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Introduction to Puerto Rico's Nutrition Assistance Program

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Puerto Rico's food assistance program, the Nutrition Assistance Program (NAP, or PAN for its Spanish acronym) helps residents of Puerto Rico afford a basic diet. This program is especially important given high levels of poverty and hardship: over two-fifths of all residents of Puerto Rico (43 percent) and *over half* of children in Puerto Rico (57 percent) lived in poverty in 2018, according to the most recent Census Bureau data.¹ About one-third of adult residents of Puerto Rico experience food insecurity, which is a lack of consistent access to adequate food, a recent study found. People with low incomes (under \$25,000 annually) were more than three times as likely to experience food insecurity than households with higher incomes.²

Puerto Rico residents do not have access to the same federal assistance that is available to people in the mainland United States. The Commonwealth has never recovered from a recession that began in 2006, and events including two devastating hurricanes, delays in rebuilding aid, and population decline have aggravated those challenges, and now Puerto Rico must also contend with the COVID-19 health and economic crises.³ While NAP provides important nutritional benefits, its support is limited in contrast to the benefits provided under the Supplemental Nutrition Assistance Program (SNAP), the household food assistance program that operates in the United States, Guam, and the Virgin Islands.

This brief explains basic information about the program and its participants. (This paper generally describes NAP prior to the COVID-19 pandemic. The far-reaching impacts of the public health and economic crises have affected the program in various ways, including increased need, temporary

¹ Brian Glassman, "More Puerto Ricans Move to Mainland United States, Poverty Declines," U.S. Census Bureau, September 26, 2019, https://census.gov/library/stories/2019/09/puerto-rico-outmigration-increases-poverty-declines.html?utm_campaign=20190926msacos3ccstors&utm_medium=email&utm_source=govdelivery.

² Myribel Santiago Torres *et al.*, "Seguridad Alimentaria en Puerto Rico," Instituto de Estadísticas de Puerto Rico, Junio de 2019, <https://estadisticas.pr/files/Comunicados/Seguridad%20Alimentaria%20en%20Puerto%20Rico%20-%20Final%20%28300519%29.pdf>.

³ Javier Balmaceda, "Long in Recession, Puerto Rico Needs More Than Just COVID-19 Relief to Overcome Its Crises," CBPP, May 7, 2020, <https://www.cbpp.org/research/economy/long-in-recession-puerto-rico-needs-more-than-just-covid-19-relief-to-overcome-its>.

procedural changes to comply with social distancing requirements, and temporary federal funding increases provided in response.)

What Is NAP?

NAP is Puerto Rico’s household food assistance program. It provides benefits to residents of Puerto Rico with low incomes, most of whom are children, seniors, people with disabilities, and adults who are looking for work or taking care of family members. NAP is especially important given high rates of poverty and food insecurity in the Commonwealth.

NAP receives a fixed amount of federal funding each year, called a block grant. Unlike funding for SNAP, which expands and contracts in response to need, NAP must stay within its fixed funding levels regardless of need.⁴ As a result, NAP cannot automatically expand when the economy stumbles or natural disaster strikes. Puerto Rico participated in SNAP’s predecessor, the Food Stamp Program, from 1974 (when the program went nationwide) until 1982. Congress and President Reagan, however, replaced Puerto Rico’s food stamp program with a block grant that became NAP, and cut funding significantly through the Omnibus Budget Reconciliation Act of 1981.⁵ The federal block grant covers all NAP food benefits and 50 percent of administrative costs, with Puerto Rico covering the remaining administrative expenses. In fiscal year 2020, federal funding for NAP was about \$1.94 billion.⁶

Puerto Rico’s Department of Family Socioeconomic Development (ADSEF for its name in Spanish, *Administración de Desarrollo Socioeconómico de la Familia*), an agency under the umbrella of Puerto Rico’s Department of Family, administers the program. The U.S. Department of Agriculture’s Food and Nutrition Service (FNS) provides oversight, similar to its role providing oversight for states’ and territories’ administration of SNAP. For example, Puerto Rico submits a state plan of operations each year, which FNS approves.

NAP is one of the largest nutrition programs in the United States. The federal government spends nearly \$2 billion on NAP each year, putting the program behind only SNAP, child nutrition programs, and the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) in federal spending on nutrition programs. The program provides about two-fifths of the Commonwealth’s population with benefits to purchase food each month. Despite the program’s size and reach, little public information is available about NAP.

