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Think Strategically

The Government Progress Index reveals why Puerto Rico's 2030 economic freedom agenda is the only road to strong momentum

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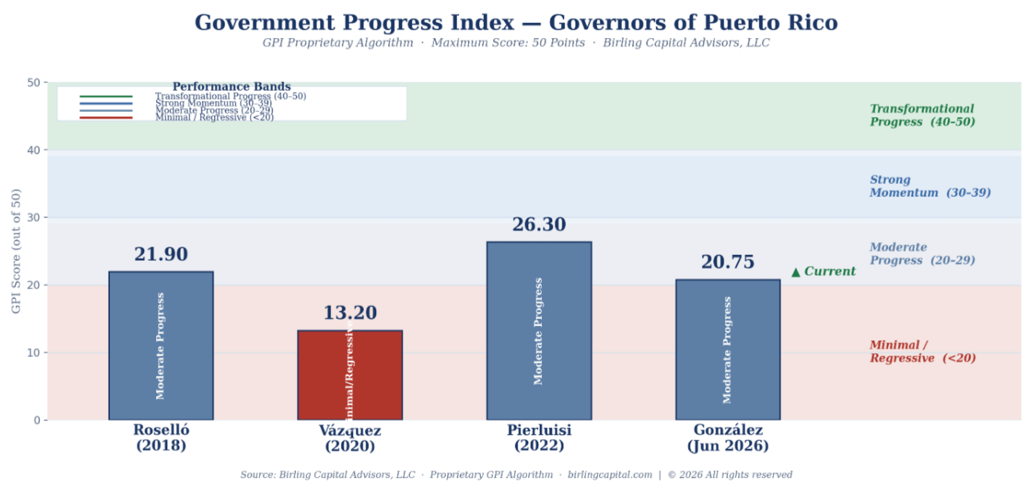
Puerto Rico's Progress, Measure by Measure

Birling Capital's most recent Government Progress Index that measures the progress of Puerto Rico's Government closed June 2026 at 20.75, back in Moderate Progress territory after a punishing fall to 18.3 at the one-year mark of Governor Jennifer González's administration. That recovery is real, and it is also, on its own, nowhere near enough. A government can manage its way from 18 to 21 on a 50-point scale through a softer gasoline month, a construction uptick, or a stock rally. It cannot legislate its way from Moderate Progress into Strong Momentum, let alone Transformational Progress, without changing the structural rules that have kept Puerto Rico ranked 51st out of 51 U.S. jurisdictions in economic freedom for four consecutive years. This column reads the GPI, the companion Puerto Rico Energy & Institutional Index, and Birling's Puerto Rico 2030 agenda of Total Economic Freedom, as one connected argument rather than three separate documents, because that is what the data actually shows.

The GPI's real trajectory, governor by governor

Context matters more than any single reading. The GPI opened at a baseline of 26.5 in January 2025, already inside Moderate Progress, peaked at 29.0 in April 2025, then fell to a Year One low of 18.3 by November 2025, a decline of 8.2 points and 30.94 percent that pushed the score below the 20-point Minimal/Regressive threshold. Since then, it has recovered 2.45 points, or 13.38 percent, closing June 2026 at 20.75. Measured against the three most recent governors at comparable points in their terms, González sits in the middle of the pack, ahead of the Minimal/Regressive collapse under Vázquez but well short of the Strong-adjacent reading Pierluisi posted in 2022.



The pattern across four administrations is itself a finding. Every governor since 2018 has operated inside a 13-to-26 point band on a 50-point scale, never once crossing into Strong Momentum, let alone Transformational Progress. That is not an accident of leadership quality. It is what happens when the underlying rules of the economy — permitting timelines, licensing thresholds, tax structure, energy cost — stay fixed regardless of who occupies La Fortaleza. A governor can move the GPI within its historical range through competent crisis management. No governor has moved it out of that range, because doing so requires legislative and regulatory change that outlasts any single term.

The Government Progress Index full June 2026 scorecard

Measured against the January 2025 baseline, the granular data confirms the same story in every line item: capital markets and industrial indicators have improved, while the metrics that determine how an average household experiences the economy have deteriorated.

