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## How Does Household Food Assistance in Puerto Rico Compare to the Rest of the United States?

By Brynne Keith-Jennings and Elizabeth Wolkomir<sup>1</sup>

Puerto Rico receives a block grant with a fixed amount of federal funding to provide basic household food assistance through the Nutrition Assistance Program (NAP, or PAN for its name in Spanish, *Programa de Asistencia Nutricional*). This block grant structure differs from that of the Supplemental Nutrition Assistance Program (SNAP), the food assistance program operating in the 50 states and some territories.<sup>2</sup> SNAP's entitlement structure enables the program to serve all eligible people who apply, which in turn allows it to expand and contract to accommodate changing need. Thus, while other major federal nutrition programs — including the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) and child nutrition programs including school meals programs — operate the same in Puerto Rico as in the states and territories, the Commonwealth is disadvantaged with respect to household food assistance.

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. SNAP serves all applicants who meet the program's eligibility criteria, which are based on poverty levels, and can provide consistent benefits to all participants based on the cost of food. But NAP's capped funding structure forces the program to set eligibility and benefit levels to stay within its budget rather than base them on need or the price of food, which means it cannot serve all residents who might be eligible in SNAP or provide the same level of benefits as SNAP does. And while SNAP's funding structure enables it to respond to changes in demand, including those due to natural disasters or recessions, NAP, with its limited funding, cannot, at least not without further lowering benefits.<sup>3</sup>

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<sup>1</sup> Elizabeth Wolkomir wrote an earlier version of this paper, published November 27, 2017.

<sup>2</sup> Guam and the Virgin Islands participate in SNAP. American Samoa and the Commonwealth of the Northern Mariana Islands also receive nutrition assistance block grants in lieu of SNAP.

<sup>3</sup> This paper largely describes NAP and SNAP prior to the COVID-19 pandemic. The far-reaching impacts of the public health and economic crises may affect the programs in various ways, including increasing need, changing procedures at least temporarily to comply with social distancing requirements, and temporary federal funding increases provided in response.

NAP and SNAP share many similarities — and some differences — with regards to administration and oversight. Puerto Rico administers NAP through the Department of the Family’s Administration for Socioeconomic Development (ADSEF), and states and territories administer SNAP. Under both SNAP and NAP, states and territories split the cost of administration with the federal government. The Agriculture Department’s Food and Nutrition Service (FNS) provides oversight to states and territories in their administration of SNAP, as well as to ADSEF in its administration of NAP, though Puerto Rico implements some functions that the federal government carries out in SNAP such as certifying retailers, among other differences in administration and oversight.

## Puerto Rico’s Need

Puerto Rico participated in SNAP’s predecessor, the Food Stamp Program, from 1974 (when the program went nationwide) until 1982. Congress and President Reagan replaced Puerto Rico’s food stamp program with a block grant that became NAP — with funding levels set well below what Puerto Rico had been receiving under the Food Stamp Program — through the Omnibus Budget Reconciliation Act of 1981.<sup>4</sup> Block granting NAP was part of a larger package of cuts to food stamps and other income security programs in the President’s budget proposal and this legislation.<sup>5</sup>

The transition to the block grant resulted in a program that served many fewer people, despite significant poverty and hardship in the Commonwealth. The block grant capped funding at about 25 percent below what households in Puerto Rico would have received under the Food Stamp Program and did not include automatic annual adjustments for inflation, resulting in a greater gap over time.<sup>6</sup> Meanwhile, poverty and unemployment rates remained far higher than in the states. To keep NAP spending within the new funding limitations, Puerto Rico targeted benefits to households with the lowest incomes and set benefit levels below levels in the Food Stamp Program.<sup>7</sup> By 1984, for example, income eligibility limits were about 40 percent lower than they would have been in the Food Stamp Program, and eligibility and benefit restrictions contributed to NAP participants having fewer resources available for food.<sup>8</sup>

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<sup>4</sup> General Accounting Office (GAO), “Nutrition Conditions and Program Alternatives in Puerto Rico,” July 1992, <http://www.gao.gov/assets/160/151923.pdf>.

<sup>5</sup> For example, President Reagan’s fiscal year 1982 budget proposed other deep cuts to the Food Stamp Program, along with cuts to Medicaid, child nutrition programs, and income assistance programs such as the Aid for Families to Dependent Children. The budget originally proposed replacing all food assistance programs in Puerto Rico including child nutrition programs with a block grant. See Congressional Budget Office, “An Analysis of President Reagan’s Budget Revisions for Fiscal Year 1982,” March 1981, <https://www.cbo.gov/sites/default/files/97th-congress-1981-1982/reports/81doc11b.pdf>. The 1981 Omnibus Reconciliation Package included many proposed cuts.

<sup>6</sup> “Evaluation of the Nutrition Assistance Program in Puerto Rico, Volume I: Environment, participation, administrative costs, and program integrity,” Mathematica Policy Research, 1985a, <https://www.mathematica.org/our-publications-and-findings/publications/evaluation-of-the-nutrition-assistance-program-in-puerto-rico-volume-i-environment-participation-administrative-cost-and-program-integrity-formerly-referred-to-as-the-puerto-rico-nutrition-evaluation-i>

<sup>7</sup> *Ibid.*

<sup>8</sup> “Evaluation of the Nutrition Assistance Program in Puerto Rico, Volume II: Effects on food expenditures and diet quality,” Mathematica Policy Research, 1985b, <https://www.mathematica.org/our-publications-and-findings/publications/evaluation-of-the-nutrition-assistance-program-in-puerto-rico-volume-ii-effects-on-food-expenditures-and-diet-quality>.