Who Is Eligible for NAP?

NAP has historically been targeted toward very low-income families, though in recent years the program has begun to serve more working families and others with slightly higher incomes. The

⁴ SNAP operates in all U.S. states, the District of Columbia, and the U.S. territories of Guam and the Virgin Islands. American Samoa and the Commonwealth of the Northern Mariana Islands also receive nutrition assistance block grants in lieu of SNAP.

⁵ General Accounting Office, “Nutrition Conditions and Program Alternatives in Puerto Rico,” July 1992, <http://www.gao.gov/assets/160/151923.pdf>.

⁶ This figure does not include temporary funding increases to respond to disasters, which Congress has authorized in recent years, as described in the text box, “Disaster Funding After Hurricanes Irma and Maria and Emergency COVID-19 Funding.”

program is generally available to participants who meet income and resource limits, which are set at levels low enough to ensure available funding will cover the participants who apply. Because federal funding for NAP is capped, income eligibility limits have historically been set far lower (though recently increased) and benefits are generally less generous for many households than they would be if Puerto Rico participated in SNAP.⁷

Under NAP rules, family members and other individuals who live together can apply as a unit (or “nucleus”), meaning eligibility is determined based on the unit’s income, and resources and benefits are based on the number of people in the unit. Some family members who reside separately can also be included, such as college students who depend on income from their families to cover basic expenses. Elderly and disabled members can generally apply as a separate unit from other members of their household, which may enable them to qualify for higher benefits than if they were included with their households.

Households must have net income — income after some exclusions and deductions are subtracted from total income — below certain levels based on their household size. For example, as of March 2019, a household of three must have monthly net income below \$1,706. Original program rules established a much lower income level of \$599 for a family of three for 2019, in line with recent years, but Puerto Rico raised income limits after receiving additional NAP funding in response to hurricanes Irma and Maria. (This increase in the income limits led to a rise in participation of about 10 percent.) While participant benefits were cut to previous levels when this funding expired in March 2019, Puerto Rico kept higher qualifying income limits. Households must have assets, such as money in a bank account, less than or equal to \$5,000 (\$15,000 for households with elderly members), though most households likely have assets far below these levels.⁸

In addition to these financial requirements, households must provide proof of identity and residence and show that school-age children are enrolled in school. Eligibility is restricted for some non-U.S. citizens.⁹

⁷ Average SNAP benefits have generally been similar to NAP benefits in recent years, before the increase from disaster funding, but this comparison does not capture the disparity due to differences in benefit calculation. If NAP participants received benefits based on the same benefit calculation as in SNAP, average benefits would be higher than in NAP for most households. This is because SNAP benefit calculation gives households with lower incomes higher benefits, and NAP households have incomes that are significantly lower than in SNAP. For example, in 2018, about 65 percent of NAP households had income at or below half the federal poverty line, compared to 38 percent of SNAP households. Because of differences in how benefits are calculated, not all NAP participants would receive higher benefits under SNAP. For example, some households with elderly individuals could receive lower benefits in SNAP compared to NAP because of how the NAP benefit structure targets higher benefits to those households.

⁸ For example, a 2013 report on the 2007 Puerto Rico Survey of Consumer Finances found that only about one-third of families in the bottom quintile of income had financial assets such as bank accounts, and of those who did, the average value was about \$500. See Harold J. Toro-Tulla, “Puerto Rico Survey of Consumer Finances,” Center for a New Economy, November 2013, https://grupocne.org/wp-content/uploads/2013/11/TopLine-Report-FINAL_for_web_.pdf.

⁹ Similar to SNAP, certain authorized immigrants (such as lawful permanent residents, refugees or asylees, or victims of trafficking) may be eligible. Some of those authorized immigrants may only be eligible if they have lived in the United States for at least five years or are lawful permanent residents who have worked 40 quarters, depending on their status. Other lawfully present immigrants, such as those who are under age 18 or are receiving government assistance for disability, are not subject to the waiting period.

