

= Nutrition Assistance for Puerto Rico =

Nutrition Assistance for Puerto Rico (NAP) ? Spanish : Programa de Asistencia Nutricional (PAN) commonly known in Puerto Rican Spanish as Cupones (English : Food Stamps) ? is a federal assistance nutritional program provided by the United States Department of Agriculture (USDA) solely to Puerto Rico . It provides over \$ 1 @. @ 5 billion USD in supplemental economic resources to help just over 1 million impoverished residents cope with their nutritional needs . It is based on , though not directly part of , the USDA 's national Supplemental Nutrition Assistance Program .

Since its inception in 1982 , the program has been providing low @- @ income families living in Puerto Rico with cash benefits used for food purchases . It is a collaborative effort between the USDA and the island 's government , where the former provides annual federal appropriations for the Puerto Rican government to distribute individually among eligible participants . Although the methods of providing such benefits have changed over the years , the program 's basic objective of helping low @- @ income families meet their nutritional needs has remained constant .

It has , however , been controversial throughout its existence . Federal reviews and assessments have revealed deficiencies in its operations and management , requiring the implementation of various changes , including increased scrutiny . It has also attracted both criticism and advocacy from Puerto Rico and the United States over its effectiveness in helping poor families , and its impact on Puerto Rico 's social classes and economy .

= = History = =

Food stamps have been issued in the United States since World War II , but the program did not include Puerto Rico until the early 1970s , when U.S. Public Laws 91 @- @ 671 of January 11 , 1971 and 93 @- @ 86 of November 1 , 1974 partially extended the Food Stamp Program to U.S. territories . The Food Stamp program was later expanded to provide full coverage and benefits to Puerto Rico and other territories under Section 19 of the Food Stamp Act of 1977 .

By 1977 , the Food Stamp Program in Puerto Rico was larger , in terms of both the percentage of the population participating and expenditures , than any of the programs operating in the 50 U.S. States , with 56 % of the Puerto Rican population participating in the program . In total , it accounted for approximately 8 percent of the national program 's beneficiaries , and its operations and benefits awarded accounted for 8 percent of the national program 's total federal expenditures .

To address these issues , the 1981 Omnibus Budget Reconciliation Act (OBRA) eliminated Puerto Rico from the national Food Stamp program and created the Nutrition Assistance Program for Puerto Rico as a block grant to provide more administrative flexibility to the Commonwealth while reducing Federal expenditures . After a year of studies and design , it commenced operations on July 1 , 1982 with an annual appropriation of \$ 825 million .

The new block grant program differed significantly from the former Food Stamp program in three major ways . First , the new NAP program was designed to distribute the benefits through physical cheques , ensuring that the benefit would be payable only to the beneficiary while at the same time reducing administrative costs , since the former physical vouchers (cupones in Spanish) were subject to storage and accountability problems , theft , counterfeiting and even trafficking . Second , the benefits were no longer restricted to vouchers redeemable only for food , but were provided in cash . The beneficiary could then elect to purchase a product or select services other than food . < ref " > FANRR @- @ 19 @- @ 3 , Chapter 11 , pg . 286 , par . 7 < / ref > Third , the overall assistance provided to Puerto Rico was limited to an annual block appropriation , requiring the Puerto Rican government to adjust its program management to allocate the funds . Between 1982 and 1986 , the U.S. Congress awarded \$ 825 million annually in block grants for NAP program , and since then the appropriations have steadily increased by an estimated 3 % to 4 % to compensate for inflation . It has surpassed \$ 1 billion annually since the early 1990s , and increased 30 % from 1993 to 2002 . Since fiscal year 2006 , the appropriation has reached over \$ 1 @. @ 5 billion annually .

Over the years there has been a gradual decline in participation in the nutrition assistance program . Participation in the previous Food Stamp program was estimated at 56 % , more than 1 @. @ 5

million island residents , before the creation of the block grant . By 1994 , participation in the NAP program had decreased to 1 @. @ 3 million , and by 2006 it had decreased to just over 1 million . While the Puerto Rican population has steadily increased throughout those periods , the percentage of the population participating in the nutrition assistance program has significantly declined . With Puerto Rico 's current population estimated at 3 @, @ 944 @, @ 000 residents and a current estimated NAP participation of 1 million beneficiaries , the program 's participation rate is roughly 26 % , almost half of the participation under the original Food Stamp program in 1981 .

