-time students over 18 years old. The program allows an income deduction of \$480 per child, daycare expenses for minors, deductions for adults over 62 years old, and medical expenses for older adults.

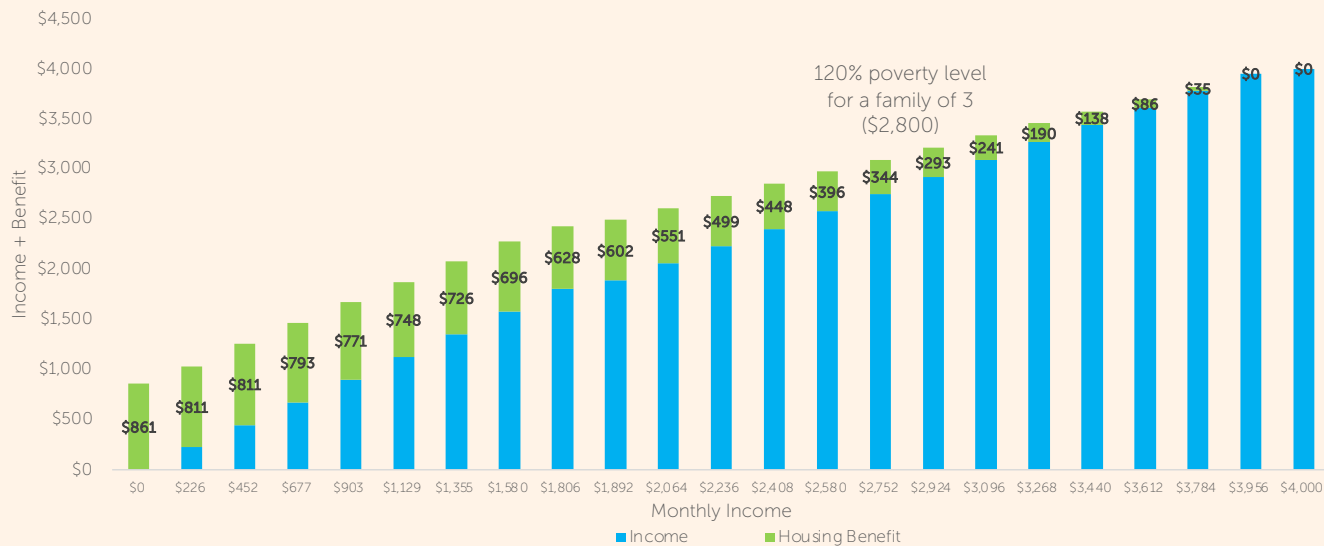
Rule No. 9667 of the Public Housing Administration (Public Housing Administration, 2025) establishes that when **a family residing in public housing starts to work,**

they must immediately report the new income so that eligibility can be reassessed. If income exceeds 120% of the established income limit, the family begins a 24-month transition process. After this period, the family must decide whether to vacate their public housing unit or pay the maximum rent per HUD’s tables under a new private lease agreement. If income, after deductions, falls below the limit, the family may remain in the housing unit by paying a rent equivalent to the greater amount between 30% of net income, 10% of gross income, or the minimum rent, set at \$50, as shown in **Figure 6**. However, if the income increase is very small—10% or less—the rent payment stays the same.

The public housing program shows mixed results regarding the benefits cliff. On one hand, there is a benefits cliff because the rent increases when new income is reported and the benefit is eliminated as soon as the maximum income is reached. On the other hand, since rent is calculated at 30% of net income or at 10% of gross income, it increases gradually as income goes up.

Figure 6 shows the benefit and gross income of a family of three in the San Juan area. This figure takes into account several factors: (1) the family consists of a mother and two children, ages 3 and 7; (2) the Fair Market Rent for a three-bedroom residence in San Juan is \$861; and (3) the benefit is shown as the difference between the FMR and the estimated rent to be paid. Once the

Figure 6: Household gross income and public housing benefits, family of one adult and two children residing in a 3-bedroom unit in San Juan, monthly, 2025



Note: The income limit for public housing placement in 2025 for a family of three in San Juan is \$28,000 a year, so 120% of the poverty line translates to \$33,600 per year, or \$2,800 per month. The estimated rent takes into account deductions for the children in the household and the utilities of a 3-bedroom unit.

family income exceeds 120% of the poverty level, the process to exit the program begins, spanning a period of 24 months. For this family residing in San Juan, the transition starts when the monthly income exceeds \$2,800. During this period, the rent is equal to 30% of net income or 10% of gross income. At the end of the 24 months, the family must decide whether to vacate the unit or to stay in the residence under a private rental agreement for the FMR amount.

Cross-program analysis

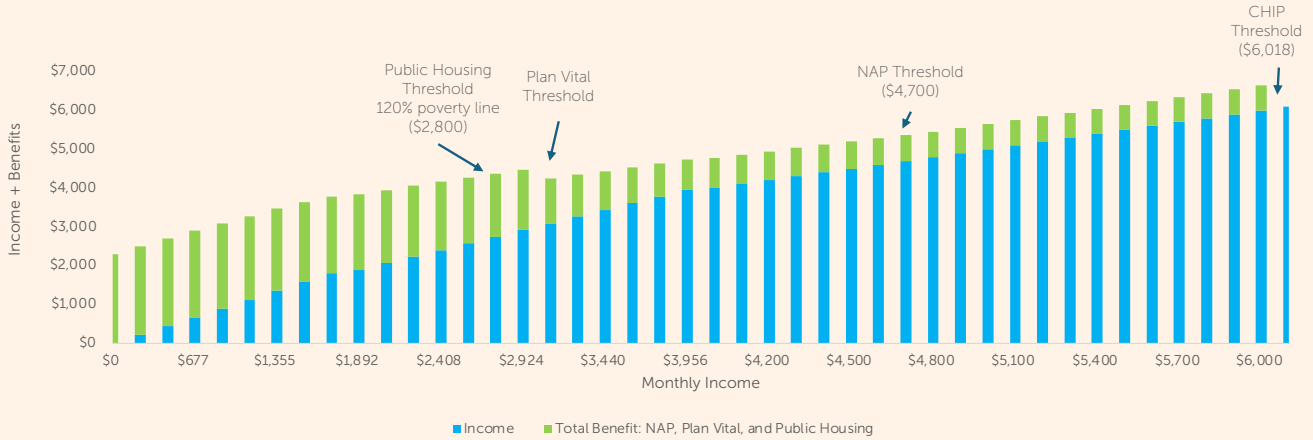
Figure 7A shows the combined estimated monthly monetary value of three of the four programs, as income increases, for a family of one adult and two children. TANF is excluded due to the small number of participating families. The highest benefit is observed at zero income and is estimated at over \$2,300 per month. As the household starts earning income, the combined total of employment income and benefits continues to increase until the household income reaches approximately \$3,000. The largest benefit loss occurs at the point where total income is \$3,000 a month. There is an interval between \$3,000 and \$3,500 where the increased income does not compensate for the loss of benefits.

The key factor in this loss is the elimination of the public housing benefit.

Figure 7B shows the same exercise for families who do not reside in public housing. This graph is important because most low-income individuals in Puerto Rico do not live in public housing. The drop in total income that occurs when earnings are between \$3,000 and \$3,500 is due to the elimination of Plan Vital for adults. The NAP and Plan Vital benefits for children are maintained up to a higher earnings level, so families do not lose all their benefits when they begin working.

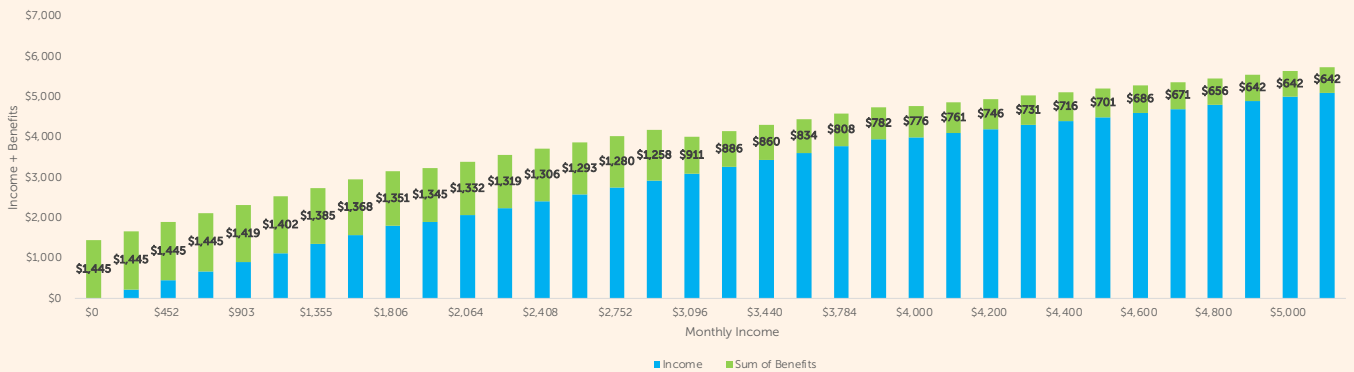
It is important to note, as previous studies have shown, that the CTC and EITC tax credits increase the value of work and can offset the reduction in benefits. Figure 8A factors in the CTC and EITC tax credits for a family living in public housing in San Juan, while Figure 8B presents the case of a family that is not residing in public housing. The tax credits were calculated on a monthly basis for comparison purposes, although they are granted annually when tax returns are filed. As the graphs show, the loss of benefits is offset by the CTC and EITC at different levels of income. **The CTC and EITC mitigate the cliff effect and function as powerful work incentives.**

Figure 7A: Monthly income and sum of NAP, Plan Vital, and public housing benefits for a family of a mother and two children, residing in San Juan, 2025



Note: The per capita benefit under Plan Vital was determined by dividing Plan Vital's total program budget by the total number of participants. The public housing benefit was determined considering a 3-bedroom unit in San Juan.

Figure 7B: Monthly income and sum of NAP and Plan Vital benefits for a family of a mother and two children, private housing, 2025



Summary of the benefits cliff based on program rules

The main government assistance programs reflect the benefits cliff to a varying degree. NAP is the program that best accommodates income increases to avoid drastic benefit reductions. This is accomplished using three strategies: (1) a 24-month transition period to encourage beneficiaries to join the workforce; (2) phased benefit reductions as income increases, allowing more employed families to continue receiving benefits; and (3) higher income deductions, allowing more families to qualify.

