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Assessing the Feasibility of Implementing SNAP in the Commonwealth of the Northern Mariana Islands



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Assessing the Feasibility of Implementing SNAP in the Commonwealth of the Northern Mariana Islands



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Executive Summary

The U.S. Department of Agriculture (USDA) Food and Nutrition Service (FNS) administers the Supplemental Nutrition Assistance Program (SNAP) in all 50 States, the District of Columbia, and the U.S. territories of Guam and the U.S. Virgin Islands.¹ In lieu of SNAP, FNS oversees a block grant to the Commonwealth of the Northern Mariana Islands (CNMI) to fund its Nutrition Assistance Program (NAP). NAP was initiated in 1982, following receipt of the first Federal block grant funds (CNMI DCCA [Department of Community and Cultural Affairs], 2014).²

In February 2014, SNAP was reauthorized as part of The Agricultural Act of 2014 (Pub. L. 113–79), commonly known as the 2014 Farm Bill. Section 4031 of the Farm Bill requires a study to determine the feasibility of operating SNAP in the CNMI. If SNAP (or a comparable SNAP-like model) is found to be feasible, the Farm Bill authorizes funding up to \$30.5 million for administrative and technical assistance to support a 3-year pilot.³ Otherwise, these funds will be added to the CNMI’s block grant.

To determine the feasibility of operating SNAP in the CNMI, this report assesses the CNMI’s capacity to administer SNAP in a manner similar to the way States currently administer the program. As part of the assessment, this report describes potential barriers to implementing SNAP and identifies any modifications that would be needed for the CNMI. The technical, organizational, operational, and infrastructure changes and the effects of these changes are assessed in six key SNAP program areas:

1. Extending benefits to eligible households
2. Implementing a SNAP eligibility system
3. Issuing benefits through electronic benefit transfer (EBT) cards
4. Maintaining program integrity
5. Operating an employment and training (E&T) program
6. Paying a share of administrative costs with non-Federal funds

Overall, the report finds that implementing SNAP would be a lengthy, resource-intensive process, requiring at least 3 full years to develop the policies and procedures necessary to extend benefits to eligible households; hire vendors; develop, implement, and test new systems; hire additional staff; and train new and existing staff on all policies, procedures, and systems. No State or U.S. territory has recently implemented SNAP, so there is no roadmap for this process. Changes would occur in many areas, including (1) how CNMI staff determine eligibility and benefits; (2) how CNMI staff determine work requirements; (3) how applications are reviewed and processed; (4) how documents from participants are collected and verified; (5) which databases are used to cross-reference participant

¹ Other U.S. territories, including Puerto Rico, the Commonwealth of the Northern Mariana Islands, and American Samoa, each receive a block grant that allows them to design and operate their own nutrition assistance program with oversight from the United States.

² In 1978, U.S. legislation (Pub. L. 95–348) gave the Secretary of Agriculture the flexibility to design a nutrition assistance program tailored to the unique circumstances of the CNMI.

³ This would include the Federal costs for providing technical assistance to the CNMI, authorizing and monitoring retailers, and assessing pilot operations.

information; and (6) how benefits are delivered. To build the capacity for ensuring SNAP program integrity, the CNMI would also need to establish a new fraud investigation unit.⁴

Prior to implementation, the CNMI would need to procure a SNAP eligibility system. Implementing this system would require identifying qualified vendors willing to work in the CNMI and extensive procedures to test the system and train new and current staff. In the long term, the system would benefit participants and program staff through increased accuracy and efficiency and enhanced ability to manage data.

NAP's current paper coupon system places a substantial burden on retailers, participants, NAP staff, and CNMI banks. Once the eligibility system is implemented and staff are trained, the CNMI would need to implement an EBT system to distribute benefits. Transitioning from paper coupons to EBT benefits would provide increased efficiency, data reliability, and program integrity in the long term. The CNMI's telecommunications infrastructure and systems used by retailers are sufficient for introducing EBT. CNMI residents are familiar with credit and debit technology and should easily acclimate to using an EBT card.

The CNMI would be able to establish a SNAP E&T program, which would benefit the CNMI's unemployed and underemployed populations. However, benefits of this program would be tied to the intensity of services provided, and a more robust system of E&T services would likely be cost-prohibitive for the CNMI.

Following the transition to SNAP, the CNMI would need to pay half of all ongoing SNAP administrative costs, which may present a significant challenge. The CNMI's audited statement of activities for FY 2014 showed the fiscal condition of the CNMI's government remained weak as a result of the enduring effects of the garment industry's collapse and a serious economic recession. With the collapse of the garment industry, the CNMI economy has only two significant industries, tourism and construction. Combined with changes resulting from the U.S. Congress federalizing the CNMI's minimum wage and immigration, the CNMI has been struggling with a declining labor force, a lack of foreign investors, and a decreasing job market. It is not clear whether the CNMI could currently afford to pay this cost given the state of the government fund balance. The ability to pay future costs would depend on its fiscal position and economic activity at that time. While implementation of SNAP might contribute to economic growth, such growth would not immediately provide enough increased revenue to cover the CNMI's portion of the administrative costs. As a result, other sources of funding would need to be identified.

Although this report focuses on the nutrition program changes in the CNMI, FNS's role in overseeing the CNMI's program would also change. During implementation of SNAP, FNS would have to provide substantial technical assistance to the CNMI in developing policy and procedures. If SNAP were implemented, FNS would play a more substantial ongoing role than it does under NAP by authorizing and monitoring retailers and providing more detailed oversight.

This report also explores which elements of SNAP could be implemented in the CNMI under the existing block grant structure in lieu of SNAP. Under the existing block grant, all administrative costs are paid by the Federal government, eliminating the risk that the CNMI would not be able to share the cost of operating SNAP in future years. Implementing SNAP-like modifications to NAP could improve efficiency and program integrity and provide greater benefits to the CNMI's population to better meet their nutritional needs. Modifications could include (1) implementing a new NAP eligibility system, (2)

⁴ The ability of program staff to monitor participant fraud would be greatly enhanced with the support of data from FNS investigations of retailers using EBT transaction data.

transitioning from coupons to EBT benefit issuance, (3) establishing a Thrifty Food Plan (TFP)⁵ unique to the CNMI that indexes benefits to current prices, (4) setting gross and net income limits on par with those in the mainland United States, (5) establishing an excess shelter deduction and Standard Utility Allowance in the CNMI to offset the costs of housing and fuel for cooling and cooking, and (6) dedicating funding for E&T services. However, modifications that expand eligibility and increase benefit levels or provide an increased level of services (i.e., modifications 3 through 6 above) would not be sustainable in the long term (i.e., once the pilot funds have been spent) unless Congress increased the amount of the block grant.

A. Study Overview

This study included the following complementary data collection methods: meetings with administrators from FNS, Guam, and CNMI agencies; a literature review; analysis of data from the U.S. Census Bureau, SNAP Quality Control (QC), NAP, and other sources; a review of NAP and SNAP policy and procedural manuals, plans, and cost reports; site visits to the CNMI and Guam to observe program operations and collect data; and in-depth interviews with stakeholders, including food retailers, NAP participants, employers, training providers, and community-based organizations. Analytic methods included (1) a systems change analysis to assess similarities and differences between the two programs and identify changes needed to transition to SNAP, (2) a stakeholder analysis to identify benefits and barriers to program implementation, (3) an alternatives assessment to identify program modifications that may be needed to implement SNAP, (4) development of a microsimulation model to estimate SNAP participation, and (5) development of an administrative cost model to estimate administrative costs for both implementation and ongoing operations of SNAP. Table 1 outlines the study’s objectives along with the primary data collection sources.

Table 1. Study Objectives and Primary Data Collection Sources

Study Objective	Meetings With USDA FNS, Guam SNAP, and CNMI Government Agencies	Literature Review	Extant Data Analysis	Program Documentation on NAP and SNAP	Program Observations	In-Depth Interviews With Stakeholders
1. Describe the history of the CNMI and its NAP		✓		✓		
2. Examine the socioeconomic, demographic, and poverty characteristics of the CNMI population		✓	✓			
3. Identify the changes that would be needed to transition to SNAP in the CNMI	✓			✓	✓	✓

⁵ The TFP, developed in 1982 in cooperation with FNS, refers to the cost of a market basket of food for a family of four.

Study Objective	Meetings With USDA FNS, Guam SNAP, and CNMI Government Agencies	Literature Review	Extant Data Analysis	Program Documentation on NAP and SNAP	Program Observations	In-Depth Interviews With Stakeholders
4. Assess the CNMI's capabilities to implement the changes needed to transition to SNAP	✓			✓	✓	✓
5. Identify modifications to the current SNAP requirements that would better enable the CNMI to operate SNAP	✓			✓	✓	✓

B. About the CNMI

The CNMI consists of 14 islands with a total land area approximately 2.5 times the size of the District of Columbia. The islands' connection to the United States originated in World War II, when Japanese forces used the islands to launch an attack on Guam (then held by the United States) immediately following the attack on Pearl Harbor. The United States recaptured control of Guam and later the Northern Mariana Islands in 1944 near the end of World War II.

The vast majority of the CNMI population resides on one of three islands: Saipan, Rota, and Tinian. In 2010, the CNMI's population was 53,883, the smallest of any U.S. territory. The CNMI population is poor by U.S. standards. According to U.S. Census Bureau data for 2010, more than half of the CNMI population (52 percent) lives below the Federal poverty level. The median household income in the CNMI is \$19,958, less than half that of the CNMI's closest neighbor Guam (\$48,274) and the United States as a whole (\$50,046). Several factors constrain the CNMI's economic potential, including its dependence on only two primary industries (tourism and construction), scarce natural resources, and a shortage of skilled labor.

Foreign-born contract workers make up much of the CNMI's current skilled labor force. Recently, the Federal government took control of the immigration system in the CNMI, and legislation was passed that would phase out all contract workers by the end of 2019, provided the U.S. Secretary of Labor does not extend the deadline. Once the contract workers visas are phased out, the permanent CNMI residents may not have the skills to fulfill all the empty job slots. As a result, the CNMI is faced with training a large portion of its citizens with very low skills by 2019.

C. Adequacy of Current Block Grant and Benefit Amounts

NAP is a critical tool in the CNMI's efforts to combat hunger. However, since its formation in 1982, NAP has largely remained a manual operation and benefit amounts have remained stagnant. The total funding for the NAP block grant has not changed substantially in the past 5 years; in fiscal years (FY) 2012 to 2014, the amount was approximately \$12.1 million.

NAP Restricts Eligibility to the Most Financially Needy. To maintain a food assistance program under the fixed budget of the block grant, the CNMI restricts program eligibility and benefits to the most

financially needy households. For example, nearly 9 of 10 NAP households have gross monthly incomes at or below 50 percent of the Federal poverty guidelines.⁶

Current NAP Benefit Amounts Are Thought To Be Inadequate. Given the low incomes of CNMI residents and the large proportion of food imported, food prices in the CNMI are very high and are tied to fuel prices (CNMI DCCA, 2015). The CNMI's TFP was developed in 1982 and most recently updated in 1998,⁷ and maximum monthly NAP benefit amounts are increasingly inadequate. The maximum benefit for a four-person household on Saipan is \$515, compared with \$957 under SNAP in neighboring Guam.⁸ In addition to food costs, participants have the added expense of purchasing bottled water because of a lack of safe, potable tap water on the islands. Many stakeholders interviewed for this study thought a transition to SNAP would enable the CNMI to serve more individuals in need of assistance and provide benefits at a level more in line with the high cost of food on the islands.

D. Areas for Improvement in NAP

NAP Would Benefit Substantially From Implementing New Technologies. Since its inception in 1982, the CNMI's NAP has remained largely a manual operation; a transition to SNAP would necessitate large changes in information technology (IT) that would be used to certify participants and issue benefits. NAP is a labor-intensive operation, with benefits distributed in the form of coupons each month. In addition to increasing automation and efficiency, EBT benefit issuance would provide transaction data that would enhance program integrity by enabling FNS and the CNMI to better monitor fraud among retailers and participants. NAP has not substantially revised its eligibility system since 1982, and a new system would increase efficiency and enable the CNMI to better manage data.



NAP \$2 coupon

NAP Does Not Have Funding for a Basic E&T Program. Many families in the CNMI are experiencing difficulty coping with the high food prices, made worse by the lack of jobs, the rise in cost of living, the lack of economic recovery, and the lack of other sources of cash assistance (CNMI DCCA, 2013). Although the CNMI provides job-search assistance to NAP participants (and sanctions participants for noncompliance with the work registration process), officials and staff from both the CNMI's DCCA and the Department of Labor (DOL) were enthusiastic about the prospect of creating an E&T program that would help clients in SNAP become more self-sufficient. They agreed the current work registration program does not provide enough support to those who need job training, education, and work experience services. A SNAP E&T program could help provide needed training to U.S. citizens and permanent residents so they may qualify for jobs currently held by contract workers. E&T services could also directly target the population most in need of training to fill the numerous jobs that would open as the contract worker program is phased out.

⁶ By comparison, 43 percent of SNAP households have gross monthly incomes at or below 50 percent of the Federal poverty guidelines.

⁷ When it was established, the TFP was based on the average food prices of specified foods in 10 different CNMI retail food outlets, which amounted to a monthly cost of \$302 for a family of four (USDA FNS, Western Regional Office, 1982). The CNMI revised the cost of the plan in FY 1998 to \$444 for a family of four (CNMI DCCA, 2015; Dayao, 2014).

⁸ NAP's benefit levels increased somewhat in recent years, including a 16-percent increase for residents of Saipan in January 2015 and somewhat higher increases for the other islands in May 2014 (28 percent for residents of Tinian and 62 percent for residents of Rota and the Northern Islands) to reflect the higher cost of food on the outlying islands. In FY 2015, Tinian had a slightly higher maximum monthly NAP benefit amount (\$568) for a four-person household than Saipan (\$515); Rota and Northern Islands had a maximum benefit amount of \$719.

E. The CNMI’s Capacity To Certify Program Participants With SNAP Eligibility Rules

While elements of the CNMI’s NAP are similar to SNAP, the eligibility rules under SNAP are more complex and would require staff to become familiar with them and adopt new administrative processes for computing benefits. This change in administrative requirements would mean applicants would need to submit additional documentation for the CNMI to assess the deductions. The CNMI would also need to verify data using various databases⁹ and learn to use them for verification as part of the certification process. FNS would need to provide extensive technical assistance to oversee the planning and implementation process, including training CNMI staff and helping the CNMI develop SNAP policies, procedures, forms, training manuals, and other planning documents.

A transition to SNAP eligibility rules would likely increase the number of participants and staff needed to administer the program. Study findings indicated that, based on the current Federal SNAP rules and policy assumptions, a transition to SNAP in the CNMI would increase the number of households that receive nutrition assistance to 2.6 times current levels. The increase in the number of participants would require the CNMI to hire more program staff—to increase from 24 to at least 45 persons.¹⁰ With an expanded staff, the CNMI would need to acquire additional computers and office equipment and establish work space for these staff, such as by renovating the current office space or establishing a satellite office elsewhere on Saipan. See table 2 for a summary of the primary challenges anticipated for a transition from NAP to SNAP and possible mitigation strategies.

Table 2. Challenges and Potential Mitigation Strategies Related to Transitioning From NAP to SNAP

Challenges	Mitigation Strategies
<ul style="list-style-type: none"> • The CNMI would need to determine SNAP eligibility for NAP households and manage the initial additional surge of new applicants • CNMI staff would need extensive training • The CNMI would need to develop a State plan of operations, policy and procedure manuals, and other planning documents • The CNMI would need to apply for FNS waivers • Additional staff would need to be hired to expand capacity 	<ul style="list-style-type: none"> • Short-term staff could be hired and trained to perform certification interviews and determine eligibility (must be merit personnel) • The CNMI would need extensive technical assistance from FNS during the transition

F. Capacity To Implement an Eligibility System

To implement SNAP eligibility requirements, the CNMI would need to acquire and implement an eligibility system capable of certifying SNAP participants, interfacing with an EBT system to issue benefits, and producing standard reports.¹¹ While implementing a new SNAP eligibility system would increase the accuracy and efficiency compared to the current manual processes, it may be difficult to

⁹ Six databases typically used by SNAP State agencies are (1) the Social Security Administration’s Death Master File, (2) the Income and Employment Verification System, (3) an immigration verification system such as the Systematic Alien Verification for Entitlements (SAVE), (4) the Prisoner Verification System, (5) the Electronic Disqualified Recipient System, and (6) the National Directory of New Hires.

¹⁰ A larger number of certification staff may be needed during the implementation period to support the tasks associated with initially certifying the existing NAP population and all new SNAP participants. Temporary staff could be hired for this purpose. However, all SNAP staff hired, whether permanent or temporary, must be merit personnel.

¹¹ To transmit benefits to the EBT processor, the eligibility system must also be able to (1) communicate benefit issuance data (and modifications) in either batch or real time and (2) receive and process reconciliation data.

attract an interested, qualified system vendor at an affordable cost. A SNAP-only eligibility system has not been implemented in any State in many years and is counter to the direction of the field as States move toward large-scale, more efficient, integrated systems across multiple assistance programs.¹² Attracting qualified vendors offering affordable solutions may be challenging because a new solution might not be worth the investment, and the challenges associated with implementing and maintaining a system in such a remote location could be substantial. Further, the CNMI would need to retain on-island designated IT technical staff to provide support and coordinate with the IT vendor as needed.

One viable approach for the CNMI would include transferring the SNAP components of the integrated eligibility system from Guam. This system has already proven to be operational in Guam, and the vendor is near the CNMI and familiar with the infrastructure and technical resources in the CNMI. See table 3 for a summary of the primary challenges and possible mitigation strategies related to implementing a SNAP eligibility system.

Table 3. Challenges and Potential Mitigation Strategies Related to Implementing a SNAP Eligibility System

Challenges	Mitigation Strategies
<ul style="list-style-type: none"> • Limited competition for qualified low-cost vendor • Limited IT support in the CNMI • Remote location • Natural disasters that could disrupt system • Multiple islands (e.g., ensuring connectivity of Rota and Tinian) 	<ul style="list-style-type: none"> • Transfer SNAP components of Guam’s system • Host system at vendor location • Acquire services of one or more part-time IT technicians on-island in the CNMI • Develop robust disaster plans

G. Capacity To Issue Benefits Through EBT

The CNMI would need to issue SNAP benefits through EBT, rather than distributing coupons each month at the NAP office. Using EBT methods would enable the CNMI to improve efficiency and increase program integrity in the long run. NAP coupon distribution is time-consuming for CNMI staff, who count and perforate the coupons manually each month—processes that are subject to error. Coupon redemption is also a cumbersome process for both the retailers and participants who redeem the coupons. Study findings indicate the CNMI telecommunications infrastructure is robust enough to support EBT. EBT would use the same technology and networks as commercial credit and debit processing, and 90 percent of retailers interviewed for this study had the necessary equipment to process debit and credit cards.¹³

To implement EBT, the CNMI would need to have a new eligibility system in place that could interface with EBT processing. The CNMI would need to define the functional requirements, including those for issuing benefits, processing reconciliation data, and submitting data to FNS’s systems, and acquire the services of an EBT processor. A specialized technical assistance contractor with expertise in EBT implementation would be needed to assist throughout the transition, and the CNMI would need to retain designated IT support that could coordinate with the EBT vendor as needed. Program staff, participants, and retailers would require training on all aspects of EBT benefit issuance. Finally, a robust disaster plan would need to be developed outlining plans for benefit issuance under disaster circumstances.

¹² Discussion with vendors indicated a typical State-integrated eligibility system costs at least \$100–\$150 million.

¹³ The reason some have chosen not to accept them is generally to avoid the fees charged by the banks that provide the service, not because of technology limitations.

The largest barrier to implementing EBT would be the cost of the EBT contractor. However, this challenge would be mitigated if the CNMI could join a consortium and thus enjoy less prohibitive costs. See table 4 for a summary of the primary challenges anticipated for implementing an EBT system and possible mitigation strategies.

Table 4. Challenges and Potential Mitigation Strategies Related to Implementing an EBT System

Challenges	Mitigation Strategies
<ul style="list-style-type: none"> • Small program size • Limited EBT processor competition • Remote location • Natural disasters that could disrupt system • Multiple islands (e.g., ensuring connectivity of Rota and Tinian) • No street addresses for mailing notices 	<ul style="list-style-type: none"> • Join a consortium to procure EBT services to increase buying power and lower cost • Acquire services of part-time IT technician in the CNMI • Develop robust disaster plans • Issue EBT cards at local offices; mailing not practical or timely

H. Capacity To Maintain the Integrity of the Program

To ensure program integrity under SNAP, the CNMI would need to make changes in five key areas: (1) implementing SNAP QC, (2) investigating participant fraud, (3) conducting fair hearings, (4) conducting management evaluations, and (5) submitting a series of administrative reports to FNS. These efforts would enhance program integrity in the long run, primarily through reduced fraud and abuse. The CNMI would no longer certify, monitor, and investigate retailers, as has been done for NAP, because FNS would take over those responsibilities.

FNS would need to provide extensive technical assistance to the CNMI to oversee the planning and implementation process, including training all new and existing program staff on program integrity requirements and processes and helping the CNMI develop its plans for monitoring participant fraud, sampling QC cases, and conducting management evaluations.

The largest challenge to ensuring program integrity relates to the small size of the CNMI population since “everyone knows everyone” in the island community. For example, participants and retailers would likely quickly discover the identities of CNMI SNAP fraud investigators, which would greatly limit the ability to conduct undercover investigations. Efforts to address similar challenges in Guam and the U.S. Virgin Islands have included working with confidential informants for undercover investigations and greater reliance on analysis of EBT transaction data for identifying retailers engaged in fraud and abuse. See table 5 for a summary of the primary challenges related to ensuring program integrity and possible mitigation strategies.

Table 5. Challenges and Potential Mitigation Strategies Related to Ensuring Program Integrity

Challenges	Mitigation Strategies
<ul style="list-style-type: none"> • Small community size inhibits undercover investigations • Multiple islands • Fiscal health uncertain for covering potential financial penalties and sanctions • Lack of street addresses 	<ul style="list-style-type: none"> • Working with confidential informants for undercover investigations • Greater reliance on analysis of EBT transaction data for investigations • Offer a grace period on penalties and sanctions for QC error rates • Use of phone interviews for QC where possible • Use of GPS data for locating purposes

I. Capacity To Implement SNAP E&T

Although the CNMI’s current program is mostly aligned with SNAP requirements, the CNMI would be able to implement a more robust E&T program and would receive separate funding from FNS to do so. As part of the new eligibility system, the CNMI would also need to track more information and report to FNS quarterly regarding the number of work registrants per month and costs by program component. Study findings showed that while NAP currently uses few E&T services, the infrastructure on the island is in place to expand services and serve additional participants.

The largest challenge in implementing more robust E&T services would relate to cost. The CNMI would need to assess how many clients it could serve, identify the services it can provide with Federal funds, and determine whether funding is available to cover 50 percent of costs beyond that amount.¹⁴ The CNMI would also need to decide whether the program would be mandatory (SNAP participants are sanctioned for noncompliance) or voluntary (SNAP participants choose to participate or not and are not sanctioned for noncompliance). This challenge would be mitigated if the CNMI implemented a voluntary program focused on employment services. See table 6 for a summary of the primary challenges and possible mitigation strategies related to implementing a SNAP E&T program.

Table 6. Challenges and Potential Mitigation Strategies Related to Implementing a SNAP E&T Program

Challenges	Mitigation Strategies
<ul style="list-style-type: none">• Cost of more robust services• E&T providers are limited on islands other than Saipan• No public transportation• Low-skilled workforce with limited work history	<ul style="list-style-type: none">• Implement a voluntary program focused on job search services only• Leverage funds from other sources

J. Capacity To Pay for Administrative Costs

Implementation Costs. A transition to SNAP is expected to cost the CNMI approximately \$4.2 million over an estimated 3-year implementation period (table 7).¹⁵ This includes the total cost for (1) transitioning from NAP to SNAP eligibility rules and certification processes, (2) implementing a SNAP eligibility system, (3) transitioning from NAP coupons to SNAP EBT, (4) implementing SNAP program integrity measures, (5) implementing a voluntary SNAP E&T program focused on employment services, and (6) general administration and overhead. These costs do not include the costs FNS would incur to support the CNMI through the SNAP implementation process or those needed to certify and monitor CNMI retailers.

¹⁴ The CNMI would receive \$50,000 for 100 percent of administration costs and a 50-percent reimbursement of allowable services beyond that.

¹⁵ Pilot funds could be utilized to cover all implementation costs.

Table 7. Estimated SNAP Implementation Costs Over 3 Years

Source	Total
SNAP certification	\$1,027,371
SNAP eligibility system	\$1,450,208
Issuing benefits through EBT	\$1,436,299
Program integrity activities	\$56,524
SNAP E&T program	\$3,791
General administration and overhead	\$187,890
Total Implementation Cost	\$4,162,082

Annual Administrative Costs. Annual ongoing costs for the CNMI to operate SNAP are estimated to be approximately \$2.3 million per year (table 3). The CNMI would pay 50 percent of the costs for all activities except for the E&T program, for which FNS would pay 50 percent of the costs of supportive services and up to \$50,000 of administrative costs.¹⁶ This means the CNMI would need to pay approximately \$1,121,000 per year to operate SNAP, and FNS would pay approximately \$1,133,000 of the annual ongoing administrative costs (see table 8).¹⁷

The administrative cost model estimates most of the costs that would accrue to the CNMI for SNAP implementation. Certain costs that would accrue to other stakeholders were not included, such as the local government agencies in the CNMI. For example, the CNMI’s Office of Personnel Management would incur costs in the process of developing new labor categories and hiring additional staff. The CNMI Department of Finance would be involved in tracking and reporting administrative costs, and the CNMI Attorney General’s office would likely face increased demand for hearings oversight and activities related to fraud investigations. Retailers may also incur additional costs for equipment, services, and transaction fees in accordance with SNAP rules. The estimated costs also do not include those for which the Federal government is solely responsible: (1) SNAP benefits, (2) retailer monitoring, and (3) Federal oversight and monitoring.

Table 8. Estimated Annual SNAP Administrative Costs

Source	Total
SNAP certification	\$790,038
SNAP eligibility system	\$81,517
Issuing benefits through EBT	\$251,723
Program integrity activities	\$277,638
SNAP E&T program	\$23,961
General administration and overhead	\$829,503
Total Annual Ongoing Cost	\$2,254,380
CNMI share	\$1,121,118
Federal share	\$1,133,262

¹⁶ While FNS provides funding to States to administer their SNAP E&T programs, the CNMI would receive \$50,000 annually, with a potential 50-percent reimbursement of any additional administrative costs. E&T programs must also reimburse participants for certain training costs; the CNMI could also apply for Federal reimbursement of 50 percent of these costs.

¹⁷ Currently, all costs for implementation of SNAP (including benefit and administrative costs) are included in the funding for the block grant.

The CNMI’s Capacity To Pay Annual Administrative Costs and Potential Penalties or Sanctions. The CNMI’s audited statement of activities for FY 2014 showed the fiscal condition of the CNMI’s government remained weak as a result of the enduring effects of the garment industry’s collapse and a serious economic recession, as previously mentioned. Combined with changes resulting from the U.S. Congress federalizing the CNMI’s minimum wage and immigration, the CNMI has been struggling with a declining labor force, a lack of foreign investors, and a decreasing job market.

Although the CNMI economy is weak, it has expanded in recent years from an increase in tourism. A key measure of fiscal health—net assets—also indicates the CNMI has made some progress in improving its financial position. Although the addition of SNAP to the public safety net in the CNMI may help spur additional economic growth in the long run, alternative sources of funding would need to be identified for covering the administrative costs, particularly in the initial years.

K. Implementing SNAP or Alternative Models

Implementing SNAP. Study findings highlight that although implementing SNAP in the CNMI could be feasible, a substantial initial investment of Federal and CNMI staff time and resources would be needed to implement the operational changes necessary, as illustrated below. The CNMI would need to develop an extensive list of program planning documents, expand program staff, and train existing and newly hired staff on SNAP procedures. FNS would need to provide extensive training, oversight, and technical assistance during the transition period to accomplish the changes needed for a transition to SNAP (see table 9).

Table 9. Overview of Key Changes Needed

Topic Area	Overview of Key Changes
Certify participants	<ul style="list-style-type: none"> Align certification criteria with those of SNAP, including asset limits, exemptions to asset limits, income limits and exemptions to income limits, deductions to income, and work and school requirements Use databases to verify information during certification process Collect additional documentation to assess deductions Define basis for benefits and maximum/minimum benefit formula Select options and apply for waivers
Implement eligibility system	<ul style="list-style-type: none"> Automate SNAP certification, benefit issuance, and reconciliation procedures Produce standard and ad hoc reports Implement corrective actions from management evaluation findings
Issue benefits through EBT	<ul style="list-style-type: none"> Deliver benefits in electronic form through an EBT card each month Ensure daily submission of EBT data to processor
Establish SNAP E&T	<ul style="list-style-type: none"> Align exemption criteria with those of SNAP Submit a waiver for able-bodied adults without dependents Provide E&T services to participants
Administer SNAP QC procedures	<ul style="list-style-type: none"> Conduct a much smaller number of desk reviews Conduct a somewhat larger number of more comprehensive in-person household interviews to check for correct eligibility determination and benefit allotment Submit findings through SNAP QC system Receive sanctions and bonuses from FNS based on the payment error rate

Topic Area	Overview of Key Changes
Detect and handle participant fraud	<ul style="list-style-type: none"> • Establish a law enforcement agreement with the local law enforcement agency • Hire, train, and operate a new unit of fraud investigators • Establish a designated fraud hotline • Investigate participant fraud; provide a fraud hearing process • Continue to provide a fair hearings process for participants to appeal negative actions • Adjust penalties and sanctions to be consistent with those required under SNAP • Report all actions related to participant fraud detection through the Food Programs Reporting System
Implement Management Evaluation Unit reviews	<ul style="list-style-type: none"> • Conduct annual internal management reviews • Participate in annual management evaluations conducted by FNS’s Western Regional Office
Submit administrative reports	<ul style="list-style-type: none"> • Provide series of monthly, quarterly, and annual administrative reports to FNS • Use new tracking and accounting procedures

Modifying the Existing Block Grant. In lieu of SNAP, many SNAP-like elements could be implemented in the CNMI under the existing block grant structure. For example, NAP would benefit substantially from implementing new technologies. The modifications could potentially improve efficiency and program integrity and enhance the ability to meet the nutritional needs of the CNMI population, while not requiring the CNMI to pay for 50 percent of the administrative costs. Key recommendations for NAP modifications include—

- ▶ **Implementing a New Eligibility System.** CNMI NAP recently developed criteria and specifications for a new eligibility system; this system could be procured under the block grant and would not be subject to the SNAP regulations and reporting requirements. The system would not need to meet the more complex eligibility requirements of SNAP and would therefore be simpler and potentially less costly.
- ▶ **Transitioning From Coupons to EBT Benefit Issuance.** CNMI staff, retailers, and NAP participants interviewed were overwhelmingly supportive of transitioning to EBT, which would substantially reduce burden in the CNMI. In addition, EBT transaction data could potentially be used for investigative purposes to facilitate better sanctioning of retailers and participants when needed. Under the block grant, the CNMI would be able to make decisions about EBT support that might not be allowed under current SNAP regulations. For EBT implementation, the CNMI would need to ensure retailers were equipped for EBT transactions and provide EBT-only point-of-sale devices to retailers in approximately half (50 percent) of the retailer locations to accept NAP EBT transactions. Although the cost savings of participating in a SNAP consortium would not be available, the CNMI could still work with a consortium to obtain lower costs.
- ▶ **Establishing a Method To Index Benefits to Current Prices.** Prices in the CNMI are very high relative to incomes, and the NAP benefits are not in line with current food costs. To establish a basis for benefits, the CNMI would need a TFP that specifically reflects its costs. The CNMI has already voiced interest in establishing a new TFP and has begun drafting an RFP for the work. Alternatively, Guam’s basis for benefits could be used as CNMI food prices are more similar to those in Guam than those in mainland States.¹⁸ Implementation of a new method, however, would benefit participants only if the overall level of block grant funding increased.
- ▶ **Establishing Gross and Net Income Limits Similar to Those Used in SNAP.** To increase program access and serve the nutritional needs of a larger percentage of the low-income population, the Federal government could increase the overall level of block grant funding to allow the CNMI to establish higher income limits.

¹⁸ The CNMI and Guam share a similar remote geographic location, but food prices are thought to be somewhat higher in the CNMI than in neighboring Guam. Concrete data on food prices, however, are limited in the CNMI.

- ▶ **Establishing an Excess Shelter Deduction and Standard Utility Allowance.** Establishing these items would help offset the costs of housing and fuel for cooling and cooking in the CNMI. As with the changes to income limits and benefit levels, establishing these deductions would benefit participants only if the overall level of block grant funding increased.
- ▶ **Dedicating Funding for E&T Services.** CNMI government officials and program staff agreed more needs to be done to develop suitable services that help individuals with low incomes gain skills that would lead to employment and away from dependency on public benefits. Study findings showed that the infrastructure on the island is in place to expand services and serve additional participants. Congress and FNS could consider designating funding within the NAP block grant to enhance the E&T services provided to NAP participants. An E&T program providing more comprehensive E&T and support services could assist those individuals with limited skills or work experience to develop the skills needed to obtain and retain employment. Over the long term, helping participants find employment could also reduce their dependence on public assistance. The CNMI government has committed funds collected from contract workers' fees to provide training to U.S. citizens in the coming years; this could expand the availability of training services.

Chapter 1. Introduction

This report presents the results of a U.S. Department of Agriculture’s (USDA) Food and Nutrition Service (FNS) study to assess the Commonwealth of the Northern Mariana Islands’ (CNMI) ability to administer the Supplemental Nutrition Assistance Program (SNAP). Specifically, the study assesses the administrative, technical, and other changes that would be necessary to administer SNAP, the capability of the CNMI to implement the changes, and specific modifications to SNAP requirements for the CNMI that would be needed. Six key topic areas are examined in detail:

1. Extending benefits to eligible households
2. Implementing a SNAP eligibility system
3. Issuing benefits through electronic benefit transfer (EBT) cards
4. Maintaining program integrity
5. Operating an employment and training (E&T) program
6. Paying a share of administrative costs with non-Federal funds

This report was mandated under a provision of the Agricultural Act of 2014 (Pub. L. 113–79), commonly known as the 2014 Farm Bill.

FNS is the largest component of key Federal efforts to provide a food security safety net across the United States and its territories. FNS’s mission is to increase food security and reduce hunger by providing children and individuals with low incomes with access to food, a healthful diet, and nutrition education in a manner that supports American agriculture and inspires public confidence. FNS currently administers SNAP in all 50 States, the District of Columbia, and 2 of the 5 inhabited U.S. territories—Guam and the Virgin Islands.¹⁹

Since its inception through passage of the Food Stamp Act of 1964, SNAP has become one of the Nation’s most important assistance programs for low-income households. Unlike other assistance programs, SNAP serves a broad cross-section of the population who meet certain financial criteria, making it the only low-income assistance program available nationwide to nearly all financially needy households. SNAP benefits are intended to cover the difference between what a household can afford for food out of its monthly income and the estimated minimal cost of an adequate diet. The total level of nutrition assistance spending varies with SNAP participation, which is closely linked to economic conditions, eligibility rules, and benefit levels.



¹⁹ The CNMI and two other U.S. territories, Puerto Rico and American Samoa, each receive a block grant for operating a nutrition assistance program.

In lieu of SNAP, FNS oversees a block grant to the CNMI to fund its current Nutrition Assistance Program (NAP). The CNMI has been implementing NAP since 1982, following receipt of the initial Federal block grant funds (CNMI DCCA, 2015). Unlike SNAP, the block grant sets benefit levels for residents with low incomes based on the limited funding amount; the block grant itself is capped each year at an amount determined by Congress. However, the block grant allows the CNMI more flexibility in administering the program. Currently, the block grant differs from SNAP in several important respects:

1. Eligibility and benefit levels are set to ensure program costs do not exceed the authorized funding levels specified in the block grant; USDA reviews the CNMI’s annual budget and holds the CNMI responsible for monitoring the expenditure of funds and for reducing benefit levels if needed to ensure the CNMI does not exceed its grant amount.
2. Unlike the U.S. States and territories (Guam and the U.S. Virgin Islands) that operate SNAP and Puerto Rico, which receives a NAP block grant, the CNMI does not share 50 percent of the administrative costs for operating NAP; the administrative expenses are fully funded by the block grant.
3. Thirty percent of all NAP benefits must be used for the purchase of local commodities (i.e., items grown, raised, fished, or processed in the CNMI, including nonfood items aimed at increasing production of these local foods).²⁰
4. NAP benefits are issued in the form of paper coupons (see example in inset). One type of coupon is issued each month for general food purchases, and another type of coupon is issued each month for the purchase of locally produced food and nonfood items.²¹



NAP \$2 coupon

The total cost of the NAP block grant in fiscal year (FY) 2014 was approximately \$12 million. This is currently less than 0.02 percent of the total cost of SNAP for the United States (more than \$74 million in FY 2014, including the Federal share of administrative expenses). During the first 11 months of FY 2014, NAP participants in the CNMI received an average monthly benefit of \$89 per person, less than the average monthly SNAP benefit of \$125 per person in the United States and \$191 per person in Guam.²²

A. Study Goals and Purpose

The U.S. Congress passed the Agricultural Act of 2014 (Pub. L. 113–79, commonly known as the 2014 Farm Bill) in February 2014. Section 4031 of this bill requires a study to determine the feasibility of operating SNAP in the CNMI. If the study finds that operating SNAP (or a comparable program with some modifications) is feasible, the Farm Bill authorizes funding up to \$30.5 million for administrative and technical assistance to support a 3-year pilot; otherwise, pilot funds will be added to the CNMI’s annual block grant.²³ The legislation specified three goals for the study as shown in table 1.1.

²⁰ Including livestock for or to produce food for human consumption, seeds and plants that produce food, fishing equipment, and farming/garden supplies (CNMI DCCA, 2013).

²¹ Coupons are provided to NAP recipients, which are in turn accepted by authorized retailers for eligible food items. The CNMI’s NAP office is responsible for printing, storing, and issuing the coupons.

²² FY 2014 NAP data were unavailable for September 2014.

²³ If SNAP is determined to be feasible by the Secretary of Agriculture, a pilot would be funded at \$13.5 million in FY 2016, \$8.5 million in FY 2017, and \$8.5 million in FY 2018. If a pilot project is not feasible, these funds will be provided to the CNMI as part of the block grant.

Table 1.1. Study Goals

Study Goals	
1. Examine the CNMI's capacity to administer SNAP in a manner similar to the way States administer the program, including—	
<ul style="list-style-type: none">• Extending benefits to eligible households• Implementing a SNAP eligibility system• Issuing benefits through EBT cards• Maintaining the integrity of the program, including operation of a quality control system	<ul style="list-style-type: none">• Operating an E&T program• Paying a share of the administrative costs with non-Federal funds
2. Identify specific modifications to current SNAP requirements that would need to be made to best meet the nutrition assistance needs of the CNMI population (e.g., alternative models of SNAP operations and benefit delivery).	
3. Describe potential barriers to implementing SNAP or an alternative model in the CNMI.	

B. Organization of This Report

The remainder of this report presents findings on the feasibility of administering SNAP in the CNMI. Chapter 2 presents an overview of the study methods used to conduct this research. Chapters 3 and 4 describe the history of nutrition assistance in CNMI and the environment in which CNMI's NAP is implemented, including a description of the socioeconomic and demographic environment of CNMI. Chapter 5 provides an overview of the technical changes that would be necessary to administer SNAP. Chapters 6 through 10 provide an assessment of the CNMI's capability to implement these changes and specific modifications to SNAP requirements that would need to be made for the CNMI in five key areas:

1. Extending benefits to eligible households
2. Implementing a SNAP eligibility system
3. Issuing benefits through EBT
4. Maintaining program integrity
5. Operating an E&T program

Chapter 11 provides the estimated administrative costs to the government of the CNMI. Chapter 12 provides steps for moving forward, including a discussion of barriers to implementing SNAP, specific modifications to SNAP policies or procedures that would be needed for the CNMI, and modifications that could be made to NAP in lieu of implementing SNAP.

Eight appendices provide supplemental information, including detailed descriptions of the data sources and collection methods. Appendix A provides additional information about Federal programs and funding available to the CNMI. Appendices B and C provide detail on the changes needed to retailer management and nutrition education activities, respectively. Appendix D assesses the cost of implementing EBT under the current NAP. Appendix E provides a detailed description of the methods used to conduct the stakeholder analysis. Appendix F describes the microsimulation model used to estimate SNAP eligibility and participation in the CNMI. Appendix G includes detailed results for the descriptive characteristics of the CNMI and the NAP populations. Appendix H presents the structure and findings of the administrative cost model.

Chapter 2. Study Methodology

This study was designed to provide Congress, FNS, and the CNMI with necessary information to assess the feasibility of the CNMI to administer SNAP using the same laws and regulations States use. The study describes the technical, administrative, financial, and other changes that would be necessary to implement SNAP; assesses the capabilities of the CNMI to implement these changes; and presents alternatives in program operations and benefit delivery that would be needed to best meet the nutrition assistance needs of individuals in the CNMI. The feasibility of implementing SNAP is assessed in six key topic areas: extending benefits to eligible households, implementing an eligibility system, issuing benefits through EBT cards, maintaining program integrity, operating an E&T program, and paying a share of administrative costs with non-Federal funds.

Five research objectives drove this study as shown in table 2.1.

Table 2.1. Research Objectives

Objective	Purpose
Objective 1: Describe the history of the CNMI and its NAP.	Describe the CNMI’s administrative structure, its macroeconomic environment, the components of its food and nutrition program, and the current fiscal positions as they relate to funding mechanisms.
Objective 2: Examine the socioeconomic, demographic, and poverty characteristics of the CNMI population.	Compare characteristics of the CNMI population to those of the United States and other U.S. territories. Compare key characteristics of NAP participants with those in SNAP.
Objective 3: Identify the changes that would be needed to transition to SNAP in the CNMI.	Compare the requirements for operating NAP versus SNAP to identify (1) the major similarities and differences between the programs and (2) the changes needed to implement SNAP (including technical, operational, administrative, and financial requirements). ^a
Objective 4: Assess the CNMI’s capabilities to implement the changes needed to transition to SNAP.	Assess the capabilities of the CNMI to transition to SNAP, and describe potential barriers to implementing the necessary modifications in six key areas: <ul style="list-style-type: none"> • Extending benefits to eligible households • Implementing a SNAP eligibility system • Issuing benefits through EBT cards • Maintaining program integrity • Implementing an E&T program with SNAP work requirements • Paying a share of administrative costs with non-Federal funds
Objective 5: Identify modifications to the current SNAP requirements that would better enable the CNMI to operate SNAP.	Identify alternative modifications of SNAP operations and benefit delivery that would need to be made to best meet the nutrition assistance needs of the CNMI population. Describe potential barriers to implementing the alternatives.

^a Differences in requirements were assessed with regard to technical changes (e.g., eligibility rules, benefit calculation, benefit issuance and redemption, transition from coupons to EBT), operational and administrative changes (e.g., program integrity, implementing work requirements, operating E&T), and financial changes (e.g., payment of a share of administrative costs with non-Federal funds).

To address the research objectives, the study used six complementary analytic methods as described below.

- 1. Document and Literature Review.** This review included an analysis of NAP-related program documentation, SNAP operational regulations and guidance, historical documentation, congressional studies, Federal audits, and other relevant research reports published since the CNMI began receiving nutrition assistance from the United States. Together, these sources provided a comprehensive understanding of the history of the CNMI and the context of the NAP block grant.

2. **Descriptive Analysis.** Using a variety of relevant socioeconomic data sources for both the United States and the CNMI, this analysis presented a detailed view of the socioeconomic conditions in the CNMI that necessitate the need for nutrition assistance compared with the United States overall and its other territories.
3. **Systems Change Analysis.** This analysis examined how NAP was designed and how it currently operates compared with SNAP at both the Federal and State levels. The information derived from this comparison indicated what technical, operational/administrative, and financial changes would be needed if SNAP were to be implemented in the CNMI. The analysis was informed by in-person meetings with officials in both the CNMI and the United States and a complete review of existing information on SNAP and NAP, including regulations, policy and procedure manuals, program documents, and program data on participants and funding.
4. **Capabilities and Alternatives Assessment.** This assessment focused on the CNMI's capacity to implement the changes identified in six key administrative areas: (1) extending benefits to eligible households, (2) implementing SNAP eligibility system, (3) issuing benefits through EBT, (4) maintaining program integrity, (5) operating an E&T program, and (6) paying a share of the administrative costs. For each of these areas, the study team identified the barriers to implementation; changes in infrastructure needed; and key administrative cost elements, including overhead, staff, and technology costs. This analysis also identified any modifications that would be needed for the CNMI to implement SNAP, alternative models of service delivery, and barriers associated with these alternatives.
5. **Stakeholder Analysis.** A stakeholder analysis was used to assess the potential effects of these changes on various stakeholders and determine any community barriers to SNAP implementation. Semi-structured interviews were conducted with key stakeholders to collect information on the context in which NAP operates in the community and to identify challenges and barriers to SNAP implementation. Key stakeholders included authorized retailers, community-based organizations, employers, NAP participants, and low-income CNMI residents who do not participate in NAP. More detailed information on stakeholder analysis methods appears in appendix E.
6. **Administrative Cost Assessment.** The administrative cost model assessed SNAP administrative costs for implementing the necessary changes. The model provided an estimate of (1) the implementation costs to transition to SNAP and (2) ongoing operational costs once SNAP is in place. The total ongoing administrative cost to the CNMI was calculated as 50 percent of the total annual administrative costs. As part of this assessment, a microsimulation model was used to estimate the change in the number of participating households under SNAP compared with NAP in the CNMI. The number of SNAP participating households was used as an input to the administrative cost model to assess the number of caseworkers and appropriate infrastructure changes that might be needed under a transition from NAP to SNAP.

The administrative cost model relies in part on assumptions for likely participation in SNAP in the CNMI. For this analysis, eligibility and participation for the SNAP in the CNMI was estimated using a simplified version of the Federal SNAP rules applied to 2010 Decennial Census data. Limitations in the data affected the ability to simulate all aspects of the Federal SNAP rules (see appendix F). Differences between the criteria used in the model and the actual criteria used to determine SNAP eligibility under a transition to SNAP could result in different outcomes and administrative costs. In particular, Congress would need to define the gross and net income limits used for SNAP eligibility in the CNMI, as well as the value of certain income deductions. States may also apply for waivers or select options that would affect eligibility rules, such as a waiver of time limits on the participation of able-bodied adults without dependents (ABAWDs).

The specific SNAP eligibility criteria used for the CNMI could affect both the implementation and ongoing operational costs.

Table 2.2 presents a crosswalk of the methods and data sources used to address each of the five primary study objectives.

Table 2.2. Summary of Data Collection Sources and Methods

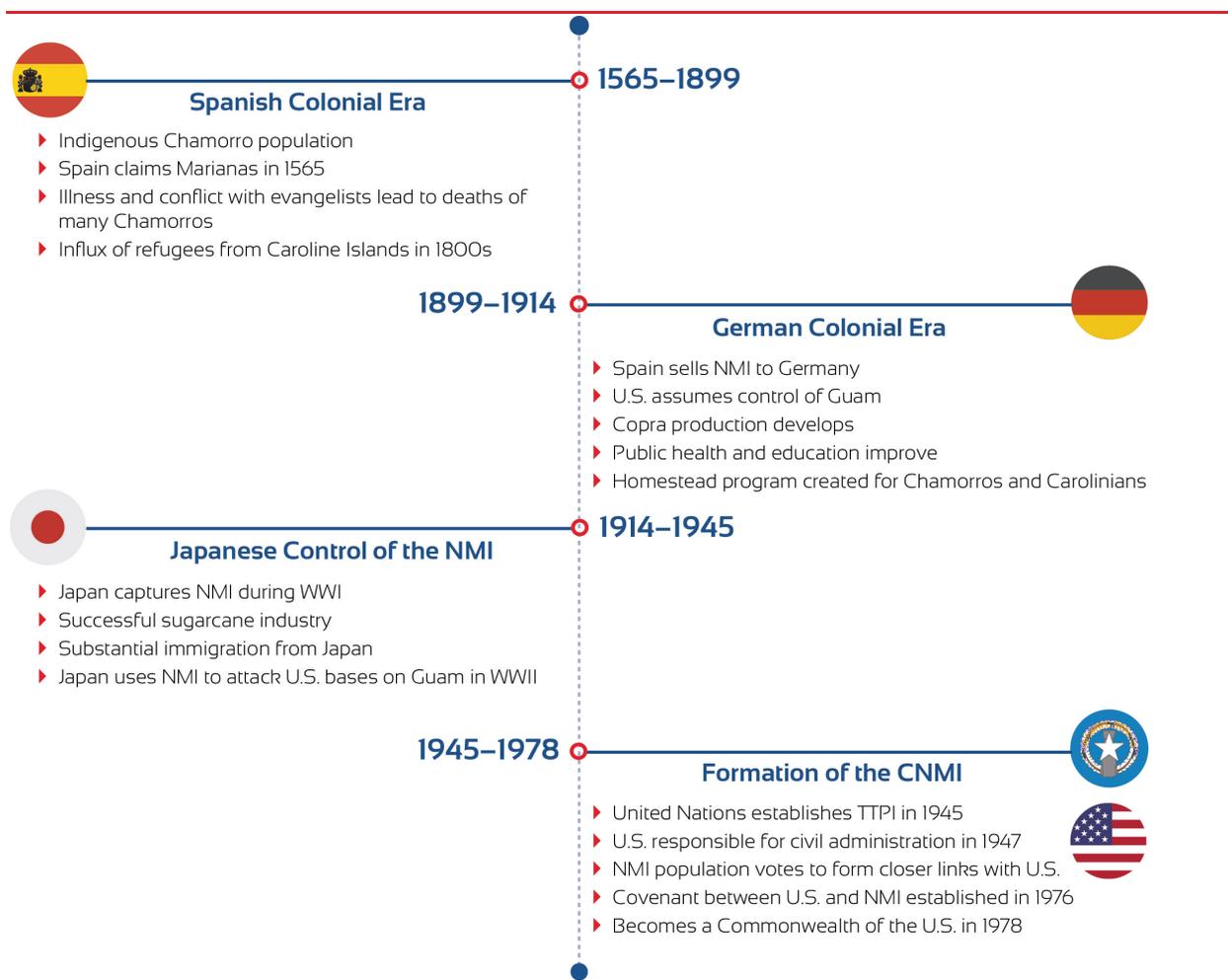
Research Objective/ Methodology	Data Sources
Objective 1: Describe the history of the CNMI and its nutrition assistance program.	
Document and literature review	<p>Analysis of data from—</p> <ul style="list-style-type: none"> • CNMI fiscal and economic studies • NAP-related program documentation, including participant characteristics reports, NAP Memorandum of Understanding (MOU), and NAP Manual of Operations • Government Accountability Office studies • SNAP operational regulations and guidance • Federal audits • Federal funds reports • Academic studies <p>Meetings with—</p> <ul style="list-style-type: none"> • CNMI NAP director and staff • FNS SNAP personnel in National Office and Regional Offices
Objective 2: Examine the socioeconomic, demographic, and poverty characteristics of the CNMI population (as compared to the United States and its territories).	
Descriptive analysis	<p>Analysis of data from—</p> <ul style="list-style-type: none"> • 2010 Census island areas • 2010 Decennial Census • 2010 and 2013 American Community Survey • 2012 Economic Census of Island Areas • 2012 Economic Census of the United States • U.S. Department of Commerce (DOC), Bureau of Economic Analysis • U.S. Department of Labor (DOL) Statistics • U.S. Consumer Price Index (CPI) 2005–2014 • Guam CPI 2000–2014 • CNMI DOL • CNMI DOC CPI, Second Quarter 2013 • 2005 CNMI Household, Income, and Expenditures Survey • May 2011 National Occupational Employment and Wage Estimates for Guam and the United States • CNMI DOC Prevailing Wage and Workforce Assessment Study • U.S. DOL Statistics (Current Population Survey) • NAP administrative data • SNAP quality control (QC) data • SNAP Program Operations data • SNAP FY 2013 Retailer Management Annual Report
Objective 3: Identify the changes that would be needed to transition to SNAP in the CNMI.	
Systems change analysis	<p>Analysis of data from—</p> <ul style="list-style-type: none"> • NAP-related program documentation, including participant characteristics reports, NAP MOU, and NAP Manual of Operations • SNAP-related program documentation, including Food and Nutrition Act regulations, State Options Report, Thrifty Food Plan Report, Disaster SNAP Guidance, State Outreach Plan Guidance, SNAP Employment and Training Toolkit, SNAP Quality Control Review Handbook, SNAP Eligibility Web site, onsite program observations <p>Meetings with—</p> <ul style="list-style-type: none"> • FNS SNAP staff (National Office, Western Regional Office, and Mid-Atlantic Regional Office) • CNMI NAP management and staff • CNMI NAP information technology (IT) contractor • Other local government agency directors and staff • Guam SNAP director and staff

Research Objective/ Methodology	Data Sources
<p>Objective 4: Assess the CNMI’s capability to implement the changes needed to transition to SNAP in six key topic areas and the potential barriers to doing so: extending eligibility to eligible households, implementing a SNAP eligibility system, issuing benefits through EBT, maintaining program integrity, operating an E&T program, and paying a share of the administrative costs.</p> <p>Objective 5: Identify modifications to the current SNAP requirements that would better enable the CNMI to operate SNAP and evaluate the benefits, drawbacks, and implementation barriers associated with each alternative.</p>	
<p>Capabilities and alternatives assessments</p>	<p>Analysis of information and data collected in objective 3 above</p> <p>Additional meetings with—</p> <ul style="list-style-type: none"> • CNMI employers • IT vendors <p>Analysis of data from—</p> <ul style="list-style-type: none"> • 2010 CNMI Census • CNMI NAP administrative data
<p>Stakeholder analysis</p>	<p>Semi-structured interviews with key stakeholders</p> <ul style="list-style-type: none"> • Community-based organizations • NAP participants • Low-income CNMI residents • Retailers • Employers
<p>Administrative cost assessment</p>	<p>Analysis of information and data collected for objective 5: Capabilities and alternatives assessment</p> <p>Analysis of additional data from—</p> <ul style="list-style-type: none"> • CNMI NAP budget documentation • Financial documentation from Western Regional Office

Chapter 3. The CNMI's History and Population

This chapter describes the CNMI's history and characteristics. Section A discusses the CNMI's history prior to the political union with the United States in 1976. Section B describes the CNMI's demographic and socioeconomic environment since its formation as a Commonwealth, including its administrative structure and recent changes to immigration and minimum wage policies. Section C provides descriptive characteristics of the CNMI's population compared to those of the United States and other territories to provide context for understanding the potential effects of implementing SNAP in the CNMI. Unless otherwise noted, characteristics reflect the population in 2010, based on 2010 CNMI Decennial Census data. Detailed information appears in appendix G. See figure 3.1 for a timeline of the CNMI's history.

Figure 3.1. Timeline of the CNMI's History



A. CNMI'S History Prior to 1976

The Mariana Islands, an archipelago of 15 islands in the Western Pacific, currently have two main administrative units: the CNMI and Guam. These islands have a rich history dating back thousands of

years.²⁴ The original people of the Mariana Islands, the Chamorros, first navigated to the islands from Southeast Asia—most likely the Philippines—around 1500 BC (Athens, Dega, & Ward, 2004; Hung et al., 2011).

1. The Spanish Colonial Era: 1565–1899

The Mariana Islands were first claimed by Spain in 1565. The Spanish colonial era was a challenging period for Chamorros. Illnesses brought by trading vessels and conflicts with the Spanish led to many Chamorro deaths. The Chamorro population declined from an estimated 40,000 in 1668 to only 1,576 by 1742 (Robbins, 2001).

During the 1800s, refugees from the Caroline Islands—also claimed by Spain—came to the Mariana Islands after typhoons and an earthquake destroyed many of their homes. As the Spanish began to develop the Mariana Islands for commercial copra²⁵ production, more Carolinians eventually relocated there.²⁶ Carolinians and Chamorros are both considered indigenous to the Mariana Islands, and their languages are official in the CNMI.²⁷

2. The German Colonial Era: 1899–1914

Following the Spanish American war, Spain sold the Northern Mariana Islands (NMI) to Germany in 1899, and the United States assumed control of Guam (Northern Marianas Judiciary Historical Society, 2011).²⁸ While Germany never had a significant presence in the NMI, it focused on developing copra production, improving public health and education, and creating a homestead program to attract Chamorros and Carolinians back to the NMI (Spoehr, 1954). German control of the islands was short-lived; Japan captured the islands during World War I, after launching an invasion in 1914.²⁹

3. Japanese Control of the NMI: 1914–1945

The Japanese pursued the development of a sugarcane industry that brought thousands of Japanese nationals to the NMI (Denman & Dewey, 1989; Rottman, 2002; Spoehr, 1954). Sugarcane proved to be a highly successful industry in the NMI; approximately 70 percent of Saipan was planted with sugarcane and nearly all of Tinian was devoted to agriculture (Peattie, 1988; Rottman, 2002). The Japanese also pursued commercial fishing and copra operations (Russell, 1998).

The success of the sugarcane industry in the NMI was also responsible for major demographic shifts in the islands. The 1,758 Japanese in the NMI were a minority in 1920 but far outnumbered the indigenous population by 1937, when 42,547 Japanese resided on the islands (Spoehr, 1954).

During World War II, Japanese forces used the islands to launch an attack on Guam immediately following the attack on Pearl Harbor. The United States recaptured Guam and then the NMI in 1944

²⁴ Of the 14 islands, only 3 are permanently inhabited (Saipan, Tinian, and Rota). The Northern Islands currently have very few residents.

²⁵ Copra is the dried meat of the coconut used to produce coconut oil.

²⁶ Filipinos also relocated to the NMI during this period. Chamorros had married Spanish, Filipino, and other foreigners who were part of the first Spanish colony on Guam (Underwood, 1973).

²⁷ Only English and Chamorro are official languages in Guam.

²⁸ Spain sold the islands under the German-Spanish Treaty of 1899. Germany then administered the islands as part of the colony of German New Guinea. At this same time, the island of Guam was ceded to the United States.

²⁹ In 1919, the League of Nations awarded the islands to Japan. Japan administered the islands as part of the South Pacific Mandate.

near the end of World War II.³⁰ However, U.S. naval bombardment, air strikes, and napalm defoliated much of the land, leaving it “virtually barren by the end of the war” (Denman & Dewey, 1989, p. 332).

4. Formation of the CNMI: 1945–1976

Following Japan’s official surrender in 1945, the United Nations established the Trust Territory of the Pacific Islands (TTPI), which included the NMI and other Micronesian islands formerly held by Japan (U.S. DOI [Department of the Interior], 1997). The United States became responsible for the civil administration of the TTPI in 1947 and was also tasked with promoting the TTPI’s progress toward self-governance or independence, economic advancement and self-sufficiency, and the social and educational advancement of TTPI inhabitants (Fairlamb, 2002). Guam became a U.S. territory in 1950.

In the early 1970s, the NMI population voted to form closer links with the United States by becoming a Commonwealth with limited representation in the U.S. House of Representatives.³¹ In 1975, Congress approved the political union between the United States and the NMI and in 1976 passed the Covenant to Establish a Commonwealth of the Northern Mariana Islands in Political Union with the United States (Pub. L. 94–241).³²

The transition to Commonwealth status was completed in 1978, the same year a new constitution came into effect (U.S. DOL, 2008). The CNMI elects one nonvoting representative to the U.S. House of Representatives. Although most Federal laws apply to the CNMI, the Covenant established the CNMI’s right to self-governance over internal affairs such as immigration and minimum wage laws.³³

B. The CNMI in Recent Years: 1976–Present

1. Economic Growth and Decline

During the 20-year period following the transition to a U.S. Commonwealth, economic growth in the CNMI increased rapidly, based largely on the tourism and garment industries, which accounted for approximately 85 percent of the total economic activity and 96 percent of exports in 1999 (U.S. GAO [Government Accountability Office], 2012, 2014). These industries also accounted for approximately 80 percent of all employment in the CNMI in 1995 (U.S. GAO, 2008).³⁴

Correspondingly, the population more than tripled from 1980 to 2000, growing from 16,780 to 69,221, mostly stemming from the influx of foreign workers (U.S. Census Bureau, n.d.; CNMI DOC, CSD [Central

³⁰ The island of Tinian was once the busiest airfield in the world and was used as a departure point for strikes against Japan during World War II. Both the Enola Gay and Bockscar flew from Tinian to drop the atomic bombs on Hiroshima and Nagasaki, respectively.

³¹ The only other U.S. territory granted commonwealth status is Puerto Rico.

³² The TTPI was terminated by the UN Security Council Resolution 663 passed in 1990.

³³ At the time the covenant was drafted, exceptions to Federal law included the following: (1) the CNMI is not within the customs territory of the United States; (2) Federal minimum wage provisions do not apply; (3) Federal immigration laws do not apply; (4) the CNMI can establish its own tax laws; (5) the Jones Act, requiring goods shipped between U.S. ports to be carried on U.S.-registered ships, does not apply to the CNMI (U.S. DOI, 1997). Certain provisions such as immigration and minimum wage laws can be—and were—modified by the Federal government without consent of the CNMI government (U.S. GAO, 2014).

³⁴ Analyses of the CNMI economy are limited. As noted by U.S. DOL (2008), “In the absence of complete and accurate macroeconomic data [on the CNMI], there is no objective method to gauge the level of aggregate economic activity, the level of employment it supports, or other important measures ... that explain the well-being of the population and the average citizen. The information vacuum continues to be an obstacle to an objective and comprehensive assessment of the economy and its productive capacity” (p. 35).

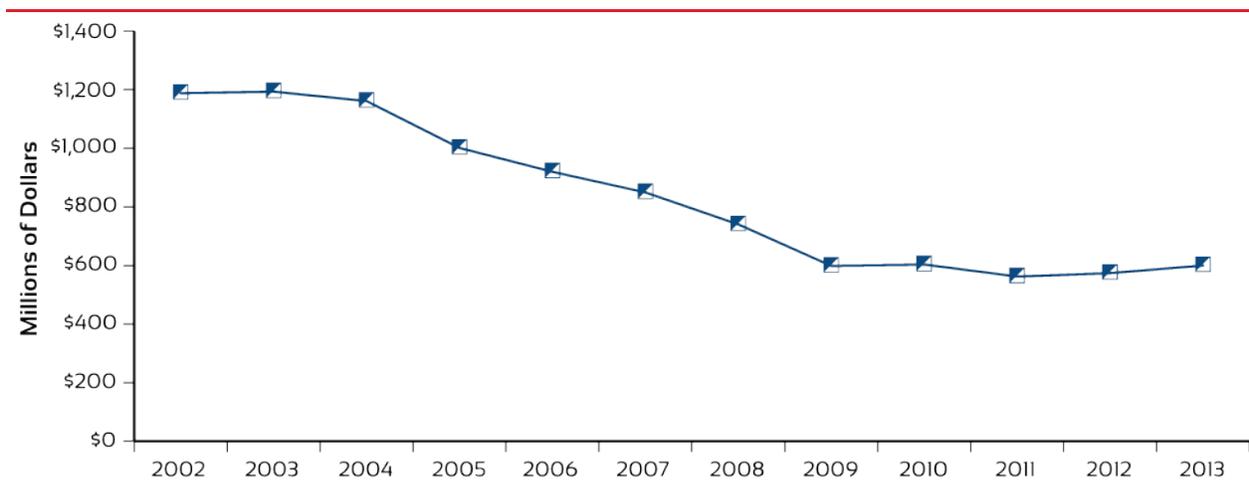
Statistics Division], 2000). The CNMI leveraged the control it had over its immigration policy to authorize foreign workers under temporary renewable work permits, and by 2000, 57 percent of the CNMI’s population were neither U.S. citizens nor nationals (U.S. Census Bureau, n.d.).

The rapid growth of the CNMI economy did not last. During the 2000s, the garment industry in the CNMI collapsed. Following a United States–World Trade Organization agreement in 2005 to phase out the Multi Fibre Arrangement,³⁵ quotas on textile and apparel imports were eliminated and U.S. import tariffs on clothing were reduced. Consequently, all of Saipan’s 34 garment factories faced increased competition and eventually closed because of the inability to compete with low-cost labor in other countries.³⁶

Over a period of 12 years, the value of CNMI textile exports dropped from a peak of \$1.1 billion in 1998 to nearly zero in 2010 (U.S. GAO, 2014). During this same period, tourism decreased dramatically, by almost 50 percent between 1996 and 2007, as a result of the Asian financial crisis and the cancellation of airline services to the CNMI (U.S. GAO, 2008; CNMI DOC, Commonwealth Economic Development Strategic Planning Commission, 2009).³⁷ While visitor traffic has increased in recent years, it has not returned to its former levels (U.S. DOL, 2008, p. 35).

Within several years of the 2005 Agreement and the elimination of the quotas, the CNMI lost one-third of its economy, and the gross domestic product (GDP) decreased by nearly half between 2002 and 2009, when the last garment factory shut down (see figure 3.2).³⁸

Figure 3.2. CNMI Real Gross Domestic Product: 2002 to 2013



Source: U.S. DOC, ESA, BEA (Department of Commerce, Economics and Statistics Administration, Bureau of Economic Analysis), 2012 (GDP data for 2002–2007); U.S. DOC, 2014a (GDP data for 2008–2013)

Note: The U.S. DOC BEA does not have CNMI GDP data prior to 2002.

³⁵ The Multi Fibre Arrangement governed the world trade in textiles and garments from 1974 through 2004, imposing quotas on the amount developing countries could export to developed countries. In 1995, the World Trade Organization’s Agreement on Textiles and Clothing required the arrangement to be phased out over a period of 10 years; it expired 1 January 2005.

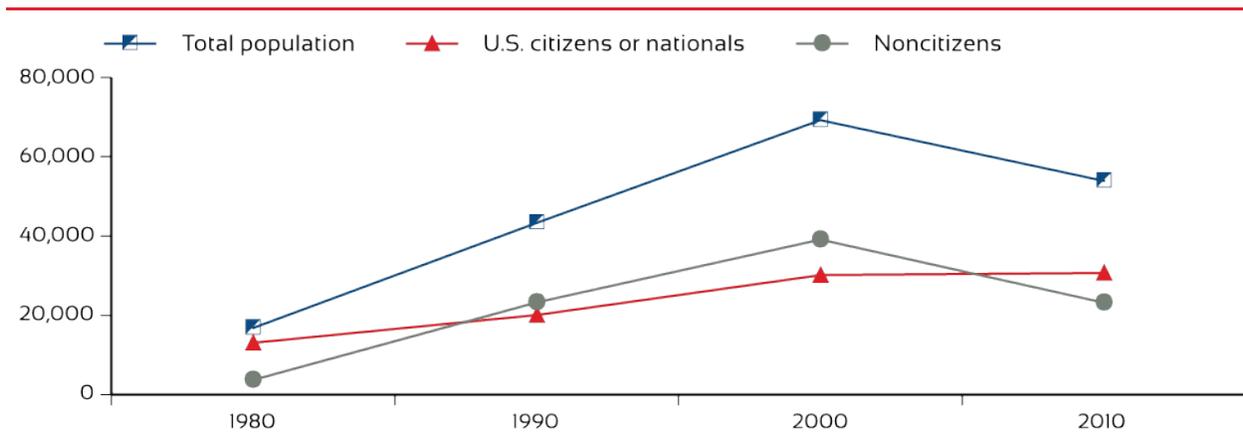
³⁶ The CNMI had enjoyed a comparative advantage as a “free trade area” inside the United States, while not being subject to the same labor laws.

³⁷ The cancellation of direct flights from Japan and Korea caused a significant decline in the number of tourists (Japanese and Korean tourists accounted for nearly two-thirds of the visitors) from which the industry has not fully recovered (U.S. GAO, 2008; CNMI DOC, Commonwealth Economic Development Strategic Planning Commission, 2009).

³⁸ During this time, local government revenues also declined sharply, from \$240 million in FY 2005 to an estimated \$132 million in FY 2011 (U.S. GAO, 2012).

As jobs began to disappear in the CNMI, the population also began to decrease (figure 3.3). By the most recent Decennial Census in 2010, the population had fallen to 53,883 (a 22.2-percent decrease from 2000). This decline stemmed primarily from the loss of noncitizens; the proportion of noncitizens fell from 57 percent to 43 percent of the total population (U.S. Census Bureau, n.d.; U.S. Census Bureau, 2010).

Figure 3.3. CNMI Population: 1980 to 2010



Sources: U.S. Census Bureau, 1988, 1992, 2003, 2010

The majority of the noncitizens were foreign workers; the number of foreign workers in the CNMI dropped by more than 60 percent between 2002 and 2010 (U.S. GAO, 2012). However, 2010 CNMI tax data indicated foreign workers (14,958) still outnumbered U.S. workers (11,336) in all CNMI industries except government, banking, and finance (U.S. GAO, 2012).

2. Recent Changes in Immigration Policies

In 1986, most individuals domiciled in the NMI who were citizens of the TTPI were granted U.S. citizenship (U.S. DOI, 2010).³⁹ The CNMI’s immigration policies became a matter of concern for Congress and the Reagan, Bush, and Clinton administrations when allegations surfaced that foreign workers, particularly those in the garment industry, were being exploited (U.S. DOI, 2010). However, it was not until 2008 that the United States imposed Federal immigration requirements in the CNMI with the passage of the Consolidated Natural Resources Act (Pub. L. 110–229). To ease the transition and mitigate the potential negative effect on the economy, the act established a transitional work permit program for foreign workers in the CNMI, which is still in effect in 2015.

This program allows CNMI businesses to employ foreign nationals who are otherwise ineligible for any other employment-based nonimmigrant visa. The strategy assisted employers in the CNMI who found it challenging to find U.S. workers to replace foreign workers because of limited numbers of qualified

³⁹ These groups included (1) individuals born in the NMI who were citizens of the TTPI and were domiciled within the NMI or other U.S. territory on the day the NMI became a Commonwealth; (2) citizens of the TTPI who were domiciled in the NMI for at least 5 years prior to its becoming a commonwealth and who were registered to vote in NMI elections; and (3) individuals domiciled in the NMI who were not citizens of the TTPI but were living continuously in the NMI prior to January 1, 1974 (The Covenant to Establish a Commonwealth of the Northern Mariana Islands in Political Union with the United States of America, 48 U.S.C. § 1801).

nationals and the better employment prospects they have outside of the CNMI (U.S. GAO, 2012).⁴⁰ As of this writing, foreign workers still represent a large proportion of the workforce; DOL calculations indicate that if all U.S. workers in the CNMI were employed, foreign workers would still be needed to fill more than 11,000 jobs (U.S. GPO, 2014).

3. Recent Changes in the Minimum Wage Law

The CNMI came under Federal minimum wage regulations in 2007 when the Fair Minimum Wage Act of 2007 (Pub. L. 110–28) required the CNMI to raise the minimum wage gradually until it was equal to that of the United States. As a result, the minimum wage—\$3.05 in June 2007—was scheduled to increase annually by \$0.50 per hour until it equaled the U.S. minimum wage of \$7.25 per hour by 2015. Amendments to this bill (H.R. 3940 and S. 256) allowed the CNMI to delay increases to its minimum wage so that it was not required to equal the U.S. minimum until 2018. The most recent increase occurred on September 30, 2014, raising the minimum wage to \$6.05 (U.S. GAO, 2014).

4. Current Fiscal Position

The CNMI economy never fully recovered from the collapse of the garment industry and remains in a tenuous position today because of its heavy reliance on tourism, which is seasonal and depends on stable air service.⁴¹ Despite these barriers, tourism has increased recently in the CNMI and is expected to grow even further with the construction of a new integrated resort and casino on Saipan (CNMI OPA [Office of the Public Auditor], 2015). Modest gains in revenue and tax collections in recent years also suggest the CNMI economy may be slowly improving (CNMI OPA, 2006–2015).

5. Food Prices

The CNMI has little agriculture. As a result, a large proportion of food is imported and the prices of food in the CNMI are high. In recent years the annual inflation rate in the CNMI has also increased, putting more individuals at greater risk of food insecurity (CNMI DOC, 2013). From 2004 to 2013, the average annual inflation rate of food in Saipan was 4.0 percent, compared to an average of 2.8 percent in the United States. Inflation rates are generally higher on both Tinian and Rota. In the CNMI’s FY 2014 MOU, the CNMI reported that food prices on the islands had increased rapidly as the costs of commodity shipments had increased along with gas prices. Today, many families experience difficulty coping with these prices, compounded with the lack of jobs, rise in the cost of living, and lack of economic recovery (CNMI DCCA, 2013).

C. Characteristics of the CNMI Population

To provide context for the feasibility of implementing SNAP in CNMI, this section provides a descriptive overview of the CNMI population, compared to the U.S. population and other U.S. territories. The most recent data available are used to describe the economic, demographic, and household characteristics of the CNMI population; citizenship and languages spoken; and housing, transportation, and telecommunications services. Detailed tables appear in appendix G.

⁴⁰ The number of permits must be reduced every year over a 5-year period until they reach zero; however, the U.S. Secretary of Labor may extend the transition period for up to 5 years at a time and did so in 2014 when the permits were last scheduled to be phased out. Permit fees are paid by employers (\$150 per worker per year), and funds are allocated for the vocational education of local citizens.

⁴¹ Tourism can vary based on weather, regional economic conditions in source countries, political instability, competition, and stability of transportation.