Providing resources to buy food is especially important in Puerto Rico, given the Commonwealth's high rates of poverty and fewer programs available to help low-income families meet basic needs.

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 U.S. Census Bureau data.<sup>9</sup> In 2015, about one-third of Puerto Rico's adult residents experienced food insecurity, which is a lack of consistent access to adequate food, a recent study found.<sup>10</sup> While not directly comparable due to methodological differences, this rate was more than twice a similar rate for adults in the United States in 2015.<sup>11</sup> This same study found that people with low incomes (under \$25,000 annually) were more than three times as likely to experience food insecurity than households with higher income.<sup>12</sup> Puerto Rico has never recovered from a recession that began in 2006, and events including two devastating hurricanes, delays in rebuilding aid, and population decline have contributed to Puerto Rico's economic challenges and made it more difficult to alleviate poverty.<sup>13</sup>

Despite these challenges, Puerto Rico receives lower funding for some key economic security programs than other states or territories, making these programs less available to meet its residents' basic needs, and underscoring NAP's importance in providing basic support. (Puerto Rico fully operates other programs, such as Social Security and some federal nutrition programs such as school

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<sup>9</sup> These are poverty rates measured in the American Community Survey and the Puerto Rico Community Survey, the equivalent survey conducted in Puerto Rico by the U.S. Census Bureau. These differ in some respects from official poverty rates collected as part of the Current Population Survey Annual Social and Economic Supplement. Brian Glassman, "A Third of Movers From Puerto Rico to the Mainland United States Relocated to Florida in 2018," 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](https://census.gov/library/stories/2019/09/puerto-rico-outmigration-increases-poverty-declines.html?utm_campaign=20190926msacos3ccstors&utm_medium=email&utm_source=govdelivery). For more on the differences between the methodologies used in the surveys to estimate poverty, see "Fact Sheet: Differences Between the American Community Survey (ACS) and the Annual Social and Economic Supplement to the Current Population Survey (CPS ASEC)," U.S. Census Bureau, <https://www.census.gov/topics/income-poverty/poverty/guidance/data-sources/acs-vs-cps.html>. For more on the differences between the American Community Survey and the Puerto Rico Community Survey, see "A Comparison of the American Community Survey and the Puerto Rico Community Survey," U.S. Census Bureau, <https://www.census.gov/content/dam/Census/programs-surveys/acs/Library/OutreachMaterials/ACSFlyers/A%20Comparison%20of%20the%20ACS%20and%20the%20PRC%20Final%20%28300519%29.pdf>.

<sup>10</sup> Myribel Santiago Torres *et al.*, "Seguridad Alimentaria en Puerto Rico," Instituto de Estadísticas de Puerto Rico, June 2019, <https://estadisticas.pr/files/Publicaciones/Seguridad%20Alimentaria%20en%20Puerto%20Rico%20-%20Final%20%28300519%29.pdf>.

<sup>11</sup> Every year USDA estimates household-level food insecurity prevalence rates based on a survey conducted by the U.S. Census Bureau as a supplement to the Current Population Survey (CPS). (See Alisha Coleman-Jensen *et al.*, "Household Food Security in the United States in 2017," U.S. Department of Agriculture Economic Research Service, September 2018, <https://www.ers.usda.gov/webdocs/publications/90023/err-256.pdf?v=0>.) While the survey used in the Puerto Rico analysis used some of the same survey questions, there were several methodological differences, as explained in Santiago Torres *et al.* For example, the Puerto Rico food security study used individual adults as its unit of analysis, used a modified survey as compared to that used in the CPS supplement, and was administered using different methods. Santiago Torres *et al.* estimated using the CPS data that while not directly comparable, the 2015 individual rate of food insecurity among adults in the U.S. was 12.4 percent, compared to 33.2 percent in Puerto Rico.

<sup>12</sup> Santiago Torres *et al.*

<sup>13</sup> 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>.

meals.) For example, federal Medicaid funding for Puerto Rico is limited by law, resulting in Medicaid serving fewer people, covering fewer health services, and directing lower payment rates to providers than it would if Puerto Rico fully participated in the program.<sup>14</sup> Some low-income seniors in Puerto Rico also receive less assistance with Medicare premiums and prescription drug costs than they would in the states.<sup>15</sup>

And rather than the federal Supplemental Security Income (SSI) program that provides benefits to people who are disabled or elderly with low income and assets in the states and some territories, Puerto Rico has a capped grant called Aid for the Aged, Blind, and Disabled (AABD). Limited funding for AABD results in much lower eligibility and benefit levels than SSI. If Puerto Rico were fully eligible for SSI in 2011, over 300,000 individuals would have received an average of over \$400 in monthly federal benefits under SSI, compared to 34,000 individuals receiving an average of \$58 per month under AABD, the Government Accountability Office estimated.<sup>16</sup>

As states do, Puerto Rico receives a Temporary Assistance for Needy Families (TANF) block grant to provide direct financial assistance to families to meet basic needs. But in the Commonwealth and other territories, the block grant has some limits that states don't, such as an overall federal funding cap for the programs that are funded by the grant.<sup>17</sup> As a result of that and limited funding that affects all states and territories, Puerto Rico is able to provide TANF assistance to only a tiny share of families in poverty, just 4 out of 100 in 2017.<sup>18</sup>