The TANF program has the steepest cliff effect. Although the number of families participating in Category C is small, and the benefits are not high, its importance within the social safety net lies in the fact that it is the only income-based program that provides cash assistance. It is also the only program that coordinates training and employment activities. However, due to its design, where a fixed benefit is set for up to the income limit, the assistance is lost abruptly even at low income levels.

The results are mixed in the Plan Vital and public housing programs. In Plan Vital, the benefits cliff applies mainly to adults, allowing children to continue receiving coverage. However, once the adult exceeds the income limit, the benefit is eliminated. Although the income limits have increased, there are cases of single adults working for minimum wage in Puerto Rico who are not eligible for this benefit. This is a benefits cliff because the program design does not allow, for instance, individuals exceeding the income limit to supplement the cost of Medicaid through payments in proportion to their income, nor does it offer them limited coverage. In public housing, the cliff effect happens because a family can go from paying nothing to paying 30% of net income when they start to work.

The CTC and EITC tax credits help offset the loss of benefits. A family with two children and an income of about \$29,000 per year can receive about \$7,000 in these credits, which largely compensates for the loss or reduction in benefits.

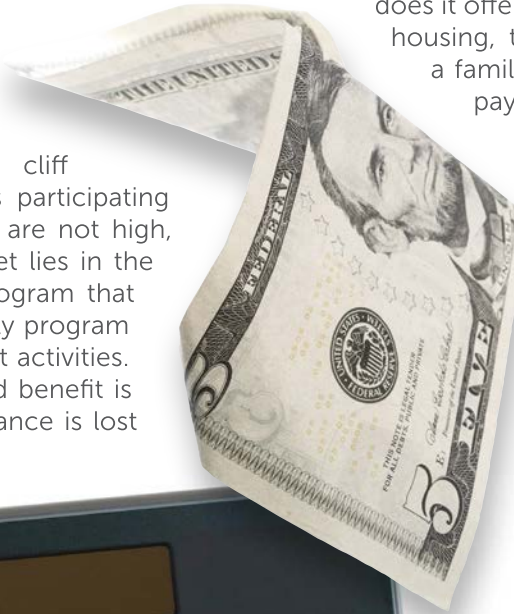
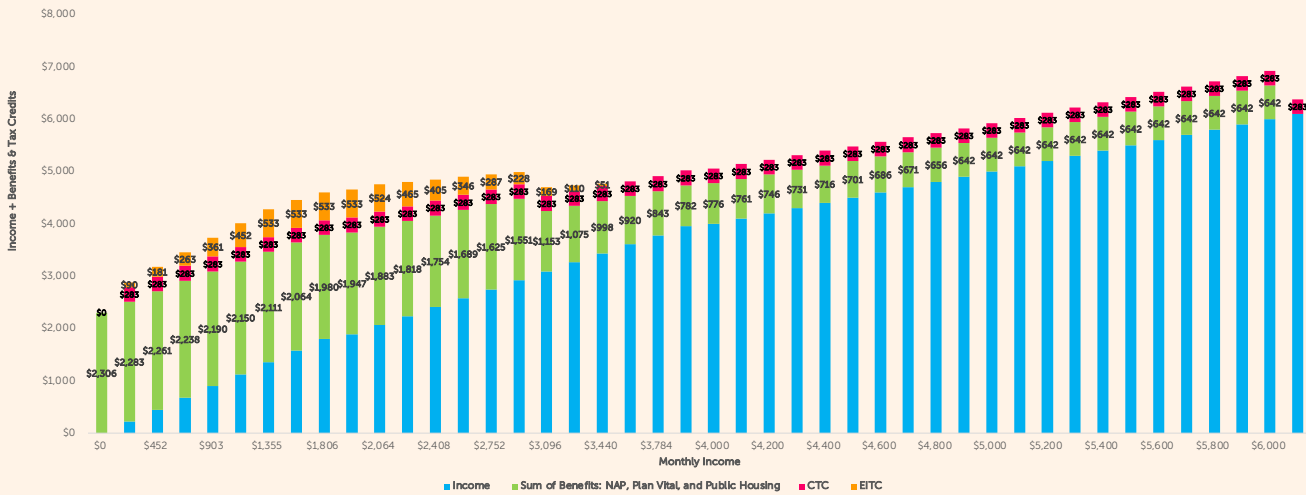
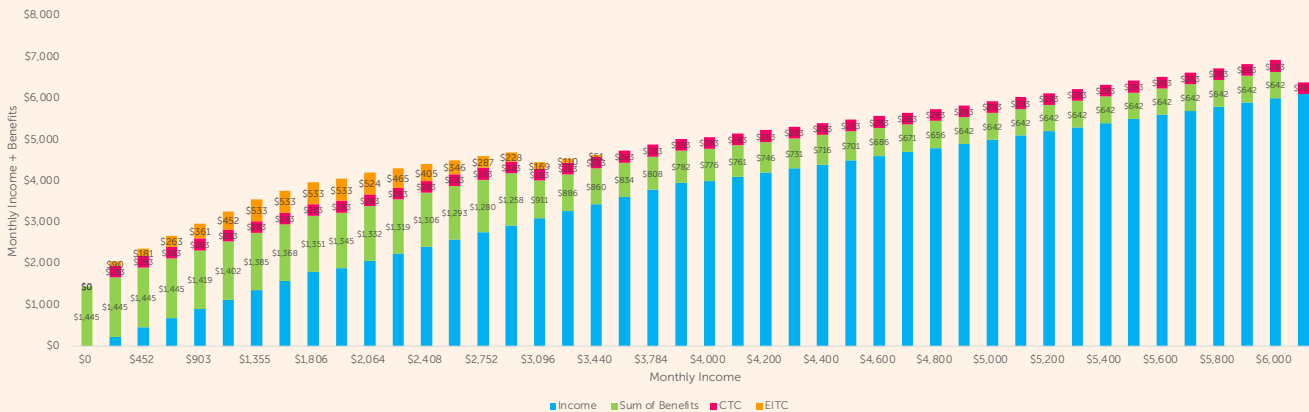


Figure 8A: Income, NAP, Plan Vital, and public housing benefits, and Employment Tax Credits for a mother with two children, residing in San Juan, monthly 2025



Note: The CTC and EITC benefits were calculated on a monthly basis, although these tax credits are granted annually when filing the state and federal tax returns.

Figure 8B: Income, NAP and Plan Vital benefits, and Employment Tax Credits for a mother with two children residing in private housing, monthly, 2025



Note: The CTC and EITC benefits were calculated on a monthly basis, although these tax credits are granted annually when filing the state and federal tax returns.

Perspectives from Families, the Community, and Agency Staff

Figure 9: Sources of Qualitative Data

Families	Agencies	Community
3 focus groups: 2 in-person and 1 virtual	ADSEF: NAP and TANF	Community Advisory Council (CAC)
22 participants	Medicaid (Plan Vital)	Oasis community leaders, employers, and beneficiaries
Residents in the Oasis community and across the island	Public housing	Data walk activity
	18 in-person interviews	7 participants

The preceding section outlined the eligibility rules for the main government assistance programs and the reduction of benefits as income increases. The following sections address how these rules are perceived by families, the community, and the staff members at the agencies implementing these rules on a daily basis. The purpose is to better understand how the benefits cliff affects the lives of families, the perceptions of agency staff, and the relationship between agencies and the people they serve. It also explores the alternatives proposed by those directly involved in and affected by the cliff effect.

The qualitative data from these three different perspectives, as shown in **Figure 9**, allows for a participatory approach that recognizes that a head of household is not a mere recipient of services, but an active subject who interprets, questions, and proposes alternatives to address the gaps and contradictions of the welfare system. Agency staff members who interact with participants on a daily basis are not only tasked with determining their eligibility for the programs—they also bear an immense responsibility: the well-being of these families. Even if they are not beneficiaries, community members are not casual observers either. They are immersed in these processes because they are familiar with the participants’ daily lives and provide them with services.

As noted by Cornwall and Jewkes (1995), qualitative approaches that promote participation make it possible to showcase the situated knowledge of communities, building evidence that can inform processes for social and political transformation. In this sense, the focus groups, the data walk with the Community Advisory Council, and the interviews with agency staff members not only served

as spaces to gather information but also as forums for open dialogue about public assistance programs and their impacts. This three-pronged approach, combined with the quantitative data on eligibility by program, provides a comprehensive view of the benefits cliff.

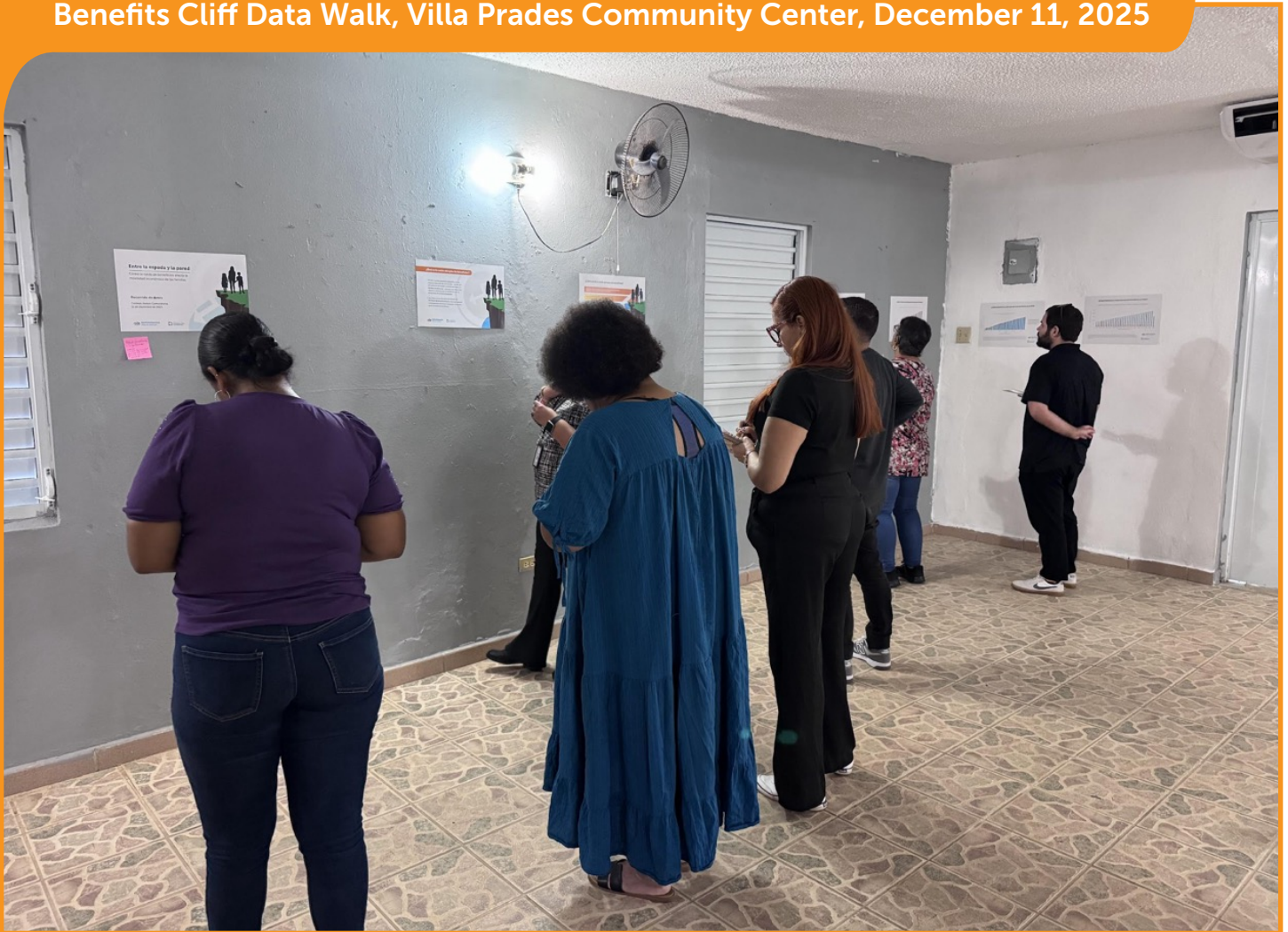
Three focus groups (FG) were conducted with a total of 22 participants. Participants were selected based on the following criteria:

