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## How Is Food Assistance Different in Puerto Rico Than in the Rest of the United States?

By Elizabeth Wolkomir

Puerto Rico receives a capped block grant for basic food assistance instead of participating in the Supplemental Nutrition Assistance Program (SNAP), which is an entitlement program that can expand and contract to accommodate changing need. Thus, while other major federal nutrition programs — including WIC and School Meals — operate in Puerto Rico the same as in other states and territories, the Commonwealth is disadvantaged with respect to household food assistance.

Puerto Rico participated in SNAP's predecessor, the Food Stamp Program (FSP) from 1974 (when the program went nationwide) until 1982. To reduce the size and expense of Puerto Rico's FSP, Congress replaced it with a block grant, which became the Commonwealth's Nutrition Assistance Program (NAP), through the Omnibus Budget Reconciliation Act of 1981.<sup>1</sup>

Like SNAP, NAP includes specific eligibility criteria; determines benefit levels based on income, expenses, and household size; and issues benefits on electronic benefit transfer (EBT) cards. But, to operate within the capped funding level, NAP sets income limits and benefit levels well below those in SNAP. Further, because of its funding structure, SNAP serves all applicants that meet the program's eligibility criteria; this enables it to respond to changes in demand, including those due to natural disasters or recessions. NAP, with its limited funding, cannot.

Moreover, Puerto Rico receives fewer federal resources to support low-income families through NAP than it would under SNAP, even though its poverty rate is over three times the national average and its cost of living exceeds many other areas of the country.<sup>2</sup> Over 43 percent of Puerto Ricans live below the poverty line, compared to a national average of 14 percent, according to the Census Bureau's American Community Survey.<sup>3</sup> And, the Puerto Rican Institute of Statistics

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<sup>1</sup> Government Accounting Office, "Nutrition Conditions and Program Alternatives in Puerto Rico," July 1992, <http://www.gao.gov/assets/160/151923.pdf>.

<sup>2</sup> Anne Peterson *et al.*, "Implementing Supplemental Nutrition Assistance Program in Puerto Rico: A Feasibility Study," June 2010, <https://www.fns.usda.gov/snap/implementing-supplemental-nutrition-assistance-program-puerto-rico-feasibility-study>.

<sup>3</sup> See 2016 American Community Survey one-year data at <https://www.census.gov/programs-surveys/acs/>.

estimates that the San Juan metropolitan area ranks 51<sup>st</sup> of 296 American metropolitan areas in cost of living and 15<sup>th</sup> in cost of grocery items.<sup>4</sup>

This paper explains the differences between basic food assistance in Puerto Rico and in most other places in the United States, where SNAP operates.<sup>5</sup>

## Funding Structure

SNAP is an entitlement, which means that anyone who qualifies under program rules can receive benefits. As a result, SNAP responds quickly and effectively to support low-income families and communities during times of increased need. Enrollment expands when the economy weakens or disaster hits and contracts when the economy recovers and poverty declines. In this way, SNAP helps families bridge temporary periods of unemployment or family crisis. SNAP food benefits are funded with federal dollars, and administrative costs are shared evenly between the state and federal governments.

*NAP* is a capped block grant, which means Puerto Rico receives a fixed level of annual funding for food assistance regardless of need. As a result, *NAP cannot* expand to meet increased need when the economy stumbles or natural disaster strikes. Instead, the Commonwealth controls program costs by imposing income and benefit limits well below those in SNAP. In a comprehensive assessment, the U.S. Department of Agriculture (USDA) determined that, if Puerto Rico participated in SNAP, it would spend approximately 23 percent more on household food assistance than it currently does as a result of serving more individuals and providing more robust benefits.<sup>6</sup>

The federal block grant covers all *NAP* food benefits and 50 percent of administrative costs, with Puerto Rico covering the remaining administrative expenses. Initially, the block grant was funded at \$825 million per year. Federal policymakers raised funding by about 3 percent annually between 1987 and 1990<sup>7</sup> and provided some additional increases in the early 1990s, but these increases did not always keep up with food inflation, so the real value of the block grant fluctuated in *NAP*'s early years. The 1996 Farm Bill (the Federal Agriculture Improvement and Reform Act) provided for annual increases between 1996 and 2002 to reflect anticipated inflation, and the 2002 Farm Bill (the Farm Security and Rural Investment Act) required ongoing annual adjustments to reflect food inflation. In fiscal year (FY) 2017, federal funding for *NAP* was about \$1.95 billion. Figure 1 shows *NAP*'s historical funding in real dollars.