1. Economic Characteristics of the CNMI Population

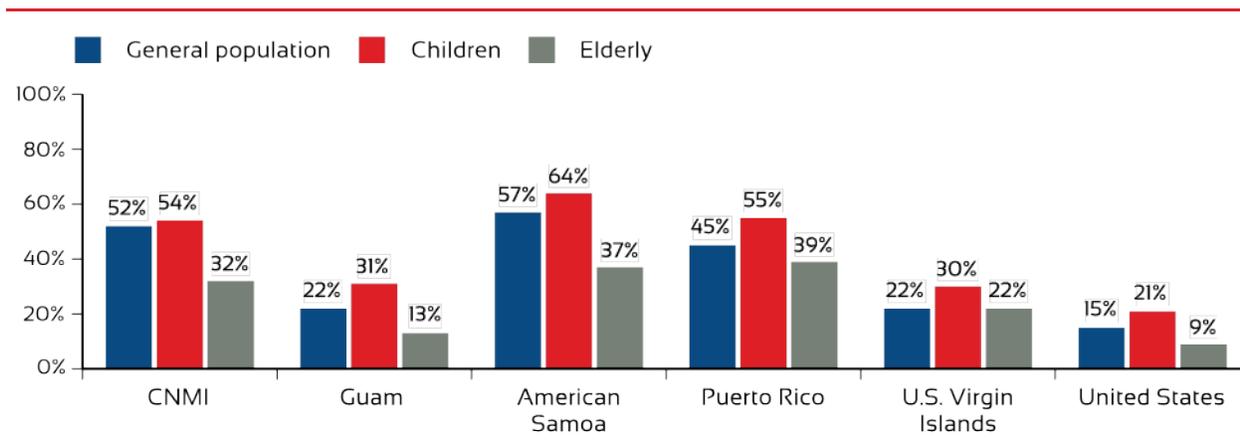
CNMI's population is very poor by U.S. standards. Compared with the United States, CNMI has a greater percentage of individuals living in poverty, a lower median income, and a higher unemployment rate. In comparison with other territories, CNMI's population is worse off based on these economic measures than the population of Guam and the U.S. Virgin Islands, and generally similar, based on these measures, to the population of American Samoa and Puerto Rico.

a. Poverty

More than 51 percent of the CNMI's population lives below the Federal poverty level—more than three times the U.S. national average poverty rate (15 percent) and more than twice the rate in Guam (22 percent) and the U.S. Virgin Islands (22 percent; figure 3.4). Only American Samoa has a higher poverty rate among the territories (57 percent; figure 3.4).⁴²

The prevalence of poverty among children and elderly individuals is also much higher in the CNMI than in the United States, Guam, and the U.S. Virgin Islands. For children, the poverty rate in the CNMI is 54 percent compared to 21 percent in the United States (figure 3.4). The poverty rate for elderly individuals in the CNMI, while lower than the overall rate, is more than three times the rate for elderly individuals in the United States (32 percent and 9 percent, respectively).

Figure 3.4. Poverty Rate in the CNMI, United States, and Other U.S. Territories, 2009



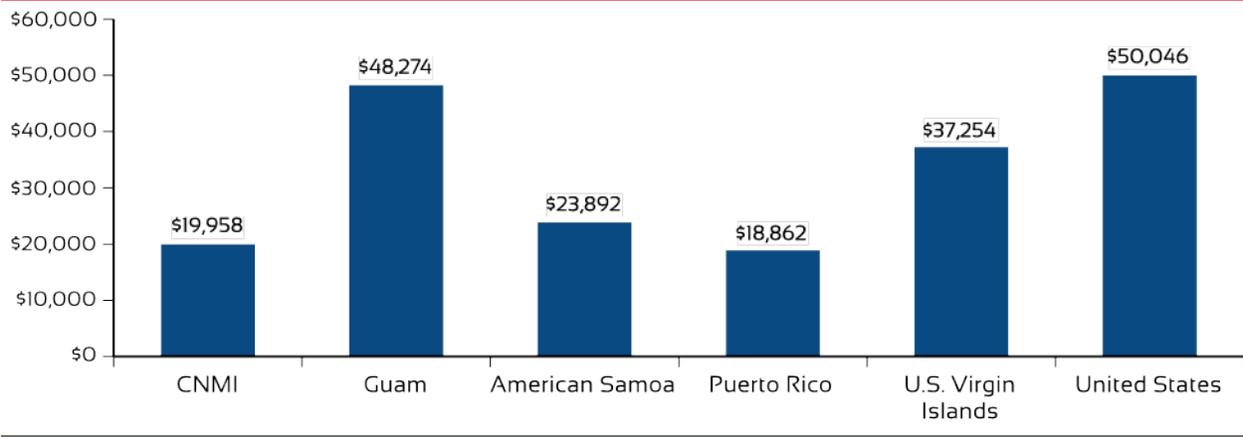
Source: U.S. Census Bureau, 2010

b. Household Income

The CNMI's median annual household income (\$19,958) is less than half that of the CNMI's closest geographic neighbor Guam (\$48,274) and less than half that of the United States (\$50,046; see figure 3.5).

⁴² The U.S. Census Bureau calculates poverty using income thresholds that vary by family size and composition. A household is considered to be in poverty if the family's total income—pretax earnings that exclude capital gains and noncash benefits—is less than the threshold for a family of that size and composition. Thresholds are updated annually based on increases in the CPI.

Figure 3.5. Median Household Income in the CNMI, the United States, and Other U.S. Territories, 2010

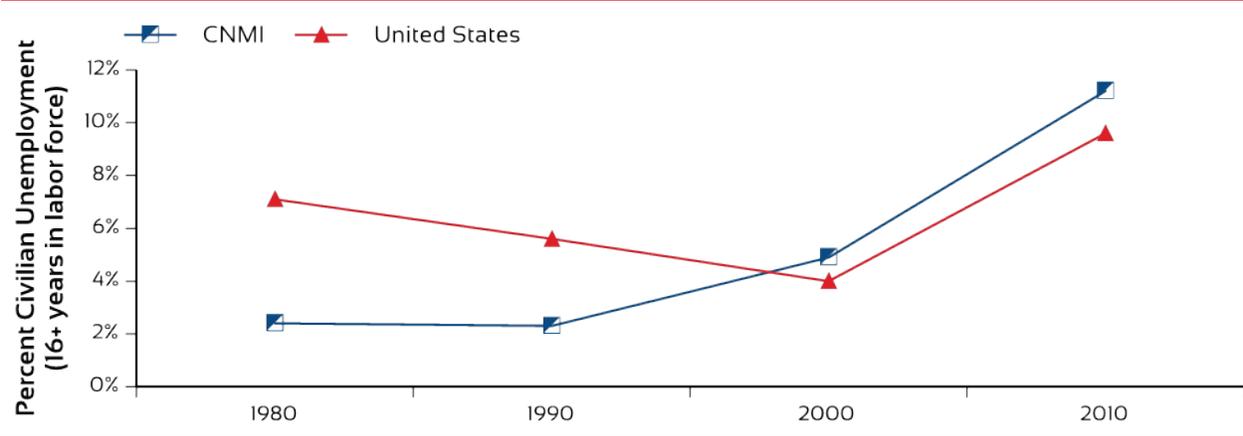


Source: U.S. Census Bureau, 2010

c. Unemployment

Between 1980 and 2000, when the garment and tourism industries were thriving, the unemployment rate in the CNMI was estimated to be below 4 percent, lower than the rate in the United States at that time (figure 3.6).⁴³ By 2010, however, the CNMI’s unemployment rate had risen sharply to 11 percent, exceeding the rate in the United States (10 percent), neighboring Guam (8 percent), and all other U.S. territories except Puerto Rico (figures 3.6 and 3.7).⁴⁴ The U. S. DOL estimates the unemployment rate is even higher among U.S. citizens in the CNMI, placing it at about 24 percent (U.S. GPO, 2014).

Figure 3.6. Civilian Unemployment Rate in the CNMI and the United States, 1980 to 2010

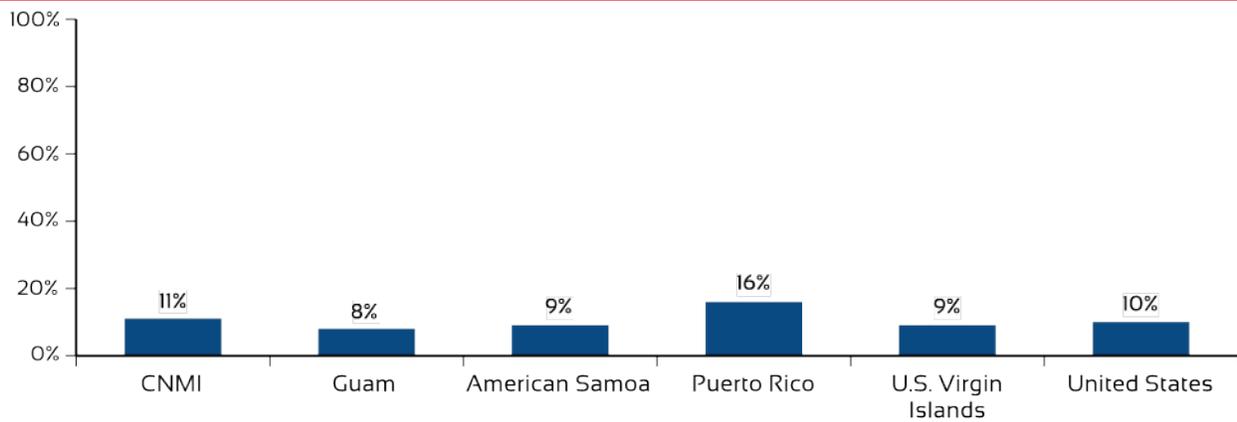


Sources: U.S. Census Bureau, 1988, 1992, 2003, 2010 (CNMI data); U.S. DOL, BLS (Bureau of Labor Statistics), n.d. (U.S. data)

⁴³ The CNMI does not compile data on its labor force or participate in the national unemployment insurance program and its reporting requirements. Estimates of unemployment are typically based on either Decennial Census or CNMI tax data.

⁴⁴ The unemployment rate for the CNMI and other island territories is based on 2010 U.S. Census data, while the unemployment rate for the United States reflects the official unemployment rate based on U.S. DOL Current Population Survey data.

Figure 3.7. Unemployment Rate in the CNMI, the United States, and Other U.S. Territories, 2010

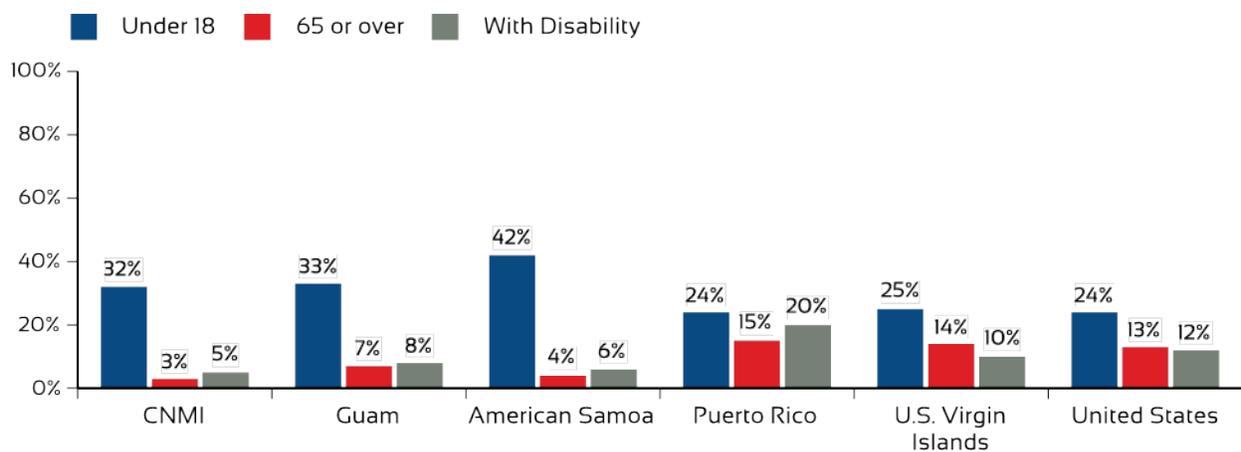


Sources: U.S. Census Bureau, 2010; U.S. DOL, BLS, 2012a; Puerto Rico and U.S. data

2. Demographic and Household Characteristics

The CNMI population has a higher percentage of children and a much lower percentage of elderly individuals than the United States (figure 3.8). Almost a third (32 percent) of the CNMI population is under age 18 compared with only a quarter of the U.S. population (24 percent). Conversely, only 3 percent of the CNMI population is aged 65 and older compared with 13 percent of the U.S. population. The CNMI population has the smallest percentage of individuals who are elderly of any of the U.S. territories. The CNMI population has a smaller percentage of individuals who have disabilities (5 percent) than the United States (12 percent) and all its other territories (which range from 7 to 20 percent).

Figure 3.8. Children, Individuals Who Are Elderly, and Individuals With Disabilities as a Percentage of the Population, 2010



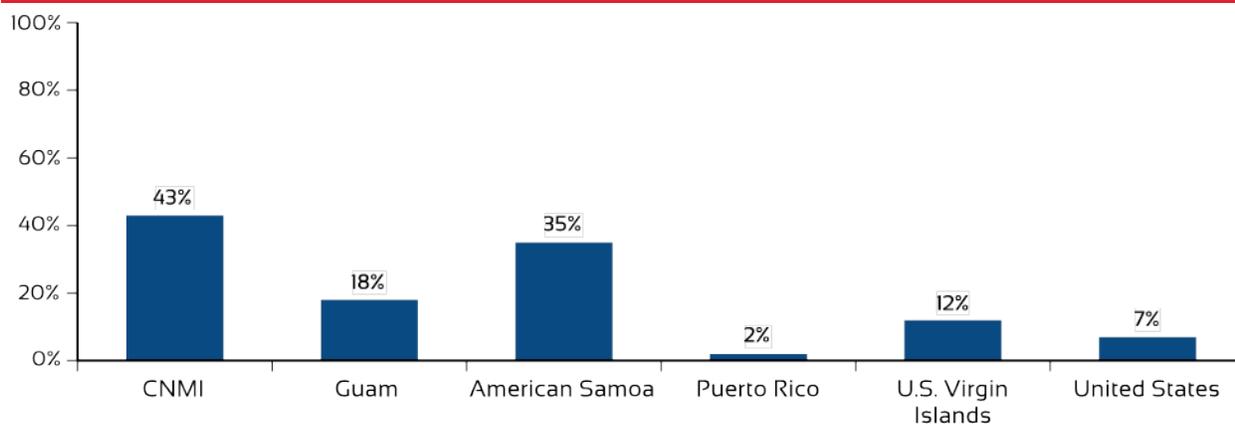
Source: U.S. Census Bureau, 2010

The mean household size in the CNMI is 3.3 persons, which is somewhat smaller than in Guam (3.7) but larger than in the United States, Puerto Rico, and the U.S. Virgin Islands (2.6, 2.7, and 2.4, respectively).⁴⁵ Similarly, nearly a quarter (23 percent) of CNMI households include five or more individuals, a percentage somewhat lower than in Guam (29 percent) but higher than in the United States, Puerto Rico, and the U.S. Virgin Islands (which range from 10 to 11 percent).⁴⁶

3. Citizenship and Languages Spoken

As described above, a much larger percentage of CNMI residents are noncitizens (43 percent) than in the United States (7 percent) and all other territories. The percentage of residents who are noncitizens in the other territories ranges from a low of 2 percent in Puerto Rico to a high of 35 percent in American Samoa. Only 18 percent of the residents of Guam are noncitizens (figure 3.9).

Figure 3.9. Noncitizens as a Percentage of the Population, 2010



Source: U.S. Census Bureau, 2010

Similarly, the percentage of foreign-born residents in the CNMI is greater than in the United States or any of its territories. Nearly 45 percent of the CNMI population is foreign born,⁴⁷ the vast majority of whom (96 percent) are not naturalized U.S. citizens. Among the foreign-born population, 90 percent were born in Asia, including 60 percent from the Philippines.

Overall, half of the CNMI population is Asian (50 percent), a larger proportion than in the United States and other territories; more than one-third (35 percent) are Native Hawaiian or Other Pacific Islander.⁴⁸

The official languages of the CNMI are Chamorro, Carolinian, and English. Seventeen percent of residents speak only English at home.⁴⁹ While the remaining residents speak a variety of Asian and Pacific Island languages at home (24 percent Chamorro, 5 percent Carolinian, 33 percent Filipino, and 7 percent Chinese), fewer than 2 percent report they do not speak English at all.

⁴⁵ CNMI households are smaller than in American Samoa (5.6 persons).

⁴⁶ CNMI has a lower proportion of residents living in households with five or more individuals than American Samoa. Fifty-nine percent of American Samoa residents live in households with five or more individuals.

⁴⁷ Guam, American Samoa, and the U.S. Virgin Islands each have 31 percent, 35 percent, and 33 percent foreign-born residents, respectively.

⁴⁸ This ethnic composition is most similar to that of neighboring Guam, where approximately one-third (32 percent) are Asian and one-half (49 percent) are Native Hawaiian or Other Pacific Islander.

⁴⁹ This proportion is higher than in two other territories, American Samoa and Puerto Rico, where only 4 percent of the population speaks primarily English.

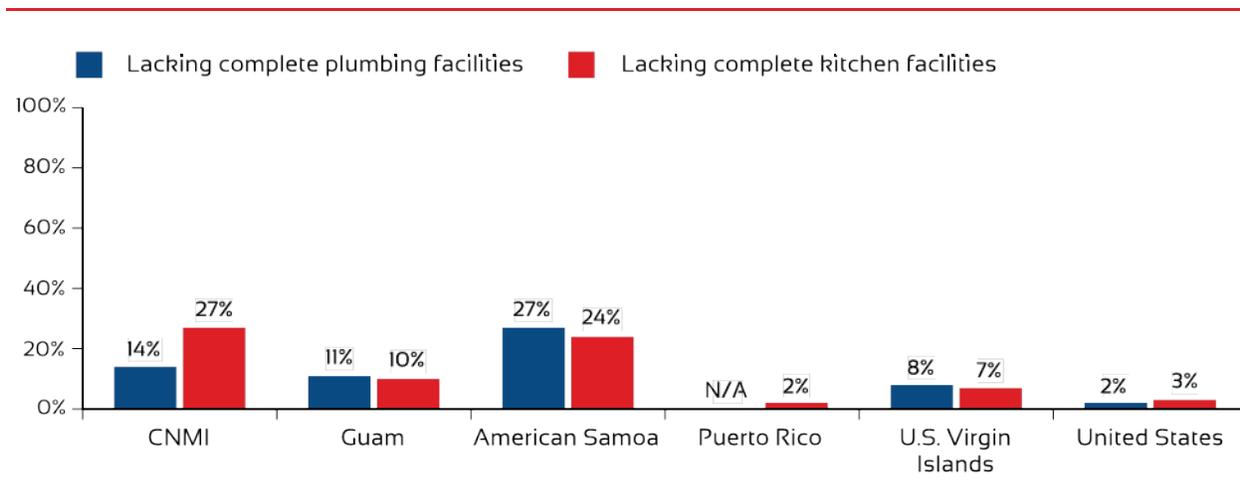
4. Housing, Transportation, and Telecommunication Services

a. Housing

Renters occupy nearly three-quarters (72 percent) of all occupied housing in the CNMI, a level substantially higher than in the United States or any other U.S. territory. In comparison, slightly more than one-third of U.S. housing units (35 percent) are renter occupied, as are half (50 percent) in neighboring Guam.⁵⁰ The high number of renters in the CNMI is, in part, the result of the CNMI's Covenant, which restricts land ownership to those who possess "at least one-quarter Northern Marianas Chamorro or Northern Marianas Carolinian blood or a combination thereof."⁵¹

The median rent paid for a housing unit in the CNMI is \$324, which is lower than in the United States and its other territories. The median rent in the United States, for example, is \$855 and in neighboring Guam is \$879.⁵² However, 14 percent of the housing units (both vacant and occupied) in the CNMI lack complete plumbing facilities, and 27 percent lack complete kitchen facilities, levels higher than in the United States (2 percent and 3 percent, respectively; see figure 3.10) and all other territories except American Samoa.⁵³

Figure 3.10. Percentage of Housing Units Lacking Plumbing and Kitchen Facilities, 2010



Source: U.S. Census Bureau, 2010

b. Transportation

Nearly a quarter (23 percent) of CNMI households do not have a car, a much larger proportion than in the United States and Guam (9 percent and 7 percent, respectively).⁵⁴ The CNMI does not currently have public transportation options for residents, such as a bus system. Taxi service is limited to the airport, hotels, and one high-end shopping mall. As a result, stakeholder interviews for this study indicated that

⁵⁰ The U.S. Virgin Islands has 52 percent renter-occupied housing, while American Samoa and Puerto Rico have the smallest percentages—27 percent and 28 percent, respectively—of renter-occupied housing.

⁵¹ This legislation can be viewed at <http://cnmilaw.org/articlexii.html>

⁵² Median rent paid was \$463 in American Samoa, \$429 in Puerto Rico, and \$767 in the U.S. Virgin Islands.

⁵³ American Samoa is the only location with similar or higher proportions of housing units without plumbing or kitchens (27 and 24 percent, respectively).

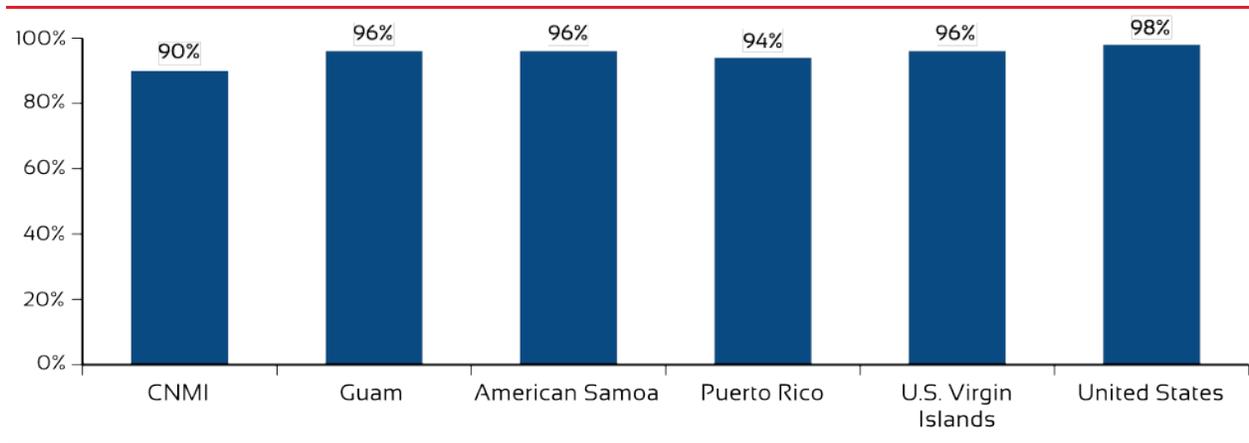
⁵⁴ This proportion is similar to that of the U.S. Virgin Islands and Puerto Rico but less than that of American Samoa. Thirty-nine percent of American Samoa households do not own a car compared to 21 percent in the U.S. Virgin Islands and 19 percent in Puerto Rico.

residents without a motor vehicle typically rely on family or friends or unlicensed taxi drivers to take them to destinations not within walking distance.

c. Telephone and Internet Services

Approximately 10 percent of occupied housing units in the CNMI lack telephone service, a higher percentage than in the United States (2 percent) and all its other territories (which range from 4 percent in Guam to 6 percent in Puerto Rico; figure 3.11). A 2012 survey of CNMI residents conducted by the CNMI government indicated nearly 74 percent of CNMI residents use the Internet, a similar percentage as in the United States (78 percent). However, the same survey estimated that 20–30 percent of users connected through a business’s or neighbor’s unencrypted wireless network.⁵⁵ Wi-Fi networks are also available through publicly accessible places, such as libraries, restaurants, coffee shops, and some gas stations (One Global Economy, 2013).

Figure 3.11. Percentage of Occupied Housing Units With Telephone Service, 2010



Source: U.S. Census Bureau, 2010

⁵⁵ Residents have the option of connecting through a dial-up modem or an interisland microwave radio system. An undersea fiber-optic cable linking the CNMI and Guam provides service to most of the CNMI; however, many households cannot afford service (One Global Economy, 2013).

Chapter 4. Nutrition Assistance in the CNMI

This chapter provides a brief background on the evolution of food and nutrition assistance in the CNMI and the design of the current NAP, a description of the block grant funding, and details on eligibility criteria and benefit levels (sections A through C). This chapter also describes changes in NAP participation and compares characteristics of the NAP participants and retailers to those of SNAP (sections D through F). Section G provides a brief overview of the amount of Federal assistance payments to the CNMI for other programs serving the low-income population.

A. Nutrition Assistance Program Design and Implementation

Following World War II, agricultural production never fully recovered, and reliance on imported food increased. USDA established the first nutrition assistance program, the Food Distribution Program, in the NMI in 1962, prior to formation as a commonwealth.⁵⁶ The program provided bulk food supplements to residents but faced criticism for “creating disincentives to agriculture, increasing dependency on the U.S., ignoring local food preferences, and creating nutritionally adverse dietary habits” (Denman & Dewey, 1989, p. 332). There were notable increases in imported food during the program’s operation; for instance, from 1972 to 1976, imports increased by 834 percent for sugar, 508 percent for nonalcoholic beverages, 495 percent for rice, 368 percent for flour, and 355 percent for canned fish (Denman & Dewey, 1989).

U.S. legislation passed in 1978 following implementation of the commonwealth (Pub. L. 95–348) gave the U.S. Secretary of Agriculture the flexibility to design a nutrition assistance program tailored to the unique circumstances of the CNMI through the use of a block grant.

Following the receipt of Federal funding in 1982, USDA and the CNMI designed and implemented the current Nutrition Assistance Program, referred to as NAP. NAP is administered by the CNMI’s DCCA, and the NAP administrator monitors all activities to ensure conformance to FNS guidelines. FNS’s Western Regional Office conducts periodic management reviews and negotiates the operating plan and budget with the CNMI. The results form an annual MOU.

In addition to providing benefits for needy individuals, NAP is designed to stimulate economic development and food production. Coupons are distributed in lieu of commodities, allowing recipients to make their own food choices. A portion of the coupons are allocated for local food purchases to help



2014 NAP Poster Encouraging Purchase of Local Products

⁵⁶ The program was initially funded at \$2.9 million.

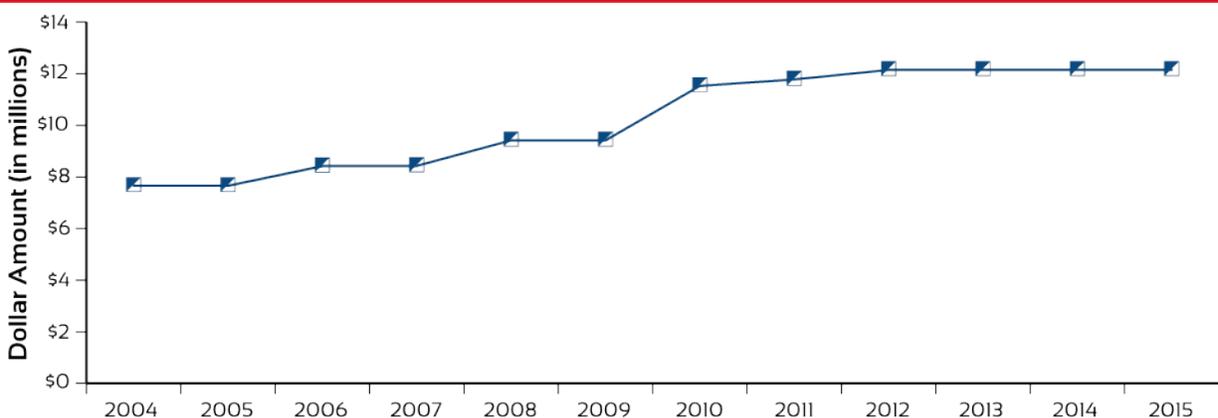
support local agriculture. Currently, 30 percent of coupons must be used to purchase locally produced foods or nonfood items that increase the production of local food (e.g., farming, fishing equipment).⁵⁷

To ensure that participants are able to purchase local foods, NAP also requires authorized retailers to provide local foods. At least 10 percent of the food stock and sales must be in local foods. This includes “fruits and vegetables grown locally; fish caught locally; beef and dairy products, poultry and eggs, pork, and other meats obtained from animals raised locally; and bread and bakery products processed locally in the CNMI” (CNMI DCCA, 2015).

B. NAP Block Grant Funding

The NAP block grant for all the CNMI is currently funded at \$12.1 million for FY 2015 (see figure 4.1). The funding amount has remained relatively flat for the past 5 years, increasing by 5.4 percent since 2010. Approximately 85 percent of the budget is allocated for participant benefits, and the remainder has been used for operating costs in five NAP administrative units: the Management Evaluation Unit (MEU), the Retail and Redemption Unit, the Certification Unit (CU), the Benefit Issuance and Claims Accountability Unit, and general administration. Unspent funds can be carried over to the next fiscal year but must be allocated toward NAP benefits and program costs.

Figure 4.1. Amount of NAP Block Grant, FY 2004 to FY 2015



Sources: CNMI DCCA, 2015; W. Macaranas, personal communication (email on NAP Block Grant Funding Levels), September 25, 2014.

Notes: FY 2004 funding excludes \$2.9 million in disaster assistance funds. FY 2013 funding excludes a one-time increase of \$1 million to cover a projected shortfall and eliminate the backlog of applications and waiting list of participants waiting to be certified.

C. NAP Eligibility Criteria and Benefit Amounts

As is the case for SNAP, to be eligible for NAP, households must meet certain eligibility criteria, including asset and income limits. The FY 2015 asset limits for NAP and SNAP eligibility are similar, but the income limits and maximum benefit amounts differ across programs (see table 4.1). For example, while SNAP eligibility criteria include both monthly gross income limits and net income limits (which are calculated by applying a series of deductions to gross income), NAP has only a gross income limit. Households need

⁵⁷ Examples of local produce include mung beans, winged beans, Kentucky beans, string beans, taro, plantains, okra, eggplant, breadfruit, yams, sweet potatoes, pumpkin, green onion, long squash, Chinese cabbage, head cabbage, and other fruits and vegetables. NAP provides information on the price, location, and use of local foods as part of its nutrition education efforts.

to have much lower gross incomes under NAP than SNAP to be eligible. As of FY 2015, the NAP limit was 36 percent of the gross income cutoff for SNAP.⁵⁸

Maximum benefit amounts also differ between the two programs. Households receive somewhat smaller maximum benefit amounts under NAP than SNAP in the continental United States but substantially smaller amounts than SNAP in Guam. The maximum monthly NAP benefit amount for a four-person household in Saipan was \$515 in FY 2015, compared with \$649 under SNAP in the 48 contiguous States and the District of Columbia and \$957 in neighboring Guam.

Table 4.1. Comparison of NAP and SNAP Program Characteristics, FY 2015

Program Characteristic	CNMI NAP	Guam SNAP	U.S. SNAP ^a	NAP Threshold as a Percentage of SNAP Threshold
Asset limit	\$2,000 (\$3,000) ^b	\$2,250 (\$3,250) ^b	\$2,250 (\$3,250) ^b	88.9% (92.3%)
Monthly gross income limit (four-person household)	\$933	\$2,584	\$2,584	36.1%
Monthly net income limit (four-person household)	N/A ^c	\$1,988	\$1,988	N/A
Maximum monthly benefit amount (four-person household)	Saipan: \$515 ^d Tinian: \$568 Rota and Northern Islands: \$719	\$957	\$649	Saipan: 79.4% Tinian: 87.5% Rota and Northern Islands: 110.6%

Sources: J. M. Mendoza, personal communication (FY 2015 MOU for CNMI NAP), January 9, 2015; L. Silbermann, personal communication (SNAP–FY 2015 Cost-of-Living Adjustments memorandum), August 1, 2015.

N/A = not applicable

^a SNAP values are for the 48 States in the continental United States and the District of Columbia.

^b The higher asset limit is for households in which at least one member is elderly or has a disability. For CNMI NAP, elderly is defined as 55 or older. For SNAP, elderly is defined as 60 or older.

^c NAP has a 10-percent earned income deduction only and does not calculate net income.

^d The CNMI can temporarily increase the maximum benefit amount using carryover funds from prior years.

Notes: Because of cost-of-living differences in the CNMI compared to the United States, the income limits and benefit amounts in this table may not necessarily be comparable.

The maximum benefit levels for CNMI’s NAP are based on the cost of food for a family of four. These costs were initially determined through the development of a Thrifty Food Plan (TFP) similar to the USDA’s TFP.⁵⁹ The market basket of foods was developed in 1982 and was based on available foods and nutrition science at that time; the market basket has not been updated since then. The cost of the market basket was determined by calculating the average prices of those foods at 10 local retailers and amounted to a monthly cost of \$302 for a family of 4 (USDA FNS Western Regional Office, 1982). The cost of the market basket was most recently updated in FY 1998 to \$444 for a family of four (CNMI DCCA, 2015; Dayao, 2014). The CNMI made temporary increases to maximum benefit levels in FY 2015. This increase was based on the availability of carryover funds in the block grant, not a reevaluation of the cost of the TFP market basket.

The average monthly NAP benefit in Saipan fluctuated little between FY 2006 and FY 2014, ranging from a low of \$81 to a high of \$97 (see figure 4.2). These levels are lower than SNAP benefits in the United

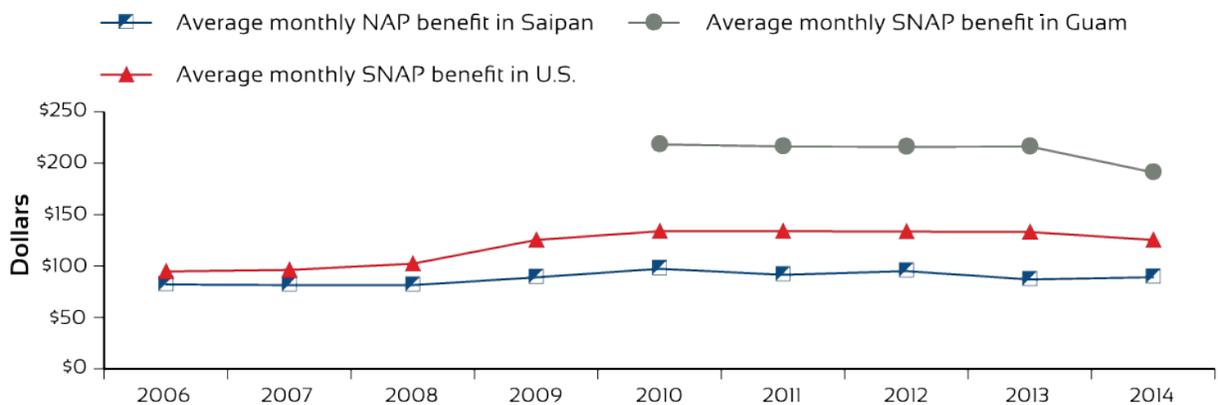
⁵⁸ Income limits in the CNMI are lower than in SNAP across all household size categories, as are maximum benefit allotments.

⁵⁹ This plan is based on a diet that satisfies the U.S. Recommended Daily Allowance of nutrients for a family of four.

States (which ranged from \$95 to \$134 during this period) and much lower than SNAP benefits in nearby neighbor Guam, where benefits ranged from \$191 to \$218 between FY 2010 and FY 2014.⁶⁰

NAP's benefit levels increased somewhat in recent years, including a 16-percent increase for residents of Saipan in January 2015 and somewhat higher increases for the other islands in May 2014 to reflect the higher cost of food on the outlying islands: a 28-percent increase for residents of Tinian and a 62-percent increase for residents of Rota and the Northern Islands.⁶¹

Figure 4.2. Monthly Average NAP and SNAP Benefit per Person, FY 2006–FY 2014



Source: Internal tabulations of CNMI NAP administrative data, FY 2006–FY 2014; L. Silbermann, personal communication, SNAP FY 2015 Cost-of-Living Adjustments memorandum, August 1, 2015

Notes: Data for Guam are unavailable prior to FY 2010. FY 2014 data for the CNMI excludes September 2014. Average monthly NAP benefits are different in Tinian and Rota.

D. NAP Participation: 2006 to 2014

In FY 2014, NAP served a monthly average of 3,140 households and 8,526 individuals. Although participation increased by 35 percent during the Great Recession (figure 4.3), participation declined in FY 2013 and FY 2014, nearly reaching its former levels.

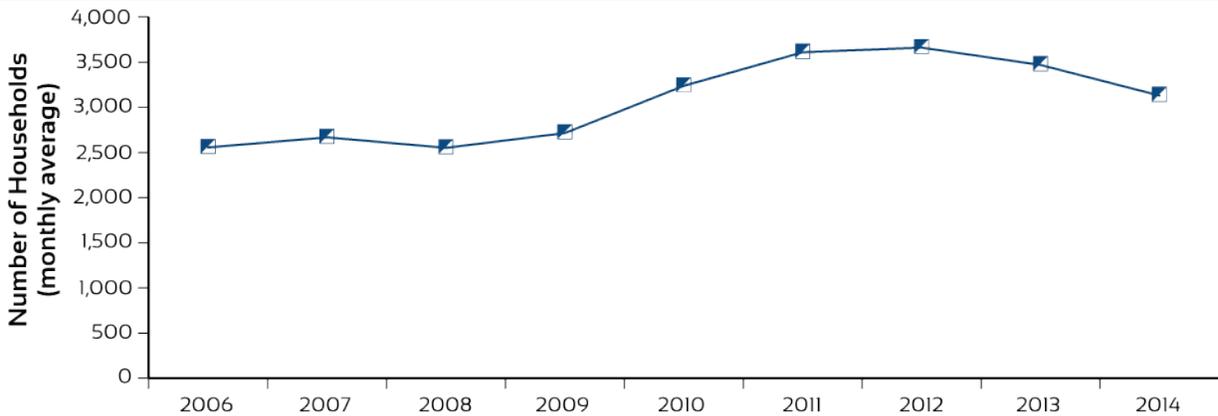
The vast majority of NAP households are located in Saipan (91 percent); most of the remainder are in Tinian and Rota, with only five households located in the Northern Islands as of FY 2014.⁶²

⁶⁰ While some of this difference can be attributed to the 2009 American Recovery and Reinvestment Act that increased SNAP benefit amounts from April 2009 until November 2013, SNAP benefits have remained consistently higher than NAP benefits.

⁶¹ Data on average monthly benefits were not available for 2015.

⁶² Tinian had 142 participating households and Rota had 126 participating households in 2014. The Northern Islands had five participating households.

Figure 4.3. Monthly Average Number of NAP Households, FY 2006–FY 2014



Source: Internal tabulations of CNMI NAP administrative data, FY 2006–FY 2014

Note: FY 2014 data exclude September 2014

E. Characteristics of the CNMI NAP Population Compared With the U.S. SNAP Population

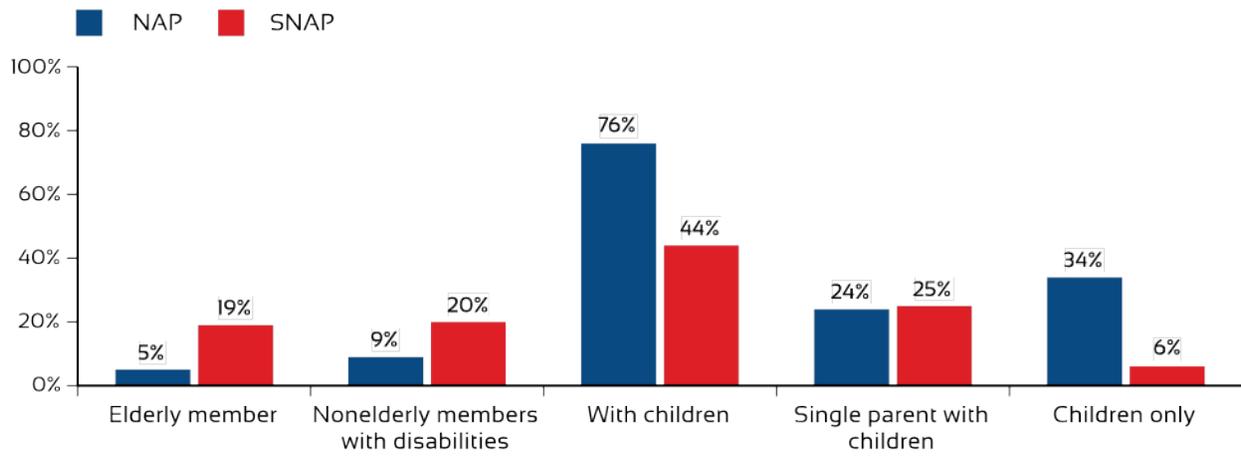
1. Demographic Characteristics

Mirroring demographic trends in the total CNMI population, the CNMI NAP population has a higher percentage of children and a lower percentage of individuals who are elderly or have disabilities than the U.S. SNAP population. For example, more than three-quarters (76 percent) of NAP households include children, compared with less than half (44 percent) of SNAP households; a similar proportion of NAP and SNAP households, however, are single parents with children (24 and 25 percent, respectively; figure 4.4). Conversely, only 5 percent of NAP households include individuals who are elderly compared with 19 percent of SNAP households. More than a third of NAP households (34 percent) are children-only households, compared with only 6 percent of all SNAP households, reflecting the large proportion of noncitizen parents receiving NAP benefits on behalf of their citizen children. NAP households have less than half as many nonelderly members with disabilities as SNAP households (9 percent versus 20 percent).⁶³

Also reflecting the overall population trends, NAP households are larger on average than SNAP households. The mean household size among NAP households is 2.7 persons compared with 2.0 persons among SNAP households. Similarly, almost twice as many NAP households (28 percent) as SNAP households (16 percent) have four or more members.

⁶³ “Disability” is defined differently in NAP and SNAP regulations. For NAP, only individuals receiving SSI are considered disabled. Under SNAP, individuals are considered disabled if they receive SSI or one of several other State or Federal benefits for the disabled.

Figure 4.4. Percentage of NAP and SNAP Households by Household Composition, FY 2014 (SNAP) and FY 2014 (NAP)



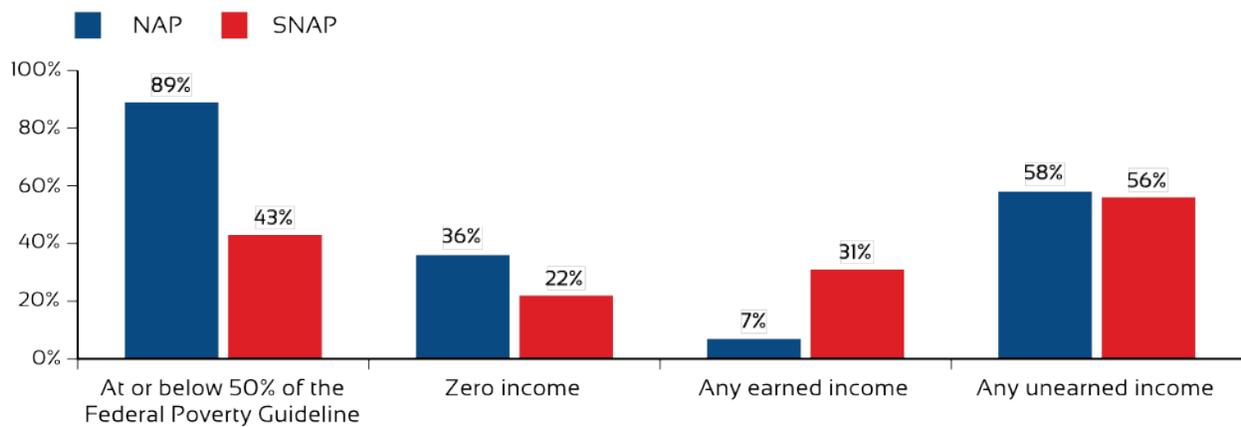
Source: Internal tabulations of CNMI NAP administrative data, FY 2014. SNAP percentages are for FY 2014 (Gray, 2015).

2. Poverty Status and Income

NAP households are poorer and much less likely to have earned income on average than SNAP households. For example, nearly 9 in 10 NAP households have gross monthly income at or below 50 percent of the Federal poverty guidelines compared with 43 percent of SNAP households (figure 4.5).⁶⁴ More than a third (36 percent) of NAP households have zero gross income compared with less than a quarter of SNAP households in the United States (22 percent).

A much lower percentage of NAP households received earned income than SNAP households (7 percent versus 31 percent), while a similar percentage of NAP households received unearned income as SNAP households (58 percent and 56 percent, respectively).⁶⁵

Figure 4.5. Percentage of NAP and SNAP Households by Income Characteristics, FY 2014 (SNAP) and FY 2014 (NAP)



Source: Internal tabulations of CNMI NAP administrative data, FY 2014; SNAP percentages are for FY 2014 (Gray, 2015).

⁶⁴ Almost all NAP households (99 percent) have gross monthly income at or below the Federal poverty guidelines compared with 83 percent of SNAP households.

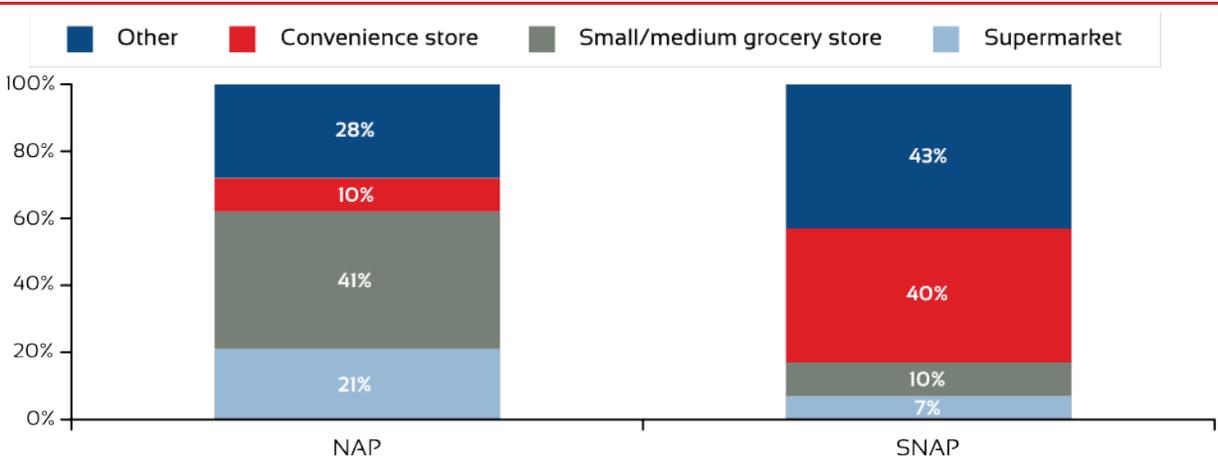
⁶⁵ The CNMI does not have all the same sources of unearned income as the States; see section G for more detail.

F. NAP Retailers by Type of Retailer

In FY 2013, there were a total of 123 authorized NAP retailers in the CNMI, of which 87 percent were located in Saipan.⁶⁶ Only eight NAP retailers were located in Rota and eight in Tinian (CNMI internal data, July 2014).⁶⁷ Overall, retailers redeemed a total of \$9.7 million in NAP benefits in FY 2013 (Internal tabulations of CNMI NAP administrative data, July 2014).

NAP retailers were more likely than SNAP retailers to be small or medium grocery stores (41 percent versus 10 percent) or supermarkets (21 percent versus 7 percent; figure 4.6). However, NAP retailers were less likely than SNAP retailers to be convenience stores (10 percent versus 40 percent). The remaining “other” NAP retailers (28 percent) included meat, poultry, and produce specialty stores; bakeries; general stores; and other retailers, including roadside vendors and water stores/distributors.

Figure 4.6. Distribution of NAP and SNAP Authorized Retailers by Store Type, FY 2013 (SNAP) and FY 2014 (NAP)



Source: CNMI NAP retailer data, July 2014; USDA FNS, n.d.b.

G. Other Federal Assistance Programs for Low-Income Families in the CNMI

CNMI residents are eligible for many of the same Federal programs as residents in the United States. However, funding for many of these programs, particularly those that assist low-income individuals, is more limited in the CNMI than in the United States. One way to assess differences in Federal payments to the CNMI versus the United States is to compare funding on a per capita basis (calculated as the FY 2010 amount of Federal spending divided by the number of individuals with income below 200 percent of the Federal poverty level). This section highlights differences in Federal assistance payments to the CNMI and States for low-income families; appendix A provides more detailed information.

⁶⁶ The 2012 economic census showed there were 284 total retail establishments in 2012.

⁶⁷ No retailers are located on the Northern Islands; NAP participants there rely on authorized representatives to collect their NAP benefits and purchase goods on the other islands.

In FY 2010, the CNMI received less in per capita Federal funding than the States for most cash assistance programs aimed at assisting low-income individuals (figure 4.7):

- ▶ **Supplemental Security Income (SSI).** Federal per capita spending for SSI, which provides cash benefits to individuals who are elderly, blind, or disabled and have limited assets and income, is about \$126 in the CNMI compared with \$445 in the United States.⁶⁸
- ▶ **Temporary Assistance for Needy Families (TANF).** The CNMI receives no Federal funding for TANF, which provides cash assistance to low-income families with dependent children; the FY 2010 per capita TANF funding in the United States was \$203.
- ▶ **Earned Income Tax Credit (EITC).** Residents of the CNMI are not eligible for EITC, a refundable credit available to the working poor in the United States; per capita EITC tax credits amounted to \$489 in the United States in FY 2010.

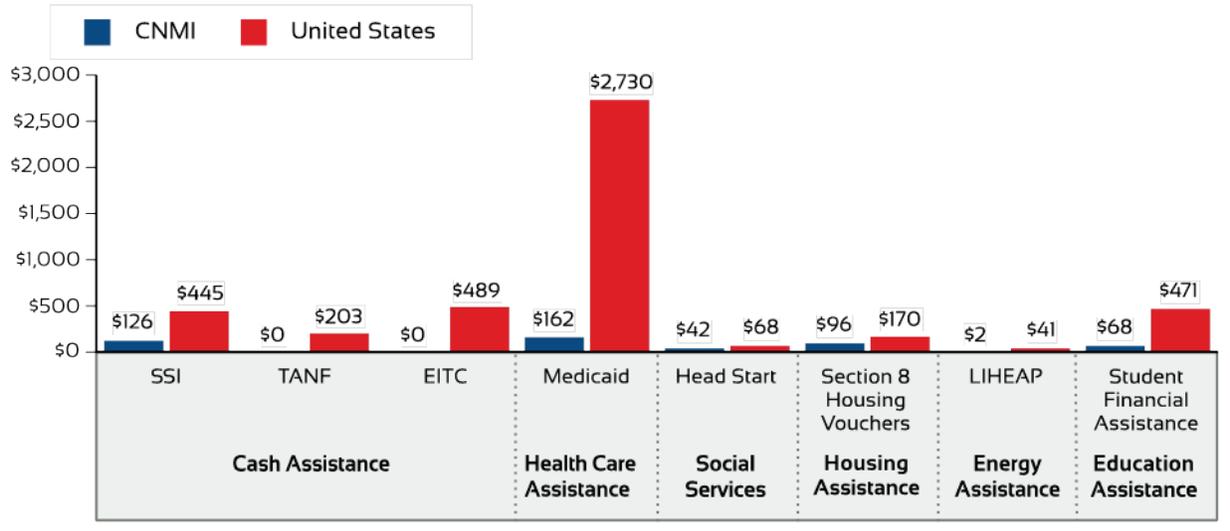
The CNMI also received less in per capita Federal funding in FY 2010 than did States for many noncash-assistance programs for low-income individuals. However, the picture varies:

- ▶ **Medicaid.** The Federal Government is authorized to spend as much money as States will match (in amounts determined under a Federal formula) to finance health care coverage for low-income individuals. The CNMI, however, receives a limited capped amount of matched Medicaid funding. As a result, per capita spending in the CNMI was \$162 compared with \$2,730 in the United States.
- ▶ **Head Start.** Per capita spending for Head Start, a large program that aims to promote school readiness for young children in low-income families, was \$42 in the CNMI or about one-third less than in the United States (\$68).
- ▶ **NAP.** FY 2010 per capita spending for NAP in the CNMI was \$289 compared with \$610 for SNAP in the United States. Using a different measure, the average monthly household NAP benefit in the CNMI (Saipan) is also considerably lower than the average household monthly SNAP benefit in the United States (\$89 versus \$125 in FY 2014).
- ▶ **Special Supplemental Nutrition Program for Women, Infants, and Children (WIC).** Per capita spending for WIC, which provides grants for supplemental foods, health care referrals, and nutrition education for low-income women, infants, and children at nutritional risk, is notably higher in the CNMI (\$141) compared with the United States (\$66). The higher per capita amounts in the CNMI may be because of the eligibility of most noncitizens for the program.
- ▶ **National School Lunch, National School Breakfast, and Children and Adult Care Food Programs.** The CNMI does not receive funding for these programs. Instead, the CNMI receives a single Child Nutrition Program block grant, which includes funding for school meals, summer meals, and a fresh fruit and vegetable of the month program. The per capita funding for the Child Nutrition Program block grant in the CNMI is \$201.⁶⁹

⁶⁸ The lower proportion of elderly individuals and individuals with disability in the CNMI compared to the mainland United States contributes to the difference in per capita spending.

⁶⁹ The combined per capita funding for the National School Lunch, National School Breakfast, and Children and Adult Care Food Programs to the States is \$144.

Figure 4.7. Per Capita Federal Spending for Major Programs To Assist Low-Income Residents of the CNMI and United States (Among Individuals With Incomes Below 200 Percent of the Federal Poverty Level), FY 2010



Sources: U.S. Census Bureau, 2011; U.S. OMB (Office of Management and Budget), 2012

Chapter 5. Legislative and Policy Changes Needed To Implement SNAP in the CNMI

Congressional action, followed by policy decisions, particularly related to financial eligibility standards and methods for calculating benefit amounts, would be needed prior to implementing SNAP in the CNMI.

1. Congress would need to determine the basis for setting maximum benefit allotments in the CNMI for each household size. As for U.S. territories such as Guam and the Virgin Islands, the cost of the TFP for the 48 States and the District of Columbia could be adjusted using economic data for the CNMI. Alternatively, a new TFP could be established that specifically reflects a market basket of foods more appropriate for the CNMI and its prices.^{70, 71}
2. Congress also would need to define gross and net income limits and allowable income deductions for the CNMI for SNAP eligibility guidelines.
3. The CNMI would need to select from the array of SNAP options that give States choices in some areas of SNAP administration. These include the selection of some eligibility criteria, such as certain deductions and allowances that affect net income and consequently the amount of household benefits. Other State options relate to application and recertification processes and participant reporting requirements. States may also apply for waivers of administrative requirements, such as a waiver of the time limits on SNAP participation by ABAWDs. Collectively, the choices that a State makes affect client access to the program, participation levels, available services, and administrative costs.

This chapter provides a detailed examination of the technical requirements that would need modification for the CNMI to implement SNAP, determined by comparing the current eligibility criteria (section A) and methods to calculate benefit amounts (section B) for both NAP and SNAP. Places where key decisions need to be made are also noted.

A. Eligibility Rules

This section examines the similarities and differences in eligibility rules between NAP and SNAP, including the household definition and basic citizenship requirements, financial eligibility criteria (e.g., asset and income limits), deductions to income, and work and school requirements.

1. Household Definition

For both SNAP and NAP, the basic definition of a household, for the purposes of benefit receipt, is a group of people who live together and purchase and prepare meals together. However, the details of

⁷⁰ SNAP benefits are based on the cost of a “market basket” of foods that constitute a nutritious diet; as mentioned in chapter 4, this market basket is referred to as the TFP. Separate TFPs have been developed for the 48 contiguous States and the District of Columbia, Alaska, and Hawaii. The costs of these baskets serve as the basis of SNAP benefits in these locations. Costs for the TFP in the 48 States and DC are updated monthly using CPI data for the continental United States, while costs in Hawaii and Alaska are updated every 6 months using CPI data from these areas. For Guam and the U.S. Virgin Islands, the cost of the TFP for the 48 States and the District of Columbia is adjusted using economic data for those locations, but it cannot be greater than in the 50 States.

⁷¹ Since this report does not assess the total benefit costs to the U.S. Government, it does not presume a certain benefit allotment structure.

the definition of household and citizenship requirements for household members vary between the programs as described below.

a. Basic Definition of a Household

NAP. A NAP household is defined as an individual who commonly purchases and prepares meals alone or as a group of persons who live together and commonly purchase and prepare meals together. People who are 55 or older and their spouses are treated as their own household if they share living quarters with other adults. Those who have disabilities and are receiving SSI are also treated as separate households in these cases. Residents of institutions, roomers, and boarders are not considered household members.

SNAP. A SNAP household consists of individuals who live together and purchase and prepare food together. Individuals who live together but purchase and prepare food separately may apply as separate households. However, spouses must apply together and parents must apply with their children (younger than age 22) if they live together. Elderly individuals (aged 60 or older) and their spouses who are unable to purchase and prepare meals separately because of a permanent disability may apply as a separate household if the other people with whom they reside have income equal to or less than 165 percent of the poverty level.

Changes Needed. The CNMI would be required to adopt the SNAP household definition and would need to define “elderly” as beginning at age 60 rather than 55. Elderly individuals, their spouses, and people who receive SSI would not constitute a separate SNAP household automatically if they lived with other adults. Co-resident spouses would be required to be members of the same SNAP household, as would parents and their co-resident children younger than 22.

b. Inclusion of Noncitizens

NAP. U.S. citizens and U.S. nationals are eligible to participate in NAP as are certain groups of noncitizens. U.S. nationals are individuals who elected not to take U.S. citizenship when the CNMI was established in 1986 or upon reaching age 18 after that date but are treated as citizens for the purposes of NAP eligibility.

The categories of noncitizens who are eligible to participate include active-duty military personnel, honorably discharged veterans, and their spouses and children; asylees; refugees; noncitizens whose deportation is being withheld; certain Cuban or Haitian entrants; and certain noncitizens admitted to the United States as Amerasian immigrants. After 5 years of residence, lawful permanent residents, those paroled to the United States, those granted conditional entry, and certain noncitizens and their family members who have experienced domestic abuse may also apply for NAP.

SNAP. U.S. citizens are eligible to apply for SNAP as are U.S. nationals and certain noncitizens. Citizens eligible for SNAP without meeting any additional conditions include asylees, refugees, those with deportation withheld, Cuban or Haitian entrants, trafficking victims, Iraqi or Afghan Special Immigrants, certain American Indians born abroad, and Hmong or Highland Laotian tribal members.

Other noncitizens are eligible to apply for SNAP only upon meeting additional conditions. The noncitizens who fall into this category are lawfully admitted permanent residents, parolees, conditional entrants, and battered spouses or children and their family members. These noncitizens are eligible to apply for SNAP if they meet at least one of the following conditions: 5 years of residence in the United States as a qualified noncitizen; 40 qualifying quarters of work (as determined by the Social Security

Administration's Quarters of Coverage History System or by using the Social Security Administration's methodology); children younger than 18; blindness or disability and receiving benefits or assistance for that condition; elderly (born before August 22, 1931, and lawfully residing in the United States August 22, 1996); or a military connection (honorably discharged veteran or on active duty, including spouses and children).

Changes Needed. If CNMI adopted SNAP, some additional categories of noncitizens would be eligible to apply for SNAP without meeting the 5-year residence restriction: children younger than 18, those with 40 qualifying quarters of work, the elderly (born before August 22, 1931, and lawfully residing in the United States August 22, 1996), and those receiving benefits for blindness or disability.

2. Financial Eligibility Criteria—Assets

SNAP and NAP both consider the value of certain assets available to applicants when determining eligibility but include provisions for excluding assets from consideration for certain types of applicants. This section describes policies related to vehicles, nonvehicle assets, asset limits, and exclusions from asset tests.

a. Asset Limit

NAP. The maximum assets allowed in FY 2015 were \$3,000 for households of two or more members in which at least one member is 55 or older or has a disability, or \$2,000 for all other households.⁷²

SNAP. The maximum assets allowed in FY 2015 were \$3,250 for households that contain an individual who is elderly (60 or older) or a person with a disability (who receives SSI or similar benefits), or \$2,250 for all other households. This amount is indexed and adjusted annually.

Changes Needed: The CNMI would need to adjust asset limits to be in line with SNAP regulations.

b. Vehicle Assets Included

NAP. Vehicles are not included as assets in determining NAP eligibility.

SNAP. The fair market value of vehicles in excess of \$4,650 is counted for one vehicle per adult and for any vehicles used by a household member younger than 18 to commute to employment, training, or education. For all other vehicles, the higher of either the fair market value exceeding \$4,650 or the equity value is counted. However, the following vehicles are excluded: vehicles worth \$1,500 or less, certain income-producing vehicles, vehicles used as mobile homes for long-distance work travel, vehicles needed for the transportation of a household member who is physically disabled, and vehicles needed to carry water or fuel.

- ▶ **SNAP Option.** States have the option of substituting the vehicle rules used by its TANF program for SNAP vehicle rules when it results in a lower household asset total. However, because no TANF program operates in the CNMI, this would not be an option for the CNMI.

Changes Needed: The CNMI would need to consider vehicle value in determining a household's assets, in accordance with SNAP regulations.

⁷² NAP's MOU does not specify a method for adjusting the asset limit, which has remained constant in recent years.

c. Nonvehicle Assets Included

NAP. Cash, money in checking or savings accounts, savings certificates, stocks, bonds, and other readily negotiable certificates and instruments are included when determining NAP eligibility. Lump-sum payments are also included. Retirement or education savings accounts that would accrue a penalty if accessed are not included.

SNAP. Cash, money in checking and savings accounts, instruments issued by banks and credit unions (e.g., savings certificates, certificates of deposit), stocks, bonds, and shares in mutual funds are included when determining SNAP eligibility.

Changes Needed. Few changes would be needed because similar types of resources currently are considered in both NAP and SNAP.

d. Exemptions From Asset Rules

NAP. Households that receive the maximum SSI benefit are eligible for NAP regardless of their assets.

SNAP. The assets of a household member who receives SSI or benefits through TANF are not included in the asset test. Households in which all members receive TANF, General Assistance, or SSI are exempt from the asset test.

Changes Needed. Currently, there is no TANF or General Assistance program in the CNMI. The assets of household members who receive SSI would not be counted as assets, and households in which all members receive SSI would be exempt from the asset test.

3. Financial Eligibility Criteria—Income

SNAP and NAP both establish income limits for program eligibility. However, SNAP has both a gross income and a net income limit, while NAP looks solely at gross income. This section describes the types of income included in assessing a household's eligibility, the size of the limits currently in place, the types of households excluded from these rules, and the procedures used to prorate the income of household members who are not eligible to participate in the program, if applicable.

a. Included Types of Income

NAP. Income includes most types of both earned and unearned income. Income excludes the following: in-kind payments, vendor payments made on behalf of the household, educational loans/grants/scholarships, expense reimbursements, money received for care of a nonhousehold member, lump-sum payments, any income excluded by Federal law, the cost of producing self-employment income, income earned by household members younger than 18 who are full-time students, income earned by household members younger than 19 who are engaged in CNMI Workforce Innovation and Opportunity Act (WIOA) activities, utility assistance, and loans.

SNAP. Income includes earned income from wages, salaries, tips, commissions, self-employment, and independent contracting plus most unearned cash income. Income also includes the deemed income of an alien's sponsor, where applicable. Income excludes loans, combat pay for deployed military personnel, most noncash income and in-kind benefits, and any income earned by elementary or secondary school students 17 or younger.

Changes Needed: The types of income considered are similar under NAP and SNAP, so few changes would be needed. However, the CNMI would no longer be able to exclude income earned by household members younger than 19 who are engaged in WIOA activities, and utility assistance.

b. Gross-Income Limit

NAP. The gross-income limit for a household of one was \$541 in FY 2015. For each additional household member, the gross-income limit increased by approximately \$130. Adjustments in the gross-income limit may be made no more frequently than annually, based on increases in cost of living and food prices. However, the gross-income limit has not been changed since 1998. Gross-income limits are the same across the CNMI.

SNAP. A SNAP household must have gross income equal to or less than 130 percent of the Federal poverty guidelines for that household size. Federal poverty guidelines are uniform for the 48 contiguous States but higher in Alaska and Hawaii. Guam and the U.S. Virgin Islands use the same poverty guidelines as the 48 contiguous States. For FY 2015 in the 48 States, Guam, and the U.S. Virgin Islands, the gross-income limit for a household of 1 was \$1,265, with an increase of \$440 for each additional household member.

Changes Needed. Federal poverty guidelines are not established for the CNMI. If the CNMI adopts SNAP, it would need to change the income limits to be based on the U.S. Department of Health and Human Services' (HHS) poverty guidelines for the 48 contiguous States, unless otherwise specified in the Food and Nutrition Act (Pub. L. 113–128).

Current gross income limits in the CNMI under NAP and the 48 States and Guam under SNAP appear in table 5.1.

Table 5.1. Monthly Gross Income Limits for NAP and SNAP, FY 2015

Household Size	NAP	SNAP 48 States and the District of Columbia	SNAP Guam
1	\$541	\$1,265	\$1,265
2	\$672	\$1,705	\$1,705
3	\$805	\$2,144	\$2,144
4	\$933	\$2,584	\$2,584
5	\$1,065	\$3,024	\$3,024
6	\$1,332	\$3,464	\$3,464
7	\$1,458	\$3,904	\$3,904
8	\$1,588	\$4,344	\$4,344
Each additional member	+\$130	+\$440	+\$440

Source: SNAP: USDA FNS, n.d.a; NAP: CNMI DCCA, 2015

c. Net Income Limit

NAP. Net income is any income that remains after deductions have been made from gross income. NAP does not have a net income limit. Net income is used only in determining the NAP benefit amount.

SNAP. Net income is defined as gross income less all the income deductions appropriate for the household (standard, earned income, dependent care, child support payments, medical expenses, excess shelter; see section 4). The net income limit for a given household is 100 percent of the Federal poverty guidelines for a household of that size. For FY 2015 in the 48 contiguous States, the net income limit for a household of one was \$973, with an increase of \$338 for each additional household member.⁷³

Changes Needed. The CNMI would need to adopt a net income limit for a household that is equal to 100 percent of the HHS poverty guidelines for the household's size. The poverty guidelines used would be the same as those used for gross income.

d. Exemptions From Income Rules

NAP. Households in which all members receive SSI are not subject to income limits.

SNAP. SNAP households with individuals who are elderly or persons with disabilities are not subject to the gross-income limit. Households in which all members receive TANF or SSI are considered categorically eligible and therefore not subject to income limits.⁷⁴

Changes Needed. The CNMI does not have a TANF program. However, the CNMI would need to apply only the net income limit to households with members 60 or older or those with disabilities.

e. Income of Noneligible Household Members

NAP. If the group of people who normally would constitute a NAP household includes a person who is not eligible to participate in the program, a prorated amount of that person's income is included in the household income amount used to determine eligibility. A typical example in the CNMI is a family in which the parents are ineligible because they are not U.S. citizens or permanent residents, but the children are citizens and therefore eligible. In a family that consists of one ineligible parent and two eligible children, two-thirds of the parent's income will be considered in determining eligibility for the children (i.e., the income of the ineligible member is multiplied by the ratio of eligible household members to all household members).

SNAP. The income of ineligible household members is treated differently, depending on the reason for ineligibility. In cases where a household member is ineligible because the member was disqualified because of a program violation, all the member's income is included in the household's income. In other cases, where the household member is ineligible because of other circumstances such as citizenship, the ineligible household member's income is either included in its entirety or prorated using the same strategy as used by CNMI's NAP, at the State's option. In both cases, the ineligible person is excluded from the count of household members.

Changes Needed. The CNMI would need to begin including all the income contributed to a household by a household member who has been disqualified from the program and would need to determine how it would treat the income of noneligible household members in other circumstances.

⁷³ Includes the District of Columbia, Guam, and the U.S. Virgin Islands

⁷⁴ In some States, households in which all residents receive General Assistance are also exempt from income rules.

4. Categorical Eligibility

NAP. SSI recipients who receive the maximum monthly SSI allotment are automatically eligible to receive NAP, regardless of their assets.

SNAP. Households in which all members receive or are authorized to receive TANF, SSI, or General Assistance are categorically eligible to participate in SNAP and are not subject to the Federal income and asset limits.

- ▶ **SNAP Option.** Many States have adopted broad-based categorical eligibility (BBCE) policies, which expand SNAP categorical eligibility to households that receive noncash benefits funded by TANF. Under BBCE, States align asset and income limits with the noncash benefit TANF program that confers categorical eligibility. However, because no TANF program operates in the CNMI, the CNMI would not be eligible to implement BBCE policies.

Changes Needed. Households in which all members receive SSI would be categorically eligible to participate in SNAP, regardless of their SSI benefit amount. As the CNMI does not have TANF or General Assistance programs, no changes would be needed to confer categorical eligibility to those households.

5. Deductions to Income

SNAP allows for certain deductions to be made to a household's gross income. These deductions serve two purposes. First, the net income that results from these deductions is assessed to determine whether the household meets the net income limit for eligibility. Second, the net income serves as the basis for determining benefits. Currently, NAP does not have a net income limit and there is only one deduction applied to gross income (called the earned income deduction); this result determines the NAP benefit amount. This section describes the standard, earned income, dependent care, child support payment, medical expenses, and excess shelter deductions used by SNAP.

a. Standard Deduction

NAP. There is no standard deduction.

SNAP. The standard deduction is adjusted annually based on the cost of living. For FY 2015 in the 48 contiguous States, the standard deduction was \$155 for households of one to three people, \$165 for households of four people, \$193 for households of five people, and \$221 for households of six or more people. Standard deductions are higher in Alaska, Hawaii, and Guam but lower in the U.S. Virgin Islands.

Changes Needed. The CNMI would need to adopt a standard deduction. A standard deduction other than the deduction used in the 48 States and the District of Columbia would need to be established by Congress in an amended Food and Nutrition Act.

b. Earned Income Deduction

NAP. NAP does not have a net income limit, so there is no earned income deduction for eligibility determination purposes. However, 10 percent of earned income is deducted from the household's gross income for benefit determination purposes.

SNAP. The earned income deduction is 20 percent of the combined earnings of all household members.

Changes Needed. The CNMI would need to adopt an earned income deduction of 20 percent of all earned income.

c. Dependent Care Deduction

NAP. There is no dependent care deduction.

SNAP. Out-of-pocket costs incurred for the care of children and other dependents may be deducted when such care is necessary for a household member to search for employment, go to work, or to attend school or training.

Changes Needed. The CNMI would need to adopt a dependent care deduction.

d. Child Support Payments Deduction

NAP. There are no deductions for child support payments.

SNAP. All legally obligated child support payments made to a nonhousehold member may be deducted from gross income.

- ▶ **SNAP Option.** States have the option to exclude child support expenses from gross income, rather than deducting child support payments from gross income to calculate net income. In States that select this option, there is no child support deduction.

Changes Needed. The CNMI would need to adopt a child support payment deduction or choose the option to exclude child support payments from gross income.

e. Medical Expenses Deduction

NAP. There are no deductions for medical expenses.

SNAP. Some out-of-pocket medical costs⁷⁵ exceeding \$35 per month incurred on behalf of household individuals who are elderly (60 or older) or persons with a disability (receiving SSI or similar benefits) may be deducted from gross income.

Changes Needed: The CNMI would need to adopt an excess medical expense deduction.

f. Excess Shelter Expenses Deduction

NAP. There are no deductions for shelter expenses.

SNAP. SNAP rules allow for the deduction of excess shelter costs that are greater than half of the household's remaining net income after all other deductions. Allowable costs include rent or mortgage payments, property taxes, the cost of heating and cooling, cooking fuel, electricity, water, the basic fee for one telephone, and trash, sewer, and septic costs. For FY 2015 in the 48 contiguous States and the District of Columbia, the maximum shelter deduction was \$490 per month, regardless of household size. The maximum shelter deduction is larger in Alaska, Hawaii, and Guam but smaller in the U.S. Virgin Islands. Households with members who are elderly or disabled have no cap on shelter deductions.

⁷⁵ Eligible medical expenses include medical and dental care, outpatient treatment, prescription drugs or other prescribed equipment, health insurance premiums, dentures and prosthetics, service animals, and reasonable transportation to and from appointments to receive medical treatment or services.

- ▶ **SNAP Option.** Two options are often used by States to simplify excess shelter deductions. First, most States allow a set amount for utility costs instead of the actual costs when calculating the excess shelter deduction. Standard Utility Allowances are established by the State and may vary based on the household's size, location, and utilities used. Some States have specific utility allowances for individual utilities, some have a multi-utility allowance that includes heating and cooling costs, and some have a multi-utility allowance that excludes heating and cooling costs. Second, some States allow individuals who are homeless a set amount for shelter costs, currently set at \$143 per month, in lieu of the excess shelter deduction. The CNMI could elect to take both these options if SNAP were implemented.

Changes Needed. The CNMI would need to adopt an excess shelter deduction. An excess shelter deduction other than the deduction used in the 48 States and the District of Columbia would need to be established in an amended Food and Nutrition Act. The CNMI could also develop Standard Utility Allowances.

6. Work and School Requirements

NAP and SNAP both have work requirements, although the details differ regarding work registration requirements, time limits, and school attendance policies.

a. Work Registration Requirements

NAP. Participants determined to be capable of working or attending school are required to register for work, apply for employment, and accept employment, if offered. However, the following groups are not required to register: people younger than 18 or older than 54, one parent or other household member responsible for caring for a dependent child younger than 12 or a person with a disability or older than 54, full-time students, and women 6 or more months pregnant or with a child younger than 3 months.

SNAP. Participants between 16 and 59 must register with the State; participate in employment, education, training, or an employment-related activity specified by the State; accept a bona fide offer of employment; and not voluntarily quit or reduce work hours. The following groups are exempt from these requirements: individuals already subject to and complying with TANF work requirements, individuals receiving unemployment insurance, parents or household members responsible for caring for a child younger than 6 or an incapacitated person, regular participants in a drug or alcohol treatment program, individuals employed at least 30 hours a week, and students enrolled at least half-time in a school or training program.

Changes Needed. The current NAP process for work registration is very similar to the SNAP requirements; however, the CNMI's work registration requirements would need to extend to people aged 16–17 who are not attending primary education, individuals aged 55–59, parents of children aged 6–11, students enrolled in school or a training program at least half-time but not full-time, pregnant women, and people working fewer than 30 hours per week.

b. Time Limits on Participation of ABAWDs

NAP. There are no time limits on the participation of ABAWDs.

SNAP. ABAWDs aged 18–49 may only receive SNAP benefits for 3 months in any 36-month period if they do not work or participate in a workfare or E&T program, other than job search, for 20 or more hours each week. Pregnant women are exempt from time limits.

- ▶ **SNAP Waiver:** Many States have implemented partial or statewide waivers of the ABAWD time limit.⁷⁶ To implement such a waiver, however, States must demonstrate a significantly depressed labor market, typically using a current estimate of the State unemployment rate. The CNMI does not collect and maintain annual data from which to calculate a current unemployment rate, however, and relies on the decennial Census for estimates of the unemployment rate. As a result, the CNMI may not be able to provide the data necessary to apply for this waiver.

Changes Needed. The CNMI would need to adopt time limits on the participation of ABAWDs or to apply for an ABAWD waiver if the justification can be made for a significantly distressed labor market through the provision of economic data.

c. School Attendance

NAP. NAP has no rules requiring or disallowing school attendance. However, participants can meet work requirements by attending educational programs.