Governor Jennifer González

Benchmarks for Puerto Rico · June 2026 vs. Jan 2025

Indicator	Jun-26	Jan 2025	Change
Price per Liter of Regular Gasoline	$1.100	$0.75	46.67%
Manufacturing PMI Index	52.40	46.4	11.45%
Sales of Bags of Cement	1,297,000	1,165,000	10.18%
Type 1 Crime Statistics	9,856	6,642	32.61%
Electric System Interruption Index	1,706	1,414	20.65%
Auto Sales	8,399	9,549	-13.69%
Unemployment Rate	5.60%	5.40%	3.57%
GDP Growth	0.40%	2.20%	-450.00%
Economic Activity Index	-0.70%	-1.60%	56.25%
Labor Participation Rate	44.30%	44.80%	1.12%
Household Ownership Rate	64.00%	64.00%	0.00%
Average Per Capita Income	$25,096	$25,096	0.00%
Birling Puerto Rico Stock Index	4,745.82	3,598.01	31.90%
Government Bond Debt	$34,000,000	$34,000,000	0.00%
Credit Rating	D	D	In Process
Market Access	Limited	No Access	In Process
Birling GPI	20.75 *Moderate Progress*	26.5	-27.71%

Read line by line rather than as a single average, the June 2026 scorecard splits into three distinct tiers, and the size of each tier is the real story.

Five indicators move favorably:

- Manufacturing PMI up 11.45 percent,
- cement sales up 10.18 percent,
- the Economic Activity Index improving 56.25 percent,
- the Birling Puerto Rico Stock Index up 31.90 percent, and
- market access advancing from none to limited.

Every one of these is a capital-facing or investor-facing measure — something a lender, a developer, or a portfolio manager reads directly off a term sheet or a ticker.

Eight indicators move unfavorably, and they are almost entirely street-level:

- Gasoline up 46.67 percent,
- Type 1 crime up 32.61 percent,
- Electric system interruptions up 20.65 percent,
- Auto sales down 13.69 percent,
- Unemployment up 3.57 percent,
- Labor participation down 1.12 percent,
- GDP growth collapsing 450 percent in relative terms from 2.20 to 0.40 percent, and the GPI composite itself down 27.71 percent from its January 2025 baseline despite the six-month recovery. Nothing in that second column is abstract. It is what a commuter pays at the pump, what a small business owner pays to keep the lights on through an interruption, and what a family either earns or does not.

A third tier is easy to miss because zero looks like nothing happened, and that is precisely the point: four of the sixteen tracked indicators have not moved at all in eighteen months.

- Household ownership rate sits at 64.00 percent in both January 2025 and June 2026.
- Average per capita income sits at exactly $25,096 in both periods, meaning the typical household has not gained one additional real dollar of income during the entire GPI measurement window, even as inflation from the 46.67 percent gasoline increase alone has quietly eroded what that flat number can buy.
- Government bond debt sits unchanged at $34,000,000, and
- The credit rating remains fixed at D, still marked in process rather than upgraded, even after market access improved from no access to limited. That last pairing is itself instructive: investors have been willing to extend limited access to Puerto Rico paper before the rating agencies have been willing to move the letter grade, which means the market is currently pricing improvement faster than the official credit apparatus is confirming it.

Put the three tiers side by side, and the imbalance is stark: five metrics improving, eight deteriorating, four frozen solid enough to register as exactly 0.00 percent change. A government can legitimately claim the first column as evidence of policy working, and Birling's own reporting on Manufacturing PMI and the stock index treats that claim as earned. But a household weighing its own experience against the scorecard is reading the eight-line column and the four flat lines, not the five-line column, because none of the five favorable metrics land in a wallet. A rising stock index does not lower an electric bill. An improving Economic Activity Index does not reverse a 32.61 percent increase in Type 1 crime. This is not a rounding error in an otherwise healthy recovery; it is closer to two different economies reporting to the same scorecard, one accessible to capital and one lived by everyone else, and the GPI's own overall decline of 27.71 percent since baseline is the arithmetic proof that the second economy is still outweighing the first.

The energy and institutional layer

The GPI measures economic performance. Its companion Puerto Rico Energy & Institutional Index measures three dimensions the GPI does not capture directly: energy reliability, renewable penetration and grid capability, and the White House–Governor relationship. Together they scored a mixed June 2026 picture: real progress under contract, poor performance already delivered.

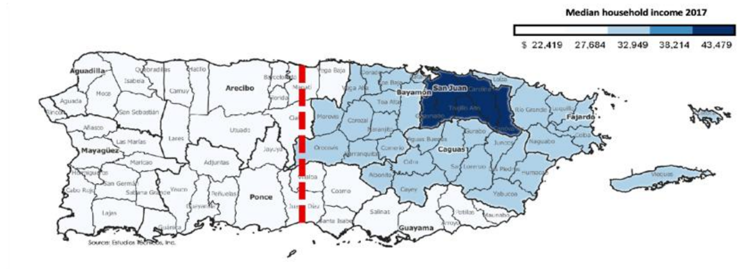
Descriptor	Indicator	Jan 2025	Jun 2026	Status
Energy reliability	SAIDI, min/yr	1,414	1,706	Risk
Energy reliability	SAIFI, events/yr	~8.0	~7.98	Risk
Energy reliability	Load-shedding, hrs	78 (FY24)	154 (FY25)	Risk
Renewable & grid	New MWs installed	0	700 by YE26	Watch
Renewable & grid	BESS installed	0	385 MW by YE	Watch

Source: Birling Capital Advisors, Puerto Rico Energy & Institutional Index, June 2026.

