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

May 19, 2014

The Hon. Alejandro García Padilla
Governor of Puerto Rico
La Fortaleza
San Juan, PR 00901

Dear Governor García Padilla:

As you are aware, the *Agricultural Act of 2014* (P.L. 113-79), signed into law on February 7, 2014, does *not* include a provision—contained in an earlier version of the bill—that would have immediately terminated the ability of the nearly 1.4 million individuals enrolled in Puerto Rico’s Nutrition Assistance Program (PAN) to redeem up to 25 percent of their monthly benefits in the form of cash. Instead, the legislation ensures that there will be no change to the cash benefit arrangement until Fiscal Year 2017 at the earliest, and provides a clear basis for the cash benefit to be continued for all or some PAN participants in Fiscal Year 2017 and beyond. I carefully negotiated the language of this provision with House and Senate leaders. The provision constitutes an important victory, given that certain influential Members of Congress and a powerful outside interest group wanted to end the cash benefit right away.

The final provision requires the Secretary of the U.S. Department of Agriculture (USDA), in consultation with the U.S. Department of Health and Human Services (HHS), to prepare a comprehensive report on the history and purpose of the cash benefit, including identification and assessment of any adverse effects for PAN participants and retailers that would result from ending the cash benefit. The report will be due in 18 months from the date of enactment of P.L. 113-79—that is, in July 2015. As noted, once the report is completed, there will be no further action on this issue until Fiscal Year 2017, which begins on October 1, 2016. Starting in Fiscal Year 2017, the bill expressly authorizes the USDA Secretary to permit the Puerto Rico government to continue providing up to 25 percent of monthly PAN benefits in cash if the Secretary determines—based on the results of the study and any other relevant factors—that ending the cash benefit would have a “significant adverse effect.” If the Secretary determines that the cash benefit can be discontinued without such an adverse effect, the cash benefit would begin to be phased out, from 20 percent in 2017, to 15 percent in 2018, to 10 percent in 2019, and to 5 percent in 2020.

Consistent with common practice, the USDA will not prepare the report itself, but rather will contract with an outside entity to prepare the report pursuant to guidance from the USDA. The USDA will then review, approve and submit the report to Congress. In recent days, the USDA awarded the contract to Insight Policy Research, a small business headquartered in Arlington, Virginia. Insight Policy Research is familiar with this issue because it also prepared the congressionally-required report entitled: "Implementing Supplemental Nutrition Assistance Program in Puerto Rico: A Feasibility Study," which was completed in June 2010.

Recently, I met in my office with Kevin Concannon, the Under Secretary for Food, Nutrition, and Consumer Services at the USDA to explain why I believe the cash benefit should be maintained for all PAN participants, and Under Secretary Concannon pledged that the USDA would convey my points to Insight Policy Research in order to inform the company's work. As I observed to Under Secretary Concannon, Puerto Rico—because it is a territory and not a state—is excluded from the Supplemental Nutrition Assistance Program (SNAP) and receives a limited block grant instead. Indeed, the 2010 report prepared by Insight Policy Research revealed that, under SNAP, Puerto Rico would receive \$457 million in additional federal funding each year, about 222,000 more individuals would receive nutrition assistance, and the average monthly benefit for participating households would increase by over \$20.

I further explained to Secretary Concannon that, because it is a territory, Puerto Rico is treated unequally under other federal assistance programs like Supplemental Security Income (SSI), Temporary Assistance for Needy Families (TANF), and the low-income subsidy under Medicare Part D, which helps seniors afford their medicines. This disparate treatment explains why some PAN participants depend upon the 25 percent cash benefit to purchase basic necessities like toothpaste, diapers, and prescription drugs. It should be emphasized that P.L. 113-79 expressly authorizes USDA to consult with HHS in preparing the required report. This will enable the report to take into consideration Puerto Rico's unequal treatment under the program Aid for the Aging, Blind and Disabled (AABD) that applies in Puerto Rico in lieu of SSI, as well as TANF and Medicare Part D—all of which are administered by HHS.

My position on this matter has been consistent and clear: until Puerto Rico is treated equally under SNAP and these other federal programs, the cash benefit under PAN should be allowed to continue in its current form.

Having both negotiated the positive language in P.L. 113-97 and met with the top official at USDA with jurisdiction over this issue, I write now to encourage your administration, especially the Department of the Family, to provide the USDA and Insight Policy Research with all of the relevant information necessary to explain why elimination or reduction of the cash benefit would have significant adverse effects on both PAN participants and retailers. As you may be aware, there are only about 3,100 retailers in Puerto Rico who accept EBT cards, which is a small percentage of retailers on the island.

Given the importance of this issue to so many households in Puerto Rico, it is imperative that your administration now take affirmative steps to defend the cash benefit.

If you require any additional information, please do not hesitate to contact me.

Sincerely,

A handwritten signature in blue ink, appearing to read "Pierluisi".

Pedro R. Pierluisi
Member of Congress

cc: Idalia Colón Rondón, Secretary, Puerto Rico Department of Family