Puerto Rico residents also cannot access the Earned Income Tax Credit (EITC) or the Child Tax Credit, as residents of the states and the District of Columbia can. The federal EITC is not available to people who live in Puerto Rico, while the Child Tax Credit is only available to families there with three or more children. In 2019, Puerto Rico introduced its own, locally funded EITC, but it is very

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<sup>14</sup> Judith Solomon, "Puerto Rico's Medicaid Program Needs an Ongoing Commitment of Federal Funds," CBPP, April 22, 2019, <https://www.cbpp.org/research/health/puerto-ricos-medicaid-program-needs-an-ongoing-commitment-of-federal-funds>.

<sup>15</sup> The Medicare Savings Program, which assists low-income seniors with their Medicare premiums and cost sharing, does not operate in Puerto Rico, and many seniors pay their own Part B premiums. There is also no Low-Income Subsidy program to help with the cost of prescription drugs, although Puerto Rico gets a separate allotment of funds to provide assistance with prescription drugs for some seniors. For more, see Annie Mach, "Puerto Rico and Health Care Finance: Frequently Asked Questions," Congressional Research Service, June 27, 2016, <https://fas.org/sgp/crs/row/R44275.pdf>.

<sup>16</sup> U.S. Government Accountability Office, "Information on How Statehood Would Potentially Affect Selected Federal Programs and Revenue Sources," March 2014, <https://www.gao.gov/assets/670/661334.pdf>, and Congressional Research Service, "Cash Assistance for the Aged, Blind, and Disabled in Puerto Rico," October 26, 2016, <https://fas.org/sgp/crs/row/cash-aged-pr.pdf>.

<sup>17</sup> GAO, 2014.

<sup>18</sup> CBPP calculation using data from the Office of Family Assistance of the Department of Health and Human Services for TANF participants (Total Families, TANF and SSP-MOE Combined, 2017, <https://www.acf.hhs.gov/ofa/resource/tanf-caseload-data-2017>), and total families in poverty from the U.S. Census Bureau Puerto Rico Community Survey, Table C17010, "Poverty Status in the Past 12 Months of Families by Family Type by Presence of Related Children Under 18 Years," 2016 and 2017 American Community Survey 1-Year Estimates. To see estimates that measure the reach of TANF in the states, see Ife Floyd, Ashley Burnside, and Liz Schott, "TANF Reaching Few Poor Families," Center on Budget and Policy Priorities, updated November 28, 2018, <https://www.cbpp.org/research/food-assistance/how-is-food-assistance-different-in-puerto-rico-than-in-the-rest-of-the>.

modest and provides low-income working families with just a fraction of what the federal EITC provides on the mainland, because Puerto Rico lacks the resources to make its EITC more adequate.<sup>19</sup>

## Funding Structure

SNAP is an entitlement program, which means that anyone who qualifies under program rules can receive benefits. As a result, SNAP can respond 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, without additional action from Congress or the President. 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 from the federal government regardless of need. As a result, NAP *cannot* automatically expand to meet increased need when the economy stumbles or natural disaster strikes. Instead, the Commonwealth has historically controlled program costs by imposing income and benefit limits below those in SNAP. The U.S. Department of Agriculture (USDA) determined in a comprehensive 2010 assessment that if Puerto Rico participated in SNAP, it would spend approximately 23 percent more on household food assistance as a result of serving more individuals and providing more robust benefits.<sup>20</sup>

The federal block grant covers all NAP food benefits and 50 percent of administrative costs, and Puerto Rico covers the remaining administrative expenses.<sup>21</sup>

Initially, the block grant was funded at \$825 million per year, an amount about 25 percent less than funding for Puerto Rico under the Food Stamp Program, and it did not include regular annual adjustments for inflation, which further eroded program funding. Federal policymakers raised funding by about 3 percent annually between 1987 and 1990<sup>22</sup> and provided some additional modest increases in the early 1990s. These increases did not always keep up with food inflation, however, leading the real value of the block grant to fluctuate in those years. The 1996 farm bill adjusted

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<sup>19</sup> Javier Balmaceda, “Puerto Rico on Verge of Implementing an EITC,” CBPP, December 10, 2018, <https://www.cbpp.org/blog/puerto-rico-on-verge-of-implementing-an-eitc>.

<sup>20</sup> Anne Peterson *et al.*, “Implementing Supplemental Nutrition Assistance Program in Puerto Rico: A Feasibility Study,” June 2010, <https://www.fns.usda.gov/snapp/implementing-supplemental-nutrition-assistance-program-puerto-rico-feasibility-study>. The share of the population and share of people in poverty receiving NAP have expanded since 2009, the year of the USDA analysis, due to factors including declining population in Puerto Rico and a recent expansion of eligibility criteria. As a result, the costs of implementing SNAP in Puerto Rico currently may differ compared to this original estimate.

<sup>21</sup> Some functions that are performed by the federal government in SNAP are performed by Puerto Rico in NAP, and therefore funding comes from NAP administrative expenses split with the federal government, rather than being fully funded at the federal level. For example, USDA investigates retailers and monitors them for compliance, a function that Puerto Rico performs and is included in administrative costs.

