



## Executive Summary of the Report

### *From NAP to SNAP: A Bridge to Economic Liberty for Residents of Puerto Rico*

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The Supplemental Nutrition Assistance Program (SNAP) is a federally funded benefit available to low-income individuals and households in all 50 States, the District of Columbia, Guam, and the U.S. Virgin Islands. Puerto Rico, the Commonwealth of the Northern Mariana Islands, and American Samoa receive a block grant to operate a nutrition assistance program known by its Spanish acronym PAN, which means bread.

### SNAP and NAP Comparison

SNAP eligibility is set based on poverty levels and all eligible people who apply can receive benefits. Contrarily, NAP must fit the confines of fixed funding, causing people that will be eligible under SNAP, not to be so under NAP. A study on the feasibility of switching from NAP to SNAP established that the average SNAP participants in Puerto Rico would be 1,449,360, which represents 118,458 persons (8.2%) more than those currently in NAP (Thorn et al., 2022). For a single-person household and a family of up to four, SNAP has higher eligibility income limits and higher maximum benefits in comparison to NAP. According to the feasibility study, the maximum NAP benefit in FY 2021 was 59% of the maximum SNAP benefit for all household sizes.

SNAP can provide benefits to participants based on the cost of food. Also, if Puerto Rico (or any state) experiences a natural disaster, SNAP allows requesting more funds from the USDA for new households affected by the event, as well as replacement or supplementary benefits for participating

households that lost food. One of SNAP's greatest attributes is that it helps families bridge temporary periods of unemployment or family crisis due to the ability of the program to expand enrollment when the economy weakens or an unexpected situation occurs and contract when the economy recovers and poverty declines. None of his processes require congressional action.

In contrast, NAP's capped funding structure forces the program to set benefit levels to stay within its budget rather than base them on need or the price of food; thus, it cannot provide the same service and level of benefits as SNAP does. This is one of the main reasons why the income and benefit limits for NAP are lower than those in SNAP. As a matter of fact, the federal base funding for NAP after adjusting for food inflation has remained flat since 1999. On the other hand, if Puerto Rico experiences a natural disaster, NAP does not have an automatic mechanism to request benefits of this type; this requires congressional action, including Puerto Rico submitting a comprehensive plan approved by the USDA outlining the use of those funds, which can significantly delay the process.

### Work Requirement

Unlike NAP, SNAP has a work requirement for participants to gradually phase-out of benefits. Individuals ages 18-49, who do not have dependents, are not pregnant, and are subject to the general work requirements are known as *able-bodied adults without dependents* (ABAWD). ABAWDs

who do not have documented disabilities must work at least 80 hours a month or participate in a qualifying workfare training program to receive SNAP benefits for more than three months within a three-year period.

The SNAP job requirement is not free of criticism; for instance, Marxuach opines that SNAP «nutritional assistance beneficiaries end up in lousy, dead-end jobs from which they cannot escape without losing benefits» (2022, p. 8). Although there are jobs that can be categorized like this, most jobs will not follow under that category. The available jobs in Puerto Rico meet the Fair Labor Standards Act, the Occupational Safety and Health Act, and the applicable major laws of the U.S. Department of Labor. In addition, «State agencies must operate an employment and training (E&T) program to provide SNAP recipients with the training and skills needed to move toward self-sufficiency. FNS provides funding to States to operate E&T programs, and States have considerable flexibility in designing their programs, including what E&T components to select, whether to serve specific SNAP populations, whether participation is mandatory or voluntary, and where to provide E&T services» (Wroblewska et al., 2022, p. i).

Marxuach also states that many people subject to SNAP's requirements «end up in low-skill, low-wage jobs that provide little opportunity for advancement or for acquiring valuable skills» (2022, p. 8). These generalizations are problematic as they tend to downplay the importance of the income effect in the chance of finding a job and the critical role of work in shaping self-fulfillment, individual freedom, and economic liberty. As Lindner and Nichols explain, «temporary assistance can also have an income effect. For re-employment, a higher income can enable individuals out of work to engage in job search activities, which increases their chance of finding a new job» (2012, p. 15). SNAP provides participants that opportunity to find a job, discover and apply new skills, and continue to develop personally and professionally.