Disaster Funding After Hurricanes Irma and Maria and Emergency COVID-19 Funding

Puerto Rico was devastated by hurricanes Irma and Maria in September 2017. Congress and the President provided roughly \$1.27 billion in additional NAP funding in October 2017, which the Commonwealth began using in March 2018. Puerto Rico and USDA signed an agreement that required the Commonwealth to submit a comprehensive plan to USDA before it could use the additional funding. USDA approved this plan in February 2018.

NAP administrators used the additional funding to increase benefits and raise income limits, which modestly increased the number of NAP participants. For example, a family of three under regular NAP rules must have monthly net income below \$599 and receives a maximum monthly benefit of \$315; under the disaster funding, this household faced a net income test of \$1,606 and received a maximum base benefit of \$511. When this funding ended in March 2019, recipients' benefits were cut to previous levels, though the Commonwealth kept and updated the higher eligibility levels.

In June 2019, Congress provided an additional \$600 million to supplement NAP funding. Puerto Rico submitted a plan for USDA approval before using the funds, and in July 2019 began supplementing existing participants' benefits for the next year. The Commonwealth has maintained the higher eligibility limits that it has had in place since March 2019. Under these benefits, a household of three must have monthly net income below \$1,706, received a benefit based off a maximum base benefit of \$315, and received an additional monthly benefit supplement of \$98.

This process differs significantly from states and territories participating in SNAP. When they experience natural disasters, they can request disaster SNAP benefits from USDA, which include benefits available for new households affected by the disaster that can use a simplified application, as well as replacement or supplementary benefits for households already participating and lost food due to the disaster. This process does not require congressional action, and the USDA approval process is straightforward. These programs generally begin operating within months of a disaster, and often within days or weeks. A recent report from USDA's Office of the Inspector General described how Puerto Rico's lack of disaster authority prevented the Commonwealth from adequately planning for and providing disaster benefits in a timely fashion after the 2017 disasters. Puerto Rico did not receive approval for and begin operating a disaster nutrition assistance program until nearly six months after the disaster; in contrast, the Virgin Islands, which participates in SNAP and can provide assistance through the Disaster SNAP program, was able to provide assistance in November 2017, only 47 days after the hurricanes.^a

Due to COVID-19 and the associated economic disruption, Congress approved two funding increases for NAP totaling roughly \$297 million to help the Commonwealth supplement benefits and provide them to additional families needing food. This funding allowed the Commonwealth to serve more people, as the number of participants grew from 1.3 million to 1.5 million, and to temporarily raise benefits in May through July 2020 (using both this additional funding and the remaining funding from the \$600 million provided in 2019). Once this funding was depleted by October 2020, participants experienced a significant benefit cut, with average benefits falling by about 40 percent from July to October.

^a USDA Office of Inspector General, "Review of FNS' Nutrition Assistance Program Disaster Funding to Puerto Rico as a Result of Hurricanes Irma and Maria," Audit Report 27702-0001-22, October 2019.

How Do People Apply For and Use Benefits?

To apply for NAP, a member of the household can visit a local office or service center and fill out an application. There are over 90 local offices in ten regions throughout Puerto Rico, with at least one in each municipality. Applicants can also fill out a pre-determination form online or by telephone, after which ADSEF will contact them to complete the application and schedule an interview. Applicants must complete an eligibility interview and present documentation to verify

their information. The agency's policy is to evaluate applications within 30 days, and in 2017, about 90 percent of applications were processed within this timeframe.¹⁰

Due to COVID-19 and temporary office closures to comply with social distancing measures, ADSEF created an online application (with an option to apply over the phone) at least temporarily, and has allowed participants to send documentations to an official email address or drop them off at mailboxes throughout the Commonwealth. ADSEF has also temporarily simplified parts of the application process.

Once approved, participants must report certain changes that may affect their eligibility, and they must reapply, generally every 6 to 12 months for working individuals or families with children, and every 12 to 24 months for households consisting of elderly or disabled individuals. (Many of these deadlines were temporarily extended for participants who were required to submit these renewals during the COVID-19 crisis, beginning in March 2020.)