SNAP. Students older than 17 and younger than 50 who are enrolled at least half-time at an institution of higher education are ineligible for SNAP unless they also work at least 20 hours per week, participate in work study, participate in an employment and training program, care for a young child, or participate in an on-the-job training program.

- ▶ **SNAP Waiver.** Many States have a waiver in place that allows them to average an adult student's work hours across the month, which increases eligibility for students with varying work schedules. This will become a State option with the publication of the SNAP Eligibility, Certification, and Employment and Training Provisions of the Food, Conservation, and Energy Act of 2008 final rule. Until that time, the CNMI could apply for this waiver.

Changes Needed. Under SNAP, adult students enrolled at least half-time would no longer be eligible to participate unless they met one of the exemptions discussed above.

B. Technical Criteria: Benefit Calculations and Amounts

The underlying principle for calculating the amount of benefits a household is eligible to receive is very similar in SNAP and NAP. Both programs establish a maximum monthly benefit level that depends on the number of program participants in the household. Both assume that low-income households can spend approximately 30 percent of their income for food and therefore deduct 30 percent of the household's net income from the maximum monthly benefit amount; the resulting difference is the amount the household is eligible to receive in benefits. This section examines the similarities and differences in benefit calculations and amounts, including the basis for benefits, maximum and minimum benefit levels, calculation of benefits, and benefits designated for local food and products.

1. Basis for Benefits: TFP

NAP. In 1980, the CNMI began to develop a TFP for the islands in a joint project with FNS. The cost of the foods in this plan for a family of four (two adults and two children) was found to be \$302 in 1982, based on actual average costs of specified food at 10 local retailers. Per NAP's MOU with FNS, the cost

⁷⁶ As of FY 2015, 27 States had ABAWD time limit waivers in effect in all or part of the State.

of the CNMI TFP can be revised once annually using the CNMI CPI. The last revision was effective in FY 1998. At that time, the cost of the market basket for a family of four was \$444.

SNAP. USDA’s Center for Nutrition Policy and Promotion developed the TFP to provide a model of a minimal-cost diet that meets the *Dietary Guidelines for Americans, 2010* (USDA & HHS, 2010). The TFP represents the least expensive of four food plans the USDA currently uses to track the cost of food. There are 15 different “market baskets” of food needed for a healthy diet for a week; each basket covers a particular demographic category (children in 5 different age groups and men and women in 5 age groups each). The contents of the TFP are updated regularly, most recently in 2006 (Carlson, Lino, Juan, Hanson, & Basiotis, 2007) using National Health and Nutrition Examination Survey (NHANES) data on the foods actually consumed by Americans with low incomes within the contiguous 48 States and the District of Columbia and data on the costs of individual foods from Nielsen.⁷⁷

Each month, the cost of the TFP market basket is recalculated using CPI data. The maximum monthly SNAP benefit for a family of four is based on the cost of the TFP market basket for a family that consists of two adults and two children; for FY 2015, it was set at \$649 per month. Maximum monthly benefit levels are adjusted annually to reflect the current cost of the TFP. This TFP and the related costs are applicable to the 48 contiguous States and the District of Columbia.

In 1977, Congress funded the development of separate TFPs for Alaska and Hawaii. The market baskets for these two States have not been updated since then, but the costs of the market baskets are updated every 6 months. Alaska is broken down further into three geographic areas, and the cost of food is assessed separately in each, resulting in three different TFP cost models in Alaska. For a family of four in FY 2015, these costs ranged from \$759 in urban Alaska to \$1,399 in the most remote parts. For Hawaii, the monthly cost for a family of four was \$1,107.

Separate market baskets for Guam and the U.S. Virgin Islands have not been developed. Actual food costs are estimated but capped at the highest amount in the 50 States. For FY 2015, the TFP cost for a family of four was \$957 in Guam and \$835 in the U.S. Virgin Islands.

Changes Needed. FNS would need to establish a TFP for the CNMI, either by developing a TFP market basket for the CNMI or by using the same TFP market basket as for the contiguous States, Hawaii, or Alaska.⁷⁸ Data sources such as NHANES and Nielsen are not available for the CNMI, so developing a separate TFP market basket for the CNMI would be costly. CPI data could be used to cost the TFP market basket once it has been established.

2. Maximum and Minimum Benefit Levels

In both NAP and SNAP, maximum benefit levels are based on the cost of foods in the TFP or CNMI TFP. In NAP, minimum benefit levels are set at a certain amount per person, while in SNAP they are set at a percentage of the maximum benefit level for a household of one person as described below.

a. Maximum Benefit Levels

NAP. The maximum benefit for a household of four is equal to 100 percent of the cost of the CNMI TFP market basket for a family of four that consists of one adult male, one adult female, one child aged 6–8, and one child aged 9–11. The cost of the CNMI TFP was most recently updated in 1998 at \$444 per

⁷⁷ Nielsen is a global information and measurement company that collects data on consumer expenditures.

⁷⁸ NAP submitted a draft RFP to FNS to develop a new TFP for CNMI, but the RFP has not been approved.

month for the household or \$111 per month per person. To account for economies of scale, the per-person maximum benefit is higher in smaller households and lower in larger households.⁷⁹

Carryover funds from FY 2013 allowed NAP to increase benefit levels to residents in Tinian, Rota, and the Northern Islands beginning in May 2014; until then, benefit levels were the same across the CNMI. The increased levels reflect the higher cost of food on the outlying islands. Benefits were increased by 28 percent for residents of Tinian and 62 percent for residents of Rota and the Northern Islands. NAP's basic benefit levels for residents of Saipan increased by 16 percent as of January 1, 2015, the first increase since 1998. This increase was also the result of carryover funds from FY 2013, not because of a recalculation of the cost of the CNMI TFP.

SNAP. The maximum benefit for a household of four is equal to 100 percent of the cost of the TFP market basket for a family of four that consists of one adult male, one adult female, one child aged 6–8, and one child aged 9–11. In FY 2015, in the 48 States, the maximum benefit for a family of four was \$649 per month. To account for economies of scale, the maximum benefit per person is higher in smaller households and smaller in larger households.⁸⁰ The maximum benefit is increased annually to match the current cost of the TFP market basket, as determined by CPI data.

Maximum benefit levels are different in Alaska, Guam, Hawaii, and the U.S. Virgin Islands, but as with the 48 States and the District of Columbia, the benefit levels are based on the TFP for a family of four and adjusted for economies of scale.

Changes Needed. Maximum benefit levels would need to be revised based on the changes to the TFP.

b. Minimum Benefit Levels

NAP. NAP's minimum monthly benefit in FY 2015 was \$23 in Saipan, \$25 in Tinian, and \$32 in Rota and the Northern Islands. The higher minimum benefits in Tinian, Rota, and the Northern Islands are the result of higher food costs in those locations.

SNAP. The minimum benefit level for 1- and 2-person units is equal to 8 percent of the cost of the maximum SNAP allotment for a household containing 1 member; in the 48 States and the District of Columbia, this was \$16 in FY 2015.

Minimum benefit levels are different in Alaska, Guam, Hawaii, and the U.S. Virgin Islands, but as with the 48 States and the District of Columbia, the benefit levels are 8 percent of the maximum allotment for a 1-person household.

Changes Needed. Minimum benefit levels would need to be revised based on the changes to the TFP. The minimum benefit level for a one- to two-person household would need to be set at 8 percent of the maximum benefit level for a one-person household.

Maximum and minimum benefit levels for SNAP (in the 48 contiguous States and Guam) and NAP in FY 2015 appear in table 5.2.

⁷⁹ Compared to benefits for four-person units, the per-person benefit level for one-person units is 20 percent higher; for two- to three-person units, it is 5 percent higher; for five-person units, it is 5 percent lower; and for units with six or more persons, it is 10 percent lower.

⁸⁰ Compared to benefits for four-person units, the per-person benefit level for one-person units is 20 percent higher; for two-person units, it is 10 percent higher; for three-person units, it is 5 percent higher; for five- to six-person units, it is 5 percent lower; and for units with seven or more persons, it is 10 percent lower.

Table 5.2. Maximum and Minimum Benefit Levels, FY 2015

Household Size	NAP			SNAP	
	Saipan	Tinian	Rota and Northern Islands	48 States and the District of Columbia	Guam
Maximum					
1	\$154	\$170	\$215	\$194	\$287
2	\$282	\$311	\$394	\$357	\$526
3	\$404	\$114	\$564	\$511	\$753
4	\$515	\$568	\$719	\$649	\$957
5	\$609	\$672	\$851	\$771	\$1,136
6	\$691	\$763	\$966	\$925	\$1,364
7	\$810	\$893	\$1,131	\$1,022	\$1,507
8	\$921	\$1,016	\$1,286	\$1,169	\$1,723
Minimum	\$23	\$25	\$32	\$16	\$23

Source: SNAP: USDA FNS, n.d.a; NAP: CNMI DCCA, 2015

3. Benefit Calculation

NAP. The monthly benefit level is calculated by subtracting 30 percent of the household’s net income (gross income less a 10-percent earned income deduction) from the maximum benefit amount for the unit’s size.

SNAP. The monthly benefit level is calculated by subtracting 30 percent of the household’s net income (gross income less the standard, earned income, dependent care, child support payment, medical expenses, and excess shelter deductions) from the maximum benefit amount for the unit’s size.

Changes Needed. Although the definitions of net income (including the change in earned income deduction) and the maximum benefit amount would change, the calculation of benefits would not need to change if the CNMI adopted SNAP.

4. Benefits for Local Foods and Products

NAP. Thirty percent of each recipient’s NAP benefits can be used only to purchase local foods and products. These coupons are distinctly labeled. They can be used for locally caught or produced food—including fish, produce, and bakery goods—or for products that can be used in the production of food, such as fishing equipment, gardening supplies, and livestock. The local coupons can also be used for water and ice. The remaining 70 percent of a recipient’s benefits can be used for imported foods and anything that can be purchased with the local coupons.

SNAP. SNAP does not have any restrictions on the purchase of local or imported foods. Although seeds and plants that produce food can be purchased with SNAP benefits, other gardening supplies and fishing equipment are not eligible for purchase in most locations. However, SNAP regulations contain a provision allowing certain participants in Alaska to use SNAP benefits for hunting and fishing equipment.

Changes Needed. Upon adopting SNAP, the CNMI would not be able to require that 30 percent of benefits be used for locally produced food and products. Similarly, participants no longer would be able to use their benefits to purchase gardening supplies (other than seeds and plants), livestock, or fishing equipment unless a regulatory exception were made similar to the provisions in SNAP regulations for the purchase of hunting and fishing equipment with SNAP benefits in Alaska.

Chapter 6. Capability of the CNMI To Extend and Limit SNAP Participation to Eligible Households

This chapter provides an assessment of the CNMI’s ability to certify households to participate in SNAP. As discussed in chapter 5, while the broad outlines of the NAP program are similar to SNAP, many details would change, affecting the processes necessary to assess eligibility and determine benefit levels.

The following sections discuss the feasibility of implementing SNAP certification policies in the CNMI. Section A provides background information, including expected participation, the benefits and challenges associated with implementation, and the perspectives of various stakeholders. Section B gives an overview of the current NAP certification process. Section C lists SNAP program requirements and the changes that would be needed to transition from NAP to SNAP. Section D provides an overview of the process for implementing SNAP eligibility rules, and section E describes the likely effects of the implementation.

A. Background

Before SNAP could be implemented in the CNMI, Congress would need to make several decisions about SNAP income thresholds, certain deductions, and benefit levels (see chapter 5 for more details). Once those guidelines were established, CNMI program staff and FNS would need to make certain additional decisions about SNAP options and waivers and plan the details of implementation. The implementation of the new program rules would necessitate careful planning and implementation by CNMI program staff, with extensive guidance and oversight from FNS.

There are several groups that would be affected by a transition to SNAP in the CNMI. The key stakeholders most directly affected follow:

- ▶ **CNMI program staff** would need to learn about and implement new Federal and State agency policies, and they would require training across all aspects of SNAP requirements.
- ▶ **Participants** would face new eligibility requirements and would likely receive higher benefit levels. Although participants would need to provide more documentation for SNAP certification than for NAP, longer certification periods and benefit issuance via EBT would reduce the overall burden on participants.

This section begins with the estimated participation under SNAP (section 1), the benefits and challenges associated with implementing SNAP eligibility rules in the CNMI (section 2), and the perspectives of various stakeholders (section 3).

1. Estimated Participation Under SNAP

A key component to assessing the capability of the CNMI to operate SNAP is the likely change in the number of participating households under SNAP compared with NAP. The change in participation would affect, for example, the number of eligibility caseworkers needed, infrastructure, overhead costs, and other aspects of implementing SNAP presented later in this report. This section provides results of a microsimulation analysis to estimate the change in eligibility and participation under the transition from NAP to SNAP in the CNMI. Appendix F provides more detailed information on the methodology used,

including the approach and assumptions used to model basic Federal rules for SNAP eligibility in the CNMI.

a. Overview of the Microsimulation Approach To Estimate Change in Eligibility and Participation

To estimate shifts in participation under a transition from NAP to SNAP, a microsimulation model was developed that uses 2010 CNMI Census microdata and a simplified version of SNAP eligibility rules to estimate the number of household units (hereafter referred to as households) eligible for SNAP. The study team then estimated the percentage of households that would likely participate and compared the results with administrative data on NAP participants for the same time period from the CNMI's DCCA.⁸¹

The microsimulation model is composed of a data file and a computer program that analyzes the individual-level (micro-level) data. The data file is based on 2010 CNMI Census data, which collects annual income and program participation for the preceding calendar year (CY 2009) for the April 2010 CNMI population. The model's computer program codes the rules of SNAP and then simulates what an eligibility worker does—that is, it forms households and applies the eligibility rules to determine whether each individual household in the database is eligible for the program. An indicator of eligibility for the program is then stored as a new variable in the data file. Because the CNMI Census collects data on annual income, the model provides estimates of the number of household that would be eligible on average in the preceding year based on their CY 2009 annual income.^{82, 83} See appendix F for the 2009 SNAP eligibility rules, values, and assumptions used in the model.

To estimate the percentage of SNAP-eligible households that would participate, assumptions for the likely participation rate were used since there is no information on the participation rate among current NAP-eligible households.⁸⁴ The estimates assume a participation rate of 91.8 percent for eligible households with income at or below 100 percent of the poverty guidelines, and a rate of 31.9 percent for eligible households with income above 100 percent of the poverty guidelines for an overall participation rate of 89.4 percent. These assumptions are based on the U.S. participation rate among these income groups (Eslami, 2014).

To assess the change in the number of participating households under SNAP relative to NAP, the study team compared the average 2009 SNAP participation based on the Census-based model with the average 2009 NAP participation based on DCCA administrative data.⁸⁵ To derive the 2013 number of SNAP participating households, the study team applied the 2009 percentage increase in participation under SNAP to the FY 2013 administrative data on NAP participating households from the CNMI's DCCA.

⁸¹ The approach uses the SNAP "synthetic" eligibility routines originally developed by Newman and Scherpf (2013) for the American Community Survey adapted for the 2010 CNMI Census data. These eligibility routines were developed for a study that links SNAP administrative records from Texas to the American Community Survey to estimate SNAP access rates (Newman & Scherpf, 2013).

⁸² Although eligibility for SNAP is based on monthly income, the CNMI Census collects data on annual income. Newman and Scherpf (2013) did not make any adjustments to annual income; they used reported annual income as a ratio of the annual poverty thresholds to determine SNAP eligibility.

⁸³ To be consistent with the 2009 annual calendar year values in the 2010 CNMI Census, all monthly FY 2009 SNAP eligibility thresholds were adjusted to reflect 2009 calendar year values.

⁸⁴ If the actual participation rate is greater than the rate assumed here, the number of eligible units that participate will be higher than the estimates presented in this report; if the actual participation rate is lower, the number of eligible units that participate will be lower than the estimates presented.

⁸⁵ The FY 2009 number of NAP participating households based on DCCA administrative data was adjusted from fiscal-year values to calendar-year values to be consistent with CNMI Census data, which is based on 2009 calendar-year values.

b. Key Findings: Microsimulation Analysis

The transition from NAP to SNAP would substantially increase the number of households that would receive nutrition assistance in the CNMI. Based on the Federal SNAP rules and assumptions used in the CNMI Census microsimulation model, a transition to SNAP is expected to increase the number of eligible households and correspondingly expand the number of households and individuals in those households that participate.

In a typical month in FY 2013, approximately 3,470 CNMI households participated in NAP. Based on the results of the Census-based model, approximately 10,268 households would be eligible for SNAP and approximately 89.4 percent, or 9,184 households, would actually participate (see table 6.1). Thus, implementation of SNAP in the CNMI is anticipated to increase the number of households that receive nutrition assistance by a factor of 2.6.

Table 6.1. Comparison of Participation Under NAP and SNAP in the CNMI, 2013

Measure of Eligibility/Participation	NAP	SNAP	Percent Change (NAP to SNAP)	Ratio of SNAP to NAP
Number of eligible households	N/A	10,268	N/A	N/A
Number of participating households	3,470	9,184	164.7	2.6
Number of individuals in eligible households	N/A	28,811	N/A	N/A
Number of individuals in participating households	9,349	25,770	175.6	2.8

Sources: NAP: Administrative data on NAP participating households and individuals in an average month in FY 2013 from DCCA
SNAP: CNMI Census-based microsimulation model

N/A = not applicable

Notes: The April 1, 2010, CNMI Census collects annual income data for the previous calendar year (2009). Therefore, the 2010 CNMI Census-based model provides estimates of the number of households that would be eligible for SNAP on average during CY 2009.

2. Benefits and Challenges of Implementing SNAP

The following sections describe the benefits and challenges of implementing SNAP eligibility rules in the CNMI.

a. Benefits

The primary benefit of implementing SNAP certification policies and procedures in the CNMI would be the potential increase in the number of individuals with low incomes reached by the program. These participants would likely receive more in benefits under SNAP than under NAP. The anticipated increase in benefit levels and number of participants could potentially spur economic activity in the CNMI.

b. Challenges

There would be many challenges associated with implementing SNAP. SNAP regulations, policies, and reporting requirements are significantly more complicated than those of NAP, and the ongoing administration of SNAP would be more challenging than the administration of NAP. No State or U.S. territory has recently implemented SNAP, so there is no roadmap for this process, and FNS would need to provide substantial technical assistance to the CNMI for navigating the transition.

The primary implementation challenges would include evaluating all NAP participants' eligibility to participate in SNAP; certifying an influx of newly eligible households; hiring additional staff; training all new and existing staff on new policies, procedures, and systems; and securing sufficient office equipment and space to accommodate the expanded staff. The increase in the caseload would require an increase in the size of the CU from 6 to approximately 23 staff members. Additional office space would be needed to house some of the new staff, or the current building would need to be renovated.

The CNMI would need a detailed transition plan for enrolling participants once SNAP eligibility rules are in effect. This plan could include staggering the certification periods of new SNAP participants in some way to prevent annual surges of participants needing recertification. Language may also provide some initial challenges if SNAP is introduced in the CNMI, although NAP participants generally do not have difficulty understanding English.⁸⁶

3. Stakeholder Perspectives

a. Program Participants and Low-Income Nonparticipants

The stakeholders most directly affected by the implementation of SNAP would be program participants and the low-income nonparticipants in need of nutrition assistance and who would be eligible to receive SNAP benefits. More than half of the CNMI population (52 percent) live below the Federal poverty level, and only about 17 percent of the population are eligible for and participate in NAP. Nearly all NAP participants, community-based organizations, and program staff interviewed for this study reported current benefit amounts are inadequate.

Reasons for the inadequate benefit coverage are (1) the CNMI's block grant funds are fixed and (2) the CNMI's TFP has not been updated over time. Food prices in the CNMI are typically more expensive than on the U.S. mainland, and even more expensive than in neighboring Guam, where SNAP benefits are higher than mainland SNAP benefits to account for the higher prices. CNMI residents have the added expense of purchasing bottled water because of lack of safe, potable tap water on the islands, and they also face higher prices for utilities than on the U.S. mainland.⁸⁷

Participants interviewed on Rota and Tinian had a particularly difficult time making their benefits last until the end of month because of food prices there in comparison to Saipan.⁸⁸ One participant on Rota described how food prices fluctuate according to whether food is imported via ship or airplane, with the latter resulting in higher prices.

To meet their needs, participants rely on other sources of income and support. Food is purchased using earnings from jobs and informal labor and cash received from relatives.

"[NAP] is not enough. By the time the date comes for Food Stamps, I haven't had food [at my house] for 5 days."

—NAP participant

"Our power bill here is very expensive, commodities in the stores are very expensive, hospital bills are very expensive."

—NAP participant

⁸⁶ Some NAP-authorized representatives from the Philippines and Micronesia might require additional assistance in completing a SNAP application for their children.

⁸⁷ Prices are higher than on the U.S. mainland, in part because consumers are charged an infrastructure surcharge and a Levelized Energy Adjustment Clause Tariff, which covers fuel costs used to produce electricity and water.

⁸⁸ Carryover funds from FY 2013 allowed NAP to increase benefit levels to residents in Tinian, Rota, and the Northern Islands beginning in May 2014; until then, benefit levels were the same across the CNMI. The increased levels reflect the higher cost of food on the outlying islands. Benefits were increased by 28 percent for residents of Tinian and by 62 percent for residents of Rota and the Northern Islands.

Many participants also rely on food donations from relatives. A small number of participants described foraging, gardening, fishing, and/or hunting as a means to supplement their NAP benefits. Reliance on community-based organizations is infrequent as none provides NAP application assistance and few provide food assistance. For instance, soup kitchens operated by churches and the Salvation Army operate only on Fridays, the weekends, and some holidays. Karidat, a local community-based organization, provides food and rental assistance to individuals in need, but a reliance on minimal funding and food donations limits its capacity to serve large numbers of people.

Under SNAP, program participants would be required to submit more documentation during the application process than currently required under NAP. Interviewed NAP participants generally did not have difficulty obtaining the necessary documentation for their NAP application and did not anticipate

“The way it is here, you kind of move from family member to family member for food, for help.”

—Community-based organization

difficulties providing additional documentation for SNAP, such as proof of medical, utility, and shelter expenses.

NAP households must recertify in person at the local NAP office on Saipan or the distribution sites on Rota and Tinian.

Although participants described recertification as a straightforward process, zero-income participants desired a lengthier certification period because of the inconvenience of traveling to the NAP office every 3 months to recertify. The certification period for zero-income NAP households—3 months—is relatively short compared to most States.

b. CNMI Program Staff

CNMI program staff saw advantages and disadvantages to implementing SNAP in the CNMI. Many thought a move to SNAP would enable them to serve more people and provide benefits at a level more in line with the high cost of food on the islands. However, the program staff had concerns about the challenges associated with transitioning to SNAP because they do not have experience with SNAP policy or administration. Some CNMI government officials felt the program should not be expanded and that more efforts should be made to discourage dependency on public assistance.

“They want you to [come] in here [to the NAP office] every 3 months ... [if] you don’t have a car, it’s really hard.”

—NAP participant

B. The Current NAP Process

This section describes NAP’s processes for preparing planning documents, accepting applications, certifying participants, and reporting changes and recertification (sections 1 through 4). Planning activities are primarily handled by the NAP administrator and an administrative officer. Certification and recertification activities are primarily the responsibility of the NAP CU, which consists of one supervisor and five eligibility workers.⁸⁹

1. Planning Documents

The MOU described earlier is FNS’s primary mechanism for monitoring NAP. After negotiations, the CNMI submits the MOU to FNS, which approves the document, and both parties sign it. This agreement between the CNMI and FNS contains information on the requirements for NAP operations and an annual budget of the full cost of benefits to participants along with associated administrative costs.

⁸⁹ This unit’s members also handle work registration activities, discussed in chapter 10, and provide input to the MEU’s activities, described in chapter 9.

The MOU also describes the major elements of NAP administrative policy, including the following:

- ▶ Eligibility criteria (both financial and nonfinancial)
- ▶ Benefit computation formula
- ▶ Application process
- ▶ Recertification process
- ▶ Procedures for adjusting household benefits
- ▶ Local coupon restrictions
- ▶ Nutrition education programs
- ▶ Various penalties associated with program violations
- ▶ Coupon issuance and redemption
- ▶ Definition of allowable foods

The MOU requires the CNMI to maintain a Manual of Operations (MOO), which serves as a policy manual for NAP and gives more details than the MOU on issues such as the following:

- ▶ Certification policy
- ▶ Requirements for work registration
- ▶ The application process, including the various forms to be used in different circumstances and the requirements for supporting documentation
- ▶ Interview procedures
- ▶ A variety of other administrative procedures

Whenever the MOO is revised, the CNMI submits it to FNS for approval.

2. Application Process

As the first step in the application process, the applicant fills out the one-page paper application and submits it to the NAP office. Most applicants submit their applications in person, but they can also mail them to the NAP office.

After completing the application, all applicants are scheduled to attend an in-person orientation meeting.^{90, 91} During the orientation, CU staff inform applicants about the documentation they need to bring to the interview, how the NAP program works, and what items they can buy with their local and general coupons.

At the conclusion of the orientation, applicants are given a date and time to return for a one-on-one interview with an eligibility worker, typically the same day as orientation or within 1 or 2 days.⁹² During the interview, the eligibility worker reviews the application with the applicant to ensure all information

⁹⁰ Except during issuance week, which is typically the first week of the month

⁹¹ CU staff may make alternate arrangements for the orientation of applicants who cannot come into the office because of disability or other difficulties.

⁹² These interviews are conducted in English. Applicants who do not speak English need to bring their own interpreters, although eligibility workers indicated this is not a common occurrence.

has been reported correctly. The eligibility worker collects the documents necessary to verify citizenship or immigration status for permanent residents, assets, income, and ability to work. The following forms may be used during the interview or may be given to the applicant to return later:

- ▶ **Employer Statement of Earnings.** Applicants who are unable to provide documentation of their earnings are given this form for their employers to complete.
- ▶ **Medical Report.** Those who need to demonstrate their inability to work receive this form to be completed by a medical professional.
- ▶ **Zero-Income Questionnaire.** Applicants in households with no income are asked a series of questions about their sources of support. The information on this form is used to help the eligibility worker understand the household's strategies for meeting their basic needs.
- ▶ **Authorized Representative Registration Form.** This form gives permission to a designated individual to act on behalf of a household in cases where the household needs an authorized representative to pick up benefits, such as for households with only an eligible child, elderly individual, or person with a disability.
- ▶ **Authorization for Release of Information.** This form allows NAP to collect information from third parties.
- ▶ **Penalty Warning.** This form specifies the penalties for noncompliance with NAP requirements.
- ▶ **Work Registration Referral Form.** Participants subject to work requirements are instructed to take this form to the DOL's Division of Employment Services (DES) to complete their work registration requirement.

At the conclusion of the interview, the eligibility worker gives the applicant a temporary Notice of Disposition (NOD) form to inform the applicant of the status. Since many applicants do not bring all the required documents, the NOD form includes a checklist that eligibility workers use to indicate items that still need to be submitted. Applications are considered to be pending until all necessary documentation has been submitted, all data have been entered into the eligibility system, and a determination of eligibility and benefit level has been made.⁹³ NAP has 30 days from the date of submission of the signed application to process applications.⁹⁴

Tinian and Rota. There is no NAP office on Tinian or Rota. Applicants on these islands may submit their applications and supporting documents to other on-island DCCA personnel who forward them to the NAP office. NAP staff visit each island monthly to interview applicants and handle any outstanding issues.

3. Certification Process

After the interview has been conducted and the application is complete, the eligibility worker completes a worksheet to determine whether the applicant is eligible for NAP benefits, and if so, the amount the

⁹³ Applications remain pending for up to 30 days or until the applicant has provided all necessary documents. Eligibility workers do not follow up with participants about missing documents; the burden is on the participant to submit them. Pending applications not completed before the 30-day deadline are denied. Once an application has been denied, the applicant needs to reapply.

⁹⁴ Although eligibility workers do not make an official determination of eligibility and benefit levels during the interview, they often indicate verbally to the participant whether the individual is likely to be eligible and the amount of benefits anticipated, especially for applicants with zero income or only SSI income.

individual is eligible to receive. The CU supervisor then reviews both the application and worksheet and provides a final approval or denial.

The eligibility worker enters data from the application and supporting documents into NAP's current eligibility system—referred to as Y2K—and prints a T-80, or turnaround document, which summarizes the current standing of the case. Each time a participant recertifies, a T-80 is produced and placed in the paper case file to serve as a long-term history of the case. Since Y2K overwrites old data as new information is collected, the series of hardcopy turnaround documents in the case file provides the easiest resource for finding historical information about a particular participant.

For eligible applicants, the eligibility worker fills out a Request for ID Card form and sends it to the BICA Unit. This ID card is required for participants to pick up their coupons. If the participant has applied after the Authorization to Participate (ATP) forms⁹⁵ were printed for the month but before the 20th of the month, the eligibility worker also fills out a Request for Over-the-Counter Issuance of ATP Card. This allows the participant to receive benefits for part of the month. Participants who applied after the 20th of the month begin participating the following month. Finally, the eligibility worker mails the participant a final NOD form indicating eligibility and benefits level.

Applicants who believe their applications were denied inappropriately can request an agency conference or a fair hearing. Agency conferences are informal meetings that include the applicant, the CU supervisor, and the NAP administrator. During these meetings, the group reviews the application and the decision made by the CU staff. If the administrator disagrees with the CU's decision, the applicant is certified. Hearings are more formal events that include a representative from the Attorney General's office, a lawyer for the applicant if he or she has one, relevant NAP staff, and the applicant. In a hearing, the representative from the Attorney General's office makes the final determination about eligibility.

4. Process for Reporting Changes and Recertification

Participants are required to report any changes in income, household composition, residence, or other factors that could affect the benefits they receive within 10 days of the change date.

The NOD form a participant receives at the time of certification or recertification includes an appointment date and time for the recertification interview, 3 months to a year in advance.⁹⁶ The recertification process is a streamlined version of the initial application process. The application and

RESOURCES: WORKSHEET

CASE NO. _____

A. LIMITS

- Household of two or more, one of whom is 65 yrs. or older.....\$3,000
- All other Households\$2,000

B. ACTUAL AMOUNT OF CURRENT RESOURCES

- Cash on hand \$ _____
- Savings \$ _____
- Checking \$ _____
- Other \$ _____

TOTAL RESOURCES \$ _____

ELIGIBLE INELIGIBLE Excess Resources by: _____

DENIED
 TERMINATED

II. INCOME Pr/Income: A = B multiply by C = D
 A = Income of ineligible member
 B = HH size including ineligible member
 C = HH size excluding ineligible member
 D = Prorated Income ascribed to the HH

HH MEMBER CODE	PAYMENTS		SOURCE	TYPE	MONTHLY GROSS	DEDUCTION	NET INCOME
	Pr/Period	Amnt.					
1.					\$	\$	\$
2.							
3.							
4.							
5.							
6.							

TOTALS: \$ _____ \$ _____ = \$ _____

INCOME LIMIT FOR HH OF: _____ \$ _____

III. DISPOSITION DENIED: Excess Income: \$ _____
 APPROVED HH SIZE _____ \$ _____
 Failure to cooperate

CERTIFICATION PERIOD: _____ to _____

EW - SIGNATURE _____ Code: _____

DISPOSITION DATE: _____ EFFECTIVE DATE: _____

NAP FORM (Revised 10/95) CU

NAP Form

⁹⁵ ATPs are printed monthly and indicate the benefit amount and breakout of denominations to be issued for each participant.

⁹⁶ In most cases, this is the only notice participants receive of their recertification appointments. Participants who do not recertify on time will be directed to meet with an eligibility worker the next time they visit the NAP office to pick up their benefits.

interview are the same, but the eligibility worker prepares the application for the participant and the interview is short—approximately 3 minutes—unless there are changes. Participants are required to submit updated documentation, if applicable, within 10 days of the interview.

Participants who miss their recertification interview appointments are notified they need to recertify if and when they arrive at the NAP office to pick up their benefits. The recertification interview is held on the sixth day, or “open day,” of the benefits distribution period. After this interview, participants may receive their benefits. If, during the recertification process, the eligibility worker finds a change in household income, resources, or composition that reduces the unit’s benefit level or makes the participant ineligible for benefits, the eligibility worker fills out a Notice of Adverse Action form, which informs the participant about the changes to his or her case.

With each reported change and recertification, updated information is entered into the Y2K system and a new turnaround document is produced. If a change occurred more than 10 days before it was reported to NAP and it changes the benefit amount, the eligibility worker fills out an ATP Adjustment Form to determine the amount of over- or underissuance. In the case of an overissuance, the eligibility worker completes a Collection Breakdown Form and submits it to the BICA Unit. Upon receiving this form, the BICA Unit initiates the process to either make adjustments to future benefit levels or issue a claim to the household.

C. SNAP Program Requirements and Changes Needed

This section describes current SNAP program requirements for general SNAP administration and certification procedures (section 1) and describes the ways the CNMI’s policies and procedures would need to change if the CNMI were to transition to SNAP (section 2).

1. Overview of SNAP Program Requirements

The technical requirements for SNAP eligibility and benefit levels are described in chapter 5. This section discusses the requirements for general SNAP administration and the SNAP certification process in particular.

SNAP Options and Waivers. There are several options available to States that allow flexibility in the administration of SNAP (USDA FNS, 2012b).⁹⁷ Each State must select some options. FNS may offer guidance to States, but the selection of options is at the States’ discretion. Some of the options States must select relate to certification policy, such as certification periods and reporting policies.

While options are choices written into SNAP regulations, waivers are requests to waive a certain regulatory requirement. There are several relatively common waivers, but each waiver request must be approved by FNS.

State Planning Documents. Each State must have a State plan of operations, which provides a detailed overview of its SNAP policies and operational procedures, including options. State plans are subject to FNS’s approval. In addition to the general State plan, each State must also develop a Disaster SNAP plan, a policy manual that details State policies, and a training manual. States must also develop plans for two optional programs, SNAP-Education and SNAP Outreach, if they choose to implement those programs (see appendix C for more detail on these programs).

⁹⁷ See the State Options report for descriptions of many of the commonly selected options.

Application and Interview. Each State must have a SNAP application form. Applications typically require detailed information on applicants, such as demographics and citizenship of household members and details of earned and unearned income, resources, and expenses to calculate benefits. FNS requires that applications also include certain information about SNAP policy. Many States may combine the SNAP application with applications for other benefit programs, such as Medicaid and TANF. States must also establish a procedure for conducting SNAP interviews. FNS has few specific requirements for the interviews, and States have considerable flexibility in how to conduct them.

National Databases. During the certification process, State eligibility workers are required to check six State or national databases:⁹⁸

1. The **Death Master File**, maintained by the Social Security Administration, verifies the applicant is alive. This verification helps to guard against identity theft and overissuance for deceased household members.
2. The **Prisoner Verification System**, maintained by the Social Security Administration, verifies that the applicant is not currently in Federal custody. Like the Death Master File, this verification helps to guard against identity theft.
3. The **National Directory of New Hires**, operated by the Office of Child Support Enforcement (within the Administration for Children and Families, U.S. Department of Health and Human Services), allows States to check whether participants are reporting the correct employment status.
4. The **Income and Eligibility Verification System (IEVS)** performs data matches against other agency databases to verify certain types of income.
5. An **immigration verification system**, such as the Systematic Alien Verification for Entitlements (SAVE) program, maintained by U.S. Citizenship and Immigration Services and enables States to verify the immigration status of applicants.
6. The **electronic Disqualified Recipient System (eDRS)**,⁹⁹ compiled by USDA, provides data on whether applicants have been disqualified to receive SNAP benefits in other States.

Communications With Participants. State SNAP agencies are required to send a wide range of notices to applicants and participants. For example, at the conclusion of the application process, each applicant receives a Notice of Eligibility or a Notice of Denial. Other notices alert applicants or participants to changes in their status or required action by them; these may include notices of expiration, notices of adverse actions, or interview appointment letters. Typically, these notices are mailed to participants as first class mail, although certified mail may be used for certain notices, and some States may send some waivers via email or text message with FNS's approval.

2. Changes Needed To Implement SNAP

The basic steps of the NAP and SNAP certification processes are similar: participants apply, attend an interview, are certified to participate for a certain amount of time, are required to report certain changes, and must recertify if they wish to continue participating in the program. However, the details of the processes differ. This section describes the changes that would need to occur if the CNMI

⁹⁸ The CNMI may not currently be included in some of these databases.

⁹⁹ eDRS is a national database that tracks all SNAP recipients suspended or disqualified from the program across States. Some States also enter into data-sharing agreements with geographically proximate States to check whether an applicant has recently applied for or is receiving SNAP in another State.

transitioned to SNAP, including the administrative planning, application, orientation and interview process, documentation needed, certification periods, changes that must be reported and the recertification process (sections A–G).

a. Administrative Planning

NAP. As described, NAP signs an MOU with FNS annually. An MOU is updated and approved by FNS as needed.

SNAP. States are required to submit a State Plan of Operation for FNS approval each year. States are also required to develop SNAP policy manuals that describe the State’s policies and procedures and training manuals for use by new staff; these manuals must be approved by FNS.

Changes Needed. CNMI would need to develop three administrative planning documents: a State Plan of Operation, a policy manual, and a training manual. The CNMI would no longer be required to develop the MOU and MOO.

b. Application

NAP. NAP applicants complete a one-page application that includes demographic and citizenship information on household members, mailing address, data on resources and income, authorized representatives, history of participation in NAP, a hand-drawn map to the applicant’s residence, and the applicant’s signature. Applications are available only on paper.

SNAP. SNAP applications typically require detailed information on applicants, such as demographics and citizenship of household members and details of earned and unearned income, resources, and expenses to calculate benefits. Most States encourage applicants to apply online but all allow submission of paper applications. In addition to collecting information from prospective participants, applications also provide information to applicants about SNAP policies, such as information on the availability of expedited services, information on the date benefits become available for approved applications, and warnings about the penalties associated with misrepresenting information or misusing benefits.¹⁰⁰

Changes Needed. The CNMI would need to develop an application that collects additional information on households’ available resources and deductions. The CNMI also might want to add questions on race and ethnicity (for reporting purposes). While many States have online applications, the CNMI could continue to use a paper application.

c. Orientation

NAP. NAP requires applicants to attend an in-person orientation. This orientation is typically held six times a month and provides information on NAP eligibility and policies, the application and certification process, and the types of items that can be purchased with coupons. In the event an applicant is unable to go to the NAP office and does not have an authorized representative to attend the orientation on his or her behalf, NAP staff will travel to the applicant’s location to conduct the orientation and interview.

SNAP. FNS does not require an orientation for SNAP applicants.

¹⁰⁰ FNS regulations require only that applications have the applicant’s name, address, and signature to establish the applicant’s filing date.

Changes Needed. The CNMI would no longer be permitted to conduct a mandatory orientation for applicants but could offer optional orientations.

d. Interview

NAP. Interviews are conducted in the NAP office as one-on-one meetings with eligibility workers. During the interview, the eligibility worker reviews the application and collects supporting documentation. Applicants who do not speak conversational English are responsible for providing their own interpreter.

SNAP. Interviews are held in local SNAP offices or over the phone, depending on the needs of the applicant and the State's waivers. During the interview, the eligibility worker reviews the application and collects any supporting documentation. States are required to make accommodations for applicants who do not speak conversational English. Many do so by having interpreters on staff or by using the Language Line over-the-phone interpreter service. States are also required to provide telephone interviews in cases where a face-to-face interview presents a hardship, such as for applicants who are elderly or disabled or those with difficulty obtaining transportation to the SNAP office.

- ▶ **SNAP Waiver:** FNS commonly approves States' requests to waive the requirement for a face-to-face interview. However, States are required to offer a face-to-face interview at the request of the participant.

Changes Needed. If the CNMI adopted SNAP, the interview would need to be extended to cover the additional information collected on deductions. The CNMI would also need to make formal arrangements for applicants who do not speak conversational English, such as providing telephone interpreters. The CNMI would also need to provide telephone interviews in cases where a face-to-face interview presents a hardship.

e. Documentation and Verification

NAP. NAP requires documentation of citizenship status, age, resources, and earnings for all applicants. To be exempt from work registration requirements because of disability, applicants must also submit a physician's statement if they do not receive SSI benefits. To be exempt from work registration requirements because of participation in training programs, applicants must submit documentation of enrollment in such programs.

SNAP. SNAP requires documentation of Social Security Number, residency, resources, and income from all participants. Some applicants must also submit documentation of school enrollment to satisfy eligibility requirements or for exemption from work registration requirements. Applicants who make legally obligated child support payments must provide documentation of the payments to receive the child support deduction or exclusion. Applicants who are elderly or have a disability and have medical expenses must provide documentation of these expenses to receive the medical expense deduction. Applicants are expected to provide documentation of all these items, but eligibility workers are responsible for assisting the household in obtaining necessary verifications.

Eligibility workers also review State databases to verify certain pieces of information. The databases must include those mentioned earlier: (1) Social Security Agency's Death Master File, (2) the Prisoner Verification System, (3) the eDRS, (4) the National Directory of New Hires to check whether participants are reporting changes in employment status, (5) an immigration verification system such as SAVE, and (6) IEVS to confirm income levels from other sources. States may also use additional databases.

- ▶ **SNAP Option.** During the certification process, States have the option to require documentation for certain items, including housing, child care, household composition, and identity of household members other than the head of household. The CNMI could opt to verify any of these additional items.¹⁰¹

Changes Needed. The CNMI would need to continue collecting the documentation it is currently collecting but would also need to gather additional information. Additional items could include independent verification of school enrollment for a wider range of people, child support payments, dependent care expenses, and medical expenses. The CNMI could also opt to verify household composition and several additional expenses. The CNMI would need to obtain access to several databases so eligibility workers could verify information during the certification process.¹⁰²

Table 6.2 provides an overview of the types of documentation required by the two programs, although the documentation required by SNAP could vary depending on the options exercised by each State.

Table 6.2. Types of Documentation and Verification Needed in NAP and SNAP, FY 2015

Eligibility Area	NAP	SNAP
Citizenship status	Required	Required
Age	Required	Required
School enrollment	Required	Required
Household composition	Not required	Optional
Resources, nonvehicle	Required	Required
Resources, vehicle	Not required	Required
Earned income	Required	Required
Unearned income	Required	Required
Expenses, medical	Not required	Required
Expenses, dependent care	Not required	Optional
Expenses, shelter	Not required	Optional
Expenses, child support payments	Not required	Required

f. Application Processing

NAP. NAP has 30 days from the date of submission of a signed application to make an eligibility determination. The date eligible applicants begin receiving benefits depends on the timing of their applications. Applicants who apply during the first 10 days of the month receive a full month’s benefits. Those who apply between the 10th and the 20th of the month receive half of the month’s benefits, and those who apply after the 20th of the month begin participating the following month. At the discretion of the NAP administrator, expedited service may be offered to households in extreme need.

SNAP. The Food and Nutrition Act requires all households receive benefits within 30 days of the date of application. Upon determination of eligibility, the participant’s certification period and benefit issuance begins on the date of application.

¹⁰¹ SNAP QC procedures require verification of all items, regardless of whether they are verified during the application process.

¹⁰² The CNMI does not currently participate in the National Directory of New Hires and may need to identify a different source of current employment status information.

Some applicants are eligible for expedited services, in which eligibility determination and benefit issuance must be made within 7 days of application. Households qualify for expedited services if their gross income is less than \$150 per month and their assets are less than \$100, or their monthly shelter bills are greater than the sum of their income and assets, or the household contains a migrant farmworker with little income or few assets.

Changes Needed. The CNMI would need to develop a standard process for expedited applications. For other applications, the 30-day processing time would need to include benefit issuance, rather than ending at eligibility determination, and benefit issuance would be prorated for the month based on the date of application.

g. Certification Period

NAP. NAP uses three standard certification periods, depending on the type of household. Households with zero income are certified for 3 months, households with income other than SSI are certified for 6 months, and households with only SSI income are certified for 12 months.

SNAP. States have some flexibility in setting certification periods, but the certification period cannot exceed 12 months unless all adult household members are elderly or disabled. In those cases, the maximum certification period is 24 months.

Changes Needed. No changes would be necessary. However, increasing certification periods to 12 months, or 24 months in the case of households in which all members are elderly or disabled, would reduce administrative burden and burden on respondents.

h. Reporting Changes in Household Circumstances

NAP. Participants are required to report any change in residence, household composition, income, or resources within 10 days of the change.

SNAP. States have a range of options in the type of reporting they require of their participants. Many States use a combination of reporting requirements for different portions of the caseload:

- ▶ **Change reporting** requires participants to report a wide range of changes in circumstance as they become known to the household.
- ▶ **Monthly or quarterly reporting** requires participants to report any changes on a set schedule.
- ▶ **Simplified reporting** requires participants to report changes only if their total countable income exceeds 130 percent of the Federal poverty guidelines for their household size, or when work hours for ABAWD participants drop below 20 hours per week. Almost all States use simplified reporting for at least some of their participants.

Changes Needed. NAP's policy for reporting changes is consistent with SNAP's, so no change is necessary. However, implementing the simplified reporting option would reduce the administrative burden.

i. Recertification

NAP. The NAP recertification process is similar to the original certification process. Participants are notified of their appointment for their recertification interview on the Notification of Disposition form issued at the time of eligibility determination. If they miss that appointment, they are reminded of the

need to recertify the next time they visit the NAP office to pick up their benefits. NAP eligibility workers fill out the application on behalf of the household prior to that appointment and ask the participants to review the application for any changes and sign it during the interview. The eligibility workers do not need to collect additional documentation unless any changes in the household have occurred. All recertification interviews are conducted in person at the NAP office.

SNAP. The recertification process is similar to the initial application process; most documentation already on file does not need to be resubmitted unless changes in income or expenses exceed a certain threshold. Participants must submit their application for recertification before the end of the current certification period.

Changes Needed. The CNMI would need to conduct all recertification interviews before the end of the active certification period. As with the certification process, the recertification process would need to consider additional information on resources, expenses, and other items.

j. Communication With Participants

NAP. NAP mails some information to participants, such as the Notice of Eligibility Determination. However, since participants come to the office each month to pick up their benefits, NAP primarily communicates with participants in person. For example, if a participant's certification period ends and the participant does not recertify, NAP gives the participant a notice that benefits have expired instead of their coupons when the participant visits the NAP office during benefit issuance. This notice directs the participant to meet with an eligibility worker to recertify. Other information intended for the client is also distributed in person during benefits issuance.

SNAP. In SNAP, notices are typically delivered via first class mail or certified mail. SNAP regulations specify a number of notices that States must provide to applicants and participants within certain time frames.

Changes Needed. The CNMI would need to develop a number of standard notices and provide them to applicants and participants. These notices would need to be mailed because participants would visit the office less frequently if benefits were issued via EBT card. Notifications would be required to be provided by certain deadlines.

D. Implementation Process

To implement SNAP eligibility requirements, several tasks and activities would need to be undertaken, including planning, selecting from various options and waivers, updating the office space, and hiring and training staff, as outlined in sections 1 through 9 below.

1. Select State Options

As described above, SNAP regulations provide some options for program administration. States may receive guidance from FNS about these options, but ultimately the selection of options is at the State's discretion. Options can affect eligibility standards and benefit levels and so must be selected early in the

implementation process. The administrative cost estimates for this report assume the options below would be in place for the CNMI at the time of implementation:

- ▶ **Simplified Reporting.** This option relates to the conditions under which SNAP participants must notify SNAP of changes to their circumstances. Under simplified reporting, participants are only required to notify the SNAP office if their income exceeds the gross income limit for their household size at the time of certification or when work hours for ABAWDs fall below 20 hours per week. Participants may notify SNAP of other changes in circumstance at their discretion.
- ▶ **Establish 12-Month Certification Periods.** Of the various SNAP reporting systems, simplified reporting can provide clients with the longest certification periods and reduce the reporting and administrative burden on households and State agency staff. The cost estimates provided in this report assume all households would be certified for 12 months, with a 6-month reporting period for all households except those that consist entirely of elderly or disabled members, in which case the certification period would be 24 months with a 12-month reporting period.
- ▶ **Standard Utility Allowance.** States have the option to establish a standard utility allowance, based on typical utility costs, rather than basing applicants' shelter deductions on actual expenses. These optional allowances reduce the amount of documentation eligibility workers must collect and streamline eligibility and benefits computations. CNMI program staff would need to determine the amount of these allowances and provide their methodology and amounts to FNS for approval on an annual basis.

2. Apply for Waivers

Waivers are FNS-approved exceptions to SNAP regulations and statute for a designated period of time. States must apply to FNS for approval of waivers. Some waivers are common and have well-established parameters for acceptance. The administrative cost estimates for this report assume the CNMI would apply for and receive the waivers below:

- ▶ **Deny Cases Before the 30th Day.** SNAP regulations allow applicants 30 days to provide verification prior to denying benefits. However, a waiver implemented by many States allows the State to deny benefits after giving the applicant 10 days to provide the needed verification but before the full 30-day period has elapsed. Given the challenges of enrolling a large number of participants in a short period of time during the initial implementation, this waiver could be delayed until the second year of SNAP operations.
- ▶ **ABAWD Time Limit Waiver.** Able-bodied adults (aged 18–49) without dependents who work fewer than 20 hours per week are subject to a limit on their SNAP participation of 3 months of every 36 months. States with demonstrably unfavorable job markets can apply for a waiver of these time limits. Although the CNMI lacks the type of employment data States typically use¹⁰³ to apply for such a waiver, the cost estimates in this report assume FNS would waive ABAWD time limits.
- ▶ **Telephone Interviews in Lieu of Face-to-Face Interviews.** Almost all States have a waiver in place that allows them to conduct application interviews over the phone at initial application and recertification.

¹⁰³ States typically cite the most recent annual unemployment rate from the BLS Current Population Survey to illustrate the poor job market and justify the need for a waiver. The CNMI, however, is not included in that survey, and its only source of unemployment rate is based on the Decennial Census; the most recent official unemployment rate for the CNMI would be for 2010.

- ▶ **Average Student Work Hours.** Students older than 17 who are enrolled in postsecondary education are ineligible to participate in SNAP unless they spend at least 20 hours per week working or caring for a young child or they participate in an on-the-job training program. This option allows States to average weekly work hours across the month, rather than requiring the 20-hour minimum each week.

3. Develop State Plans and Manuals

CNMI program staff would need to develop several documents as part of the planning process. These documents include the State plan of operations, several program-specific plans, a policy manual, and a training manual.

4. Implement Eligibility and EBT Systems

SNAP's eligibility rules and benefit calculations are much more complicated than those of NAP, so a new eligibility system would need to be developed and implemented before SNAP could be operated. In addition to determining eligibility and calculating benefits, the system would serve as a case management system, interface with the EBT system to issue and reconcile benefits, and provide data for reporting. The implementation of an eligibility system is discussed in detail in chapter 7, while the EBT system implementation is described in chapter 8.

5. Obtain Access to Verification Databases

CNMI program staff would need to obtain access to several Federal or State databases. Checking the following databases is required as part of the certification process: (1) the Social Security Agency's Death Master File, (2) the Prisoner Verification System, (3) eDRS, (4) the National Directory of New Hires¹⁰⁴ (to check whether participants are reporting changes in employment status), (5) an immigration verification system such as SAVE, and (6) IEVS to confirm income levels from other sources. States may also use additional databases.

States have two options for accessing eDRS: (1) establish a Web portal that interfaces with the SNAP eligibility system, or (2) have each eligibility worker obtain a Level 2 eAuthentication account to access eDRS online directly. Many States have faced technological challenges interfacing their eligibility systems with eDRS, and incorporating this functionality to a new SNAP eligibility system would introduce substantial additional costs. Therefore, the study team assumed for the purposes of this feasibility assessment that authorized, trained CNMI eligibility personnel would access the eDRS online system directly.

6. Develop SNAP Enrollment Plans

CNMI program staff would need to develop a plan for enrolling a large number of people in SNAP in a short period of time, including both (1) current NAP participants who would likely transition to SNAP and (2) CNMI residents with low incomes who do not currently participate in or are not eligible for NAP.

¹⁰⁴ The CNMI does not currently participate in the National Directory of New Hires and may need to identify a different source of current employment status information.

7. Hire Additional CU Staff

The anticipated increase in the caseload size would result in a corresponding increase in the size of the CU, which has the most direct contact with participants. This unit is anticipated to increase from the current levels of 1 supervisor and 5 eligibility workers to approximately 3 supervisors and 20 eligibility workers. Some of these positions may be filled internally as other departments lose headcount because of changes in responsibilities (e.g., the retail and redemption unit, which would no longer have a function under SNAP). It is likely that some new staff would need to be hired. As the labor categories for this position already exist, hiring should be straightforward. The merit-based hiring process in place in the CNMI government is managed by the CNMI Office of Personnel Management and typically takes about 3–6 months.

8. Train CU Staff

Once the increased CU staff are in place, they would need extensive training on SNAP policies and procedures. This training would need to include information on SNAP policies and CNMI-specific policies, eligibility criteria and verifications, benefit calculations, certification periods, reporting requirements, recertification procedures, benefit issuance and EBT card distribution, and claims procedures. In addition to these policies and procedures, the staff would need to be trained in the use of the new eligibility system.

9. Establish Work Space for Additional Staff

The current NAP office space is not structured to accommodate a larger staff size and participant base, so part of the implementation process would be to reconfigure the office space in the current building to expand its capacity. Alternatively, the CNMI could consider opening a satellite office elsewhere on Saipan.

Tinian and Rota will require special consideration. Currently, NAP does not have dedicated office space on either island but uses DCCA office space during visits to those islands. Although NAP could continue to share an office with DCCA, two DCCA employees would need to have a certain percentage of time dedicated to NAP responsibilities on each island.

E. Organizational, Operational, Technical, and Infrastructure Effects

This section addresses the capabilities of the CNMI to implement SNAP eligibility rules including (1) the organizational and operational effects, (2) the technical effects, and (3) the infrastructure effects.

1. Organizational and Operational Effects

The implementation of SNAP would have substantial organizational and operational effects as described briefly below.

a. Staffing

The estimated increase in the caseload under SNAP would require a larger administrative staff and a larger CU staff. Under NAP, the CU consists of one supervisor and five eligibility workers. Under SNAP, an estimated 3 supervisors and 20 eligibility workers would be needed to perform ongoing certification activities. Likely, a larger number of staff would be needed during the implementation period to help certify all the NAP participants and nonparticipants eligible for SNAP; temporary staff could be hired for

this purpose. All SNAP hires—permanent and temporary—must be merit personnel. While the CNMI population faces some labor pool challenges, NAP personnel were confident it would be possible to find additional qualified staff among the local population.¹⁰⁵

There are no NAP personnel located on Tinian and Rota; NAP personnel make regular trips to those islands for certification and benefit issuance. Under SNAP, each island would require at least two part-time SNAP workers: one to conduct eligibility interviews and one to issue EBT cards. These staff members could also hold another DCCA part-time role.

b. Operations

NAP procedures rely heavily on paper forms and paper case files. While some paper forms would be necessary under SNAP, many certification processes would be more automated because of the implementation of a new eligibility system.

2. Technical Effects

In addition to the eligibility and EBT systems, discussed in detail in chapters 7 and 8, respectively, the CNMI would need to maintain access to several Federal or State databases: (1) the Social Security Agency's Death Master File, (2) the Prisoner Verification System, (3) eDRS, (4) the National Directory of New Hires¹⁰⁶ to check whether participants are reporting changes in employment status, (5) an immigration verification system such as SAVE, and (6) IEVS to confirm income levels from other sources.

3. Infrastructure Effects

The CNMI program staff would need to establish work space for the expanded staff upon transition to SNAP. The total staff size is expected to increase from 24 to at least 45, and the increased number of participants might also require more waiting room and interview space. One option for accommodating this expansion is to renovate the space available in the current building. Currently, the NAP office dedicates two large storage closets to coupon storage. This space could be used for case files or EBT cards upon the transition to NAP, but the increase in the number of paper case files driven by the increase in participants would likely require additional file storage space.

The CNMI could also consider opening a new satellite office in a remote area of Saipan, such as Kagman. This would improve access for many potential participants, given the lack of public transportation on Saipan.

Dedicated office space would need to be procured on Tinian and Rota. Relatively little office space would be necessary and could potentially be located within a larger DCCA office.

¹⁰⁵ Twenty percent of the CNMI's population hold a bachelor's degree or a higher level of education, an additional 25 percent have at least some college education, and an additional 37 percent have a high school diploma or GED. See appendix table G.1.

¹⁰⁶ The CNMI does not currently participate in the National Directory of New Hires and may need to identify a different source of current employment status information.

Chapter 7. Capability of the CNMI To Implement a SNAP Eligibility System

This chapter presents an assessment of the CNMI's ability to implement an eligibility system. Currently, much of the work to certify participants is performed manually and entered into an eligibility system (referred to as Y2K) developed more than 30 years ago during the initial implementation of NAP. For the CNMI to transition to SNAP, it must first implement a new eligibility system capable of determining SNAP eligibility and benefits, interfacing with an EBT system, and producing standard and ad hoc reports.

The following sections provide information on the feasibility of implementing a SNAP eligibility system in the CNMI. Sections A and B provide background information on SNAP eligibility systems, the perspectives of various stakeholders, and the CNMI's current eligibility system. Section C provides an overview of SNAP program requirements and changes needed. Sections D and E provide an overview of the process for implementing a SNAP eligibility system and the likely effects of the implementation, respectively. These sections also describe various procurement alternatives, the benefits and drawbacks related to each of the alternatives, and a recommended approach.

A. Background

Given the remote location and environment of the CNMI, one of the chief concerns related to implementing a SNAP eligibility system is whether a capable vendor would bid on a Request for Proposals (RFP) issued by the CNMI. The CNMI recently sought to replace the existing NAP eligibility system (Y2K) with an upgraded NAP eligibility system. CNMI NAP released an RFP in 2014 for the new system and received bids from vendors both on and off the island with varying levels of experience and expertise in the development of eligibility systems. The CNMI selected a vendor located in Saipan; however, FNS determined the selected firm did not have the requisite skills, experience, or personnel to develop an eligibility system and did not approve the use of FNS funds to support the contract.

The CNMI subsequently rereleased the RFP in 2015 and solicited additional bids. However, the CNMI cancelled the rereleased solicitation just prior to the deadline for proposal submission, and the reasons for the cancellation were not publicly released. Currently, there is no open RFP for a new NAP eligibility system, and no eligibility system is in place or planned that could be upgraded to SNAP requirements. As a result, a completely new system would need to be procured for SNAP.

Other island territories and States are also in some stage of updating, replacing, or integrating eligibility systems for SNAP and other programs. The U.S. Virgin Islands, for example, recently sought to procure an integrated eligibility system for SNAP and other programs. This contract is currently under negotiation, so information about the vendor, approach, and timeline is unavailable. Hawaii recently successfully implemented a new Medicaid eligibility system and is building out the integrated components for SNAP and TANF. Although Hawaii is also an island environment somewhat remote from the mainland United States, the State is larger, with substantial on-island IT expertise and a broader base of financial resources for supporting a project of this scale.¹⁰⁷ All other States currently implementing eligibility systems are pursuing integrated approaches, typically integrating Medicaid systems with SNAP, TANF, and other systems, as encouraged under the Affordable Care Act and the 90/10 Federal cost-sharing option. These projects have a much larger scale and cost than would be

¹⁰⁷ The Medicaid eligibility system cost approximately \$100 million.

feasible in an environment like the CNMI. Discussion with vendors indicated a typical integrated eligibility system costs at least \$100–\$150 million and up to \$700 million, as was the case for the recently fully integrated system in New York City.

CNMI program staff, FNS, and IT vendors would be involved in implementing an eligibility system; each of these stakeholders is briefly described below:

- ▶ **CNMI Program Staff.** These staff would need to be trained on how to use the new eligibility system, and some staff members' job responsibilities could change.
- ▶ **USDA FNS.** Regional and State Systems Office staff would need to review, approve, and monitor any plans for the implementation of the eligibility system and provide support and assistance as needed.
- ▶ **IT Vendor.** One vendor would be selected to design, implement, and maintain the eligibility system in the CNMI.

The sections below discuss the benefits and challenges to implementing a SNAP eligibility system (section 1) and stakeholder perspectives (section 2).

1. Benefits and Challenges of Implementing a SNAP Eligibility System

As with the implementation of any new IT system, there would be benefits to be realized and challenges to be anticipated. The challenges would be surmountable if acknowledged and mitigated through proper planning. The following sections describe the benefits and challenges of implementing a SNAP eligibility system in the CNMI.

a. Benefits

The benefits to implementing a new SNAP eligibility system stem primarily from the potential increase in accuracy and efficiency as a result of the automation of the current manual processes. Staff time needed for manual processes could be significantly reduced and data reliability and integrity could increase. For example, an eligibility worker could input application information directly into the eligibility system, which could then determine eligibility and benefit amount automatically, instead of the eligibility worker filling out a worksheet with these calculations. A new eligibility system could potentially interact seamlessly with an EBT system to distribute benefits to participants and perform the benefit reconciliation process. Additional benefits are discussed further below.

Increased Functionality. In addition to automating current functions, a SNAP system could offer the CNMI many new functions (e.g., online application processing), depending on the functional requirements defined during the procurement phase. A new system could also support automated backups and storage of historic data; data would no longer need to be overwritten and stored on backup files at the end of each year. FNS requires a minimum of 3 years of data to be available to system users at all times.

Ability To Produce Reports and Make ad hoc Queries. More data could be available for reporting, tracking benefit distribution, and conducting analysis. A new SNAP eligibility system could enable the CNMI to create its own specific reports, obviating the need to engage a contractor to develop reports as is currently done. Having historical data accessible in the database would enable the CNMI to access all or most of its data at any time to identify changes to the household, for example. The system would also support ad hoc queries as needed for program management.

Latest Software Technology. The CNMI SNAP eligibility system could potentially be developed using the latest software technology (e.g., SQL database, Oracle, Application services, Web services), which could substantially enhance its functionality over NAP’s current DOS-based system. Depending on the selected procurement option, the CNMI could obtain software and technology updates to the SNAP eligibility system functions from future releases as a part of a maintenance agreement.

b. Challenges and Mitigation Strategies

Limited Vendor Competition. The implementation of a SNAP eligibility system would have inherent costs for planning and supporting the implementation by any vendor, regardless of the caseload size, the implementation approach, and complexity of the solution (e.g., number of modules or functional components). For a small population such as the CNMI’s, the per capita costs may be high, and some vendors may have concerns about the territory’s ability to support those costs.

Single-Program Approach. The structure of social supports in the CNMI dictates that a new eligibility system would support only SNAP. However, a SNAP-only eligibility system has not been implemented in many years and is counter to the direction of the field as States move toward large-scale, more efficient, integrated system approaches across multiple assistance programs.¹⁰⁸ A small-scale SNAP-only approach may not be attractive to vendors.

Remote Island Location. The CNMI is a significant distance from the U.S. mainland; most of the vendors that could provide a SNAP eligibility solution and most of the technical resources that would be needed to support the implementation of the selected procurement option would also be at a distance.

However, Guam, the U.S. Virgin Islands, and Puerto Rico have implemented an eligibility system at a manageable cost. Most problems could be addressed by the vendor maintaining at least one dedicated technical support staff member on Saipan to address problems. The availability of this person on the island would foster timely solutions and minimize the need for additional travel-related expenses. Some occasions may require that additional technical support personnel travel from the United States mainland to provide onsite technical support. Depending on the location of the vendor, it could take 1–2 days for additional technical support staff to travel to the CNMI. It would be important that the role and responsibilities of the on-island resource be clearly defined to easily identify situations warranting additional off-island technical support.

Multiple Islands. Although most of the CNMI’s population is located on Saipan, a significant minority live on Rota and Tinian. Approximately 8 percent of the NAP population currently live in Rota or Tinian. NAP staff visit these islands only once a month, and there are no dedicated program staff there.¹⁰⁹ If Tinian and Rota were staffed under SNAP, they would need to be able to support certification and recertification activities. However, they would need to have stable connectivity to the new server.

Natural Disasters. A system’s architecture and environment are critical to the success of its operations. It is important to ensure the infrastructure is consistently available and stable. Because the CNMI is prone to typhoons, the loss of power and telecommunications network connectivity could pose serious challenges.¹¹⁰ During and immediately following a typhoon, total or sporadic loss of power and

¹⁰⁸ The Affordable Care Act encouraged integrated systems that determine eligibility and benefits for Medicaid, SNAP, TANF, and other programs simultaneously. Under the Affordable Care Act, the costs of integrated systems are supported financially through Medicaid, with Federal funds covering 90 percent of the costs and State funds covering 10 percent.

¹⁰⁹ Staff from DCCA located on Tinian and Rota currently support NAP functions on these islands as needed.

¹¹⁰ FEMA has declared eight major disasters in the CNMI in the last 20 years.

telecommunications access can occur. Many households and businesses lost power and water services for several weeks, for example, following Typhoon Soudelor in August 2015.

This challenge could be mitigated by ensuring available and reliable backup/recovery procedures to address any power, telephone, and Internet outages. This contingency planning would include having backup generators, network redundancy (e.g., cellular, satellite), and the appropriate technologies (e.g., virtualization, synchronization) for data access reliability. The recovery of power would depend on the priority level and business effect of the SNAP eligibility system, as defined by the CNMI. The availability of a business continuity plan and procedures and a disaster recovery plan and procedures should be part of the mitigation steps to ensure timely resumption of normal telecommunications, power, and data access capabilities. These plans should address the steps needed if there is a connection failure with the main line (circuit) into the CNMI from Guam or loss of connectivity between the SNAP eligibility system and the local utility companies (e.g., power, telephone, Internet).

Local Resources. Developing eligibility system software requires individuals with extensive and specialized SNAP expertise. These individuals would be needed both to assist with the transition and to handle ongoing maintenance as needed. First, the CNMI would need an IT support technician to support the new system and ensure balanced communications between the CNMI and the SNAP eligibility system vendor regarding the implementation and maintenance operations following rollout. The CNMI would need to have a project manager on staff during implementation to oversee the process, coordinate communication between program staff and the IT vendor, and ensure the project adheres to FNS guidelines. Discussions with IT vendor staff in neighboring Guam indicated a limited number of IT personnel with requisite IT skills are available on Saipan.

2. Stakeholder Perspectives

The stakeholders most directly affected by the implementation of a SNAP eligibility system would be vendors and CNMI program staff. Program participants would be affected by a change in the eligibility system if implementation increases efficiency or accuracy. The following sections provide feedback from interviews with these stakeholder groups.

a. Eligibility System Vendors

Four companies that develop and support SNAP eligibility systems were interviewed about the challenges and potential strategies associated with procuring and implementing a SNAP eligibility system for the CNMI. Each of these companies has developed and supported SNAP eligibility systems in at least one other State or territory. Although several vendors would be interested in the project, the vendors had concerns with the single-program approach, the local resources available, and the remote location of the CNMI as highlighted below.

Single-Program Approach. While acknowledging a single-program system is a simpler approach than an integrated system, each eligibility system vendor reported its recent projects were all integrated systems. As a result, these vendors do not have a recent model of a single-program system to use as a base for an eligibility system in the CNMI. Vendors felt that an integrated approach—although more efficient—would likely be prohibitively expensive for the CNMI.

Similarly, the software packages used to develop eligibility systems have been developed with integrated systems in mind. The vendors agreed it would be possible in some cases to use only the SNAP-related portions of the software, but the integrated system base design complicates the use of these products and disentangling them may not be cost-effective.

Finally, the single-program approach means the development and implementation of a SNAP eligibility system would be a much smaller project than an integrated system. Some of the eligibility system vendors speculated the project budget would be too small to be of interest to them in the context of competing business opportunities for large, integrated system development projects.

Remote Island Location. Vendor interviews confirmed the remote location of the CNMI would pose a potential barrier because of the need to travel. Of those interviewed, only Guam’s IT vendor has a presence in Micronesia. All other vendors would need to send staff to the CNMI at several stages during the development process and during implementation, which would entail substantial travel for the vendors and additional costs for the CNMI.

Typically, eligibility system vendors also provide ongoing support. For all the interviewed vendors other than Guam’s IT vendor, providing support to such a remote location would be a significant challenge because of the difference in the time zone. The CNMI is 17 hours ahead of the West Coast, which would present a challenge for vendors to provide most types of technical support during business hours in the CNMI.

Local Resources. Several vendors expressed concern as to whether the local human, financial, and infrastructure resources available in the CNMI would be adequate for successfully managing a project to develop, implement, and maintain an eligibility system.

- ▶ **Human Resources.** Concerns included the perceived availability of local project management and IT support staff capable of handling a project of this scale.
- ▶ **Financial Resources.** The availability of sufficient financial resources to ensure a successful implementation was another significant concern of vendors. Developing and implementing a sophisticated IT project such as a SNAP eligibility system requires substantial overhead costs at the outset, and in an environment as small as the CNMI, the per capita cost would be extremely high relative to the per capita costs in a State, for example. Combined with concerns about the financial stability of the CNMI’s economy, vendors viewed this high per capita cost as a potentially substantial barrier to attracting a vendor and to successfully implementing a system.
- ▶ **Infrastructure Resources.** The CNMI’s technological infrastructure was also of concern to eligibility system vendors. To mitigate this concern, vendors would likely propose housing the eligibility system servers in the vendor’s location and having the CNMI program staff interact with the system remotely via the Internet. However, many vendors were concerned that the connection between the CNMI and these locations would be inadequate to sustain the functionality needed for that type of arrangement.

b. CNMI Program Staff

NAP staff were enthusiastic about their need for a new eligibility system. Their perceived benefits included increased access to data and increased automation and efficiency as described below.

Increased Access to Data. The current NAP eligibility system offers little flexibility to produce ad hoc reports. Most reports go directly to the printer rather than being provided on a .csv or other editable file. NAP staff viewed the enhanced ability to create reports and manipulate results as a key benefit of a new eligibility system.

Similarly, historical case file data are now stored in paper files (that are not always readily available) or on old backup tapes. Program staff reported the ability to more easily retrieve historical data on individual cases would be extremely helpful.

Increased Automation and Efficiency. Several components of NAP administration are completely separate from the eligibility system (e.g., benefit reconciliation conducted in Microsoft Excel). A new eligibility system could dramatically increase automation and efficiency in the program office. NAP staff were also eager to transition from benefit issuance by coupons to EBT, and they recognized that implementing an eligibility system with the capability to interface with an EBT contractor would be a critical first step toward that goal.

B. The Current NAP Eligibility System

The CNMI's current NAP Y2K eligibility system was initially developed in 1982 by an independent contractor. In 1993, it was moved into FoxPro, a database management system, and was last modified in 1999, when the prior system was updated to be Y2K compliant. The system is housed on the NAP network and has a DOS-style interface.

The Y2K system is used to manage eligibility and benefits for program participants, track certified retailers, and manage their operations. Each month, the Y2K system is used to print the monthly ATP checks that specify each household's benefit amounts. The system has a variety of challenges. First, although the system provides a limited number of reports, it does not have the flexibility to create ad hoc reports unless NAP engages a contractor to develop the desired report. The contractor who originally developed the system currently fills this role because no one else has the skill set and familiarity with the system to create new reports.

The system overwrites data and staff cannot go back and see historical changes. Because backup files of old data are not easily accessible, staff generally use paper case files to retrieve needed historical data. Given the age and limited functionality of the system, along with the relatively simple eligibility requirements of NAP compared to SNAP, updating the Y2K system to meet requirements of a SNAP eligibility system would not be possible.

C. SNAP Program Requirements and Changes Needed

The following sections provide an overview of SNAP program requirements, system requirements and standards, and changes needed to implement a system (sections 1 through 3).

1. Overview of SNAP Program Requirements

Determine Eligibility and Benefits. SNAP eligibility systems must be able to accurately determine the eligibility of households based on complex eligibility requirements related to household size and composition, residency and citizenship, income, resources, expenses, employment, etc. For those households deemed eligible to participate, the system must be able to calculate the monthly benefit amount and accomplish the following:

- ▶ Track actions related to certification, such as reporting requirements, fair hearings, sanctions, and intentional program violations.
- ▶ Accommodate the information tracking needs of program alternatives, such as time-limited participation for ABAWDs and simplified application projects, options, and waivers.

- ▶ Track various conditions and be flexible enough to be relatively easily updated upon changes in Federal requirements or State options or waivers.

Because eligibility criteria are more complex under SNAP than under NAP, the system would need to have the capability to track and incorporate a more extensive array of data elements in its calculations. Table 7.1 presents the program requirements for the certification of eligible households outlined in Title 7 of the Code of Federal Regulations, Section 273.¹¹¹

Table 7.1. Overview of Eligibility Certification Components as Specified in the Code of Federal Regulations, Section 273

Regulation Subpart	Sections and Descriptions
Subpart A: General Rules	273.1, Household Concept 273.2, Office Operations and Application Processing
Subpart B: Residency and Citizenship	273.3, Residency 273.4, Citizenship and Alien Status
Subpart C: Education and Employment	273.5, Students 273.6, Social Security Numbers 273.7, Work Provisions
Subpart D: Eligibility and Benefit Levels	273.8, Resource Eligibility Standards 273.9, Income and Deductions 273.10, Determining Household Eligibility and Benefit Levels 273.11, Action on Households With Special Circumstances
Subpart E: Continuing Participation	273.12, Requirements for Change Reporting Households 273.13, Notice of Adverse Action 273.14, Recertification
Subpart F: Disqualification and Claims	273.15, Fair Hearings 273.16, Disqualification for Intentional Program Violation 273.17, Restoration of Lost Benefits 273.18, Claims Against Households 273.19, [Reserved]
Subpart G: Program Alternatives	273.20, SSI Cash-Out 273.21, Monthly Reporting and Retrospective Budgeting 273.22, [Reserved] 273.23, Simplified Application and Standardized Benefit Projects 273.24, Time Limit for Able-Bodied Adults 273.25, Simplified Food Stamp Program
Subpart H: The Transitional Benefits Alternative	273.26, General Eligibility Guidelines 273.27, General Administrative Guidelines 273.28, Application for Food Stamp Recertification 273.29, Transitional Notice Requirements 273.30, Transitional Benefit Alternative Change Reporting Requirements 273.31, Closing the Transitional Period 273.32, Households Who Return to TANF During the Transitional Period

Interface with EBT. SNAP eligibility systems must interface with an EBT system to distribute benefits. The SNAP eligibility system would need to communicate with the EBT system at a minimum using batch-file processing to support the daily transfer of demographic and benefit files to the EBT system. This would require a daily submission of files to the EBT processor through a secure file transfer protocol process or other secure file-transport mechanism. Online messages could also be supported, if desired, for functions such as account setup and card and benefit issuance, which would allow cards and benefits to be available immediately for use. If this functionality were used, the CNMI eligibility system server would also need to have a dedicated connection to the EBT host processing system.