<sup>22</sup> GAO, *op. cit.*

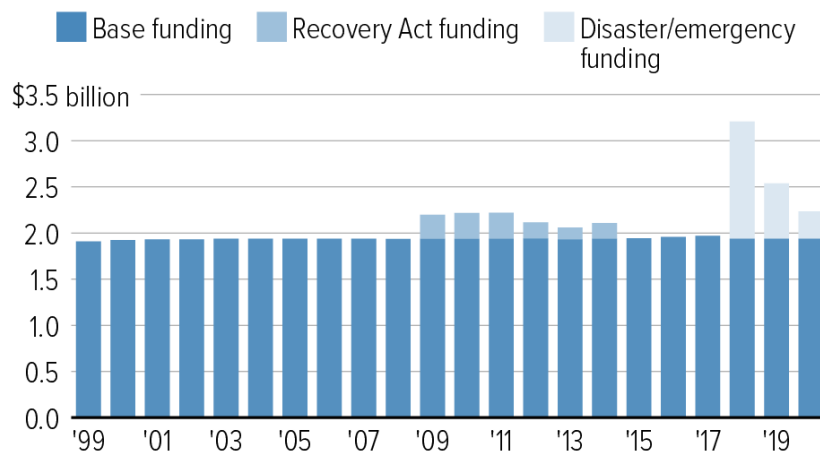
funding annually between 1996 and 2002 to reflect anticipated inflation, and the 2002 farm bill provided for ongoing annual adjustments to reflect food price inflation.<sup>23</sup>

Federal funding for NAP in fiscal year 2018 was about \$1.92 billion.<sup>24</sup> Besides temporary increases following natural disasters and COVID-19 (described below) and as part of the 2009 Recovery Act, funding for NAP has remained flat since then, after adjusting for food inflation. (See Figure 1.)

FIGURE 1

### Base NAP Funding Flat in Recent Decades

Puerto Rico's Nutrition Assistance Program funding by fiscal year



Notes: Adjusted for food inflation using the Agriculture Department's Thrifty Food Plans from June 1998 to June 2019. In fiscal years 2009-2014, NAP received supplemental funding through the 2009 Recovery Act. Congress authorized additional funding following hurricanes Irma and Maria in fall of 2017 totaling \$1.27 billion, spent over fiscal years 2018 and 2019, and an additional \$600 million in disaster funding for NAP in 2019, spent over fiscal years 2019 and 2020. Congress also authorized roughly \$297 million in funding to address the COVID-19 crisis.

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

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States and territories participating in SNAP that experience natural disasters can request disaster SNAP benefits from USDA, which include benefits available for new households affected by the disaster that can apply with a simplified application, as well as replacement or supplementary benefits for participating households that lost food due to the disaster. This process does not require congressional action, and the USDA approval process is straightforward. These programs have generally begun operating within months of a disaster, and often within days or weeks.

<sup>23</sup> As SNAP benefits are, the block grant is adjusted annually by the percentage change of the USDA's Thrifty Food Plan from the preceding June.

<sup>24</sup> As described in the box, "Disaster Funding After Hurricanes Irma and Maria and Emergency COVID-19 Funding," Congress has passed two temporary NAP funding increases since Hurricanes Irma and Maria, one of \$1.27 billion that funded increased benefits from March 2018 through February 2019, and the second, for \$600 million, that the Commonwealth is spending to boost benefits again for approximately one year that began in August 2019.

In contrast, NAP does not have an automatic mechanism to provide disaster benefits (see box). As the recent experience with Hurricanes Irma and Maria demonstrated, additional funding is contingent on congressional action, and requires Puerto Rico to submit and USDA to approve a comprehensive plan outlining the use of those funds, which can significantly delay the process. 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 Hurricane Maria.<sup>25</sup> Puerto Rico has also recently received additional funding to help the Commonwealth serve more people and boost benefits to respond to increased need from COVID-19.

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### **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 island began using in March 2018. The Commonwealth and USDA signed an agreement that required Puerto Rico 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 the 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. Recipients' benefits were cut to previous levels in March 2019 after this funding ended, though the island 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. 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.

Due to COVID-19 and the associated economic disruption, Congress approved two NAP funding increases 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.

## **Eligibility**

SNAP eligibility rules are, for the most part, set at the federal level and uniform across the nation. Under federal rules, a household must meet three criteria to qualify for SNAP benefits: (1) gross monthly income at or below 130 percent of the poverty line, or \$2,353 for a three-person family in

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<sup>25</sup> 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, <https://www.usda.gov/oig/webdocs/27702-0001-22.pdf>.

fiscal year 2021;<sup>26</sup> (2) net monthly income (income after eligible deductions are applied) at or below 100 percent of the poverty line, or about \$1,810 a month for a three-person family in fiscal year 2021; and (3) assets below certain limits, which in fiscal year 2021 were \$2,250 for households without an elderly or disabled member and \$3,500 for those with an elderly or disabled member. States have the flexibility to ease these limits, and many do.<sup>27</sup>

NAP eligibility is based on net income and asset limits.<sup>28</sup> NAP has no gross income test. The Commonwealth sets specific eligibility criteria and other program parameters in its annual state plan, which the USDA approves. For example, as of March 2019 and continuing unchanged, a household of three had to have net income at or below \$1,706 to qualify. 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 (with increases following receipt of subsequent relief funding as described in the box), Puerto Rico kept higher qualifying income limits.

