

Congress of the United States
House of Representatives
Washington, DC 20515-5401

May 8, 2013

The Honorable Frank D. Lucas
Chairman
Committee on Agriculture
1301 Longworth House Office Building
Washington, DC 20515

The Honorable Collin C. Peterson
Ranking Democratic Member
Committee on Agriculture
1305 Longworth House Office Building
Washington, DC 20515

The Honorable Steve King
Chairman
Subcommittee on Department Operations,
Oversight, and Nutrition
1301 Longworth House Office Building
Washington, DC 20515

The Honorable Marcia L. Fudge
Ranking Democratic Member
Subcommittee on Department Operations,
Oversight, and Nutrition
1305 Longworth House Office Building
Washington, DC 20515

Dear Chairman Lucas, Ranking Member Peterson, Chairman King and Ranking Member Fudge:

I understand that the House Committee on Agriculture is drafting a Farm Bill to be marked up in the coming days. I further understand that, as part of the Nutrition Title, you may be considering the inclusion of a provision that would restrict the manner in which benefits can be delivered under the limited block grant nutrition assistance program that is administered in Puerto Rico in lieu of the Supplemental Nutrition Assistance Program (SNAP). Unless the Committee proposes to reintegrate Puerto Rico into SNAP as part of its bill, I respectfully urge you to refrain from including this provision, which I strongly oppose for reasons of both substance and process, as set forth below.

Background

As you are aware, Congress originally added Puerto Rico—along with Guam and the U.S. Virgin Islands—to the federal Food Stamp program (now known as SNAP) in 1971, as part of the *Amendments to The Food Stamp Act of 1964* (P.L. 91-671). From Fiscal Year 1974 through Fiscal Year 1982, Puerto Rico participated in the Food Stamp program under the same terms as the 50 states, the District of Columbia, Guam, and the U.S. Virgin Islands.

In 1981, through a provision in the *Omnibus Budget Reconciliation Act* (P.L. 97-35), Congress replaced the Food Stamp program in Puerto Rico with an \$825 million block grant—appropriated each year as the “Nutrition Assistance Program” (NAP). This level of funding represented only about 82.5 percent of federal Food Stamp funding in Puerto Rico, which was \$1 billion in Fiscal Year 1982. By contrast, SNAP coverage continues today in Guam and the U.S. Virgin Islands.

The base amount of the NAP block grant has not been adjusted over the past 30 years in order to account for the increased need for nutritional assistance among Puerto Rico's low-income population. In 1986, Congress did amend the law to index the annual amount for Puerto Rico's block grant for inflation, but the indexing is still applied to a base amount that was arbitrarily set in 1981. For Fiscal Year 2014, the annual NAP block grant is estimated to be \$1.873 billion.

FNS Study on Effect of Puerto Rico's Reconversion to SNAP

A provision in the 2008 Farm Bill directed the Food and Nutrition Service (FNS) to examine the feasibility and effects of reintegrating Puerto Rico into the SNAP program (Section 4142 of P.L. 110-246). The FNS study, which was released in June 2010, brings into stark relief just how badly Puerto Rico is shortchanged by having NAP instead of SNAP, a disparity that is made possible only because Puerto Rico is a territory rather than a state.¹

The FNS study, which assumed then-current SNAP rules and used Fiscal Year 2009 data, reached the following conclusions, among others. Puerto Rico's inclusion in SNAP would:

- 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 per household.
- Increase the annual cost to the federal government by 22.7 percent, or almost \$457 million. Over 90 percent of the increase (\$420 million) would come from additional benefit, as opposed to administrative, costs.

Cash Benefit Under NAP

Since 2001, the government of Puerto Rico, in consultation with FNS, has authorized NAP participants to access up to 25 percent of their monthly benefits in the form of cash. The balance—75 percent—must be redeemed at the point of sale through the issued Electronic Benefit Transfer (EBT) card. NAP program rules require that the cash benefit be used for food items. Nevertheless, according to the 2010 FNS study, some NAP participants do utilize the cash portion to purchase items other than food. According to FNS:

The majority [of NAP participants surveyed] reported that the cash benefit is used to help pay for non-food essentials such as medicine, and hygiene items such as toothpaste, toothbrushes, soap, shampoo, and diapers. A few respondents mentioned clothing, shoes, school supplies for children or public transportation. (Page 71).