¹¹¹ Found at <http://www.gpo.gov/fdsys/pkg/CFR-2011-title7-vol4/pdf/CFR-2011-title7-vol4-part273.pdf>

2. System Requirements and Standards

The implementation of a SNAP eligibility system by the CNMI must comply with FNS system requirements and standards. The SNAP System Integrity Review Tool (USDA FNS, 2015e) provides an overview of the eligibility system requirements that are based on FNS regulations. Table 7.2 lists the requirement areas where the review tool could assist the CNMI in determining the proper SNAP functional requirements.

Table 7.2. Overview of Functional Requirements for SNAP Eligibility Systems

Eligibility System Requirements	Functional Requirements	
Eligibility and Benefits Determination	<ul style="list-style-type: none"> • Initial Application Processing • Household Data • Status of Households • Authorized Representative • Earned Income • Unearned Income • Resources • Medical Deduction • Dependent Care Deduction 	<ul style="list-style-type: none"> • Shelter Deduction • Other Deductions • Categorical Eligibility • Work Registration • ABAWDs • Students • Group Facility Residences/Homeless Meal Providers • Disaster SNAP
Changes	<ul style="list-style-type: none"> • Reporting 	<ul style="list-style-type: none"> • Mass Changes
Claims and Restoration	<ul style="list-style-type: none"> • Claims 	<ul style="list-style-type: none"> • Restoration of Lost Benefits
Certification Notices	<ul style="list-style-type: none"> • Certification Notices 	
System Operations	<ul style="list-style-type: none"> • Edits and Pending Cases • Staff Alerts • Eligibility and Benefit Actions • Quality Control • Case Records • Policy Manuals 	<ul style="list-style-type: none"> • System Performance • Management Information • Management Information Reporting • Data Matching • Data Matching • FNS Reports
Issuance and Reconciliation	<ul style="list-style-type: none"> • Issuance 	<ul style="list-style-type: none"> • Reconciliation

Based on the 2008 Farm Bill, section 4121, the appendices of the SNAP System Integrity Review Tool provide guidance for the testing of new information systems by State agencies before such systems are implemented.

Finally, the information on advance planning documents provided in *FNS Handbook 901* provides additional guidance, including the successful planning, oversight, testing, and management of information system implementations, including SNAP eligibility systems (USDA FNS, 2015b).

3. Changes Needed To Implement SNAP

Because the current Y2K system could not meet these functional requirements, the CNMI would need to procure a new eligibility system capable of determining SNAP eligibility and benefits and interfacing with an EBT system.

Currently, there are no IT staff located in the NAP office. Staff typically resolve IT-related issues using existing knowledge or with the support of IT staff in other government agencies as needed. Under SNAP, CNMI program staff would need a designated IT support technician to ensure maximum functionality and program operations. This individual could be either on staff or contracted and on call.

D. Implementation Process

To implement an eligibility system, several tasks would need to be conducted as outlined in sections 1 through 6 below.

1. Planning Activities

The first step would be to review the full set of planning activities outlined in *FNS Handbook 901*, which outlines the steps and requirements for the development of advance planning documents (APDs) used in different phases of the project. In SNAP implementations, an implementation APD (IAPD) and APD update (APDU) might be required. Beyond the planning phase, *FNS Handbook 901* also details the requirements for testing, security, and ongoing operations.

If an IAPD is required, it would be developed during the planning process. This document defines the State agency's plan for implementing an eligibility system. The IAPD would include an executive summary, a description of the general system design, a capacity study, the project management plan and resource requirements, the schedule of development activities, a proposed budget, the cost allocation plan, security plans, and the training plan.

2. Defining Requirements for an Eligibility System

Next, the CNMI would need to identify the functional and service requirements for the eligibility system, which should be included in both the IAPD and in a scope of work for the RFP. The general requirements for eligibility systems, as specified by FNS, appear in sections C.1 and C.2 above. Other requirements may be specific to the CNMI eligibility system.

3. Engaging Technical Support

Although the CNMI program staff recently drafted an RFP for an updated NAP eligibility system, they do not have experience managing the development of a SNAP system's functional requirements or implementation for a project of this type. A technical assistance contractor would need to be engaged to assist with this complex process. The contractor would be required to manage the overall planning process of designing an eligibility system, including drafting the requirements, the IAPD (if needed), and the resulting RFP. The contractor could also be engaged throughout implementation of the system to manage the process, including working with the selected vendor, conducting user acceptance testing, and collaborating with the vendor to train program staff in the use of the new system.

4. Procurement Alternatives

SNAP eligibility systems vary widely in functionality, use, and cost. To transition to SNAP, the CNMI would need to issue an RFP and select from the variety of available systems and potential vendors. This section highlights four potential options the CNMI could consider for procuring a SNAP eligibility system:¹¹²

- ▶ **Transfer Solution.** A SNAP eligibility system is transferred from another State agency.

¹¹² Another procurement alternative would be an enhanced solution whereby the existing NAP system is modified to meet the needs of a SNAP eligibility system. However, as described earlier, modifying the existing Y2K NAP system would not be a viable or cost-effective option given the age and limited functionality of the system.

- ▶ **Custom Solution.** A system is developed from scratch to meet the CNMI’s specific business requirements.
- ▶ **Commercial off-the-Shelf (COTS) Solution.** An existing, commercially developed software product is purchased.
- ▶ **Customized COTS Solution.** A COTS product is customized to meet the CNMI’s specific business requirements.

The four options are described further below, along with their potential benefits and drawbacks. With any option, CNMI system users would have a learning curve for the new system, and time and effort would be required to properly train CNMI staff on the new SNAP functionality.

a. Transfer Solution

A transfer solution from a State or U.S. territory often requires less time and effort to implement than other methods because it is already operational. It is important that the SNAP options and waivers for the transfer State be taken into account in case modifications are needed prior to the transfer. While the solution is considered a stable option, the functionality would still need to be tested after being transferred to the CNMI. This would be particularly important if the CNMI obtained part of a more complex integrated solution. Some benefits and drawbacks for this option appear in table 7.3.

Table 7.3. Benefits and Drawbacks of the Transfer Solution

Benefits	Drawbacks
<ul style="list-style-type: none"> • Compared to the other options, less time and effort would be required to transfer the solution; however, it would be important that the vendor provide the CNMI with an understanding of the minimum requirements for accessing the new SNAP eligibility system. • All existing artifacts (e.g., user manuals, training materials) would be available to the CNMI, as necessary, for their reference. • The new SNAP eligibility system has been proven because the SNAP functionality is already operational in the transfer State’s production environment. 	<ul style="list-style-type: none"> • Because the solution would be based on a State’s business processes, there could be a need to adjust the CNMI’s business processes to ensure all the benefits of the new solution could be realized. Alternatively, if the CNMI decided to change, enhance, or remove certain functions of the new solution, there could be additional costs.

b. Custom Solution

With this option, a vendor would be procured to design and develop a new solution according to the CNMI’s specific business requirements. It would be critical that all the requirements were defined in detail during the requirements analysis phase of the systems development life cycle. Well-defined requirements would be critical to the success of this option. Because the system would be newly developed, it would also be critical that the functions of the solution be thoroughly tested before being put into production. These steps would help the CNMI avoid surprises that could result in a solution that only partially met its needs. Because the code would be owned by the CNMI, the development of user, technical, and training documentation should be a part of the requirements. See table 7.4 for the main benefits and drawbacks of this solution.

Table 7.4. Benefits and Drawbacks of the Custom Solution

Benefits	Drawbacks
<ul style="list-style-type: none"> • The need for third-party code or components would be minimized. If third-party code was used, it would be important for the CNMI to understand whether it would own that portion of the code. • Key stakeholders could contribute to all the system development life cycle phases of the implementation. This would support buy-in and stakeholder understanding of the solution. • The code and solution artifacts would be owned by the CNMI. • The CNMI would have the benefit of a warranty period to address changes such that the delivered solution complies with the defined requirements. 	<ul style="list-style-type: none"> • Compared to other procurement options, this option would require more time to design, develop, and implement. • A custom solution is typically the most costly to implement. • Because this solution does not already exist in a production environment, more testing would be required to thoroughly validate all system functions. • Compared to the other procurement options, there would be higher upfront hardware costs. • For vendors located on the U.S. mainland, the travel and technical support challenges related to the CNMI's remote location would increase the overall cost to implement and maintain this option. • Future enhancements could be challenging if there were no ongoing maintenance support or if the CNMI did not have the in-house technical resources to provide the needed support.

c. COTS Solution

COTS component-based products are designed to be user friendly and readily commercially available. This type of solution would not require custom development before system implementation. Many vendors provide their COTS product as-is; however, depending on the vendor's flexibility, the CNMI might have an option to select the specific modules to ensure that most, if not all, its business needs were met. Most of the vendors provide maintenance support for their solutions; therefore, with this option, there would be a cost for the COTS product itself and a cost for ongoing maintenance. See table 7.5 for benefits and drawbacks related to this option.

Table 7.5. Benefits and Drawbacks of the COTS Solution

Benefits	Drawbacks
<ul style="list-style-type: none"> • Compared to the other options, this option could be one of the quickest to implement. • The CNMI would have access to the latest system updates through releases. • While testing would still be required, the level of testing might be less than with the custom solution, especially if there were only minor changes. • All already-created artifacts (e.g., user manuals, training materials) would be available to the CNMI, as necessary, for reference. • Under a COTS component-based approach, certain components, such as a rules engine, could be upgraded and replaced in the future without the need to update or otherwise affect the other system components. 	<ul style="list-style-type: none"> • Some CNMI business needs may not be addressed by the COTS solution. • The CNMI would not be able to own the code. • For vendors from the U.S. mainland, the travel and technical support challenges related to the CNMI's remote location would increase the overall cost to implement and maintain this option. • COTS solutions typically involve an annual license fee following implementation. These costs can be high and could substantially increase the cost of the system.

d. Customized COTS Solution

A customized COTS solution would facilitate the design and implementation of a product that would address the CNMI's specific business requirements (not already a part of the product) while still

maintaining the benefits of the COTS approach. See table 7.6 for benefits and drawbacks related to this option.

Table 7.6. Benefits and Drawbacks Related to the Customized COTS Solution

Benefits	Drawbacks
<ul style="list-style-type: none"> • Compared to the custom solution, this option would be fairly quick to implement. • The CNMI would have access to the latest updates to the COTS part of the solution through releases. • Unlike the standard COTS option, this option would allow all the CNMI’s business requirements to be addressed. 	<ul style="list-style-type: none"> • Compared to the other options, this option would be one of the most expensive solutions. • It is possible the CNMI would own only the code for the customized functions of the COTS product. • This option would require more testing than the COTS option because the customized functions could affect COTS functionality. Thorough testing would be required to ensure the customizations did not negatively affect the overall operation of the customized COTS solution. • For vendors from the U.S. mainland, the travel and technical support challenges related to the CNMI’s remote location would increase the overall cost to implement and maintain this option. • COTS solutions typically involve an annual license fee following implementation. These costs could be high and could substantially increase the cost of the system.

5. One Viable Approach: Transfer Solution From Guam

Although the CNMI would need to issue an RFP and competitively evaluate proposals, one viable approach for the CNMI would include transferring the SNAP components of the integrated eligibility system used in Guam. Guam currently leases its system from an on-island vendor, and discussions with the vendor for this study indicated the SNAP components of the system could be similarly implemented in the CNMI. Results of this assessment indicate this solution would be the most feasible and cost-effective option for implementing a SNAP eligibility system in the CNMI for three primary reasons: (1) low anticipated relative cost; (2) proximity of the vendor’s location to the CNMI; and (3) perceived ease of transferring the solution, as discussed below.

Lower Relative Cost. As described above, solutions sought by typical State SNAP agencies are extremely costly and would likely be cost-prohibitive for a small entity such as the CNMI. Current procurements are typically for integrated solutions and cost tens or hundreds of millions of dollars. Without a recent precedent for a single-program approach, reliable data are not available to estimate what a SNAP-only eligibility system might cost for a custom, COTS, or customized COTS solution. Exploratory interviews with vendors, however, suggested ballpark costs ranging from a minimum of \$15 million to \$50 million.

Transferring the SNAP system used in Guam, however, would likely provide a more cost-effective approach for the CNMI. Based on the contract costs negotiated with Guam for the SNAP portions of its integrated eligibility system as a proxy for what the CNMI might pay for transferring those components, the total costs incurred were estimated to be substantially less than what other State agencies pay in current procurement efforts. These estimated costs would be similar to what the CNMI was anticipating paying for its upgraded NAP eligibility system.

Geographic Proximity. Based in neighboring Guam, the current vendor for Guam’s eligibility system would be much more accessible than IT vendors based in the mainland United States during implementation and ongoing maintenance, which would address the barrier of the CNMI’s remote location. Guam is located in the same time zone as the CNMI and is a short flight away. Guam vendor staff, including potential IT support staff on Saipan, are familiar with the resources available in the CNMI

and could support the transfer and ongoing maintenance following rollout of the system. The vendor is also familiar with the CNMI infrastructure and its limitations and brings experience navigating a similar environment in neighboring Guam.

Perceived Ease of Transfer. Representatives of Guam’s vendor anticipated Guam’s SNAP components could be adapted to meet the needs of a SNAP system in the CNMI. Depending on the extent of customization needed, the vendor was optimistic about the ease of adapting the solution and did not anticipate difficulty in the transfer process. The vendor has a strong familiarity with SNAP policies and procedures through the project in Guam and could build on this expertise for implementing a SNAP solution in the CNMI.

As with any solution, there are potential drawbacks. Although Guam’s eligibility system has a Web-based front end, the back end remains primarily DOS-based. As a result, this SNAP eligibility system would not offer the benefits of the latest software technology, which is consistent with its substantially lower cost relative to other recent States’ custom, COTS, or customized COTS solutions. Although the transfer solution would meet the minimum functional requirements for SNAP eligibility systems, it would likely have less functionality than a more sophisticated solution found in a State, for example. It could also be more challenging to implement new functional requirements that arise in the future. However, given the substantial cost barriers in the CNMI to a more sophisticated solution, along with barriers presented by the CNMI’s remote location, the advantages of the Guam transfer outweigh these drawbacks.

6. Transfer Plan and Staff Training

For implementation of the eligibility system, the CNMI would need to (1) engage outside technical assistance to manage the implementation and (2) outsource the implementation, operation, and support to a private IT vendor. A transfer plan that includes training would help ensure this solution is successfully transferred. This plan should be developed by the vendor and address the roles and responsibilities of all key stakeholders (e.g., CNMI, vendor staff). The plans for training should address the training approach (e.g., online, train the trainer) and the materials the training will address.

Virtually all CNMI program staff would interact with the eligibility system in some capacity and would need to be trained in its use prior to the transfer. Regardless of the delivery method, it would be beneficial to record training as it is being conducted. This training should also be provided as part of an ongoing maintenance agreement with the vendor.

E. Organizational, Operational, Technical, and Infrastructure Effects

Many of the manual activities currently conducted by NAP staff could be performed with greater automation and efficiency with a new eligibility system. The following sections address the likely organizational, operational, technical, and infrastructure effects of implementing a SNAP eligibility system in the CNMI.

1. Organizational and Operational Effects

From an organizational perspective, the existing NAP program staff, particularly those in the CU, would continue to perform the same functions with a new eligibility system. However, some tasks performed manually or on paper under NAP could be automated with a new system. For example, eligibility workers could input application information directly into the eligibility system, which could then automatically determine eligibility and benefit amount, instead of the eligibility worker filling out a

worksheet with these calculations. Time and effort would be required to properly train CNMI staff regarding the use of the new SNAP functionality. Business processes may also need to be adjusted to ensure all the benefits of the new eligibility system could be realized.

Each of the affected units is described briefly below.¹¹³

- ▶ **CU.** The CU staff would continue to perform the same certification and recertification functions in a more automated environment. For example, eligibility workers now review NAP applications and supporting documents on paper and use a worksheet to calculate eligibility and benefits. After the supervisor reviews these materials and provides a final approval and denial, the eligibility worker enters the relevant data into Y2K and prints a document summarizing the current standing of the case (T-80, or turnaround document). Each time a participant recertifies, a T-80 is produced and placed in the paper case file to serve as a long-term case history. SNAP eligibility rules are significantly more complicated, and a new eligibility system would determine initial eligibility and perform benefit calculation automatically. The ready accessibility of historical information would also be useful to eligibility workers.
- ▶ **BICA Unit.** Currently, each month, prior to benefit issuance, the BICA Unit prints a report from Y2K listing all participants eligible to receive benefits for the month, and once that list has been confirmed, the BICA Unit prints ATP forms from Y2K. Although the BICA Unit would not issue SNAP benefits in the form of coupons, it would be responsible for issuing replacement EBT cards, overseeing the interaction between the eligibility system and the EBT system and handling claims.
- ▶ **MEU.** Functions currently performed by MEU staff would be similar but more automated. MEU is responsible for conducting participant case file reviews and conducting fraud investigations, among other duties. Findings from these reviews and investigations are entered into Y2K. With the implementation of SNAP, program staff would use the SNAP eligibility system to extract a quality control sample and case file information accessed from the system, including the benefit redemption history, to conduct quality control case reviews and to investigate potential fraud cases.
- ▶ **NAP Administration.** NAP administrative staff would also perform similar functions in a more automated environment. NAP is responsible for regularly reporting summary information about participants, issuance, redemption rates, retailer management, case file reviews, and finances to FNS. Y2K provides the data that support these reports. A new eligibility system would provide greater access to the data and increased ability to produce ad hoc reports.

Once operational, CNMI IT staff would need to support the eligibility system, including monitoring file and data transmissions of information to and from the EBT system and addressing user issues and connectivity to the vendor. This function is typically performed by onsite IT staff. As the CNMI NAP staff do not currently have an onsite IT support technician, the CNMI would need to hire or contract this position to provide support for the new system. However, this role could be performed by other IT staff within a CNMI program or government agency or a contractor supporting the eligibility system.

¹¹³ Although the Retail and Redemption Unit uses Y2K for two purposes—to track authorized retailers and to track weekly redemption amounts for each retailer—the Retail and Redemption Unit would no longer need to support monitoring of SNAP retailers because FNS would assume this function.

2. Technical Effects

Sufficient equipment and software would need to be obtained to meet the technical requirements of the new eligibility system, as described below.

a. Equipment Requirements

Implementing a new SNAP eligibility system in the CNMI would require the purchase of workstations to support the additional staff members supporting a larger participant population. The CNMI would likely also need to purchase the servers for the new SNAP eligibility system. These hardware requirements are shown in table 7.7.

Table 7.7. Server Hardware Requirements for a SNAP Eligibility System in the CNMI Web Server

Web Server	Application Server
1. Minimum processor: two dual or quad-core Intel Xeon 2.3Ghz	1. Minimum processor: two-core Intel Xeon E5-2600 v3 series
2. Minimum memory: 64GB DDR4	2. Minimum memory: 64GB DDR4
3. Media bay for slim optical DISK (DVD/CD-ROM)	3. Media bay for slim optical DISK (DVD/CD-ROM)
4. Minimum internal storage of 2-1TB disks with RAID support	4. Minimum internal storage of 2-1TB Disks with RAID support
5. Redundant power supply with hot-swap 450W 110V to 240V AC input	5. Redundant power supply with hot-swap 450W 110V to 240V AC input
6. Two integrated gigabit Ethernet network interfaces	6. Two integrated gigabit Ethernet network interfaces

b. Software Requirements

Because the vendor would be responsible for the eligibility system and its software, there would be no software requirements for the CNMI to support the implementation.

To support the transmission of data between the eligibility and EBT systems, a dedicated and secure connection between the two systems would need to be established. Typically, this connection would be supported between the EBT processor's data center and the CNMI vendor hosting the eligibility system, often through a virtual private network connection.

3. Infrastructure Effects

There would be minimal infrastructure effects from the implementation of an eligibility system. The facility used currently to support certification could be used to perform the same functions, and the servers for the eligibility system could be housed and maintained at the vendor's facility. The CNMI may need to consider the strength of the telecommunication infrastructure for the locations on Tinian and Rota if connection to the eligibility system is needed and allow for a backup solution during periods of limited or no connectivity.

Chapter 8. Capability of the CNMI To Issue Benefits Through EBT Cards

This chapter assesses whether benefits could be delivered in the CNMI through EBT. Currently, NAP uses paper coupons issued to participants in person at the NAP office each month. Under SNAP, the CNMI would be required to issue benefits via an EBT card; additional benefits would be added automatically each month. EBT is a technology similar to a commercial debit card transaction that uses magnetic-stripe cards to access a cardholder's government benefit account online, in real time, through a retail point-of-sale or electronic cash register system.¹¹⁴ The cardholder uses a personal identification number (PIN) to authenticate the transaction. EBT is the benefit delivery method required for the issuance and redemption of SNAP benefits under USDA regulations.

The following sections provide information on the feasibility of implementing EBT in the CNMI. Section A provides background information on EBT and the perspectives of various stakeholders. Section B gives an overview of the current NAP benefit issuance process. Section C lists SNAP program requirements and the changes that would be needed to implement SNAP. Section D provides an overview of the process for implementing EBT cards, and section E describes the likely effects of the implementation.¹¹⁵

A. Background

Given the remote location and environment of the CNMI, one of the chief concerns is whether it is technically feasible to provide EBT. At the time of this report, there were no programs in the CNMI using EBT technology to deliver benefits. However, the CNMI Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) completed its EBT planning activities in 2014 as part of the Arizona-led HANDS Consortium, and the analysis performed determined that WIC benefits could be delivered via online EBT. The CNMI plans to implement WIC EBT before October 2020.

With regard to infrastructure, the telecommunications network is robust enough to support EBT. Commercial credit and debit processing is common in the CNMI and uses the same technology and networks EBT would use if implemented. Although there is no operational EBT system to date in the CNMI, the technology has been successfully implemented in other island territories, including Guam, the U.S. Virgin Islands, and Puerto Rico.

Credit and debit cards are accepted widely across the islands by retailers, and the majority of NAP certified retailers also accept them. Those who have chosen not to accept them generally do so to avoid the fees charged by the banks that provide the service, not because of technology limitations. The prevalence of credit and debit transaction acceptance in the CNMI strongly suggests it would be possible to support EBT transaction processing because EBT uses the same technology and processing networks. The financial institutions that support most CNMI credit and debit transactions also provide services and equipment within Guam and Hawaii that support EBT transactions for SNAP and cash benefits.

¹¹⁴ SNAP regulations allow the issue of benefits through an offline EBT system in which purchases are made without real-time authorization from a central processor. Offline and online systems are not compatible with one another, so CNMI SNAP participants would not be able to use their EBT cards in other States or territories. However, the Food and Nutrition Act exempts offline systems from interoperability requirements until the Secretary determines that there is a practicable technological solution.

¹¹⁵ For additional context, appendix D contains an assessment of EBT implementation costs should the CNMI continue to operate under a block grant.

Since EBT is a niche area, it is assumed there are no on-island experts; however, some of the financial institutions in the CNMI such as Bank of Hawaii, First Hawaiian Bank, or Bank of Guam may have experience with EBT technology through their work in Hawaii and/or Guam.

Most commonly, State agencies fully outsource their EBT transaction processing for SNAP. EBT technology requires continuous operations support and specialized expertise that a State's in-house IT department typically cannot provide. EBT service providers have been supporting EBT for SNAP for more than 20 years and have proprietary transaction processing systems. Until recently there were three primary EBT service providers: JP Morgan, Xerox, and Fidelity Information Services. However, another company, Solustran, has more recently entered the market.¹¹⁶

An EBT benefit issuance process would be significantly different than coupon issuance under NAP for all parties involved, including the program staff, NAP participants, retailers, and financial institutions.

- ▶ **CNMI program staff** would experience changes to their processes and workflow, would require training and changes in job responsibilities, and would need to plan for and implement (with contractor assistance) the EBT system.
- ▶ **Program participants** would experience changes in how benefits were delivered, would receive a card instead of paper benefits, and would require training on the use of the card.
- ▶ **CNMI retailers (authorized for redemption of benefits)** would experience changes to redemption and payment processes, would require equipment and training to process EBT transactions, and would incur fees for transaction processing and potentially the leasing of equipment.
- ▶ **Local financial institutions** would no longer have to process paper coupons; those that provide commercial point-of-sale would have to support the EBT transactions.
- ▶ **USDA FNS** Regional, Headquarters, and State Systems office staff would need to review, approve, and monitor any plans for the implementation of EBT and provide support and assistance as needed.¹¹⁷

Section 1 below discusses the benefits and challenges related to implementing EBT, and section 2 discusses stakeholder perspectives related to EBT.

1. Benefits and Challenges to Implementation of EBT

The implementation of EBT would provide both benefits and challenges to the CNMI, as follows. The challenges could be overcome but would need to be acknowledged and mitigated through proper planning.

¹¹⁶ In 2014, JP Morgan announced its decision to exit the market. It is continuing to support existing projects until its contracts expire but is not seeking or accepting additional contracts.

¹¹⁷ As noted earlier in this report, they would also monitor EBT patterns for certified retailers to identify and assess patterns indicating potential fraud.

a. Benefits

The benefits of implementing EBT have been proven for more than 20 years by other States and territories.¹¹⁸ The following details the benefits by stakeholder group:

- ▶ **CNMI program staff** would benefit from more efficient processes (e.g., no longer required to print, handle, store, and process paper coupons; more streamlined benefit reconciliation processes). These changes would likely improve accuracy and program integrity, and more data would be available for tracking and reporting benefit usage.
- ▶ **Program participants** would benefit from less stigma associated with using a debit card than paper coupons; improved ability to manage benefits; longer periods of benefit usage (i.e., EBT benefits would not expire as quickly); reduced burden of traveling to the program office to retrieve paper benefits; and greater security against benefit loss or theft. Participants on Rota and Tinian would experience fewer delays in benefit delivery related to limited flights, plane maintenance, and weather.
- ▶ **Retailers** would benefit from more efficient in-lane processes (e.g., coupons would no longer need to be signed and counted) and reimbursement processes (e.g., retailers would no longer need to count and deposit coupons and would be paid within 2 business days through an automated clearinghouse deposit). Transactions would be less prone to error (e.g., effective dates and benefit values would be validated by the system, not cashiers).
- ▶ **Financial institutions (banks)** would benefit from increased efficiency resulting from fully automated processing and redemption of the CNMI's benefit program (i.e., no paper coupons to be deposited and manually processed).

b. Challenges and Mitigation Strategies

The CNMI would face challenges in implementing EBT because of its size and remote environment but could overcome them with proper planning and coordination, as follows.

Program Size. An EBT processor bears certain fixed costs to operate a system regardless of the caseload size of the program (i.e., number of accounts). Ongoing pricing for outsourced EBT services is based on a cost-per-case-per-month (CPCM) price, where a case is an active EBT account associated with a household. When a State agency has a lower caseload, there are fewer households or accounts where the EBT processor can spread the fixed costs. As a result, the challenge of a small program is that EBT processors might not be interested in bidding on an EBT procurement if the caseload is not large enough to cover fixed costs, if there are unusual or excessive risks involved, or if there are other procurement opportunities that might be more profitable.

The best way for the CNMI to overcome this challenge would be to join a consortium of States that procure EBT services together. The consortia allow smaller State agencies to benefit from the buying power of a larger group.

Limited EBT Processor Competition. With the exit of JP Morgan from the EBT marketplace, Xerox and Fidelity Information Services are the only major competitors remaining. This has raised serious concerns about how limited competition could drive up prices, which could be problematic for smaller programs

¹¹⁸ FNS studied early EBT implementations for SNAP (called the Food Stamp Program at the time) and determined to be successful. The technology was highlighted and promoted through the Clinton Administration Reinventing Government Initiative and ultimately was mandated by Congress to be implemented for the Food Stamp Program in all States by 2002.

for the reasons noted above. However, bid prices for recent SNAP EBT procurements since the JP Morgan announcement have not been significantly higher compared to prior bids. In January, a new player entered the market: Solutran, a firm that has provided paper food instrument and offline EBT processing for WIC, was awarded a contract to provide EBT processing services for SNAP, cash benefits programs (such as TANF), and WIC for the State of Montana.

Procurement through a consortium, however, could mitigate the risks associated with the current marketplace, offering the CNMI the best opportunity to keep costs low and ensure more than one EBT processor would bid on the opportunity.

Remote Island Location. The CNMI, like Guam, is a significant distance from mainland United States, from any of the EBT processors, and from available technical assistance or support personnel. This distance could potentially make the implementation and ongoing support of the system more difficult and expensive than for a mainland location.

While this could be a challenge, Guam, the U.S. Virgin Islands, and Puerto Rico have implemented EBT at a manageable cost. Despite initial implementation complications as a result of travel challenges, EBT was ultimately implemented successfully in these locations. For each of these places, the EBT processors and local banks maintain resources on-island that can replace retail point-of-sale devices and/or work with the SNAP program to address technical issues on site as needed.

Natural Disasters. Typhoons pose an occasional problem for the CNMI. Because EBT cannot operate without power or phone service, participants might not be able to access benefits in the event of a typhoon-related natural disaster. Seventy percent of the retailers interviewed¹¹⁹ said they had generators and could continue to accept credit and debit transactions in the event of a power outage and their generator was operational.

Phone service on Saipan, Rota, and Tinian is considered stable as telephone lines are buried underground to protect them from the weather. Because the phone system is robust, it is possible that even if retailers lost power because of a typhoon, most would still be able to provide services and redeem benefits.

To mitigate the risks associated with natural disasters, the CNMI would benefit from obtaining information and lessons learned from Guam, Hawaii, Puerto Rico, and the U.S. Virgin Islands to identify best practices that could be implemented and to develop a comprehensive disaster plan to address various scenarios.¹²⁰

Participants' Lack of Experience With EBT-Style Transactions. The operation of EBT is very similar to debit transactions, and some of the interviewed NAP participants had experience using debit cards. In previous SNAP EBT implementations, most participants who had not used debit cards did need some form of training; however, they did not experience difficulties with the transition. Anecdotally, elderly individuals were the only participant group that had difficulties understanding the new technology. The demographics anticipated with a transition to SNAP would include 3 percent of the participant population who are over 65. Given the smaller numbers, it would be possible for the CNMI to provide additional training and support to older individuals using these cards for the first time.

¹¹⁹ The study team interviewed 41 retailers—33 on Saipan, 4 on Rota, and 4 on Tinian—which represent approximately one-third of all NAP-certified retailers.

¹²⁰ As described in chapter 6, all State SNAP agencies must develop a plan for operating Disaster SNAP during natural disasters as part of their overall State plan of operations.

2. Stakeholder Perspectives

The following sections provide feedback from interviews with stakeholder groups.

a. Retailers

NAP-certified retailers were interviewed regarding their thoughts and concerns about the potential implementation of SNAP. Store owners, managers, and employees from stores ranging from small, independent vendors to large chain retailers were asked questions about their stores' current infrastructure, readiness for EBT, ideas about the impact of EBT, and their overall opinions about the changes EBT would bring to their stores and patrons.¹²¹

Acceptance of Credit or Debit Cards. Of the 41 stores interviewed in the CNMI, 90 percent (37 stores) had the equipment necessary to accept debit and credit cards for transactions. Of those stores, 28 accepted both credit and debit cards and 9 accepted only credit. Retailers that accepted credit cards, but not debit cards, listed reasons such as not wanting to pay extra for a debit PIN pad and not seeing a need for accepting debit because customers could use their debit cards as signature-based credit transactions. Retailers also noted that few customers request to use debit. All retailers accepting credit and debit currently did so using stand-beside point-of-sale equipment that was separate from their cash register systems.¹²²

Four of the retailers interviewed¹²³ did not accept any electronic form of tender. These retailers indicated they do not accept credit/debit because they do not want to pay the transaction fees associated with credit/debit purchases. Of those four retailers, one was pursuing the purchase of a point-of-sale device, and two others stated they would purchase one if the CNMI implemented EBT.¹²⁴ All four stores agreed the use of EBT for benefit redemption would be more convenient than using coupons.

Most of the NAP-certified retailers currently using point-of-sale devices for debit/credit have only one lane for checkout. Of the 41 retailers interviewed, only 6 have 2 or more point-of-sale devices per store. During credit/debit transactions, the customer typically provides the card to the cashier who swipes the card for the customer to complete the purchase.

Of those retailers on Saipan, the most common providers of credit/debit services are the First Hawaiian Bank and the Bank of Hawaii. Bank of Guam provides the majority of credit/debit services for Tinian and Rota. Fees paid to the banks for credit/debit services by retailers varied even among stores that used the same banking provider, but on average, fees for purchases typically ranged from 2 to 4 percent of the amount transacted.

Electricity, Phone, and Internet Outages. All interviewed NAP retailers had access to both electricity and phone services. Eighty-five percent of retailers (35) had Internet access in their store. Despite access to electricity from a central utility, many stores in the CNMI have power outages resulting in loss of electricity, mostly during typhoon season,¹²⁵ because of severe weather or infrastructure issues.

¹²¹ Chinese and Korean translators were used to conduct interviews where respondents were not proficient in English.

¹²² Because of the limitation of available transaction processing services in the CNMI, retailers were unable to integrate credit and debit transactions into their cash register systems; this is also common in some U.S. mainland grocery stores.

¹²³ Including one general store, one specialty store, and two convenience stores

¹²⁴ One retailer did not respond to the question.

¹²⁵ Typhoon season runs from July to January, when the CNMI might experience heavy rains, high winds, or typhoons.

The vast majority of retailers listed weather, storms/and winds, and typhoons as the major reasons for power outages. As one retailer noted, “If a storm is coming, expect a whole day with no power.” A second retailer noted that “if winds are bad, the power company will turn the power off.” Depending on their location, some retailers experience more issues with power outages than others because of their susceptibility to weather conditions. A few other reasons listed were aging infrastructure, accidents, and regularly scheduled maintenance. A number of these types of outages are planned in advance; the local paper reports on these planned outages and the Commonwealth Utilities Corporation puts them on the Web site, which allows retailers to prepare for the events.

Seventy percent (29 of 41) of the retailers interviewed own generators for store use during power outages. Some retailers use the generator to power the entire store and others use it for specific power needs; for example, for point-of-sale devices for credit/debit transactions, cash register systems, and freezers for perishable foods. All retailers with generators reported they could continue to process credit/debit transactions when there was a power outage and the generator was running. Of the 11 retailers with no generators, some said they were looking into options for either obtaining a generator or sharing with an adjoining business.

Although retailers noted outages happened, their frequency was not consistent (i.e., approximately once per month on average), and they were occurring less often than 2 to 3 years ago when there were more issues island-wide. For instance, one retailer on Rota described the power supply as being “unstable” in prior years but said it had been far more reliable since the installation of a new generator. Retailers reported the typical outage lasts from 15 minutes to a few hours.

Phone outages for the CNMI retailers are rare: None of the retailers indicated any major or recurring phone outages. A small number reported brief outages could occur if water or insects get into a store’s phone system, but these issues can be resolved promptly by technicians. Some also indicated they had experienced intermittent issues with static or line clarity, but this did not affect their ability to process credit or debit transactions.

Internet outages (that are not a result of a power outage) were reported by retailers to be rare; many did note, however, that the Internet service in their store is slow. As a result, retailers in the CNMI rely on dial-up communications via telephone lines rather than the Internet for in-lane operations.¹²⁶ Internet is used only in the back office, so the impact of an Internet outage to store operations is minimal.¹²⁷

¹²⁶ Dial-up point-of-sale devices are common in the mainland States as well. Although dial-up communications are somewhat slower than through the Internet, EBT transactions transmit very little data, so the slower speed has minimal to no impact on transmission of these data.

¹²⁷ Current point-of-sale technology allows for EBT transactions to be transmitted through either a dial-up or an Internet connection. For the CNMI, it is assumed dial-up would be used for EBT benefit transactions because (1) they have better phone service reliability compared to Internet, and (2) retailers are not currently processing credit and debit transactions via an Internet connection.

Challenges With Redeeming Coupons. NAP retailers encountered several challenges when redeeming NAP paper coupons, as described below:

- ▶ **Incomplete Coupons.** NAP participants must write their NAP case ID number, NAP photo ID number, full name, and signature on the back of each coupon before using it. Cashiers are required to check each coupon to ensure this information is present; otherwise the coupons cannot be redeemed. A few retailers noted employees would occasionally forget to check the back of each NAP coupon to verify they were filled out properly. If the customers fail to sign the coupons, the coupons cannot be redeemed and the retailer loses money on the transactions.
- ▶ **Preparing Coupons for Redemption.** Counting and separating coupons is time-intensive for retailers. Before depositing coupons to a bank, NAP retailers must first count the coupons, separate them into different denominations, check for signatures, and stamp them. Interviewed NAP retailers noted this process can take several hours to complete. A few also observed that NAP coupons have a tendency to stick together, leading to inaccurate counts.
- ▶ **Bank Deadlines.** As a result of occasional travel difficulties from Rota and Tinian, participants on these islands often need to redeem their coupons prior to their expiration date. For example, banks on these islands occasionally experience difficulty delivering the coupons to Saipan before the redemption deadline. To mitigate this issue, banks sometimes require retailers to deposit coupons before their expiration date to ensure they are delivered to Saipan on time. As a result, some retailers may refuse to accept NAP coupons even before they expire.

Feedback About EBT. Overall opinion of a potential transition to EBT by CNMI retailers was positive. They indicated the use of EBT cards for benefit processing instead of coupons would be faster and easier with less paperwork involved. Retailers also believed EBT would improve the efficiency of their businesses. They felt EBT would be more convenient, would eliminate errors from miscounting coupons, and would reduce labor time for employees who have to stamp coupons and transport redeemed benefits to the bank. Retailers who possess point-of-sale devices used for credit/debit purchases indicated no concerns with acquiring a device for EBT because they would likely be able to use their existing or upgraded equipment through their current provider.

The retailers' major concern about the implementation of EBT was transaction fees. They were worried such fees would be as high as their credit and debit fees and could reduce their profit margins.

"We lost about \$300 because we deposit [sic] our old coupons to the bank on the last day. When the Bank [of Guam] sent it to Saipan, it takes... at least 1–2 days. Once it reached Saipan, it expired already and the Food Stamp Office won't accept [the coupons]."

—NAP retailer

training at first, they would ultimately be able to use the card without difficulty.¹²⁸ Overall, a majority of retailers in the CNMI felt EBT should be implemented regardless of whether SNAP is implemented.

When asked their opinion on how EBT might affect NAP participants, retailers indicated that implementing EBT would improve their shopping experience. Participants would no longer have to sign each coupon prior to completing a purchase and could make small purchases as needed. Since many participants already use credit/debit cards for other purchases, a learning curve should not be an issue with implementing EBT. All retailers felt participants would prefer EBT, and most believed that while participants might need

¹²⁸ They also noted NAP participants from outside the CNMI (e.g., Guam) have been exposed to EBT and have been asking retailers when EBT would be coming to the CNMI; these participants indicated they greatly prefer EBT over the existing NAP benefit issuance process.

b. CNMI Program Staff

NAP staff were also asked their opinion on the effects of EBT if it were implemented in the CNMI. Respondents indicated the current process for issuing coupons is labor intensive and time consuming. They felt EBT would significantly reduce the burden for employees because EBT card activities would take much less time and preparation, increase efficiency, and help reduce errors. They also felt the cards would be easier to manage and more secure than the coupons because benefits are not lost when the cards are lost or damaged. The major concern about EBT implementation and the subsequent transition to work processes was whether it could lead to staff reductions.

I really disagree with this picking up coupon [sic] instead of the one they [are] using for SNAP. It's pretty hard for people in Kagman and Capitol Hill and San Roque and those places cause most of them; they don't have a car."

—NAP authorized representative

c. Program Participants and Low-Income Nonparticipants

Both NAP participants and individuals with low incomes were asked about their current use of debit and credit cards. Of the NAP participants interviewed, none possessed credit cards and only about a third had debit cards, though most only used them to withdraw money from ATMs. Those who used debit cards to make purchases did so infrequently and rarely encountered issues.

Nearly all the NAP participants and nonparticipants with low incomes indicated they would prefer to have benefits placed on an EBT card. The main reasons for this preference are highlighted below.

Lack of Transportation. Currently, NAP participants or their representatives must travel to the NAP office on Saipan or distribution sites on Rota and Tinian to obtain their coupons every month. This is difficult for participants on Saipan who lack reliable access to transportation. They either seek rides from friends/family or pay unlicensed taxi drivers between \$6 and \$8 for a roundtrip ride to the NAP office. Participants may, on occasion, need to wait for extended periods to receive their benefits, which can prove difficult for those who need to find rides or arrange childcare.

Lack of Flexibility in Distribution Times. A small number of interviewed NAP participants described scenarios where they were unable to obtain or use their benefits because they missed the distribution time. Those who miss benefit issuance can retrieve their coupons later in the month on Saipan or at the distribution sites on Rota and Tinian. The coupons expire if not used within the quarter. Several participants noted they travelled off-island for medical care or to visit family and missed benefit issuance and/or had benefits expire while they were away.

"That's one of the complaints—the waiting. It's hard if they have to take care of children or someone else... [If] you have to be picked up [at] a certain time, how... do they tell them when to pick them up?. They don't know."

—Community-based organization

Faster Shopping. NAP participants viewed decreased wait times as a major benefit of moving to EBT. As described earlier, the coupon redemption process is time consuming and most NAP retailers have only a single checkout lane. NAP participants must ensure the value of their coupons does not exceed their purchases by more than \$0.99 cents when shopping because cashiers cannot give change exceeding this

amount under NAP. Because NAP coupons come only in limited denominations (\$2, \$5, \$10, \$20, and \$50), NAP participants sometimes need to add or remove items if they do not have the correct denominations to stay within \$0.99 of their purchase total. This may result in the participant having to

spend the rest of the funds without wishing to do so. For example, one participant only had two \$20 coupons on hand to buy a \$32 sack of rice but did not want to spend the remaining \$8 at the store because of the high price of other goods. Situations such as these can limit the ability of some participants to shop around for the best deals on food.

B. The Current Benefit Issuance and Redemption Process

The BICA Unit, with its Issuance Section and Claims Accountability Section, is responsible for issuance and reconciliation activities related to the paper coupons used by NAP for participants. The unit supports five staff members: a supervisor, two issuance clerks, and two claims accountability clerks.

Two types of NAP coupons are provided monthly: (1) local coupons are used to purchase local products, and (2) general purchase coupons¹²⁹ can be used to purchase both local and nonlocal products. Each participant receives 30 percent of monthly benefits in local food coupons and 70 percent in general coupons. Local coupons ensure a percentage of all food items or eligible goods purchased by participants are grown and cultivated locally. General purchase coupons can be used for all NAP-eligible goods and food items at participating retailers. Coupons are distributed in denominations of \$2, \$5, \$10, \$20, and \$50 amounts and grouped in various packages depending on the participant's benefit amount.

The NAP program follows a quarterly coupon eligibility schedule. All coupons distributed during a certain 3-month period are valid for use only during that quarter. The color of the coupon determines the quarter for which it is eligible. Although participants receive coupons monthly, the length of coupon eligibility depends on the date the coupons are issued during a particular quarter. For example, coupons issued at the beginning of the quarter are eligible for use for 3 months, while coupons issued in the last month of the quarter are only eligible for that particular month. Both participants and participating retailers are notified at the beginning of each new quarter of the change in coupons and their coupon color for the quarter. Participants may use their coupons anytime throughout the quarterly 3-month eligibility period when that particular collection of coupons is eligible for redemption.

This section describes the processes before issuance (section 1), issuance (section 2), and redemption (section 3). Financial institution processing is covered in section 4, and NAP's reconciliation activities are described in section 5.

1. Preparation Before Issuance

NAP coupons are produced by a local printing company and delivered to the NAP office at the beginning of each month in bundles of 100 coupons. Upon receipt, the coupons are counted. Next, two issuance clerks puncture each coupon manually using a perforation machine. The perforation pattern indicates the month of issuance. Once coupons are perforated, they are recounted by a staff member in the Claims Accountability Section to ensure each coupon bundle contains the appropriate coupon amount and value. Active coupons are stored in a locked vault and held until the following month's issuance.

The BICA Unit maintains a physical inventory spreadsheet to track all coupons that have been prepared for issuance and are currently in storage in the vault. This inventory logs coupon quantities along with their corresponding coupon serial numbers. On issuance days, coupons are moved from the physical inventory to the "perpetual inventory"¹³⁰ for issuance that day. A perpetual inventory spreadsheet is also maintained showing the coupons added from and returned to the physical inventory, along with the

¹²⁹ Locally referred to as "U.S." coupons

¹³⁰ The perpetual inventory is a temporary storage space where coupons are issued.

amount of coupons issued to participants each day. Any perpetual inventory coupons remaining at the end of each day are returned to the physical inventory in the vault. Each inventory spreadsheet is updated as coupons are transferred back and forth and distributed to participants.

The week prior to issuance, the BICA Unit supervisor prints a report from the Y2K system listing all participants eligible to receive benefits for the month and provides it to the CU for verification. The CU reviews and makes any appropriate updates to participant records, if needed.

Once this work is finished, the BICA Unit supervisor prints the ATP forms for all participants receiving benefits. The ATP forms are printed from the Y2K system; they indicate the benefit amount and breakout of denominations to be issued for each participant. ATPs are two-part forms that when printed result in two copies. Blank ATP forms have preprinted serial numbers and are on form-feed paper that must be aligned in the printer so the first ATP serial number is synchronized with the correct information in the Y2K system.¹³¹ Once printed, the ATP forms are filed alphabetically by name and according to issuance day so they can be easily located.

Tinian and Rota. Coupons for NAP participants in Rota and Tinian are also prepared as part of the process before issuance and packaged for delivery to each island prior to the monthly issuance week. Unlike Saipan participants' benefits, coupons for Rota and Tinian are prebundled into the appropriate combination of local and regular denominations of coupons for a given participant's benefit package.¹³²

2. Issuance

NAP coupons are issued to qualified participants in the CNMI during the first week of each month. Issuance in Saipan is divided into designated days when each participant can pick up coupons based on the first letter of the participant's last name. If participants miss their designated pickup days, they can visit the NAP office on the last day of assigned issuance, which is open to all participants. Participants may also pick up coupons at the NAP office any day of the month following the issuance week and still receive the full amount of benefits for the month.¹³³

During issuance days, participants are given pickup numbers when they arrive at the NAP office. When a participant's number is called, the participant approaches the issuance counter and provides the clerk with the pickup number and his or her photo ID and NAP ID. The participant then returns to the waiting area while the BICA Unit staff person prepares the participant's coupons for issuance. The clerk first retrieves the participant's ATP form, which determines the benefit appropriate for each participant and indicates if the participant's eligibility is in good standing. Next, the clerk compiles the coupons for issuance. A second clerk counts the coupons to confirm the amount being issued is correct. The participant is then called to the issuance window where the coupons are issued. Participants must sign their ATP form prior to receiving benefits,¹³⁴ and both the Issuance staff and the Claims Accountability staff maintain copies of the signed ATP.

Once coupons are issued, participants receive instructions on how to use them to purchase eligible items at authorized retailers, including the requirement to provide identification and to sign the

¹³¹ If the printer and Y2K system do not match, the data printed on the ATP will not match what is logged in the Y2K system.

¹³² Copies of the ATPs for these participants are made and used to wrap around the ATP and coupons for each participant to create the bundle.

¹³³ As mentioned previously, NAP does not prorate coupon value based on the date of issuance, but if a participant is certified after the ATPs have been issued but before the 20th of the month, the participant will receive a partial benefit for the first month of eligibility.

¹³⁴ Authorized representatives who are listed on the NAP ID card may pick up coupons on behalf of the NAP participant.

coupons at the time they are redeemed. Excluding the waiting time prior to the participant's number being called, the issuance process usually takes approximately 30 minutes per participant.

When the issuance week concludes, Claims Accountability staff update the daily totals of coupons issued in the perpetual inventory spreadsheet using their copies of the ATPs.¹³⁵ NAP does not replace lost or stolen coupons. Coupons that are damaged, misprinted, or mishandled by the NAP office are voided from inventory. The BICA Unit prepares the Monthly Coupon Inventory Report, which details coupons issued during the month.

Tinian and Rota. As described above, NAP coupons for participants in Tinian and Rota are prepackaged along with the ATP form. Two NAP issuance staff members travel to Rota and Tinian the last week of each month to distribute coupons to participants. There is one day designated for issuance on each island. During coupon issuance, each participant records his or her name on a sign-in sheet and presents the issuance clerk with his or her NAP ID and photo ID. The clerk then distributes NAP coupons to the participant. If participants on Tinian or Rota cannot make their designated pick-up dates, they can contact the NAP office and request that the benefits be issued to the local DCCA official or other authorized representative. If they do not make this request, they will not receive their benefits for that month.¹³⁶

3. Redemption

NAP Participants. Participants may redeem their coupons at any authorized NAP retailer in the CNMI. They may purchase qualifying food items and goods as defined by NAP. The local coupons can be redeemed only for locally grown or cultivated items.¹³⁷

Retailers. At the start of each quarter, the NAP office informs each participating retailer via mail of the color of coupons eligible for redemption during that period. At the point of sale, retailers are required to ensure that (1) the NAP participant purchases NAP-qualified items, (2) the coupon is valid, and (3) the coupon has been signed by the participant.¹³⁸ The retailer is also required to record each participant's NAP ID number, photo ID number, and name on the back of each coupon. Following the sale, each retailer must endorse each coupon by stamping (or signing) it and providing the store authorization number to validate the sale for that store.

Before retailers deposit coupons in their local banks for redemption, the retailer must count and group coupons by type and denomination, and record the dollar amount for each coupon type on the deposit slip. Because most retailers do not own counting machines compatible with NAP coupons, counting is usually a manual process. When retailers deposit the coupons in their banks, they may be required to pay a deposit fee depending on the policy of their banking provider. Banks that charge a deposit fee may charge a percentage per coupon or require a certain number of coupons to be deposited at one time to avoid charges. The typical fee is \$2.00 for a 100-coupon bundle or \$0.05 per coupon for fewer than 100

¹³⁵ Ideally, this activity would occur daily, but staff are occupied with coupon issuance during the issuance week. Therefore, inventory data are maintained manually on paper during the issuance week and then entered into the spreadsheet when the staff have time to complete the activity.

¹³⁶ NAP benefits are not distributed to the Northern Islands; these islands are sparsely populated and access is difficult and expensive, with most islands only accessible via helicopter or boat. Participants on these islands have designated authorized representatives on Saipan who are responsible for picking up benefits, purchasing items, and delivering them to their residence.

¹³⁷ Eligible nonfood items are limited to gardening, farming, and fishing equipment.

¹³⁸ If the retailer accepts an unsigned coupon, that purchase's coupons will not be redeemable by NAP. Retailers who accept coupons from the previous quarter or any other noneligible currency for NAP will not be able to redeem them.

coupons.¹³⁹ To mitigate deposit fees, many NAP retailers choose to deposit coupons in bundles at biweekly or monthly increments. All coupons must be deposited within the quarter or no later than 2 days after they expire.

Banks. After coupons are received by the banks of participating retailers, the banks then count the coupons to ensure they match the deposit information provided by the retailer. Typically, the retailer visits the bank in person and waits while the teller counts the coupons; for large deposits, this can take 30–45 minutes. The bank also ensures each coupon is stamped by the retailer and signed by the participant. Once coupons are recorded in the retailer’s bank account for deposit, they are sent to the NAP Reconciliation Agent, the Bank of Hawaii, for redemption.

4. Financial Institution Processing

NAP contracts with the Bank of Hawaii to serve as the program’s Reconciliation Agent. The banks where retailers have deposited their NAP benefits bundle the coupons and take them to the Bank of Hawaii for redemption with a deposit slip indicating the total count for each coupon type each business day.¹⁴⁰ The Bank of Hawaii counts the coupons provided by each retailer and ensures the coupons include participant signatures and retailer stamps. When it is in working order, an automatic counter is used to document the amount of each coupon type provided; otherwise, coupons are counted manually. The Bank of Hawaii also reviews the coupon color to ensure it is correct and currently in circulation during the quarter the coupons were submitted.¹⁴¹

The Bank of Hawaii records the total deposits and then processes the payments. Each Tuesday, the Bank of Hawaii returns all coupons and deposit slips submitted by retailers to the NAP office. Along with the coupons, the bank sends a weekly and monthly redemption statement displaying coupon redemption totals for the time period recorded. The statement lists each retailer’s redemption total, combined weekly/month redemption totals, and the type of coupons redeemed.

5. Reconciliation Activities

After the NAP office receives the redeemed coupons, the NAP Retail and Redemption Unit reconciles the coupons by counting them and comparing them to the total deposit slips and the weekly redemption reports for each retailer from the Bank of Hawaii. If there is any discrepancy or the totals do not match, the NAP Retail and Redemption staff send a discrepancy report to the Bank of Hawaii.¹⁴²

The amount each retailer redeemed is entered into the Y2K system each week. Redeemed coupons are compared against the monthly issuance records to create a reconciliation report; this report is submitted weekly to the CNMI Department of Finance. Redeemed coupons are stored at the NAP office for 3 months and then destroyed through shredding.

A final task is to review the ATP forms for their final disposition. To reconcile issuances for the month, the BICA Unit supervisor uses the issued copies of the ATP forms (maintained by the Issuance staff) and

¹³⁹ If the retailer provides an inaccurate coupon count or if the coupons are not signed or stamped properly, the bank may charge an additional fee to the retailer for processing the NAP coupons.

¹⁴⁰ For banks in Tinian and Rota, coupons are shipped weekly by air to the Bank of Hawaii in Saipan.

¹⁴¹ During a change of quarter, there is a period of a few days when coupons from both the current and previous quarter are processed.

¹⁴² The Bank of Hawaii is not involved in any fraud detection activities. If the Bank of Hawaii finds discrepancies in coupons, it contacts the NAP office for resolution. In some cases, the NAP office may ask the Bank of Hawaii to allow redemption despite a discrepancy; however, such instances are rare.

the ATP forms remaining for participants that did not pick up their benefits. For each issued ATP form, the BICA Unit supervisor enters the ATP serial number and the total amount of the issuance in the Y2K system. The unissued ATPs are used to void the amount of benefits in the Y2K system based on the ATP serial number.¹⁴³

C. SNAP Program Requirements and Changes Needed

The following sections provide an overview of SNAP requirements (section 1), system requirements and standards (section 2), and the changes that would be made to current NAP processes to implement SNAP (section 3).

1. Overview of SNAP Program Requirements

All regulations related to EBT functional and technical system requirements within SNAP, documented in 7 CFR 274: Issuance and Use of Program Benefits, would need to be met. The regulation addresses the following:

- ▶ 274.1. Issuance system approval standards
- ▶ 274.2. Providing benefits to participants
- ▶ 274.3. Retailer management
- ▶ 274.4. Reconciliation and reporting
- ▶ 274.5. Record retention and forms security
- ▶ 274.6. Replacement issuances and cards to households
- ▶ 274.7. Benefit redemption by eligible households
- ▶ 274.8. Functional and technical EBT system requirements

There have also been recent changes to SNAP EBT regulations as follows:

- ▶ **Manual Vouchers Not Required.** SNAP State agencies no longer have to support manual vouchers, except during an emergency related to a disaster or in the event of an EBT system failure. Manual vouchers are typically used for backup processing when a store's equipment cannot process EBT transactions. Manual voucher processing involves the retailer calling an automated phone system and entering the card number, voucher number, and value of the transaction to receive an authorization code. Then a hold is placed on the account for the value of the transaction. The retailer later performs a voucher-clear transaction on the point-of-sale device when able to access the EBT system. A voucher-clear transaction completes the purchase by sending the EBT system the voucher information, including the authorization code. Once the EBT system receives this transaction, the system deducts the benefits from the cardholder's account and processes the settlement to the retailer. A voucher-clear transaction must be performed within a specified number of days or the hold is released and the benefits are made available to the cardholder again.

¹⁴³ The BICA Unit supervisor also individually reviews the active participant records for which claims are being deducted from the monthly issuance. For those receiving a reduced monthly issuance, the supervisor verifies in the Y2K system that the claim for that month has been paid.

- ▶ **State Agencies Do Not Provide EBT Equipment.** SNAP State agencies are no longer permitted to provide retailers with equipment free of charge for the transaction of SNAP benefits (with some exceptions). Until this regulation change, State agencies were required to provide a method by which retailers could process EBT transactions free of charge. This was accomplished by providing FNS authorized retailers within the respective State with a device that only supported EBT transactions. The devices were provided free of charge based on requests by retailers; the number of machines deployed by the EBT processor on behalf of the State agency was based on a predetermined formula that took into account the retailer’s average monthly SNAP redemptions. Regulations still allow State agencies to provide mobile point-of-sale devices to eligible farmers’ markets, direct-marketing farmers, military commissaries, nonprofit cooperatives or organizations, group living arrangements, treatment centers, and prepared meal services.

Nothing within these regulations would impede the CNMI from implementing EBT. Other territories, including Guam and the U.S. Virgin Islands, have successfully implemented EBT systems. Information gathered from State SNAP agencies and FNS staff, for example, indicate the manual voucher change has had minimal impact on retailers or the redemption of benefits. Further discussions with Guam and the U.S. Virgin Islands did not indicate the use of manual vouchers was higher than average or even common because of their remote locations, weather, or power outages.

Concerning the provision of EBT-only point-of-sale equipment, the experience among State agencies is still being determined. From anecdotal feedback, SNAP-authorized retailers are reporting that the practice has added additional overhead to their costs of doing business. However, most are choosing to acquire services and devices to continue to accept SNAP transactions rather than dropping out of the program.

2. System Requirements and Industry Standards

The CNMI would need to meet several system requirements and industry standards in the implementation of an EBT system, as detailed in the following sections.

System Requirements. EBT functionality and service requirements have become relatively standardized among the operating systems. Table 8.1 provides an outline of the requirements included by State agencies when procuring SNAP EBT services.

Table 8.1. EBT System Requirements

System Requirement Category	Functions Needed	
Account Setup and Benefit Authorization	<ul style="list-style-type: none"> • Setting up EBT account • Support for pending account status • Benefit authorization • Use of EBT account number 	<ul style="list-style-type: none"> • EBT account maintenance • Support for authorized representatives and/or alternate cardholders • Support for fraud investigative accounts
EBT Card Production and Management	<ul style="list-style-type: none"> • EBT card design • Compliance with FNS regulations • High coercivity magnetic-stripe requirement • Track 2 format requirements 	<ul style="list-style-type: none"> • Use of primary account number • Nondiscrimination language requirements • Provision of card sleeve support for PIN

System Requirement Category	Functions Needed	
Card and PIN Issuance	<ul style="list-style-type: none"> • Card distribution and inventory controls • Provision of magnetic-stripe swipe terminals • Provision of PIN selection/change terminal • Issuance timeframes for cards mailed by the EBT processor 	<ul style="list-style-type: none"> • Support of new and replacement cards issued by the State • Support of mass reissuance of EBT card base
Transaction Processing	<ul style="list-style-type: none"> • Transaction validation • PIN encryption • Required SNAP point-of-sale transactions • SNAP refund transactions • Manual SNAP transactions • Account adjustments • Invalid PIN attempt requirements 	<ul style="list-style-type: none"> • Interoperability standards • SNAP voucher clear transactions • Key-entered transactions • Congregate living transactions • Other exception transaction
Administrative Functionality	<ul style="list-style-type: none"> • User security profiles • State administrative functions 	<ul style="list-style-type: none"> • FNS administrative functionality
Cardholder Customer Service	<ul style="list-style-type: none"> • Basic level of service • Cardholder customer service functional requirements • Cardholder customer service representatives 	<ul style="list-style-type: none"> • Integrated voice response • Cardholder Web site • Payphone block
Retailer Customer Service	<ul style="list-style-type: none"> • Retailer service-level requirements • Retailer customer service functional requirements 	<ul style="list-style-type: none"> • Retailer customer service Web site
Retailer Management	<ul style="list-style-type: none"> • SNAP retailer recruitment and participation • Retailer and third-party acquirer agreements • Retailer/vendor database • EBT-only equipment and retailer support • Mobile/farmers' market support • Point-of-sale terminal technical standards 	<ul style="list-style-type: none"> • Retailer/vendor transaction • Retailer test cards • Retailer lease equipment • Manual vouchers • Third-party processors
Settlement and Reconciliation	<ul style="list-style-type: none"> • Reconciliation • Reconciliation training 	<ul style="list-style-type: none"> • Settlement
Automated Clearing House Services	<ul style="list-style-type: none"> • Prenote process • Notification of change • Returns 	<ul style="list-style-type: none"> • Automated clearing house administrative services • 1099 statements
EBT Reporting	<ul style="list-style-type: none"> • Daily and monthly activity data files • Standard reports • Data warehouse functionality • Ad hoc reporting capability • Financial reports • Conversion reporting • Program reports 	<ul style="list-style-type: none"> • Batch file reports • System performance reports • Nonsystem performance reports • Statistical reports • Administrative function security reports • Customer service statistics reports • Notice of change orders
USDA Data Files	<ul style="list-style-type: none"> • SNAP account management agent file • SNAP Store Tracking and Redemption System (STARS) 	<ul style="list-style-type: none"> • SNAP Antifraud Locator EBT Retailer Transactions (ALERT) file
Change Management Process	<ul style="list-style-type: none"> • Design issues • Program baseline • Changes to the program baseline • Updates to system documentation • Testing of system modification • Change request control process 	<ul style="list-style-type: none"> • Change requests from the State • Conformance with policy, instructions, regulations, laws, and QUEST® operating rules (see explanation below) • Access to the test environment
Disaster Support	<ul style="list-style-type: none"> • Support for disaster response • Level I services 	<ul style="list-style-type: none"> • Level II disaster support
System Security	<ul style="list-style-type: none"> • Backup and contingency requirements • Control and security requirements • Facilities physical security • EBT systems security 	<ul style="list-style-type: none"> • System data security • Inspections, audits, and investigations • Certification and examination • Incident reporting

Industry Standards. EBT implementations must comply with the following standards:

- ▶ Compliance with ANSI X9.58-2013, Financial Transaction Messages, EBT
- ▶ ISO 8583, Financial Transaction Card Originated Messages, Interchange Message Specification
- ▶ ISO 7813, Financial Transaction Card Standards

Optionally, the CNMI could agree to comply with the QUEST® Operating Rules, an industry standard set of operating rules maintained by the Electronic Funds Transfer Association and the National Automated Clearinghouse Association; most States and financial institutions follow these rules when processing EBT transactions. If the CNMI joins a consortium such as the Western States EBT Alliance (WSEA), it would need to comply with these operating rules. QUEST® Operating Rules address the following:

- ▶ Issuer requirements
- ▶ Card specifications
- ▶ Acquirer and terminal operator requirements
- ▶ Merchant agreement requirements
- ▶ Error resolution
- ▶ Settlement
- ▶ Third-party service provider requirements
- ▶ Arbitration and grievance procedures, assessments
- ▶ Security
- ▶ Liabilities and indemnification
- ▶ Licensing of the QUEST® mark

3. Changes Needed To Implement SNAP

This section details the changes needed to the benefit issuance and redemption processes if the CNMI were to transition to SNAP. This includes the issuance method and redemption processes, the processes used by financial institutions, and the processes used by NAP to reconcile redeemed benefits (sections a through d).

a. Issuance Method

NAP: NAP benefits are issued via paper coupons, a manual process requiring the maintenance of coupon inventory, 2–3 weeks of preparation for each monthly issuance, counting of coupons at multiple stages, and a 7-day issuance period.

SNAP: SNAP benefits are issued via EBT, which allows States to transmit monthly benefits to an electronic account that the program participant accesses with a magnetic-stripe card similar to a debit card. EBT cards are normally issued to participants once they are deemed eligible. However, cards can be issued prior to eligibility determination, with benefits being loaded only after/if the household is certified. Cards remain valid until deactivated because of replacement or from inactivity after a participant ceases participating. Ideally, participants receive one card that is used for the duration of their time on the program, but if lost, stolen, or damaged, they can receive a replacement card. Benefit issuance is electronic and does not require the presence of the card. New benefits are posted monthly in

the cardholder's electronic account, which means that participants who have an active EBT card do not have to go to the local office each month to receive benefits. On an ongoing basis, many States issue benefits on dates staggered throughout the month to minimize the impact on retailers.

Changes Needed: The CNMI would need to acquire the services of an EBT processor to maintain EBT accounts and provide transaction processing services. To transmit benefits to the EBT processor, the CNMI would also need an eligibility system that could communicate benefit issuance data (and modifications to benefit issuances) in either batch or real time; the system would also need to be able to receive and process reconciliation data. For participants new to the program, once eligibility and benefit value were determined, electronic issuance could occur in real time. For example, the SNAP eligibility system could send an online message to the EBT system with the benefit data so the benefits are available immediately. Alternatively, a daily batch file that includes the new issuances could be sent to the EBT system. In this case, the benefit would be available after the batch file is processed (usually the next day).¹⁴⁴ Any batch processing would need to be done such that the CNMI meets the standards for benefit availability under SNAP rules. The CNMI could opt to issue benefits on a single day, as Guam does, or it could choose to stagger benefit issuance.

b. Redemption Process

NAP: Paper coupons are used by participants to purchase approved items from authorized retailers. CNMI retailers accept NAP coupons for eligible items specified on the NAP official food list. The process of counting, bundling, and depositing coupons can be a time-consuming process for retailers and may involve deposit fees at their banks. As a result, some retailers deposit coupons only two to three times per month, while others only deposit once a week, which delays reimbursement for their NAP redemptions.

SNAP: Participants redeem benefits at a retailer authorized by FNS by using their EBT cards at a stand-alone point-of-sale terminal or an integrated electronic cash register system.¹⁴⁵ These systems transmit SNAP transaction data directly to the EBT processor for approval and processing. Cardholders enter a private four-digit PIN that serves as an electronic signature and validates that the cardholder has access to the account's benefits.

Because transactions are processed electronically, the settlement (payment) process to the retailer is also electronic. Retailers are paid daily based on a specified 24-hour period, typically midnight to midnight, but often this is configurable by the retailer. Retailers are generally paid the next banking day following the completion of the defined 24-hour period via an automated clearinghouse credit to their bank accounts. If a retailer uses the same provider/financial institution for EBT as for credit and debit transactions, the retailer's EBT settlement is added to the credit and debit settlement amount with appropriate reporting to support reconciliation of the different tender types. If a retailer uses a point-of-

¹⁴⁴ If changes are necessary to benefits that have been issued, the eligibility system can initiate this process. If the change is a reduction in benefits and the benefits for that month have not yet been accessed by the recipient, the EBT system will allow the change to occur. If benefits have been redeemed already, staff would need to use claims procedures to address the change.

¹⁴⁵ Integrated ECR credit and debit functionality currently is not available through the financial institutions in the CNMI. At this point, it is assumed all CNMI retailers will be using point-of-sale devices separate from their electronic cash register systems for all electronic transactions, including EBT.

sale device that only supports EBT, the settlement amount is for only the EBT transactions from that device.¹⁴⁶

Changes Needed: Retailers would need to obtain point-of-sale devices that could support EBT transactions. For those that currently accept credit or debit transactions, most would be able to use existing equipment with upgraded software. Some might, however, need to replace their equipment depending on their current service provider’s approach to deploying the EBT transaction functionality. Retailers would need access to power and phone or Internet service to perform EBT transactions; therefore, retailers should consider having generators in case of power outages. Roadside or mobile vendors that do not have access to a power source or a landline might also consider mobile point-of-sale devices that operate over cellular networks. During EBT systems outages, retailers may also use manual vouchers with a cellphone to authorize transactions.

In all options, retailers typically incur a cost for the equipment and transaction processing, such as a monthly leasing fee for the equipment¹⁴⁷ and a fee per transaction. CNMI NAP retailers reported they currently are paying approximately 2 to 4 percent per transaction for their credit and debit transactions. Percentages in that range typically indicate a higher risk customer base. However, because all SNAP EBT transactions require positive confirmation that there are sufficient benefits in the EBT account to cover the amount of the transaction, and they are PIN based (which serves as an electronic signature), insufficient fund notices or repudiation of the transaction by the cardholder do not occur. Payment of SNAP EBT transactions is guaranteed by USDA and paid daily through the U.S. Department of the Treasury. This designates transactions as low risk and typically results in significantly lower transaction fees to the retailer.

Each retailer would need to have a bank account that allows the receipt of automated clearing house deposits if the retailer did not have one already. Retailers would need training on new redemption procedures and ensure staff were trained to accept the new EBT card.

c. Financial Institution Processes

NAP. The paper coupon process requires that retailers deposit coupons at their individual banks. The coupons are counted and validated at that bank and then deposited at the Bank of Hawaii, the designated NAP financial institution. The Bank of Hawaii counts the NAP deposits received from its own retail customers and also recounts the deposits received from the other banks in the CNMI. Once this process is completed, the Bank of Hawaii returns the coupons with reconciliation reporting information to the NAP office.¹⁴⁸

SNAP. Under SNAP, funding for the payment of benefits is maintained by the U.S. Department of the Treasury. EBT processors settle transactions based on a 24-hour period, for which the processor calculates the transactions successfully completed and eligible for settlement. Each business day, the processor either accesses or has the State access the Federal Automated Standard Application for Payments (ASAP) system to transfer daily settlement funds from the U.S. Department of the Treasury to the EBT processor’s financial institution. The EBT processor’s financial institution transfers funds via the

¹⁴⁶ The EBT system does not identify specific items that are purchased, cannot stop cardholders from trafficking their benefits, and cannot stop a cardholder and cashier from colluding to give the cardholder cash for their benefits. However, the system maintains a significant amount of data on all redemptions—including the time, date, amount, retailer, terminal, and the card number—that may be used to monitor program integrity.

¹⁴⁷ If using existing credit/debit equipment, there may be no additional cost.

¹⁴⁸ Because NAP is a grant-funded program, the program receives through its letter of credit grant monies that are maintained by the designated CNMI government financial institution.

automated clearinghouse to the third-party processors or banks that provide point-of-sale transaction processing services to the retailers. These entities then settle the transaction amounts to the retailers' bank accounts via the automated clearinghouse.

Changes Needed. The CNMI would need to contract with an EBT processor to handle transaction processing and settlement. The CNMI would also need to work with USDA and the U.S. Department of the Treasury (Federal Reserve Bank of Richmond) to obtain credentials for SNAP staff or EBT processor staff to access the ASAP system for the daily transfer of funds. A determination would need to be made by the CNMI as to whether its staff would be responsible for making the transfer or if the EBT processor would be allowed to make the daily transfer with verification and approval by CNMI staff. Because of the significant differences in time zones between the CNMI and the mainland United States, the CNMI would need to consider the most effective way to initiate the transfer.

d. Reconciliation Processes

NAP. Within the current NAP environment, reconciliation is a manual process of counting redeemed coupons against retailer reporting and updating the Y2K system with issued and voided ATP forms for a given month.

SNAP. SNAP reconciliation is automated. The eligibility system typically compares original issuance data to redemption, void, and expungement data from the EBT system to determine the final disposition of all benefits. The EBT system provides reporting and summary data that are used to validate daily payments to retailers and to validate the system balance. SNAP staff research discrepancies when identified.

Changes Needed. The CNMI would need to work with its EBT processor and government financial management staff to establish its reconciliation processes.¹⁴⁹ The CNMI would also need to have an eligibility system that has the functionality to compare the EBT redemption data to issuance data to determine the final disposition of benefit issuances.

D. Implementation Process

To implement an EBT system, several tasks and activities need to occur, including planning for, developing requirements for, acquiring, and implementing the system as outlined below:

1. Planning Activities

The first step in the process would be to review the full set of planning activities outlined in the *FNS Handbook 901: Advance Planning Documents*, which outlines the steps and requirements for the developments of APDs used in different phases of the project. In SNAP implementations, an implementation APD and APD update (APDU) might be required. The handbook also addresses requirements for EBT procurements including RFPs. Beyond the planning phase, *FNS Handbook 901* also details the requirements for testing, security, and ongoing operations.

Because this would be the first implementation of EBT for SNAP in the CNMI, FNS might require the CNMI to complete an implementation advance planning document (IAPD). The IAPD is developed during

¹⁴⁹ For example, if the EBT processor does not provide settlement and reconciliation reports, a spreadsheet would need to be developed to track the system balance and daily value changes.

the planning process and defines the State agency's plan for implementing the EBT system. The required content of the IAPD includes—

- ▶ Executive summary
- ▶ General system design
- ▶ Capacity study
- ▶ Project management plan and resource requirements
- ▶ Schedule of development activities, milestones, and deliverables
- ▶ Proposed budget
- ▶ Cost allocation plan
- ▶ Security planning
- ▶ Training plan

Given that the CNMI staff would not have experience with EBT or knowledge about the tasks, activities, and logistics associated with implementing a system, staff would need support from a specialized EBT technical assistance contractor or other knowledgeable individuals from FNS or another SNAP agency to support initial planning efforts.

2. Defining Requirements for an EBT System

As part of the planning effort, the CNMI would need to identify the functional and service requirements for the EBT system. These functions should be included in both the IAPD submitted to FNS and in a scope of work for the procurement of EBT services. Fortunately, functions of and services for EBT have become fairly standardized with limited choices available to the State agency in some areas. The choices that could be made by the CNMI include the following (broken out by whether the decisions affect cost):

a. Choices That Affect Cost

- ▶ **Card Issuance.** The CNMI could choose to issue cards over the counter and/or by mail. It is assumed the primary method for issuance would be over the counter. Mail issuance could be used, but it would not be practical for the EBT processor to provide it in the CNMI; any cards mailed would need to be sent directly by CNMI staff. Mail issuance also adds additional cost.
- ▶ **Card Design/Personalization.** State agencies have options regarding printing and card features. For example, cards could be personalized, card numbers could be laser-printed or embossed, and additional security features such as holograms could be added. Because cards would likely be issued primarily over the counter, the CNMI would likely choose basic cards that are not personalized, with flat laser-printed numbers. Personalization of cards in over-the-counter issuance situations requires expensive equipment that must be maintained and is generally not practical; the standard approach has been to provide nonpersonalized cards when issuing over the counter. Preprinted cards with laser-printed numbers are more economical than embossed cards and are no less secure. In addition to the technical features of the card, the CNMI would need to select the design/graphic for the card and determine what information would be included on the back of the card.

