

Think Strategically



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Puerto Rico's Older Smaller Population is an Opportunity for Growth and Change

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by Francisco Rodríguez-Castro
frc@birlingcapital.com

Change Is Inevitable, Growth is Optional

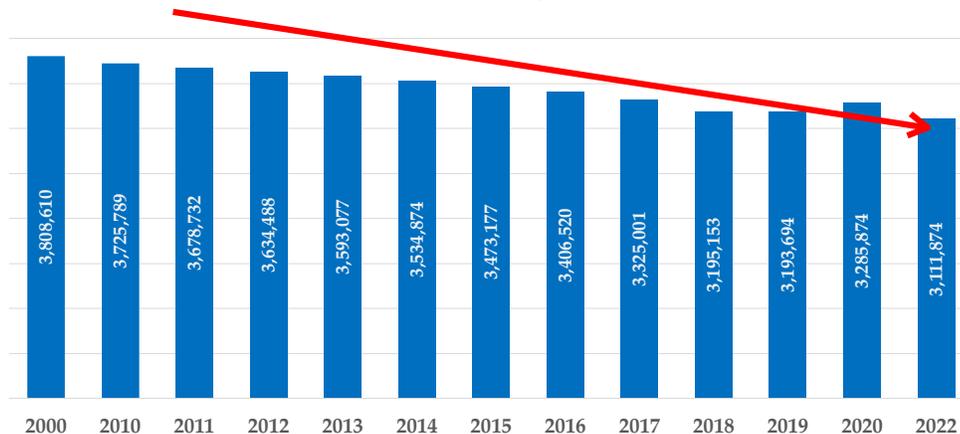
As the population shifts and evolves, exploring ways to navigate these changes and create a sustainable path forward becomes essential, such is the case in Puerto Rico.

Factors such as birth rates, migration patterns, aging population, and socioeconomic dynamics influence demographic shifts. The island has faced substantial outmigration in Puerto Rico, primarily driven by economic struggles and the aftermath of natural disasters. This has led to a decline in the population, posing critical implications for the island's social fabric, workforce, and overall development. However, amidst these challenges, there is room for hope and proactive measures that can be undertaken to harness the potential of Puerto Rico's changing demographics. By understanding the underlying causes, addressing root issues, and implementing targeted strategies, Puerto Rico can strive for a brighter future that promotes sustainable growth, inclusivity, and prosperity. Demographic changes in Puerto Rico, such as population declines and shifting age structures, are having and will continue to have profound implications for most aspects of our society and how we live and co-exist.

Puerto Rico's Demographic Transformation



Between 2000 and 2020 we lost 696,736 citizens or 18.29%



As part of our series of challenges impacting the Puerto Rico economy, we dedicate an in-depth analysis of those impacts, let's begin.

- **Aging Population:** Puerto Rico has been experiencing an aging population trend, with a declining birth rate and increasing life expectancy. Puerto Rico has experienced a decline in the working-age population due to emigration to the U.S. mainland, with a total population loss of 696,736 or 18.29% of the island's population, mixed with a low birth rate. Additionally, when we compare the Census data number, we note a significant shift; for example, in the 2000 Census, 15.9% of the population was 65 years or older; by 2021, that number had increased to 26.8% or 68.5% rise in that age group alone. Moreover, the largest population age group, those aged 25 to 54 years, fell from 52.1% in 2000 to 43.6% in 2021, a 16.31% This demographic shift puts additional strain on healthcare systems, as older individuals with higher healthcare needs stretch the healthcare ecosystem to its limits. For those same reasons, 2% to 3% of the population is using 80% of all of the healthcare funding in Puerto Rico. The demand for geriatric care, specialized medical services, and long-term care facilities is sharply increasing, requiring adjustments in healthcare infrastructure and resource allocation. Not to mention the new phenomenon of abandoning the elderly in Hospitals, never to claim them.
- **Chronic Disease Burden:** As the population ages, the prevalence of chronic diseases like cardiovascular conditions, diabetes, and neurodegenerative disorders is rising, either due to genetic disposition, dietary habits, and lack of holistic care. Placing increased pressure on healthcare providers to manage chronic conditions, invest in preventive measures, and ensure access to quality healthcare services.
- **Health Workforce Challenges:** Demographic changes are affecting the availability of healthcare professionals. According to figures from the Puerto Rico College of Doctors and Surgeons, 5,000 physicians left Puerto Rico in the last decade. That is a loss of over 36% of physicians in Puerto Rico, leaving us with about 9,000 active physicians. An aging population often necessitates a larger healthcare workforce to meet the demand for specialized care. Addressing these workforce challenges becomes crucial to ensure adequate healthcare provision. Lastly is worth remembering that the healthcare ecosystem when the pandemic began on March 15, 2020, to December 31, 2021, the estimated losses to the Puerto Rico Healthcare ecosystem amounted to \$1,085,185,711 billion, while some \$300 million were granted thru the Cares Act, providing relief, a \$785 million hole is hard to fill,
- **Workforce and Productivity:** A declining population becomes another challenge to the labor market and employee productivity. With fewer working-age individuals, there is now a shortage of skilled workers, affecting many sectors and industries, specifically those that are client-facing, such as retail, healthcare, restaurants, construction, and many others hindering economic growth. Workforce development initiatives are crucial to addressing the labor shortages in Puerto Rico. Doing so entails improving education, strengthening vocational training programs, reforming the labor markets, and much more.
- **Tax Base and Government Revenue:** Population declines impacts the tax base and government revenue streams. A smaller population means fewer taxpayers, reducing the resources available to the government for public services, infrastructure projects, and social welfare programs. We have not felt these issues since the Treasury Department has broken records collecting tax revenues, and we have a combination of Federal Disaster funds providing a \$100 billion-plus cushion.