Additionally, to qualify for NAP, households must have assets (such as money in a bank account but not including the value of most vehicles or most participants' homes) less than or equal to \$5,000, or \$15,000 for families with elderly members, though the vast majority of participants likely have assets far below these levels.<sup>29</sup>

SNAP eligibility levels are set based on poverty levels, and all eligible people who apply can receive benefits. But ADSEF must set NAP's eligibility levels to fit the confines of fixed funding.

In both programs, applicants must meet limited non-financial requirements in addition to income and asset limits. Both programs have similar rules regarding non-citizen eligibility, but other eligibility rules differ. For example, SNAP eligibility is more limited for most individuals enrolled in

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<sup>26</sup> Households with an elderly or disabled member need not meet this limit.

<sup>27</sup> States have flexibility to lift the income limits and lift or eliminate the asset test for households that are categorically eligible for SNAP. For more information, see Dottie Rosenbaum, "SNAP's 'Broad-Based Categorical Eligibility' Supports Working Families and Those Saving for the Future," CBPP, updated July 30, 2019, <https://www.cbpp.org/research/food-assistance/snaps-broad-based-categorical-eligibility-supports-working-families-and>.

<sup>28</sup> While both programs use "net income" to determine eligibility, there are several key differences. Each program defines household composition differently. 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 and exclusions to some income categories. For example, NAP rules only count a portion of the Social Security income for some units, such as those consisting solely of elderly members or those with disabilities, which can substantially lower their net income, allowing them to qualify for higher benefits. Both programs have deductions to reflect disposable income, but those deductions differ. For example, SNAP allows participants to deduct excess housing costs, which NAP does not, but NAP has specific deductions for groups such as some farmers and producers of specific agricultural products, the elderly, people with disabilities, and the terminally ill. See Peterson *et al.*

<sup>29</sup> 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: Top-line Report," Center for a New Economy, November 2013, [https://grupocne.org/wp-content/uploads/2013/11/TopLine-Report-FINAL\\_for\\_web\\_.pdf](https://grupocne.org/wp-content/uploads/2013/11/TopLine-Report-FINAL_for_web_.pdf).



higher education than in NAP,<sup>30</sup> while in NAP, families must show that school-age children are enrolled in school or are receiving home instruction, which is not required in SNAP.

Under a particularly harsh SNAP rule, adults without dependent children in their household and without documented disabilities are limited to three months of SNAP out of every three years unless they are working at least 20 hours per week or participating in a qualifying workfare or job training program. They may also be eligible if they meet certain exemptions or live in an area with a temporary waiver of the time limit due to elevated unemployment.<sup>31</sup> Under this policy, states are not required to provide work slots or training program opportunities to individuals subject to the time limit, and as a result, SNAP participants are cut off after three months regardless of whether they are looking for work or would be willing to participate in a qualifying training program.<sup>32</sup> NAP has not had this restriction.<sup>33</sup>

## Application Process

In SNAP, states and participating territories (and in some states, counties) administer the program according to federal rules, but with many state options. In most states, households can apply in person at a local human services office or submit an online application. In some states, applicants can also apply over the phone. Households in most states usually have an option to fill out and mail or fax in an application. Applicants must participate in an eligibility interview, which can be on the phone in most states. They must also document numerous aspects of their eligibility, including their identity, residency, immigration status, household composition, income and resources, and deductible expenses. Once households are determined eligible and are receiving benefits, they must also reapply for SNAP at intervals determined by the state called certification periods, typically every six to 12 months for most families and every 12 to 24 months for seniors and people with disabilities. They must also report certain changes such as changes in income. (The Families First Coronavirus Response Act of March 2020 allowed states to temporarily modify SNAP procedures; for example, almost all states received a waiver to temporarily process applications

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<sup>30</sup> In SNAP, students ages 18 through 49 enrolled in higher education institutions more than half time are ineligible for SNAP unless they meet certain exemptions, such as if they are employed 20 hours per week or more, participate in a work study program, or are taking care of young children or older children without access to child care. NAP does not limit college student eligibility beyond other income eligibility rules, and full-time college students can deduct \$100 from their gross income.

<sup>31</sup> A recent Trump Administration rule would have tightened the requirements for waivers from the time limit. See Robert Greenstein, “New SNAP Rule Would Cost Many of Nation’s Poorest Their Food Aid,” Center on Budget and Policy Priorities, December 4, 2019, <https://www.cbpp.org/press/statements/new-snap-rule-would-cost-many-of-nations-poorest-their-food-aid>. A federal court struck down this rule in October 2020. See Ed Bolen, “Court Decision Against Trump Rule Preserves SNAP for 700,000 Jobless,” CBPP, October 20, 2020, <https://www.cbpp.org/blog/court-decision-against-trump-rule-preserves-snap-for-700000-jobless>.

<sup>32</sup> For more, see Ed Bolen and Stacy Dean, “Waivers Add Key State Flexibility to SNAP’s Three-Month Time Limit,” CBPP, updated February 6, 2018, <https://www.cbpp.org/research/food-assistance/waivers-add-key-state-flexibility-to-snaps-three-month-time-limit>.