- be 24–55 years old,
- have children from 0 to 17 years old,
- have an annual income under \$35,000,
- be unemployed or work 20 or fewer hours a week, and
- be a participant in at least one of the following government programs: Plan Vital, NAP, public housing, and/or TANF.

Two focus groups were conducted in person. The sampling for these was limited to residents from zip codes 00923 and 00924, corresponding to the Oasis 360 project target area. The third focus group was conducted virtually, open to participants from all municipalities in Puerto Rico. This allowed for greater geographic and contextual diversity in the experiences documented. Participants were recruited through community organizations and leaders, social media, and ads in public spaces.

In addition to the focus groups, 18 semi-structured interviews were conducted with staff members from the 4 target programs: NAP, TANF, public housing, and Medicaid-Plan Vital. For each of these programs, two to five employees—including managers, supervisors, and eligibility technicians—were interviewed in person. The voices collected from different operational levels offer a

Figure 10: Community Advisory Council Members participating in the Benefits Cliff Data Walk, Villa Prades Community Center, December 11, 2025



comprehensive look at the structural, administrative, and human challenges faced by the participating families, as perceived by the agencies. They also offer insights into the opportunities and limitations of these programs in their role as drivers of economic mobility. In the discussion that follows, the interviewees are identified by interview number, from 1 to 18 (I#).

The third component consists of qualitative data from the input given by the Community Advisory Council (CAC) of Empowered for Employment, one of the multiple initiatives of the Recompete project. This Council consists of 10 members from different community sectors: business owners, program participants, service providers, and community leaders. The participants are residents of the Oasis 360 communities in San Juan, where the federal Recompete project is based. The CAC was convened for a data walk (**Figure 10**). Fourteen posters were presented, featuring quantitative data on the benefits cliff across the different programs and the main themes

identified through the focus groups. Participants were invited to write comments on each poster and discuss the information presented. The session concluded with a discussion about their reactions to the data. Seven CAC members participated in this session.

The qualitative data was analyzed using a thematic approach, grouping narratives into the most common themes as recommended by Braun and Clarke (2006), which helps identify patterns of meaning in these accounts. From this thematic approach, the findings were organized into key themes, highlighting not only the experiences shared but also the critical reflections and suggestions for improvement offered by mothers, service providers, and community members. The three data sources and their themes were integrated to highlight the similarities and differences between the narratives of providers, community members, and program participants. The content analysis yielded seven main themes, which are discussed in the following sections.

The benefits cliff is a reality for many families and an experience shared across multiple programs

"[The programs] are all important, but if they would help us to work without taking everything away, we could get ahead", (Focus Group 1 participant). (*"Todos [los programas] son importantes, pero si nos ayudaran a trabajar sin quitarnos todo, uno podría salir adelante"*).

Focus group participants and agency staff members were aware of the benefits cliff, even if they did not use that term. The loss of rental assistance was the most common concern, as many of the focus group participants were living in public housing.

29%

Participate in 3 or more government assistance programs.

From all the families with children that have a yearly income of up to \$35,000 and whose head of household is up to 59 years old, 29% participate in three or more government assistance programs (Instituto del Desarrollo de la Juventud, ESeFaM 2024).

The cliff effect on participant benefits is experienced from three points of view: (1) their own lived experience; (2) the experiences of family members and acquaintances; and (3) anticipated experience, based on predictions of what will happen to their benefits.

A participant in GF2 reported: *"I didn't pay rent before, and when I told them I was working, they made me pay half the rent—a little over \$400".*

("Antes no pagaba renta y cuando notifiqué que estaba trabajando, me hicieron pagar la mitad de la renta, \$400 y pico").

A participant in FG1 mentioned knowing a man who was denied Plan Vital due to being 50-cent over the income limit. Another added that her sister had her food assistance reduced over an income increase that put her 50-cents over the threshold.

In FG1, another participant remarked: *"You want*

to get ahead, make a life for yourself, but then... they set the rent so high that it literally eats up your entire paycheck". (*"Uno quiere echar para adelante, tener lo suyo, pero entonces ... te ponen este tipo de renta que literal es tu sueldo"*).

Meanwhile, a mother from FG3 talked about the drop in nutrition assistance, also known as food stamps: *"The cuts [to food stamp benefits] are insane".* (*"El bajón (en los cupones) es exorbitante"*).

Meanwhile, a mother from FG3 talked about the drop in nutrition assistance, also known as food stamps: *"If you work more, it means a higher rent, plus your food stamps get cut, and they can even cancel your Reforma [Plan Vital]"* (FG1). (*"Porque si trabajas más, es igual a más pago de renta, más te bajan los cupones y hasta te quitan la Reforma (Plan Vital)"*).

Another mother in FG1 added: *"...then, you get a salary raise, and they increase your rent, they cut your NAP, so they are not really helping you because what you earn, they take away".* (*"... entonces te suben el sueldo y te suben la renta, te bajan el PAN, entonces te desayudan de igual manera porque lo que tú ganas te lo quitan"*).

Housing benefits are the ones that families perceived they were more at risk of losing with an increase in income. Participants frequently express their concerns to NAP, TANF, and Medicaid staff members that if they report an income increase, they will abruptly lose their housing benefits.

A service provider commented: *"It's housing, it's always going to be housing. Like they say, food on the table is one thing, but I can't go live under a bridge with my kids, because they'll take them from me. I need to have a secure roof over my head"* (I11). (*"Es vivienda, siempre va a ser vivienda. Como uno dice, el plato de comida aparece, pero yo no me puedo ir debajo del puente con mis hijos porque me los van a quitar; ese techo seguro tiene que existir"*).

Agency staff members are aware of the benefits cliff and can see how the different programs intersect, but their scope of action is limited to the program they administer. Even so, they suggest adjustments to the income calculations so families can qualify.

One staff member mentioned that the income limits and deductions are very low and that she would increase them: *"...[They should] increase the deduction for medications. Increase the*

standard deduction to at least \$300 or a bit more, so that it matches the person's income. Increase the income deduction by at least 70% or 75%, so that those earning over \$10.50 can get a little more relief, and maybe many more people would qualify" (I13). ("Que suban esa deducción de los medicamentos, que suban un poquito más la deducción estándar por lo menos a \$300 dólares o un poquito más para que ahí haya un macheo con los ingresos de la persona; que suban la deducción de ingresos por lo menos un 70%, 75% para que esas personas que ganan más de \$10.50 puedan ver un poquito más de alivio y quizás muchas personas más cualificarían").

Adjustments have been made in NAP to increase the income for eligibility.

"The tables have been gradually modified to benefit participants" (I12). ("Las tablas se han ido modificando para beneficiar al participante").

"The first 12 months are 100% exempt... in month 13, we apply a 66% exemption" (I4), explained one eligibility specialist. ("Los primeros 12 meses están exentos al 100%... al mes 13 aplicamos una exención al 66%").

"But many people focus on the immediate risk" (I4). ("Sin embargo, muchas personas se enfocan en el riesgo inmediato").

Nonetheless, for the Plan Vital benefits, an increase over minimum wage, without adjustments to the eligibility income thresholds, makes the benefits cliff evident.

As one agency interviewee noted, **"Someone working 40 hours at \$10.50 per hour is no longer eligible [for Plan Vital] [...] If they only knew they don't qualify over a difference of just \$6. Many more people are ineligible now... Almost everyone is already at the minimum"** (I1). ("El que trabaja 40 horas a \$10.50 la hora ya no está cualificando [para Plan Vital][...] y si supieran que es por 6 dólares que no cualifican. Ahora los inelegibles son muchos más... casi todo el mundo ya está en el mínimo").



Another interviewee from an agency shared: **"When they start working and get a higher rent bill, many people tell me, 'Miss, I can't pay that because I'm making car payments for \$400 or \$500'"** (I12). ("Muchas personas, cuando están trabajando y le sale una renta alta, me dicen: Misi, pero yo no lo puedo pagar porque yo estoy pagando \$400 o \$500 de carro").

A possible solution would be to **"give participants a grace period, but make it clear [to the participants] that it's a grace period"** (I6). ("darle un periodo de gracia a los participantes, pero que ellos (los participantes) sepan que es un periodo de gracia").

Council members also shared their knowledge about the benefits cliff. For some, the knowledge is indirect: they are aware of the issue but have not experienced it directly.

However, one Council member shared their own experience: **"For example, I'm between a rock and a hard place because I live in Section 8 housing. I'm afraid that if I work, they'll cut my benefits, so it seriously affects me"**. ("Bueno, por ejemplo yo, estoy entre la espada y la pared porque vivo por Plan 8 y temo que si trabajo me quiten los beneficios y me afecta gravemente").