The generation reserve fund carries a $200 million deficit even as the SAIDI reliability metric sits 37.2 percent above the PREB baseline of 1,243 minutes per year. The 700 megawatts of new solar and 385 megawatts of battery storage under the Tesla/Genera, Polaris, and CFE/AES pipeline are real and contracted, but as of June 30, 2026, zero of either had actually been energized. That gap between contracted capacity and delivered capacity is precisely why the EII scores the descriptor Watch rather than Good: the transformation is underway, but it has not yet reached the meter.

The structural diagnosis behind the 2030 agenda

The median household income disparity creates two Puerto Ricos: the Puerto Rico to the west falls below the poverty line, while the Puerto Rico to the east has some areas slightly or well above the poverty line, with 51.2% of Puerto Rico is below the poverty line



West of the red imaginary line is a very poor and different Puerto Rico from the East side.

The case for Puerto Rico 2030 does not start from aspiration; it starts from measurement. The Fraser Institute ranks Puerto Rico 51st out of 51 U.S. jurisdictions in economic freedom for a fourth consecutive year, with a composite score of 2.13, roughly 60 percent below the U.S. average, driven by the weakest sub-scores in government spending, taxation, and labor market freedom. The consequences are the same numbers the GPI already tracks: labor force participation of 44.7 percent against a national average near 62 percent, per capita income 60 percent below the mainland, poverty near 45 percent, and roughly half of all households dependent on nutritional assistance.

The geographic dimension compounds the economic one. Birling's analysis of poverty distribution shows 51.2 percent of the population below the poverty line, split along a rough west-east divide: a poorer Puerto Rico west of a line running roughly from Arecibo through Ponce, and a comparatively less poor corridor concentrated around San Juan, Bayamón, Caguas, and the northeast. A national economic freedom agenda that does not account for that divide risks concentrating its $70 billion of projected GDP gains in the metro area that already captures a disproportionate share of investment.

A regulatory burden with no mainland equivalent

Occupational licensing is the clearest evidence of the structural gap because it is directly comparable, occupation by occupation, against the other 50 U.S. jurisdictions. Puerto Rico currently licenses 13 occupations, from health educator to public-event promoter, that no other U.S. state or territory regulates at all. It requires licensure for dozens more that fewer than five other jurisdictions bother to license, including automotive technician apprentice, tour guide certification, and condominium administrator assistant permits. At the other extreme, Puerto Rico is fully aligned with the other 50 jurisdictions on 51-count licenses covering medicine, nursing, law, insurance, and financial services — proving the issue is not licensing itself but where the line is drawn. Every occupation regulated more tightly than the mainland norm is, by definition, a barrier to entry with no consumer-protection benefit that 45 or more other states have found necessary.

The road to 30: mapping all twelve goals

Birling's own GPI framework names three prerequisites for crossing from Moderate Progress into Strong Momentum: resolving the energy crisis, reversing the GDP deceleration, and converting macro-level manufacturing and construction gains into labor participation and job creation. Read against the full twelve-goal Total Economic Freedom agenda and its $70 billion projected GDP contribution through 2030, each GPI prerequisite maps onto a specific, costed set of goals rather than a general aspiration.

Goal	2030 target	Projected GDP contribution
1. Total economic freedom	Legislate deep reform	$8.80B
2. Knowledge-industrial economy	25%+ of GNP	$7.50B
3. Private-sector jobs	300,000 new jobs	$2.50B
4. Unemployment	Reduce to 4%	Result
5. Labor participation	Raise to 60%	$2.90B
6. Government modernization	Simplify permits	$1.80B
7. Education-to-workforce	Align skills pipeline	$1.40B
8. Global strategic hub	Life sciences, nearshoring, aerospace	$5.50B
9. Local agriculture	30%+ local production	$1.10B
10. Household income	+40% average income	Result
11. Energy grid	21st-century reliability	$3.50B
12. Real GNP growth	Above 4% sustained	$35.00B
Total GDP increase through 2030		**$70.00B**

Source: Birling Capital Advisors, Puerto Rico 2030: Total Economic Freedom, April 2026.