The Island has approximately \$84 billion federal disaster recovery funds allocated of which \$24 billion have been disbursed. There are around 2,000 housing, infrastructure, and energy construction projects that will last for several years. These figures will further increase after the passage of Hurricane Fiona in September 2022.

Many NAP participants could benefit from these work opportunities to slowly phase-out of benefits, as they contribute to the reconstruction of Puerto Rico, if SNAP is implemented.

## The Poverty Trap

NAP may be causing people to find the cost of working too high, since they will lose benefits if they exceed the net income level; this is known as the *poverty trap*. SNAP's phase-out system makes it easier for people to work and earn money to support themselves and their families while continuing to receive nutrition assistance benefits. As Balasuriya et al. assert, «how families phaseout of benefits as incomes rise is essential to successfully addressing food insecurity. As income rises, SNAP benefits are reduced—typically by about 30 cents for each \$1 increase in income». Phasing out benefits slowly «reduce this “poverty trap” that makes it harder to escape food insecurity» (2021, p. 3).

Between 2018 and 2019, when the supplemental NAP funding was in effect in Puerto Rico, labor force participation among NAP beneficiaries increased and unemployment decreased. The proportion of NAP participants ages 25-59 without a documented disability who were employed jumped from 22% to 29%. The increase of NAP participants who were working when the supplemental NAP funding was in effect may be driven by a few factors. One could be that the benefit increase helped participants to afford transportation, childcare, and other work-related costs. Another factor could be that the higher eligibility limits allowed some participants to seek and sustain more formal employment outside the home, without jeopardizing their access to needed nutritional assistance benefits for their family. These findings are important because the supplemental NAP funding—a temporary measure—created the same conditions as SNAP can on a permanent basis with higher benefits and higher income limits.

SNAP's antipoverty effects are even larger than what is reflected in the U.S. national statistics, as shown in a study based on data from the Annual Social and Economic Supplement to the Current Population Survey. «With underreporting adjustments, and depending on the poverty measure being considered, SNAP re-

duces poverty by 14-16 percent. And we conclude that SNAP is our nation's most effective antipoverty program for the non-elderly when adjusted for underreporting, one that is especially good at reducing extreme poverty --by over 50 percent, and also especially effective for poor families with children» (Tiehen et al., 2013, pp. 19–20).

## Improving Puerto Rico's Labor Force Participation Rate

Puerto Rico has had a considerably low labor force participation rate for decades. From 1990 to 2021, it averaged 44.52%, reaching an all-time high of 49.80% in February 2007 and a record low of 38.50% in October 2017 (International Labour Organization, 2022a).

As of Fiscal Year 2022, 1,556,788 persons and 877,297 households in Puerto Rico were participating in NAP (Food and Nutrition Service, 2022b). Two important characteristics of adult NAP participants on the Island are that (1) 2 in 4 were age 18 through 59 and (2) 89%

under age 60 did not have a documented disability (Cordero-Guzmán, 2021).

According to Rosenbaum, SNAP has been effective in supporting work. The majority «of SNAP recipients are not expected to work—primarily because they are children, elderly, or disabled. Among those who reasonably could be expected to work, however, we find strong labor force participation» (2013, p. 9).

The Puerto Rico Institute for Economic Liberty prepared a preliminary estimate of the potential number of people in Puerto Rico who could participate in the labor force when changing from NAP to SNAP. The potential number of people who are outside the working group and would qualify under the ABAWD requirements is estimated to be approximately 246,000 (Table 1). This amount represents 21.3% of the number of individuals who were part of the civilian labor force, 21 in July 2022, and 30.1% of the number of people in this group between the ages of 18-49. With SNAP, about a quarter of a million people in Puerto Rico could be on the path