<sup>33</sup> In the 2020 State Plan of Operations, ADSEF indicated that the agency was working to reach an agreement with the Financial Oversight and Management Board of Puerto Rico on an implementation plan for a policy to take away food assistance from participants who are not working or in training a set number of hours, which the Board has recommended, but as of October 2020 has not implemented this requirement due to limited staff and other resources.

without conducting an interview, and most states received waivers to extend certification periods for households who were due to renew their SNAP benefits during the pandemic period.<sup>34</sup>)

In NAP, households face a similar application process. Households apply, typically in person at a local office; complete an interview, also usually in person; and submit verifications of their circumstances such as income. Applicants can provide information to determine their eligibility online or by calling a hotline, through which their information will be shared with the local office, which will contact them to schedule an interview. (NAP also made some temporary changes due to COVID-19 beginning in March 2020, including developing an online and phone application process and allowing households to submit documents through email or in physical dropboxes.) Households are also certified for similar periods (six to 12 months for most families and 12 to 24 months for households with elderly individuals or those with disabilities) and must report similar changes in income or circumstances between those periods. Similar to SNAP, NAP also temporarily extended certification periods in response to COVID-19 so that households would not need to renew benefits during the pandemic.

## Benefit Calculation

Both SNAP and NAP determine benefit levels based on household size and other characteristics. Very poor households in both programs receive larger benefits since they need more help affording an adequate diet. SNAP benefits have generally been more generous than benefits in NAP.<sup>35</sup>

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 that USDA establishes according to household size and updates each year for inflation. Households with no net income receive the equivalent to the TFP for their household size, known as SNAP's maximum benefit, and benefits decline as net income — and therefore a household's expected contribution for food (30 percent of that net income) — increases. In SNAP, benefits are therefore theoretically based on the cost of food, though recent evidence suggests they don't meet the needs of many households.<sup>36</sup> SNAP benefit calculation is based on federal rules, but states have options that influence several aspects of benefit calculation, such as flexibility to customize some of the deductions used to determine net

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<sup>34</sup> See Dottie Rosenbaum *et al.*, "USDA, States Must Act Swiftly to Deliver Food Assistance Allowed by Families First Act," CBPP, April 7, 2020, <https://www.cbpp.org/research/food-assistance/usda-states-must-act-swiftly-to-deliver-food-assistance-allowed-by-families>.

<sup>35</sup> 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 SNAP for many households. This is because the 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 necessarily receive higher benefits under SNAP. For example, some households with elderly individuals could receive lower benefits in SNAP compared to NAP due to the NAP benefit structure, which targets higher benefits to those households.

<sup>36</sup> 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>.

income.<sup>37</sup> SNAP's funding structure guarantees that participants receive benefits based on these rules regardless of the size of the caseload.

NAP benefit amounts are based on a benefit schedule developed by Puerto Rico that sets benefits low enough to ensure that this spending stays within the program's funding levels. Unlike SNAP, NAP may not have sufficient funding to provide benefits based on estimated food needs to everyone who is eligible for the program, and therefore must determine benefits based on available funding. For example, if during a crisis more people apply for the program than funding allows at current benefit levels, ADSEF must decide to reduce participation, benefits, or some combination to stay within available funding. SNAP, in contrast, can guarantee consistent benefits to all newly eligible households that apply. Most NAP households would likely receive higher benefits under SNAP than under NAP. For many households, those benefits would be significantly higher.<sup>38</sup>

ADSEF develops a table of base maximum benefits that participants receive each month according to household size and income, and benefits decline as net income increases. Each elderly individual also receives 20 percent more than the standard benefit, one of several features that target benefits to this group.<sup>39</sup> As described in the box, benefit levels have risen in recent months due to additional temporary disaster and emergency funding approved by Congress.

In addition to these base benefits, participants also receive regular benefit adjustments. If the total cost to provide these base benefits for participants that month falls below the allocated budget, the program distributes the remaining funds to participants based on a formula. This means that most months, participants' benefits include this adjustment, the amount of which varies each month, in addition to the base allotment. For example, as Table 1 shows, 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.<sup>40</sup> In

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<sup>37</sup> For more on the SNAP benefit calculation, see "A Quick Guide to SNAP Eligibility and Benefits," CBPP, updated November 1, 2019, <https://www.cbpp.org/research/food-assistance/a-quick-guide-to-snap-eligibility-and-benefits>.

<sup>38</sup> It is difficult to precisely model how much households in Puerto Rico would receive under SNAP rules, particularly maximum benefits for Puerto Rico, due to limited food price data in Puerto Rico, as well as what state options in SNAP Puerto Rico would choose. But, a USDA model of the impacts on both participation and benefits found that likely NAP participants under SNAP would receive benefits on average about 10 percent higher than in NAP, and more for lower-income households, but households comprising only elderly members would receive benefits on average about 10 percent lower with SNAP than under NAP. (This study also found that a transition to SNAP would increase participation by about 15 percent, but due to NAP's increase in income eligibility limits and population decline in Puerto Rico, this increase may have changed.) Unpublished CBPP analysis of NAP administrative data also found that overall, most but not all households would receive higher benefits under SNAP, with lower-income households seeing larger increases. Due to NAP's targeting of benefits to elderly individuals through program rules, CBPP analysis also found that many, and under some assumptions most, elderly households could receive lower benefits under SNAP than under NAP.

<sup>39</sup> 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. In addition to this supplement, NAP also disregards some Social Security and other retirement income, lowering elderly households' net income and thus allowing them to qualify for higher benefits, and allows them to apply as separate households.