Diversifying the economy is crucial; attracting investment and implementing policies to stimulate population growth can help alleviate these fiscal pressures. For these reasons, supporting the former Act 20/22, now Act 60, is critical for the island's development and continued availability of capital.

- **Housing and Urban Planning:** Population decline results in vacant properties, urban decay, and other challenges in maintaining infrastructure. Urban planning strategies must adapt to these changes, ensuring efficient land use, repurposing vacant buildings, and revitalizing neighborhoods. For example, most urban centers in all the 78 cities in Puerto Rico have almost no population, a shift we must change. Additionally, accommodating an aging population may require modifications to housing options, accessibility features, and healthcare facilities.
- **Education System:** Shifting demographics also impact the education system, leading to changes in school enrollments and workforce development needs. One fact in the last 20 years, Puerto Rico has had 17 Secretaries of Education, a fact that has not helped the quality of the education of our youth even with a budget that surpasses \$8 billion. Declining populations have already created school consolidations, while workforce training programs should align with emerging industries and technological advancements. Adapting educational strategies to the evolving population dynamics is crucial for preparing the future workforce.
- **Social Safety Nets:** Demographic changes require adjustments to social safety nets, including healthcare, welfare, and pension systems. Providing adequate support for vulnerable populations, such as older people or low-income individuals, becomes essential. Ensuring the sustainability and inclusivity of social safety net programs will contribute to social stability and well-being.
- **Community Dynamics and Social Cohesion:** Demographic shifts can impact community dynamics and social cohesion. Addressing population decline or an aging population requires community engagement, intergenerational programs, and support systems to foster inclusion, mitigate isolation, and promote social connections. These efforts can help maintain strong community ties and a sense of belonging.
While this analysis provides a more detailed overview of the potential impacts of demographic changes in Puerto Rico, it's important to consult up-to-date data and reports from reliable sources to comprehensively understand the specific population losses and GDP effects on individual cities within Puerto Rico.

The Final Word: Changing our circumstances by changing the way the think.

In conclusion, the demographic changes in Puerto Rico are undeniably leaving a profound imprint on the island, with significant impacts reverberating throughout various sectors. Changing our circumstances often begins with changing the way we think. Our thoughts shape our perceptions, beliefs, and actions, ultimately influencing the outcomes we experience. By shifting our mindset, embracing a positive outlook, and challenging self-limiting beliefs, we can open ourselves up to new possibilities and opportunities. Through this transformative process, we gain the power to shape our own reality and create meaningful change in our lives. So, let us embrace the notion that changing our circumstances starts from within as we harness the incredible potential of our thoughts to shape a brighter and more fulfilling future.

From the strain on healthcare systems caused by an aging population to the challenges faced by the economy due to a declining workforce, these changes demand careful attention and proactive measures.

By recognizing the unique challenges presented by these shifts and adopting a proactive approach, Puerto Rico can harness the opportunities hidden within these changes. Through investment in healthcare infrastructure, workforce development, and community engagement, the island can navigate these demographic challenges and build a resilient society that ensures the well-being of its citizens and paves the way for a prosperous future.

The island can forge a path toward sustainable development, equitable access to resources, and high quality of life for its residents, ensuring a brighter tomorrow for future generations.

As the renowned sociologist William H. Frey once said, **"Demographic shifts are like tides; they may be slow-moving, but their effects are far-reaching"**.

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