Recognizing the importance of including beneficiaries experiences in programmatic design, the CAC also suggested more community engagement in the establishment of program rules to mitigate the benefits cliff.

The benefits cliff disincentivizes formal employment

"If we are going to penalize people for working, what they are going to do is not work" (Agency Interviewee #13). ("Pero si vamos a penalizar a la persona porque trabaje, pues lo que van a hacer las personas es no trabajar").

Participants, agency staff, and the Community Advisory Council all agreed that the benefits cliff acts

Families participate in multiple programs and are therefore exposed to multiple benefits cliffs. Each program has its own rules. Families have to keep track of the eligibility requirements for each program and remember all the different recertification dates.

as a deterrent to formal employment and pointed to the complexity of the problem.

The experiences shared by participants reveal a complex relationship between paid work and their ongoing enrollment in assistance programs. Although many mothers expressed a wish to work and get ahead, Puerto Rico's current benefit system creates tensions that force them to make difficult decisions.

As one FG1 participant noted: **"You want to get ahead, but they don't help either"**, referring to how government assistance punishes efforts to work. (*"Uno quiere progresar, pero ellos no ayudan tampoco"*).

An FG2 participant added: **"Right now, that's what people are thinking: why should I go to work? I might as well just stay home. If they're going to cut me off [my benefits], where am I going to eat? Where am I going to live? Or for the health plan, when I get sick... Well, of course people are going choose to stay home and not work"**. (*"Ahora mismo eso es lo que tienen en la mente las personas: para qué yo voy a trabajar, para eso me quedo en la casa. Si me van a quitar [los beneficios], ¿dónde yo voy a comer?, ¿dónde yo voy a vivir? En los planes médicos cuando yo me enferme. Pues claro que la gente se va a quedar así de cómodo"*).

Housing is the most relevant program for mothers, and this is where work can trigger a steep benefits cliff.

A public housing resident in FG1 put it clearly: **"You'd rather not work because you're literally working for [public housing administrators]. You literally never see the money you earn"**. (*"Uno prefiere no trabajar porque uno está trabajando para ellos [administradores de los residenciales], literal, porque uno no ve, literal, el dinero"*).

The increase in rent, without a gradual transition period, reinforces the perception that working can be counterproductive for those receiving housing assistance.

"I work, I earn, I pay my utilities, which are very expensive... If I give up all my benefits... I have to get at least \$300, minimum... So, you work and earn, and it becomes impossible", explained an FG2 participant. (*"Yo trabajo, yo genero, yo pago mis utilidades que están carísimas... si yo suelto todos los beneficios... tengo que contar con al menos 300 dólares mínimo ... Entonces uno trabaja y genera y a uno se le hace imposible"*).

Public housing administrators do their rent calculations, while participants run their own

numbers, as illustrated by this mother: **"When I got a job, I went in to report it... and they did the calculation for me... And after I did the analysis, I thought to myself, you know? This may be a little naive of me, but I think I'm better off not working. That's why I turned down that [job] offer"** (FG2). (*"Cuando yo conseguí el trabajo, yo fui a notificarlo ... y ellas me hicieron el cálculo... Y cuando yo hice el análisis, pues yo dije, mi mente dijo, ¿verdad?, pero yo siento que es un poco ignorante de mi parte, como que salgo mejor sin trabajar y por eso rechacé esa oferta [de trabajo]"*).

In a system that penalizes formal employment, informal work becomes an alternative to avoid the benefits cliff.

"I'm self-employed, doing cleaning and landscaping... I make natural lemonades" (FG2). (*"Yo trabajo por cuenta propia, hago limpieza y landscaping... hago limonadas naturales"*).

And a mother in FG3 explained: **"I find that most people work but don't report it. But once you start filing tax returns, it's over. As long as you avoid filing a tax return or work for cash, it won't show up anywhere"**. (*"Yo encuentro que la mayoría trabaja, pero no informan que están trabajando. Pero a la vez que empiezas a llenar la planilla, ya ahí no hay break. Pero mientras tú no llenes planilla o trabajes por debajo de la mesa, eso no te sale en ningún lado"*).

Despite the obstacles imposed by formal employment, mothers recognize that work offers benefits that outweigh income: a sense of purpose, social recognition, and the opportunity of building a future for their old age.

For example, one mother enthusiastically recounted her experience working at a school for at-risk youths: **"Of course I liked it. I worked at a school for young people... I started at the reception desk, then became the principal's assistant... I've run into many of them while out and about, and they're in college now"** (FG3). (*"Claro que me gustaba, yo trabajaba en una escuela de jóvenes... empecé en la recepción, después quedé como la ayudante de la directora... muchos de ellos me los encontré por la calle y ahora están estudiando"*).



Mothers talk about how work can make it easier to cover more expenses for their children: **“There can be an advantage to working, because extra money comes into the household... You can buy more things, make life a little easier for the kids”**. (FG1). (*“Puede haber un beneficio de trabajar, porque va a entrar un dinero extra al hogar... se pueden comprar más cosas, tener un poquito más de comodidad para los hijos”*).

They also mentioned the importance of contributing to Social Security with their retirement in mind: **“At least you can go little-by-little whenever you can contribute to your Social Security... So that when we get old, we have our retirement”** (FG1). (*“Por lo menos uno ir poco a poco en lo que uno logra poder pagar su Seguro Social... cuando lleguemos a viejo, tener nuestra jubilación”*).

Agency staff frequently noted that participants report a disincentive to work and offered examples of such situations.

One interviewee summarized it this way: **“If people are penalized for working, then they just stop working”** (I13). (*“Pero si vamos a penalizar a la persona porque trabaje, pues lo que van a hacer las personas es no trabajar”*).

Another agency interviewee (I6) spoke from the perspective of participants: **“If I work more than 20 hours, my rent is going to go up, and if my rent goes up, the food stamps get cut”**. (*“Si trabajo más de 20 horas me va a subir la renta y, si me sube la renta, me quitan los cupones”*).

Similarly, another employee noted: **“They will tell you themselves, ‘Why should I work if you’re going to cut my benefits?’”** (I15). (*“Ellos mismos te lo dicen: ¿para qué yo voy a trabajar si tú me vas a quitar los beneficios?”*).

Housing is essential, and service providers make that clear. They describe how the consequences of losing housing benefits lead to drastic decisions.

“I quit because having a roof comes first for me”, shared a service provider, citing a participant’s confession upon learning she was ineligible (I7). (*“Renuncié porque el techo para mí es primero”*).

Interviewee #5 described a recent experience in her office: **“Just yesterday we had a case that was going to be ineligible, and the applicant had no other options. She went to her job and asked to be moved to another position”**. (*“Ayer mismo nosotros tuvimos un caso que iba a ser inelegible y la solicitante no tenía más opciones; fue a su trabajo y solicitó que la cambiaran de puesto”*).

Interviewee #11 shares how some participants would tell her that **“they would rather quit the job they just started because they were getting their food stamps cut”**. (*“que preferían renunciar al trabajo que acaban de comenzar porque le iban a quitar los cupones”*).

She added: **“I drew up a small chart and said, ‘Right now, you’re earning \$800 a month. I’m giving you \$200 in NAP. That [quitting] makes no sense”**. (*“Yo hacía una tablita y yo le decía, tú te estás ganando ahora \$800 al mes. Yo te doy \$200 de PAN. Eso [renunciar] no tiene lógica”*).

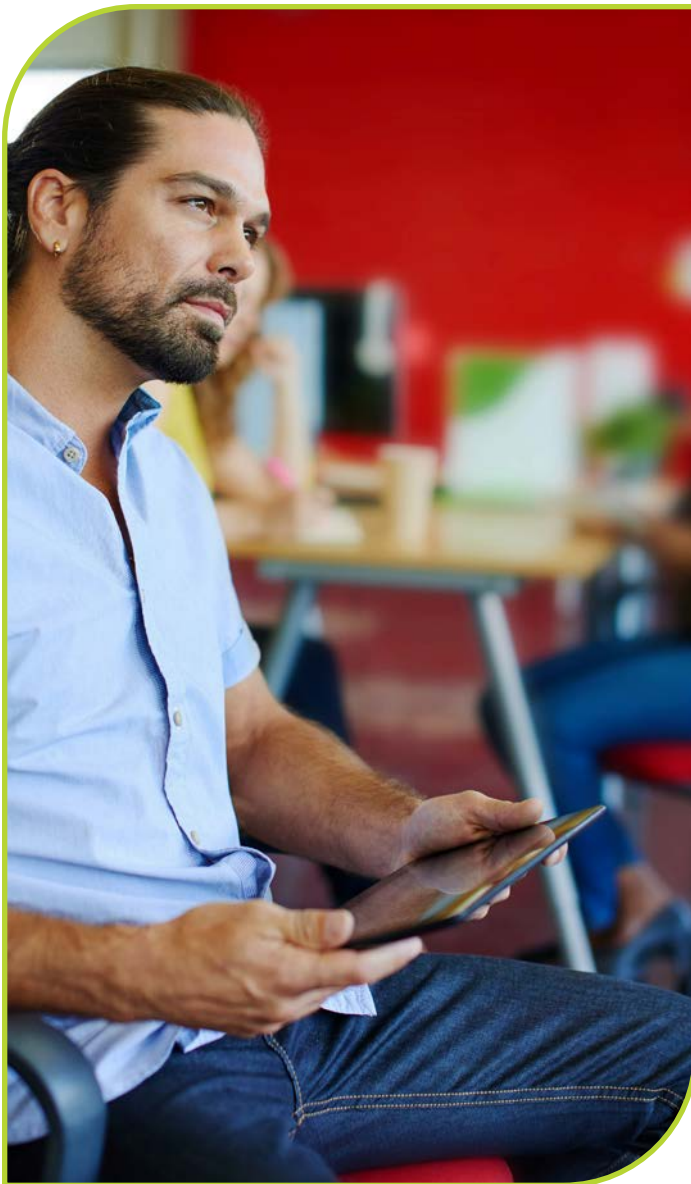
The decision to avoid work is not one made lightly. Losing government benefits that you have relied on for years can be daunting. After many years participating in these programs, people value the stability they provide, and some say they are scared of exiting the programs. They place more weight on the loss and make their decisions from a place of fear and confusion, as has been evidenced in prior studies.