Since its creation , the program has received much criticism both within and outside Puerto Rico . Critics argue that , since the program provides non @- @ taxable income without any employment requirements , recipients receive free money without incentives for work , which hinders the economic output and development of the island , especially when Puerto Rico 's employment participation and unemployment rates have been consistently inferior to U.S. national levels , while the average aid provided in Puerto Rico has exceeded the U.S. national average (\$ 94 versus \$ 74 @. @ 79 , respectively ; 2001 estimate) . Because of this , Puerto Rico has been called the " welfare island " . People from the Dominican Republic do many of the jobs in Puerto Rico that pay too little to attract the locals . However , proponents of the program argue that Puerto Rico 's social condition is in far worse shape than any of the 50 U.S. states . Approximately half of the island 's population lives below the U.S. Federal poverty guidelines , and many have difficulties in meeting their nutritional needs due to increasing inflation and economic stagnation in the island . Furthermore , the relation between the NAP program 's benefits and the low employment participation and high unemployment rates has not been studied , and there is no consensus on their actual causes .

= = Program administration = =

The Food and Nutrition Service (FNS) , a component of the USDA , provides the funds to the Puerto Rican government 's Department of the Family to operate the program through an annual block grant , which covers the full cost of the benefits to participants , as well as fifty percent (50 %) of the costs required to administer the program (the remaining 50 % must be provided by the Puerto Rican government) . Although federal regulations require Puerto Rico to pay the benefits during the year for which the annual block grant was awarded , since 2002 the federal government has allowed Puerto Rico to use 2 % of an annual surplus for benefits in future years .

As a condition of receiving the grant , the P.R. Department of the Family must submit an annual plan of operation to the FNS , which describes how it will distribute the funds assigned as nutrition assistance to qualifying persons . This includes identifying the island population which is eligible for the NAP benefits (i.e. , family income limits , family status limits , etc .) , establishing the process in which individual participants are selected , and the process of determining the benefit amount for each participant . The plan of operation is reviewed and approved by the FNS before funds are disbursed .

The Puerto Rico Department of the Family currently provides the benefits to each participating family through a debit card , which replaced the physical cheques in the early 2000s . The monthly benefit is deposited through an electronic benefit transfer (EBT) system into a government @- @ designated personal bank account , which can be accessed at any time with the debit card to withdraw cash or to make food purchases from authorized retailers . Since September 2001 , 75 % of each family 's monthly benefit has been designated exclusively for making direct food and grocery purchases , while the remaining 25 % can be withdrawn as a cash benefit . The EBT debit card system has improved the program 's payment accuracy rate to 96 @. @ 4 % in 2003 , 4 years ahead of its 2007 goal of 95 % accuracy .

The FNS also requires the Puerto Rican government to submit financial and performance reports on a regular basis , including quarterly Federal Cash Transactions Reports , quarterly and annual Financial Status Reports , and monthly Program Participation and Benefits Reports . These reports provide details on the program 's obligations and actual expenditures , and help the FNS monitor the use of program funds and reconcile the program 's budget with actual expenditures .

== Management assessment ==

In a collaborative effort by the United States Office of Management and Budget (OMB) and various other Federal agencies , the NAP program was recently assessed and given a 44 % and 40 % score (out of a possible 100 %) in its Program Management and Program Results / Accountability performance indicators , respectively , stating that " the program 's financial management practices need improvement . " The assessment revealed that the Puerto Rican government has not established short @-@ term goals , objectives , and targets to evaluate the program ? s performance and results , that the program 's oversight has been lax in previous years , and that the program 's impact and results in Puerto Rico 's society have not been evaluated in recent years . The financial management and oversight concerns were later emphasized when , on March 15 , 2007 , a U.S. investigative task force uncovered a \$ 30 million fraud scheme involving 31 participants , including retailers and beneficiaries , who were withdrawing the funds as cash from the benefits designated exclusively for food purchases , and charging the customers a 20 % to 25 % fee for the transaction .