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<sup>4</sup> Instituto de Estadísticas de Puerto Rico, Índice de Costo de Vida de Puerto Rico, 2017, [http://cce.estadisticas.pr/Documentos/384B97B9-5A0A-4C51-9ED0-AAE0F43C449E/One\\_pager\\_COLI\\_2016Q1\\_2017Q1.pdf](http://cce.estadisticas.pr/Documentos/384B97B9-5A0A-4C51-9ED0-AAE0F43C449E/One_pager_COLI_2016Q1_2017Q1.pdf).

<sup>5</sup> Most states and territories participate in SNAP, including the District of Columbia, Guam, and the U.S. Virgin Islands. Like Puerto Rico, American Samoa and the Northern Mariana Islands receive block grants for household food assistance.

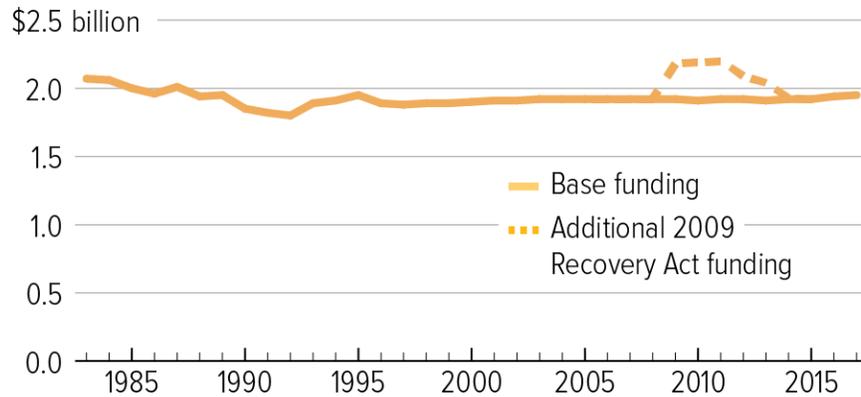
<sup>6</sup> Anne Peterson *et. al.*, Implementing Supplemental Nutrition Assistance Program in Puerto Rico, U.S. Department of Agriculture, Food and Nutrition Service, June 2010, <https://www.fns.usda.gov/snap/implementing-supplemental-nutrition-assistance-program-puerto-rico-feasibility-study>.

<sup>7</sup> General Accounting Office, "Food Assistance: Nutrition Conditions and Program Alternatives in Puerto Rico," July 1992, <http://www.gao.gov/products/RCED-92-114>.

FIGURE 1

## Funding for Puerto Rico's Nutrition Assistance Program (NAP) Has Remained Flat in Recent Decades

Adjusted for food inflation



Note: Adjusted for food inflation using the Agriculture Department's Thrifty Food Plans from June 1981 to June 2016. In fiscal years 2009-2014, NAP received supplemental funding through the 2009 Recovery Act.

Source: Food and Nutrition Service/Nutrition Assistance Program reported data

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## Eligibility

SNAP eligibility rules are, for the most part, set at the federal level and uniform across the nation. Under federal rules, to qualify for SNAP benefits, a household must meet three criteria: (1) Its gross monthly income must be at or below 130 percent of the poverty line, or \$2,184 for a three-person family in FY 2017;<sup>8</sup> (2) Its net monthly income (income after eligible deductions are applied) must be at or below 100 percent of the poverty line, or about \$1,680 a month for a three-person family in FY 2017; and (3) Its assets must fall below certain limits, which in FY 2017 were \$2,250 for households without an elderly or disabled member and \$3,250 for those with an elderly or disabled member. States have the flexibility to ease these limits, and many do.<sup>9</sup>

*NAP* eligibility is based on net income and asset limits.<sup>10</sup> *NAP* has no gross income test. The Commonwealth sets specific eligibility criteria and other program parameters in its annual state plan, which is approved by the USDA. In FY 2017, to be eligible for *NAP* benefits, a household of three had to have net income at or below \$599 per month and resources less than or equal to \$3,000. (Households with a member age 60 or older could have up to \$5,000 in assets.)