NAP participants can spend their benefits from an electronic benefits card (or EBT, similar to a debit card), called the Family Card, at local retailers. Puerto Rico has over 3,000 retailers authorized to participate in NAP. Participants spend their benefits quickly, redeeming about 80 percent of their non-cash benefits within one week of receipt and 91 percent within two weeks, according to a 2015 study. They spent about 75 percent of their benefits at supermarkets and superstores, about 15 percent at large general or combination stores or wholesalers, and about 8 percent at small or medium grocery stores, according to a 2015 study.¹¹

A small portion of the NAP benefit was historically allowed to be redeemed as cash at ATMs within the Commonwealth to buy food. That allowed participants to buy eligible foods from retailers and farmers markets that do not have electronic payment equipment. But by October 2020, the Commonwealth had phased out the cash option and all benefits are now redeemed through EBT cards.

NAP benefit amounts are based on a schedule developed by ADSEF that sets benefits low enough to ensure that spending stays within the program's fixed funding levels. ADSEF develops a table of base maximum benefits per household size that participants receive each month, and benefits decline as net income increases. Households with no or very low net income get the full base maximum benefit, and households with higher net income receive less than the base maximum benefit. If the total cost to provide these base benefits in a given month falls below the allocated budget, the program distributes the remaining funds to all participants based on a formula. This means that in most months, participants' benefits include this adjustment, the amount of which varies each month, in addition to their base allotment.

Participants may also receive an annual benefit adjustment supported by funds carried over from the previous fiscal year. Each elderly individual also receives 20 percent more than the standard

¹⁰ 2019 Puerto Rico Comprehensive State Plan, obtained via a Freedom of Information Act request from the U.S. Department of Agriculture.

¹¹ "Examination of Cash Nutrition Assistance Program Benefits in Puerto Rico," U.S. Department of Agriculture, Food and Nutrition Service, August 2015, <https://fns-prod.azureedge.net/sites/default/files/ops/PuertoRico-Cash.pdf>.

benefit.¹² In some regions of the Commonwealth, about 4 percent of benefits are given in vouchers that participants can redeem at farmers markets called Family Markets.

TABLE 1

Monthly NAP Benefits Are Modest

Household Size	NAP Base Maximum Benefit, March-June 2019	NAP Maximum Benefit After Adjustments, March-June 2019	NAP Average Benefit After Adjustments, March-June 2019
1	\$112	\$146	\$136
2	\$216	\$274	\$250
3	\$315	\$381	\$341
4	\$410	\$493	\$442
5	\$499	\$600	\$544

Source: NAP 2020 state plan and CBPP analysis of NAP administrative data.

Notes: Households with six or more members are not shown but also have corresponding maximum benefit amounts in each program. NAP maximum base benefit amounts do not include the supplement for elderly households. These benefits are for March-June 2019, when temporary disaster benefit increases were not in place. Households with very low or no net income (income after deductions are applied) receive maximum benefits, and benefits decline for households with higher income. Therefore, not all households receive the maximum benefit: about 50 percent of NAP households in March-June 2019 received the maximum.

Although benefit levels have risen in recent months due to additional disaster funding (as described in the box above), NAP benefits are modest. For example, in March through June 2019, the base maximum benefit for a household of three people (such as for households with no or very low net income) was \$315 in those months without temporary benefit increases, but final benefits for households of three receiving the maximum averaged \$381 including the adjustment. Average benefits for households of three in this period were \$341.¹³ (See Table 1.)

From March to June 2019, the average household, with an average of 1.8 people, received \$224 in NAP benefits, or about \$122 per person. Benefits vary by family size, income, and other characteristics. NAP units with children, for example, which have an average of 3.2 people, received an average benefit of \$358 that month, about \$112 per person. Households with elderly individuals, which have an average of 1.3 people and receive a benefit boost for each elderly individual, received an average monthly benefit of \$189, about \$142 per person.

NAP's funding structure limits the program's ability to respond to need. Because funding for NAP is capped, eligibility and benefit levels are constrained by available funding. In contrast, SNAP eligibility limits are based on poverty levels, and benefit levels are based on an assessment of the minimal cost of a nutritious diet, though evidence suggests SNAP benefits are inadequate for many

¹² Puerto Rico calculates a base benefit based on household size and net income. The regulations provide that elderly individuals receive a 20 percent increase applied to this base benefit corresponding to a household of the same size with zero net income.

¹³ In collaboration with Dr. Hector Cordero-Guzman, CBPP obtained public use, de-identified NAP/PAN administrative data from the SAIC database from the Puerto Rico Department of Family through a public records request to the Puerto Rico Institute of Statistics.

households.¹⁴ Most NAP households would likely receive higher benefits under SNAP. For many households, those benefits would be significantly higher. NAP also can't respond to expand quickly when need increases, such as following a natural disaster. In this respect, NAP stands in contrast to SNAP, which expands to meet increased need.