<sup>40</sup> 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.

comparison, a household of three receiving SNAP’s maximum benefit would have received \$505 in SNAP in fiscal year 2019, and more in Alaska, Hawaii, Guam, and the Virgin Islands (for example, \$650 in the Virgin Islands.)<sup>41</sup>

In some regions of the Commonwealth, about 4 percent of benefits are taken out of this monthly benefit adjustment and given in vouchers that participants can redeem at farmers markets called Family Markets. In addition, participants may also receive an annual benefit adjustment as funds remaining at the end of the fiscal year allow.

TABLE 1

### Maximum Benefits Are Lower in NAP Than in SNAP

Household Size	NAP Base Maximum Benefit, March-June 2019	NAP Benefits for Maximum Benefit Households After Adjustments, March-June 2019	Maximum SNAP Benefit, Fiscal Year 2019
1	\$112	\$146	\$192
2	\$216	\$274	\$353
3	\$315	\$381	\$505
4	\$410	\$493	\$642
5	\$499	\$600	\$762

Source: NAP 2020 state plan and CBPP analysis of NAP administrative data (for NAP benefits) and USDA published data (SNAP benefits). Households with six or more members are not shown but also have corresponding maximum benefit amounts in each program.

Notes: 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) under each program’s rules receive maximum benefits, and benefits decline in each program for households with higher income, though using different rules. Therefore, not all households receive the maximum benefit: about 50 percent of NAP households in March-June 2019 and 37 percent of SNAP households in fiscal year 2018 (the most recent data available) received the maximum benefit. Because of different income and benefit calculation rules in each program, not all households that receive the maximum benefit under NAP rules would receive the maximum benefit under SNAP rules. The differences between NAP and SNAP maximum benefits are not representative of overall or average benefit differences between the programs.

### Benefit Redemption and Retailers

SNAP households receive an EBT card, which is loaded with benefits once a month. (States can choose whether to issue the benefits to all participants on the same day, or stagger benefits so that different households receive benefits on different days of the month; most states stagger benefits. Households must receive benefits on or about the same day every month, with law requiring that issuance be no more than 40 days apart.<sup>42</sup>) Household members may use the card to purchase food

<sup>41</sup> Due to differences in net income calculation (as explained in footnote 28), not all NAP households that receive the maximum benefit under NAP program rules would receive the maximum benefit in SNAP. Because benefits decline at different rates as net income increases in each program, the differences between the maximum benefits are not representative of the overall or average benefits in each program. Households eligible for less than the maximum benefit under NAP rules generally face less of a disparity in benefits compared to what they would receive in SNAP.

<sup>42</sup> For more information, see Dottie Rosenbaum, “Many SNAP Households Will Experience Long Gap Between Monthly Benefits Despite End of Shutdown,” CBPP, updated February 4, 2019, <https://www.cbpp.org/research/food-assistance/many-snap-households-will-experience-long-gap-between-monthly-benefits>.

at any of the over 250,000 retailers authorized to participate in the program nationwide, including grocery stores, superstores, corner stores, convenience stores, specialty stores, and farmers markets. Convenience stores make up the largest category of SNAP retailers, but participants redeem over 80 percent of benefits at superstores and supermarkets.<sup>43</sup> SNAP EBT cards can be used for eligible purchases in any state, regardless of where benefits are issued. SNAP participants can generally buy food for home preparation; SNAP cannot be used to purchase alcoholic beverages, cigarettes, vitamin supplements, non-food grocery items such as household supplies, or hot foods.

NAP participants also receive benefits on EBT cards (called the Family Card) once a month, and NAP benefits can only be redeemed at certified retailers within Puerto Rico to buy eligible foods, defined similarly as in SNAP as food for consumption at home, prohibiting items such as hot prepared foods, alcohol, and tobacco. Like most states in SNAP, NAP issuance is staggered over the month. About 3,000 retailers participate in NAP. Participants spend about 75 percent of benefits at superstores and supermarkets, a 2015 study found.<sup>44</sup>

Unlike in SNAP, in the past, a small portion of the NAP benefit could be redeemed as cash at automatic teller machines within the Commonwealth to buy food, though this feature has ended and all NAP benefits now must be redeemed for food. This allowed participants to buy eligible foods from retailers and farmers markets that do not have electronic payment equipment.<sup>45</sup>

## Program Integrity

SNAP has strong systems in place to ensure payment accuracy and program integrity. SNAP has a rigorous payment error measurement system to determine unintentional payment errors. Each year states take a representative sample of SNAP cases (totaling about 50,000 cases nationally) and thoroughly review the accuracy of their eligibility and benefit decisions. Federal officials re-review a subsample of the cases to ensure accuracy in the error rates. States are subject to fiscal penalties if their error rates persistently exceed the national average.

While fraud, or intentional misuse of benefits, represents a very small share of SNAP costs, states and USDA also designate significant resources to monitoring and eliminating fraudulent redemption of benefits by retailers or participants. For example, states run database checks to verify program information, and states operate fraud units that can investigate suspected instances of fraud. USDA also has a rigorous authorization and re-authorization process for retailers, and continuously monitors SNAP transactions at retailers, alerting investigators of potentially fraudulent redemption patterns.<sup>46</sup>

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<sup>43</sup> “Fiscal Year 2018 Year End Summary,” Food and Nutrition Service, USDA, <https://fns-prod.azureedge.net/sites/default/files/media/file/2018SNAPRetailerManagementYearEndSummary.pdf>.