<sup>8</sup> Households with an elderly or disabled member need not meet this limit.

<sup>9</sup> States have flexibility to lift the income limits and lift or eliminate the asset test for households that are categorically eligible for SNAP. See <http://www.fns.usda.gov/broad-based-categorical-eligibility-chart> for a list of states that have lifted the income and/or asset test for most of the SNAP caseload by expanding categorical eligibility.

<sup>10</sup> SNAP considers earned income from wages, salaries, tips, commissions, self-employment, and independent contracting, as well as unearned income. *NAP* considers similar categories of income but applies more exemptions, waivers, and deductions to some income categories. See Peterson *et al.*

## Benefit Levels and Calculations

Both SNAP and NAP determine benefit levels based on household size and need. Very poor households receive larger benefits since they need more help affording an adequate diet.

SNAP's benefit formula assumes that families will spend 30 percent of their net income for food; SNAP makes up the difference between that 30 percent contribution and the cost of the Thrifty Food Plan (TFP), a minimal cost, nutritionally adequate diet established by USDA.

NAP benefit amounts are based on a benefit schedule developed by Puerto Rico. For households with an elderly member, benefits are increased by 20 percent. Further, when resources are available, NAP households may receive monthly bonus benefits or additional benefits supported by funds carried over from the previous fiscal year. Table 1 shows that NAP maximum benefit levels (apart from those potential additional benefits) are well below SNAP maximum benefit levels.

TABLE 1

### Benefits by Household Size, SNAP and NAP

Household Size	SNAP Maximum Monthly Benefit, FY 2017	NAP Maximum Monthly Benefit, FY 2017
1	\$194	\$112
2	\$357	\$216
3	\$511	\$315
4	\$649	\$410
5	\$771	\$499

Source: Department of Agriculture, SNAP FY 2017 cost of living adjustment information; Puerto Rico Department of the Family, *State Plan of Operation – Nutrition Assistance Program, Fiscal Year 2017*, amended September 9, 2017.

## Allocation

SNAP households receive an EBT card, which is loaded with benefits once a month. Household members may use it to purchase food at any retailer authorized to participate in the program. SNAP EBT cards can be used for eligible purchases in any state, regardless of where benefits are issued.

NAP participants also receive benefits on EBT cards once a month, but NAP benefits can only be redeemed at certified retailers within Puerto Rico. Unlike in SNAP, a small portion of the NAP benefit can be redeemed as cash at automatic teller machines within the Commonwealth. This allows participants to buy eligible foods from retailers and farmers' markets that do not have electronic payment equipment. From 2001 through 2016, 25 percent of the NAP benefit could be drawn as cash, but the 2014 Farm Bill mandated a gradual phase-out of the cash portion of the benefit by 2021. Currently, 20 percent of the benefit is redeemable as cash; this figure is set to fall to 15 percent on December 1, 2017.<sup>11</sup>

<sup>11</sup> Sec. 19(e)(3) of the Food and Nutrition Act permits the Secretary of Agriculture to approve a plan to maintain a cash benefit for participants of categories of participants if he determines discontinuation could have significant adverse effects.

## **Additional Resources**

For more background on SNAP, see Center on Budget and Policy Priorities, “Policy Basics: Introduction to the Supplemental Nutrition Assistance Program (SNAP),” updated October 3, 2017, <https://www.cbpp.org/research/policy-basics-introduction-to-the-supplemental-nutrition-assistance-program-snap>.

For further detail on the differences between SNAP and NAP, see USDA, “Implementing Supplemental Nutrition Assistance Program in Puerto Rico: A Feasibility Study,” August 16, 2016, <https://www.fns.usda.gov/snap/implementing-supplemental-nutrition-assistance-program-puerto-rico-feasibility-study>.