The Puerto Rican government 's Departments of Family , Education , and Health have since combined efforts to create a 5 @-@ year strategic plan to improve the program 's long @-@ term performance and financial management . The Family Department has recently implemented a quality control @-@ like program titled Measure of Efforts and Results System , which evaluates the quality and promptitude of services while reviewing various eligibility elements , to improve customer services and program management . The Department has also agreed to switch from a biennial audit to an annual Single Audit , and subject the program to periodic audits by its Administration for Socio @-@ Economic Development , to detect and correct problems more quickly . Furthermore , the USDA 's Office of Inspector General (OIG) has performed regular audits to assure compliance and identify areas for improvement .

Regardless of deficiencies , the federal government 's assessment revealed that the current NAP program is actually an improvement over the former Food Stamp program provided in Puerto Rico . In its 2005 assessment report , it concluded :

== Program benefits ==

Under the NAP , participating families receive monthly cash benefits to supplement their incomes which must be used to purchase foods for preparation and consumption at home . In order to qualify for the program , potential beneficiaries must meet several conditions , listed as follows :

The candidate must be living in Puerto Rico to receive the benefits .

The candidate must maintain a maximum bank balance (all checking and savings accounts combined) of :

\$ 2 @, @ 000 if the candidate is responsible for one or more persons age 60 or younger , or

\$ 3 @, @ 000 if the candidate is responsible for one or more persons age 61 or older .

The candidate 's annual household income must not exceed the predefined income limits set by the Puerto Rico government (see table , right) .

The amount of a family ? s monthly benefit payment depends on that family 's specific characteristics and financial circumstances , as well as the overall amount of program funds available for distribution . The latest statistics show that benefits average \$ 103 each month (2003 , see table below right) . It is the Puerto Rico government 's responsibility to establish the eligibility requirements and benefit levels for participation in the program . The benefits are revised annually every October 1 to consider the nutritional needs of Puerto Rico 's impoverished population , analyze the impact of inflation in Puerto Rico , and plan the distribution of available funds accordingly .

== Impact ==

Since the program started in 1982 , only three formal studies over the nutritional impact of the

benefits provided to each family have been publicly released , in 1985 , 1993 , and 1996 , respectively . All studies were designed to analyze the impact of the program with respect to the previous food stamps program , focusing on changes in household nutrient availability , while the 1985 and 1993 studies also focused on changes in household food expenditures (the amount of money households spent on acquiring food) .

The first and most widely recognized study , published by Mathematica Policy Research , Inc. in 1985 , found that the NAP program increased household food expenditures for beneficiaries when compared to non @-@ participating families , just as its predecessor did . It also found that the program had the same relevant impact on increasing household food expenditures as the previous food stamp program , however this has been contested by subsequent studies performed on the national food stamp program , which found that " stamp " or " coupon " -type benefits are more effective at increasing food expenditures than direct " cash " benefits . The 1993 study , which also researched the impact on household expenditures , formed a completely different conclusion : that the average beneficiaries under the NAP program spent \$ 5 less per week on food than non @-@ participating families , considering if both would have the same amount of resources available . Nevertheless , this conclusion has also been questioned by subsequent research , attributing this result on the author 's determination of the population sample .

All studies revealed minor improvements in household nutrient availability , with the 1985 study revealing an improvement of vitamin and mineral consumption over non @-@ participating families and the 1993 study partially confirming these results . The most extensive study on nutrient availability was published in 1996 , which concluded that nutrition did not change significantly after the implementation of the NAP program for all beneficiaries , however most improvements were noted for very low @-@ income beneficiaries versus their non @-@ participating equivalents .

Although these three studies have been used by the federal government and other entities to understand the impact of the NAP program 's benefits , the data used by the authors dates back to the periods between 1977 and 1984 , providing limited relevant information for the current program of today . Additionally , subsequent research and analysis have revealed insufficiencies in the methodology applied by the authors of all three publications , thereby casting doubt on whether a definitive conclusion of the program 's overall impact has been established . A 2004 report published by USDA 's Economic Research Service evaluated the reliability and relevancy of these studies , concluding that they are not sufficient to determine the program 's current impact and performance , and stating :