<sup>44</sup> USDA Food and Nutrition Service, “Examination of Cash Nutrition Assistance Program Benefits in Puerto Rico,” August 2015, <https://fns-prod.azureedge.net/sites/default/files/ops/PuertoRico-Cash.pdf>.

<sup>45</sup> 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. In 2019, 10 percent of the benefit was redeemable as cash, which fell to 5 percent on October 1, 2019, and by October 1, 2020, the Commonwealth had phased out the cash option. 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 or categories of participants if they determine discontinuation could have significant adverse effects.

<sup>46</sup> Stacy Dean, “Program Integrity for the Supplemental Nutrition Assistance Program,” CBPP, May 9, 2018, <https://www.cbpp.org/food-assistance/program-integrity-for-the-supplemental-nutrition-assistance-program>.

NAP also operates payment error and fraud prevention and detection systems, though in some cases with less support from the federal government than states receive under SNAP. NAP administrators take a sample of cases and review the accuracy of eligibility and benefit determinations and report the findings to USDA, though USDA does not do a re-review of a sample of those cases as it does for the states. NAP staff authorize and inspect new retailers, monitor transaction data, conduct investigations into inconsistent data or other evidence of potential fraud, and sanction retailers who are out of compliance with regulations — functions the federal government performs under SNAP. NAP staff also investigate and pursue claims against the small number of participants who intentionally deceive the government, which states and territories participating in SNAP do as well.

## Federal Oversight and Support

In SNAP, program rules are generally set through federal legislation and rulemaking, and eligibility rules and benefit levels are generally uniform across the states. States administer the program, splitting the cost with the federal government, and have many options to tailor aspects of the program. The federal government, through FNS, provides oversight for states in many ways, such as reviewing and approving state operational plans, providing evaluations and reviews, and approving waivers or pilot projects to change aspects of state administration. The federal government also performs other functions, such as certifying retailers.<sup>47</sup>

In addition to this oversight, the federal government and its regional offices provide states with support related to SNAP administration, such as providing technical assistance, offering competitive grants for technology improvement, and conducting and sharing research with states on best practices. States track participant data and costs and send FNS regular reports, and FNS posts data such as monthly participation reports for all states.

The federal government also provides oversight and support to NAP. As in SNAP, the federal government splits the costs of administering NAP with Puerto Rico. Puerto Rico submits and FNS reviews and approves a state plan each year, and FNS reviews regulations that Puerto Rico submits. Puerto Rico certifies retailers, a function that the federal government does in SNAP. FNS provides technical assistance and monitoring, but the Commonwealth does not appear to have the same access to some resources, such as competitive grants, that states and territories that participate in SNAP do.

In addition, FNS provides less public information about NAP. This relative lack of information is notable given NAP's size: NAP is one of the largest nutrition programs in the United States. The nearly \$2 billion the federal government spends on NAP each year puts the program behind only SNAP, child nutrition, and WIC in federal spending on nutrition programs. The number of people participating in NAP is the tenth largest if considered among states and territories participating in SNAP, equivalent to the number of participants in states such as North Carolina and Michigan. FNS only recently began posting NAP data, such as participation, on its website, and the data are less comprehensive than data posted about SNAP.<sup>48</sup> Further, FNS requires the public to submit records requests to obtain basic information about the program, which contrasts to the more readily available information about other nutrition programs.

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<sup>47</sup> For more detail, see Peterson *et al.*

<sup>48</sup> USDA Food and Nutrition Service, "Puerto Rico Nutrition Assistance Program," <https://www.fns.usda.gov/pd/puerto-rico-nutrition-assistance-program>.

## Other Program Components

Both states through SNAP and Puerto Rico through NAP operate nutrition education programs, through which they inform participants about how to use benefits towards a healthy diet.<sup>49</sup>

SNAP requires states to operate employment and training programs for participants, and states receive additional funding to administer them.<sup>50</sup> States have significant flexibility in defining these programs and the types of services offered, and often contract with third parties such as community-based organizations and community colleges to provide training opportunities. NAP does not receive funding, nor is it required to administer these programs.

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<sup>49</sup> Nutrition education programs are funded through 100 percent federally funded grants in SNAP, whereas the cost of administering nutrition education in Puerto Rico is considered an administrative cost and is therefore split between the federal government and Puerto Rico.

<sup>50</sup> States receive 100 percent federally funded grants to administer these programs. They can also receive matching funds for additional costs and to provide supportive services to participants in the programs, such as child care or transportation costs.

## 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 June 25, 2019, <https://www.cbpp.org/research/policy-basics-introduction-to-the-supplemental-nutrition-assistance-program-snap>.

For more resources on NAP, see Center on Budget and Policy Priorities:

- Introduction to Puerto Rico’s Nutrition Assistance Program, <https://www.cbpp.org/research/food-assistance/introduction-to-puerto-ricos-nutrition-assistance-program>
- The Nutrition Assistance Program Helps Over Half of Puerto Rico’s Children, <https://www.cbpp.org/research/food-assistance/the-nutrition-assistance-program-helps-over-half-of-puerto-ricos-children>
- Puerto Rico’s Nutrition Assistance Program Helps Seniors, <https://www.cbpp.org/research/food-assistance/puerto-ricos-nutrition-assistance-program-helps-seniors>

For further detail on the differences between SNAP and NAP, see USDA, “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>.