This was demonstrated in remarks such as:

- **“I’m scared of working”** (FG1). (*“Me da miedo trabajar”*).
- **“Then, you also get a bit worried that you’ll end up in a more precarious situation than you are now with government assistance”** (FG2). (*“Entonces, pues también te da un poquito de miedo, a que uno se quede más inestable de lo que uno está con las ayudas del gobierno”*).
- **“The thing is, you’re kind of afraid to give up the benefits, afraid they’ll cut you off”** (FG1). (*“Tienes el asunto de que como tienes un poco de miedo de dejar las ayudas, de que te quiten las ayudas”*).

Having to deal with different benefits when you start working can also be difficult, as it imposes a cognitive burden on people who are already operating at their limit. This can lead to abandoning all efforts to work, as prior studies suggest.

One mother put it this way: **“Just two months ago, I had to quit my last job. I was a security guard, the company was great, really comfortable schedule, but I was coming across the same issue time and again. Struggling with the rent, they say they’re cutting benefits again... So, I thought, ‘Well, I guess I’ll stop working. And now, how do I get clothes for the kids? Who pays the power bill? Who pays the water bill? I’m going to end up with all those debts”**.



“Ahora mismo en mi último empleo, hace dos meses, tuve que renunciar. Era patrullera, la compañía de seguridad súper bien, horario súper cómodo, pero encontrarme nuevamente con lo mismo y lo mismo. Que si la renta, las ayudas me las quieren quitar... y me dije, pues mira, pues vamos a dejar de trabajar. ¿Pero ahora quién les compra ropa a los nenes? ¿Quién paga luz? ¿Quién paga el agua? Todas esas deudas las voy a tener”.

Another mother in FG1 pointed out: **“A lot of people don’t want to work because of that—they make you pay a really high rent. You have to pay the water bill, cell phone... If you want to get ahead and buy a car, you can’t afford it... It’s a whole mess. That’s why so many people choose to stay home”.** (*“Mucha gente no quiere trabajar por eso, porque te ponen a pagar una renta muy alta. Hay que pagar agua, los celulares... Si la persona quiere echar para adelante y se compra un carrito, no lo puede pagar porque... es un revolú. Es por eso que mucha gente opta por quedarse en su casa”.*)

The benefits cliff pushes families to resort to one of the following solutions: not work, put off their entry to employment, reduce their working hours, or turn to informal work. **These decisions are not driven by a lack of willingness to work but rather as a defensive measure in response to immediate losses, made within a context of fear, uncertainty, and confusion.**

The benefits cliff holds back families and dashes their hopes

“I feel like I don’t want to depend on the government my whole life because it limits me—it limits me a lot” (Focus group 3 participant). (*“Siento que no quisiera vivir toda mi vida del gobierno porque me limita, me limita mucho”.*)

The benefits cliff leaves families facing impossible dilemmas: they want to break free from their long-term reliance on public assistance to build a better future, but the system’s design traps them in their current situation. Mothers say they feel **“stuck”** or in a **“hole”**.

According to a participant in FG1: **“I’ve been stuck in a rut, why should I have to lie about it [...] It’s bad, awful, you get depressed [...] I want to work, I want to get ahead, improve myself, make progress, have my own home. I don’t want to live for so long in public housing. Right now, I feel stuck.”** (*“Yo me he visto estancada y yo no tengo por qué mentir [...] malísimo, feo, se deprime uno [...] yo quiero trabajar, yo quiero echar para adelante, superarme,*



progresar, tener mi casa propia, no vivir en el residencial tanto tiempo. Actualmente yo me siento estancada”).

While a participant in FG3 said: **“I feel like I don’t want to depend on the government my whole life because it limits me—it limits me a lot.”** (*“Siento que no quisiera vivir toda mi vida del gobierno porque me limita, me limita mucho”).*

A participant in FG2 who turned down a job offer came to terms with her difficult decision by telling herself: **“If I decide not to work, I’ll never reach my goal... I feel like I’ll fall behind on my goals because as long as I don’t work, I get to keep my benefits, but those benefits are holding me down at this level. I won’t be able to make any progress.”** (*“Si decido no trabajar nunca voy a lograr la meta... siento que me voy a atrasar en metas porque mientras no trabaje voy a tener los beneficios, pero esos beneficios me van a mantener aquí en este nivel. No voy a poder progresar”).*

Another mother in FG1 added: **“It’s frustrating not knowing what to do, not being able to work. How are we supposed to provide for our kids?”** (*“Las frustraciones por uno no saber qué hacer, por uno no poder trabajar, ¿cómo vamos a proveerle a los niños?”*.)

Another participant in the same focus group expressed: **“No, [government programs] don’t help you get ahead—they hold you back. They bog you down.”** (*“No, no te ayudan a progresar [los programas del gobierno], te limitan. Te estancan”).*

And another, with a deep sigh, said: **“...oh, they should let you work. They should let you do your thing.”** (*“Ay... que te permitan trabajar, que te permitan ser tú”).*

The findings from these focus groups show that mothers do not want to rely on the government or stay in assistance programs indefinitely. They are hoping for a system that will lend a helping hand and support them on their path to economic mobility. However, the current system is not designed to offer them that opportunity.

Providing better information to families would help mitigate the effects of the benefits cliff

“If someone could let me know how many hours I can work without losing my benefits, that would be great” (Focus Group 1 participant). (*“Si a mí me orientaran referente a cuántas horas yo puedo trabajar sin perder mis beneficios, eso sería excelente”)*

One of the most common findings in focus groups—consistent with previous studies—was the lack of clear and accessible information from the government agencies responsible for administering public assistance programs. Participants expressed that this lack of information not only causes confusion but also limits their ability to make informed decisions about employment, income, and planning for their future.

The participants clearly acknowledged that adequate information could influence their decisions.

A mother in FG1 said: **“If someone could let me know how many hours I can work without losing my benefits, that would be great.”** (*“Si a mí me orientaran referente a cuántas horas yo puedo trabajar sin perder mis beneficios, eso sería excelente”).*

Another participant in FG1 said she would like to know **“the income limit to qualify and keep receiving the assistance, so I can work and give my children and myself a better quality of life.”** (*“el tope de ingreso para poder cualificar y seguir recibiendo las ayudas para poder trabajar y darle una mejor calidad de vida a nuestros hijos y a uno como ser humano”).*

And another mother in FG2 spoke about information accessibility: **“It would be crucial for them to provide all the information so that participants can prepare accordingly.”** (*“Sería vital que ellos den toda la información para que las participantes puedan prepararse correctamente”).*

The information available on income limits, permissible working hours, and the implications of reporting work is scarce and, in many cases, contradictory.

One participant put it clearly: **“If I had that information, if it were more accessible... How many hours can I work maximum while staying under the threshold? Playing around with the hours and schedules...”** (*“Si tuviera esa información, si fuera más accesible... hasta cuántas horas uno puede trabajar para no excederse, jugar con el tiempo y el horario”).*

In this context, **“playing”** means making the adjustments needed to avoid losing everything. The need to **“play”** within the system’s parameters reveals a survival strategy developed by participants in response to institutional opacity. **But instead of receiving proactive guidance, they have to rely on other people’s experiences or information from acquaintances—something agency staff members refer to as “hallway specialists.”**

Mothers feel that information is being withheld from them: **“They’re keeping from you information you’re supposed to know... They won’t tell you, they’ll just wait to cut you off.”** (FG1). (*“Te ocultan*

información la cual se supone que tú sepas... ellos no te lo van a decir, ellos van a esperar a cortarte el servicio”).

Another mother noted that: **“At their offices, they often tell you that this information isn’t meant for the public, that it’s strictly for internal use by the organization providing assistance”** (FG2). (*“Muchas veces ellos contestan en las oficinas que esa información no es para el dominio público, sino para uso estrictamente interno de la organización que está concediendo la ayuda”*).

Meanwhile, agency service providers discussed the potential complications involved in sharing the tables that outline the income limits.

Interviewee #1 cited the complexity of the process to determine eligibility as reason to not share these income limit tables: **“It’s just that it is a little more complicated than providing the participant with a table. You see, a lot of people will come up and ask, ‘How come I don’t qualify? My coworker earns the same as I do, and he qualified.’ It would be very confusing”**. (*“Lo que pasa es que esto es un poco más complicado como que darle una tabla a un participante, porque mira, hay mucha gente que viene y te dice: ‘¿Cómo que yo no cualifico si mi compañero de trabajo gana lo mismo que yo y él cualifica?’ Eso confundiría muchísimo”*).

Another interviewee suggests that participants would exploit the system if they had access to that information: **“We can’t tell people, because they’re sneaky. They want to know, but that’s not the correct course of action. It’s not right. Participants shouldn’t be given that type of information. You know why? Because then, they call their comadre² to make sure they don’t go over a certain amount so they can qualify”** (I16). (*“No podemos informarles a las personas porque son muy listos. Ellos quieren que se les diga, pero no es lo que se debe hacer. No es lo correcto. Ese tipo de información no se le debe dar a la persona. ¿Sabe por qué? Porque después llaman a la comadre para que no pase de esta cantidad para poder cualificar”*).

The focus groups revealed a lack of accurate information regarding the eligibility requirements for certain programs. Participants mentioned benefit changes that are not in accordance with the regulations. For example, some families expressed concern about losing their children’s Plan Vital coverage, unaware that the eligible income limits for minors are higher than for adults. Other families claimed that their NAP benefit would be cut in under a year, even though the program has established terms for the gradual reduction of benefits, wherein the benefits remain the same during the first year. Some participants also claimed that their NAP was reduced, but that the amount for minors remained unchanged—something

not specified in the rules. As for public housing benefits, participants seem unaware of how the rent increase is determined or how child support income is handled.

An agency interviewee (I18) from Plan Vital stated: **“People either don’t understand or don’t know that the eligibility criteria for children are different from those for adults”**. (*“La gente no entiende o no sabe que los criterios de elegibilidad de los menores son distintos de los adultos”*).

CAC members agreed that it is crucial to provide beneficiaries with clear and accurate information about the eligibility criteria for different assistance programs, as well as guidance on the circumstances that could trigger a benefits cliff.

For example, several responses highlighted the importance of beneficiaries having a clear understanding of the available assistance programs and their application processes: **“Some people aren’t aware that they’re eligible, so they don’t apply,” and “There’s a lack of accurate information about how it works”**. (*“Hay personas que desconocen que pueden cualificar y no lo solicitan” y “falta de información correcta de cómo funciona”*).

However, according to the CAC, it is essential that this information be provided in conjunction with empathetic case management.