**Table 1**  
**Estimate of Potential ABAWD Population Based on SNAP Requirements**

	Population	Not in Labor Force	Population Adjusted by SNAP Requirements	ABAWD Potential Population
<b>Men 18-49</b>	<b>638</b>	<b>179</b>	<b>-88</b>	<b>91</b>
18-19	41	35	-17	18
20-24	113	57	-28	29
25-34	199	38	-19	19
35-44	186	22	-11	11
45-49	99	27	-13	14
<b>Women 18-49</b>	<b>678</b>	<b>321</b>	<b>-166</b>	<b>155</b>
18-19	40	36	-19	17
20-24	109	63	-33	30
25-34	210	90	-46	44
35-44	208	72	-37	35
45-49	111	60	-31	29
<b>Total 18-49</b>	<b>1,316</b>	<b>500</b>	<b>-254</b>	<b>246</b>

**Nota.** Thousands of people.

**Source.** Own elaboration with data from Departamento del Trabajo y Recursos Humanos (2022).

to economic freedom, significantly increasing the labor force participation rate in the process.

## A Path to Individual and Economic Liberty

From ancient times to the present, it has been affirmed that work dignifies the human being; this maxim «has great self-explanatory power highlighting the idea that man is the fruit of his work, an extension of him and his potential» (Matos Rêbelo & de Oliveira Costa, 2021, p. 182). There are studies on how «cultural values emphasize that human dignity is derived from work and from collaboration with the work of other people, animals, and the natural world» (Cardoso Jiménez, 2015, p. 289).

As Sen (1999) asserts, not only work but the *freedom to work* dignifies people through human development. Work is considered «a variable of great importance in the economy because it generates well-being in people. People who work are valuable by adding value to the type of work and the place where they do it» (Acosta, 2021, p. 477)

Living in a situation of dependency—lacking the freedom to work and earn a living—has a social stigma. Furthermore, nutritional insecurity has been associated with higher rates of anxiety, depression, and other mental health problems (Laraia et al., 2017; Loh, 2021; Nagata, 2019). Although SNAP recipients are not exempt from these problems, studies have shown that participation in this program helps reduce depressive symptoms and psychological distress (Berkowitz et al., 2021; Lee et al., 2020; Wolfson et al., 2021).

Work is an important part of human activity; it is the source of the goods and services that satisfy our desires and aspirations. It is counterintuitive for people to want or aspire to live on welfare and in poverty. In fact, in a survey conducted by the Puerto Rico Institute for Economic Liberty, 93% of the sample stated that they prefer to earn a living by working; and 95% expressed that people need economic liberty to cooperate with

each other, and that economic liberty is fundamental for development and progress (Carrión-Tavárez et al., 2022)

It is important that the people who are conditioned by the limitations of NAP have the freedom and opportunity to work, by either choosing among the jobs available in the market or starting a business,<sup>22</sup> and to change their dependency situation—getting out of the poverty trap—by their own efforts. Hayek says the following about this process: «Few people have ever an abundance of choice of occupation. But what matters is that we have some choice, that we are not absolutely tied to a particular job which has been chosen for us, or which we may have chosen in the past, and that if one position becomes quite intolerable, or if we set our heart on another, there is almost always a way for the able, some sacrifice at the price of which he may achieve his goal. Nothing makes conditions more unbearable than the knowledge that no effort of ours can change them» (1944/2006, p. 98).

SNAP provides an opportunity for many people on the Island to work and, consequently, improve their standard of living and have social well-being (Acosta, 2021). All able-bodied people who participate in the labor force in turn produce and contribute to the progress of society. Work can also awaken people's curiosity; stimulate their creativity, innovation, and entrepreneurial attributes; and get them on a path of economic liberty and upward mobility. The Puerto Rico Institute for Economic Liberty shares this vision of labor freedom for human development and personal freedom for self-fulfillment and happiness.

## References

All references included in this executive summary are available in the report *From PAN to PANS: A Bridge to Economic Freedom for the Residents of Puerto Rico*. To obtain a copy of the full report, please visit <https://institutodelibertadeconomica.org> or send an email to [angel.carrion@ilepr.org](mailto:angel.carrion@ilepr.org).