- ▶ **Card Readers.** The CNMI might want to use magnetic-stripe card readers to capture the card number from the card as part of the issuance process; this provides convenience for users and reduces keying errors. This equipment could be obtained through the EBT processor contract or purchased separately.
- ▶ **PIN-Selection Devices.** For over-the-counter issuance, each issuance station would ideally have a PIN selection device so that, upon receipt of a card, the cardholder could select a PIN. Alternatively, if PIN-selection devices were not used, the cardholder could select the PIN by phone or cardholder Web portal. However, if the cardholder does not select the PIN and attempts to use the card at the store, the transaction would be rejected.
- ▶ **Customer Service Functions.** Under SNAP, State agencies must provide a way for cardholders to report lost or stolen cards immediately. This has been accomplished by the EBT processors providing round-the-clock customer support. EBT processors have indicated that live customer service could be a cost driver, but proposed pricing for more limited levels of customer support indicated the cost differences were negligible. Particularly for a small agency such as the CNMI, the impact on an EBT processor's customer support resources would be minimal.
- ▶ **Batch- or Real-Time Communications.** Most communications between the eligibility system and the EBT host could be accomplished through batch processing where data are collected and saved throughout the day and transmitted to the EBT processor at a given time once a day, usually overnight. However, some communications might need to occur in real time to support other functionality. For example, the data regarding account setup and card issuance for a household might need to be sent at the time the household is issued a card so the cardholder would be able to select a PIN using the PIN-selection device. For the PIN to be established, the EBT system would need to be aware of the account and card to which the PIN is associated. The CNMI might wish to limit reliance on real-time communications because of on-island Internet's slow speed and quality of service. As an alternative to real-time communications, batch files for certain data could occur more frequently than once per day.

b. Choices That Do Not Affect Cost

- ▶ **Alternate Cardholders.** The CNMI would need to decide if alternate cardholders (in addition to the primary cardholder) would be allowed, and if allowed, how many alternate cardholders would be allowed on one account. Some States issue alternate cardholders their own EBT card under the primary recipient's account.
- ▶ **PIN Attempts.** The CNMI would need to determine the number of consecutive invalid PIN entry attempts that would be allowed before a cardholder is locked out of the EBT account. Typically, four such attempts would trigger an account lockout, but this number is configurable in the system.
- ▶ **Inactive/Stale Accounts.** The CNMI could choose to move benefits that have been inactive for 3 months or longer offline from the EBT system, which would remove the entire balance for these accounts. In this scenario, the State agency would have to notify the household before moving the benefits offline and provide information about how to access the benefits once they have been moved offline. Alternatively, the benefits could remain in the account for up to 1 year from the last time the account was accessed, at which time unused benefits would be expunged.
- ▶ **Replacement Fees.** The CNMI might impose fees for the replacement of EBT cards that would be deducted from the recipient's available SNAP balance. The fee is not allowed to exceed the cost to replace the card. The fee is meant to be a deterrent, but in those States that imposed fees, anecdotally, the fees have had minimal impact on card replacement rates.

3. Procurement Options and Recommended Approach

As noted previously, the landscape of the EBT processor community has changed recently. With less competition, there have been concerns that pricing would increase and EBT processors might not bid on smaller States, particularly if they present higher risks. In a recent procurement for the State of Montana, the State received only one bid for SNAP services, and the bidder was not one of the two main EBT processors. The award brings another EBT processor to the marketplace but also demonstrates that the primary EBT processors might choose not to bid on projects.

Recommended Approach. Because of (1) the CNMI's remote location, (2) its relatively small caseload, (3) the difficulty of trying to obtain a contract with an EBT processor on its own, and (4) anticipated high pricing, the CNMI should join a consortium of States that procure EBT services together. A consortium has greater buying power and would help to lower the cost for a State agency to procure EBT services. Leveraging a consortium contract should allow the CNMI to obtain EBT services and a variety of implementation options at a reasonable price. It would be costly for the CNMI to procure EBT services independently without other State agency partners. While the U.S. Virgin Islands has taken a single State agency procurement approach in the past, FNS recommended it partner with another agency or join a consortium for its most recent procurement.¹⁵⁰

By joining a consortium, the CNMI would accept the core set of functionality included in the scope of work for the EBT processor and would pay for any additional service items not included in the scope of work along with any implementation/conversion costs. While consortiums entail a joint procurement and each State signs an MOU to participate in the group, each State contracts individually with the winning bidder. The CNMI would be able to take advantage of the consortium's CPCM pricing but would also be able to negotiate the additional services needed to support a new implementation.¹⁵¹ It should be noted the CNMI would be unique among likely members of existing consortiums in that it would be implementing EBT for the first time. Additional time and effort would be required by the EBT service provider and other project stakeholders to prepare for the transition from paper coupons and the implementation of the EBT system. The upfront costs of these efforts and the time needed have been considered in this study.

There are two major EBT consortiums currently: the Northeast Coalition of States, which includes States from the FNS Northeast Region, and WSEA, which includes States from the FNS Western Region and the Mountain Plains Region. The State agencies included in WSEA are Alaska, Arizona, Colorado, Guam, Hawaii, Idaho, Nebraska, and Wyoming. Because of its location in the Western Region, the CNMI's best consortium fit may be WSEA. Currently, WSEA is working on a new procurement of EBT services with Colorado as the lead State. As with prior WSEA procurements, the most recent RFP states, "WSEA reserves the right to add other members to the WSEA coalition including other States and Territories and their agencies and programs." This clause has been exercised previously by Guam, Nebraska, and Wyoming, which were not original members of WSEA.

It should be noted that the CNMI would be in a unique position when joining a consortium as it is not currently operating EBT and would need to implement a system. Current contracts do not include full implementation service but have some components as part of conversion activities if there is a change in the EBT processor. For the purposes of cost, it has been assumed the CNMI would take advantage of

¹⁵⁰ Because of timing issues, the U.S. Virgin Islands was not able to join another procurement and is currently in the process of procuring independently again. At this time, the results of that procurement are not known.

¹⁵¹ If the CNMI does not implement SNAP, it would not be able to take advantage of the WSEA contract vehicle. However, additional EBT procurement options would be possible if the CNMI continues to operate under NAP. These options are addressed in appendix D.

the ongoing CPCM pricing through a consortium like WSEA once its system is operational, but there would be additional cost for up-front implementation activities that would need to be negotiated with the consortium contractor.

4. Implementation Activities

Once the system is procured, implementation activities would begin. The following activities are those the CNMI staff would lead:

- ▶ Ongoing oversight and monitoring of the EBT processor
- ▶ Review of the EBT processor schedule and planned tasks and activities
- ▶ Confirmation of system design and configuration
- ▶ Confirmation of processor services and levels of support
- ▶ Ongoing stakeholder (retailers, participants, and staff) communications
- ▶ Obtaining a Bank Identification Number, a unique identifier for the agency represented by the first six digits of the Primary Account Number on the EBT card
- ▶ Development of a card design graphic or review of a card design provided by the EBT processor
- ▶ Development of policies and procedures related to EBT
- ▶ Review of EBT processor plans for—
 - Status reporting
 - Implementation
 - Retailer readiness
 - Retailer training and support
 - Testing
 - Agency and participant training
 - Security
 - Settlement and reconciliation
 - Reporting
 - Operations
- ▶ Review of training materials
- ▶ Review of customer service and interactive voice response (IVR) scripts
- ▶ Development of the SNAP eligibility system interface to the EBT system
- ▶ Testing of the SNAP eligibility system interface to the EBT system
- ▶ Review (or development) of user acceptance test scripts
- ▶ Facilitation or support of the user acceptance test scripts
- ▶ Planning for staff workflow changes
- ▶ Notification of participants and retailers of program changes

- ▶ Training of CNMI staff to include card issuance/replacement, PIN selection/changes, benefit issuance/changes, troubleshooting EBT issues, card inventory procedures, operational procedures, and system and financial reconciliation
- ▶ Training of participants
- ▶ Monitoring and evaluation of pilot operations (if required by FNS)
- ▶ Ongoing operation, reconciliation, and monitoring of the system

The CNMI would need to obtain support from a technical assistance or quality assurance contractor or other knowledgeable individuals from FNS or another SNAP agency to support implementation efforts. The CNMI would also need an onsite liaison¹⁵² during implementation. This person could be a CNMI staff member or an onsite contractor to provide assistance with retailer enablement. This would involve working with the retailers to identify approaches to obtaining EBT-ready equipment and support with installation, testing, and training of equipment leased from the EBT processor. This person would also provide other on-island logistical support for the EBT processor.

Because this would be a new implementation, the EBT processor would be required to perform several tasks that would not need to be repeated unless the CNMI converted to a different EBT system. The cost of these efforts typically would be paid through an upfront implementation cost. EBT processor implementation activities include the following:

- ▶ Implementation management
- ▶ Development of plans, documents, and other materials to support the implementation, training, and operation of the system
- ▶ Configuration of the system (system modification if needed, but generally uncommon)
- ▶ Establishing a secure connection between the EBT system and the eligibility system servers
- ▶ Development/configuration and testing of the interface between the EBT and eligibility system
- ▶ Gateway and third-party processor testing and certification
- ▶ Retailer enablement activities, including deployment of equipment
- ▶ Ordering and distribution of cards to issuance sites
- ▶ Support of user acceptance testing
- ▶ Preparation of the cardholder IVR system and Web portal
- ▶ Preparation of the retailer IVR system and Web portal
- ▶ Training of customer service agents
- ▶ Deployment of equipment to CNMI issuance locations
- ▶ User training
- ▶ Support and monitoring of pilot and rollout activities

¹⁵² This was recommended by the EBT processor for Guam and the U.S. Virgin Islands.

E. Organizational, Operational, Technical, and Infrastructure Effects

The following sections address the likely effects of implementing EBT in the CNMI, including the organizational and operational effects, technical effects, and infrastructure effects.

1. Organizational and Operational Effects

The existing NAP program staff roles and responsibilities, particularly those of the BICA Unit, would change because the manual processes to account for and maintain coupons would no longer be needed. Coupon preparation, issuance, and reconciliation processes would be replaced with card inventory, issuance, and replacement processes. Even with an increase in participants, the existing staff could still handle all needed activities because of the increase in efficiency; no new staff would be needed.

Because the EBT system automates a large portion of the issuance responsibilities, the skills used to support paper issuance could be translated to the card inventory maintenance, issuance, and reconciliation under EBT. The significantly reduced effort would require only a small portion of each individual's time, and existing staff might be able to support additional, new, or expanded functions. Only one function, monitoring the data transmissions between the eligibility and EBT systems, requires a more technical background, or at a minimum, knowledge of the eligibility system and how it communicates with the EBT system.

The CNMI would need staff who could monitor the transmission of information/data between the eligibility system and the EBT system; this transmission would be either in real-time or batch-file transfer. When issues occur, error messages would be transmitted by the EBT system back to the eligibility system for investigation. This function is typically performed by the IT staff member supporting the certification/eligibility system; however, this role could be performed by other units' staff (such as an individual in the BICA unit), other IT staff within a CNMI program or government agency, or a contractor supporting the certification/eligibility system.

2. Technical Effects

Technical effects must be addressed in the implementation of an eligibility system, including hardware and software requirements.

a. Equipment Requirements

Implementing EBT in the CNMI would require additional equipment to support the issuance of cards and benefits. Any necessary workstations or servers would likely be provided in the implementation of a SNAP eligibility system; therefore, the equipment addressed in this section is specific to EBT. The following additional equipment would be needed.

For CNMI Staff

- ▶ **PIN-Selection Device.** The PIN selection device is typically a stand-alone device that communicates with the EBT system by either Internet or dial-up communication. At a minimum, the device would require power and an operational phone line; however, an Internet connection would be preferred.
- ▶ **Magnetic-Stripe Card Reader (Optional).** This device would attach to a workstation through a USB port. It might require that a driver be loaded to operate properly.

For Retailers

- ▶ **EBT-Enabled Point-of-Sale Equipment.** To process EBT transactions, retailers would need to upgrade existing credit/debit point-of-sale equipment or acquire new equipment that would support EBT. Equipment could be obtained (leased or purchased) through local financial institutions and through the EBT processor. Standard equipment would require a power source and an available phone line. Some point-of-sale devices could also connect using high-speed Internet.

b. Software Requirements

Because the EBT processor would be responsible for the EBT system and its software, minimal additional software would be needed for the CNMI to support the implementation. The main software impact would be any modifications needed to the eligibility system to interface with the EBT system.¹⁵³ The eligibility system would need to support the following functions:

- ▶ Transmit account setup/modifications and benefit issuance/changes/voids
- ▶ Transmit card issuance/replacement requests¹⁵⁴
- ▶ Process return/confirmation messages and files from the EBT system
- ▶ Process reconciliation data returned by the EBT system to account for benefit disposition (i.e., active, inactive, expunged, voided, redeemed)
- ▶ Provide reports that support Federal reporting requirements

To support the transmission of data between the two systems, a dedicated and secure connection between the two systems would need to be established. Typically, this connection would be supported between the EBT processor's data center and the CNMI data center hosting the eligibility system, often through a virtual private network connection.

The EBT user interface is accessed via a Web browser through an HTTPS session and typically requires a minimum browser version or higher. The CNMI would need to ensure that workstations accessing the EBT Web user interface have a compatible Web browser.¹⁵⁵

There are no data conversion requirements for an initial implementation of EBT. Data for new accounts and first month benefits would be sent in a batch file. Participants would go to the office where their cards would be issued over the counter and linked to their accounts.

3. Infrastructure Effects

There would be minimal infrastructure effects related to the implementation of EBT. The issuance facility used currently to support coupon issuance could also function for the issuance of cards. Card inventory would take up significantly less space than coupons (and would not require two vaults),

¹⁵³ If the CNMI implements an eligibility system transferred from another SNAP State agency, the development should be minimal.

¹⁵⁴ This could be performed through the EBT system Web user interface, but this is not preferred because it requires toggling between the EBT and eligibility system and could be error-prone.

¹⁵⁵ Some workstations might need an additional driver to support magnetic-stripe card readers if they are used.

allowing space to be reclaimed for other uses. The CNMI may need to consider the strength of the telecommunication infrastructure for the issuance locations on Tinian and Rota if connection to either the eligibility system or the EBT system is needed. Phone service might be required on these islands to use a PIN-select device.

Chapter 9. Capability of the CNMI To Maintain Program Integrity

The purpose of this chapter is to assess whether the CNMI has the capacity to maintain program integrity for SNAP, which States ensure through the following activities:

- ▶ Participation in the SNAP Quality Control (QC) system
- ▶ Monitoring SNAP participant fraud
- ▶ Provision of a fair hearing process
- ▶ Conducting annual management evaluation reviews
- ▶ Providing a series of monthly, quarterly, and annual administrative reports to FNS

This chapter provides relevant background information for each of these activities (section A), an overview of current SNAP program integrity activities (section B), and the changes that would be necessary to implement SNAP (section C). Next is a description of the implementation process that would be involved in establishing these activities (section D) and the organizational, operational, technical, and infrastructure effects that would result (section E).

A. Background

Detecting SNAP fraud and abuse and recouping lost benefits are top priorities for USDA. SNAP fraud occurs when—

- ▶ Benefits are exchanged for cash (i.e., trafficking).
- ▶ Individuals or households misrepresent their household circumstances on the SNAP application to obtain benefits they are not eligible for or not entitled to.
- ▶ Retailers who were previously disqualified for fraud or abuse reapply for SNAP authorization using false information.
- ▶ Recipients use their benefits to purchase ineligible items.

Under SNAP, FNS is responsible for detecting fraud among *retailers*; this includes monitoring the compliance of retailers with SNAP regulations, conducting investigations of fraud and abuse, and issuing penalties and sanctions to retailers found to be in violation of SNAP rules. However, States are responsible for detecting fraud and abuse committed by SNAP *participants*. These efforts include conducting investigations of participant fraud allegations, issuing penalties and sanctions to participants found to be in violation of SNAP rules, and recouping lost benefits.

All States are also required to participate in SNAP QC activities to track and measure errors in SNAP eligibility and benefit determination. The SNAP QC system helps maintain SNAP program integrity by ensuring benefits are issued only to those eligible to receive them. States conduct monthly reviews of a statistical sample of participating households (active cases) and households for which participation was denied, terminated, or suspended (negative cases). Based on the results of these reviews, FNS calculates both case and error rates for each State.

The CNMI has a variety of procedures for ensuring program integrity, including random home visits, case reviews, compliance visits to retailers, and fraud investigations. However, distributing benefits through NAP coupons is largely a manual operation, which takes much time for NAP staff and is highly prone to error. Because there is a limited mechanism for tracking redemption activity, the paper process may also be more prone to threats to program integrity than an EBT-based distribution of benefits. The CNMI tracks and measures errors each quarter to produce an estimate of the percentage of households with an error (either overissuance or underissuance), but FNS does not calculate an error rate for them.

The small size of the CNMI community, where “everyone knows everyone,” makes it challenging to conduct undercover investigations. Without this type of investigation or the cooperation of eyewitnesses, it is difficult to prove retailer fraud in the CNMI. As a result, it is rare for NAP to issue penalties. For a trafficking allegation, NAP program reviewers typically inform the retailer about the allegation and issue a warning, which lists the penalties for trafficking.¹⁵⁶ Without evidence to support the allegation, however, no further action can be taken.

Ensuring program integrity under SNAP in the CNMI would entail strengthening the processes to monitor retailer and participant fraud; specifically, FNS would become responsible for monitoring retailers, while the CNMI would continue to monitor SNAP participants. Several key stakeholders would be involved in implementing program integrity activities, including the following:

- ▶ **CNMI Program Staff.** Staff would need to increase efforts to pursue participant fraud by establishing a fraud investigation unit. Efforts would be affected by changes to the QC review processes; internal management evaluation activities; and required monthly, quarterly, and annual reports to FNS.
- ▶ **Program Participants.** Participants would be monitored more closely by program staff for potential fraudulent activity.
- ▶ **The CNMI Assistant Attorney General.** The Assistant Attorney General, who serves as the Hearing Official for Fair Hearings and Administrative Disqualification Hearings under NAP, might need to hold more hearings with increased efforts to pursue participant fraud.
- ▶ **Regional FNS Staff.** These staff would need to provide oversight to the CNMI for monitoring program integrity under SNAP, including re-reviewing a subset of the CNMI’s QC cases. FNS would be responsible for monitoring CNMI retailers.

The following sections provide an overview of the benefits and challenges of ensuring SNAP’s program integrity in the CNMI (section 1) and stakeholder perspectives (section 2).

1. Benefits and Challenges Related To Implementing Program Integrity Measures in the CNMI

The following discussion describes the benefits and challenges associated with implementing fraud and abuse measures with a focus on activities to monitor participant fraud and participate in the SNAP QC system.

¹⁵⁶ The only time NAP has been able to issue penalties to retailers successfully has been when a NAP employee observed the illegal transaction; however, this is rare because staff in many stores know the NAP staff. NAP staff report they could refer cases to the Attorney General’s office for investigations, but that office lacks the manpower to conduct the investigations.

a. SNAP Participant Fraud Monitoring

Benefits. The primary benefit to implementing SNAP participant fraud monitoring techniques would be enhanced program integrity through reduced fraud and abuse and increased recoupment of improperly paid benefits. Enhanced program integrity bolsters public confidence in government and in the program, and collection of fraudulent claims yields benefits for taxpayers and the Federal government.

The role of FNS in monitoring retailer fraud under SNAP would substantially enhance the CNMI's ability to detect participant fraud and to recoup improper payments. As part of FNS's ongoing retailer monitoring measures, FNS would investigate retailer fraud in the CNMI through analysis of EBT transaction data. FNS would then provide the CNMI with data on participants associated with retailers found in violation of SNAP regulations. The data would provide CNMI investigators with compelling evidence not currently available under NAP participant monitoring processes.

Challenges. In the CNMI community, it is likely that retailers and participants would quickly discover the identities of CNMI SNAP investigators, which would greatly limit the ability to conduct undercover investigations. This would likely remain an issue for FNS's ongoing monitoring of retailers. Efforts to address similar challenges in Guam and the U.S. Virgin Islands have included working with confidential informants for undercover investigations and relying more on analysis of EBT transaction data (and less on undercover investigations) for identifying retailers engaged in fraud and abuse.

b. SNAP QC

Benefits. Implementing SNAP QC would help maintain program integrity in the CNMI by providing a standardized means of monitoring the accuracy of SNAP eligibility and benefit determination and by reducing improper payments. By conducting comprehensive reviews of a representative sample of SNAP cases—through in-person interviews and collection of additional verification of eligibility criteria—the CNMI and FNS would have a valid measure of payment accuracy, including a tabulated error rate, for CNMI SNAP.

Under NAP's current case review process, only a few cases (five per month) receive comprehensive reviews, including in-person interviews, and NAP reviewers purposively select cases to interview rather than selecting them randomly. No error rate is calculated under NAP. The more thorough review of cases that would occur under SNAP QC would also provide more feedback to eligibility staff about participants' circumstances and their accuracy in calculating benefit levels.

A SNAP QC process in the CNMI would also increase FNS oversight of the case review process, which would further promote program integrity. The Federal re-review of a subset of State QC cases provides a validating mechanism for the State QC process.

Finally, implementation of SNAP QC may result in a reduced overall reviewer workload. As described in more detail below, the CNMI would conduct additional, more intensive, in-person reviews each month, but it would conduct many fewer desk reviews of cases each month. As of data collection in September 2014, the CNMI NAP MEU staff were working to resolve a large case review backlog and were 8 months behind in their monthly desk reviews of cases.

Challenges. QC cases sampled on the islands of Rota and Tinian¹⁵⁷ would require travel by air, which similarly could present difficulty for conducting in-person interviews.¹⁵⁸ In addition to the financial burden of air travel, flights to these islands are limited, frequently cancelled, and often delayed because of mechanical problems. Currently, there are no dedicated NAP staff on these islands; NAP MEU staff conduct quarterly visits to these islands for case reviews and investigations. Under a SNAP QC implementation, quarterly visits to these islands could introduce challenges to meeting timeliness requirements for submitting monthly QC case review results.

CNMI households and businesses do not have mailing addresses and GPS data are not currently available in the CNMI. This may present difficulty for locating households for the increased number of in-person interviews under SNAP QC. To mitigate this challenge, NAP currently requires participants to provide a hand-drawn map of their home locations when they apply for NAP benefits, and NAP staff report they do not typically encounter difficulty locating participants by using these maps and consulting with neighbors or other contacts.

2. Stakeholder Perspectives

a. CNMI Program Staff

NAP staff were optimistic about their ability to monitor participant fraud and enthusiastic about access to EBT data on participants associated with retailers investigated by FNS, which would enhance their ability to pursue participants suspected of fraud. NAP staff's main concern related to the delays associated with establishing a new fraud investigator labor category through the CNMI Office of Personnel Management.

Program staff did not have concerns about their ability to adapt their current case review process to meet the requirements of the SNAP QC. However, they voiced strong concerns about the financial penalties or other sanctions that may be associated with high error rates relative to those of other States, particularly in the early stages of implementing SNAP. The likelihood of relatively high error rates during the initial period after SNAP implementation seems plausible, compared to other States with several decades of experience operating SNAP. NAP staff's concerns centered on the perceived inability of the CNMI government to shoulder the potential financial penalties associated with error rates or other aspects of State SNAP performance.¹⁵⁹

b. NAP Participants and Retailers

NAP participants and NAP retailers were asked about the extent of fraud they witnessed or heard about in the CNMI. Most retailers said they were unaware of any fraud; however, a significant minority had heard of retailers extending lines of credit to NAP participants, exchanging benefits for cash, or allowing benefits to be used for ineligible items. A few retailers believed smaller stores were more likely to commit fraud, especially those

"Here [on Tinian], people know each other. It's pretty hard for us to sell unauthorized items ... because the other customers will be complaining to us. ... If I give it to all then we'll be facing big troubles ... We have to be fair to everyone."

—NAP retailer

¹⁵⁷ As of July 2014, Rota and Tinian households represented 4.0 and 4.5 percent, respectively, of the NAP caseload.

¹⁵⁸ Fewer than 1 percent of NAP households are currently located on the remote Northern Islands, which are accessible only by boat, with a one-way trip taking approximately 17 hours. With no infrastructure or retailers located on the Northern Islands, however, these NAP households have authorized representatives typically located on Saipan who could participate in an in-person interview on behalf of the household.

¹⁵⁹ If a State's error rate is higher than a certain threshold relative to the national average, the State may face liability status; if the State remains in liability status the following year, it may be sanctioned, resulting in financial penalties.

with high redemption rates. One retailer suggested fraud is unlikely to happen on a small island because word spreads quickly and would likely put the retailers at risk.

Many retailers noted that NAP participants have attempted to purchase ineligible items using NAP coupons or nonlocal items using local coupons. They believe some participants do this intentionally, while others are unaware of the NAP regulations guiding local coupon use. Retailers indicated attempts to commit fraud were rare, but participants with this objective do not return to stores that refuse to bend the rules.

B. The Current Process for Ensuring Program Integrity

This section provides an overview of current NAP processes related to program integrity, which include monitoring retailers and participants. The CNMI's approach to ensuring program integrity involves the following functions:

- ▶ **Case reviews** of applicant, participant, and retailer case files
- ▶ **Random home visits** to selected NAP households
- ▶ **Compliance visits** to retailers
- ▶ **Fraud investigations** into allegations of participant and retailer fraud
- ▶ **Fair hearings** for program participants who wish to contest a negative action
- ▶ **Management evaluations** of program activities and processes
- ▶ **Administrative reporting** of program activities to FNS

The NAP MEU is responsible for conducting most of these functions and consists of five staff members: the MEU supervisor, the secretary, and three program reviewers.¹⁶⁰ The NAP Retail and Redemption Unit consists of a Retail and Redemption Officer and two staff members who are responsible for monitoring the compliance of retailers with NAP rules and regulations. These activities are described briefly below.

1. Case File Reviews

The MEU conducts monthly desk reviews of (1) participant cases, including active and negative cases, and (2) retailer cases. Results of these case reviews are presented through monthly and quarterly reports to the NAP administrator, who in turn provides a memorandum summarizing the case review findings to FNS quarterly. A discussion of these reviews follows, along with the process for conducting hearings when violations are suspected.

Participant Reviews. Each month, the NAP MEU reviews a sample of 5 percent of all active cases¹⁶¹ and 100 percent of negative cases (e.g., cases denied benefits during that month).¹⁶² The Y2K eligibility system randomly selects the 5-percent sample of active cases, based on those participants who picked up their coupons that month. This typically generates a case review list of approximately 155–165 cases.

¹⁶⁰ The Retail and Redemption Unit conducts the compliance visits to retailers.

¹⁶¹ The MEU currently has a large backlog of case reviews. In September 2014, it was still working on case reviews sampled in January 2014. To help alleviate the backlog, as of the time of last data collection, NAP had requested permission from the Western Regional Office to reduce the number of cases sampled from 5 percent to 1 percent.

¹⁶² Households that failed to recertify are also considered negative cases but are no longer included in the negative review process, according to a policy change implemented in 2014.

The MEU also reviews approximately 40 negative cases each month.¹⁶³ The cases are divided among the three program reviewers.¹⁶⁴

The case review involves a review of the case file documentation to ensure proper procedures were followed in determining eligibility and calculating benefits.¹⁶⁵ The program reviewer reviews the application and the corresponding documentation, including employment statements and participant pay stubs to ensure the eligibility worker correctly certified the applicant and calculated the correct benefit amount. Reviews of negative cases focus on whether the denial was correct and the reasons for the denial. For each case, including cases for which no errors are found, the findings of the review are documented in the Random Case Review Disposition Record and forwarded to the MEU supervisor and the associated eligibility worker.

In error cases, both the eligibility worker and the eligibility worker's supervisor provide a written response on the Random Case Review Disposition Record, acknowledging the error or refuting it, and sending it back to the MEU within 10 days. Upon receipt of the findings, the MEU supervisor documents the final decision and if an error is found submits a Corrective Action Plan to the NAP administrator and the CU. This plan includes a date by which corrective action must be taken. In cases of overissuance, the eligibility worker also forwards the case to the BICU Unit to start the claims process.^{166, 167}

Retailer Reviews. The MEU also conducts desk reviews of a sample of 5 percent of all currently authorized retailers, with a minimum of five retailers per month. During these reviews, the program reviewer examines the retailer case file to ensure all appropriate documentation is present and the case was correctly certified. Findings are documented in the Case Review Disposition Record (Retail and Redemption Unit) and forwarded to the Retail and Redemption Unit for review.

2. Random Home Visits

The MEU conducts random home visits on Saipan, Rota, and Tinian. Home visits are conducted for five active NAP cases per month on Saipan and five active cases per quarter on Rota and Tinian. The program reviewers select these cases from the desk review sample (described above). Usually, the cases selected for home visits are those with questionable findings, typically questionable household composition. The program reviewers do not usually notify the participants prior to the home visit.¹⁶⁸

During the home visit, two program reviewers interview NAP participants using a standard set of questions listed on the MEU home visit report and ask for verification of a household's income received from various sources. They also inspect the kitchen facilities for sanitary condition for the welfare of the family. If the conditions are not satisfactory, the household has 15 days to make improvements, after which time the program reviewers conduct a follow-up visit. The reviewers do not typically confer with collateral contacts unless they are unable to locate the household, in which case they may speak to a neighbor or friend in an effort to find the participant.

¹⁶³ The MEU does not review negative cases stemming from participants who failed to recertify in a timely manner.

¹⁶⁴ Cases from Saipan, Tinian, and Rota are included in the list of potential reviews. Case reviews are not conducted in the Northern Islands.

¹⁶⁵ These reviews take about 10–30 minutes for active cases and 5 minutes for negative cases.

¹⁶⁶ The MEU supervisor follows up with the CU staff after the expiration date to ensure action was taken.

¹⁶⁷ The MEU is also responsible for conducting at least 15 claim reviews per month, including a review of the claim files, adverse actions taken, and notices to clients, to ensure all claims are processed correctly and all necessary documentation is present. Because of limited staff and time, however, this activity has not yet begun.

¹⁶⁸ Clients are informed during orientation that they may receive a random home visit.

Results of the home visit are documented on the MEU home visit report, along with a narrative section that includes information about those they spoke to, the arrival time, what questions were asked, those who were present, and a description of the house. This report is then submitted to the MEU supervisor.

3. Retailer Compliance Visits

The NAP Retail and Redemption Unit is responsible for certifying retailers and monitoring their compliance with NAP rules and regulations. This unit consists of one officer and two administrative assistants. Retail and Redemption Unit staff conduct compliance visits each quarter to the 20 retailers with the highest ratio of NAP sales to total sales to assess whether the high proportion of their sales to NAP participants is legitimate. During the visits, NAP staff ask the retail owner or manager what accounts for the high redemption levels and review inventory records to ensure the inventory supports the sales totals.¹⁶⁹ Common responses from retailers include cheap prices, sales, proximity to NAP participants' residences, good parking, and delivery services. Without the ability to conduct undercover investigations or other means to substantiate allegations or suspicions of fraud, however, NAP staff are unable to take further measures to combat potential retailer fraud.

The NAP Retail and Redemption Unit staff also monitor retailers through (1) monthly onsite inspections of five systematically selected NAP-authorized retailers, (2) review of monthly and quarterly sales reports submitted by retailers, and (3) documentation provided during the certification and recertification processes. These activities are described in more detail in appendix B.

4. Fraud Investigations

The NAP MEU is responsible for investigating allegations of participant and retailer fraud or abuse, following a similar process for both participants and retailers. The investigations may stem from allegations from the public or requests from the NAP CU when the circumstances of a case (e.g., household composition) appear questionable. Although NAP does not have a formal fraud hotline, the main office number is published in the monthly newsletter to all participants and is available on NAP's Web site.^{170, 171} Most calls from the public are anonymous, and typical allegations include unreported household income, unreported household members, trafficking, retailers' accepting NAP benefits for poker chips, and retailers' sale of ineligible items. NAP staff obtain and document as much information during these calls as possible.

The MEU supervisor reviews all complaints and assesses whether they should be investigated. If a complaint will be investigated, the case is assigned to a program reviewer and logged in the field investigations records. The program reviewer then visits the household or retailer to investigate and determine if the complaint is valid. The reviewer also speaks to collateral contacts as needed. Once the investigation is complete, the program reviewer submits a report (MEU Investigative Report) to the MEU supervisor and either the Retail and Redemption Unit (for retailer fraud investigations) or the CU (for participant fraud investigations). The NAP administrator receives a copy of the report for review and decides whether to hold a hearing.

¹⁶⁹ Retailers in Rota and Tinian have never been on the list of the top 20 highest redeemers.

¹⁷⁰ Because of the large backlog of case reviews, NAP limited its investigations as of September 2014 to catch up on case reviews.

¹⁷¹ NAP receives approximately 100–130 fraud complaints per year from the public and about 6–10 requests per month from the CU to examine questionable cases.

The same MEU staff responsible for case file reviews are also responsible for conducting fraud investigations. Because MEU workloads for case reviews are currently prohibitively large, minimal time has been dedicated to investigations in recent years.¹⁷²

5. Fair Hearings

Hearings provide an opportunity for participants or retailers to present their side of a case to a neutral third party. NAP sends a notice of the hearing to the participant or retailer. In lieu of a hearing, the participant or retailer may request an agency conference, attended only by NAP staff and conducted by the NAP administrator. If the matter is not resolved during the agency conference, a hearing may be requested. Hearings are held at the NAP office and attended by the NAP MEU. An attorney from the Attorney General's office serves as the Hearing Officer, who makes a determination after hearing from the participant and NAP staff. If fraud is deemed to have been committed, households may be disqualified from NAP for 6 months to 2 years, and store owners can be disqualified temporarily or permanently.¹⁷³

Although the investigation and hearing process is the same for retailers and participants, the appeal process differs. If the retailer wishes to appeal the result of the hearing, the retailer must first request an appeal from DCCA; further appeals can be made through the local court system. If a participant wishes to appeal the hearing decision, the individual may appeal directly through the local court system.

6. Management Evaluations

Each year, FNS conducts a management evaluation of NAP operations. The evaluations are similar to those conducted for SNAP State agencies, but they have the flexibility to focus on areas FNS recognizes as needing attention. FNS visits the CNMI each year, meets with NAP staff, and reviews cases. Findings are documented in a memorandum provided to DCCA. If issues are identified, NAP is required to develop a Corrective Action Plan in response and submit it to FNS for approval.

The NAP MEU is responsible for internally reviewing whether each NAP unit is compliant with NAP regulations, as outlined in the NAP MOU and Manual of Operations. For example, the MEU is responsible for conducting a review of 15 claims files processed by the BICA Unit each month; these reviews assess whether the claims were processed appropriately, including whether notices to participants were sent in a timely manner and whether all actions were documented appropriately. The MEU is responsible for formulating corrective actions as needed as a result of its reviews and for ongoing training of NAP staff.¹⁷⁴

7. Administrative Reporting

The reports the CNMI provides to FNS to monitor program performance are more limited than those provided by States for SNAP. Monthly reports include data on NAP participation and benefit issuance, including the amount of coupons issued that month (by island and household size) and estimated value

¹⁷² NAP MEU staff reported conducting approximately two investigations per month and finding eight cases of participant fraud in 2014. All but one of these cases signed a waiver of hearing; as for the process under SNAP, signing this document waives the participant's right to an Administrative Disqualification Hearing and allows NAP to proceed with issuing penalties and processing claims.

¹⁷³ Currently, NAP conducts approximately one agency conference per month. In 2014, the Hearing Officer presided over four hearings.

¹⁷⁴ Because of the extensive backlog of case file reviews described above, however, the MEU has been unable to conduct these internal reviews of NAP unit processes. Similarly, staff training efforts have been limited by the backlog of other MEU tasks and lack of a training budget.

of coupon redemption that month. Quarterly reports include the results of NAP's QC findings during internal reviews of its case files (both participant and retailer cases). The CNMI also submits the CNMI-269 Quarterly Financial Status Report, which provides quarterly costs for five administrative categories—administration, management evaluation, retail and redemption, certification, and benefit issuance—and the amount of benefits issued. A final annual report provides cumulative costs for the entire program year.

C. SNAP Program Requirements and Changes Needed

The CNMI's QC activities would need to be transitioned to the standard SNAP QC review process. This would entail conducting additional, more comprehensive, in-person household interviews each month than currently conducted under NAP but also conducting fewer desk reviews. The CNMI would also need to develop and implement a plan for monitoring participant fraud, which would include greater investigative activity than is currently in place under NAP. The CNMI would need to align its fair hearings, management evaluations, and reporting processes with SNAP requirements; relatively minimal changes to meet SNAP requirements are anticipated.

This section describes the similarities and differences in program integrity measures between NAP and SNAP and the changes in six areas that would be necessary if the CNMI were to transition to SNAP.

1. QC Reviews

NAP and SNAP both have QC review procedures to monitor the accuracy of participants' cases. The desk reviews of case files and random home visits fill this role in NAP. SNAP QC serves this purpose for SNAP. This section describes the general QC process, error calculations, and penalties for NAP and SNAP.

a. QC Review Procedures

NAP. NAP's QC process currently includes desk reviews of 5 percent of the active cases and all denied or terminated NAP cases, for a total of approximately 200 cases reviewed per month. The process also includes random home visits to five NAP households each month. NAP's Y2K eligibility system currently generates a random sample of all active NAP cases and a listing of all negative cases for desk reviews each month. A memorandum is sent to FNS's Western Regional Office quarterly, detailing QC findings and associated error rates.

SNAP. State SNAP agencies must participate in the SNAP QC system. Based on specifications outlined by FNS, States must develop a sampling plan to be approved by FNS for selecting a random, representative sample of active and negative SNAP cases each month.¹⁷⁵ The sample is selected monthly from the State's eligibility system. State QC reviewers, who must be merit system employees, thoroughly review each selected case for potential errors in eligibility determination, eligibility status, and benefit allotment amounts. Active case reviews involve (1) a record review of the case file; (2) an in-person interview with the household (or a phone interview if the household receives less than \$100 in benefits per month); and (3) verification of income, household composition, and any other elements used for eligibility and benefit determination.¹⁷⁶ For negative cases, the process includes a desk review of the case record. Findings of the reviews are documented on a standard Form FNS-380 worksheet and FNS

¹⁷⁵ Active cases are reviewed to determine whether the households are eligible and receiving the correct amount of benefits. Negative cases are reviewed to determine whether the decision to deny, terminate, or suspend the household was correct.

¹⁷⁶ This process may involve interviews with second parties or collateral contacts as needed to verify information.

380-1 forms and entered into the SNAP QC system. Review findings must be submitted within a specified time period from the time the case is sampled.

Table 9.1 provides a brief comparison of the two programs' QC efforts.

Table 9.1. Comparison of QC Efforts: NAP Versus SNAP

Activity	NAP	SNAP
Active case desk reviews	Five percent of all active cases per month; approximately 160 per month	None
Active case reviews with participant interviews	Five random home visits per month	Minimum of approximately 25 per month
Negative case desk reviews	Approximately 40 per month	Minimum of approximately 13 per month
Documentation of findings	Internal forms	FNS 380, FNS 380-1
Reporting of findings	Quarterly memorandum of case findings to Western Regional Office	Monthly submission of case findings online through SNAP Quality Control System (QCS) database

Changes Needed. The CNMI would need to develop a QC sampling plan for selecting cases for QC review and submit the plan to FNS's Western Regional Office for approval annually. The sample selection program would run on the case management system. Cases on the Northern Islands would need to be included in the pool of cases from which this sample is drawn and could no longer be excluded from the QC review process.

Instead of the large number of desk reviews, the CNMI would conduct more comprehensive reviews of a likely smaller overall number of cases. Instead of 155–165 active NAP cases reviewed per month, for example, a QC sample could be as low as approximately 25 active SNAP cases per month, based on the minimum sample size of 300 active cases (and 150 negative cases) per year for States with an average monthly caseload of fewer than 10,000 cases. However, the CNMI would need to conduct in-person interviews with households and collateral contacts, following a somewhat similar process to the current random home visits, to assess potential errors in eligibility determination and benefit allotment amounts. The visits would no longer include a kitchen inspection, however, and likely would include greater interaction with collateral contacts.

Reviews of negative cases would follow a process similar to that of the NAP desk reviews, and there would be fewer reviews than currently (a minimum of 150 negative SNAP cases per year, compared to approximately 480 negative cases currently reviewed each year under NAP).

The CNMI's SNAP QC reviewers would need to be hired through a merit system.¹⁷⁷ Findings of the reviews would be documented on a standard Form FNS-380 worksheet and Form FNS-380-1 and entered in the SNAP QC system within the specified review period. Because the Saipan community is so small, minimal travel time would be needed for conducting QC household interviews, increasing the CNMI's ability to meet timeliness requirements. Reviews of cases sampled on Rota and Tinian would require air travel, which would require more careful planning for ensuring timely completion and submission of reviews.

Finally, the CNMI would need to provide full case files to the Western Regional Office for cases selected for re-review at the Federal level.

¹⁷⁷ A merit system is a process by which employees are hired for a position based on their ability to perform the job duties, rather than personal or political connections.

b. Error Calculation Procedures

NAP. Quarterly reports listing the results of monthly desk reviews are submitted to the FNS Regional Office. The MEU staff also report errors to the respective NAP units.

SNAP. States must submit their QC review findings to FNS within 115 days through the electronic, Web-based SNAP QCS. Next, Federal SNAP QC reviewers re-review a subsample of cases from each State. The findings from the re-review are entered into the same SNAP QCS. If the results of the FNS re-review of a case disagree with the results of the State review of that case, FNS and the State negotiate to reach a resolution or arbitrate through the FNS National Office. State case and procedural and payment error rates are calculated by FNS based on the QC review findings.

Changes Needed. The CNMI would need to use FNS forms to record the QC review findings and enter QC review findings in the SNAP QCS database within 115 days of the case being sampled. FNS would then re-review a subsample of those cases and calculate an overall case and procedural and payment error rates for the CNMI.

c. Awards and Penalties

NAP. There are no Federal monetary awards or penalties related to errors in NAP.

SNAP. FNS provides monetary awards for States with low or improving error rates relative to other States. Penalties are issued to States with high error rates. States with error rates above a certain threshold are classified as being in liability status in the first year the event occurs and are assessed penalties if they do not move out of liability status in the second consecutive year.

Changes Needed. Depending on the CNMI's error rate relative to other States and to its own error rate in previous years, the CNMI may be assessed penalties or awarded bonuses. These awards or penalties would be proportional to the caseload.

2. Participant Fraud Monitoring

NAP and SNAP both include efforts to identify and reduce participant fraud, but the strategies used by the two programs differ. This section examines the changes the CNMI would need to implement with regard to participant fraud detection, penalties and sanctions, and reporting requirements (sections a through c).

a. Fraud Detection

NAP. The NAP MEU conducts in-person investigations into reports of participant fraud that are either (1) referred by the CU or (2) received through the main office phone line used for reporting fraud. As described above, the MEU conducts random home visits to five active cases, typically for those with questionable findings. NAP has a hearing process in place for participants found to have committed fraud; however, the process is seldom used because it is extremely rare for NAP investigators to have sufficient evidence to charge individuals with fraud.

SNAP. States use a variety of methods to monitor participant compliance and investigate fraud and abuse. States must maintain a fraud management system, which is described in each State Operations Report. As part of this system, States must operate a fraud hotline where individuals can report instances of SNAP fraud and abuse and establish a law enforcement agreement with State law

enforcement agencies. States are also responsible for investigating participants involved in cases where FNS finds retailers engaged in trafficking SNAP benefits.

The management of fraud also occurs at the time of participant certification and recertification, where States are required to conduct data matching against the following databases to confirm eligibility information:

1. The Social Security Administration's Death Master File
2. The Prisoner Verification System
3. eDRS
4. The National Directory of New Hires¹⁷⁸
5. An immigration verification system, such as SAVE
6. IEVS

If a State finds a recipient in violation of SNAP rules, the State must investigate and if necessary report the case to the proper authorities for further action. States must have a hearings process in place for participants found to have committed an intentional program violation (IPV). SNAP recipients found in violation of SNAP rules may be given an option to sign a waiver and be disqualified from SNAP in lieu of a hearing or prosecution. If a waiver is not signed, the investigator refers the case to the administrative hearing office (e.g., the State Office of the Inspector General—or OIG).

Changes Needed. The CNMI would need to implement a fraud management system for investigating participant fraud, including establishing a law enforcement agreement with the local law enforcement agency. The CNMI would need to establish a designated phone number (fraud hotline) for reporting fraud and abuse, rather than using the main NAP office number for this purpose, and would need to ensure the IPV hearings process is in line with SNAP regulations. Finally, the CNMI would need to apply for access to the six databases listed above and use them for certifying and recertifying participants.

b. Penalties and Sanctions

NAP. NAP has penalties and sanctions for fraud and abuse, including disqualification from the program for 6 months to 2 years. For active participants, DCCA typically determines the funds owed and sets up a payment plan for the participant to repay the total error amount without jeopardizing the household's food security. For cases found to be ineligible for benefits, the participant is decertified and a bill is issued. The recouped payments are returned to DCCA to be redistributed as NAP benefits.

SNAP. States use civil and/or criminal penalties for program participants caught committing IPVs, such as fraud or abuse. SNAP recipients may be suspended temporarily, disqualified permanently, and/or required to repay any overpayments, depending on the nature of the violation. All monies collected from penalties and sanctions are returned to the U.S. Department of the Treasury.

Changes Needed. The CNMI would need to make its penalties and sanctions consistent with those required under SNAP and return recouped payments to the U.S. Department of the Treasury.

¹⁷⁸ This database is maintained by the Federal Office of Child Support Enforcement and contains data from W-4 tax forms, Quarterly Wage reports, and Unemployment Benefits. The CNMI does not currently participate in the National Directory of New Hires and may need to identify a different source of current employment status information.

c. Reporting Requirements

NAP. The CNMI does not report to FNS on its participant fraud detection activities.

SNAP. Through the online Food Programs Reporting System (FPRS), States must report to FNS the numbers of fair hearings, investigations, disqualification consent agreements, State prosecutions, fraud hearings waived and completed, disqualification determinations, claims established (by household error and agency error), and recipient claims collected (via allotment reduction, other State means, and U.S. Department of the Treasury offset).

Changes Needed. The CNMI would need to report actions related to participant fraud detection (e.g., fair hearings, prosecutions, claims) through FPRS.

3. Retailer Fraud Monitoring

Both NAP and SNAP have procedures in place to identify retailer fraud, establish penalties, and hold hearings. However, the CNMI would not be responsible for these activities should it transition to SNAP because FNS manages retailer fraud prevention efforts. This section describes the changes that would need to occur in retailer fraud detection, penalties and sanctions, and appeals (a through c).

a. Fraud Detection

NAP. The NAP MEU is responsible for assessing retailer fraud. NAP does not have an automated fraud detection system. However, the program performs this function through quarterly compliance visits to the 20 retailers with the highest ratio of NAP sales to total sales to assess whether trafficking accounts for the high volume of food stamp business.

SNAP. FNS and States prevent and fight trafficking in several ways, maintaining a primary focus on retailers. Food retailers and certain meal service programs authorized to accept SNAP benefits are the only entities that can redeem electronic SNAP benefits from the government. Therefore, any attempts by participants to obtain cash in exchange for SNAP benefits involve the cooperation of an authorized retailer. Under SNAP, FNS bears responsibility for monitoring the compliance of SNAP retailers and detecting fraud and abuse.

FNS monitors retailers by analyzing data from the STARS and ALERT systems. FNS maintains data on retailers from applications, recertifications, inspections, and investigations in the STARS system. States establish contracts with an EBT processor, which submits EBT transaction data daily to FNS's ALERT system.¹⁷⁹ The ALERT and STARS programs exchange data through daily batch jobs: ALERT draws on retailer characteristics recorded in STARS and EBT transaction details to help identify fraud, and STARS draws on retailers identified by ALERT to notify personnel in FNS's Retailer Operations Division of retailers that may require further attention.

When a retailer is identified as a potential source of fraud, the case is referred to either the Investigative Analysis Branch or the Retailer Investigations Branch, depending on the type of investigation needed. The Retailer Investigations Branch conducts undercover investigations related to retailer fraud and coordinates investigative activities with other Federal entities (including USDA OIG). The Investigative

¹⁷⁹ ALERT allows FNS to identify potential retailer fraud by monitoring EBT transactions and looking for problematic patterns. Suspicious retailers are assigned to a watch list for further examination, and such stores are targeted for either (1) onsite investigations or (2) a detailed transaction analysis by a compliance specialist to determine if there are sufficient anomalous transactions to support a trafficking charge.

Analysis Branch conducts “paper” investigations based on tips reported to fraud hotlines and suspicious patterns identified in transaction data.

When retailers are found to be in violation of SNAP rules and regulations, FNS issues charge letters to retailers, with varying penalties and sanctions depending on the severity of the infraction; retailers found to be trafficking SNAP benefits are disqualified permanently.

Changes Needed. The CNMI would no longer need to conduct compliance visits or issue sanctions to retailers found in violation of program rules and regulations. FNS would assume responsibility for monitoring retailers and identifying fraud through the STARS and ALERT systems.¹⁸⁰

b. Penalties and Sanctions

NAP. If the MEU finds a retailer is not adhering to the NAP regulations, it will deliver an investigative report and action plan to the Retail and Redemption Unit, which will issue the charge letters and appropriate suspensions/penalties.¹⁸¹ In cases where there is evidence of retailer fraud, the NAP office conducts an administrative hearing with the retailer, when DCCA recommends a penalty (approved by the NAP administrator). DCCA may impose a series of penalties, including a fine of \$10,000 and/or 5 years in prison, suspension or termination of authorization, or permanent disqualification from NAP.

SNAP. FNS has strict penalties for SNAP retailers found to be in violation of SNAP rules, ranging from a warning to fines, temporary disqualification, or permanent disqualification from SNAP participation. If an FNS investigation indicates a retailer engaged in trafficking, FNS notifies the USDA OIG, which has the option to investigate the case as a criminal investigation with the potential for criminal prosecution or return the case to FNS for administrative action. Possible penalties for failure to comply with SNAP rules include fines of up to \$100,000 for each violation, criminal prosecution and jail time, disqualification from SNAP participation, referral to the IRS for further investigation, and loss of other licenses (e.g., State lottery or alcoholic beverage sales licenses).^{182, 183} See specific penalties in table 9.2.

Table 9.2. SNAP Retailer Penalties

Violation	SNAP Penalty
Trafficking	Buying or selling SNAP benefits for cash or other items besides eligible food result in permanent disqualification and/or a penalty of up to \$32,000 for each violation; will not exceed \$59,000 for all violations occurring during a single investigation
Sale of firearms, ammunition, explosives, or controlled substances (in exchange for benefits)	Sale of these items results in permanent disqualification or a penalty of up to \$32,000 for each violation; will not exceed \$59,000 for all violations occurring during a single investigation
Sale of cigarettes, tobacco, alcohol, or expensive nonfood items (in exchange for benefits)	Sale of these items may result in a 3- to 5-year disqualification period or equivalent civil money penalty; a claim may also be assessed Sale of common ineligible nonfood items on a regular basis for SNAP benefits may result in a 6-month to 3-year disqualification or equivalent civil money penalty; a claim may also be assessed

¹⁸⁰ FNS’s data analytic procedures for identifying fraud and abuse may also need adjustment to account for inconsistent or sporadic deliveries because of the remote location, related inconsistencies in inventory levels and food varieties, and higher food prices relative to mainland States.

¹⁸¹ Retailers are instructed at certification that violations include exchanging benefits for cash, accepting benefits for payment of credit, exchanging benefits between stores, and accepting benefits for ineligible items.

¹⁸² FNS may disqualify retailers from program participation. Other penalties are outside FNS’s purview and may occur as a result of criminal prosecution.

¹⁸³ Retail owners and operators are held legally responsible for actions of all employees working in their stores; owners and operators are responsible for keeping their employees well trained and up-to-date on all SNAP program rules.

Violation	SNAP Penalty
Sale of common ineligible nonfood items (in exchange for benefits) on a regular basis	6-month to 3-year disqualification or equivalent civil money penalty; a claim may also be assessed
A store whose SNAP benefit redemptions for a specified period of time exceed its food sales for the same period of time	May be disqualified for 3 to 5 years
Accepting SNAP benefits without authorization or after the effective date of disqualification	Fine of \$1,000 for each violation, plus an amount equal to three times the value of the illegally accepted SNAP benefits
Second and third violations	The period of disqualification will be doubled for a second violation; for a third violation, the action is permanent disqualification

Changes Needed. The CNMI’s penalty structure would need to be aligned with SNAP’s. For example, in SNAP, the penalty for a single retailer trafficking violation can include permanent disqualification or a civil penalty of up to \$32,000 for each violation,¹⁸⁴ whereas in NAP the maximum fine for a single violation is \$10,000 and/or a prison term of up to 5 years. CNMI retailers may be subject to criminal prosecution through OIG.

c. Appeals

NAP: The NAP office conducts administrative hearings regarding actions to deny, withdraw, or disqualify the retailer from NAP. Retailers first appeal through a letter notifying the NAP office they disagree with the actions taken. The NAP office schedules a fair hearing with a Hearing Official from the Attorney General’s office, the NAP administrator, and relevant staff. Retailers may request a second appeal from the DCCA secretary; further appeals must be requested through the local court system.

SNAP. The Administrative Review Branch, located in FNS headquarters, is responsible for performing final administrative review of retailer appeals regarding actions to deny, withdraw, or disqualify the retailer from SNAP. Retailers wishing to appeal an administrative action or penalty must submit a request for an appeal directly to FNS’s Administrative Review Branch within 10 days following receipt of the charge letter, and an FNS administrative review officer reviews the case and makes the final agency decision. Retailers then may appeal the decision through the judicial system.

Changes Needed. CNMI retailers would need to submit appeals to the FNS Administrative Review Branch within 10 days of the receipt of the charge letter. CNMI retailers wishing to contest the appeal determination further would be able to file for judicial review in U.S. District Court or a court of competent jurisdiction.

4. Fair Hearings

This section describes the changes that would need to occur in fair hearings and claims and appeals.

a. Fair Hearings and Claims

NAP. The CNMI has protocols in place for participants to appeal a negative action, such as benefit reduction or termination. Participants may request an agency conference or fair hearing within 10 days of receiving notice of an adverse action. For cases where an overpayment was made, NAP’s BICA Unit processes claims through allotment reductions, lump sum payments, or payment plans.

¹⁸⁴ The maximum penalty for violations from a single penalty is \$59,000.

SNAP. For administrative actions taken in cases other than IPVs¹⁸⁵—such as claims, termination, or denials—States must provide the opportunity for a fair hearing. States must inform individuals of the process to file complaints and to request a fair and impartial hearing. During these hearings, an administrative law judge reviews the evidence and makes a determination about the case; the hearings may be offered at either the local or State agency level.

If a SNAP recipient is found to have been issued overpayments, States undertake one or more measures to recoup the overissued benefit amount. Examples of various mechanisms the State can use to recoup these payments include reducing the household's benefits, taking money out of the household's EBT account, setting up a repayment plan with the household, taking the household to court, scheduling an administrative disqualification hearing, and seizing Federal tax refunds.

Changes Needed. The NAP and SNAP hearings and claims processes are fairly similar. The CNMI would need to designate an administrative law judge to oversee fair hearings; as with the existing NAP arrangement, this position could still be filled by an attorney from the Attorney General's office.

b. Appeals

NAP. Individuals may appeal administrative decisions through the CNMI judicial system outside the NAP agency.

SNAP. If participants wish to appeal administrative law judge decisions, they may appeal through the court system outside the SNAP agency.

Changes Needed. No changes would be needed.

5. Management Evaluations

NAP. FNS conducts an annual management evaluation of NAP operations. During the annual visits for that purpose, FNS staff review NAP policies and procedures, meet with NAP staff, and conduct case file reviews. The reviews focus on a variety of topic areas, depending on the priorities identified by staff at the Western Regional Office. FNS staff provide a written summary of the findings from these reviews to NAP, and NAP develops a corrective action plan for addressing deficiencies identified.

SNAP. States' compliance with the Federal SNAP regulations is regularly monitored and measured through management evaluations. Annual management evaluations of State operations are conducted both internally by State staff and externally by the Regional Office. The focus of States' internal management evaluation reviews is determined by priorities established by the Regional Offices and published in a memorandum provided to all States. Some areas of review are mandatory, while the States may select additional areas from a list of "high risk" options where the State may be experiencing difficulty. The purpose of the reviews is to identify and resolve problems early in the process. States are further responsible for developing and implementing plans for corrective actions, monitoring processes on an ongoing basis, and adjusting procedures to come into compliance with new laws and regulations.

Annual State Agency Management Evaluations (SAME) are conducted in person by FNS Regional Offices and cover a wide array of topic areas. The types of reviews conducted vary each year and are based on priorities established by the undersecretary. State Program Access Reviews, for example, are one type of review conducted each year as a part of SAME to examine accessibility to SNAP at the State level by

¹⁸⁵ Hearings for IPVs are described under fraud hearings in section C.2.a above.

eligible households. Local Program Access Reviews may also be conducted to examine program accessibility at the local level.

Changes Needed. The CNMI would be monitored routinely by FNS through the SAME reviews, including the Program Access Reviews, a process similar to that for FNS’s current annual management evaluations. The CNMI would still need to submit corrective action reports in response to the SAME and follow the process outlined in the regulations for correcting program deficiencies. The CNMI would also need to develop and conduct internal management evaluation and corrective action plan processes according to SNAP regulation and FNS’s annual management evaluation target memorandum.

6. Reporting Requirements

NAP. The CNMI submits routine monthly and quarterly reports to FNS. The monthly reports provide details on NAP participation, benefit issuance, and coupon redemption. The quarterly reports provide details on the QC results of internal reviews of case files and the status of finances across five administrative cost categories through the CNMI-269 Quarterly Financial Status Report.

SNAP. State SNAP performance is monitored through a series of reports States are required to submit monthly, quarterly, and annually. Many of these reports are submitted through the Web-based FPRS. The Regional Offices review and certify the accuracy of the data submitted before the information is conveyed to the FNS National Office. The FNS National Office provides an additional review, and the data then are fed into the National Data Bank, where various entities can access the data for analytic or planning purposes.

Under SNAP, States submit four financial reports. One of these reports, the FNS-778, requires States to collect and report data for up to 22 cost categories.¹⁸⁶ The reports submitted by each program appear in table 9.3.

Table 9.3. Required Federal Reports for NAP and SNAP

Frequency	NAP Reports	SNAP Reports
Monthly	<ol style="list-style-type: none"> 1. SF-25—Report of participation and issuance 2. Issued ATP Statistics (by island and household size) 3. Estimated Coupon Redemption 	<ol style="list-style-type: none"> 1. FNS-388—State report of issuance and participation in the Food Stamp Program 2. FNS-46—Issuance reconciliation report
Quarterly	<ol style="list-style-type: none"> 1. CNMI-269—Quarterly Financial Status report 2. Quarterly report of findings for active NAP case 3. Quarterly report of findings for active authorized retailer cases 	<ol style="list-style-type: none"> 1. SF-425(FS)—Quarterly Financial Status report 2. FNS-778—Financial reporting worksheet (feeds data into the SF-425) 3. FNS-209—State's activities relating to recipient claims 4. FNS-583—State employment and training program activities 5. FNS-388A (semiannual)—Project-area report of issuance and participation in the Food Stamp Program

¹⁸⁶ Of the CNMI’s five categories, the FNS-778 includes only one of them: management evaluation and certification. EBT issuance would replace benefit issuance. As for the other categories, the CNMI would not have to include a retail and redemption category because retail certification and monitoring are Federal tasks. States do not have a general administration category on which to report.

Frequency	NAP Reports	SNAP Reports
Annual	<ol style="list-style-type: none"> 1. CNMI’s Single Audit 2. Corrective Action Plan (in response to FNS Western Regional Office Management Evaluation) 	<ol style="list-style-type: none"> 1. SF-425—Annual Financial Status report 2. FNS-101—Participation in the Food Stamp Program by race 3. FNS-366A—Program and Budget Summary Statement—budget projection 4. FNS-366—Program and Budget Summary Statement program activity 5. FNS-759—Direct food stamp nutrition education
As needed	N/A	<ol style="list-style-type: none"> 1. FNS-292, 292A, 292B—As needed, after emergency relief operations are completed

Changes Needed. The CNMI would need to provide a more detailed list of reports to FNS, many of which would be submitted electronically through the FPRS. However, because information on issuance and redemption would be submitted automatically through the EBT database, the CNMI would no longer need to include data on issuance and redemption in its financial reports.

D. Implementation Process

This section describes the process that would be necessary to implement program integrity measures for SNAP in the CNMI in five key areas, including participating in the SNAP QC system (section 1), monitoring participant fraud (section 2), conducting fair hearings and management evaluations (sections 3 and 4), and submitting required reports to FNS (section 5).

1. SNAP QC

Overall, the CNMI likely would not face insurmountable barriers to implementing the vast majority of SNAP QC requirements outlined in these regulations. Guam and the U.S. Virgin Islands provide examples of similar agencies and geographic contexts that have successfully implemented SNAP QC processes. The *FNS Handbook 310* (USDA FNS, 2012a) outlines the minimum requirements for conducting monthly QC reviews of SNAP cases, including, for example, in-person interviews with SNAP households and collection of documentation from participants and collateral contacts to verify eligibility criteria. By design, requirements for SNAP QC processes are standardized across State agencies to create a “fair playing field.” Implementation steps for SNAP QC appear below.

Develop and Implement a Sampling Plan. To implement SNAP QC, the CNMI would need to develop a sampling plan and update it annually, submitting it to FNS for review each year. This plan would describe how the representative sample of active and negative SNAP cases would be drawn each month for SNAP QC, adhering to the specifications delineated in the *FNS Handbook 311* (USDA FNS, 2011). This analysis assumes the CNMI would conduct the minimum sample required, which would entail approximately 300 active cases per year (roughly 25 cases per month) and 150 negative cases per year (roughly 13 per month). Ideally, this plan would be developed in conjunction with a statistician in the CNMI who has expertise in statistical sampling. Once approved by FNS, the CNMI statistician would need to ensure the eligibility system is programmed and tested correctly to select the sample cases.

Hiring. Because of the limited labor pool on the islands, hiring an on-island sampling statistician likely would be challenging. In lieu of an on-island statistician, the CNMI could consider hiring an off-island consultant to work remotely in this capacity. Alternatively, the CNMI could obtain training for an existing staff member to serve this role; however, this arrangement could require additional technical assistance support from the statistician on staff at the FNS Western Regional Office.

Training. The SNAP QC staff would need to be trained on SNAP QC policy, review procedures, and reporting protocols, including the use of the Web-based SNAP QCS reporting system used by State agencies to submit QC data to FNS. FNS SNAP QC staff would need to provide this training.

Make Decisions on Options/Waivers. Unlike the multiple options and waivers available to States with regard to SNAP certification processes, few options or waivers are available for SNAP QC. One option most States have elected, however, is to allow phone interviews in lieu of in-person interviews for households with benefits of less than \$100. This analysis assumes the CNMI would elect this option; however, the CNMI would need to seek FNS's approval prior to exercising it.

To address challenges related to conducting QC interviews on Rota and Tinian, the CNMI could consider two other approaches: (1) allowing phone interviews for *all* QC cases sampled on Rota and Tinian (i.e., not just the cases with benefits less than \$100) and/or (2) conducting interviews by videoconferencing as described below. However, because it is unknown whether these alternatives would be approved and implemented, the overall SNAP administrative cost estimates do not include these options. Administrative costs for these approaches have been assessed separately.

a. Phone Interviews on Rota and Tinian

Assuming the CNMI exercised the option described above, households receiving less than \$100 in benefits each month would not be required to complete an in-person interview and instead would be interviewed by phone.

To address additional challenges related to geographic location in Rota and Tinian, the CNMI could extend this phone option to all Rota and Tinian households selected for review (not just those receiving less than \$100 in benefits). The benefit of this approach would be reduced administrative burden related to time and cost of CNMI QC reviewers traveling to Rota and Tinian to conduct in-person interviews.

A drawback of this approach is that it might be difficult to reach some participants by phone. Phone interviews would require increased reliance on mail, fax, or other means of submitting verification documentation for eligibility criteria, such as pay stubs to show income or copies of leases to demonstrate household composition. The DCCA offices on Rota and Tinian have fax machines and computers, and they use a courier service to submit information to the NAP office on Saipan. These services could be made available to Rota and Tinian SNAP households to submit information for SNAP QC reviews.

b. Videoconferencing on Rota and Tinian

Another alternative for addressing the travel challenges related to conducting QC reviews in Rota and Tinian would be for the CNMI to conduct SNAP QC interviews using videoconferencing technology. FNS has made this option available to States in recent years, although few have exercised it so far. Rather than participating in an in-person interview (or phone interview) with a QC reviewer, households could communicate with QC reviewers in Saipan via a computer or smartphone through videoconference applications such as Skype. For this purpose, DCCA offices on Rota and Tinian could give participants access to an Internet-connected computer to accommodate those with limited personal access to the technology.

Similar to phone interviews, the benefits of this approach would be reduced burden for QC staff traveling to Rota and Tinian. This approach, however, would require access to a computer or

smartphone with reliable Internet (or cellular) access to permit the videoconferencing connection. The DCCA offices on Rota and Tinian have computers and Internet access that potentially could access online videoconferencing technology such as Skype, although the Internet connection may not always be reliable.

2. Participant Fraud Monitoring

Develop a State Plan for Monitoring Participant Fraud. The CNMI would first need to draft a State plan outlining its process for monitoring participant fraud, which would require technical assistance and guidance from FNS. Components of this plan would include establishing a designated fraud investigation unit, an administrative disqualification hearing process and/or a prosecutorial process, and a process for recouping benefits in cases of fraud or abuse. States have flexibility in establishing parameters for these procedures, such as which allegations will be investigated and how; those selected parameters and procedures would be documented in the State plan and submitted to FNS for review.

As part of its State plan for participant monitoring, the CNMI would also need to accomplish the following:

1. Establish agreements with law enforcement agencies and other entities within the legal system as needed to implement the administrative or prosecutorial process.
2. Establish a designated fraud hotline for the public to report allegations of fraud and abuse.
3. Establish Level 2 eAuthentication status for staff who at certification and recertification must check all SNAP applicants for IPV in eDRS. Data on IPV identified through investigative activities must be entered into eDRS by authorized personnel.¹⁸⁷
4. Establish a process for investigating participants identified by FNS as a result of Federal retailer fraud monitoring efforts. FNS would send to the CNMI information on participants associated with retailers found in violation of SNAP regulations based on FNS analyses of EBT data.
5. Establish an administrative law judge to preside over administrative disqualification hearings. The CNMI Attorney General could continue to serve as Hearing Official in the same role as for NAP. The CNMI may need to secure an additional Hearing Official to expand capacity.
6. Establish a process for tracking and reporting data on fraud monitoring activities as required by FNS, including the numbers of investigations, disqualification consent agreements, State prosecutions, fraud hearings waived and completed, disqualification determinations, and claims established and collected. These data elements would be tracked in the new SNAP eligibility system, which would have the capacity to produce routine and ad hoc reports.

Hiring. SNAP regulations require State agencies to have a designated team of fraud investigators. Because MEU staff currently dedicated to case file reviews and random home visits under NAP would probably take on the role of SNAP QC reviewers, the CNMI would likely need to hire investigators to staff this new organizational division. Hiring designated investigators would require establishing this new labor category through the CNMI Office of Personnel Management, a process NAP staff estimate would take 6 months.

¹⁸⁷ Only Federal local registration authorities (LRAs) may provide the validation of employee identity that would be necessary to obtain a Level 2 eAuthentication account. Because the CNMI does not have any on-island LRAs, an LRA would need to travel to the CNMI to provide this service. FNS indicated one possibility would be for the eDRS coordinator in the Western Regional Office to travel to the CNMI and certify all staff at once (personal communication with State Administration Branch, February 5, 2015).

Training. Because the participant monitoring processes required under SNAP are different from those followed under NAP, and because the fraud unit would be an entirely new staff unit, the CNMI fraud staff would need training on all aspects of participant fraud monitoring. Topics would include State responsibilities, necessary paperwork and reporting procedures, expected data security procedures, and investigative procedures for using EBT data provided by FNS from retailer monitoring operations.

3. Fair Hearings

Because the fair hearing process in place under NAP is consistent with requirements for SNAP fair hearings, little would have to be done during implementation. The CNMI would just need to document its process for conducting fair hearings, including the agreement with the Attorney General's Office to serve as the Hearing Official, in its overall State Plan of Operations described in chapter 6.

4. Management Evaluations

Develop a Management Evaluation Plan. The CNMI would need to develop a management evaluation plan and submit it to FNS for review annually. The plan would describe the process for conducting internal reviews each year of SNAP processes, ensuring SNAP operations comply with regulations, establishing corrective action plans as needed, and identifying areas for improvement. Each year, FNS identifies priority areas of SNAP program operations to focus on during management evaluations; State SNAP agencies must identify how they will review these areas during internal management evaluations and any other areas selected by the State agency.

Staffing. The CNMI would need to designate a staff member as responsible for planning and conducting the internal reviews. The staff member must be outside the areas of operations that would be reviewed during management evaluations (e.g., an eligibility worker may not be tasked with evaluating certification processes). In addition to conducting the internal reviews, this staff member would work with FNS staff during the Federal management evaluations that would occur each year.

Training. Because the management evaluation process under SNAP would be a new activity,¹⁸⁸ the CNMI program staff would need training on FNS regulations and expectations. The staff member responsible for management evaluations would need to receive this training along with NAP management. As with other trainings, FNS would need to provide this training.

5. FNS Reporting Requirements

Technical Planning. To implement SNAP administrative reporting processes, the CNMI would first need to ensure the eligibility system is equipped to track the necessary data and produce the requisite reports. The CNMI would need to work with FNS to arrange access to FPRS and could require technical support from FNS for initially navigating this system.

Training. FNS would need to provide training to the CNMI management and administrative staff on the various monthly, quarterly, and annual reports SNAP State agencies must submit to FNS and the processes for doing so.

¹⁸⁸ The NAP MEU is responsible for reviewing activities of other NAP units to ensure compliance with NAP regulations; however, because of limited time and resources, these activities have been minimal.

E. Organizational, Operational, Technical, and Infrastructure Effects

This section describes the organizational, operational, technical, and infrastructure effects of implementing each aspect of the five key program areas for SNAP in the CNMI: SNAP QC (section 1), participant fraud monitoring (section 2), fair hearings (section 3), management evaluations (section 4), and FNS reporting requirements (section 5).

1. SNAP QC

Organizational and Operational Effects. From an organizational perspective, the existing NAP program staff roles and responsibilities would not change under SNAP QC; the tasks involved (e.g., case reviews, random home visits) are similar to those involved in the QC review process under SNAP. However, the workload may be distributed differently. A SNAP QC caseload would include a much smaller number of desk reviews and a larger number of in-person interviews relative to current NAP review caseloads.¹⁸⁹ The three MEU program reviewers would likely conduct the SNAP QC reviews—the function most similar to their roles under NAP. However, the CNMI would need to hire a statistician, either as staff or as a consultant, to support sampling procedures and requirements of SNAP QC.

Technical and Infrastructure Effects. There would be no technical effects from the implementation of SNAP QC; no new hardware or software would be needed. CNMI SNAP QC staff would access the SNAP QCS system for entering and submitting review findings; they would also need to transmit case documentation and verification documents to FNS either electronically (with document imaging) or via mail.

Infrastructure effects would be minimal, if any. The facility used currently to support QC activities would remain the same. As for NAP, SNAP QC staff would travel to Rota and Tinian as needed; Rota and Tinian would not have on-island SNAP QC staff.

2. Participant Fraud Monitoring

Organizational and Operational Effects. The CNMI would need to staff a new organizational unit devoted to participant fraud monitoring activities. The current MEU supervisor has some experience in investigations and may have the requisite skills to serve in or lead this new unit.

Other existing staff roles would not change. NAP staff who currently process claims and recoup improper payments to participants would continue to perform mainly the same functions, and it would be feasible to hire additional staff with the needed skill set if necessary. Eligibility workers would be required to check each SNAP applicant for IPV in eDRS; this step could be incorporated in the certification and recertification processes.

Increased efforts to monitor participant fraud would likely increase the number of hearings and the demand for services from the Attorney General's office. The CNMI's capacity for conducting administrative disqualification or prosecutorial processes may be constrained by the available time and resources of the current Hearing Official, in which case the CNMI may need to consider designating a second or alternative administrative law judge to enhance capacity.

¹⁸⁹ NAP currently conducts desk reviews of approximately 200 cases and visits 5 NAP households per month, while a minimum SNAP QC sample size would entail approximately 25 active case reviews (including in-person interviews) and desk reviews of approximately 13 negative cases per month. The significantly smaller number of desk reviews likely would offset the larger number of active reviews with in-person interviews.

Technical and Infrastructure Effects. CNMI fraud staff would need to obtain a Level 2 eAuthentication account and access to eDRS.

Infrastructure effects would be minimal. Although the CNMI would add a few additional investigators for conducting investigations and assisting with a greater number of IPV hearings, the number may not make it necessary to obtain additional office space.

3. Fair Hearings

Organizational and Operational Effects. The organizational structure and operational process for SNAP fair hearings would remain similar to what is in place under NAP, although the number of fair hearings may increase with an increase in the SNAP population size, which would require more staff time. If the CNMI Attorney General's office could not meet the demand for the number of fair hearings, the CNMI might need to consider designating a second or alternative administrative law judge to enhance capacity.

Technical and Infrastructure Effects. No significant technical or infrastructure effects are anticipated for implementing SNAP fair hearings activities.

4. Management Evaluations

Organizational and Operational Effects. A new position would need to be established to perform the SNAP management evaluation and corrective action processes because they represent a largely new activity for the CNMI. The job responsibilities could be assigned to a current or new staff member.

Technical and Infrastructure Effects. No significant technical or infrastructure effects related to implementing SNAP management evaluation activities are anticipated.

5. FNS Reporting Requirements

Organizational and Operational Effects. Implementing SNAP reporting requirements would not require organizational changes. However, the set of reports submitted by the CNMI would change, as would the process for submitting them. A staff member in charge of generating and submitting administrative reports would need to learn the new requirements and how to navigate the Web-based FPRS.

Technical and Infrastructure Effects. No significant technical or infrastructure effects are anticipated for meeting FNS reporting requirements for SNAP. Reports would be submitted online through FPRS.