The limited information on eligibility requirements for these programs stands in contrast to the usual practice at state agencies and in the federal government itself. It is not uncommon for state and federal agencies to list eligibility requirements in considerable detail, including income limits, across various public interest platforms. For example, the USDA website provides information on the income limits and deductions applicable to SNAP (U.S. Food and Nutrition Services, n.d.) States like Idaho, Arizona, New York, and North Carolina, among others, keep up-to-date information on their official websites about the income limits for Medicaid.³ The state of Maryland, for instance, has a YouTube video explaining eligibility for public housing.

It is essential that families receive clear and accurate information on eligibility criteria and how benefits are affected by an increase in income, in order to be able to navigate the loss of benefits and plan for their future. Eligibility technicians are the gatekeepers to government programs and, in that role, have a significant influence on participants’ decisions and the path their lives take. By not providing participants with clear and accurate information, technical staff members limit beneficiaries’ ability to make informed and strategic decisions that would help them achieve economic mobility.

The system and culture as barriers to reducing long-term reliance on programs

“The system itself suffocates you” (Agency Interviewee #12). (*“El sistema mismo te ahoga”*).

Agency staff members attribute the ongoing use of benefits to a combination of cultural and system factors. In their view, the culture instilled makes it difficult to leave the programs, while the system is designed to foster dependency. They describe how some families have used the benefits for years, sometimes even for generations, and how this shapes their attitudes toward dependency. However, this culture of dependency is not described as a solely personal issue. Agency staff also ascribe an important role to the “system”, that is, to the government and the regulations underpinning these programs.

One Agency Interviewee expressed: **“Many of these people are in their comfort zone. They have no reason to set goals for themselves”** (I14). (*“Muchas de estas personas que están en la zona de confort no tienen por qué ponerse metas”*).

Interviewee #5 explained: **“It’s cultural... Role models have to do with it, what they’ve seen, what they’ve experienced, whether they’ve lived in the housing project the whole time. There are cultural factors that have an impact”**. (*“Es algo cultural... pues los modelos tienen que ver, lo que han visto, lo que han vivido, si han estado ahí todo el tiempo en el proyecto, hay cosas culturales que impactan”*).

Others mentioned *participación heredada* (inherited participation): **“Grandma gets the benefit, and mom sees that grandma got it, so she gets it too, and so do the grandchildren”** (I4). (*“Si abuela recibía el beneficio, pues mamá veía que abuela lo recibía, pues ella también lo recibía y así los nietos”*).

And in the opinion of Interviewee #8: **“They’re already used to that way of life; they grew up that way”**. (*“Ya se acostumbraron a ese sistema de vida, se criaron así”*).

Nonetheless, system factors take precedence over culture. Staff members attribute a significant amount of responsibility to the **“system”** for keeping families stuck.

One interviewee explained: **“We have created a population that is economically codependent on the government”**. (*“Porque aquí hemos creado una población codependiente económicamente del gobierno”*).

The word **“codependent”** and the plural verb, **“we have”** reflect a shared responsibility, where the government has played an important role in keeping generations of families in a state of economic stagnation (I14).

Expressions such as **“the thing is, the system itself is stifling”** (I7), **“...but when such a large system of dependency has been created...”** (I11) and **“the system itself suffocates you”** (I12) demonstrate the importance placed by agency staff on the system. (*“es que el mismo sistema estrangula” “...pero cuando se ha creado un sistema de dependencia tan grande...” (I11) y “el sistema mismo te ahoga”*)

The staff members interviewed understand that the system itself traps participants: **“The system unfortunately offers no options to help you leave... It doesn’t give you viable strategies for you to get out”** (I7). (*“El sistema no te ofrece, lamentablemente, no te ofrece opciones como para tú salir..., no te da estrategias viables para tú poder salir de él”*).

Interviewee #6 shared about the public housing system: **“We’ve adopted the public housing system, generation after generation, as a form of permanent housing. Particularly in the metropolitan area, we have seen entire generations living in the same housing complex, the same area, even the same building. You can walk into a public housing complex, and they’ll tell you: ‘No, that’s the Rodríguez’s building.’ Turns out the Rodríguez family has been living there since the project opened in 1960”**. (*“Porque nosotros cogimos el sistema de vivienda pública como vivienda permanente por generaciones de generaciones. Y nos hemos topado con que, en el área metropolitana en específico, podemos tener generaciones viviendo en el mismo proyecto, en la misma área, incluso en el mismo edificio. Entonces tú vas a un proyecto y te dicen: ‘No, ese es el edificio de los Rodríguez.’ Y es que los Rodríguez llevan viviendo ahí desde que se inauguró el proyecto en 1960”*).

Families also described a system that keeps them stuck in a rut, while the government benefits from keeping them in the programs.

A participant in FG2 said: **“[...] it’s not that we**

² “Comadre” refers to a child’s godmother in relation to the child’s parents. It implies a close relationship and, colloquially, it can also mean a close female friend.

³ North Carolina: North Carolina Medicaid Division of Health Benefits. Medicaid Eligibility. <https://medicaid.ncdhhs.gov/eligibility/#FamilySizeof1singleperson-2634>. Arizona: Medicaid eligibility and enrollment in Arizona. <https://www.healthinsurance.org/medicaid/arizona/#:~:text=Eligibility%3A%20Children%20%2D1%20with,138%25%20of%20FPL%3B%20elderly%20and>. Idaho: Idaho Department of Health and Welfare. Medicaid Program Income Limits. <https://healthandwelfare.idaho.gov/medicaid-program-income-limits>. New York: ACCESS NYC. Free health insurance for low income residents <https://www.nyc.gov/assets/ochia/downloads/pdf/adults-medicaid.pdf>

become dependent on the government. In many cases, the system itself makes us dependent on the government. (“[...] no es que nos volvamos dependientes del gobierno, muchas veces el mismo sistema nos hace dependientes del gobierno”).

Another participant in the same focus group added: **“But there’s no government assistance system to, somehow, support you or to make that assistance sustainable so that people can keep making progress.”** (“Pero tampoco se cuenta con un sistema de ayuda gubernamental que te sirva en cierto modo para sostener esa ayuda o viabilizar esa ayuda para que esa persona siga echando hacia adelante”).

Participants also expressed that the government profits from keeping them on welfare because that brings more federal funds to Puerto Rico.

This shared awareness—among both agency staff members and beneficiaries—that there are systemic failures limiting the economic mobility of families provides an opportunity to introduce programmatic adjustments designed to improve circumstances for these families.

Communication challenges between customers and technicians hinder efforts to help families achieve economic mobility

“They talk to you as if you were just some good-for-nothing off the street” (Focus Group 1 participant). (“Le hablan a uno como si uno fuese cualquier cosa en la calle que no sirve”).

The relationship between program participants and eligibility technicians is instrumental in helping families navigate the benefits cliff. **The perception of program beneficiaries among agency staff members affects the way beneficiaries are treated, what is expected of them, and the information they receive when seeking services. For agency staff members to successfully help families achieve economic mobility, they must believe that, with the right support, these families can improve their quality of life.** Families want to see eligibility technicians as unbiased individuals who will provide the assistance they need and treat them with empathy and respect.

The relationship between participant families and

eligibility technicians can be characterized by tension and mutual distrust. On the one hand, families view technicians as figures whose primary focus is penalizing them and excluding them from programs, though they acknowledge there are exceptions. On the other hand, technicians see themselves as responsible for strictly adhering to the rules, and in some cases, they view families as lacking the motivation to make progress or as potentially dishonest. This dynamic hinders effective communication, weakens trust, and limits programs’ ability to fulfill their mission of supporting families’ economic stability and mobility. **Strengthening this relationship would not only improve the experience for families but also make the public programs more effective.**

Participants shared stories of people they know losing their benefits over just a few cents, implying that the technicians don’t give them a chance. According to the women in the focus groups, applying for these programs is seen almost as a full-time job: if a document is missing, you have to start the process all over again, and appointments are often weeks or months away.

A participant in FG2 put it this way: **“They make your life miserable: get these documents here, you don’t qualify for that, why are you working, and who knows what else!”** (“Te hacen la vida de cuadrito; que si busca papeles aquí, que no cualificas aquí, que por qué estás trabajando, que qué sé yo qué...”).

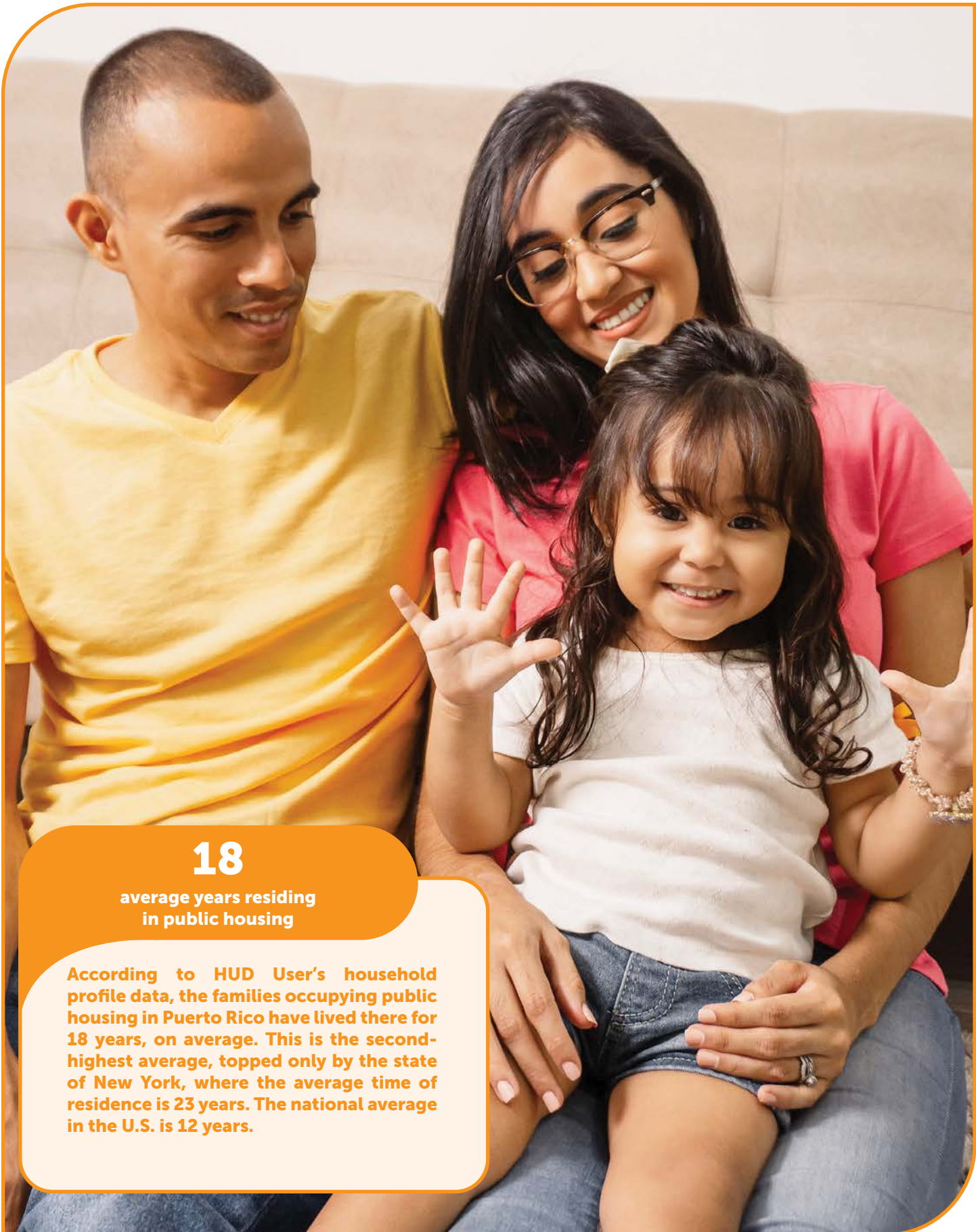
However, another participant recalled that one time, she went over the income limit **“by a little bit”**, yet the housing assistance technician did not increase her rent.