To understand why this is the case requires one to look at the SNAP program in relation to other federal safety net programs from which my constituents are excluded or under which they are treated unfairly. For example, the Supplemental Security Income (SSI) program provides direct cash assistance to blind, disabled and elderly individuals with low incomes. Congress has chosen not to extend the program to Puerto Rico, whose government instead receives a limited block grant that it, in turn, uses to make payments to participants. The average SSI payment is about

¹ "Implementing SNAP in Puerto Rico: A Feasibility Study." Food and Nutrition Service. June 2010. Accessible at: <http://www.fns.usda.gov/ora/MENU/Published/snap/FILES/ProgramDesign/PuertoRico.pdf>.

\$500 a month, while the average payment to residents of Puerto Rico is just \$70, an egregious disparity which is (again) made possible only by virtue of Puerto Rico's territory status.

Similarly, the Temporary Assistance to Needy Families (TANF) program provides cash payments to needy families with children. Puerto Rico, like other territories, is not eligible for certain TANF grants. Moreover, current law imposes a cap on the aggregate funding that Puerto Rico can receive under a combination of federal safety-net programs, including TANF, and this cap has not been increased since 1996. See Section 1108(a) of the Social Security Act (42 U.S.C. 1308(a)).

Finally, Puerto Rico is also treated unequally under Medicaid and Medicare, including Medicare Part D, which helps seniors afford prescription drugs.

In short: there is a good reason why, notwithstanding program rules, some NAP participants have found it necessary to use some or all of their 25 percent cash benefit to purchase items like medicine and other basic necessities, and this reason is the profoundly discriminatory treatment Puerto Rico receives under a range of federal social safety-net programs. As the FNS study found:

Because Puerto Rico does not have SSI or General Assistance and only a small TANF program, NAP has been the main source of cash assistance. . . . In the absence of other sources of income, stakeholders reported that the 25 percent cash portion of the NAP benefits has assumed an importance beyond nutrition assistance. . . . NAP is a critical Federal Government assistance program provided to low-income residents of Puerto Rico and the only real source of cash income. A majority of respondents who expressed an opinion (71 percent) opposed eliminating the cash portion of the benefit. This view was expressed by all NAP participants and all but one of the community organizations. . . . Without the 25 percent cash portion of the benefit, participants reported that they would need to find other ways to pay for essential non-food items, such as medication and diapers, as well as basic hygiene items like soap, shampoo, toothpaste, and detergent. For example, one chronically ill female participant worried that she would need to seek part-time employment to afford these basic essentials. Another participant explained that she spends most of her cash allotment on medicine, and without that allotment she would be unable to purchase needed medicine. Many stakeholders were eager to discuss the loss of the cash benefit, indicating the level of concern across the Island regarding the loss of the cash benefit given the lack of other public forms of cash assistance. These stakeholders echoed participants' concerns about the impact of losing the cash they need to purchase basic necessities. A domestic-violence shelter representative expressed a concern for women with children, estimating that 90 percent of her clients have no other source of cash.

(Pages 71-73).

Access to Nutrition

The 2010 FNS study also raises important questions as to whether elimination of the 25 percent cash benefit would make it more difficult for NAP participants to purchase food items at certain establishments, like farmers markets, that may not possess EBT terminals. The FNS study found that “one of the main reasons that Puerto Rico maintains 25 percent of the benefits in cash was to allow participants without access to certified retailers a way to purchase food” and that “some remote villages (barrios) do not have NAP-certified retailers” because the equipment necessary for NAP certification is cost-prohibitive. Unlike retailers in jurisdictions where SNAP applies, retailers in Puerto Rico are responsible for the full cost of acquiring EBT terminals. (Page 73).

Conclusion

In sum, as the foregoing analysis makes clear, there are a number of critical facts that should inform the debate on whether elimination of the 25 percent cash benefit option is the just, prudent or appropriate course of action. Indeed, Congress has been cognizant of the unique and complex circumstances that underpin the cash benefit option in Puerto Rico and has repeatedly—under both Republicans and Democrats—reauthorized the NAP program without limiting this flexibility. Given (1) the severe and substantial disparities that Puerto Rico faces because it was removed from SNAP; (2) the severe and substantial disparities that Puerto Rico faces under a welter of other federal social safety net programs; (3) opposition from Puerto Rico’s only elected representative in Congress; and (4) the fact that the Committee has not held a single hearing on this matter to assess the potential consequences that elimination of the 25 percent cash benefit might have for my constituents, I respectfully—but strongly—submit that the Committee should not adopt this provision absent reintegration of Puerto Rico into SNAP.

Sincerely,


Pedro R. Pierluisi
Member of Congress