Chapter 10: Capability of the CNMI To Implement Work Requirements Through a SNAP Employment and Training Program

The purpose of this chapter is to assess whether the CNMI has the capacity to implement SNAP work requirements and administer an employment and training (E&T) program. The current NAP policies and procedures meet the SNAP E&T component requirements, and the CNMI could potentially use the same policies for SNAP with very few changes to the policies or procedures. Alternatively, if funding was available, the CNMI would be able to expand the program to better meet the needs of participants. Although SNAP requires each State agency to provide some employment or training services, States have much flexibility in designing their E&T programs and in determining those who will be served.

The following sections provide information on the feasibility of implementing a SNAP E&T program in the CNMI. Sections A and B include background information on the CNMI E&T landscape, including key stakeholders most affected by E&T policies, the benefits and challenges of implementing an E&T program, and an overview of the current NAP work registration process. Section C lists SNAP E&T program requirements and the changes that would be needed to implement SNAP. Sections D and E provide an overview of the process for implementing a SNAP E&T program in the CNMI and the likely effects of its implementation.

A. Background

Beginning in 1978, the CNMI brought in foreign workers under temporary renewable work permits, primarily to work in the garment and tourism industries. The number of contract workers quickly outgrew the number of U.S. workers, and the CNMI economy became dependent on foreign labor (U.S. GAO, 2012). After the garment industry collapsed and tourism declined, the number of contract workers declined somewhat, but many stayed and more arrived. The dearth of jobs relative to workers allowed employers to keep wages low and require higher qualifications for jobs. For example, employers generally require a high school diploma and experience for low-skilled positions (e.g., hostess). Because the only way contract workers could stay in the country was to be employed, they took the jobs that U.S. workers were not qualified for or did not want, and contract workers became more skilled over time than many U.S. workers residing in the CNMI.

While contract workers continue to outnumber U.S. workers in the CNMI, the CNMI's DOL now requires that at least 30 percent of a business's employees be U.S. workers. In 2008, the Federal government took control of the immigration system in the CNMI, and legislation was passed so that all contract workers would be phased out by the end of 2019, provided the U.S. Secretary of Labor does not extend the deadline.

This provides many opportunities and challenges for the U.S. workforce in the CNMI. While many new job opportunities would emerge, some U.S. workers may not be skilled enough for those positions and would need additional education and training over the next 5 years. The CNMI government has recognized these barriers to employment and gaps in training and recently allocated \$4 million, collected from contract worker application fees, to three education and training organizations (the Northern Marianas College, the public school system, and the Northern Marianas Trade Institute) to begin the needed training for U.S. citizens.

Several organizations provide education and employment training throughout the CNMI. The CNMI's DOL administers two main offices: the Division of Employment Services (DES) and WIOA—the Workforce Innovation and Opportunity Act—which together are the primary E&T service providers on the island. DES provides limited assistance by helping work-ready clients register their resumes online and letting them search job postings for available work. WIOA primarily provides education and training services to help clients become work-ready.

WIOA serves clients based on assessed need and a ranking process. Because the services are generally free to the participants, the agency does not have enough funding to serve all clients who apply. As a result, the agency assesses the skills clients need most to become employable or to obtain employment goals and places clients in education or training programs to obtain those skills. WIOA generally contracts with other providers for training services and works with employers in the community to provide on-the-job training and work experience programs. Through such programs, clients are hired by an employer and WIOA subsidizes the salary while the client is in training—usually for 6–12 months.

In addition to WIOA, there are several other training providers in the area (WIOA refers clients to many of these), including the following:

- ▶ **Northern Marianas College** offers work skills training classes and nursing assistance certification.
- ▶ **Pinnacle Staffing** conducts all WIOA's assessments using the WorkKeys program¹⁹⁰ and provides general work skills training, medical billing and administration training and certification, and phlebotomy training and certification.
- ▶ **Northern Marianas Trade Institute** provides accredited training for skilled labor, such as construction, carpentry, plumbing, electrical, and culinary arts.
- ▶ **The public school system** offers an array of training for high school juniors and seniors. Various schools also offer programs that provide certifications in the hotel and hospitality industry, nursing, auto repair, and culinary arts.¹⁹¹

Because a SNAP E&T program would be administered by multiple agencies and organizations, several stakeholders would be involved in its implementation. The stakeholders most directly affected would include the following:

- ▶ **CNMI program staff** would need to learn and implement new Federal policies and referral procedures and monitor and track data including costs. The staff would require training, and depending on the type of program implemented, might need to work directly with providers.
- ▶ **Participants** would face new work requirements, and depending on the type of program implemented, new service options.
- ▶ **DOL and training providers** would serve SNAP participants who need training and would establish new tracking and monitoring policies to align with FNS requirements. The providers might require additional staff, training slots/options, and leveraging of additional funds to support the SNAP E&T program, if a more extensive program is implemented.

¹⁹⁰ WorkKeys is a job skills assessment system that measures foundational and soft skills and offers specialized assessments to target institutional needs.

¹⁹¹ Generally, these programs are not for school credit (they are offered after school), but they do provide certification.

- ▶ **USDA FNS** regional and headquarters staff would need to review, approve, and monitor any plans for the implementation of E&T and provide support and assistance as needed. They would also monitor the quarterly SNAP E&T reports.

The sections below discuss the benefits and challenges to implementing SNAP work requirements and E&T services (section 1) and stakeholder perspectives (section 2).

1. Benefits and Challenges of Implementing SNAP Work Requirements and Providing E&T Services

The current NAP policies and procedures meet the SNAP E&T component requirements; unless exempt from registration requirements, able-bodied NAP participants are required to register with the CNMI DOL and conduct a job search to keep their benefits. Under SNAP, CNMI program staff would be required to work register household members who are not exempt and provide a written statement to each work registrant regarding the pertinent work requirements, the rights and responsibilities of work-registered household members, and the consequences for failing to comply. CNMI program staff would also be responsible for assessing and referring work registrants to an E&T program or component, if appropriate. The CNMI may choose to operate a more robust E&T program under SNAP. Developing and implementing such a program would provide several benefits and challenges to the CNMI. However, the benefits of an E&T program are directly related to the intensity of services.¹⁹² The following sections describe the benefits and challenges of implementing a SNAP E&T program.

a. Benefits

Providing E&T options to unemployed or underemployed SNAP participants benefits the participants, their families, and the community. E&T programs enable those individuals with limited skills or work experience to develop the skills needed to obtain and retain employment. In turn, jobs provide additional income to the participants and their families. Over the long term, employing participants also reduces their dependency on public assistance.

A SNAP E&T program would help provide needed training to U.S. citizens in the CNMI so they may qualify for jobs currently held by contract workers. The CNMI is faced with training a large portion of its citizens with very low skills by 2019. While the SNAP E&T program cannot solve this problem, it could help provide some additional funding for training this population in need of skill-building to fill the numerous jobs that would become open as contract workers are phased out.

b. Challenges

The CNMI may face a few challenges when implementing an E&T program as highlighted below:

Financing the Program. The largest challenge to implementing an E&T program in the CNMI is related to financing the program. While FNS provides funding to States to administer their SNAP E&T programs, the CNMI would receive just \$50,000 annually, with a 50-percent reimbursement for any additional costs. CNMI officials and staff suggested they would like to provide more intensive E&T services than are currently available to NAP participants. However, these services are costly; providing education and

¹⁹² While many of the challenges relate to expenses, a more limited program could be administered to minimize the costs, at least in the early years of the SNAP program.

training to a single client would cost \$7,900 on average¹⁹³ and would require much more than the \$50,000 provided by FNS.

Federal law also requires States to provide support services to E&T participants, including transportation, child care, and training-related costs associated with participation in E&T for both mandatory and voluntary participants. FNS would reimburse up to 50 percent of these costs.¹⁹⁴ However, while States can design the supports to cap reimbursements and contain costs, limited transportation options in the CNMI present a major barrier for many participants to access E&T services. Therefore, even if reimbursement rates were kept low, a large number of participants would qualify for services and the overall costs could be high. Mandatory participants must be exempted from the E&T program if their participation costs exceed what the State will reimburse, while voluntary participants may choose to continue participating even if the State cannot cover the full cost of these expenses.

The substantial additional cost of providing training to the large number of SNAP participants that would likely be eligible for E&T would present a major challenge to implementing a more robust E&T program. The CNMI's ability to mitigate this challenge would depend on its ability to leverage additional funds. Alternatively, a more limited SNAP E&T program that would limit the number of participants and types of services could be designed to serve participants within the CNMI's anticipated budget.

Providing Training on Rota and Tinian. The current training options on Rota and Tinian are limited. While DOL has discussed the desire to provide more education and training services on the other islands, such an option likely would not be feasible in the short term. Therefore, CNMI program staff would need to determine whether it is viable to require SNAP participants on islands other than Saipan to participate in E&T. If participation is required, the CNMI would need to provide training options for those participants.

"I think what everyone finally realizes now is we're just going to be a tourism-based economy here. Nobody is going to set up any sort of industry here like they did with the garment industry. So training now is going to be tourism, hospitality management, and culinary. So people who are getting out of high school here, they need to start thinking about those industries."

—Community-based organization

2. Stakeholder Perspectives

As described earlier, the stakeholders most directly affected by the implementation of a SNAP E&T program would be (1) CNMI program staff, (2) program participants, and (3) training providers. The following sections provide feedback from interviews with each stakeholder group.

a. CNMI Program Staff and DOL

Because the majority of NAP participants are not employed and have limited skills, staff from both NAP and DOL were enthusiastic about the prospect of creating an E&T program that would help program participants become more self-sufficient. A limited level of SNAP E&T funding is in place, but staff at both organizations agreed a more comprehensive program is needed in the CNMI and that the current program does not provide enough support to those who need training and employment services.

¹⁹³ Estimate based on data provided by CNMI DOL on the average cost of providing services to a WIOA client in FY 2014.

¹⁹⁴ In accordance with SNAP regulations included in 7 CFR 273.7(d)(3), State agencies must provide payments to E&T participants for expenses that are reasonable and necessary and that directly relate to participation in E&T. Costs may include dependent care, transportation, and other work-, training-, or education-related expenses, such as uniforms, personal safety items, or other necessary equipment, books, and training manuals.

DES staff suggested that only about 10 percent of current NAP work registrants are job-ready when they come to the office (i.e., they do not need education or training to become employed). Considering the low income-eligibility thresholds for NAP (and that few households are eligible for NAP if a member is employed), it is not surprising most NAP participants are not work-ready. DES staff noted many do not have high school certification, few have stable employment histories (or any employment histories), and many cannot retain jobs they do obtain. DES staff also indicated they see a high degree of “churning” with these participants—that is, the same participants repeatedly returning to DES and restarting the job-search process after being sanctioned for noncompliance and losing NAP benefits.

Staff felt a SNAP E&T program would provide an opportunity to offer the types of education, training, and support services desperately needed by those with low or no income. Some staff suggested any E&T program should be mandatory in the CNMI (e.g., participants would lose benefits if they did not participate). These staff also suggested participation would be very low if SNAP participants had a choice to participate in E&T.

b. Program Participants and Low-Income Nonparticipants

Interviews with NAP participants and low-income nonparticipants suggested many were applying for jobs. More than one-quarter of interviewed individuals were working part-time at the time of their interview and an additional third were caring for dependents. Those seeking work, however, reported challenges as a result of the limited number of job opportunities available on the islands, including few

“Certificates of training ... [are] very useful [If employers] look they might think that you were trained for the position. It just makes your background look ... better, more unique.”

—Nonparticipant with low income

positions for which they felt qualified. These individuals also noted employers are more likely to favor younger applicants who have graduated from either high school or college.¹⁹⁵ Many felt employers were partial to hiring contract workers from other countries with more skills or experience.

Other barriers include access to transportation, fees involved in the application process, and favoritism in hiring friends and relatives over other qualified individuals. There is no public transportation in the CNMI, which makes it difficult for program participants without cars to get to work or training programs

consistently, particularly if they live in a remote area. Even those with vehicles face transportation challenges stemming from the high price of gasoline.

An added barrier is a “police clearance” required by many employers. This is a criminal background check for which employees must pay \$15 and which many program participants cannot afford. Finally, although public administration is one of the CNMI’s largest employment sectors (CNMI DOC, 2012), interviewed individuals felt the entry-level jobs they were qualified for were in high demand and social connections were necessary to be selected over the other candidates. Social connections were also reported to be of importance for other jobs, particularly on the smaller islands of Rota and Tinian.

Most participants felt they would benefit from an E&T program that addresses some of these barriers. For example, those with a lack of skills or education could gain a competitive edge in the local job market by enrolling in E&T program components, such as work experience, General Equivalency Diploma classes, and vocational training, among others. Participants with low incomes enrolled in WIOA programs reported such training was helpful because it opened new opportunities to them.

¹⁹⁵ Adults in the CNMI who complete high school are more likely to be in the labor force than those without a degree (80 percent versus 60 percent, respectively; U.S. Census Bureau, 2010).

c. E&T Providers

While NAP currently uses few E&T services, the infrastructure on the island is in place to serve additional participants. All the E&T providers interviewed for this study suggested they had the capacity to expand services as needed. The CNMI government has committed funds collected from contract workers' fees to provide training to U.S. citizens in the coming years, which could expand the availability of training services. However, some employers and training providers suggested a key challenge would be overcoming a history of resistance to working for minimum wage. These providers suggested many of CNMI's U.S. citizens do not want to work in low-paying jobs in hospitality traditionally filled by contract workers with more experience, which represent the majority of the jobs on the island.¹⁹⁶

B. The Current NAP Work Registration Policies and Processes for Providing Employment Services

NAP currently has a mandatory work registration program; eligible participants are sanctioned for noncompliance. The NAP work registration requirements are similar to SNAP's work registration policies with a light-touch job search E&T component included. All participants are required to register for work unless they meet certain exemption criteria. The program, run in conjunction with CNMI DOL, coordinates with employers in the CNMI to assist NAP participants in finding appropriate jobs. The following sections provide detail on the CNMI's current processes, including the technical requirements of the work registration program (section 1) and the services offered and process for monitoring work registrants (section 2).

1. Identifying Work Registrants

NAP eligibility workers determine whether participants are required to register for work during the initial certification interviews; they reassess participants' status during the recertification process every 3 months. Eligibility workers use a set of exemption criteria to determine whether a client is exempt from NAP work requirements. These exemption criteria are based on Federal SNAP work registrant exemptions but are not identical, and they include the following groups:

- ▶ Individuals younger than 18 or older than 54
- ▶ A person considered physically or mentally unfit for employment
- ▶ One parent or another adult household member who is responsible for the care of a dependent child younger than 12, or an adult caretaker of a person with a disability or a senior citizen aged 55 or older
- ▶ A person who is employed or self-employed and earning less than the equivalent of 30 minimum-wage hours each week
- ▶ A student enrolled full time in high school or General Educational Development classes, college, continuing education, or technical and vocational trade courses
- ▶ A government retiree aged 55 or older

¹⁹⁶ Respondents suggested the garment industry and contract worker boom in the 1980s created a culture with much money flowing through the economy and U.S. citizens in management positions and contract workers performing the manual labor. According to respondents, after the garment industry collapsed and the management positions disappeared, the U.S. citizens were unaccustomed to manual labor and felt they deserved "better" jobs; respondents suggested this attitude has persisted.

- ▶ A pregnant woman in her sixth or later month of pregnancy, or earlier if complications occur as a result of the pregnancy
- ▶ A mother of a child aged 3 months or younger
- ▶ Household members ineligible for or disqualified from NAP

Eligibility workers give those NAP participants who are required to register a work registration referral form and instruct them to report to DOL’s DES within 30 days.¹⁹⁷ These NAP participants are added to a comprehensive list of work registrants maintained by NAP CU staff. Every week, the NAP office sends a list of individuals who currently qualify for work registration to the DES office to help them track NAP participants.¹⁹⁸ As of June 2014, there were 536 current participants required to register for work, which is about 6 percent of the caseload.

2. Light-Touch Job Search E&T Component: NAP Work Registration and Compliance Process

NAP participants take the work registration referral form to the DES office. One of the five employees at DES instructs participants how to register in the system. This involves using the computers in the office to complete an employment registration form and upload their resume. The staff also help participants develop resumes if needed and answer questions about the registration process. Once registered, the participant is required to review the job openings listed in the DES database, referred to as the “job bank,” and select positions for which he or she would like to be considered.¹⁹⁹

DES staff then review the participant’s selections and select additional job openings that may fit the applicant’s skills. Resumes are sent to selected employers, who have 14 days to screen and interview applicants. Employers are required to review all resumes and to provide DES with the reason why an individual was not selected for an interview. If the individual was selected for an interview, the employers also provide feedback on the interview itself to help DES staff assist the client on future interviews. NAP participants may not refuse an interview if contacted for one. Unless they have good cause, they must also accept any job offered.²⁰⁰ If a participant refuses or fails to comply with work registrant requirements without good cause, he or she will be sanctioned for noncompliance. DES staff will report these incidences of noncompliance to DCCA staff. DCCA staff will sanction the participant’s NAP benefits for noncompliance. The participant will be subject to disqualification for at least 1 month and will not be counted as part of the household in determining the level of benefits based on household size. Upon receipt of the notification of the failure to comply from DES, the eligibility worker must provide the household with a Notice of Adverse Action by mail within 10 working days and issue the reduced benefits to the household. Each household has a right to a hearing to contest a reduction or termination of benefits resulting from a failure to comply with the work registration requirements. A participant disqualified because of failure to comply with work registration ends the disqualification by becoming exempt from work registration or eventually complying with the requirements.

¹⁹⁷ DCCA has an MOU with DES to provide employment services to all NAP work registrants. No NAP funding is allocated to DES for providing these services.

¹⁹⁸ In a given month, an estimated 10 percent of clients on the list are new to DES and have not registered during a previous NAP period.

¹⁹⁹ By law, every business in the CNMI that hires contract workers must register all open positions on the DES Web site; therefore, the database contains a fairly comprehensive list of open jobs available across the CNMI.

²⁰⁰ Good cause means circumstances beyond the participant’s control, such as illness, illness of another household member requiring the presence of the participant, or a household emergency that prevents the participant from complying with a NAP requirement.

DCCA also has a voluntary quit policy, which requires that no applicant household whose wage earners voluntarily quit their most recent job or reduce their regular or normal working hours without good cause, 30 days prior to the date the application is received. If wage earners do quit, they will be ineligible for NAP for a period of 3 months beginning with the effective date of the notice of ineligibility.

DES staff provide limited employment services to NAP participants. Some NAP participants may qualify to receive education or training services through WIOA, the primary E&T service provider on the island. NAP participants must self-initiate the process with WIOA by applying to the program. Applicants are assessed and ranked based on their skills and their need and notified by WIOA if they are selected for the program. Although the number of NAP participants receiving these additional training services is limited because of WIOA funding levels, some applicants have been enrolled in GED completion programs, classroom-based training, or a work experience program.²⁰¹

On the 15th and 30th of each month, DES staff send the NAP office a list of the NAP referrals who complied with their work requirements and those who did not. “Compliance” is not formally defined by NAP, but if a client goes to the office and registers for employment, DES staff consider the individual to be in compliance. Similarly, if participants refuse to be referred to employers, do not show up for interviews, or refuse a job offer (without a good reason), they are reported as noncompliant. The list DES sends to NAP includes the names of participants, whether they are in compliance, and some notes on compliance (e.g., whether they had an interview, feedback from employers).²⁰²

NAP CU staff review the compliance list and impose a sanction on the NAP benefits for those individuals who are not in compliance. The sanction is imposed for 1 month or until compliance, whichever is longer. NAP CU staff then update the participants’ records in the Y2K eligibility system, which alerts the BICA Unit that these participants should no longer receive benefits. During issuance the following month, the client receives a notice to meet with his or her eligibility worker instead of receiving benefits. During this meeting, the eligibility worker informs the client that he or she will not receive benefits until work registration is complete and in compliance with DES rules. Participants who believe they should be exempt from work registration requirements may request a fair hearing.

C. SNAP Program Requirements and Changes Needed

The following sections provide an overview of SNAP program requirements (section 1) and the changes that would be needed for the CNMI to develop and operate a SNAP E&T program (section 2).

1. Overview of SNAP Program Requirements

SNAP regulations state that all SNAP participants aged 16–59 who do not meet Federal exemption criteria are required to register for work, accept a bona fide offer of employment, and not voluntarily quit or reduce hours of employment. If an individual fails to comply with any of the SNAP work requirements without good cause, he or she is disqualified and ineligible for SNAP for a minimum of 1 month or until the individual complies, whichever is later. States must use the minimum disqualification periods outlined in Federal law (1 month for the first noncompliance, 3 months for the second, and 6 months for the third or subsequent occurrence) but have options to extend the minimum disqualification period. The State must determine whether an individual had good cause, as defined in

²⁰¹ During this on-the-job training period, their salaries are subsidized by WIOA.

²⁰² DES does not track or report on NAP client employment; if clients are hired or quit or they are fired, DES will not know. It is the client’s responsibility to report such changes to NAP.

SNAP regulations, for failure to comply before initiating a notice of adverse action. Individuals are not able to “cure” disqualifications.

All States must track and report the number of work registrants to FNS quarterly. In addition to the work requirements, States also must have a SNAP E&T program in place; however, other than reporting and reimbursement requirements, FNS places few constraints on developing SNAP E&T programs. For example, not all work registrants would be required to participate in a SNAP E&T program. States can elect to exempt additional SNAP participants as needed from their SNAP E&T programs. States also have considerable flexibility for administering their E&T programs to fit their objectives and budget. This flexibility, while helpful for tailoring a program to the needs of each State and local area populations, can also be daunting when developing a new program. A brief overview of this process follows.

a. Background on SNAP E&T Program

The SNAP E&T program was established by law in 1985 to assist members of SNAP households in gaining skills, training, or experience to achieve regular employment. The program has developed and grown over the years, with every State currently implementing an E&T program. FNS provides guidance for States to create, implement, and manage an E&T program through the Employment and Training Toolkit (USDA FNS, 2013). SNAP E&T programs must contain one or more of the following components:

1. Job search
2. Job search training
3. Workfare
4. Work experience or training
5. State, local, or WIOA programs
6. Education programs
7. Self-employment
8. Job retention services

While States generally target work registrants for participation in their SNAP E&T programs, they can exempt groups of registrants from E&T participation if there are no E&T services available in the participant’s area or if the individual suffers from hardships. Many States have liberal exemption policies that cover a larger number of registrants.²⁰³

States can determine whether their program will be a mandatory or volunteer-only program. If a mandatory participant (i.e., an individual who is required to participate in E&T) is noncompliant, he or she is sanctioned for a minimum of 1 month for noncompliance with specified E&T activities. However, in a voluntary program where E&T-eligible individuals are given the option to participate, participants are not subject to sanctions when they do not participate. States determine the required number of hours and the duration of participation in E&T programs, which often vary by program component.²⁰⁴

ABAWDs are an important subgroup of work registrants who, unless they meet a State exemption, must not only comply with all State E&T requirements but must also participate in work (or qualified, approved activities such as a work experience program) for 20 hours per week. If they do not, they face

²⁰³ In FY 2013, fewer than 1.5 percent of all SNAP participants nationally were required to participate in SNAP E&T.

²⁰⁴ States may not mandate more than 120 hours of participation per month; however, participants may choose to participate for an unlimited number of additional hours.

a time limit on their benefit receipt of 3 months in any 36-month period unless the State has a waiver of ABAWD time limits. ABAWDs must also accept a job offered through any of the E&T services and cannot voluntarily quit or reduce hours without justification.

States must report to FNS quarterly and annually on SNAP E&T participation. The reports list the program components offered, the number of work registrants and E&T participants, and the number of participants in each component. Additionally, the Agricultural Act of 2014 (Farm Bill) established outcome reporting requirements for SNAP E&T programs that State agencies must use and report to FNS. The reporting requirements are used to assist FNS in assessing State E&T programs for promising practices and for areas of need, and they do not result in fiscal penalties related to performance.

To offset the costs of E&T, FNS provided approximately \$90 million in grants to States in FY 2014²⁰⁵ to cover up to 100 percent of the program's administrative costs (including E&T services). The proportion of the grant dollars allocated to States is based on a formula that takes into account the size of the State's work registrant and ABAWD populations. In FY 2014, grants ranged from \$50,000 to almost \$10,000,000 (no State or territory receives less than \$50,000, even if the formula yields a lower number). Any allowable E&T services provided beyond the grant allocation are reimbursed by FNS at a rate of 50 percent. States must provide support services to E&T participants for expenses that are reasonable and necessary and that directly relate to participation in E&T. These support services include transportation assistance (generally in the form of vouchers), child care, training manuals/books, or uniforms.²⁰⁶ The services are reimbursed at a rate of 50 percent by FNS.

2. Changes Needed To Implement SNAP

NAP's work registration program has some aspects in common with SNAP's work registrant requirements and a "light-touch" E&T program since participants are required to meet employment-related goals as a condition of participation. This section outlines the changes to both (1) the work registration requirements and (2) the E&T program that would be needed for the CNMI to develop a SNAP E&T program.

a. Changes to Work Registration Requirements and Exemptions

As previously described, all NAP recipients aged 18–55 who are not exempt are required to register with DES to find employment. The registration process involves completing the employment registration form and uploading the applicant's resume to the DES job bank database. Work registrants are tracked manually on lists kept by NAP eligibility workers and DES employment counselors. These lists are transferred between organizations by email.

While NAP allows several exemptions for work registration, it does not align to Federal requirements, as described in table 10.1. The CNMI would need to alter its exemption criteria. For example, individuals aged 55–59, government retirees, and pregnant women would not be exempt from the work requirements.

The CNMI would need to establish ABAWD policies under SNAP. It would need to either impose and monitor a time limit on program participation who are ABAWDs or apply for a waiver of this requirement. Although the CNMI does not collect and publish annual unemployment statistics, its economy may meet the conditions for submitting a waiver for the employment requirements for

²⁰⁵ Plus an additional \$20 million to States providing services to at-risk ABAWDs

²⁰⁶ While States must provide participant support services, they have discretion in applying caps to each type of service to manage costs.

ABAWDs because the CNMI had an unemployment rate greater than 10 percent as of the last Decennial Census; DOL staff report the rate remains high, although official unemployment statistics between each Decennial Census are not available.

Table 10.1. Work Registration Exemptions: NAP Versus SNAP

Category	Work Registration Exemptions for NAP	Work Registration Exemptions for SNAP
Age	Younger than 18 or older than 55	Younger than 16 or older than 59
Disability	People considered physically or mentally unfit for employment	People with disabilities
Caretaking	One parent or another adult household member who is responsible for the care of a dependent child younger than 12 or an adult caretaker of a disabled person or a senior citizen aged 55 or older	Individuals caring for an incapacitated adult or a child younger than 6
Employment	A person who is employed or self-employed and earning less than the equivalent of 30 minimum-wage hours each week	Individuals working 30 hours a week or in another work program
Student	A student enrolled full time in high school or General Educational Development classes, college, Continuing Education, and technical and vocational trade courses	Students enrolled at least half-time in school
Retiree	A government retiree aged 55 or older	None
Pregnancy/ Childbirth	An expecting mother in her sixth month of pregnancy, or earlier if complications occur as a result of the pregnancy. This exemption can be extended up to 3 months following the childbirth delivery date	None
Program Ineligibility	Any household members ineligible for or disqualified from NAP	None
Unemployment	None	Individuals receiving unemployment insurance payments
Drug/Alcohol Treatment	None	Individuals in a drug or alcohol treatment program

b. Changes to E&T

The current NAP policies and procedures meet the SNAP E&T component requirements; if the CNMI chose, it could use the same policies for SNAP. While the CNMI does not currently have a formal E&T program for its NAP participants, the work registration process is similar to some of the light-touch, job search programs run in some States. When participants register, they receive assistance with their resume, and they are required to review a database and select jobs for which they will apply. Participants also must participate in job interviews and accept employment if it is offered. If a more robust E&T program was implemented, however, more changes would be necessary depending on the types of E&T components selected. For example, CNMI program staff may also need to enter into agreements with E&T service providers such as DES. The CNMI also would need to ensure that E&T participants were active SNAP cases because E&T funds may be used only to provide services for SNAP applicants or recipients. The CNMI could eliminate the sanctioning component and tracking of noncompliant participants if a voluntary program were to be implemented, rather than a mandatory program.

The CNMI would receive at least \$50,000 to implement its SNAP E&T program, and it would need to submit an annual plan to FNS describing plans to implement an E&T program during that upcoming year. The CNMI would need to develop a more systematic, automated system for tracking data on work registrants and E&T participation to meet Federal guidelines; reports based on these data would include the number of work registrants, the number of E&T participants, and associated costs. Currently, DES

reports compliance with work registration requirements to the NAP office, but little information is tracked by NAP on participant activities and outcomes. Although there are no Federal participation requirements or performance measures, States are now required to collect and report outcome measures for their E&T programs as a result of provisions in the 2014 Farm Bill. FNS plans to publish an interim final rule establishing these new outcome measures. NAP does not reimburse DES for employment services, so no costs are currently tracked.

D. Implementation Process

While the NAP work registration process would need small changes (automated tracking) described previously, developing and implementing the E&T program would require some upfront effort for the CNMI. Several tasks and activities are outlined in sections 1 through 4 below.

1. Planning Activities

Assess the E&T Environment. The CNMI would need to identify the current training and education providers in the area, their capacity for serving NAP participants, and opportunities to leverage additional training funds. The CNMI would also need to understand the employment opportunities, gaps in participants' skills, and barriers to employment. Working closely with DOL, a planning and steering committee should be established that includes organizations with expertise in developing training programs to help with program design. This committee should be assembled early and be an integral part of the decisionmaking process as the E&T options are considered and developed.

Assess Budget Parameters. The CNMI would need to assess annual budget parameters for the SNAP E&T program. That is, the CNMI would need to assess how many participants it could serve and the services it could provide with \$50,000, and if funding were available to cover 50 percent of costs beyond that amount (the CNMI would receive \$50,000 for 100 percent of administration costs and a 50-percent reimbursement of allowable services beyond that). While the primary constraint for most States is the level of funding, it is often possible to leverage funds from other programs (e.g., WIOA, Veterans Administration) and community organizations to supplement the E&T services provided to SNAP recipients.

Develop E&T Plan. The CNMI would need to develop an annual E&T plan and submit it to FNS for review annually. This plan would describe the process for conducting a SNAP E&T program, the population served, services provided, and data from previous years (if available). FNS would need to provide guidance and technical assistance to the CNMI in the development of this plan during the initial implementation process.

Make Policy Decisions. States have many additional choices to make when first developing their E&T program. The CNMI would need to take steps such as the following:

- ▶ Determine whether the program would be mandatory (SNAP participants are sanctioned for noncompliance) or voluntary (SNAP participants choose to participate or not and are not sanctioned for noncompliance).
- ▶ If mandatory, determine who will be required to participate and if additional exemption criteria are needed to limit participation requirements for those individuals who face severe barriers.
- ▶ Determine the intensity of the training program and types of services offered.

- ▶ Determine the agencies and organizations that will provide services to participants; develop new services, if needed.
- ▶ Determine the anticipated cost of various providers and services.
- ▶ Develop agreements to reimburse or cost-share with service providers.
- ▶ Develop policies for reimbursement of participant support services (e.g., transportation, child care, class materials).²⁰⁷
- ▶ If the program is mandatory, develop sanction policies for participants who do not comply with SNAP E&T requirements.
- ▶ Determine the process for obtaining services and the client flow.
- ▶ Develop a systematic tracking and reporting system for data on E&T participants to provide data to FNS (including separate tracking of ABAWDs), and monitor providers to ensure each is tracking consistent information and reporting in a timely manner.

Develop a Contract Between CNMI Program Staff and the CNMI DOL. CNMI program staff and the CNMI DOL would need to have a written agreement in place to serve SNAP E&T participants. This contract to serve SNAP E&T participants would need detail about processes and procedures that would clearly specify each agency's roles and responsibilities and the reimbursement of services. Currently, the CNMI DOL does not receive funds to serve NAP participants. Under a SNAP E&T program with more expanded services, DOL would need to track its costs and submit documentation to CNMI SNAP for payment. These systems and guidelines would need to be developed and negotiated between the two organizations prior to program implementation. The CNMI would need to monitor DOL's services to ensure the program services and invoices are allowable, appropriate, and accurate.

2. Work Registrant Implementation

The work registration process would be very similar to the current process. Eligibility staff would identify work registrants and provide E&T participants with a letter to report to DES. The client will visit the DES office and register in the system or update information as needed when already in the system. When the client has completed this process, the DES worker will note in the eligibility system (being developed for SNAP) that the client has completed registration.

3. E&T Implementation Options

One of the most critical decisions the CNMI would make is whether the program would be mandatory (participants are sanctioned for noncompliance) or voluntary (participants choose to participate or not and are not sanctioned for noncompliance). While there is considerable support from the CNMI's NAP and DOL staff to implement a mandatory program, this approach would be costly for the CNMI because the basic funding available from FNS would not be sufficient to both provide some level of training for each mandatory participant and sanction participants for noncompliance. Additionally, the match needed for support payments (particularly with major transportation barriers) could be beyond the reach of the CNMI, at least in the short run.

Therefore, a voluntary program would be the most cost-effective option for the CNMI. About half of all States run a volunteer-only program rather than a mandatory program. There is a wide range of options for intensity of services within a voluntary program. The following sections describe the two ends of the

²⁰⁷ Only 50 percent of the costs are reimbursed, so the CNMI would need to assess if it has funds available to provide the other 50 percent of services and what caps, if any, would be placed on client reimbursements.

spectrum, a light-touch voluntary program—providing job search and resume assistance—and a more comprehensive voluntary program—offering all the services available through the CNMI WIOA.

a. Voluntary Light-Touch Program

The most cost-effective and practical SNAP E&T model that many States have selected is a program that is voluntary and focused on employment services. Under this model, work registrants would be given the option to volunteer for SNAP E&T. If they volunteer, they would receive job search assistance, such as resume-building, basic job search skills training, access to job postings, and help applying for employment. The services provided would be similar to those offered under the current work registrant program as part of NAP. However, only about one-fifth of the number of SNAP participants would be referred for job search assistance as are currently served and SNAP participants would not be sanctioned for not participating in the program.

With this option, most of the expenses could be covered with the E&T funds provided by FNS, and those funds would be focused on participants who are committed to obtaining additional services to find employment. The CNMI would need to provide funds for participant reimbursements to cover the 50-percent match required by FNS. While this option does not provide the level of training many low-skilled citizens in the CNMI may need to become employable, the limited funds would support those who are most work-ready and could more easily find employment with little support.

b. Comprehensive Voluntary Program

Another option would be to provide a more comprehensive array of E&T services to participants who volunteer. Although this is not the most economical approach for a new program, it does provide more options for SNAP participants who are in need of education and training. While this option is still voluntary, it offers SNAP participants the full set of education, training, and employment services currently available to WIOA clients in the CNMI. SNAP E&T participants would be referred to the WIOA office, where staff there would assess education and training needs. Staff would then refer participants to appropriate education or training programs and provide ongoing case management and employment services. CNMI DOL staff would track participation information on each SNAP E&T participant and report this information to CNMI program staff. The CNMI would need to identify additional funding sources to support such a program, however, as the cost of training and support services would exceed the available Federal funds.

4. Recommended Approach

Results of this assessment indicate a voluntary light-touch model would be the most feasible option for implementing a SNAP E&T program in the CNMI. Implementing a light-touch model would be an easy transition from NAP to SNAP services for CNMI program staff and DOL staff because it is very similar to the NAP E&T program currently in place. The transition would require little new development of policies and procedures for NAP, and DOL likely would not need to hire additional staff or provide additional training slots as they would for a more comprehensive program. This model would appear to be the most beneficial for the CNMI to develop, based on the experiences of other States, particularly Guam and the U.S. Virgin Islands, which currently have voluntary SNAP E&T programs.²⁰⁸

²⁰⁸ As an example, Guam did not apply for the ABAWD waiver for FY 2015 and reported that when ABAWDs were required to work, Guam did not have sufficient funding to provide transportation assistance and had to lobby for more local funds because it was not prepared for the influx of ABAWDs. The mandatory program was financially and procedurally challenging in an environment with few resources.

Once the system and processes are established and working well, the CNMI may want to expand the program to include other types of training and education activities. Because this approach would require additional partnering with service providers and leveraging of funds from the State or community to provide the matches, it might be wise to roll out SNAP with a limited program and expand as the SNAP program matures.

E. Organizational, Operational, Technical, and Infrastructure Effects

The following sections address the likely effects of implementing a SNAP E&T program in the CNMI, including the organizational and operational, technical, and infrastructure effects.

1. Organizational and Operational Effects

The proposed voluntary light-touch E&T model would have little effect on the organizational or operations process for CNMI program staff. The organizational units currently in place (e.g., NAP's CU and the CNMI DOL) would continue to perform mainly the same functions in the same facilities. NAP eligibility workers in the CU would continue to determine work registrant eligibility, refer participants who wish to volunteer to the CNMI DOL, and collect data for reporting to FNS.

Because eligibility workers currently perform these duties, the changes for a SNAP E&T program would be minimal. This type of SNAP E&T program would not likely add additional burden for staff beyond what they currently do for NAP.

Under SNAP E&T, program staff would need to learn the new Federal exemption policies (and any State exemption policies introduced) to assess whether an individual is eligible for services. The referral process would be similar to what is currently performed; however, the CNMI may want to automate the process instead of using paper referral forms for efficiency. Three additional functions are highlighted below.

Monitoring. SNAP requires more monitoring and reporting than NAP, so additional staff time would be needed for tracking data and submitting reports to FNS. FNS requires quarterly reporting on E&T services that includes—

- ▶ Number of work registrants
- ▶ Number of E&T participants
- ▶ Number of ABAWDs
- ▶ Total number and unique number of individuals participating by type of activity

FNS plans to publish an interim final rule establishing the outcome measures required by the 2014 Farm Bill. As a result of this rule, the CNMI would also need to collect and report outcome measures for E&T participants. To provide the data to FNS, CNMI program staff would need to require the CNMI DOL staff to collect the information and report it to them; they would also need to work with providers as needed to resolve any issues. CNMI program staff would then need to review and analyze the data and develop quarterly reports for FNS.

Reimbursing DOL, Providers, and Participants. Although NAP does not currently reimburse providers for training costs or participants for support services, both these activities would be required under SNAP. CNMI program staff likely would need a small portion of an accountant's time to review and verify the provider costs and provide reimbursements either to DOL or the providers directly. A small amount

of additional time would be necessary for disbursing support service funds to participants and tracking those expenditures. Staff would also need to provide cost reports to FNS for reimbursement for participant services.

CNMI DOL Capacity. While a light-touch, voluntary E&T program would not dramatically affect staffing and capacity of the CNMI DOL and other service providers, a more comprehensive program offering services may. All staff interviewed indicated they did not envision any difficulty in serving additional participants. However, additional case managers and training staff may be needed to provide training and educational classes to more participants. One possibility would be to leverage other funding from Federal grants and training providers on the island, such as the public school system, to provide the additional support needed for a more comprehensive SNAP E&T program.

2. Technical Effects

There would be minimal technical effects from the implementation of either SNAP E&T program; no new hardware or software would be needed. Data needed for reporting purposes would be tracked in the SNAP eligibility system (see chapter 7 for details).

3. Infrastructure Effects

There would be no infrastructure effects from the implementation of either SNAP E&T program. The organizational units and facilities currently in place would continue to perform mainly the same functions.

Chapter 11. CNMI SNAP Administrative Costs

This chapter presents the estimated administrative costs of implementing and operating SNAP in the CNMI, including the annual share of the costs the CNMI government would need to pay with non-Federal funds. Section A provides an overview of the model developed to estimate administrative costs for SNAP in the CNMI and presents the estimated costs for the implementation and ongoing operational phases. Section B provides an overview of recent fiscal conditions in the CNMI and how they might affect the CNMI's ability to pay its share of SNAP administrative costs.

A. Estimated Administrative Costs

This section provides the results of an administrative cost model designed to estimate costs for the CNMI government to operate SNAP. As mentioned previously, these costs do not include those the U.S. Government is solely responsible for, including (1) SNAP benefits, (2) retailer monitoring, and (3) Federal oversight and monitoring. They also do not include the costs incurred by FNS to provide the extensive technical assistance that would be needed during the planning and implementation stages.

The first section in this chapter provides an overview of the administrative cost estimates and summarizes the major assumptions and limitations of the estimates. Section 2 describes the administrative cost model that produced the estimates. Sections 3 and 4 provide estimates of the costs associated with each key area of SNAP activity during the implementation and ongoing operations of SNAP in the CNMI, respectively. Appendix H provides more detailed information on the methodology, assumptions, and costs.

1. Summary of the Administrative Cost Estimates

Table 11.1 summarizes cost estimates for both the implementation and ongoing operations of SNAP in the CNMI. The implementation costs for the program are estimated at approximately \$4,162,000.²⁰⁹ These costs would be incurred over an implementation period spanning at least 3 years. Funding for the initial SNAP implementation costs would come from the pilot funds established by the 2014 Farm Bill.

The ongoing annual costs for the program would be approximately \$2,254,000 per year. The CNMI would pay 50 percent of the costs for all ongoing activities except for the E&T program, for which FNS would pay 50 percent of the costs of supportive services and up to \$50,000 for administration and employment services. This means the CNMI would need to pay approximately \$1,121,000 per year to operate SNAP, and FNS would need to provide approximately \$1,133,000 per year.²¹⁰

Table 11.1. Estimated Total Administrative Costs for the CNMI and FNS

Administrative Activity	Implementation	Annual
Certification activities	\$1,027,371	\$790,038
Eligibility system	\$1,450,208	\$81,517
Program integrity		
Quality control activities	\$31,850	\$119,141
Participant fraud activities	\$16,556	\$141,148

²⁰⁹ All costs are in 2014 dollars.

²¹⁰ This report focuses on the CNMI's share of the administrative costs. These figures do not reflect the full cost to the U.S. Government; FNS would pay 100 percent of the benefits, retailer management, and Federal oversight and training.

Administrative Activity	Implementation	Annual
Fair hearings activities	N/A	\$15,538
Management evaluation activities	\$8,117	\$1,812
Light-touch, voluntary E&T	\$3,791	\$23,961
EBT activities	\$1,436,299	\$251,723
General SNAP activities	\$187,890	\$829,503
Total	\$4,162,082	\$2,254,379
CNMI Share	N/A	\$1,121,118
Federal Share	N/A	\$1,133,262

N/A = not applicable

Notes: Numbers may not total because of rounding.

Assumptions of the Cost Model. These cost estimates reflect a number of assumptions made when developing the cost model. The major cost assumptions include the following:

- ▶ The CNMI would use the following SNAP options: simplified reporting with 12-month certification periods and a standard utility allowance.
- ▶ The following waivers would be approved by FNS for the CNMI: waiver of time limits for ABAWDs, telephone interviews, and averaging student work hours.
- ▶ As estimated by the microsimulation model, 9,184 households would participate in SNAP.
- ▶ The CNMI would implement a SNAP-only eligibility system and would not use an integrated eligibility system; namely, the CNMI would procure a transfer of the SNAP components of the integrated eligibility system used by Guam.
- ▶ The CNMI would purchase the latest WSEA contract for SNAP EBT services, which should provide competitive pricing according to the CPCM basis.
- ▶ The CNMI would select the minimum sample size for SNAP QC.
- ▶ The CNMI would implement a light-touch, voluntary E&T program, similar to the services provided under NAP.

A detailed list of assumptions used in the cost model is included in appendix table H.1.

Limitations of the Cost Estimates. Several important limitations should be noted when considering the administrative cost estimates presented in this report. First, the estimates are based on FY 2014 dollars and would be subject to inflation and changes in market rates for given costs at the time they are incurred. Second, the costs for the implementation period do not include the costs of continuing to operate NAP prior to rolling out SNAP. Further, these estimates are subject to the assumptions of the cost model, and variation in the implementation or operational parameters reflected in these assumptions could change the anticipated costs. For example, if the vendor for Guam’s eligibility system were not interested in or able to establish a contract for a comparable system in the CNMI, or if the costs negotiated for such a contract were higher than those reflected in Guam’s current contract, the eligibility system cost estimates may be underestimated. Finally, the estimates reflect a “best case scenario” for implementing and operating SNAP. As no State has implemented SNAP in recent decades, no roadmap exists for planning and implementing a SNAP program from scratch, and it is difficult to forecast the duration of such a process and the full range of challenges that may be encountered along the way. If the CNMI were to encounter particular difficulty with one or more components of the implementation, for example, or if the CNMI were to experience a natural disaster (e.g., similar to the

extensive damage and disruption wrought by Typhoon Soudelor in 2015), the implementation process could be extended and costs could increase.

2. Overview of the Administrative Cost Model

Steps in developing the model are highlighted below.

a. Identify Program Tasks and Activities

Each program task the CNMI would perform under SNAP was identified and categorized into five key activity areas. The core activities include the following:

1. Extending benefits to eligible households (chapter 6)
2. Developing and implementing a SNAP eligibility system (chapter 7)
3. Issuing benefits through EBT (chapter 8)
4. Ensuring program integrity, including conducting SNAP QC reviews, monitoring participant fraud, conducting fair hearings, and performing management evaluation reviews (chapter 9)
5. Operating a SNAP E&T program (chapter 10)

A general category for SNAP activities and overhead costs was also created to cover costs that affect more than one of the other activities; labor costs in this category include recruiting and training SNAP staff in the CNMI; managing everyday activities; and overhead costs, such as rent, utilities, and supplies.

b. Organize Tasks Into Implementation and Ongoing Tasks

Program tasks were organized into those that would occur during implementation versus ongoing annual operations. Costs associated with implementation, also known as startup costs, are one-time costs necessary for the program to become operational. They include initial training, documentation, system development, staff labor, and initial certification of participants. Costs associated with ongoing operations, or those incurred repeatedly, are known as ongoing costs. They include staff labor, system maintenance, and general program management, among others.

Because implementation requirements differ by task, the time it takes to complete each task varies. For example, implementing an E&T program might take 6–12 months, and EBT implementation could take from 18 to 28 months. Some tasks or activities cannot be implemented until others have been completed. For example, the CNMI must develop, implement, and conduct user acceptability testing of its SNAP eligibility system before it can certify households. Note, however, that even though the timing of implementation affects the costs, the cost model does not take this into account as it is not known when implementation would take place or how long each task would take. Inflation would affect implementation costs that occur later in the development of the program and would likely increase the costs presented here.

c. Identify Cost Drivers

Next, tasks within activities were distinguished by whether their costs were caseload-driven or fixed. Caseload-driven costs are those that change based on the number of SNAP cases; that is, the more SNAP units receiving services, the greater the administrative costs. For example, the more cases that require certification, the more time eligibility workers will spend certifying applicants and the more certification

will cost. As discussed earlier, based on the results of the Census-based microsimulation model, the SNAP caseload is estimated to average 9,184 SNAP households per year; this figure was used to estimate caseload-driven costs for both implementation and annual expenses.

Fixed costs do not use the caseload as the cost driver. These can include contractor costs, system development, travel, and oversight. For example, development of an eligibility system is a fixed cost; the system costs the same whether there are 1,000 or 10,000 SNAP households that will be certified.

Table 11.2 identifies the major ongoing operational tasks within each of the six key administrative cost categories, by cost driver.

Table 11.2. Operational SNAP Tasks by Cost Driver

Activity	Tasks With Caseload-Driven Costs	Tasks With Fixed Costs
Certification	<ul style="list-style-type: none"> • Certification • Recertification • Providing retroactive benefits • Changing household status • Case closure • Work registration 	<ul style="list-style-type: none"> • Travel to Rota and Tinian
Eligibility system		<ul style="list-style-type: none"> • Ongoing lease for SNAP eligibility system and training • IT support for hardware and software related to the eligibility system
Program Integrity		
QC	<ul style="list-style-type: none"> • Negative case reviews • In-person and phone QC active case review • Reporting to FNS 	<ul style="list-style-type: none"> • Travel to Rota and Tinian • Update sampling plan
Participant fraud	<ul style="list-style-type: none"> • Investigations • Fraud hotline • Issue claims/overpayment 	<ul style="list-style-type: none"> • Travel to Rota and Tinian • Reporting to FNS
Fair hearing	<ul style="list-style-type: none"> • Agency conference • Fraud hearings 	
Management evaluation		<ul style="list-style-type: none"> • Conducting ME Reviews • Reporting to FNS • Developing annual plan • Travel to Rota and Tinian
SNAP E&T	<ul style="list-style-type: none"> • E&T services • Support services • E&T case management (e.g., monitoring participation, sanctioning participants) 	<ul style="list-style-type: none"> • Reporting to FNS
Issuing benefits through EBT	<ul style="list-style-type: none"> • EBT processor costs 	<ul style="list-style-type: none"> • CNMI issuance staff to issue cards and program staff to conduct retailer support
General SNAP activities and overhead		<ul style="list-style-type: none"> • Management of program and program staff • Policy development and training • Rent • Utilities • Office supplies • Maintenance

d. Obtain Data and Populate the Model

Three key sources were used to obtain information to populate the model. First, the study team reviewed documents and interviewed current NAP staff and other program administrators in the CNMI to determine which labor categories would likely conduct each SNAP task, the associated salaries and benefits for those labor categories, and overhead costs. Second, some of the data needed to populate the model came from other U.S. territories. Guam has the program most comparable to that being considered in the CNMI, so the study team obtained some information from its SNAP, such as the percentage of individuals who receive E&T support services and the costs required to develop and operate a SNAP eligibility system. Third, discussions with FNS provided the assumptions regarding which SNAP options the CNMI would exercise and which waivers it would pursue; these discussions also yielded time and cost estimates to complete the model.

3. Implementation Costs

Implementing SNAP in the CNMI would cost approximately \$4,162,000 (table 11.3). One-quarter of these costs would stem from certification activities (approximately \$1,027,000), including approximately \$903,000 in caseload-driven certification activities. These costs cover the first year of certification, processing over- or underissuance of benefits, processing reports of changes to SNAP households, and closing cases. In the first year of SNAP,²¹¹ these certification activities would differ from those in future years. First, the entire SNAP caseload would have to be certified in the first year. Second, no cases would be recertified in the first year, assuming a 12-month certification period. Third, it would take the CNMI staff more time per case to complete certification activities during implementation. As staff gain more experience with SNAP rules and processes, they are assumed to work more efficiently, thereby reducing per-case costs for the identified tasks in future years.

Nearly \$3 million of the implementation costs would support the development and implementation of the necessary IT systems—a SNAP eligibility system and an EBT system. Developing and implementing a SNAP eligibility system would cost approximately \$1,450,000, including the costs for a contracted project manager, program staff labor, hardware and software, and contracts for a specialized technical assistance contractor and IT vendor. Program staff labor costs for implementing an eligibility system would include time spent in activities such as training and general management oversight. EBT implementation costs are estimated at approximately \$1,436,000, including similar costs: a contracted project manager, program staff labor, and contracts for a specialized technical assistance contractor and EBT processor. Program staff labor costs for the EBT implementation would cover time spent in activities such as training, retailer support, card issuance, and general management oversight.

The remaining costs stem primarily from staff-related costs for program integrity, E&T, and general administration, management, and planning. Staff time spent developing program integrity processes for SNAP QC, monitoring participant fraud, and conducting fair hearings and management evaluations would cost approximately \$57,000. Implementing a light-touch, voluntary E&T model would be very similar to the current program in place and would cost approximately \$4,000. Finally, general administration, management, and planning for the overall implementation would cost approximately \$188,000.

²¹¹ These first-year certification costs are included in the implementation cost estimate, along with planning activities that would occur prior to the rollout of SNAP.

Table 11.3. Estimated Implementation Costs of SNAP in the CNMI Over 3-Year Period

Cost Type	3-Year Total
SNAP Certification Activities	
Initial SNAP certification of program participants	\$903,319
Certification training and travel	\$124,052
Total Certification Implementation Costs	\$1,027,371
Eligibility System Development and Implementation	
Contract project manager for implementation	\$360,000
CNMI staff costs	\$75,160
Travel	\$9,608
IT vendor contract cost	\$433,440
Hardware and software	\$72,000
Technical assistance contract cost	\$500,000
Total Eligibility System Implementation Costs	\$1,450,208
EBT System Development and Implementation	
Contract project manager for implementation	\$270,000
CNMI staff costs	\$58,520
Travel	\$7,779
EBT processor implementation cost	\$750,000
Technical assistance contract costs	\$350,000
Total EBT System Development and Implementation Costs	\$1,436,299
Program Integrity	
SNAP QC	\$31,850
Participant fraud monitoring	\$16,556
Fair hearings	N/A
Management evaluations	\$8,117
Total Program Integrity Implementation Costs	\$56,524
Light-Touch, Voluntary E&T	
CNMI staff costs	\$2,005
E&T plan development, including contract with CNMI DOL	\$1,785
Total E&T Implementation Cost	\$3,791
General SNAP Administration, Management, and Planning	
General administration and management	\$37,890
Development of State planning documents, policy and training manuals	\$150,000
Total Administration/Management Implementation Costs	\$187,890
Total Implementation Cost	\$4,162,082

N/A = not applicable

Notes: Numbers may not total because of rounding. Fair hearings and management evaluation implementation costs are nominal because the required staff training is covered under the training in general SNAP activities. SNAP E&T implementation costs are nominal because the proposed E&T model does not significantly differ from the CNMI's current E&T model.

4. Annual Operational Costs

The ongoing costs for operating SNAP by activity are presented in table 11.4. Total annual ongoing costs are estimated to be approximately \$2,254,000. Certification activities, which are primarily caseload-driven, cover more than one-third of these costs (approximately \$790,000). These costs reflect the program staff labor needed to conduct certification and recertification activities for the SNAP caseload.

Maintenance of the eligibility system would cost approximately \$82,000, and maintenance of the EBT system would cost approximately \$252,000. These amounts reflect the vendor contracts for ongoing operations of the two systems and program staff labor to conduct associated activities, such as the provision or receipt of technical support or, in the case of EBT, card issuance or retailer support functions.

Operating processes to ensure program integrity would cost approximately \$278,000. This amount reflects primarily the costs for program staff labor to conduct program integrity activities (e.g., reviewing QC cases, investigating fraud, processing claims, conducting fair hearings or management evaluations) and associated travel. See appendix H for a more detailed breakdown of program integrity operational costs.

Operating a light-touch, voluntary E&T program would cost approximately \$24,000. This amount includes the provision of E&T and supportive services to SNAP E&T participants and associated administrative activities.

Finally, general SNAP administration and management would cost approximately \$830,000. This amount includes fixed overhead costs (e.g., rent, facilities, equipment) and program staff labor for general administration and management.

Table 11.4. Estimated Annual Operational Costs of SNAP in the CNMI

Cost Type	Annual Total
SNAP Certification Activities	
CNMI staff costs	\$786,676
Travel	\$3,362
Total Certification Annual Costs	\$790,038
Eligibility System Maintenance	
CNMI staff costs	\$12,253
IT contractor maintenance contract	\$69,264
Total Eligibility System Annual Costs	\$81,517
EBT System Maintenance	
CNMI staff costs	\$169,171
CPCM price	\$80,452
EBT-only wireless Vx680 point-of-sale devices	\$2,100
Total EBT System Annual Costs	\$251,723
Program Integrity	
SNAP QC	\$119,141
Participant fraud monitoring	\$141,148
Fair hearings	\$15,538
Management evaluations	\$1,812
Total Program Integrity Annual Costs	\$277,638

Cost Type	Annual Total
Light-Touch, Voluntary E&T	
E&T services	\$955
Administrative costs	\$11,189
Support services	\$11,816
Total E&T Annual Cost	\$23,960
General SNAP Administration and Management	
CNMI staff costs	\$245,621
Facilities and equipment	\$583,882
Total Administration and Management Annual Costs	\$829,503
Total Annual Costs	\$2,254,379
CNMI Share	\$1,121,118
Federal Share	\$1,133,262

Note: Numbers may not total because of rounding.

B. The CNMI's Ability To Pay Estimated Administrative Costs

Currently the CNMI pays no costs to operate NAP; the block grant covers all administrative costs. Converting to SNAP would require the CNMI to pay for approximately 50 percent of the ongoing administrative costs. The discussions below assess the CNMI's ability to pay for the ongoing administrative costs.

1. Per Capita Costs

Although the CNMI would be responsible for paying for a portion of the administrative costs for ongoing operations, the per capita administrative cost to operate a nutrition assistance program is predicted to be lower under SNAP. In FY 2013, the per capita administrative cost of NAP to the Federal government was \$143.²¹² This is much higher than the per capita administrative cost of operating SNAP in the CNMI, estimated at approximately \$90 for FY 2013.²¹³ The estimate to operate SNAP in the CNMI is higher than the per capita administrative cost of SNAP in Guam (\$57 in FY 2013) and substantially lower than the per capita administrative cost of SNAP in the United States as a whole (\$146 in FY 2013).²¹⁴ The CNMI's share of SNAP administrative expenses would represent about 0.8 percent of the CNMI's FY 2014 budget.²¹⁵

2. Recent Fiscal Conditions

The CNMI's audited statement of activities for FY 2014 showed the fiscal condition of the CNMI's government remained weak because of the enduring effects of the garment industry's collapse and the Great Recession. However, the past 3 years showed signs of improvement, primarily as a result of an increase in tourism. Since 2012, business gross revenue tax, hotel tax, and excise tax collections have increased by 38, 122, and 34 percent, respectively (CNMI OPA, 2006–2015). Total government revenues

²¹² Tabulations are based on NAP administrative data and CNMI NAP FY 2013 Financial Status Report data (CNMI DOF [Department of Finance], 2014).

²¹³ Tabulations are based on SNAP participation, and cost mode tabulations are based on NAP administrative data; CNMI NAP FY 2013 Financial Status Report data (CNMI DOF, 2014) are for the CNMI.

²¹⁴ Per capita estimates for the CNMI, United States, and Guam are overestimates as they are based on the monthly average number of SNAP participants (USDA FNS, n.d.c; USDA FNS, SNAP Program Accountability and Administration Division, 2014). The total number of unique SNAP cases in FY 2013 was unavailable.

²¹⁵ Tabulations based on estimates of SNAP administrative expenses and FY 2013 audit data (CNMI OPA, 2006–2015).

increased by \$40.8 million between FY 2013 and FY 2014 (table 11.6).²¹⁶ The CNMI's real GDP (i.e., GDP adjusted for inflation/deflation) increased by 4.4 percent in 2013 compared to the United States, which increased by 2.2 percent.²¹⁷ During FY 2014, the CNMI recorded casino application and licensing fees of \$32 million; casinos are expected to spur economic activity in the local economy with an associated increase in government revenues. These combined changes resulted in revenues exceeding expenditures by about \$5 million in FY 2014 (table 11.6).

Table 11.5. The CNMI's Fund Balance and Net Assets

Data (in millions)	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Fund Balance					
Total revenues	\$260	\$274	\$241	\$246	\$288
Own source revenue	\$163	\$158	\$149	\$159	\$215
Federal contributions	\$97	\$116	\$92	\$87	\$73
Total expenditures	\$318	\$301	\$236	\$250	\$283
Revenues less expenditures	(\$58)	(\$27)	\$6	(\$3)	\$5
Governmental funds beginning year balance	(\$247)	(\$306)	(\$329)	(\$56)	(\$58)
Governmental funds end of year balance	(\$306)	(\$329) ^a	(\$56) ^b	(\$58) ^a	(\$53)
Net Assets					
Net assets, end of year	(\$220)	(\$235) ^a	(\$227) ^a	(\$215) ^a	(\$199) ^c
Change in net assets	-	(\$15)	\$9	\$11	\$16

Source: CNMI OPA (2006–2015), FY 2010–FY 2014 financial audits

^a Restated value from following fiscal year

^b The \$56 million deficit is largely the result of a \$267 million adjustment of pension liability to long-term debt.

^c Total excludes the one-time transfer of \$40 million in capital assets to the Commonwealth Health Corporation, in accordance with legislation mandating the government of the CNMI to transfer all assets related to the duties of the Commonwealth Healthcare Corporation, a newly created agency to provide health care services in the CNMI.

A key measure of fiscal health is the governmental fund balance, which reflects the amount of funds remaining at the end of the year for spending. This balance, which has posted a deficit every year since FY 2001, improved substantially, from a deficit of \$306 million in FY 2010 to a deficit \$53 million in FY 2014 (figure 11.1). However, this was largely because the CNMI government reached a settlement plan to pay into the Pension (and Other Employee Benefit) Trust Fund (U.S. GAO, 2007; CNMI OPA, 2006–2015).²¹⁸ The unfunded pension was the CNMI's largest liability because required contributions were not made to the fund to finance the CNMI's government activities during the economic downturn (U.S. GAO, 2007).²¹⁹

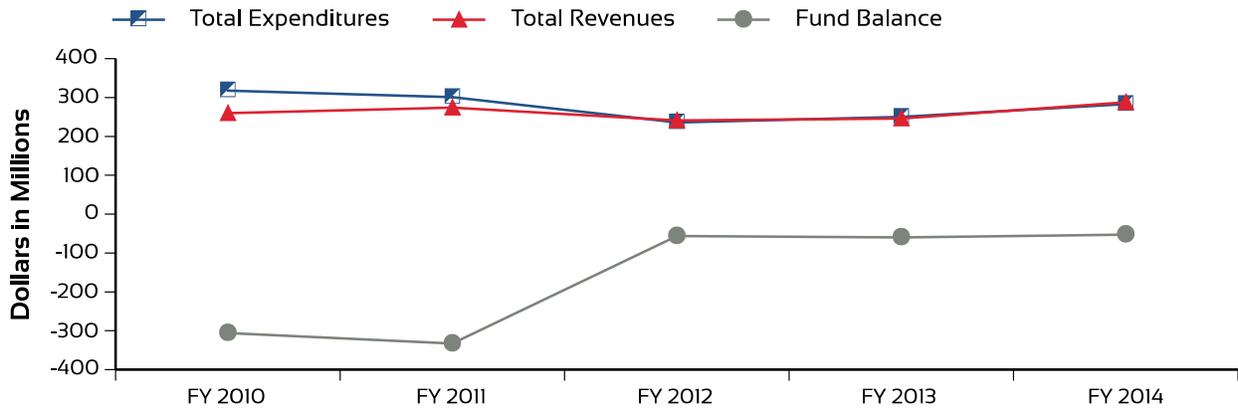
²¹⁶ Half of this increase stemmed from program revenues and the remainder from taxes.

²¹⁷ This increase reflected an increase in both consumer spending and spending by tourists (U.S. DOC, ESA, BEA, 2014a).

²¹⁸ The governmental fund balance (i.e., the difference between the government's assets available for current period expenditures and liabilities payable for current period) reflects the amount of funds available at the end of the year for spending. This measure does not reflect net assets, which include the capital assets and long-term liabilities.

²¹⁹ As of September 30, 2014, the CNMI's liability to the Pension Trust Fund was approximately \$228 million (U.S. GAO, 2007). Per the settlement agreement reached between the CNMI government and the Northern Mariana Islands Retirement Fund, the government must make minimum annual payments to the fund to enable it to pay 75 percent of members' benefits each year for the fund's expected life (see Johnson vs. Inos, 2013).

Figure 11.1. Reported Revenues, Expenditures, and Fund Balances for CNMI’s Government Activities, FY 2010–FY 2014



Source: CNMI OPA (2006–2015), FY 2010–FY 2014 financial audits

Note: The FY 2012–FY 2014 fund balance does not include the large debt liability for the Pension Trust Fund.

Another measure of fiscal health—net assets—indicates the CNMI has made some progress in improving its financial position. Net assets represent the difference between the CNMI’s total assets and total liabilities and differs from the governmental fund balance by including both capital assets and long-term liabilities (U.S. GAO, 2007). Net assets have increased over the past 5 years, from a deficit of \$220 million in FY 2010 to a deficit of \$199 million in FY 2014 (table 11.6).²²⁰ Overall, for FY 2013 and FY 2014, the CNMI’s deficit net position indicated positive changes of \$11 million and \$16 million, respectively (CNMI OPA, 2006–2015).²²¹

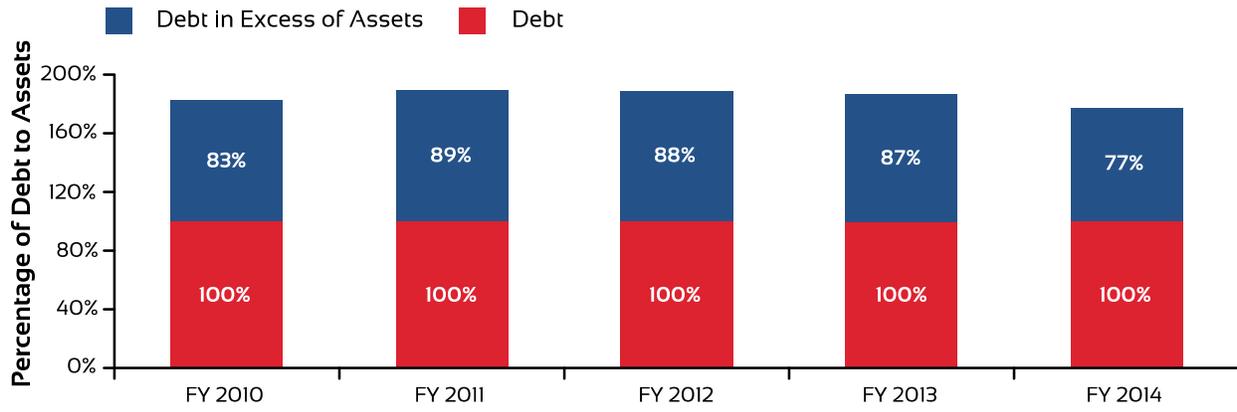
A final key measure of fiscal health is the debt-to-assets ratio. The CNMI’s reported debt-to-assets ratio has remained high over the past 5 years, in large part because of its long-term liabilities to the Pension Trust Fund, but it has shown signs of improvement. The debt in excess of assets decreased from a high of 89 percent in FY 2011 to 77 percent in FY 2014 (figure 11.2).²²² Thus, at the end of FY 2014, the CNMI owed \$1.77 for every \$1.00 in assets.

²²⁰ The \$199 million deficit in FY 2014 was prior to a transfer of \$40 million in capital assets to the Commonwealth Healthcare Corporation. This transfer was in accordance with legislation mandating that the government of the CNMI transfer all assets related to the duties of the Commonwealth Healthcare Corporation.

²²¹ Again, the positive change in the FY 2014 deficit net position is prior to the one-time transfer of capital assets to the Commonwealth Healthcare Corporation.

²²² The positive change in the FY 2014 debt-to-assets ratio is prior to the one-time transfer of capital assets to the Commonwealth Healthcare Corporation.

Figure 11.2. CNMI Debt-to-Assets Ratio, FY 2010–FY 2014



Source: CNMI OPA (2006–2015), FY 2011–FY 2014 financial audits

Notes: Liabilities exclude deferred outflows. FY 2014 assets exclude the one-time transfer of \$40 million in capital assets to the Commonwealth Healthcare Corporation.

3. Uncertainty About the CNMI’s Ability To Pay for SNAP Administrative Costs

The weak fiscal health described above may present a significant challenge to the CNMI’s ability to pay the administrative costs of operating SNAP. The ongoing changes in macroeconomic factors—such as the gradual annual increases in the minimum wage and the phasing out of contract workers/skilled labor over the next few years—also lend uncertainty to the fiscal health of the CNMI in the coming years. Although SNAP may spur economic growth once implemented, the increase in tax revenues would not accrue in the short term and the magnitude of resulting gains would be difficult to predict. As a result, the CNMI would need to identify alternative sources for the necessary funding, particularly in the first few years after the initial implementation. In addition to paying 50 percent of the administrative costs for operating SNAP, the CNMI could face additional costs from financial penalties and sanctions if program performance were to fall below thresholds based on national averages.²²³ The likelihood of relatively high error rates during the initial period after SNAP implementation seems plausible, compared to other States with decades of experience operating SNAP. Based on the uncertainty around the fiscal health and stability of the CNMI in the coming years, it is unclear whether and how the CNMI would be able to pay the administrative costs.

²²³ If a State’s error rate is higher than a certain threshold relative to the national average, the State may face liability status. If the State remains in liability status the following year, it may be sanctioned, resulting in financial penalties. These penalties are proportionate to the size of the program.

Chapter 12. Moving Forward: Conclusions and Considerations

Study findings indicate that the CNMI and its population would benefit from having SNAP, a SNAP-like alternative, or another form of additional nutrition assistance. More than half of the population lives below the Federal poverty level, and unemployment remains high. Because food assistance under NAP is constrained by the size of the block grant, eligibility limits are set to ensure costs do not exceed block grant funding and are much lower than those used in neighboring Guam and the mainland United States. Ninety percent of NAP participants have incomes below 50 percent of the Federal poverty level. Similarly, benefit levels are much lower than in Guam or the mainland United States, with maximum benefits about 54 percent of maximum benefits in Guam and 79 percent of maximum benefits in the mainland United States. Current NAP operations are largely manual and would benefit from the implementation of new technologies. The current eligibility system, for example, is outdated and has limited functionality, requiring reliance on paper files and manual processes for calculation of benefits, benefit reconciliation, and other administrative tasks. Further, benefits are issued as paper coupons that require labor-intensive and error-prone procedures to redeem and process them.

While implementing SNAP would have potential benefits for the CNMI, implementing SNAP or a SNAP-like program would require significant planning and coordination. This chapter presents several considerations for assessing whether and how to implement SNAP, or a SNAP-like model of service delivery, in the CNMI. Section A provides an overview of potential challenges for implementing SNAP as they relate to the unique geography and infrastructure of the CNMI. Section B discusses potential program modifications needed to address the CNMI's specific needs, and section C provides an overview of what a SNAP implementation process might entail. Section D describes modifications that could be made to the existing NAP block grant in lieu of implementing SNAP, and Section E provides some final considerations and conclusions.

A. Challenges for Implementing SNAP in the CNMI

A variety of factors related to the geography and infrastructure of the CNMI would make implementing SNAP more challenging than in a mainland State and should be carefully considered in the planning and implementation phases. Such factors include the following:

- ▶ **Remote Location.** The remote location of the CNMI would make oversight by FNS challenging because of the approximately 20-hour flight from the U.S. West Coast and 17-hour time difference. For similar reasons, the CNMI may face challenges attracting IT vendors for EBT processing and an eligibility system. The IT vendors would need to provide services during CNMI business hours in both the implementation and ongoing operations phases. Fraud investigations and onsite inspections for retailer monitoring would also both require an on-island presence; FNS would likely need to subcontract to an on-island source or a vendor in nearby Guam to perform these functions.
- ▶ **Small Island Community.** A related challenge is the small size of the community where everyone knows everyone, combined with the geographic isolation, which would inhibit the ability to conduct undercover investigations. FNS would need to rely more heavily on EBT data for retailer monitoring than undercover investigations, or use confidential informants from the community.

- ▶ **Multiple Islands.** In addition to its remote location, the CNMI is made up of multiple islands. Although most of the population is located on Saipan, a significant minority resides on Rota and Tinian. Staff must travel by air from Saipan to serve these islands, which would entail travel costs. Air travel between these islands is not always reliable and is subject to the availability of limited flights and frequent maintenance issues. Conducting SNAP operations on these islands would require on-island facilities with more robust resources or infrastructure than currently in place under NAP.
- ▶ **Natural Disasters.** The CNMI is prone to typhoons, including the recent Typhoon Soudelor in August 2015, which caused extensive damage and disruption to power and water services for several weeks. The CNMI has experienced eight major disasters as a result of typhoons in the past 20 years (U.S. Department of Homeland Security, n.d.). The CNMI would need to develop a detailed plan for providing nutrition assistance under disaster conditions.
- ▶ **No Street Addresses.** Unlike other States and territories, the CNMI has no street addresses for households or commercial locations. Residents and businesses use post office boxes run by the U.S. Postal Service. The lack of street addresses may pose a challenge for several components of SNAP program processes, including timely receipt of and response to SNAP notices to participants and retailers.²²⁴ Street addresses are also a key piece of information used by FNS for monitoring retailers, so alternatives would be needed, as described further in section D below.
- ▶ **No Public Transportation.** The CNMI does not currently have any public transportation available to residents and many low-income residents do not own their own vehicles. These limitations pose a challenge for residents who must rely on friends and family for rides to and from the program office to receive services.
- ▶ **Weak Economy.** As described in chapter 11, the fragile state of the CNMI economy and uncertainty about future fiscal health may present a challenge for implementing and operating SNAP. It is unclear whether the CNMI could afford to pay half of all administrative costs on an ongoing basis or potential financial penalties or sanctions in the event of poor program performance (e.g., high error rates).

B. Potential Modifications Needed to SNAP Requirements or Operations To Address the CNMI's Specific Challenges

With substantial technical assistance from FNS during the implementation period, the vast majority of program requirements for SNAP could be met in the CNMI. However, a few modifications related primarily to the CNMI's unique geographic location would be needed, as described in section 1. The CNMI and FNS may also wish to consider the additional modifications described in section 2.

²²⁴ Household locations are also needed for QC reviews. The CNMI currently requires NAP households to include a map to their residence during the certification process, and program staff do not have difficulty locating households for in-home interviews. This practice of providing maps or directions could continue under SNAP.

1. Modifications Needed for a CNMI SNAP Model

Study results suggest four modifications to SNAP requirements or standard operations may be needed to effectively operate SNAP in the CNMI. A brief description of these modifications follows:

- ▶ **Expand Timeframes for Communication.** SNAP relies heavily on mail delivery of notices of actions to SNAP participants and retailers. SNAP also requires retailers to submit documents by mail. Mail delivery in the CNMI takes much longer, however, than in mainland United States. As a result, timeframes for communication may need to be expanded to allow participants and retailers adequate time to receive and respond to notices. This is especially the case for retailers, who would be communicating with offices in the U.S. mainland.
- ▶ **Permit Use of Post Office Boxes for Receipt of Notices.** With no street addresses, CNMI residents rely on post office boxes for receiving mail. FNS does not usually allow notices to participants or retailers to be sent to post office boxes. Such restrictions would need to be relaxed for the CNMI.
- ▶ **Use GPS Data for Locating Retailers.** The database used to verify the identity and location of retailers during the certification process relies heavily on street address verification. As a result, FNS may wish to consider collecting GPS latitude and longitude coordinates when authorizing and otherwise locating retailers.
- ▶ **Rely on EBT Data for Retailer Investigations.** Because of the size and remote location of this island community, FNS would need to rely more on EBT transaction data and relatively less on undercover investigations for monitoring retailers in the CNMI, as has been done in Guam and the U.S. Virgin Islands.

