

Background

In 1982, the U.S. Congress replaced the Food Stamp Program¹ in Puerto Rico with a block grant. With this change, Puerto Rico acquired more authority to administer what became a different program, known as the Nutrition Assistance Program (NAP). Funds are provided through a block grant from the U.S. Federal Government and are subject to an annual cap. To maintain a nutrition assistance program under more constrained funds, Puerto Rico has targeted eligibility and benefits to those households who are most financially needy.

The Food, Conservation and Energy Act of 2008 (P.L. 110-234) directed the U.S. Department of Agriculture, Food and Nutrition Service (FNS) to examine the feasibility and effects of including Puerto Rico as a ‘State’² under the Food and Nutrition Act of 2008 (P.L. 110-246). With such a shift, nutrition assistance in Puerto Rico would be subject to the Supplemental Nutrition Assistance Program (SNAP) rules, options, and entitlement funding. This study assesses the potential impacts of establishing SNAP in Puerto Rico.

Approach

A number of key policy decisions would have to be made before implementing SNAP in Puerto Rico. This study makes assumptions about the following:

- *The basis for setting maximum benefit allotments in Puerto Rico.* This analysis

¹ In October 2008, the Food Stamp Program became the Supplemental Nutrition Assistance Program in all 50 States, the District of Columbia and two U.S. territories.

² ‘State’ is defined as the 50 States, the District of Columbia, Guam, the Virgin Islands, and the reservations of an Indian tribe whose tribal organization meets the requirements of this Act for participation as a State agency.

used the Thrifty Food Plan established for the U.S. mainland.

- *Limits for household assets, gross and net income, and allowable deductions.* This report incorporated the same income thresholds applied to the 48 contiguous States, the District of Columbia, Guam, and the Virgin Islands.
- *Selection from the multiple policy and procedural options available to States under the SNAP.* For this analysis, choices reflect Puerto Rico’s NAP features and SNAP options adopted by most States.

Projected Participation and Benefits

Based on the rules that governed SNAP in FY 2009 and assumptions made specifically for this analysis, a transition from NAP to SNAP is expected to:

- Increase the number of households that receive nutrition assistance by 15.3 percent. An additional 85,000 households with 220,000 persons would participate in SNAP.
- Raise the average monthly benefit by 9.6 percent or \$23; benefits would rise for all households except those with earnings or composed entirely of elderly persons.
- Increase nutrition assistance coverage from 30 percent to approximately 43 percent of the Puerto Rico population.
- Increase the number and percentage of households that receive nutrition assistance with an elderly member, income over 85 percent of the Federal poverty level, or earnings.
- Reduce the number and percentage of households with a disabled member and

those composed of single mothers and children who receive nutrition assistance.

Projected Costs

A transition to SNAP will increase costs to both the U.S. Puerto Rico governments. A shift to SNAP is expected to:

- Increase total annual costs by 22.7 percent or almost \$457 million in FY 2009 dollars. Just over 90 percent of the increase comes from additional benefit costs.
- Increase costs, disproportionately, to the U.S. Government given its responsibility for all SNAP benefits. An added \$420 million in annual benefit costs is estimated.
- Raise Puerto Rico's annual administrative costs by an additional \$18 million or 5 percent of the total cost increase.
- Shift retailer management from Puerto Rico to FNS. Puerto Rico and FNS would acquire and share the costs of providing stores with point-of-sale terminals when used solely for SNAP purchases.

Projected Administrative Changes

Overall, the NAP structure and operational processes are similar to SNAP. The increase in eligible households would, however, lead to higher administrative burden. Puerto Rico would also give up some authority to set policy:

- Puerto Rico would need to change certification, recertification and reporting policies to be consistent with SNAP.

Puerto Rico would need to acquire more staff and provide the necessary space, equipment and training.

- Because SNAP's eligibility requirements differ, Puerto Rico would need to update and conform its case-management system.
- FNS would become responsible for authorizing and monitoring SNAP retailers in Puerto Rico.
- Under SNAP, no benefits can be redeemed for cash. This may affect food retailers in Puerto Rico who do not have Electronic Benefit Transfer terminals and many families for whom 25 percent of the current NAP benefit is their primary or sole source of cash income.
- Puerto Rico would be required to implement an employment and training program.
- Puerto Rico would have the opportunity to expand outreach and nutrition education with additional matching funds from the U.S. Government.

For More Information

Peterson, A., Johnson, B., Moulton, B.E., Smith, E.O., Suchman, A., Wilson, C., Francisquini, S., Kauff, J., Ladinsky, J., and Castner, L. *Implementing SNAP in Puerto Rico: A Feasibility Study*. Prepared by Insight Policy Research for the Food and Nutrition Service, June 2010.

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