The stories told by participants and agency staff members illustrate a failure to standardize services across agencies, resulting in different experiences depending on the technician or specialist assisting the family.

As noted by a participant in FG1: **“If the technician doesn’t like you and decides to close your case over the smallest issue, your family goes hungry.”** (“Si a la técnica no le caíste bien y le dio con cancelarte el caso por cualquier cosita, tu familia se quedó sin alimento”).

Similarly, a CAC member explained: **“In many cases, the technician stifles you. In other cases, they are empathetic and help you out.”** (“En muchas ocasiones el técnico te estrangula. En otras, está el empático que te ayuda”).

This variability suggests a need to review and establish clear and consistent protocols, along with training focused on empathetic communication to increase program effectiveness.



18

average years residing
in public housing

According to HUD User's household profile data, the families occupying public housing in Puerto Rico have lived there for 18 years, on average. This is the second-highest average, topped only by the state of New York, where the average time of residence is 23 years. The national average in the U.S. is 12 years.

One of the technicians interviewed stressed that in her line of work, you need to follow the rules and that sometimes participants are not honest when reporting their income.

“The thing is, we operate under federal regulations. Unfortunately, that’s up to the Americans” (I12). (*“Lo que pasa es que nosotros trabajamos con la reglamentación federal. Eso lo deciden los americanos, lamentablemente”*).

“The federal agency sets certain rules, and with a heavy heart, I follow them” (I7). (*“La agencia federal establece unas cosas y yo con dolor en mi alma, las sigo”*)

Another interviewee expressed that ***“many get upset... But as a system, we can’t do anything about it because that’s what the numbers show. We can’t deviate from that”*** (I8). (*“muchos de ellos se molestan... pero nosotros como sistema no podemos hacer nada porque es lo que dicen esos números, no podemos ir más allá”*)

These perspectives suggest that at times, staff members feel that their ability to support families is limited by the regulations governing the programs where they work.

Agency staff members also shared that ***“they tell a lot of lies here. They lie to us about how they make a living and how much they earn”*** (I14). (*“aquí ellos mienten mucho, nos mienten mucho en cuestión de cómo se ganan la vida, de su salario”*)

Interviewee #18 mentioned a participant who told her she wasn’t working, but she later saw her at work: ***“When I saw her, I realized she was one of our participants. She had told us she wasn’t working, but she was actually a teacher... I mean, there are so many stories like that”***. (*“Cuando la veo era una de nuestras participantes y nos dijo que no trabajaba y era maestra ... o sea, son muchas historias”*).

These experiences contribute to a mutual distrust that affects the relationship between participants and staff.

At times, the participants feel they are not treated with respect. A participant in FG3 said: ***“They talk to you as if you were just some good-for-nothing off the street”***. (*“Le hablan a uno como si uno fuese cualquier cosa en la calle que no sirve”*).

In FG2, another participant remarked: ***“... it’s literally disrespectful. Most of the time, they’re unfriendly; they lack empathy for others and have no tact or sensitivity when talking to people”***. (... es literalmente una falta de respeto. Son antipáticos la mayoría de las ocasiones, no tienen empatía por las personas, no tienen delicadeza y tacto a la hora de

referirse a una persona”).

And a participant in FG3 described how she perceives the technicians’ biases: ***“I had friends tell me, ‘Dress poorly, because if you dress nicely, they will judge you.’ And the person who spoke with me—the office manager, because that’s who was conducting the interviews—acted as if the funds were coming out of her own pocket rather than from the government”***. (*“Yo tuve amigos que me dijeron: ‘Vístete mal, porque si tú vas bien vestida te van a juzgar.’ Y la persona que me atendió, que era la jefa de la oficina, porque era ella la que hacía la entrevista, se comportó como si los fondos vinieran de su bolsillo y no del gobierno”*)

In FG2, a participant expressed that the technicians don’t understand them: ***“Until they are actually in your shoes, they won’t understand your situation, and that’s really, really bad. Honestly, it’s really bad”***. (*Hasta que ellos no lleguen al lugar o a la silla donde uno está sentado, no van a entender la situación de uno y es bien, pero bien malo; de verdad que es bien malo”*).

A participant in FG3 shared that she had been referred to a public housing project as a priority case because she was a survivor of gender-based violence, and the technician who met with her said: ***“What do you want me to do? You’re not the only one waiting for housing”***. (*“¿Qué tú quieres que yo haga? Tú no eres la única que está esperando por vivienda”*).

The participant added: ***“It’s also very frustrating when you come across that kind of person: no empathy at all, and not a good service, either”***. (*“Entonces, pues es también bien frustrante cuando te das con ese tipo de personas, que no hay empatía de ninguna clase, tampoco un buen servicio”*).

A participant in FG2, also a survivor of domestic violence, recounted how the person who assisted her openly announced that she was a victim of domestic violence, discussed her case in front of everyone present in the waiting room, and in the end didn’t even help her: ***“When she arrived, she said out loud, ‘She’s the domestic violence victim,’ around other people, and then proceeded to interview me in front of everyone else in the room... It was a really uncomfortable situation, and unfortunately, I haven’t requested those benefits again. But I won’t lie to you; I need them. Right now, I have about \$80 in my account”***. (*“Cuando llegó dijo en voz alta: ‘ella es la víctima de violencia doméstica’, donde habían otras personas y entonces ella me entrevistó en un lugar donde estaban todas las demás personas en la sala, ... fue una situación bien*

incómoda y yo pues lamentablemente no los he vuelto a pedir, pero no te miento, los necesito, ahora mismo en mi cuenta tengo como \$80 dólares”).

Participants reported negative experiences with the services and the way technicians treated them. **It is important to establish clear and consistent internal protocols to ensure the delivery of high-quality services. In many cases, program rules and paperwork are prioritized over empathetic care.** This suggests that improving the internal processes using evidence-based practices and standardizing guidelines may help improve participant experiences and make them more effective.

The lack of communication between agencies limits providers' options to mitigate the impact of the benefits cliff

“...I want us to have that interagency collaboration, to be able to communicate efficiently—that’s what I want, what I aspire to” (Agency Interviewee #4). (“...que tengamos esa interacción interagencial, que nos podamos comunicar eficientemente, eso yo quiero, a eso yo aspiro”).

The lack of communication between the agencies offering services limits the options providers can offer when participants face a potential benefits cliff. It also adds to the confusion and cognitive load for participants, who have to handle recertifications across different agencies and juggle multiple cliffs.

As prior studies show, agency staff members are sometimes unaware of the programs offered by other agencies that could help their participants when a loss of benefits is anticipated.

One interviewee said: **“I can’t connect with Hacienda [Treasury Department], I can’t connect with [Department of] Health. We don’t have platforms that would let us connect with other programs” (I14).** (“Yo no puedo comunicarme con Hacienda, yo no puedo comunicarme con Salud, nosotros no tenemos esas plataformas que nos permitan comunicarnos con otros programas”).

Another interviewee said she is not familiar with the available programs: **“I may not be able to assist you with food, but maybe I can refer you to something else that also helps... There are many programs that we don’t know about,**

and it’s not for lack of interest. We simply don’t know that the program actually exists” (I13). (“A lo mejor yo no te puedo ofrecer para alimentos, pero quizás te puedo referir para otra cosa que también te funcione... Son muchos los programas que nosotros desconocemos y que no es por falta de interés, es porque desconocemos que en realidad ese programa existe”).

The limitation posed by the failure to integrate and collaborate with other agencies when offering options to participants is evident in statements such as: **“We don’t have a collaborative agreement with [the public housing administration], where we could say, ‘Hey, protect these ladies so that doesn’t happen” (I11),** in reference to the immediate rent increase for TANF participants (I11). And even when documents are signed to promote access, it doesn’t happen in practice: **“Our participants sign a document authorizing us to request information from other agencies, but even with that authorization, they often close the doors on us” (I13).** (“No tenemos un acuerdo colaborativo con Vivienda para decir: protégeme a estas muchachas de que eso no pase”) (“las participantes de nosotros firman un documento que nos faculta para eso, para ir a otra agencia a pedir información, pero aun llevando ese documento muchas veces nos cierran las puertas”).

Another interviewee expressed hope for these interagency collaborations to materialize: **“So that [technicians] can access the system to look up the information we need, or so other agencies can provide information on our program requirements. I want us to have that interagency collaboration, to be able to communicate efficiently—that’s what I want, what I aspire to” (I4).** (“A que en el sistema ellos (los técnicos) tengan la oportunidad de verificar información necesaria o requisitos para nuestro programa, que la provean otras agencias. Que tengamos esa interacción interagencial, que nos podamos comunicar eficientemente, eso yo quiero, a eso yo aspiro”).