2. Additional Modifications To Consider

Study results identified a few additional modifications to SNAP requirements and operations that could be considered when implementing SNAP in the CNMI as described below:

- ▶ **Allow Fishing, Gardening, and Farming Purchases Under SNAP.** SNAP allows the purchase of nonfood items such as fishing, gardening, and farming equipment not currently allowed under SNAP. Congress and FNS may wish to consider allowing these items under a potential CNMI SNAP and similarly authorizing retailers that sell these items.²²⁵ Study findings showed a minority of program participants may be affected by the potential change. Although SNAP participants and low-income nonparticipants, particularly farmers, reported buying these nonfood items, however, the purchases were infrequent because most nonfood items have a long product life and do not need to be replaced regularly. Retailers did not feel the elimination of these items would hinder their businesses.

²²⁵ A similar regulatory exception is in place for remote areas of Alaska, where hunting and fishing equipment are allowable purchases and retailers selling these items are eligible to be authorized under SNAP.

- ▶ **Allow QC Telephone Interviews in Rota and Tinian.** In-person interviews with households are required for QC reviews of all active cases, except in remote areas of Alaska.²²⁶ QC interviews must be conducted by designated QC personnel (i.e., not by other SNAP personnel, such as eligibility workers). Under a potential SNAP implementation, the population size on Rota and Tinian would not warrant staffing these islands with QC personnel because so few QC cases on these two islands would likely be sampled in a given month. As a result, QC reviewers would need to travel by air to Rota and Tinian each time QC cases on these islands were sampled. To alleviate the associated travel costs, Congress and FNS may wish to waive the in-person interview requirement and allow telephone interviews for all sampled cases on Rota and Tinian.²²⁷
- “Most of the items that are brought in, that are imported, are more expensive than the local products here, so I think [NAP participants] will still go for the local [products].”*

—Community-based organization
- ▶ **Translate Retailer Materials Into Chinese and Korean.** To address language barriers among the predominantly Chinese- and Korean-speaking retailers that represent the majority of CNMI retailers, FNS may need to consider translating applications, educational materials, charge letters, and other correspondence into Chinese and Korean, and making accommodations for such language speakers who call into the SNAP Retailer Service Center.²²⁸
 - ▶ **Allow a Portion of the Benefit To Be Used for Locally Produced Food Items.** Under NAP, a portion of the benefits must be used for locally produced food items, a requirement intended to stimulate economic development and food production in the CNMI. This study examined whether it would be necessary to retain this provision under SNAP and found that local foods would likely still be purchased under SNAP. CNMI retailers interviewed for this study did not think their inventory or customers’ shopping habits would change if the local coupons were eliminated. NAP participants largely agreed and reported they did not anticipate buying fewer local products because of the high price of imported goods and lack of fresh imported produce.²²⁹ The small number of NAP participants who reported they would buy fewer local products if local coupons were eliminated either had a preference for nonlocal goods, or they had a small refrigerator and preferred to buy nonperishables to avoid spoilage.
 - ▶ **Allow the CNMI To Pay Less Than Half of the Administrative Costs.** Because of the uncertainty surrounding the CNMI’s ability to fund half of the administrative costs for SNAP, FNS could consider reducing the portion of the costs or gradually increasing the costs over time to 50 percent.

C. SNAP Implementation Process

Although SNAP requirements could potentially be met in the CNMI, study findings indicate a substantial initial investment of time and resources would be needed to transition the CNMI’s NAP to SNAP. While specialized contractors could be hired to manage the implementation of the eligibility and EBT systems, the overall SNAP implementation process would require extensive technical assistance from FNS, including training on all aspects of SNAP policies, procedures, and reporting requirements and guidance

²²⁶ Many States have a waiver that allows telephone interviews with households with benefits less than \$100 per month.

²²⁷ Alternatively, the CNMI may be able to negotiate a discounted government rate for airfare to and from Saipan, Tinian, and Rota.

²²⁸ FNS has translations of most materials in Spanish.

²²⁹ NAP retailers noted that NAP participants most often use their local coupons to purchase fresh produce, fish, bread, eggs, and water/ice. Regular U.S. coupons are most often used to purchase canned goods, frozen meat, and rice.

in the development of the necessary planning documents.²³⁰ The transition would require extensive planning, training, and coordination among stakeholders, all while continuing to operate the NAP program until rolling out SNAP. The overall transition to SNAP is estimated to take a minimum of 3 years and cost approximately \$4.2 million.^{231, 232} This section summarizes the major tasks that would be undertaken (section 1) and provides an approximate timeline for the overall implementation process (section 2).

1. Key SNAP Implementation Tasks

Prepare SNAP Planning Documents. The CNMI would need to develop the various SNAP planning documents necessary to implement SNAP. The first of these should be the CNMI State plan of operations, waiver applications, the policy manual, and the transition plan for implementing SNAP. These documents would establish how SNAP would operate in the CNMI and would inform all other planning documents. An important component of the State plan of operations would be the Disaster SNAP plan, specifying how Disaster SNAP would operate when normal SNAP operations were disrupted in the event of disasters. The other planning documents—including the training manual, E&T plan, participant fraud monitoring plan, and others—could follow. FNS would need to provide extensive support to the CNMI in these efforts to train program staff on SNAP policies, procedures, and requirements, and to help them prepare the necessary planning documents.

Manage Vendor Procurement. The CNMI would need to manage the procurement process for vendors providing EBT processing and a SNAP eligibility system. Each of these efforts would require identifying requirements for the procurement (e.g., functional requirements for the SNAP system), developing RFPs, facilitating review and selection processes, obtaining FNS approvals, and securing contracts.

Coordinate Among Stakeholders. A SNAP implementation process would involve several moving parts, requiring communication among multiple stakeholders. Effective, coordinated project management would be critical for successful implementation of all components. For example, the eligibility system must interface with the EBT system (and the EBT system cannot be implemented without an eligibility system with this capability), requiring communication among program staff, the eligibility system vendor, and the EBT processor. The CNMI would need to hire a primary liaison among these stakeholders and manage the project to ensure successful and synchronized implementation of the two systems.

Expand Staff. The CNMI would need to hire more program staff—to increase from a total of 24 to at least 45 persons.²³³ The largest increase would occur in the CU: the CNMI would need to quadruple the number of eligibility workers and triple the number of certification supervisors on staff to accommodate the demand from an increased participant population. The program administrator would need an expanded management staff (administrative officers) to oversee the expanded operations. The CNMI

²³⁰ FNS would also need to assist the CNMI retailers with applying for SNAP authorization. Most retailers in the CNMI are Chinese or Korean and may need assistance with understanding SNAP requirements, completing the application, and navigating the process overall.

²³¹ This cost estimate reflects only the CNMI costs incurred under a potential SNAP implementation; it does not reflect the Federal costs of providing the necessary technical assistance, certifying and monitoring retailers, or benefits to participants.

²³² Some implementation costs would be incurred following the initial rollout of SNAP operations. For example, the first year's certification activities include certifying all NAP participants in SNAP and enrolling new participants who did not participate in NAP. These first-year costs are included in the implementation cost estimate, along with planning activities that would occur prior to the rollout of SNAP.

²³³ A larger number of certification staff may be needed during the implementation period to support the tasks associated with initially certifying the existing NAP population and all new SNAP participants. Temporary staff could be hired for this purpose. However, all SNAP staff hired, whether permanent or temporary, must be merit personnel.

would need to establish an investigations unit and hire IT support staff and a QC statistician.²³⁴ New or existing staff would need to be designated to fill the following roles: policy officer, trainer, and management evaluations specialist. Because the initial implementation period may require more CU staff than during ongoing operations, temporary staff may need to be hired to help transition NAP participants into SNAP and enroll new participants.²³⁵ Finally, because FNS would take over retailer monitoring responsibilities, the current Retail and Redemption Unit would no longer be needed; staff from this unit could be reassigned to other positions within the program.

Stakeholders on-island felt sufficient manpower would be available to fill the necessary positions. In previous hiring cycles, for example, several qualified applicants had been identified for a given position. Unemployment in the CNMI is high, and educational attainment among CNMI residents is similar to that of neighboring Guam, with 45 percent of the population having at least some college education (compared to 57 percent of the U.S. population; see appendix table G.1). These factors suggest that although the community is small, the available labor pool may be adequate to fill the estimated 21 additional staff positions needed for ongoing SNAP operations.

Training. Both continuing and newly hired staff would need training on SNAP requirements, policy, and procedures. Staff would also need to be trained on the new EBT and eligibility IT systems and online data reporting systems and databases (e.g., eDRS, FPRS, SNAP QCS). The CNMI would need assistance from FNS in developing and conducting the necessary trainings, although eligibility system and EBT system trainings could be conducted by the relevant contractors.

Address Infrastructure Needs. The CNMI would need to expand its infrastructure to support a SNAP program larger than the existing NAP. The CNMI would need to acquire additional computers and office equipment and establish office space to accommodate the expanded staff and larger participant population. The need for expanded work space could be accommodated by updating the current NAP office space or by opening a satellite office in a remote area of Saipan such as Kagman. Designated SNAP office space would need to be established on Rota and Tinian. Currently, NAP does not have dedicated office space on these islands but uses DCCA office space during visits there. Although SNAP could continue to share an office with DCCA, two DCCA employees would need to have a certain percentage of time dedicated to SNAP responsibilities on each of these islands—one responsible for certification and the other for benefit issuance.

Oversee SNAP Rollout. Following the planning period, the CNMI and FNS would need to oversee the initial rollout of SNAP operations, including managing the initial process outlined in the SNAP implementation plan.

2. Estimated Timeline for SNAP Implementation

The overall SNAP implementation process would take a minimum of 3 years. Implementing SNAP would entail several components, some taking place concurrently and some consecutively. Table 12.1 provides an overview of the types of activities that would occur during each year of the implementation.

²³⁴ The QC statistician role could potentially be filled by contracted staff off-island.

²³⁵ Both temporary and permanent staff would need to be merit personnel.

Table 12.1. Overview of SNAP Implementation Process Timeline

Year 1	Year 2	Year 3
<ul style="list-style-type: none"> • Develop an implementation plan and schedule for transitioning from NAP to SNAP • Develop a State plan of operations and a policy and procedures manual • Apply for FNS waivers • Design and develop the EBT system requirements • Design and develop the eligibility system requirements, develop an RFP • Review proposals and select an eligibility system vendor • Join an EBT consortium • Hire administrative/management staff needed for planning functions 	<ul style="list-style-type: none"> • Finalize State SNAP plans following FNS review • Develop additional State plans (e.g., participant fraud monitoring plan, E&T plan) • Design, test, and develop the eligibility and EBT systems • Establish agreements with other agencies as needed (e.g., DOL, CNMI law enforcement agencies, Attorney General’s office) • Draft training manuals • Develop the SNAP application • Develop agreements with E&T service providers, if needed • Hire and train an EBT support manager in the CNMI 	<ul style="list-style-type: none"> • Finalize the eligibility and EBT systems • Hire additional staff as needed (e.g., expanded CU eligibility workers and supervisors) • Establish work space for additional staff • Purchase office equipment and supplies • Train existing and new staff • Develop a plan for transitioning NAP participants to SNAP

D. Modifying the Existing NAP Block Grant

In lieu of fully implementing SNAP, Congress and FNS could consider implementing some but not all components of SNAP while remaining within a block grant funding structure. The modifications could potentially improve efficiency and program integrity and enhance the ability to meet the nutritional needs of the CNMI population, while not requiring the CNMI to pay for 50 percent of the administrative costs. This section provides an overview of SNAP-like modifications that could be made to NAP in the following areas: updating eligibility criteria and benefit levels (section 1), updating IT systems (section 2), and enhancing E&T services (section 3).

1. Update Eligibility Criteria and Benefit Levels

To better meet the nutritional needs of the CNMI population, NAP eligibility criteria and benefit levels could be adjusted to bring them more in line with those of SNAP. Because the funding level of the block grant is capped, however, adjustments that would expand eligibility or increase benefit levels would only benefit participants if the overall level of block grant funding increased. Three mechanisms to make eligibility criteria and benefit levels similar to those of SNAP in neighboring Guam or the mainland United States are described below:

- ▶ **Establish a Method To Index Benefits to Current Prices.** Prices in the CNMI are very high in relation to incomes and NAP benefits are not in line with current food costs. To establish a basis for benefits, the CNMI needs a TFP that specifically reflects actual costs. The CNMI has already voiced interest in this establishing a new TFP and has begun drafting an RFP for the work.²³⁶ Alternatively, Guam’s basis for benefits could be used; CNMI food prices are more similar to those in Guam than those in mainland States.²³⁷

²³⁶ FNS review of this RFP has been put on hold pending the release of updated dietary guidelines.

²³⁷ The CNMI and Guam share a similar remote geographic location, but food prices are thought to be somewhat higher in the CNMI than in neighboring Guam. Concrete data on food prices, however, are limited in the CNMI.

- ▶ **Establish Gross and Net Income Limits Similar to Those Used in SNAP.** To increase program access and meet the nutritional needs of a larger percentage of the low income population, the Federal government could establish higher gross and net income limits similar to those used in neighboring Guam and mainland United States.
- ▶ **Establish an Excess Shelter Deduction and Standard Utility Allowance.** Establishing an excess shelter deduction and Standard Utility Allowance would help offset the costs of housing and fuel for cooling and cooking in the CNMI.

2. Update IT Systems: Eligibility System and EBT Benefit Issuance

Updating the outdated eligibility system and transitioning from paper coupons to EBT benefit issuance could potentially improve program efficiency and program integrity substantially. The CNMI program staff were enthusiastic about updating these systems and had initiated procurement efforts for a new eligibility system. Because EBT requires an eligibility system capable of interfacing with EBT, a new eligibility system would need to be in place prior to the EBT transition.

Implement a New Eligibility System. A new NAP eligibility system could significantly streamline program operations and improve data quality. CNMI NAP recently developed criteria and specifications for a new eligibility system; this system could be procured under the block grant and would not be subject to SNAP regulations and reporting requirements. The system would not need to meet the more complex eligibility requirements of SNAP and would therefore be simpler and potentially less costly. Although recent procurement efforts were cancelled, interested vendors had responded and proposed prices were within budgeted ranges.

Transition From Coupons to EBT Benefit Issuance. CNMI staff, retailers, and NAP participants interviewed were overwhelmingly supportive of transitioning to EBT, which would substantially reduce the burden on program staff, retailers, and participants. EBT could also provide transaction data that could be used for investigative purposes to better facilitate sanctioning of retailers when needed. Under the block grant, the CNMI would be able to make decisions about EBT support that might not be allowed under current SNAP regulations. For EBT implementation, this means the CNMI would need to ensure retailers were equipped for EBT transactions and provide EBT-only point-of-sale devices to retailers in approximately half (50 percent) of the retailer locations to accept NAP EBT transactions. Although the cost savings of participating in a SNAP consortium would not be available, the CNMI could still work with a consortium to obtain lower costs.

The CNMI could purchase EBT services through the Arizona WIC EBT contract, in which NAP EBT provision has been listed as an optional service. Implementing EBT using this mechanism would cost approximately \$1,491,000. The transition would take approximately 2.5 years once an eligibility system capable of EBT interface was in place. Estimated annual costs for ongoing EBT operations would be approximately \$411,000. See appendix D for a detailed discussion of implementation of EBT under NAP and the estimated administrative costs.

3. Enhance NAP E&T Services

CNMI government officials and program staff agreed more needs to be done to develop suitable services that help individuals with low incomes gain skills that would lead to employment and away from dependency on public benefits. Congress and FNS could consider designating funding within the NAP block grant to enhance the E&T services provided to NAP participants. An E&T program providing more comprehensive E&T and support services could assist those individuals with limited skills or work

experience to develop the skills needed to obtain and retain employment. Over the long term, employing participants could also reduce their dependence on public assistance.

Although FNS and the CNMI could approach an enhanced NAP E&T program in a variety of ways, one viable option would be for DCCA to expand its work registrant policy to provide a more comprehensive array of E&T services to eligible participants who volunteer. DCCA could target its work registrants using the exemption criteria currently in place; however, instead of requiring participation, they could allow work registrants to volunteer for E&T services. This approach would target the services to those most interested in obtaining employment. The program could provide more options for NAP participants who are in need of education and training and offer the full set of education, training, and employment services currently available to WIOA clients in the CNMI. As with WIOA, some participants might only need self-service support, where they could find resources to develop resumes and find available jobs in the community, while many more would need more intensive services and training. These services could include basic job skills training classes where clients could develop soft skills or education (basic education, GED courses, postsecondary) or training (vocational training, work experience) programs.

DCCA could partner with DOL to fund a program for NAP participants that offers these WIOA services. Under such a scenario, NAP work registrants would be referred to the WIOA office, where staff would assess education and training needs. Staff would then refer participants to appropriate education or training programs and provide ongoing case management and employment services. While DCCA does not currently share costs with DOL for providing services to work registrants, the cost of this program would be more extensive and require reimbursement. The CNMI might also need to identify additional funding sources to support such a program, depending on the proportion of the costs of training and support services covered by Federal funds. Assuming a similar proportion of work registrants volunteer for E&T services as in neighboring Guam (i.e., 7 percent), and the costs of CNMI WIOA E&T services for 2014, an enhanced NAP E&T program is estimated to cost approximately \$59,000 per year.

E. Final Considerations and Conclusions

This study has assessed the feasibility of implementing SNAP in the CNMI and associated costs that would be incurred by the CNMI's DCCA. Study results indicated that implementing SNAP could be feasible with some modifications to SNAP requirements and operations and significant investment of resources. Whether the CNMI could afford to pay the annual administrative costs is uncertain and would depend on its fiscal and financial position along with economic activity during a given year. Economic conditions would play a large role in developing the tax and other revenue budgets for the CNMI, and these conditions would be affected by the economy's general dependence on the tourism industry and the uncertain future of the CNMI's contract worker program under U.S. immigration law.

Scope of a Potential SNAP Pilot. Implementing a pilot in the CNMI would be akin to moving forward with SNAP. A pilot in a typical State might occur in a particular county or group of counties, while maintaining regular operations in the rest of the State. However, given the small size of the CNMI, it would not be feasible to implement SNAP in only a portion of the territory.

Additional Stakeholders Outside the Scope of this Study. Several stakeholders who would be affected by a potential SNAP transition in the CNMI were outside the scope of this study. Hence, the costs incurred by these stakeholders are not reflected in the administrative cost estimates. For example, FNS would incur costs related to the extensive time and resources needed to provide oversight and support to the CNMI during implementation and ongoing operational phases. A SNAP transition would require substantial investment of resources to manage the administrative, technical, organizational, and infrastructure changes that would be involved, and the complexity of the changes needed would require

significant planning, oversight, and technical assistance on the part of FNS. FNS's Retailer Operations Division would incur costs associated with monitoring retailers, including certifying all retailers during the implementation period and providing ongoing certification, recertification, and monitoring during the ongoing operational period.

Local government agencies in the CNMI would also be affected. For example, the CNMI's Office of Personnel Management would incur costs in the process of developing new labor categories and hiring the additional staff. The CNMI Department of Finance would be involved in tracking and reporting administrative costs, and the CNMI Attorney General's office would likely face increased demand for hearings oversight and activities related to fraud investigations. Retailers might also incur additional costs for equipment, services, and transaction fees in accordance with SNAP rules.

Summary of CNMI Stakeholder Perspectives on Benefits and Drawbacks of Transitioning to SNAP.

CNMI officials and program staff were concerned about the challenges of implementing a transition of this magnitude and the CNMI's ability to pay half of SNAP's administrative costs. A limited number of CNMI government officials felt the program should not be expanded and that more efforts should be made to discourage dependency on public assistance.

However, many stakeholders interviewed over the course of the study—including CNMI program staff, community organizations, retailers, and NAP participants—felt a transition to SNAP would provide benefits at a level more in line with the high cost of food on the islands and would likely have a significant positive effect on residents' ability to meet their nutritional needs. CNMI officials and program staff agreed a new eligibility system and EBT benefits would increase efficiency and accuracy either in a modified NAP or a potential SNAP environment, in addition to reducing burden on participants, program staff, and retailers.

Abbreviations and Acronyms

ABAWD	able-bodied adult without dependents
ACS	American Community Survey
ALERT	Antifraud Locator EBT Retailer Transactions
APD	advance planning document
APDU	advance planning document update
ASAP	Automated Standard Application for Payments
ATP	Authorization To Participate
BBCE	broad-based categorical eligibility
BICA	Benefit Issuance, Claims, and Accountability
BLS	Bureau of Labor Statistics
CBO	community-based organization
CFR	Code of Federal Regulations
CNMI	Commonwealth of the Northern Mariana Islands
COTS	commercial off-the-shelf solution
CPCM	cost-per-case-per-month
CPI	Consumer Price Index
CREES	Cooperative Research Extension and Education Services
CU	Certification Unit
CY	calendar year
DCCA	Department of Community and Cultural Affairs
DES	Division of Employment Services
DOC	Department of Commerce
DOL	Department of Labor
EBT	electronic benefit transfer
eDRS	Electronic Disqualified Recipient System
EITC	Earned Income Tax Credit
E&T	employment and training
FNS	Food and Nutrition Service
FPRS	Food Programs Reporting System
FTE	full-time equivalent
FY	fiscal year

GDP	gross domestic product
HHS	U.S. Department of Health and Human Services
IAPD	implementation advance planning document
IEVS	Income and Eligibility Verification System
IPV	intentional program violation
IT	information technology
IVR	interactive voice response
LRA	local registration authority
MEU	Management Evaluation Unit
MOO	Manual of Operations
NAP	Nutrition Assistance Program
NHANES	National Health and Nutrition Examination Survey
NOD	Notice of Disposition
OIG	Office of the Inspector General
PIN	personal identification number
QC	quality control
QCS	quality control system
REDE	Retailer Electronic Data Exchange
RFP	Request for Proposals
SAME	State Agency Management Evaluations
SAVE	Systematic Alien Verification for Entitlements
SNAP	Supplemental Nutrition Assistance Program
STARS	Store Tracking and Redemption System
SSI	Supplemental Security Income
TANF	Temporary Assistance for Needy Families
TFP	Thrifty Food Plan
TTPI	Trust Territory of the Pacific Islands
USDA	U.S. Department of Agriculture
WIC	Special Supplemental Nutrition Program for Women, Infants, and Children
WIOA	Workforce Innovation and Opportunity Act
WSEA	Western States EBT Alliance

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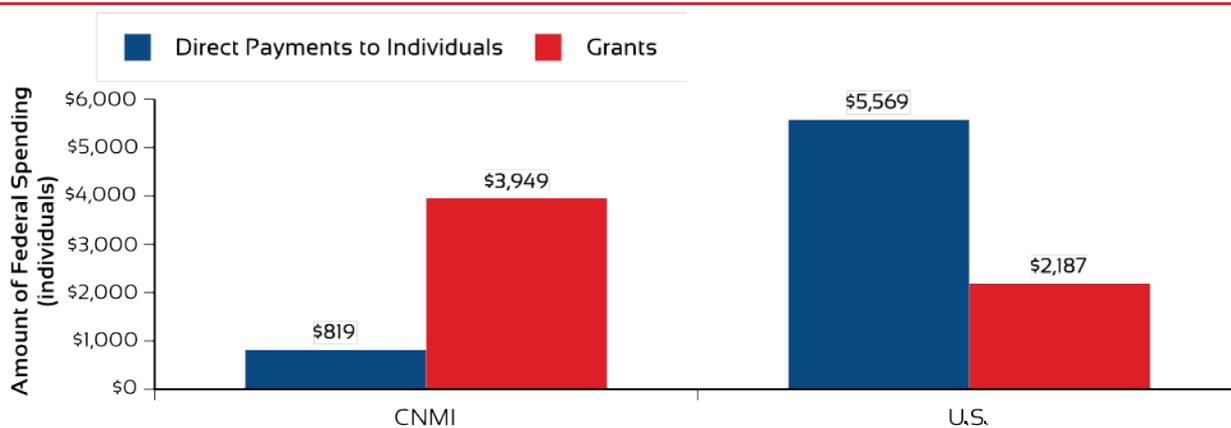
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Appendix A. Federal Programs and Funding in the CNMI

CNMI residents are eligible for many of the same Federal programs as residents in the United States. However, many of these programs, particularly those that assist individuals with low incomes, are more limited in the CNMI. This is typically because of funding or eligibility restrictions; in some cases, the programs are not extended to the CNMI at all. As shown in figure A.1, residents of the CNMI receive less in overall Federal direct payments than State residents per capita but more in Federal grants.¹ Residents of the CNMI are exempt from Federal personal income taxes; however, they pay Federal payroll taxes to help finance Social Security and Medicare, as mandated by the Federal Insurance Contribution Act.²

Figure A.1. Federal Spending per Capita for Direct Payments and Grants in the CNMI, Guam, and the United States, FY 2010



Source: U.S. Census Bureau (2011), table 10.

The FY 2010 Consolidated Federal Funds Report (U.S. Census Bureau, 2011) is the last comprehensive report on both payments and grants published by the Census Bureau.

Below is a summary of the differences in Federal payments to the CNMI and the United States, primarily for programs aimed at assisting individuals with low incomes. All Federal payment amounts are presented in per capita amounts (calculated as the amount of Federal spending divided by the number of individuals with income below 200 percent of the Federal poverty level).³ Unless otherwise stated, all per capita amounts are for individuals with low incomes.⁴ Appendix tables D.1 and D.2 provide more detailed information.

¹ Federal payments are divided into two major categories. One category is direct payments to individuals through programs such as Social Security, Medicare, and SNAP, which have Federal eligibility and benefit rules that usually are administered directly by the Federal Government; exceptions include Unemployment Insurance and SNAP, which are administered at the State level. The other category is grants to State and local governments for programs such as TANF, Medicaid, and Head Start, in which States have a role in the design, administration, and use of the funds.

² Residents of the CNMI are required to file a Federal income tax return only if they were not a bona fide resident of the CNMI for the entire tax year.

³ Appendix tables A.1 and A.2 compare major Federal payments to the CNMI and the United States for programs that provide (1) direct payments to individuals in FY 2010 based on the latest available Consolidated Federal Funds Report data for 14 programs (see U.S. Census Bureau, 2011) and (2) grants to State and local governments in FY 2010, based on grant data for 37 programs (see OMB, 2012). Although data on Federal grants to State and local governments is available for FY 2013, the study team used FY 2010 data for table A.2 because the latest population total available for the CNMI was from 2010.

⁴ Per capita funding is based on the number of residents in the CNMI. Because of the large number of foreign workers in the CNMI, many of whom are ineligible for public assistance programs, per capita funding levels are underestimates.

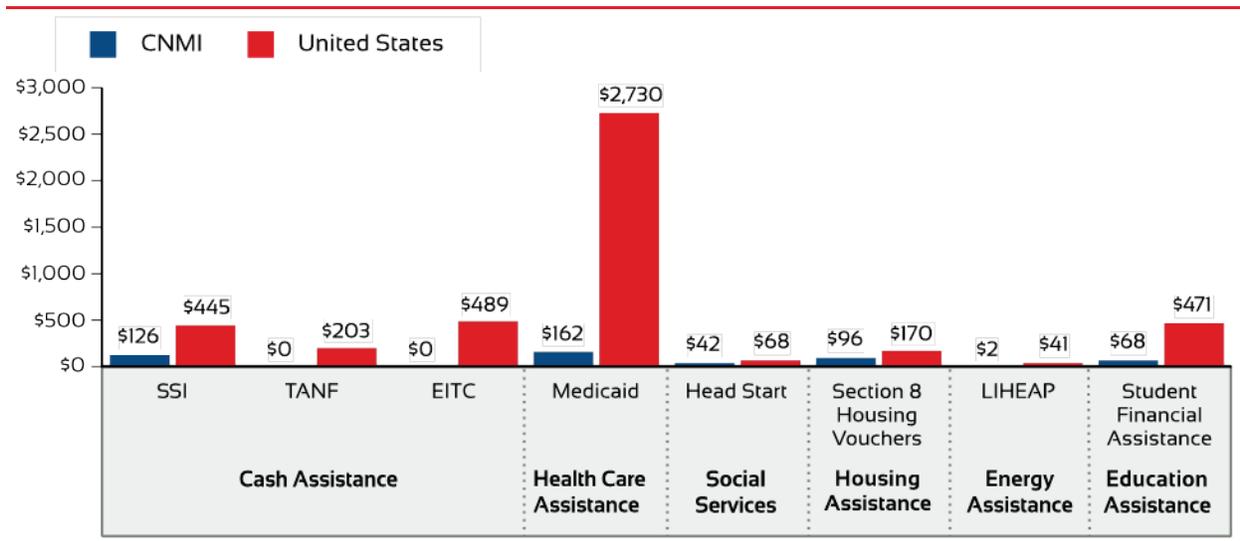
A. Cash Assistance

The CNMI receives less in Federal funding than States for the three primary programs providing cash assistance to needy households. SSI, the largest cash assistance program in the United States, provides up to \$773 in monthly Federal benefits (plus State supplements) to individuals who are elderly, blind, or disabled and have limited assets and income (SSA, n.d.). Federal per capita spending for SSI in the CNMI is about \$126 per capita, almost 85 percent lower than in the United States (\$445; see figure A.2).

The CNMI receives no Federal funding for **TANF**, which provides cash assistance to low-income families with dependent children. In FY 2010, per capita TANF spending was \$156 in the United States.

The **EITC**, a refundable tax credit available to the working poor in the United States, is not available to residents of the CNMI. In FY 2013, per capita EITC tax credits amounted to \$501. In the United States, individuals who do not earn enough income to pay Federal income taxes can still receive EITC refund checks.

Figure A.2. Federal Spending per Capita for Major Programs To Assist Low-Income Residents of the CNMI and United States, FY 2010



Sources: U.S. Census Bureau, 2011; OMB, 2012; GAO, 2014.

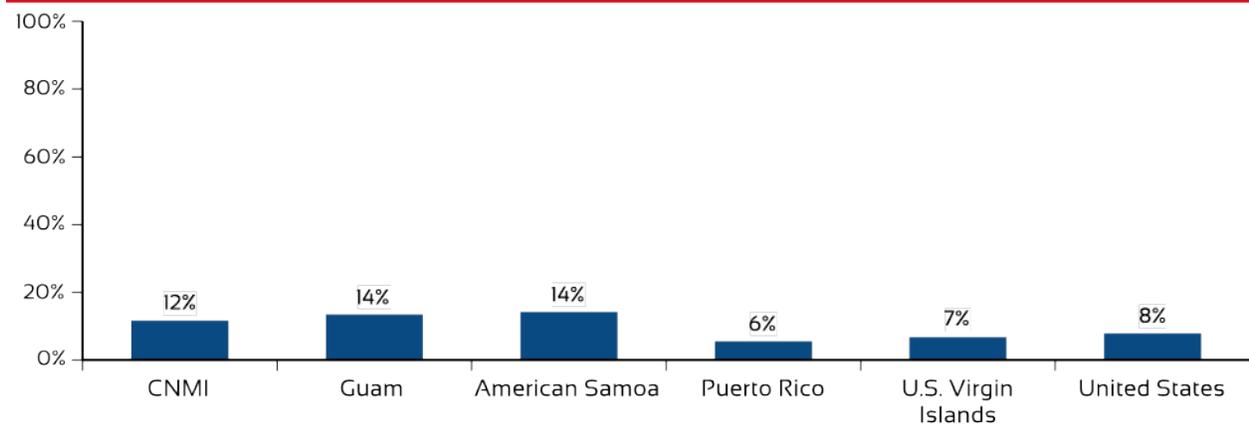
Per capita spending for each program is calculated as the amount of Federal spending divided by the number of individuals with income below 200 percent of the Federal poverty level in CNMI and the United States.

TANF, Medicaid, Head Start, and Section 8 Housing Voucher amounts are for FY 2013; Aid to the Aged, Blind, and Disabled/SSI amounts are for FY 2011; and EITC and Student Financial Assistance amounts are for FY 2010.

Overall, the proportion of CNMI households that receive public assistance income (11.7 percent) is higher than in the United States, Puerto Rico, and the U.S. Virgin Islands but slightly lower than in Guam and American Samoa (13.5 percent and 14.3 percent, respectively).⁵

⁵ Overall, CNMI households receive an average of \$4,324 from all public assistance programs, including SSI. Guam households receive higher levels of public assistance income (\$6,088), although Guam participates in the TANF program, while the CNMI does not. The average public assistance income received by U.S. households (\$12,711) is nearly three times higher than that of CNMI households.

Figure A.3. Percentage of Households With Public Assistance Income (Including SSI)



B. Health Care Assistance

Medicaid is a joint Federal-State program that finances health care coverage for individuals with low incomes, and in the CNMI, emergency medical care for citizens of U.S. Freely Associated States (Federated States of Micronesia, Republic of the Marshall Islands, or Palau). The Federal government is authorized to spend as much money as States will match (in amounts determined under a Federal formula) for their Medicaid programs, but the CNMI and other insular territories receive a limited, capped amount of matched Medicaid funding. As a result, per capita spending in the CNMI is \$162 compared with \$2,677 in the United States.⁶

The **Enhanced Allotment Program** is available to U.S. territories in lieu of Medicare Part D low-income subsidies (H. K. Schultz, personal communication [HHS] Region IX letter to Rep. Gregorio Sablan, n.d.). The program provides funds to offset the cost of providing Medicare Part D to individuals who are dually entitled to both Medicaid and Medicare and assists seniors with low incomes in purchasing prescription medication.⁷ Dually entitled individuals may also have their Medicare Part A and B premiums covered through **Medicare Buy-In Programs** (CNMI, State Medicaid Agency, CNMI Medicaid Program, 2013).

C. Social Services

Head Start is a large program that aims to promote school readiness for young children in families with low incomes. The CNMI is treated as a State for purposes of determining eligibility and funding for this program. The per capita funding for this program in the CNMI (\$42) is about one-third less than for the United States (\$68). The Head Start Program has seven centers on Saipan, one on Rota, and one on Tinian, and served 462 children in the 2013–2014 school year.

The **Child Care and Development Block Grant** helps families with low incomes obtain affordable childcare so parents can attend work or training. Per capita funding for this block grant is higher in the CNMI (\$46) than in the United States (\$20); however, States receive both mandatory and matching Child Care and Development funds that the CNMI and other territories do not.

⁶ The Federal Medical Assistance Percentage for CNMI is set by Federal statute at 55 percent (Pub. L. 111–148, as amended by Pub. L. 111–152, 1204(b)(2)(B), 124 Stat. 1029, 1055 (2010)). The total Federal contribution to CNMI also is limited by statute and was set at \$6.66 million in 2010. However, the CNMI receives additional funding made available under the Recovery Act and the Patient Protection and Affordable Care Act.

⁷ EAP per capita spending data are unavailable.

The CNMI receives relatively little **other noncash Social Services** funding. For example, the CNMI receives a small Social Services Block Grant (\$1 per capita) and minimal funding for the Low-Income Home Energy Assistance Program (\$2 per capita).

Funding for the **Section 8 Housing Program** provides rental assistance to families with low incomes. The per capita spending for this program is lower in the CNMI (\$96) than in the United States (\$170).⁸

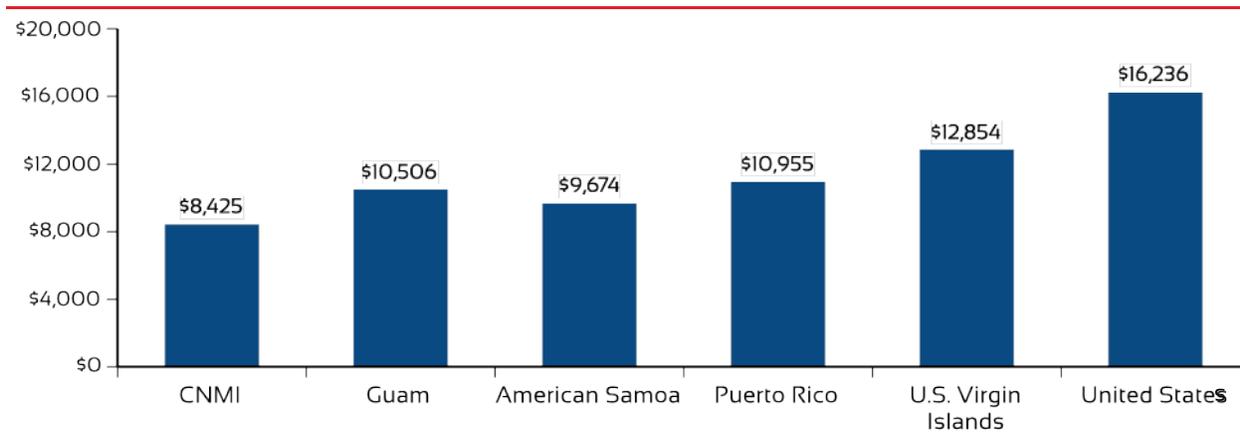
Student Financial Assistance provides funds (mostly through Pell grants) to students from families with low incomes to help meet the cost of postsecondary education. Awards are based on need. Institutions and students in the CNMI are subject to the same statutory and regulatory requirements as those in the United States. The per capita spending in the CNMI (\$68) is much lower than in the United States (\$471).

D. Social Insurance Programs

Unemployment Insurance is unavailable to residents of the CNMI because employers are not responsible for paying unemployment insurance payroll taxes.

Since residents of the CNMI pay **Social Security** taxes, qualified residents can receive full Social Security benefits if qualified. However, per capita benefits are significantly lower in the CNMI (\$325) compared to the United States (\$2,254); this is likely because of the lower levels of employment and earnings in the CNMI and its younger population.

Figure A.4. Mean Social Security Income per Household



E. Nutrition Assistance

Nutrition assistance programs are some of the largest social programs operating in the CNMI. The CNMI receives a Federal block grant to operate **NAP** as a replacement for SNAP, an entitlement program. A per capita comparison would be misleading because a block grant limits eligibility criteria and benefit levels to stay within the block grant limits and is fundamentally different from an entitlement program that serves all who are eligible. The average monthly NAP benefit, however, is considerably lower than the average monthly SNAP benefit in Guam and the United States.

⁸ The CNMI also operates a homestead program for CNMI citizens of NMI descent, but a moratorium was placed on new homestead applications in Saipan in 2006 because of the limited availability of public lands (Todeno, 2011). A moratorium on new homestead applications was also in effect from October 1, 2002, until August 19, 2005 on Saipan and Rota (Donato, 2005).

The CNMI is treated the same as a State for purposes of determining eligibility and funding for WIC. Per capita spending for WIC is notably higher in the CNMI (\$141) compared to the United States (\$66), likely because of the high poverty rate and eligibility of noncitizens for the program.

Funding for the **Children and Adult Care Food Program** and the **National School Lunch and Breakfast Programs** is unavailable in the CNMI. Instead, the CNMI receives a **Child Nutrition Program Block Grant**, which includes funding for several programs, including school meals, summer meals, and a fresh fruit and vegetable of the month program. The grant also provides funding for nutrition education that supports each of these programs.

Table A.1. Federal Government Expenditures for Direct Payments to Individuals in the CNMI and the United States, FY 2010 (Annual Federal Expenditures in Thousands of Dollars, per Capita Amounts in Actual Dollars)^a

Federal Assistance Type	CNMI		United States	
	Total (in thousands \$)	Per Capita (\$)	Total (in thousands \$)	Per Capita (\$)
Payments for Retirement and Disability				
Social Security payment	17,517	325	695,821,573	2,254
Retirement insurance	8,840	164	439,520,354	1,424
Survivors insurance	6,469	120	134,385,878	435
Disability insurance	2,208	41	121,915,341	395
SSI^b	5,305	126	47,309,384	445
Federal retirement and disability benefits				
Civilian	7,841	146	71,298,307	231
Military	853	16	38,938,539	126
Veterans benefits				
Service connected	1,066	20	33,504,791	109
Other	65	1	5,787,890	19
Other	324	6	22,183,796	72
Payments other than retirement and disability				
Medicare				
Hospital insurance	–	–	511,629,096	1,657
Supplementary medical insurance	–	–	246,104,816	797
Medical prescription drug coverage	–	–	205,150,069	664
Medical prescription drug coverage	–	–	60,374,211	196
Unemployment insurance	N/A	N/A	67,805,206	220
SNAP^b	35	1	64,739,425	610
EITC^b	N/A	N/A	51,987,860	489
Student financial assistance^b	2,866	68	50,036,521	471
Federal employees life and health insurance	N/A	N/A	26,931,571	87

Federal Assistance Type	CNMI		United States	
	Total (in thousands \$)	Per Capita (\$)	Total (in thousands \$)	Per Capita (\$)
Payments other than retirement and disability (continued)				
Agricultural assistance	N/A	N/A	17,319,993	56
Housing assistance	1,339	25	14,174,051	46
Other	2,112	39	13,945,876	45
Total	39,323	N/A	1,733,413,879	N/A

Source: U.S. Census Bureau (2011), tables 2, 3, and 10.

CNMI residents are eligible for Medicare; however, Medicare spending is not addressed in the Consolidated Federal Funds Report.

N/A (not applicable) indicates a program is unavailable in the CNMI. A dash (“-”) indicates expenditure data are unavailable for Medicare, though the program is available in the CNMI.

Per capita spending for each program is calculated as the amount of Federal spending divided by the total resident population in the CNMI and the United States for the relevant year.

Federal programs that make direct payments to individuals have Federal eligibility and benefit rules and usually are administered by the Federal Government.

^a Per capita amounts for programs aimed at assisting individuals with low incomes are calculated over the population of individuals with low incomes only. These per capita amounts are calculated as the amount of Federal spending divided by the number of individuals with income below 200 percent of the Federal poverty level. Low-income programs are indicated in the table with an asterisk.

^b Low-income programs are indicated in the table with an asterisk.

Table A.2. Federal Government Grants-in-Aid to the CNMI and the United States, FY 2010 (Annual Federal Obligations in Thousands of Dollars, per Capita Amounts in Actual Dollars)^a

Federal Assistance Program	CNMI		United States	
	Total (thousands \$)	Per Capita (\$)	Total (thousands \$)	Per Capita (\$)
USDA, FNS				
National School Lunch Program ^b	N/A	N/A	9,932,814	93
WIC ^b	5,909	141	6,829,686	66
School Breakfast Program ^b	N/A	N/A	2,895,356	27
Children and Adult Care Food Program ^b	N/A	N/A	2,543,184	24
NAP in CNMI ^b	12,148	289	N/A	N/A
Child Nutrition Program Block Grant ^b	8,438	201	N/A	N/A
ED, Office of Elementary and Secondary Education				
Title I College-and-Career-Ready Students	3,664	68	14,492,401	47
Improving Teacher Quality State Grants	1,646	31	2,947,749	10
ED, Office of Special Education and Rehabilitative Services				
Idea Part B, Grants to States and Grants to States Recovery Act	4,785	89	11,505,213	37
Vocational Rehabilitation Grants	878	16	3,084,696	10

Federal Assistance Program	CNMI		United States	
	Total (thousands \$)	Per Capita (\$)	Total (thousands \$)	Per Capita (\$)
DOE, Energy Programs				
State Energy Program	111	2	61,710	0
Weatherization Assistance for Low-Income Persons ^b	202,132	4,808	17,919,079	168
Energy Efficiency and Conservation Block Grant	9,594	178	1,668,831	5
HHS, CMS				
Medicaid ^b	6,803	162	290,461,260	2730
CHIP ^b	818	19	12,598,483	118
HHS, Administration for Children and Families				
TANF, Family Assistance Grants ^b	N/A	N/A	21,654,327	203
Head Start ^b	1,752	42	7,235,816	68
Child Support Enforcement, Federal Share of State and Local Administrative Costs and Incentives ^b	N/A	N/A	4,993,418	47
Foster Care, Title IV-E ^b	N/A	N/A	4,413,851	41
Low-Income Home Energy Assistance Program ^b	76	2	4,509,671	42
Adoption Assistance ^b	N/A	N/A	2,226,133	21
Child Care and Development Block Grant ^b	1,939	46	2,129,751	20
Child Care And Development Fund, Matching ^b	N/A	N/A	1,677,342	16
Child Care And Development Fund, Mandatory ^b	N/A	N/A	1,239,660	12
Social Services Block Grant ^b	59	1	1,699,998	16
HHS, HRSA				
Ryan White HIV/AIDS Treatment Modernization Act, Part B HIV Care Grants	57	1	1,228,975	4
HUD, Public and Indian Housing Programs				
Section 8 Housing Choice Vouchers ^b	4,021	96	18,070,776	170
Public Housing Operating Fund ^b	N/A	N/A	4,754,000	45
Public Housing Capital Fund ^b	N/A	N/A	2,486,000	23
HUD, Community Planning and Development				
Community Development Block Grant	1,387	26	6,166,114	20
DOL, Employment and Training Administration				
Unemployment Insurance	N/A	N/A	3,195,642	10
DOT, Federal Aviation Administration				
Airport Improvement Program	9,861	183	3,411,124	11
DOT, Federal Highway Administration				
Highway Planning and Construction	1,489	28	46,967,773	152
DOT, Federal Transit Administration				
Transit Formula Grant Programs	1,109	21	8,107,793	26

Federal Assistance Program	CNMI		United States	
	Total (thousands \$)	Per Capita (\$)	Total (thousands \$)	Per Capita (\$)
EPA, Office of Water				
Capitalization Grants for Clean Water State Revolving Fund	5,646	105	1,695,366	5
Capitalization Grants for Drinking Water State Revolving Fund	6,652	123	1,143,124	4
FCC				
Universal Service Fund E-Rate	855	16	1,808,280	6
Total	300,119		541,103,641	N/A

Source: OMB (2012), tables 18–4 and 18–43; U.S. Census Bureau (2011); Federal Regional Council (2011).

N/A (not applicable) is shown for programs that are not in (or for which information is not available for) CNMI (NAP) or the United States.

Federal grants-in-aid are for FY 2010 for all programs.

Federal grants-in-aid are provided to State and local governments, U.S. territories, and American Indian tribal governments to support government operations or provision of services to the public. Federal grants generally fall into one of two broad categories: categorical grants and block grants. Categorical grants have a narrowly defined purpose and may be awarded on a formula basis or project grant (e.g., WIC). Block grants provide the State or local government more flexibility in determining use of funds and benefit eligibility requirements and are awarded on a formula basis (e.g., TANF).

^a Per capita amounts for programs aimed at assisting low-income individuals are calculated over the population of low-income individuals only. These per capita amounts are calculated as the amount of Federal spending divided by the number of individuals with income below 200 percent of the Federal poverty level.

^b Low-income programs are indicated in the table with an asterisk. The low-income population of the CNMI was calculated using 2009 poverty data.

DOE = U.S. Department of Energy; DOT = U.S. Department of Transportation; ED = U.S. Department of Education; EPA = Environmental Protection Agency; FCC = Federal Communications Commission; HRSA = Health Resources and Services Administration; HUD = U.S. Department of Housing and Urban Development

Appendix B. Changes Needed to Retailer Management Activities

A significant change that would result from implementing SNAP in the CNMI is the process for authorizing and managing retailers. Currently, NAP handles these duties, but they would shift to FNS with SNAP. The CNMI would no longer be responsible for monitoring redemption data for retailer integrity and fraud. FNS handles all retailer management activities through cooperation between FNS's Retailer Operations Division and FNS's Retailer Policy and Management Division. The Retailer Operations Division has primary responsibility for managing retailers, including conducting undercover investigations, building compliance cases against retailers when the situation requires, and sanctioning retailers. The Retailer Policy and Management Division is responsible for developing retailer policy; developing and maintaining the systems, process, and contracts used in the ongoing authorization and monitoring of retailers; managing EBT issues; and performing administrative reviews of retailer appeals. This appendix describes NAP's current retailer management process and summarizes the changes that would be necessary to implement SNAP (sections A and B).

A. NAP Retailer Management Process

This section describes the procedures currently used by the NAP Retail and Redemption Unit to certify and manage retailers, including the application and certification processes, change reporting and recertification processes, and routine monitoring procedures (sections a through c). The NAP Retail and Redemption Unit is responsible for certifying retailers and monitoring their compliance with NAP rules and regulations. This unit consists of one officer and two administrative assistants. The main activities of this unit are (1) certifying retailers, (2) providing orientation and education to new retailers, (3) conducting onsite inspections for all new applicants to ensure the information provided in the application is accurate and the food inventory is compatible with the NAP requirements, (4) recertifying retailers annually, (5) performing monthly and quarterly compliance checks, (6) performing routine visits to five systematically selected NAP-authorized retailers each month, and (7) performing compliance visits to the 20 highest redeemers of NAP coupons each month (described in chapter 9). The population of NAP-certified retailers is relatively stable; approximately 10 new retailers are approved each year and a similar number are lost.

1. Application and Certification Procedures

Most retailers visit the NAP office directly to obtain and submit the application to be certified as a NAP retailer along with the corresponding documentation; however, retailers may also submit the application by mail. After receiving the application, a NAP staff member ensures all documentation has been provided and the application is complete and enters the retailer's information into the Y2K system. Next, a Retail and Redemption Unit staff member visits the retailer to confirm the information contained in the application is accurate and the establishment is eligible for certification.⁹ During the onsite visit, the staff member will (1) verify the establishment's location; (2) examine the store's inventory to determine if it meets the 50–10 rule (i.e., that one or more of the staple food items¹⁰ of the store's inventory makes up more than 50 percent of the eligible food sales), and verify the retailer is carrying a sufficient amount of local foods meeting the dollar value equaling or exceeding 10 percent of the store's total gross sales). At the end of the visit, the staff member completes a form detailing the results of the

⁹ Both new and reapplying retailers are visited prior to certification.

¹⁰ Staple food items are intended for home preparation and consumption and include meat, poultry, fish, bread, cereals, vegetables, fruits, juices, and dairy products.

visit and whether the retailer is considered to have a food business in nature; if not, the form identifies deficiencies noted. Retailers with multiple stores must apply separately for each store, and each store receives a visit; each store that is authorized receives its own NAP authorization number.

After the store visit, the Retail and Redemption Unit Supervisor submits a recommendation to the DCCA Secretary regarding whether to approve or to deny the application; the final approval is given by the DCCA Secretary. The decision must be made within 30 days of application receipt. Each retailer is contacted by mail or telephone and informed of the final decision.

Upon approval, each retailer is scheduled to attend an orientation meeting, which typically is conducted one-on-one at the NAP office. The orientation includes education on basic NAP guidelines, eligible and ineligible commodities, reporting requirements, procedures for conducting transactions with NAP coupons, compliance-monitoring policies, and penalties for violations. The Retail and Redemption Unit staff then issue each new retailer an authorization card with a food stamp authorization number and expiration date.

The retailer then must sign the NAP Retailer Coupon Transaction Agreement and designate one bank to accept the store's NAP coupon deposits. A paper case file is created for each retailer to house the application forms, agreement, supporting documents, and any subsequent filings. Next, the retailer's certification status is entered into the Y2K system, which is used to track monthly and annual redemption totals for each retailer.¹¹ Once certified, the retailer is required to post four posters describing key NAP policies in a prominent area of the store: the official list of authorized foods, a list of food stamp rights, a list of penalties for violation, and a notice to NAP participants.

Tinian and Rota. The application/certification procedures are the same for those retailers located on Tinian and Rota. However, Retail and Redemption Unit staff try to schedule the orientation meetings for a time when staff are on the islands for the quarterly compliance visits. Other NAP staff may assist with this task between those quarterly visits.

2. Change Reporting and Recertification Procedures

Any changes from the initial application (such as store name, address, ownership) must be made by submitting a letter in hardcopy to the NAP office. A retailer cannot transfer NAP certification when ownership changes; new store owners must reapply for NAP.

Retailers are required to recertify annually, 1 year from the date of application submission, and to sign a new agreement that covers the upcoming certification period. The NAP office sends renewal letters on an ongoing basis throughout the year, along with a renewal application via mail. Retailers typically visit the NAP office in person to submit the renewal application and corresponding documentation.¹² If retailers fail to submit information within the required timeline (30 days), they are withdrawn from the program. As part of the recertification process, retailers also must attend an annual renewal meeting at the NAP office; multiple retailers attend each renewal meeting.¹³

¹¹ After the coupons are returned to the NAP office each week, a staff member enters the amount of the deposits for each retailer into the Y2K system.

¹² The documentation is the same as for the initial application, except for the inventory listings, which are not required.

¹³ There is typically a Chinese translator present at the annual orientation meetings.

3. Ongoing Retailer Monitoring

Compliance of NAP retailers is monitored through (1) routine monthly onsite visits to five systematically selected NAP-authorized retailers each month and (2) review of monthly and quarterly sales reports submitted by retailers. Each of these is described below.

Routine Monthly Onsite Visits. NAP maintains a list of retailers in chronological order by date of authorization. Each month, five retailers are selected in sequential order; the next five retailers are selected the following month. Given the number of authorized retailers, each retailer is visited at least once every 2 years. During these visits, the owner/manager is asked a series of questions, and a few questions are asked of cashiers to ensure they have the knowledge they need to conduct coupon transactions. Staff also check to ensure the required NAP posters and license have been displayed in a prominent location. If Retail and Redemption Unit staff find the retailer is not in compliance, a follow-up visit is scheduled to confirm the retailer has corrected any identified issues.

Tinian and Rota. Retail and Redemption Unit staff routinely visit all Rota and Tinian retailers once each quarter at the same time as the monthly coupon disbursement. If the retailer is one of the five targeted retailers, the Retail and Redemption Unit staff also verify the required NAP posters and license are displayed and interview the owner/manager as well.

Review of Monthly/Quarterly Reports. NAP staff routinely collect and review a series of reports from retailers to ensure the retailers are maintaining NAP eligibility standards. Retailers in Saipan typically deliver these reports to the NAP office in person to have their documents stamped with the appropriate submission date. Retailers in Tinian and Rota submit these documents via mail, email, or fax. All reports must be submitted within 30 days of the end of the reporting period.

After the NAP office receives the reports, the monthly and quarterly compliance check data are entered into a Microsoft Excel spreadsheet (known as the Monthly Local Purchase and Quarterly Gross Income Report spreadsheet). If a retailer fails a compliance check, the retailer is notified that it must implement the recommended changes or be disqualified from the program.

B. Changes Needed To Implement SNAP

This section provides details about changes that would need to be made to retailer management processes if the CNMI were to transition from NAP to SNAP. These changes would affect retailer technical requirements, certification, recertification, ongoing retailer monitoring and change reporting, and retailer management databases (discussed in sections 1 through 5, respectively).

1. Retailer Technical Requirements

NAP: Retailers must meet all five criteria listed in table B.1 to be certified. The following entities may be certified: bakeries, specialty food markets, fish/produce mobile stands, gas stations, and roadside vendors.

SNAP: Retailers must meet one of the two criteria listed in table B.1 to be certified. SNAP participants can purchase only eligible food items; otherwise, retailers are not allowed to restrict what or how much a SNAP recipient can purchase. At least one register with an EBT machine must be open at all hours the store is open, and the EBT system must be online at least 98 percent of the time.

The following entities may be certified to receive reimbursement for meals provided to residing SNAP recipients: meal providers to the homeless (including shelters, qualified restaurants, and meal delivery services), shelters for battered women and children, drug and alcohol treatment and rehabilitation facilities, and senior living facilities and group homes.

Changes Needed: Retailers in the CNMI would need to meet SNAP eligibility requirements as shown in table B.1. Additional entities would be eligible to be reimbursed for meals.

Table B.1. Retailer Requirements

NAP	SNAP
<p>Most retailers^a must meet all these requirements</p> <ul style="list-style-type: none"> • At least 50 percent of the retailer’s eligible food inventory and total eligible food sales must be from the sales of staple food items.^b • At least 10 percent of the retailer’s total stock and gross food sales must be from the sales of local food products (e.g., bakery, products, fish, produce). • Retailer must maintain the minimum income of \$100,000 yearly (e.g., \$25,000 quarterly). • Retailer must be in full operation for at least 90 days after issuance of the business license. 	<p>All retailers must meet at least 1 of these requirements</p> <ul style="list-style-type: none"> • At least 50 percent of the retailer’s total gross retail sales must be from the sale of staple food items for preparation and consumption at home. <p>OR</p> <ul style="list-style-type: none"> • The retailer must sell, on a continuous basis, at least three varieties of qualified food items in each of four staple food groups with perishable foods in at least two of the categories: breads/cereal; dairy products; fruits/vegetables; and meat/fish/poultry.^c

^a Retailers selling a significant amount of local fish, local agricultural commodities, or local bakery products are exempt from the minimum income requirement.

^b Staple food items are intended for home preparation and consumption and include meat, poultry, fish, bread, cereals, vegetables, fruits, juices, and dairy products.

^c Note that this requirement will change because of revisions in the regulations following the 2014 Farm Bill: Retailers will be required to carry at least seven items in each of the four staple food groups, including three perishable items.

2. Retailer Certification

NAP: Most retailers visit the NAP office in person to obtain and submit the application to be a NAP retailer. Retailers can also submit the application by mail; there is no Web-based platform to submit applications electronically. After receiving the application and associated documentation (listed in table B.2), a NAP staff member enters the information into the Y2K system. NAP Retail and Redemption Unit staff then visit the retailer to confirm the establishment’s eligibility for certification. During the onsite visit, NAP staff verify that the information provided by the retailer in the application is accurate and review the store inventory to corroborate the availability of eligible (and noneligible) goods.

NAP approves or denies the application within 30 days of its receipt via mail or telephone. Upon approval, each retailer is scheduled to attend an orientation meeting, which typically is conducted one-on-one at the NAP office. The orientation includes education on basic NAP guidelines, eligible and ineligible commodities, reporting requirements, procedures for conducting transactions with NAP coupons, compliance-monitoring policies, and penalties for violations. The Retail and Redemption Unit staff then issue each new retailer an authorization card with a food stamp authorization number and expiration date. The retailer then must sign the NAP Retailer Coupon Transaction Agreement and designate one bank to accept the store’s NAP coupon deposits.

SNAP: Retailers must submit an application (typically submitted online) along with supporting documents (typically submitted by mail; listed in table B.2) directly to FNS. FNS enters the data into the STARS database and runs checks to look for any previous sanctions or other information from previous participation. Certain high-risk retailers are subject to additional documentation requirements. If the

retailer meets all the requirements, FNS sends a contractor to conduct an onsite visit of the store to verify the details provided in the application, take pictures, and gather any additional necessary information. All materials and the findings from the onsite visit are reviewed by FNS, and an authorizing decision is made within 45 days of receipt of the completed application and submission of all required documentation.

Changes Needed: CNMI retailers would need to apply online to FNS directly, and they would not need to attend orientation meetings. Retailers would need to submit a different list of required documents. For example, CNMI retailers have to submit an annual tax form directly to the NAP program each year, whereas FNS does not routinely collect tax information for all retailers. Retailers also must submit a map of directions to the establishment. This would not be necessary for the SNAP application; however, retailers who have a post office box would also need to provide FNS with a physical address or other form of locational instructions for locating each retailer. Retailers would not be required to post permits.

Documents required for certification by NAP versus SNAP are listed in table B.2.

Table B.2. Documents Required for Certification NAP Versus SNAP

NAP Certification Documents Required		SNAP Certification Documents Required
Photo ID	Two valid photo IDs	Photo identification: copy of driver’s license, passport, military ID, or official State-issued photo ID for all owners, partners, corporate officers, and spouses if it is a community property State
Business license and permits	Copy of current business license; copy of current Sanitary Permit	Copy of one current business license in owner’s name and store location address
Social Security number	N/A	Social Security number or acceptable verification of Social Security number (e.g., tax forms, insurance card) for all owners, partners, corporate officers, and spouses if it is a community property State
Signed statement	Retailers are required to sign an agreement for NAP retailer coupon transactions as part of the process; the agreement is signed by the DCCA Secretary and the business owner and manager/officer	Retailers may be required to sign a release form as part of the application to authorize FNS to verify all relevant business-related tax filings with the appropriate agencies
Tax records	Copy of current Business Gross Revenue Tax, Schedule of Gross Income by Activity, and receipt of payment	Upon request
Inventory	Current store inventory listing of food items; store inventory listing of nonfood items; copies of local purchases invoices	Collected during the store visit
Workforce participation	Completed Workforce Participation Requirement Form (to ensure hiring of U.S. citizens and local residents)	N/A
Income tax filings	Employer’s Quarterly Withholding Return Tax and listing of all employees covered	Upon request
Corporate information	If corporation, copy of corporate documents (e.g., annual reports, bylaws, articles)	Upon request
Other	Map of the location of the establishment	N/A

3. Retailer Recertification

NAP: Retailers are certified for a period of 1 year. At least 2 months prior to the expiration date, the NAP office sends the retailer a notification letter. Retailers are required to submit the recertification application and all required documents to the NAP office, where the information is reviewed and entered into the Y2K system. No site visit is included as part of the reauthorization process; however, retailers must go to the NAP office for an orientation meeting, where they must sign the NAP Retailer Coupon Transaction Agreement and receive their certification papers.

SNAP: Retailers are authorized every 5 years unless they are considered a high-risk store; in that case, they may be reauthorized more often (annually). Retailers provide updated documentation/information, including sales and inventory information, through the Online Reauthorization Application. If the retailer meets all the requirements, FNS sends a contractor to conduct an onsite visit of the store to verify the details provided in the application and gather any additional necessary information.¹⁴

Changes Needed: CNMI retailers would in general be reauthorized by FNS every 5 years rather than annually. However, high-risk stores would need to be reviewed for reauthorization more often. Retailers would need to submit reauthorization applications to FNS online and would not need to attend orientation meetings.¹⁵

4. Ongoing Retailer Monitoring and Change Reporting

NAP: Any changes from the initial application (such as address, store name, ownership) must be provided in writing and submitted to the NAP office. Compliance of NAP retailers is monitored through two mechanisms: (1) routine visits to five systematically selected NAP-authorized retailers each month and (2) a review of monthly and quarterly sales reports (submitted by retailers within 3 months of the end of each quarter). A retailer receives at least one compliance visit every 2 years. In the meantime, retailers are monitored using the Monthly Local Purchase and Quarterly Gross Income Report spreadsheet; the spreadsheet contains data from the reports described briefly below. Table B.3 lists these reports.

- ▶ On a monthly basis, retailers submit three local purchase reports. These reports are used to verify whether 10 percent of the retailer’s eligible food commodity sales are for locally produced products. These three reports—(1) Local Bakery Products, (2) Local Fish, and (3) Local Produce, Water, and Poultry—include item descriptions, amounts, and prices.
- ▶ On a quarterly basis, retailers submit two reports. The first of these is the Quarterly Food Sales Report (also known as the “compliance report”), which is used to verify whether the store’s food sales volume is high enough and one or more of the staple food items of the store’s inventory makes up more than 50 percent of the eligible food sales. A copy of the retailer’s quarterly withholding tax return (Business Gross Revenue and Tax form), along with receipt of payment, must be attached. The second quarterly report, the Quarterly Workforce Participation Requirement Report, lists all citizen and permanent resident employees along with the date of hire for each and percentage of work time.

¹⁴ Certified meal providers (such as homeless meal services, shelters, and drug/alcohol treatment and rehabilitation facilities) are recertified through alternate means.

¹⁵ FNS allows applications to be submitted by mail only in rare extenuating circumstances where online access is not available. If requested, a paper version of the Online Reauthorization Application documents will be provided to retailers.

Table B.3. NAP Retailer Reporting Requirements

NAP Reporting Requirements	
Monthly	
Monthly Survey Report: Local Bakery Products	Contains item description, unit quantity, unit price, and amounts
Monthly Survey Report: Local Fish	Contains item description, unit price, total pounds, and amounts
Monthly Survey Report: Local Produce, Water, and Poultry	Contains item description, unit price, total pounds, and amounts
Quarterly	
Quarterly Food Sales Report	Includes copy of the employer’s Business Gross Revenue and Tax form, gross volume of sales for each month, food sales for each month, and the percentage of food sales
Workforce Participation Requirement Report	Listing of all citizens and permanent resident employees, date of hire for each, and percentage of work time

SNAP: FNS does not visit retailers routinely each month or quarter to ensure they are meeting SNAP regulations and does not monitor retailers by having them submit monthly or quarterly retailer reports. Instead, SNAP monitors retailer fraud by continuously examining EBT transactions and looking for potentially problematic patterns.

Changes Needed: The CNMI would no longer need to monitor retailers throughout each month because FNS would take over these responsibilities.

5. Retailer Databases

NAP: The NAP office uses the Y2K system for all retailer management functions, including certification and benefit redemption. It monitors retailer compliance with regulations through retailer report data entered into an Excel spreadsheet and maintains a paper file for each retailer. The file includes forms signed by the retailer (or the retailer’s representative) during the orientation meeting and site visits.

SNAP: FNS uses the STARS database, a Web-based system, for all retailer management functions. The system includes both those retailers certified for participation and those who apply but are denied certification. STARS is used to track all retailer application, participation, authorization, and investigation processes and store redemption (daily deposit) activity.

FNS maintains the ALERT database to keep records of all EBT transactions received from each EBT processor. FNS uses these data to monitor retailers and detect any EBT transaction irregularities that may indicate possible instances of fraud. The States’ EBT contractors are required to submit all EBT data to both the STARS and ALERT systems, and the data are analyzed by FNS monthly. The Retailer Electronic Data Exchange (REDE) interface was developed to facilitate the exchange of retailer data between FNS and the EBT processors. The EBT processor for each State is required to pick up the REDE file from FNS each day and apply it to the system. This file provides data to the EBT processor about newly authorized, withdrawn, or disqualified retailers so that only approved retailers are allowed to process SNAP EBT transactions.

Changes Needed: The CNMI would not need its eligibility system to monitor retailers. It would only need to ensure the EBT contractor is tasked to submit all EBT data to the STARS and ALERT systems and to retrieve and apply the REDE file.

Appendix C. Changes Needed to Nutrition Education and Outreach Activities

This section describes current nutrition education activities in the CNMI and the changes that would be needed if the CNMI transitioned to SNAP (sections A and B).

A. NAP's Current Nutrition Education Activities

NAP currently does not have any funding for nutrition education. However, the program does refer clients to nutrition education activities through its partnerships with other organizations. During the initial NAP orientation meeting with applicants, NAP eligibility workers discuss strategies for spending NAP coupons wisely and buying healthy foods; usually, this is discussed in relation to the NAP coupons designated for purchasing local foods. NAP also distributes a monthly newsletter, which routinely features a recipe for a simple but healthy dish, and information on activities to promote good health. NAP also collaborates with the Let's Move Marianas! campaign, which is part of the national Let's Move initiative.¹⁶

NAP partners with the Northern Marianas College Cooperative Research Extension and Education Services (CREES) to provide nutrition education to participants. CREES runs nutrition education classes for the CNMI's low-income population funded through USDA's Expanded Food and Nutrition Education Program. Participants who take six classes receive a certificate of completion. CREES uses the Life Skills and Nutrition Education curriculum developed by the University of Hawaii, which it has adapted for the CNMI. Topics include healthy eating, exercise, and basic financial literacy. Each class includes a cooking demonstration of a dish that uses healthy, simple ingredients and can be prepared using basic kitchen equipment; participants may sample the dish prepared in the demonstration.¹⁷ CREES offers these classes at the NAP office daily during the benefit issuance week each month. NAP recipients who participate in a class receive their NAP coupons immediately after the class ends, so they avoid spending time in the waiting room.

B. Changes Needed To Implement SNAP

This section compares the nutrition education and outreach activities in NAP versus SNAP and identifies the changes that would need to be implemented if the CNMI were to transition to SNAP (sections 1 and 2).

1. SNAP-Ed

NAP: NAP does not have a funded nutrition education program. However, its collaboration with CREES enables it to provide nutrition education to NAP participants during benefit issue week at NAP offices.

SNAP: SNAP-Ed, a voluntary program, funds State nutrition education for the low-income population. SNAP-Ed is designed to improve the likelihood that SNAP participants will make healthy dietary and lifestyle choices within their limited food budgets; the program was established by the Healthy Hunger-Free Kids Act (Pub. L. 111–296). State nutrition education programs must be consistent with those healthy eating and obesity prevention goals and must use evidence-based techniques; obesity

¹⁶ These activities are consistent with SNAP-Ed public health goals.

¹⁷ A recent class discussed the amount of sugar in soda, the amount of fat in the canned meat product SPAM, and how to read nutrition labels.

prevention and physical activity initiatives must be an integral part of nutrition education activities. The programs are not limited to SNAP recipients but must target low-income populations. State SNAP agencies typically partner with other organizations, such as university extension services, county health departments, WIC agencies, and schools, to administer SNAP-Education programs.

Each State submits a formal SNAP-Education plan to FNS each year for funding, which States intend to use to cover 100 percent of program costs. Although the program is voluntary, every State (and the District of Columbia, Guam, and the U.S. Virgin Islands) implements a program. The Federal Government funds the administrative costs, but the amount of funding for the program is capped each year (approximately \$400 million for FY 2014). FNS uses a formula to allocate the funds to each State. The proportion of the dollars allocated to States is based on their overall SNAP participation and the size of their SNAP-Education programs (based on prior years' SNAP-Education expenses). In FY 2014, Guam had the smallest funding level at \$37,745.

States must report data on the number and types of SNAP-Education activities conducted and total individuals reached via FNS form 759; each State also must submit an annual narrative describing its SNAP-Education program. States are required to submit this information through the Education Administration Reporting System. This system includes information about SNAP-Education participant demographics and characteristics and program activities, such as topics covered, education delivery sites, education strategies, and resources allocated.

Changes Needed: The CNMI would have the option to apply for and implement a SNAP-Education program. The collaboration it has in place with CREES to provide nutrition education to NAP clients is similar to other States' SNAP-Education programs; this collaboration could serve as the foundation for SNAP-Education because it is in line with SNAP-Education program standards. The CNMI would have to develop a formal SNAP-Education plan to submit to FNS each year (or for up to 3 years). The CNMI also would need to develop a systematic tracking and reporting system for SNAP-Education activities conducted and report to FNS on these activities annually through the Education Administration Reporting System.

2. SNAP Outreach

NAP: NAP does not have a funded SNAP Outreach program.

SNAP: SNAP Outreach is another voluntary program. Through this program, FNS reimburses a portion of the administrative costs of State outreach activities. Currently, 30 States have formal plans, 8 have informal plans, and 1 has a plan that is pending. Outreach activities are intended to provide information about SNAP to low-income individuals who are not current SNAP participants. Typical outreach activities include eligibility prescreening, application assistance, disseminating information via face-to-face interactions, printed materials, public service announcements, and operating a SNAP information hotline. States that want to participate develop an annual Outreach Plan and submit it to FNS for review. FNS reimburses approximately 50 percent of the administrative costs of approved outreach activities. Allowable costs include expenses, staff salaries and benefits, office equipment, development and production of materials, lease and rental costs, maintenance costs, travel, and other indirect costs.

Changes Needed: The CNMI would have the option to develop an Outreach Plan and conduct outreach activities intended to increase familiarity with SNAP among the low-income population.

Appendix D. Implementing EBT Under the Block Grant

One alternative to implementing EBT for CNMI nutrition assistance recipients under SNAP is the implementation of EBT while the CNMI is still providing benefits under NAP. Under SNAP, the CNMI would need to comply with SNAP regulations associated with EBT; however, under NAP, the CNMI would be able to make decisions about EBT support that might not be allowed under current SNAP regulations. The disadvantage of this alternative is that the cost savings of participating in the WSEA consortium would not be available because participation under NAP is not included in that procurement. The sections below discuss the differences between implementing EBT under SNAP versus under NAP, including the implementation and ongoing operational costs and the timeline (sections A through C).

A. Differences Between SNAP and NAP EBT Implementation

This section addresses an approach to EBT implementation that would be different from the approach presented in chapter 5 to implement SNAP. The main differences are in policy choices, retailer management/EBT point-of-sale deployment, and procurement options (sections 1 through 3).

1. Policy Choices

The CNMI could consider implementing policy options beyond the requirements established in SNAP regulations. Some policies that could be considered follow:

- ▶ **Timeframes To Address Logistical Issues.** Federal regulations under SNAP provide specific timelines for EBT-related activities, such as the length of time a cardholder could wait before receiving a replacement card or timing related to adjustments to accounts. While the CNMI could use SNAP EBT regulations to guide policy decisions, operating under NAP would permit the CNMI to expand timeframes to address logistical issues. For example, to support participants on Tinian and Rota, the CNMI might want to consider extended timeframes for card replacement that exceed SNAP regulations since there are no onsite staff and existing methods of transport might not meet the 5-day SNAP requirement.
- ▶ **Government-Provided EBT-Only Point of Sale.** Retailers have voiced significant concerns about the cost of transaction fees. To address this issue, the CNMI could provide "stand-beside" EBT-only point-of-sale devices upon request by authorized retailers to ensure their continued participation in the program and EBT cardholder access to benefits.¹⁸ SNAP regulations now prohibit State agencies from providing free point-of-sale equipment to retailers. Since NAP has more flexibility in this area, the alternative EBT model considered here assumes stand-beside EBT-only point-of-sale devices would be provided to retailers at the CNMI's cost.

¹⁸ This was a standard practice in all SNAP agencies until recent changes to SNAP regulations.

- ▶ **Local Food Purchase Options.** It is also important to address the ability to support benefits that could be used only for local items. NAP currently splits benefit issuance between coupons that can be used for any eligible product and those eligible products that are produced locally. While it is technically feasible to support different benefit types through different EBT accounts (e.g., SNAP and cash) associated with the same household, the requirements necessary to track CNMI benefits intended only for purchase of local products are different from how EBT systems are currently designed.¹⁹ To support a local food benefit, additional programming on the EBT system (and in retailer point-of-sale systems) might be cost prohibitive. Therefore, the alternative EBT model considered here assumes there would only be one NAP benefit type.

2. Retailer Management and Point-of-Sale Deployment

Under NAP, retailer management would remain the responsibility of the CNMI. For EBT implementation, this means CNMI staff, with the support of their EBT processor, would need to ensure retailers were equipped and could accept EBT transactions. Under this alternative, the CNMI would need to provide EBT-only point-of-service devices to retailers in approximately half (50 percent) of the retailer locations to accept NAP EBT transactions.

The reason for the increased number of EBT-only terminals in this alternative (versus that in SNAP) is that retailers might not be able to obtain commercial point-of-sale terminals that could process NAP EBT transactions. Processing of NAP EBT transactions would require a one-time enhancement that providers of commercial point-of-sale devices might not want or choose to implement. Therefore, to ensure adequate retailer access for NAP recipients, the CNMI would be required to provide additional EBT-only point-of-sale terminals to retailers.

The CNMI would also need to provide a list of authorized retailers to the EBT processor on a routine basis. The EBT processor might need to modify its system to accept the list of authorized NAP retailers²⁰ and check incoming EBT transactions to validate that each transaction is coming from an authorized NAP retailer.