Who Participates in NAP?

Providing resources to buy food is especially important in Puerto Rico, given high rates of poverty and hardship.

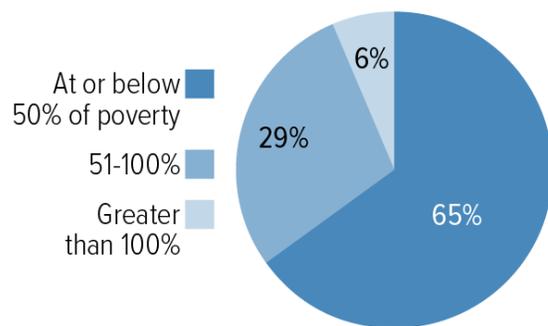
Households that participate in NAP have very low incomes, in part because the program has historically been targeted to low-income households, though eligibility limits have been higher since March 2018. Nearly two-thirds of NAP households have monthly income at or below *half* of the federal poverty line (about \$20,780 for a family of three in 2018).¹⁵ (See Figure 1.)

Over half of NAP participants are children, seniors, or people receiving disability benefits, and close to half of non-elderly adult participants not receiving disability benefits live with children.¹⁶ (See Figure 2.) Over two-thirds (71 percent) of non-elderly adults not receiving disability benefits are working, report they are looking for work, or live with other household members who are working.¹⁷ Most of the remaining adults are studying, have a physical or mental condition that keeps them from working, or live with household members who are children or have disabilities.¹⁸

FIGURE 1

NAP Households Have Very Low Incomes

NAP monthly household income as a share of the federal poverty line



Source: CBPP analysis of 2018 NAP administrative data, obtained from the Puerto Rico Department of the Family (ADSEF) through the Puerto Rico Institute of Statistics

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FIGURE 2

¹⁴ Steven Carlson, "More Adequate SNAP Benefits Would Help Millions of Participants Better Afford Food," CBPP, July 30, 2019, <https://www.cbpp.org/research/food-assistance/more-adequate-snap-benefits-would-help-millions-of-participants-better>.

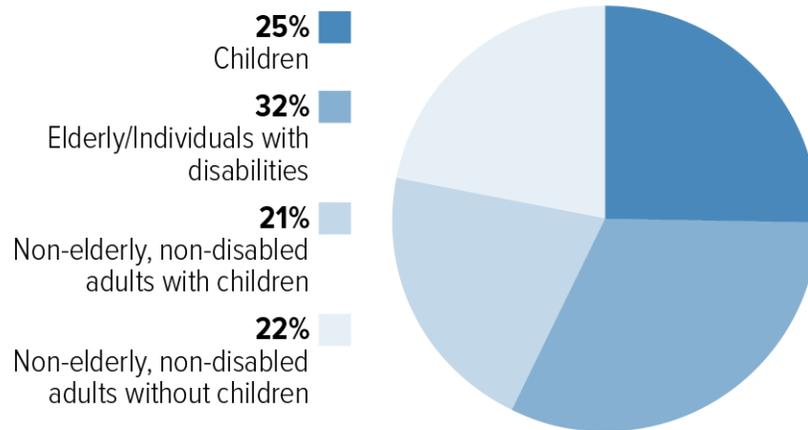
¹⁵ Our analysis of NAP administrative data includes income counted for NAP administrative purposes, including earnings and unearned income such as Social Security or from other government or non-governmental sources.]

¹⁶ CBPP analysis of calendar-year 2018 NAP administrative data.

¹⁷ To be classified as having a disability, an individual has to have been certified by an agency such as the Social Security Administration, Veterans Affairs, or local agencies as disabled, which generally requires a severe and long-lasting disability. Other individuals may have conditions that impede their ability to perform some tasks, but do not meet these requirements.

¹⁸ CBPP analysis of calendar-year 2018 NAP administrative data.

Over Half of NAP Participants Are Children, Elderly, or Disabled



Source: CBPP analysis of 2018 NAP/PAN administrative data, obtained from the Puerto Rico Department of the Family (ADSEF) through the Puerto Rico Institute of Statistics (PRIS)

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