Like the families and the service providers, the members of the Community Advisory Council agreed that there is a need for collaboration among the different agencies administering programs within the public assistance system. This interagency coordination is particularly important to prevent the benefits cliff.

During the data walk, it was noted that **“collaborative work would be a good option to improve communications between agencies and raise greater awareness about the assistance that is needed”.** (“trabajo en colaboración

sería una buena opción para mejorar la comunicación entre las agencias y daría más concientización de las ayudas que se necesitan”)

Participants did not specifically mention the lack of communication between agencies, but it was clear that the fragmentation of programs adds to the confusion when trying to get a clear picture of how benefits decrease as income increases. Each program has its own income limits for eligibility, and the formula to calculate income also varies. Interviews with agency staff members reveal that, when visiting the agencies, participants will raise concerns about other programs. However, providers do not have information about those programs in order to provide assistance or guidance, and providing such guidance is not part of their duties, either.

The problem caused by the fragmentation of programs is compounded by a lack of case management personnel. Case managers could help beneficiaries link these systems and get a better idea of how their different benefits are affected. The programs most widely used by families employ eligibility technicians rather than case managers. TANF has case managers, but little is known about their effectiveness. In Puerto Rico, there have been efforts to create integrated service centers. These centers provide a range of services in a single facility, but customer service and support remain divided by agency.



Recommendations for Public Policy

This study yields one core recommendation: **Major government assistance programs should look for options to reduce the benefits cliff and mitigate its effects.**

Below are specific recommendations that can be implemented in the short and medium term to achieve this goal. These are organized under three categories: (1) administrative adjustments; (2) programmatic design adjustments; and (3) fiscal and systemic measures.

Immediate administrative adjustments (0 to 12 months)

These are high-impact actions with a low fiscal cost that do not require federal legislative changes or structural changes within the agencies, and which can be implemented in one year or less.

1 Promote transparency in eligibility information and provide mandatory counseling

Program participants and the members of the Community Advisory Council (CAC) agreed that families must be provided with clear information about eligibility requirements, allowable income deductions, and how the benefits change as income increases. Agencies must provide this information at their offices and make it available on their websites.

- a. **Provide clear, standardized, and proactive information** on how employment affects benefits before applying penalties for increased income. This information should be offered to applicants in writing during their interviews with agency staff. The information must also be available on the agencies' websites.
- b. **Establish interview protocols** to avoid ambiguous answers ("it depends") and clearly define relevant concepts in order to reduce information opacity.
- c. **Develop an interagency benefit simulation tool.** This tool would serve as an official calculator for Puerto Rico, allowing families to estimate

income, benefits, and tax credits based on different scenarios. The benefits calculator created by the Federal Reserve Bank of Atlanta is an example of how greater transparency about program eligibility criteria is a useful tool to help families achieve economic mobility.

2 Improve customer service

The relationship between participants and agency staff is key to improving the stability and well-being of families. However, this relationship can often be strained. Participants feel that they are not treated in a consistent manner and shared instances in which they felt they were not treated with respect and empathy. Meanwhile, technical staff members cited the limitations imposed by rigid processes and regulations. To improve the customer experience when applying for benefits, consider the following:

- a. **Standardize the quality of services** to establish better relationships between technical staff and participants. It is recommended that training be provided and that service standards be developed for all eligibility technicians to follow. Participant surveys regarding the quality of service received should also be conducted as part of an ongoing improvement process.
- b. **Incorporate a behavioral lens into customer service.** Recognize explicitly that cognitive load, fear of loss, and risk aversion can influence participants' employment decisions and attitudes toward using their benefits, in order to better understand the participants. Provide training on how to incorporate this into the interviews. The federal Administration for Children and Families launched an initiative to approach agency services from a behavioral perspective, yielding positive results (MDRC, n.d.).
- c. **Listen to and include the voices of those affected by program changes.** Program beneficiaries strongly desire to have their voices heard and to play a greater role in the design of the programs that directly impact their lives. Ensuring that participants are given spaces for dialogue and feedback will make it possible to identify and address the problems they face more effectively. In turn, this will further help take into account their needs and the support required in the programs' design. This can be achieved through public hearings, the creation of regional committees, and calls for public comment on changes to regulations and state plans, with the goal of improving the development and implementation of programs. This is a best practice in both the public and private sectors

for improving design processes and user experiences.

3 Optimize existing programs

There are initiatives and programs in place at government agencies that can be used to promote employment and mitigate the impact of the benefits cliff. We recommend building on these initiatives to strengthen agencies' ability to support families' economic mobility.

- a. **Promote existing programs that facilitate the transition to employment.** Examples of existing programs that offer mechanisms to mitigate the cliff effect caused by increased earnings include NAP's employment transition period, CHIP health coverage for minors, and HUD's Family Self-Sufficiency (FSS). HUD's Moving to Work program is another example of a program that supports public housing families in their transition to employment, which Puerto Rico could apply for at the state level. Agencies should actively coordinate, integrate, and promote these programs to ensure more stable transitions to employment to promote families' success.
- b. **Transform the Administration for Integral Development of Childhood (ACUDEN) 2Gen Centers into hubs of economic mobility for families.** Bi-generational (2Gen) strategies are designed to promote family mobility. These 2Gen Centers, located throughout almost all of Puerto Rico, represent an opportunity to educate people about the benefits cliff and promote the economic mobility of families participating in programs. To ensure their effectiveness, these centers need to implement programs that adhere to the key principles of whole-family (or two-generation) models that address the needs of adults and children in an articulated and integrated way. 2Gen models place the family at the center of interventions and are essential to promoting their economic well-being through a comprehensive approach. For example, an individualized plan for a family using a two-generation model might include helping the parent/caregiver complete high school, providing education on how to better manage their child's asthma, and connecting them to opportunities for child care.



Programmatic design adjustments (12 to 36 months)

These adjustments involve changes to regulations or state plans aimed at mitigating the benefits cliff. It is therefore expected that these changes may take 1 to 3 years to implement.

1 Establish grace periods for job placements

Implement clear and well-communicated grace periods (6 to 12 months) to prevent an immediate loss of benefits when starting work, particularly for public housing program participants.

2 Revise the TANF program design

TANF is a unique program because it is the only one that offers cash assistance to families. Its enabling act states that it must support families in transitioning to employment. The use of these funds provides flexibility in program design. The recommendation is to adjust TANF's deductions and benefit structure to avoid the total loss of benefits resulting from marginal increases in income.

3 Establish phased transitions in programs

Emulate the NAP model (gradual reductions and income deductions) in TANF, Plan Vital (adults), and public housing assistance. These transitions prevent “all-or-nothing” designs that lead to the cliff effect.

4 Initial protection against rent increases

Interviews and focus groups show that access to housing is critical in the transition to employment. This is why it is recommended that temporary and/or staggered ceilings be established on rent increases for families living in public housing and starting to work.

5 Institutionalize case management in agencies

The main benefit programs have eligibility technicians but no staff dedicated to case management. Without this support, families find it difficult to navigate the

benefits cliff and map out a clear path toward economic mobility. It is recommended that case management be institutionalized with a family-centered approach, where the main task is to work closely with families to determine their needs and resources, and to develop individualized plans for economic mobility and family well-being. Case management staff should make referrals, provide follow-up, visit families, and communicate with relevant agencies to support families as they go through the process.



Fiscal and Systemic Measures (24 to 36 months)

These essential measures require sustained political commitment, structural changes, and legislative action.

1 Allocate state funds for supplementary aid

Local recurring funds should be identified and allocated to offset, partially and in stages, the loss of benefits at the beginning of employment, particularly to mitigate increases in rent. Families described their fear that engaging in formal employment could trigger a cliff effect on their benefits. In total, 43 states, the District of Columbia, and 41 cities have state funds to assist families with rent payments (Abdelhabi & Aurand, n.d.). California, Maine, Washington, Illinois, and Minnesota, on the other hand, are examples of states that provide nutrition assistance with state funds to populations not covered by SNAP (National Immigration Law Center, June 2024).

2 Strengthen support for job placements

This means ensuring families have the necessary support to integrate and remain employed. To accomplish this, services such as access to affordable child care, consistent school schedules, after-school programs, and workforce development programs that lead to industry-recognized credentials, allowing families to integrate into the labor market, must be expanded and coordinated. A local CTC, as implemented in 14 U.S. jurisdictions, would support work by mitigating the effects of the benefits cliff and putting more money in the pockets of working low-income families. These supports must have recurring funding to guarantee their continuity.

3 Adopt the two-generational model (2Gen) as the standard in all agencies that serve families and children

This model considers the entire family, integrates services, and provides personalized follow-up to promote economic mobility. There is already evidence of this model's success in Puerto Rico.

4 Develop formal interagency coordination among benefit programs

Beneficiaries report having to navigate fragmented, tedious, and repetitive processes when dealing with multiple agencies. Furthermore, providers acknowledge that there are limitations when making referrals or coordinating supports, due to a lack of knowledge about other programs and poor interagency communication. Permanent interagency coordination mechanisms are needed to reduce inconsistencies in income definitions, recertifications, and eligibility rules. Admittedly, efforts are being made to bring multiple services under one roof, which facilitates transactions. However, this does not guarantee the integration of these services as they continue operating separately and without a systemic exchange of information. Service integration goes beyond simply consolidating office locations. This should include shared processes and information systems to avoid the duplication of forms and documents to be submitted, thereby streamlining access to services. The federal Administration for Children and Families has been promoting the integration of services for the prevention of child abuse, highlighting case studies where services have been integrated in places like Vermont, Oregon, Georgia, and Ohio (Baumgartner et al. 2024) under the principle of "no wrong door", where individuals who need help go to whichever service office is most convenient and start their journey there.





Final considerations

Poverty remains a reality for more than half of the children in Puerto Rico. Yet, the past three decades have seen little progress on this indicator. It is clear that doing the same things and expecting different results is not a viable path forward. Families with children and youths need a helping hand to support them on their path toward economic mobility.

It has been confirmed—through a thorough review of the eligibility requirements for the main government assistance programs, as well as focus groups with beneficiaries and interviews with agency staff members—that these programs have not been designed to

support families' progress. The cliff effect caused by small increases in income puts families between a rock and a hard place: families want to get ahead and provide a better future for their children, but program rules make it difficult for them to build a path toward economic mobility.

This report shows that program design reforms, customer service adjustments, and funding allocations can change the course of families' lives and make a difference in poverty reduction. Many of the recommendations to solve the benefits cliff can be implemented now. Others will need time. All require political commitment and resolve.

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