Three observations follow from this table that a summary of either document alone would miss. First, the single largest line item, $35 billion, is not a standalone policy lever but the compounding arithmetic result of the other eleven goals sustaining GNP growth above 4 percent — meaning half the plan's entire projected value depends on execution discipline across every other goal, not on any one flagship initiative. Second, energy, the GPI's own top-named prerequisite, is budgeted at only $3.5 billion, the second-smallest contribution in the table, which understates its true importance: without reliable, competitively priced power, the $7.5 billion knowledge-industrial economy goal and the $5.5 billion global-hub goal are both structurally unreachable, since neither life sciences manufacturing nor aerospace and nearshoring investment tolerates 1,706 minutes a year of system-average interruption. Third, government modernization and permitting, at $1.8 billion, is the cheapest goal to execute in dollar terms and arguably the fastest to implement, since it requires administrative and procedural change rather than new capital formation — making it the natural starting point for any administration, regardless of which party wins in 2028.

What this means sector by sector

1. **Banking and capital markets:** market access moving from none to limited and the Birling PR Stock Index's 31.90% gain since January 2025 both support the case that Puerto Rico's four public financial institutions benefit disproportionately from any further credit-rating improvement; a legislated economic freedom agenda that improves the D credit rating would compress borrowing costs across the banking sector faster than organic GDP growth alone.
2. **Energy and utilities:** the 700 MW solar and 385 MW BESS pipeline represents the most significant single infrastructure signal in either document, but the EII's own Watch status on both metrics through June 2026 means the investment thesis remains forward-looking, not realized; institutional investors should track energization dates, not contract announcements.
3. **Healthcare and life sciences:** Goal 8's positioning of Puerto Rico as a global hub for life sciences and dual-use innovation, worth a projected $5.5 billion, is directly contingent on the occupational licensing reform under Goal 1; life sciences manufacturers recruiting technical talent from the mainland currently face licensure friction on multiple mid-tier technical roles that most competing jurisdictions do not impose.
4. **Real estate and construction:** cement sales up 10.18 percent and market access improving both support near-term construction activity, but Goal 6's permitting reform is the binding constraint on converting that demand into delivered supply at scale.
5. **Government and public administration:** Goal 6's $1.8 billion modernization target is not only about faster permits; the 2030 agenda's own framing calls for consolidating Puerto Rico's current 144 executive departments, public corporations, and independent authorities down to fewer than 25 agencies, an 83 percent reduction in the number of separate entities a permit, a license, or a contract has to clear. IDEA's own February 2026 progress report shows the direction is right — repealed regulations up from 251 to 343 and participating agencies expanding from 12 to 18 — but at that pace, consolidating 18 agencies into a coordinated framework still leaves 126 more to fold into fewer than 25 before the structural target is met. Every agency left outside that consolidated structure is a separate signature, a separate queue, and a separate point of friction working against the same $1.8 billion the GPI's permitting drag is already suppressing.

The execution risk that a shorter read would skip

In Puerto Rico, political leaders have for decades celebrated initiative rather than tangible results, and that is a situation that we can no longer afford to allow. That risk is real, and it is also the one variable in this analysis Puerto Rico does not control from San Juan. Nearly everything else does. Occupational licensing reform, permitting modernization, consolidating 144 agencies down to fewer than 25, and the tax and regulatory changes underneath Goal 1 are all matters of Commonwealth statute, not federal appropriation — reforms a legislature can pass and a governor can sign without waiting on Washington's calendar. That is the more encouraging reading of the data already in this column: Manufacturing PMI back in expansion, a stock index up nearly a third, and market access moving from none to limited did not happen because a federal check cleared. They happened because capital found a path the moment one opened, however narrow. Widening that path across the remaining eleven goals is legislative work, fully within Puerto Rico's own hands, and the single largest lever available to move the GPI out of Moderate Progress for good.

The Final Word: The bridge between a GPI of 20.75 and Puerto Rico 2030

A GPI of 20.75 is not a verdict on any administration; it is a snapshot of an economy governed by twentieth-century regulatory architecture trying to generate twenty-first-century outcomes. Manufacturing PMI back above 50, a stock index up nearly a third since January 2025, all prove that capital and productive capacity respond the moment conditions allow it. What holds us from Moderate Progress towards Strong Momentum is not a shortage of talent, assets, or strategic position — Puerto Rico has all three, as its 51st-place economic freedom ranking demonstrates by contrast: high productive potential, throttled by low institutional liberty. Closing that gap, GPI point by GPI point and goal by goal, across whichever administrations govern between now and 2030, is the defining institutional task of this decade for Puerto Rico and the new $70 billion is ours to achieve.

"Nations do not progress by accident; they progress when their people decide that potential is no longer enough. What Puerto Rico is missing is execution".
— Francisco Rodríguez-Castro, President & CEO, Birling Capital Advisors, LLC

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