3. Procurement Options

Since the WSEA procurement does not include NAP, the CNMI would need to consider alternative procurement options. Again, because of the CNMI's relatively small NAP caseload, obtaining a contract with an EBT processor on its own would be difficult. The study team still recommends the CNMI work with a consortium to obtain lower costs. Arizona's RFP for WIC EBT implementation and processing services contains an option to support EBT for NAP and also for the American Samoa Nutrition Assistance Program. The RFP requires a technical response for the optional task, but a pricing response is not required. If NAP decides to implement EBT, the NAP agency would initiate negotiations with the EBT processor awarded the contract.

Like WSEA, using this procurement vehicle should streamline the procurement process to some extent, but unlike WSEA, it would require pricing negotiations. While this is a recommended approach, it is assumed the cost for EBT services under this contract would be significantly higher than the WSEA

¹⁹ For the CNMI to support local product purchases, it would need to set up two different kinds of EBT accounts that restrict purchases only to NAP retailers—one for all eligible items and one for locally produced eligible items. The CNMI could build in a way to capture and validate product codes to ensure proper use of NAP coupons intended only for purchase of local products.

²⁰ It was not necessary to assess this functionality in the full SNAP implementation alternative because under a SNAP model, FNS is responsible for maintaining SNAP-authorized retailer information. FNS provides standardized retailer data to EBT processors daily using a standardized dataset transmitted from STARS.

contract because of the smaller size of the procurement. However, while buying off the Arizona RFP is not optimal, it is likely more advantageous than the CNMI trying to obtain pricing on its own. Leveraging the Arizona contract would allow CNMI to obtain EBT services from a contract vehicle that has a caseload that would attract interest from the EBT processor community and potentially provide better pricing.

B. Administrative Costs

This section discusses implementation and ongoing operational costs for the CNMI to implement EBT for NAP. The CNMI would be purchasing EBT services through the Arizona WIC EBT contract, in which NAP EBT provision has been listed as an optional service. This scenario assumes the CNMI would provide stand-beside point-of-sale terminals to retailers that request them. The cost assumptions for this scenario include the following:

1. The CNMI would automate its NAP benefit payments using EBT debit card technology.
2. Only NAP EBT would be implemented. No other benefits (e.g., cash) would be distributed through EBT.
3. Transaction processing services would be purchased through the Arizona WIC EBT contract.
4. Fifty percent of NAP authorized retailers would receive EBT-only point-of-sale devices.
5. The roadside and mobile (e.g., farmers' markets) vendors included in the full SNAP alternative would receive wireless terminals.
6. The EBT processor would make three trips to the CNMI for implementation. Trips would be for requirements gathering, functional demonstration, and go-live.
7. User acceptance testing would take place at the EBT processor's facility.
8. A technical assistance or quality assurance (QA) contractor would be retained to provide implementation support for NAP EBT.
9. All other implementation activities would be performed remotely.
10. Following rollout, the CNMI would involve staff in EBT activities.

1. Implementation Costs

Table D.1 provides the estimated implementation costs for EBT under NAP. CNMI agency costs consist of staff dedicated to the implementation of EBT for NAP. The first cost is for an in-house project manager to support and coordinate the implementation of EBT. The project manager would be hired immediately upon the decision to proceed with EBT for NAP. The other staff costs are program management and support staff who would support the EBT effort and also have other responsibilities. Because the CNMI has more vendor responsibilities under NAP, the estimated number of full-time equivalent employees to support the implementation is slightly higher than for a SNAP implementation.

Similar to how EBT implementation costs are estimated for SNAP, the estimated EBT processor implementation cost is based upon current implementation costs for new WIC EBT implementation programs. The estimate provided is \$50,000 higher than the cost for SNAP EBT implementation in a small State because the EBT processor would be required to implement some unique software for the CNMI to support NAP and its EBT processing method.

The cost of a technical assistance or QA contractor has been included to provide support during the implementation phase of the project. As stated previously, EBT is a specialized service that requires specialized and unique skills and knowledge, and a QA contractor with the requisite skill would be invaluable to the CNMI. Again, the cost is slightly higher than for a State’s SNAP EBT implementation because of the additional requirements. The assumption is that the QA contractor would start on the project at the same time as the EBT processor and would provide guidance and support to the CNMI as EBT is implemented. The cost estimate is based on previous QA contracts of this magnitude, taking into account the additional cost for travel to the CNMI. It is assumed the QA contractor would need to make four to five trips to the CNMI during different phases of the project and would also attend and support user acceptance testing at the EBT processor’s facility.

Table D.1. Estimated Implementation Costs for NAP EBT

Cost	Assumption for Cost	Number	Item Cost	Total
CNMI Agency Implementation Costs				
Contract project manager for EBT implementation	27 months @ \$10k/month	27	\$10,000	\$270,000
CNMI staff costs	CNMI staff would need to provide support in the areas of program management, retailer support, card issuance, and eligibility	Average of 1.25 full-time equivalent staff	N/A	\$38,085
Travel (trip to EBT processor location for user acceptance testing)	Project manager and support staff	1	\$7,779	\$7,779
EBT Processor Implementation Costs				
Implementation cost	Fixed-price cost	1	\$750,000	\$800,000
Technical Assistance/QA Support Costs				
QA support cost	Fixed-price cost	1	\$375,000	\$375,000
Total Implementation Costs				\$1,490,864

2. Operational Costs

The estimated monthly ongoing support costs appear in table D.2. The total monthly cost for supporting NAP EBT is estimated at \$34,218 per month and consists of both CNMI staff and EBT processor costs. It is assumed staff support of EBT would average the equivalent of 0.22 full-time equivalent staff per month at a total monthly cost of \$13,991. Because the CNMI has more vendor responsibilities under NAP, the estimated number of full-time equivalent staff to support the implementation is slightly higher than for a SNAP implementation in a small State.

It is assumed there would be two types of costs for the EBT processor as described below.

CPCM. The first cost is the monthly CPCM pricing. The CPCM price listed above is based on the estimated price an EBT processor would charge a small State, with an estimated range between \$1.20 and \$2.90 CPCM.

Point-of-Sale Costs. It is assumed EBT-only terminals would be provided to only 50 percent of the 116 authorized NAP retailers that fall into the following categories: supermarket, medium-sized or small grocery store, convenience store, specialty food, other combination, and general store, for a total of 58 stores. Of the stores receiving a device, each store in all categories would receive one device except for supermarkets, which would receive two because of their size. The total number of point-of-sale devices included in the cost is 72.

There are two standard devices included in the cost: the VeriFone Vx510i (integrated PIN pad) and the VeriFone Vx510e (external PIN pad). The reason for two different devices is to address different store configurations. The VeriFone Vx510i could be used in locations where the cashier and the EBT cardholder could both easily access the machine since PIN entry is performed through the device keypad. The VeriFone Vx510e is used when the cardholder cannot easily access the device and a separate PIN pad is needed that could be handed to the customer for PIN entry. The estimated cost for each of these devices based on recent pricing provided by EBT processors follows:

- ▶ VeriFone Vx510i (integrated PIN pad): \$16/month
- ▶ VeriFone Vx510e (external PIN pad): \$18/month

The VeriFone Vx510e costs slightly more because of the addition of the external PIN pad. The cost assumes half of the devices would be VeriFone Vx510i terminals and half would be VeriFone Vx510e terminals.

In addition to the wired devices, the cost (as for the full SNAP model) includes equipment for roadside and mobile vendors (e.g., farmers’ markets) that sell fresh fish and produce. Wireless point-of-sale devices would be provided to roadside and mobile vendors (estimated at 7). Overall, the estimate assumes 79 EBT-only terminals (72 wired and 7 wireless) would be provided.

Under NAP, program costs are 100 percent federally funded through the block grant. This means the implementation and operational costs must be funded through NAP grant money or additional funding provided by the CNMI government. Under this alternative, the CNMI would not be responsible for any funds related to operating EBT.

Table D.2. Estimated Operational Costs for NAP EBT

Costs	Assumption for Cost	Number	Item Cost	Total
CNMI Agency				
EBT support staff member (FTE)	Support retailers, local offices, card issuance	0.5	N/A	\$13,991
EBT Contractor				
CPCM price	Estimate for a small State	9,184	\$2.05	\$18,827
EBT-only Vx510i devices	Recent bids	36	\$16.00	\$576
EBT-only Vx510e devices	Recent bids	36	\$18.00	\$648
EBT-only wireless Vx680 point-of-sale devices	Recent bids	7	\$25.00	\$175
Total Monthly Invoice				\$20,227
Total EBT Monthly Cost				\$34,218
Total EBT Annual Cost				\$410,616

C. Timeframe

Table D.3 illustrates the timeframes for each phase of EBT implementation. The timeframes for this option are longer than typical for SNAP implementation because NAP EBT implementation is not a standard process. SNAP and WIC EBT implementation timeframes have been used as a guideline for a NAP EBT implementation, but it is assumed all phases would require additional time compared to SNAP and WIC implementations.

Table D.3. EBT Implementation Project Phases

Phase	SNAP-Like	Notes
Planning	9–12 months	None
Procurement	6–8 months	None
Design/development	6–8 months	None
Testing	3–4 months	May overlap with design/development
Pilot	3 months	None
Rollout (two phases)	1 rollout per month	None
Ongoing operations	Begins when rollout is complete	None
Total Time	Maximum: 36 months Minimum: 26 months	Minimum time includes testing overlap with design/development

Appendix E. Detailed Description of Stakeholder Analysis

A primary purpose of this study was to speak with different NAP program participants and other key stakeholders to help identify potential challenges or barriers to implementation of SNAP in the CNMI. By investigating the context in which the CNMI's NAP operates, including how community-based organizations and other local charitable organizations coordinate with or support NAP, it was possible to identify factors conducive to a successful transition to SNAP.

A comprehensive stakeholder analysis was conducted between June and November of 2014 involving 77 semi-structured, in-person interviews during three weeklong site visits to the CNMI to collect the data for this study. The primary goal of the stakeholder analysis was to identify potential barriers to full SNAP implementation and assess the potential impacts of a transition to SNAP on various stakeholders. The objective of this research was to determine the following:

1. What is the existing capacity of the CNMI to extend and limit participation to eligible SNAP households?
 - a. How would changes to the certification and recertification process, including the information and reporting requirements, affect low-income CNMI residents?
 - b. How would changes to the retailer certification and recertification process, including the information and reporting requirements, affect low-income CNMI retailers?
 - c. How would removing eligible nonfood items affect stock and sales among certified retailers and participants?
 - d. How would removing the local product requirement affect stock and sales among certified retailers and participants?
2. What is the existing capacity of the CNMI to implement EBT?
 - a. How do current NAP participants obtain and use their benefits, and how would a transition to SNAP affect them?
 - b. How would a transition to SNAP affect where and how benefits are issued and redeemed? What are the barriers to EBT implementation, if any?
3. What is the existing capacity of the CNMI to implement program integrity?
 - a. What are retailers' and program participant's perspectives on fraud and how might it change under SNAP?
4. What is the existing capacity of the CNMI to implement a SNAP E&T program?
 - a. How would a transition to NAP work requirements affect participants?
 - b. What are the benefits of a voluntary versus a mandatory program, and which would be feasible in the CNMI?

The following sections describe the research methods used to perform the stakeholder analysis. Section A describes the selection of stakeholder groups, procedures for recruiting participants from each group, and the development of semi-structured interview protocols to collect data. Section B describes the methods for data collection and analysis. Section C provides an overview of the respondents by stakeholder group.

A. In-Depth Interviews

This section describes the sampling/recruitment and instrument development for the in-depth interviews with stakeholders. To address the study questions, the study team sought input from a wide range of individuals including (1) NAP-certified retailers, (2) NAP participants (and their authorized representatives), (3) low-income nonparticipants, (4) community-based organizations that serve NAP participants, and (5) employment and training providers that serve clients of CNMI's WIA. The discussion below identifies how the study team identified and recruited the stakeholders and developed the study protocols for each stakeholder group.

1. Identifying and Recruiting Stakeholders

The five stakeholder groups were identified through a variety of methods, including discussions with CNMI's DCCA and DOL and background research on CNMI food assistance organizations and work training programs. Further details follow.

a. Certified NAP Retailers

DCCA provided a complete list of the authorized retailers on Saipan, Rota, and Tinian. This list assigned retailers to different categories, ranging from roadside vendors to supermarkets. Retailers were randomly selected from each category in approximate proportion to their size in the overall population. To facilitate recruitment, an advance letter was sent to each selected retailer informing the retailer of the study and the upcoming site visits. Insight also hired and trained a local interviewer on Saipan to both recruit and schedule interviews with NAP retailers. Because many of the retailers on Saipan are Chinese and Korean immigrants with limited English proficiency, two interpreters were used to assist with this process. The interpreters also translated the study's informational materials and consent forms.

A total of 41 retailers were interviewed. Of the 41 NAP retailer interviews conducted, 33 were on Saipan, 4 on Rota, and 4 on Tinian.²¹

b. NAP Participants

NAP participants were recruited by DCCA staff on Saipan, Rota, and Tinian. On Saipan, the second site visit coincided with benefit issuance, and participants were recruited while waiting to receive their NAP coupons. On Rota and Tinian, DCCA placed an informational flyer about the study, along with a sign-up sheet, at the distribution sites prior to the study team's site visits. Participants wrote their name, telephone number, and household size on the sign-up sheet. Individuals were purposefully selected from the resulting list to ensure households of various sizes were represented in the study. Of the 18 NAP participant interviews conducted, 10 were on Saipan, 4 on Rota, and 4 on Tinian.

c. Low-Income Nonparticipants

The study team interviewed low-income nonparticipants who were identified as being eligible for SNAP. This stakeholder group was identified and recruited with the help of the CNMI DOL's WIA office, which was helping the individuals look for work. Five nonparticipants with low incomes were identified and

²¹ Interviews were conducted with 17 small or medium grocery stores, 7 supermarkets, 7 general stores, 6 convenience stores, 1 bakery, 1 roadside vendor, 1 specialty store, and 1 other combination grocery store.

recruited by the WIA office. All low-income participants were participating in WIA programs and were located on Saipan.

d. Community-Based Organizations

There are few community-based organizations (CBOs) in the CNMI, and even fewer that provide food assistance. The study team identified CBOs through extensive background research. In total, three CBOs that provide food assistance on Saipan were contacted and recruited by the study team.

e. Employers and Training Providers

The study team interviewed both (1) employers that provide on-the-job training and work experience through WIA and (2) training providers to which WIA clients are referred. The CNMI DOL WIA office helped arrange the 11 interviews. All respondents were located on Saipan.

2. Instrument Development

A separate interview protocol was designed for each of the stakeholder groups. FNS reviewed the protocols prior to testing and implementation. Comments were incorporated and protocols were reviewed again for consistency of questions. To ensure the protocols were effective in eliciting information and addressing the study questions, pretests were conducted with both NAP retailers and NAP participants during the first site visit to the CNMI. Questions were then modified based on the pretest results.

a. Certified NAP Retailers

Retailers were asked detailed questions regarding their establishments, the NAP application process, NAP operations, NAP participants' shopping patterns, retailer and participant fraud, and the possible transition to SNAP and EBT. The interview topics included the following:

- ▶ Retailer information
- ▶ Credit/debit transactions and cash register systems
- ▶ Frequency and length of power/phone/Internet outages
- ▶ Communication with NAP
- ▶ NAP application and certification process
- ▶ Access of NAP participants to retailers
- ▶ Participants' use of NAP benefits
- ▶ Retailer and participant fraud
- ▶ Redeeming NAP coupons
- ▶ Impact of potential changes to SNAP

b. NAP Participants

Interviews were conducted with current NAP participants (or their authorized representatives) to learn about their use of NAP benefits, other sources of assistance or support, and barriers to employment in the CNMI. The interviews also explored how participants would be affected by a transition to SNAP and

the removal of local product coupons and eligible nonfood items from the benefit. Questions largely focused on participants' experiences with NAP and the perceived impact of changes to NAP. Specific interview topics included the following:

- ▶ Participant information
- ▶ Employment and other benefits
- ▶ Communication with NAP
- ▶ Computer access and literacy
- ▶ Debit/credit card use
- ▶ NAP application and recertification process
- ▶ Benefit issuance
- ▶ Use of NAP benefits
- ▶ Adequacy of benefit
- ▶ Access to NAP retailers
- ▶ Impact of potential changes to SNAP

c. Low-Income Nonparticipants

Interviews with low-income nonparticipants helped the study team explore possible barriers to participation and how low-income residents might be affected by a transition to SNAP. The interview topics included the following:

- ▶ Nonparticipant information
- ▶ Employment and other benefits
- ▶ Computer access and literacy
- ▶ Debit/credit card use
- ▶ NAP history
- ▶ Reasons for not applying or application denial
- ▶ Food shopping habits
- ▶ Impact of potential changes to SNAP

d. CBOs

The CBO interviews were designed to elicit information about the role organizations play in providing a nutrition safety net in the CNMI and the extent to which they coordinate with NAP. Interview topics included the following:

- ▶ Organization information
- ▶ Assistance provided and population served
- ▶ Cooperation with DCCA and NAP
- ▶ Employment barriers and work training

- ▶ Food security
- ▶ Use of NAP benefits
- ▶ Adequacy of benefit
- ▶ Barriers to receiving NAP
- ▶ Other forms of assistance available
- ▶ Perspectives on NAP
- ▶ Impact of potential changes to SNAP

e. E&T Providers

The interviews with both employers and E&T providers assessed the capacity of these organizations to serve SNAP E&T participants. In total, 10 E&T providers were interviewed. Topics included the following:

- ▶ Business background
- ▶ Job vacancies and required skills
- ▶ Work training
- ▶ Barriers to training
- ▶ Current and future training capacity

B. Data Collection and Analysis

Stakeholder interviews were conducted during three separate site visits to the CNMI, beginning in June 2014 and ending in November 2014. Interviews lasted up to 60 minutes and were conducted in English, Chinese, or Korean, depending on the participant's preference. Of the 77 interviews conducted across all stakeholder groups, 58 were in English, 16 in Chinese, and 3 in Korean. To the extent possible, interviews took place in a private location such as an enclosed office.

Interviewers took detailed notes during each interview, and with participant consent, recorded the conversations. Translators were present during each non-English interview and respondent answers were translated throughout the interview, allowing researchers to ask follow-up questions through the interpreter.

To ensure accurate synthesis and analysis of the stakeholder interviews, participant data were transcribed and coded in NVivo 10 qualitative data analysis software to further facilitate the identification of key themes. Retailer quantitative data were transferred to a Microsoft Excel database to facilitate categorization of data. Many of the themes were directly related to the research questions, but additional themes were identified based on information provided during the interviews.

From these interviews, the study team gained a thorough understanding of how NAP is implemented at the local level and factors that affect the quality of a SNAP implementation. The team also identified changes to the program that might affect NAP retailers, NAP participants, and low-income residents.

C. About the Respondents

This section describes the interviewed respondents in more detail.

1. Certified NAP Retailers

The 41 retailers represented a diverse group of businesses—grocery stores, convenience stores, bakeries, roadside vendors, general stores, and specialty stores—operating across Saipan, Rota, and Tinian. All stores were identified by DCCA as possessing a valid license to accept NAP. Respondents’ businesses were in operation between 6 months and 43 years at the time of the site visits, with the majority of stores being NAP certified for most of the time the business was operating. Respondents identified themselves as owners, managers, or accountants for their businesses. Of the 41 retailer interviews, 22 were conducted in English, 16 in Chinese, and 3 in Korean. The retailers interviewed on Rota and Tinian all spoke English.

Retailers’ stores were generally small in comparison to their U.S. counterparts. Approximately three-quarters of stores owned by interviewed retailers had one checkout lane; nearly all the remaining stores had two lanes. Many interviewed retailers—about two-thirds—sold eligible nonfood items as well as food items.

2. NAP Participants

The 18 NAP participant interviews represented 13 female and 6 male respondents. Respondents ranged from 26 to 61 years old. Eight respondents were authorized NAP representatives from the Philippines or Micronesia who received benefits on behalf of their children or grandchildren. All the authorized representatives had been living in the CNMI for more than 5 years and appeared eligible for permanent residency but had not applied for a green card. Respondents reported receiving benefits for as little as 1 year to as long as 15 years.

Participants indicated various circumstances that led to their participation in NAP, including loss of employment, difficulty finding employment, decreased salary or hours, caring for dependents, and/or the birth of a child. Most male respondents had part-time work and about half of the female respondents had husbands who worked part-time or odd jobs; however, none of the income-earners earned enough to support their families. Most respondents had children, and a significant minority indicated that providing childcare was a barrier to finding employment. A significant minority also indicated they had not completed high school. Among those who had completed high school, about half had received some postsecondary education or vocational training.

Approximately half of participants resided in a rental property and about half lived rent-free on their own or another person’s land. Among those who paid rent, payments ranged from about \$120 to \$325.

Because the CNMI lacks numeric street addresses, participants’ mail has to be delivered to a post office box. Participants often lacked their own post office boxes because of a shortage of available boxes on Saipan and a waiting list of several years. More than half of interviewed NAP participants (or representatives) and low-income nonparticipants indicated they share a post office box with extended family and occasionally friends. A significant minority said they do not check their mail frequently (1–2 times per month).

Utility expenses are high in the CNMI, and participants employed a number of strategies to lower their energy costs.²² Participants described limiting their electricity and water use by cooking with portable butane stoves or firewood instead of electric stoves or ovens, not running air conditioning units, limiting fan and light usage, reducing water flow in showers, etc.

²² Power bills from the Commonwealth Utilities Corporation have two components: (1) the base rate for electricity and (2) a Levelized Energy Adjustment Clause fuel charge that is adjusted depending on the price of oil.

Nearly half of the NAP participants indicated they do not own a computer. Despite this lack of ownership, many still had access to computers and the Internet through extended family, friends, neighbors, Internet cafes, and the local library. When asked how comfortable they felt using a computer and navigating the Internet, most NAP participants indicated they were familiar or proficient in its use. Of the few individuals who were computer illiterate, nearly all had a relative or child who could assist them.

Participation in Federal benefit programs varied among and within respondent households, likely because of the mixed-citizenship status of many households. Nearly all respondent households had individuals, most often children, enrolled in Medicaid. Respondents with children also frequently reported receipt of free school meals through the CNMI's Child Nutrition Program Block Grant. A significant minority of the households received energy assistance or subsidized Internet/telephone service. Very few respondent households received free housing or Social Security Disability Insurance.

3. Low-Income Nonparticipants

The five low-income nonparticipants included two female respondents and three male respondents, all of whom were in their early 20s. Respondents were participating in WIA programs at the time of the interview and were identified as being eligible for SNAP by the CNMI DOL. All respondents had some degree of postsecondary education or vocational training, often through WIA. One male and one female were employed part-time when interviewed, and all respondents lived in a household with an employed family member. Respondents provided various reasons when asked why they were not participating in NAP, including presumed ineligibility, a denied NAP application, a stigma against NAP among family members, and a lack of food insecurity.

4. CBOs

The three CBOs that participated in this study included a large, international charitable organization and two local nonprofits that provide a variety of social services. The large charitable organization organizes a weekly soup kitchen on Saipan and provides food assistance during times of disaster. One of the local CBOs operates an emergency food and shelter assistance program which covers CNMI residents' food expenses for 1–2 months each year; however, limited funding restricts its capacity to help clients throughout the entire year. The other local CBO provides referral services and directs its clients to other organizations, such as DCCA, that can meet their needs. While the organizations do not provide NAP application assistance, they do refer clients to the NAP office.

5. E&T Providers

The 10 E&T providers that participated in this study included seven employers and three training providers. The employers provide on-the-job training and work experience programs through WIA, which subsidizes trainees' salaries. These respondents included directors and human resources staff. Employers themselves represented a variety of industries ranging from health care to hospitality. Training providers provided training to WIA clients in a variety of skills and trades such as nursing, phlebotomy, medical billing, construction, culinary arts, general work skills, to name a few.

Appendix F. Detailed Description of Microsimulation Model

This appendix describes the technical approach used to estimate the change in the number of participating units under SNAP compared with NAP in the CNMI. The approach involved modeling a simplified version of SNAP eligibility rules using demographic and income data from the 2010 CNMI Decennial Census (2010 Census). Estimates of the change in the number of participating units under SNAP in the CNMI were used as an input to the administrative cost model to assess the number of caseworkers and appropriate infrastructure changes that might be needed for a transition from NAP to SNAP.

A. Overview of Microsimulation Approach To Estimate Change in Eligibility and Participation

To estimate shifts in participation from a transition from NAP to SNAP, the study team developed a microsimulation model that used 2010 Census microdata and a simplified version of SNAP eligibility rules to estimate the number of household units (hereafter referred to as units) eligible for SNAP. The study team then estimated the percentage of eligible units that would likely participate and compared the results with administrative data on NAP participants from the CNMI's DCCA for the same period. The approach uses the SNAP "synthetic" eligibility routines originally developed by Newman and Scherpf (2013) for the American Community Survey (ACS), adapted for the 2010 Census data by Insight and Decision Demographics.²³

The microsimulation model is composed of a microdatabase and a computer program. The microdatabase uses 2010 Census data, which collects annual income and program participation for the preceding year (CY 2009) for the April 2010 CNMI population. The model's computer program codes the rules of SNAP and then simulates what a caseworker does—that is, it forms assistance units from households and applies the eligibility rules to determine whether each unit in the database is eligible for the program. An indicator of eligibility for the program is then stored as a new variable in the microdatabase. Although SNAP eligibility is based on monthly income, the 2010 Census collected data on annual income.²⁴ As a result, the 2010 Census-based model provides estimates of the number of units that would be eligible on average in the preceding year based on their CY 2009 annual income.^{25, 26} See below for the 2009 SNAP eligibility rules, values, and assumptions used in the model.

To estimate the percentage of eligible units that would participate, the study team used assumptions for the likely participation rate among SNAP-eligible units. These assumptions were used because there is

²³ Newman and Scherpf (2013) developed the SNAP eligibility routines for a study that linked SNAP administrative records from Texas to the ACS to estimate SNAP access rates.

²⁴ Newman and Scherpf (2013) did not make any adjustments to annual income; they used reported annual income as a ratio of the annual poverty thresholds to determine SNAP eligibility. They considered adjusting annual earned income based on employment data or adjusting the gross and net income thresholds by a multiplier to account for the volatility of monthly income compared with annual income. However, they did not make any adjustments, partly because they found that adjusting the income thresholds made only a small difference in the eligibility rate.

²⁵ Because of fluctuations in monthly income, particularly for the low-income population, units may have 1 or more months of low income that qualify them for SNAP eligibility though their annual income exceeds the income eligibility limits. That is, units with annual incomes above 130 percent of the Federal poverty level may qualify for SNAP for part of the year. Therefore, the estimates of SNAP eligible units based on annual income may underestimate the actual number of eligible units in a given month.

²⁶ To be consistent with the CY 2009 values in the 2010 Census, all monthly FY 2009 SNAP eligibility thresholds were adjusted to reflect 2009 CY values.

no information on the participation rate among current NAP eligible units.²⁷ The estimates assume a participation rate of 91.8 percent for eligible units with income at or below 100 percent of the Federal poverty guidelines, and a rate of 31.9 percent for eligible units with income above 100 percent of the Federal poverty guidelines for an overall participation rate of 89.4 percent. These assumptions are based on the U.S. participation rate among these income groups (Eslami, 2014).

To assess the change in the number of participating units under SNAP relative to NAP, the study team compared the average 2009 SNAP participation based on the Census-based model with the average 2009 NAP participation based on DCCA administrative data.²⁸ To derive the 2013 number of SNAP participating units, the team applied the 2009 percentage increase in participation under SNAP to the 2013 administrative data on NAP participating units from the CNMI's DCCA.

The following describes the eligibility determination assumptions and approach used to model basic Federal rules for SNAP eligibility in the CNMI using 2010 Census data.²⁹ SNAP eligibility rules are described, followed by how the study team modeled the rules given the limitations of the CNMI Census data. In general, the approach used in the CNMI Census model closely follows the approach developed and used by Newman and Scherpf (2013) for the ACS-based model adapted to CNMI Census data. Following is a discussion on how the rules were applied to determine SNAP eligibility and how the number of participating units was estimated (sections A through C). Key findings are highlighted in section D.

B. Modeling SNAP Eligibility Rules on 2010 Census Data

The following describes SNAP eligibility rules and how the study team modeled the rules using 2010 Census data:

1. **SNAP Units.** Under SNAP rules, a SNAP unit is defined as individuals who live together and customarily purchase and prepare food together. However, spouses must apply together and parents must apply with their children younger than age 22 if they are living in the same household (even if the children have spouses or children of their own). Certain individuals are categorically ineligible for SNAP, including (1) most individuals living in group quarters, (2) most postsecondary full-time students, and (4) ineligible noncitizens.
 - **Simulation Approach.** The 2010 Census does not provide information on who purchased and prepared food together or how individuals unrelated to the household head were related to one another. Therefore, SNAP unit formation is imputed within each Census dwelling unit following the rules described above. The study team assumed families and subfamilies form separate units in most cases; however, unmarried partners and their children, foster children, and children of the householder who have their own subfamilies but who are younger than age 22 are included in the householder's unit.³⁰ Unrelated individuals form their own units; and individuals in group quarters and most postsecondary full-time students are excluded.

²⁷ If the actual participation rate is greater than the rate assumed here, the number of eligible units that participate will be higher than the estimates presented in this report; if the actual participation rate is lower, the number of eligible units that participate will be higher than the estimates presented.

²⁸ The FY 2009 number of NAP participating units based on DCCA administrative data was adjusted from FY values to CY values to be consistent with 2010 Census data, which is based on 2009 CY values.

²⁹ See USDA FNS (2013) for Federal SNAP eligibility requirements.

³⁰ For SNAP units formed from a larger household that does not contain the reference person from the household, a reference person is selected using an algorithm that takes into account the individual's age and relationship to the household reference person, and the SNAP unit reference person must be 18 or older.

2. **Identify Eligible Noncitizens.** The following groups of lawful permanent resident noncitizens were eligible for SNAP in 2009:
 - a. Noncitizens younger than 18
 - b. Noncitizens receiving disability benefits
 - c. Noncitizens who have lived legally in the United States for more than 5 years
 - d. Noncitizens who were admitted as refugees or granted asylum or a stay of deportation
 - e. Other groups of noncitizens, such as lawful permanent residents with a military connection or with 40 qualifying quarters of work

Noncitizens who are temporary residents or tourists are generally not qualified aliens and therefore are ineligible for SNAP.

- **Simulation Approach.** The 2010 Census identifies only two groups of noncitizens: (1) permanent residents and (2) temporary residents. It does not identify noncitizens admitted as refugees or granted asylum or individuals with 40 qualifying quarters of work. Therefore, the study team identified noncitizens as authorized (potentially eligible) for SNAP in the CNMI Census model if they are permanent residents who meet at least one of the following conditions:

- a. Younger than 18
- b. Receiving disability benefits (SSI receipt is used as a proxy for disability)
- c. Has lived legally in the United States for more than 5 years³¹
- d. Has a military connection (served in the military or had a parent or spouse who served)

All remaining noncitizens (including all temporary residents) are identified as ineligible noncitizens. All ineligible noncitizens are removed from the unit, and their income is prorated across the remaining members.

3. **Identify Disabled Individuals.** The definition of disability under SNAP is generally based on receipt of Federal disability benefits, including SSI and other disability payments.
 - **Simulation Approach.** The study team used receipt of SSI as a proxy for receipt of disability benefits for SNAP eligibility. Receipt of SSI may underestimate the total population with disabilities because some individuals with disabilities may also receive other types of disability payments not reported in the census data.

4. **Determine Categorical Eligibility.** Under Federal SNAP rules, units in which all members receive cash benefits from SSI, TANF, or in some places, from General Assistance are categorically eligible for SNAP. Individuals in these “pure public assistance” units are not subject to SNAP income and asset limits.
 - **Simulation Approach.** The CNMI has an SSI program but not a TANF program. Therefore, the study team assigned categorical eligibility to units in which all members receive SSI. Many States also have *expanded* categorical eligibility for units that receive TANF-funded noncash services, but this was not modeled because the CNMI does not receive any TANF block grant funds and does not have a TANF program.

³¹ Permanent residents with more than 40 quarters of work are largely captured by those who have lived legally in the United States for more than 5 years.

5. Determine Income Eligibility. To meet Federal income limits, eligible SNAP units without a member who is elderly or has a disability must have gross countable income no greater than 130 percent of HHS poverty guidelines and net income no greater than 100 percent of HHS poverty guidelines.³² SNAP units with a member who is elderly or has a disability face only the net income limit of 100 percent of HHS poverty guidelines (HHS, n.d.b).³³ Net income for SNAP is calculated by subtracting allowable deductions from gross income. SNAP deductions include a standard deduction given to all SNAP units and deductions for earned income, dependent care expenses, medical expenses (for individuals who are elderly or who have a disability), child support payments, and excess shelter expenses, when applicable.
- **Simulation Approach.** The 2010 Census reports annual income for CY 2009. Since SNAP eligibility thresholds are based on monthly values, the study team adjusted all monthly income threshold values to be in CY 2009 annual dollars for comparison with 2009 annual income reported in the CNMI Census. The team took a weighted average of FY 2009 and FY 2010 income guidelines to represent the CY 2009 period referenced in the CNMI Census data as follows: $\frac{3}{4} \times$ FY 2009 poverty guidelines (for January 2009–September 2009), plus $\frac{1}{4} \times$ FY 2010 guidelines (for October 2009–December 2009).³⁴ The study team made similar adjustments to ensure all deductible expenses and thresholds were in CY 2009 values to be consistent with the reference periods used in the CNMI Census.
 - **Gross income.** Gross income was defined as the sum of all personal income received by each unit member, including wage or salary, self-employment income, interest, dividends, net rental income, Social Security or Railroad Retirement income, any public assistance or welfare payments (including Supplemental Security Income, retirement, survivor, or disability pensions), any remittances, and any other sources of income received regularly including Veteran’s payments, unemployment compensation, child support or alimony. A prorated share of the income of SNAP unit members who were ineligible because of their noncitizenship status was included in the total income for the unit. The team used SNAP gross income limits for the continental United States, Guam, and the U.S. Virgin Islands (see tables F.3 and F.4 for the FY 2009 and 2010 guidelines used to derive the weighted CY 2009 values).
 - **Net income.** Net income was defined as gross income minus the standard deduction, the 20-percent earned income deduction, and shelter costs in excess of half of adjusted income subject to a limit. Because the 2010 Census provides no information on deductible dependent care expenses, medical expenses, or child support payments, deductions for these expenses were not included in the estimates. The study team used FY 2009 and FY 2010 SNAP net income screen amounts for the continental United States, Guam, and the U.S. Virgin Islands for the CNMI (see tables F.5 and F.6 for the FY 2009 and 2010 guidelines used to derive the weighted CY 2009 values). For the deduction amounts (since there are separate higher values for Guam), the study team

³² The HHS poverty guidelines are a simplified version of the Federal poverty thresholds used for administrative purposes such as determining financial eligibility for SNAP. They are issued each year in the *Federal Register* by HHS. For a detailed explanation of the difference between Federal poverty thresholds and HHS poverty guidelines, see ASPE (HHS Office of Assistant Secretary for Planning and Evaluation), n.d.a.

³³ See USDA FNS n.d.a for the poverty guidelines used to determine SNAP income eligibility standards for the continental United States, Guam, and the U.S. Virgin Islands for FY 2014 and other years.

³⁴ Newman and Scherpf (2013) did not make any adjustments to annual income; they used reported annual income as a ratio of the annual poverty thresholds to determine SNAP eligibility. They considered adjusting annual earned income based on employment data or adjusting the gross and net income thresholds by a multiplier to account for the volatility of monthly income compared with annual income. However, they did not make any adjustments both because of time and resource constraints and because they found that adjusting the income thresholds made only a small difference in the eligibility rate.

used the standard deduction and maximum shelter deduction amounts used for Guam rather than the amounts used for the continental United States (see tables F.7–F.10 for the FY 2009 and 2010 values used to derive the weighted CY 2009 values). Although States have an option to use a standard utility allowance for some units in determining shelter costs, the study team used reported shelter costs for all units in the CNMI, both because shelter costs are generally higher in the CNMI than in the continental United States and because there is no basis on which to determine the Standard Utility Allowance values that might be used for SNAP in the CNMI.

6. **Determine Asset Eligibility.** The Federal asset limit in 2009 for eligible SNAP units without a member who is elderly or has a disability was \$2,000; for eligible SNAP units with an elderly or disabled member, the asset limit was \$3,000.
 - **Simulation Approach.** The 2010 Census provides no information on nonvehicular financial asset balances. It does have information on the number of vehicles in each unit but not on the value of the vehicles or which unit members own the vehicles. The study team used the number of vehicles per unit as a proxy for assets. Units with two or more vehicles were considered asset-ineligible.

C. Applying SNAP Rules To Determine Eligibility

Based on the approach and assumptions outlined above, the study team identified units in the CNMI Census data as eligible for SNAP if—

- ▶ Unit is identified as categorically eligible, or
- ▶ Gross income is \leq 130 percent of the HHS poverty guidelines by unit size (adjusted for the CY 2009 reference period) used for the continental United States, Guam, and the U.S. Virgin Islands (for units with no elderly or disabled members), and
- ▶ Net income is \leq 100 percent of the HHS poverty guidelines by unit size (adjusted for the CY 2009 reference period) used for the continental United States, Guam, and the U.S. Virgin Islands (for all units), and
- ▶ Unit has two or fewer vehicles

D. Estimating Number of Participating Units

In addition to estimating the number of CNMI units that would be eligible under SNAP, the study team also estimated the percentage of eligible units that would likely participate. There is no information on the participation rate among current NAP eligible units, so the team developed assumptions for the likely participation rate among units eligible under SNAP. The team considered several different

assumptions for the participation rate to derive a low, medium, and high estimate of the percentage of eligible units that would participate under SNAP:

- ▶ **Low Estimate:** Assume a participation rate equal to the overall rate in the United States in FY 2010 (74.6 percent among all eligible units) (Eslami, 2014).
- ▶ **Mid-Level Estimate:** Assume a participation rate of 91.8 percent for eligible units with income at or below 100 percent of HHS poverty guidelines, and a rate of 31.9 percent for eligible units with income above 100 percent of HHS poverty guidelines (based on the U.S. rate among these income groups) (Eslami, 2014).³⁵
- ▶ **High Estimate:** Assume 100 percent of eligible units would participate.

The study team selected the mid-level participation rate estimate, which involved assigning 91.8 percent of eligible units with income at or below 100 percent of the poverty guidelines and 31.9 percent of eligible units with income above 100 percent of the poverty guidelines to participate in SNAP (resulting in an overall participation rate of 89.4 percent).

E. Findings

The results of the 2010 Census-based model indicated the average number of units that would be eligible for SNAP based on CY 2009 annual income was 8,460 units, and that 89.4 percent, or 7,567 units, would participate (see table F.1). Similarly, the average number of individuals in those eligible units was estimated at 24,977 individuals, and 89.5 percent, or 22,350 individuals, would participate. Therefore, implementation of SNAP in the CNMI would increase the number of units that receive nutrition assistance by a factor of 2.6 (or 164.7 percent) and would increase the number of individuals that receive nutrition assistance by a factor of 2.8 (or 175.6 percent).³⁶

To assess the change in the number of participating units under SNAP relative to NAP in FY 2013, the study team applied the percentage increase in the number of participating units under SNAP based on the CNMI-based model (164.7 percent, or a factor of 2.6) to the FY 2013 number of NAP participating units based on 2013 DCCA administrative data (table B.2).³⁷ The resulting estimated FY 2013 number of SNAP participating units was approximately 9,184, and the number of participating individuals was 25,770.

³⁵ See Eslami (2014), table C.6.

³⁶ The FY 2009 number of NAP participating units was adjusted to derive a CY 2009 number of NAP participating units for comparison with the CY 2009 number of SNAP participating units estimated based on the 2010 Census-based model. Similarly, the FY 2009 number of NAP participating individuals was adjusted to derive a CY 2009 number of NAP participating individuals. The CY 2009 number of NAP participating units and individuals (rather than FY 2009) was used to derive the 2.6 factor increase in participating units under SNAP and the 2.8 factor increase in participating individuals.

³⁷ Similarly, to estimate the number of participating individuals under SNAP relative to NAP, we applied the percentage increase in the number of individuals in the participating units under SNAP based on the CNMI model (175.6 percent, or a factor of 2.8) to the FY 2013 number of NAP participating individuals based on 2013 DCCA administrative data.

Table F.1. Comparison of Participation Under NAP and SNAP in the CNMI, 2009

Unit of Analysis	NAP	SNAP	Percent Change	Ratio of SNAP to NAP
Number of eligible units	N/A	8,460	N/A	N/A
Number of participating units	2,859	7,567	164.7	2.6
Number of individuals in eligible units	N/A	24,977	N/A	N/A
Number of individuals in participating units	8,108	22,350	175.6	2.8

N/A = not applicable

Sources: NAP: CNMI NAP administrative data on NAP participating units and individuals in an average month in CY 2009 from DCCA. SNAP: 2010 Census-based microsimulation model providing estimates of the average number of eligible units and individuals in CY 2009.

The SNAP model originally was developed by Newman and Scherpf (2013) using ACS data and adapted to 2010 Census data by Insight and Decision Demographics.

The 2010 Census collected annual income data for CY 2009. Therefore, the 2010 Census-based model provides estimates of the number of units that would be eligible for SNAP on average based on CY 2009 annual income.

Table F.2. Comparison of Participation Under NAP and SNAP in CNMI, 2013

Unit of Analysis	NAP	SNAP	Percent Change	Ratio of SNAP to NAP
Number of eligible units	N/A	10,268	N/A	N/A
Number of participating units	3,470	9,184	164.7	2.6
Number of individuals in eligible units	N/A	28,811	N/A	N/A
Number of individuals in participating units	9,349	25,770	175.6	2.8

N/A = not applicable

Sources: NAP: CNMI NAP administrative data on NAP participating units and individuals in an average month in FY 2013 from DCCA. SNAP: 2010 Census-based microsimulation model

The 2013 number of SNAP participating units and individuals is derived by applying the increase in participation under SNAP based on the 2009 CNMI Census-based microsimulation model (2.6 times the number of NAP units and 2.8 times the number of NAP individuals) to administrative data on NAP participating units and individuals in 2013.

F. Detailed Tables Used for Microsimulation: Gross Monthly Income, Net Monthly Income, Standard Deductions, and Maximum Excess Shelter Deductions for 2009 and 2010

Table F.3. FY 2009 Gross Monthly Income Eligibility Standards (130 Percent of Federal Poverty Guidelines)

Unit Size	48 States	Alaska	Hawaii
1	\$1,127	\$1,409	\$1,296
2	1,517	1,896	1,745
3	1,907	2,384	2,193
4	2,297	2,871	2,642
5	2,687	3,359	3,090
6	3,077	3,846	3,539
7	3,467	4,334	3,987
8	3,857	4,821	4,436
Each additional member	+390	+488	+449

Table F.4. FY 2010 Gross Monthly Income Eligibility Standards (130 Percent of Federal Poverty Guidelines)

Unit Size	48 States	Alaska	Hawaii
1	\$1,174	\$1,466	\$1,350
2	1,579	1,973	1,816
3	1,984	2,480	2,282
4	2,389	2,987	2,748
5	2,794	3,494	3,214
6	3,200	4,001	3,679
7	3,605	4,508	4,145
8	4,010	5,015	4,611
Each additional member	+406	+507	+466

Table F.5. FY 2009 Net Monthly Income Eligibility Standards (100 Percent of Federal Poverty Guidelines)

Unit Size	48 States	Alaska	Hawaii
1	\$ 867	\$1,084	\$ 997
2	1,167	1,459	1,342
3	1,467	1,834	1,687
4	1,767	2,209	2,032
5	2,067	2,584	2,377
6	2,367	2,959	2,722
7	2,667	3,334	3,067
8	2,967	3,709	3,412
Each additional member	+300	+375	+345

Table F.6. FY 2010 Net Monthly Income Eligibility Standards (100 Percent of Federal Poverty Guidelines)

Unit Size	48 States	Alaska	Hawaii
1	\$ 903	\$1,128	\$1,039
2	1,215	1,518	1,397
3	1,526	1,908	1,755
4	1,838	2,298	2,114
5	2,150	2,688	2,472
6	2,461	3,078	2,830
7	2,773	3,468	3,189
8	3,085	3,858	3,547
Each additional member	+312	+390	+359

Table F.7. FY 2009 Monthly Standard Deductions (October 1, 2008, Through September 30, 2009)

Area	Standard Deductions Unit Size			
	1-3	4	5	6+
48 States and DC	\$ 144	\$ 147	\$ 172	\$ 197
Alaska	246	246	246	246
Hawaii	203	203	203	226
Guam	289	294	344	393
U.S. Virgin Islands	127	147	172	197

Table F.8. FY 2010 Monthly Standard Deductions (October 1, 2009, Through September 30, 2010)

Area	Standard Deductions Unit Size				
	1-2	3	4	5	6+
48 States and DC	\$ 141	\$ 141	\$ 153	\$ 179	\$ 205
Alaska	241	241	241	241	256
Hawaii	198	198	198	205	235
Guam	283	283	305	357	409
U.S. Virgin Islands	124	127	153	179	205

Table F.9. FY 2009 Monthly Maximum Excess Shelter Deductions (October 1, 2008, Through September 30, 2009)

Area	Shelter Deductions
48 States and DC	\$ 446
Alaska	713
Hawaii	601
Guam	524
U.S. Virgin Islands	352

Table F.10. FY 2010 Monthly Maximum Excess Shelter Deductions (October 1, 2009, Through September 30, 2010)

Area	Shelter Deductions
48 States and DC	\$ 459
Alaska	733
Hawaii	618
Guam	538
U.S. Virgin Islands	361

Appendix G. Descriptive Analysis Tables From Chapters 3 and 4

Table G.1. Demographic Characteristics of CNMI and Comparison Groups, 2010

Characteristic	CNMI	Guam	American Samoa	Puerto Rico	U.S. Virgin Islands	United States
Total Individuals	53,883	159,358	55,519	3,725,789	106,405	308,745,538
Age						
Younger than 18	31.8	32.8	42.3	24.2	25.4	24.0
Younger than 5	9.0	9.0	11.9	6.0	7.0	6.5
5–17	22.9	23.9	30.4	18.2	18.4	17.5
18–34	20.5	24.4	23.4	23.3	19.4	23.2
35–64	44.7	36.0	30.3	37.9	41.6	39.7
65 or older	2.9	6.7	4.1	14.5	13.5	13.0
Median	33.4	29.5	22.4	36.9	39.2	37.2
Race/Ethnicity						
Native Hawaiian and Other Pacific Islander	34.9	49.3	92.6	< 0.1	N/A	0.2
Asian	49.9	32.2	3.6	0.1	N/A	4.7
White	2.1	7.1	0.9	0.7	13.5	63.7
Black or African American	0.1	1.0	< 0.1	0.1	66.1	12.2
Hispanic or Latino	0.1	0.8	0.1	99.0	17.4	16.3
Other or multiple	12.9	9.6	2.8	0.1	3.0	2.9
Nativity/Citizenship Status^a						
U.S. native	55.1	68.6	64.5	97.2	66.6	87.1
Born in island of residence	89.5	76.8	89.2	91.8	70.2 ^b	N/A
Born in United States	5.5	16.8	9.6	5.1	23.8	98.4
Born in other U.S. island or Puerto Rico	4.0	3.6	0.1	^c	5.0	1.6
Born elsewhere of U.S. parents	0.9	2.8	1.2	^c	1.0	–
Foreign born	44.9	31.4	35.5	2.8	33.4	12.9
Naturalized U.S. citizen	1.8	12.9	0.5	1.1	21.3	5.6
Not a U.S. citizen or national	43.0	18.5	34.9	1.8	12.2	7.3

Characteristic	CNMI	Guam	American Samoa	Puerto Rico	U.S. Virgin Islands	United States
Language Spoken at Home (aged 5+)^a						
English only	17.0	43.6	3.9	4.1	71.6	79.4
Chamorro	24.1	17.8	–	–	–	–
Carolinian	5.0	–	–	–	–	–
Chinese	6.8	–	–	–	–	–
Philippine	32.8	21.2	–	–	–	–
Spanish	–	–	–	95.7	17.2	12.8
Other	14.3	17.4	96.1	0.1	11.2	7.8
Marital Status (aged 15+)^a						
Married	49.6	37.7	54.0	40.5	37.7	48.8
Never married	38.6	49.9	37.5	36.4	41.5	32.1
Divorced/separated/widowed	11.9	12.4	8.5	23.1	20.8	19.1
Disability Status^a	5.5	7.9	6.5	19.7	9.8	11.9
Younger than age 18	15.2	10.1	10.0	9.3	5.9	8.1
Aged 18–64	64.6	56.3	64.7	52.1	49.8	52.4
65 or older	20.2	33.5	25.3	38.6	44.3	39.5
Educational Attainment (aged 25+)^a						
Less than high school	17.6	20.6	17.9	30.5	31.1	14.4
High school graduate/GED	37.0	33.8	48.3	25.5	30.5	28.5
Some college (including Associate's degree)	25.2	25.3	23.9	21.7	19.2	28.9
Bachelor's degree or higher	20.2	20.4	9.9	22.3	19.2	28.2
Employment (aged 16+)^a						
In labor force (civilian)	72.3	61.4	52.6	47.1	65.7	63.9
Employed (civilian)	88.8	91.8	90.8	81.0	91.3	89.2
Unemployed (civilian)	11.2	8.2	9.2	19.0	8.7	10.8
Armed Forces	< 0.1	4.4	0.3	0.1	0.3	0.4
Not in labor force	27.7	34.2	47.1	52.8	34.0	35.6

Characteristic	CNMI	Guam	American Samoa	Puerto Rico	U.S. Virgin Islands	United States
Industry (civilian employed, aged 16+)^a						
Agriculture, forestry, fishing and hunting, and mining	1.9	0.3	3.0	1.1	0.5	1.9
Construction	7.2	11.6	6.6	5.9	9.1	6.2
Manufacturing	2.8	2.4	16.6	9.5	5.1	10.4
Wholesale trade	2.8	2.9	2.0	3.3	1.6	2.8
Retail trade	10.7	13.0	9.7	13.2	12.6	11.7
Transportation and warehousing, and utilities	5.8	7.6	6.6	3.8	7.7	4.9
Information	2.0	2.6	2.3	1.3	1.8	2.2
Finance and insurance, and real estate and rental and leasing	4.3	5.5	2.4	5.2	5.7	6.7
Professional, scientific, and management, and administrative and waste management services	8.0	8.9	2.0	9.5	7.7	10.6
Educational services, and health care and social assistance	12.4	15.3	20.0	22.4	16.3	23.2
Arts, entertainment, and recreation, and accommodation and food services	22.2	17.4	5.6	8.6	15.7	9.2
Other services, except public administration	10.3	3.6	3.8	5.6	5.2	5.0
Public administration	9.7	8.9	19.4	10.7	11.0	5.2
Occupation (civilian, aged 16+)^a						
Management, business, science, and arts	27.1	27.6	26.9	30.1	26.7	35.9
Service	29.9	21.8	16.8	20.7	24.7	18.0
Sales and office	20.2	26.9	21.0	28.4	25.3	25.0
Natural resources, construction, maintenance	14.4	14.1	14.2	9.5	12.8	9.1
Production, transportation, and material moving	8.3	9.6	21.1	11.3	10.6	11.9
Poverty Status (2009)^a						
Total below the poverty level	51.8	22.5	57.3	45.0	22.2	15.3
Related children < age 18	53.9	31.4	64.0	55.4	30.3	21.2
Aged 65+	32.1	13.4	37.4	39.3	21.9	8.8

N/A = not applicable

Source: U.S. Census Bureau, 2010

^a Data for Puerto Rico and the United States are from the ACS 1-year estimate, 2010; data for other islands are from the 2010 Census (U.S. Census Bureau, 2010).

^b Born in any of the U.S. Virgin Islands (St. Thomas, St. Croix, or St. John)

^c The following categories are not reported separately: born on other U.S. island or elsewhere of U.S. parents

Table G.2. Household Characteristics of the CNMI and Comparison Groups, 2010

Characteristic	CNMI	Guam	American Samoa	Puerto Rico	U.S. Virgin Islands	United States
Total Households	16,035	42,026	9,688	1,376,531	43,214	116,716,292
Household Size^a						
1	22.0	14.7	7.2	23.2	33.9	26.7
2	21.9	21.5	10.5	29.8	29.1	32.8
3–4	32.7	34.4	23.3	36.5	27.0	29.5
5+	23.4	29.4	59.0	10.5	9.9	11.0
Mean	3.3	3.7	5.6	2.7	2.4	2.6
Household Composition						
Family households	66.8	81.4	91.2	73.1	60.7	66.4
Married husband, wife family	61.1	66.7	73.6	61.6	52.0	72.9
Male householder, no wife present	16.2	10.9	8.0	7.5	10.1	7.5
Female householder, no male present	22.7	22.4	18.5	30.9	37.9	19.7
Nonfamily households	33.2	18.6	8.8	26.9	39.3	33.6
Householder living alone	66.4	78.7	82.0	88.5	86.3	79.6
Households with children (< age 18)	50.1	53.2	76.1	37.0	33.4	33.4
Households with elderly (aged 65+)	8.3	19.2	19.4	29.6	26.2	24.9
Household Income (2009)^a						
Less than \$10,000	24.9	8.5	18.3	29.2	13.6	7.6
\$10–24,999	34.0	15.8	33.6	31.0	21.3	17.3
\$25–49,999	22.7	27.2	27.3	23.8	26.8	25.0
\$50,000 or more	18.5	48.5	20.8	15.9	38.4	50.0
Mean	\$31,463	\$60,671	\$34,254	\$29,365	\$52,261	\$68,259
Median	\$19,958	\$48,274	\$23,892	\$18,862	\$37,254	\$50,046
Households With Earnings^a	89.6	89.0	89.8	61.4	81.0	78.3
Mean earnings	\$28,894	\$56,495	\$31,061	\$35,031	\$52,064	\$69,506

Characteristic	CNMI	Guam	American Samoa	Puerto Rico	U.S. Virgin Islands	United States
Households With Social Security^a	7.7	17.5	25.1	41.2	25.3	28.49
Mean Social Security income	\$8,425	\$10,506	\$9,674	\$10,955	\$12,854	\$16,236
Households With Public Assistance Income (including SSI)^a	11.7	13.5	14.3	5.8	6.8	8.0
Mean public assistance income (including SSI)	\$4,324	\$6,088	\$2,341	^b	\$4,768	^b
Housing Units						
Occupied housing units	76.9	83.1	88.4	84.1	77.3	88.6
Owner-occupied	28.3	50.3	73.3	71.6	47.9	65.1
Renter-occupied	71.7	49.7	26.7	28.4	52.1	34.9
No rent paid	23.4	22.0	49.5	37.0	10.9	5.3
Median rent paid (in dollars)	\$324	\$879	\$463	\$429	\$767	\$855
Vacant housing units	23.1	16.9	11.6	15.9	22.7	11.4
Housing Facilities (occupied and vacant)^a						
Occupied and vacant housing units						
Lacking complete plumbing facilities	13.6	10.9	26.9 ^c	N/A	8.5	2.2
Lacking complete kitchen facilities	26.8	9.7	24.1 ^c	1.6 ^c	7.2	3.2
Occupied housing units						
With telephone service (occupied only) ^a	89.8	96.1	95.8	93.5	96.0	97.5
With computer (occupied only) ^d	56.3	75.6	54.0	56.8	61.5	83.5
With Internet service (occupied only) ^d	87.7	93.3	47.9	50.4	91.6	78.3
Vehicles Available in Household (occupied only)^a						
0	23.2	6.7	39.0	19.0	20.6	9.1
1	49.5	34.7	43.7	42.6	45.1	33.8
2+	27.2	58.7	17.3	38.4	34.3	57.1

Characteristic	CNMI	Guam	American Samoa	Puerto Rico	U.S. Virgin Islands	United States
Commuting to Work (workers aged 16+)^e						
Car, truck, or private van/bus, drive alone	40.1	67.6	19.7	79.8	58.3	76.3
Car, truck, or private van/bus, carpool	32.5	27.2	35.3	9.6	22.0	9.8
Public transit (excluding taxicab)	0.2	0.4	28.1	2.7	8.4	5.0
Walk	15.4	2.0	11.2	3.5	5.2	2.8
Other ^f	11.8	2.9	5.8	4.2	6.0	6.1

N/A = not applicable

Source: U.S. Census Bureau, 2010

^a Data for Puerto Rico and the United States are from the ACS 1-year estimate, 2010 ; data for other islands are from the 2010 Census (U.S. Census Bureau, 2010).

^b Means are provided separately for SSI and cash public assistance. In Puerto Rico, the mean SSI benefit was \$6,797 and the mean cash public assistance benefit was \$2,167. In the United States, the mean SSI benefit was \$8,775, and the mean cash public assistance benefit was \$3,936.

^c For occupied houses only.

^d Data for Puerto Rico and the United States are from the ACS 3-year estimate, 2013 ; data for other islands are from the 2010 Census (U.S. Census Bureau, 2010).

^e Data for Puerto Rico and the United States are from the ACS 5-year estimate, 2013; data for other islands are from the 2010 Census (U.S. Census Bureau, 2010).

^f This category consists of taxicab, motorcycle, bicycle, other means, and worked at home.

Table G.3. Macroeconomic Characteristics of the CNMI and Comparison Groups

Characteristic	CNMI	Guam	American Samoa	Puerto Rico	U.S. Virgin Islands	United States
Gross Domestic Product, in Millions of Dollars (2012)^a	665	4,756	718	68,618	4,143	16,155,300
Unemployment Rate (2010 Census)	11.2	7.7	9.2	16.1 ^b	8.6	9.6 ^b
Saipan (2005) ^c	8.0	–	–	–	–	–
Tinian (2005) ^c	17.0	–	–	–	–	–
Rota (2005) ^c	10.0	–	–	–	–	–
Not in the Labor Force (2010, aged 16+)	27.7	34.2	47.1	52.8	34.0	35.6
Hourly Wage, Including Fringe Benefits (2011)^d						
Mean	\$9.67	\$15.31	^e	\$13.07	\$18.12	\$21.74
Median	\$6.00	\$11.92	^e	\$9.54	\$14.35	\$16.57
Median Earnings (2010)^f						
Male full-time, year-round workers	\$11,807	\$30,076	\$11,621	\$21,962	\$35,455	\$46,500
Female full-time, year-round workers	\$11,666	\$26,165	\$12,061	\$22,196	\$30,219	\$36,551
Industry (2012, number of paid employees)^g	100.0	100.0	100.0	100.0	100.0	100.0
Agriculture, forestry, fishing/hunting, and mining	N/A	N/A	N/A	0.1	N/A	0.9
Construction	5.8	12.5	6.1	7.2	5.3	^h
Manufacturing	4.2	2.4	N/A	16.4	6.1	10.8
Wholesale trade	5.0	4.7	3.6	6.2	2.1	5.8
Retail trade	17.3	16.6	20.3	24.5	20.3	14.1
Transportation, warehousing, and utilities	N/A	5.3	N/A	N/A	7.7	4.7
Information	2.3	3.2	2.1	4.4	2.8	3.1
Finance and insurance; real estate, rental, and leasing	7.2	7.3	2.4	8.3	6.5	7.8
Professional, scientific, and management; and administrative and waste management services	N/A	11.4	6.0	27.2	12.6	17.6 ⁱ
Educational services, health care, and social assistance	6.0	7.3	N/A	17.8	8.3	18.4
Arts, entertainment, recreation; and accommodation and food services	26.0	25.5	N/A	15.2	23.4	13.5
Other services, except public administration	4.1	3.8	1.7	3.2	4.7	3.3

Characteristic	CNMI	Guam	American Samoa	Puerto Rico	U.S. Virgin Islands	United States
Industry (2012, total number of businesses)^g	100.0	100.0	100.0	100.0	100.0	100.0
Agriculture, forestry, fishing/hunting, and mining	N/A	N/A	N/A	0.1	N/A	0.4
Construction	4.6	10.3	5.3	4.3	6.7	^h
Manufacturing	2.9	1.7	6.6	3.7	2.4	4.6
Wholesale trade	5.5	5.7	4.2	4.4	2.7	6.5
Retail trade	21.2	20.3	36.1	21.7	23.2	16.5
Transportation, warehousing, and utilities	2.4	3.0	6.1	2.1	4.6	3.6
Information	1.5	2.0	2.1	1.6	1.9	2.1
Finance and insurance; real estate, rental, and leasing	16.7	12.6	8.0	7.6	11.9	12.7
Professional, scientific, and management; and administrative and waste management services	16.7	13.1	10.9	12.9	15.9	19.2 ⁱ
Educational services, health care, and social assistance	5.9	7.6	4.0	16.7	10.5	13.9
Arts, entertainment, recreation; and accommodation and food services	13.8	16.4	10.3	9.9	13.6	12.2
Other services, except public administration	8.6	7.2	6.4	4.6	6.6	8.2

N/A = not applicable

^a See U.S. Department of Commerce, Economics and Statistics Administration (ESA), Bureau of Economic Analysis (BEA) (2014b) for CNMI, Guam, American Samoa, and U.S. Virgin Islands data. See Commonwealth of Puerto Rico (n.d.) for Puerto Rico data. See U.S. Department of Commerce, ESA, BEA (2015) for United States data.

^b See U.S. Department of Labor, Bureau of Labor Statistics, 2012a) for U.S. and Puerto Rico 2010 unemployment data. The unemployment rate based on the 2010 Census, comparable to those shown for CNMI and Guam, is 10.8 percent (see U.S. Department of Labor, Bureau of Labor Statistics, 2015).

^c Data from CNMI Department of Commerce, Central Statistics Division (2008).

^d See CNMI Department of Commerce (2012) for CNMI data. See U.S. Department of Labor, Bureau of Labor Statistics (2012) for Guam, Puerto Rico, U.S. Virgin Islands, and United States data.

^e Data are unavailable

^f Data from U.S. Census Bureau (2010).

^g Data from U.S. Census Bureau (2010). Data include only those with payroll.

^h Data withheld because the estimate did not meet publication standards.

ⁱ Management of companies and enterprises is not included in these totals because estimates do not meet publication standards.

Table G.4. Average Monthly CNMI NAP and U.S. SNAP Participation and Benefits, FY 2001–FY 2014

	Monthly Average													
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014 ^a
CNMI NAP														
Total NAP Block Grant Amount (in millions)^b	6.2	7.1	7.1	7.7	8.4	8.4	9.4	9.4	11.5	11.8	12.1	13.1	12.1	12.1
Total Benefit Amount Issued (in millions)	5.0	6.1	6.4	6.6	7.0	7.7	8.0	7.4	8.3	10.4	10.6	11.3	9.8	8.4
Average monthly benefits per participant	\$77.03	\$79.53	\$79.32	\$80.26	\$80.85	\$81.86	\$81.19	\$81.06	\$88.49	\$97.43	\$91.31	\$95.00	\$87.00	\$89.08
Average monthly benefits per household	\$245.08	\$253.99	\$256.22	\$257.45	\$254.67	\$252.61	\$248.53	\$241.14	\$255.35	\$268.47	\$245.68	\$256.15	\$234.39	\$241.86
Average Monthly Number of Individuals	5,412	6,371	6,774	6,858	7,169	7,884	8,164	7,589	7,837	8,922	9,710	9,874	9,349	8,526
Average Monthly Number of Households	1,701	1,995	2,097	2,138	2,276	2,555	2,667	2,551	2,716	3,238	3,609	3,662	3,470	3,140
U.S. SNAP														
Total Benefit Amount Issued														
Average monthly benefits per participant	\$74.81	\$79.67	\$83.94	\$86.16	\$92.89	\$94.75	\$96.18	\$102.19	\$125.31	\$133.79	\$133.85	\$133.41	\$133.07	\$125.01
Average monthly benefits per household	\$173.93	\$185.65	\$194.88	\$199.62	\$212.64	\$214.41	\$214.72	\$226.60	\$275.51	\$289.60	\$283.99	\$278.48	\$274.98	\$256.47

Sources: USDA FNS 2015a, 2015b, 2015c

^a FY 2014 excludes September, 2014.

^b The FY 2004 NAP block grant amount excludes disaster assistance funds. FY 2012 funding includes a one-time increase of \$1 million to cover a projected shortfall and eliminate the backlog of applications and waiting list of participants waiting to be certified.

Table G.5. Characteristics of CNMI NAP and U.S. SNAP Participants and Households

Characteristic	CNMI NAP Households (July 2014)		U.S. SNAP Households (FY 2014)	
	N	Percent	N (000)	Percent
Total Households	3,158	100.0	22,445	100.0
Saipan	2,885	91.4	–	–
Tinian	142	4.5	–	–
Rota	126	4.0	–	–
Northern Islands	5	0.2	–	–
Household Uses an Authorized Representative^a	2,586	81.9	949	4.2
Household Size				
1	1,044	33.1	11,670	52.0
2–3	1,234	39.1	7,241	32.3
4–5	638	20.2	2,933	13.1
6+	242	7.7	602	2.7
Mean	–	2.7	–	2.0
Household Composition				
With children (younger than 18)	2,402	76.1	9,789	43.6
School age (aged 5–17)	2,026	64.2	7,603	33.9
Preschool age (aged 0–4)	1,077	34.1	4,869	21.7
No children	756	23.9	12,656	56.4
With elderly members (aged 60+)	169	5.4	4,255	19.0
Living alone	102	3.2	3,473	15.5
With nonelderly disabled members ^b	291	9.2	4,579	20.4
Noncitizens present in household	16	0.5	1,360	6.1
All members are U.S. citizens	3,142	99.5	21,084	93.9
Child-only households ^c	1,083	34.3	1,363	6.1
Single adult with children	755	23.9	5,591	24.9

Characteristic	CNMI NAP Households (July 2014)		U.S. SNAP Households (FY 2014)	
	N	Percent	N (000)	Percent
Ethnicity of Household Head				
White, not Hispanic	–	–	8,940	39.8
African American, not Hispanic	–	–	5,717	25.5
Hispanic, any race	–	–	2,448	10.9
Asian/Pacific Islander, not Hispanic	3,127	99.0	550	2.4
Other	31	1.0	3,226	14.4
Nonparticipating household head	–	–	1,565	7.0
Income				
Gross countable income	2,029	64.3	17,526	78.1
Earned income	234	7.4	7,016	31.3
Unearned income	1,822	57.7	12,646	56.3
No gross countable income	1,129	35.8	4,919	21.9
Gross countable income as a percentage of poverty guidelines				
No income	1,129	35.8	4,919	21.9
Up to 50%	1,681	53.2	4,755	21.2
51%–100%	302	9.6	9,088	40.5
101%–130%	39	1.2	2,602	11.6
131+%	7	0.2	1,082	4.8
Gross countable income (monthly)				
\$0	1,129	35.8	4,919	21.9
\$1–199	708	22.4	906	4.0
\$200–399	320	10.1	1,378	6.1
\$400–599	368	11.7	1,558	6.9
\$600–799	447	14.2	4,429	19.7
\$800+	186	5.9	9,254	41.2

Characteristic	CNMI NAP Households (July 2014)		U.S. SNAP Households (FY 2014)	
	N	Percent	N (000)	Percent
Monthly Benefit Amount				
Minimum benefit or less	344	10.9	1,456	6.5
Greater than the minimum—\$100	385	12.2	2,711	12.1
\$101–189	725	23.0	8,736	38.9
\$190–300	594	18.8	2,229	9.9
\$301–400	414	13.1	3,184	14.2
\$401+	696	22.0	4,129	18.4
Work Registration Status of Household Head				
Work registrant	277	8.8	5,463	24.3
Exempt	2,881	91.2	15,411	68.7
Reason for exemption				
Mental/physical disability	447	14.2	5,924	26.4
Other reason	N/A	N/A	9,487	42.3
Younger than 18/older than 54	1,273	40.3	–	–
Subject to job training program	1	<0.1	–	–
High school student older than 17	145	4.6	–	–
Government retiree	2	0.1	–	–
Works 30 hours/week or earns wages equivalent to 30 hours/week	104	3.3	–	–
Cares for children younger than 12 or an incapacitated person in the household	909	28.8	–	–
Nonparticipating household head	–	–	1,565	7.0

N/A = not applicable

Source: Insight tabulations of CNMI NAP participant data for July 2014 and FY 2014 SNAP QC data (Gray, 2015).

^a U.S. SNAP values are based on Insight tabulations of SNAP QC FY 2013 data as FY 2014 data were not yet available.

^b CNMI NAP households were considered to contain a disabled member if the household received SSI benefits. SNAP households were considered to contain a disabled member if one of the following conditions applied: the member received Federal disability or blindness payments under the Social Security Act, including SSI or Social Security disability or blindness payments; the member received State disability or blindness payments based on SSI rules; or the member received a disability retirement benefit from a governmental agency because of a disability considered permanent under the Social Security Act; the member received an annuity under the Railroad Retirement Act and was eligible for Medicare or was considered to be disabled based on the SSI rules; the member was a veteran who was totally disabled, permanently housebound, or in need of regular aid and attendance; or the member was a surviving spouse or child of a veteran who was receiving Veterans Affairs benefits and was considered to be permanently disabled.

^c Child-only households are those whose resident adults were ineligible and did not participate in NAP but who received benefits on behalf of their children. Many of these households included parents who were parolees and whose children were U.S. citizens. Based on input from NAP, these households were identified in the data by the household head being younger than 18.

Table G.6. Characteristics of CNMI NAP and U.S. SNAP Retailers

Characteristic	CNMI NAP Retailers (July 2014)		U.S. SNAP Retailers (FY 2014)	
	N	Percent	N	Percent
Total Authorized Retailers	123	100.0	261,150	100.0
Saipan	107	87.0	–	–
Tinian	8	6.5	–	–
Rota	8	6.5	–	–
Retailer Types				
Small or Medium Grocery Store	50	40.7	25,591	9.8
Small grocery	–	–	13,845	5.3
Medium grocery	–	–	11,746	4.5
Convenience Store	12	9.7	105,742	40.5
Convenience store	11	8.9	–	–
Grocery/gas station	1	0.8	–	–
Supermarket	26	21.1	18,594	7.1
Other Combination	14	11.4	71,015	27.2
Bakery specialty	–	–	2,732	1.1
Combination grocery/other	–	–	68,283	26.2
Other Meat/Poultry/Produce	8	6.5	6,099	2.3
Specialty food (fish, meat)	1	0.8	–	–
Meat/poultry specialty	–	–	3,128	1.2
Seafood specialty	–	–	1,634	0.6
Fruit/vegetable specialty	–	–	1,337	0.5
Fish/produce mobile	1	0.8	–	–
Roadside vendor (fish, produce)	6	4.9	–	–
Other NAP Retailer Types	13	10.5	–	–
General store	10	8.1	–	–
Unknown	3	2.4	–	–

Characteristic	CNMI NAP Retailers (July 2014)		U.S. SNAP Retailers (FY 2014)	
	N	Percent	N	Percent
Other SNAP Retailer Types	–	–	34,109	13.1
Delivery route	–	–	1,080	0.4
Direct marketing farmer	–	–	2,309	0.9
Famers' market	–	–	2,866	1.1
Large grocery store	–	–	3,827	1.5
Military commissary	–	–	190	0.1
Nonprofit food buying co-op	–	–	403	0.2
Super store	–	–	18,942	7.3
Wholesaler	–	–	12	<0.1
Meal service	–	–	4,480	1.7

Source: CNMI NAP administrative data, July 2014; USDA FNS, n.d.b.

Appendix H. Administrative Cost Model

This appendix provides a detailed explanation of the model used to estimate administrative costs for the CNMI to implement SNAP as presented in chapter 11. The administrative cost model is composed of a series of tables that address six different SNAP cost categories, including certification, eligibility system, program integrity, EBT, SNAP E&T, and general SNAP activities and overhead. Separate tables were developed for implementation and ongoing costs of these activities and in some cases for labor and other direct costs. Section A provides the model’s assumptions and data sources. Section B presents the detailed tables used to estimate SNAP implementation costs, and section C presents detailed tables used to estimate annual costs of ongoing SNAP operations following rollout of the program.

A. Cost Assumptions

Table H.1 provides the assumptions used for the administrative cost model. The table contains three main columns:

Column A identifies the activity category to which the assumption applies. The categories include each of the main cost categories identified in the model and an overall category for assumptions that apply to multiple activities.

Column B describes each assumption.

Column C provides the source of the assumptions. The most frequently used sources include discussions with FNS and the FY 2014 Memorandum of Understanding for the CNMI NAP (2014 MOU), which provides the CNMI NAP budget for labor and other direct costs (CNMI DCCA, 2014).

Table H.1. Administrative Cost Model Assumptions and Sources

Column A Category	Column B Assumption	Column C Source of the Assumption
Overall	Cost estimates are for those incurred by CNMI’s DCCA, which would operate SNAP, not costs to FNS or other CNMI agencies that might be affected by SNAP implementation.	Discussions with FNS
	The macroeconomic impact of SNAP on the CNMI economy is not included in the analysis.	Discussions with FNS
	Costs for employee growth or turnover beyond implementation are not estimated.	Insight study team
	All costs are in 2014 dollars.	2014 MOU
	There would be 9,184 households on the SNAP caseload each year.	Microsimulation analysis in appendix F
	One full-time equivalent (FTE) staff person is equivalent to 1,774 hours.	CNMI staff interviews
	All labor costs are based on 2014 CNMI staff categories, salaries, and benefits.	2014 MOU
	The annual salary of Eligibility Worker I/II is the average of the salaries for Eligibility Worker I and Eligibility Worker II.	2014 MOU
	The annual salary of Program Reviewer I/II is the average of the salaries for Program Reviewer I and Program Reviewer II.	2014 MOU
All CNMI SNAP staff would receive an initial in-depth, 2-week SNAP training.	Discussions with FNS	

Column A Category	Column B Assumption	Column C Source of the Assumption
Overall, continued	Per diem travel costs come from the General Services Administration.	General Services Administration
	Where possible, the study team used the percentage of cases that participate in each activity and time per case to perform these activities based on discussions with FNS.	Discussions with FNS
	The study team used the number of FTEs needed for implementation activities to estimate the number of staff trained during implementation.	Insight study team
Certification	The following options would be adopted by the CNMI: simplified reporting with 12-month certification periods and a standard utility allowance.	Discussions with FNS
	The following waivers would be adopted by the CNMI: ABAWD time limit waiver, telephone interviews in lieu of face-to-face interviews, and averaging student work hours.	Discussions with FNS
	During the first year, all applicants would be certified regardless of whether they had been receiving NAP; no one would be recertified during this year. In future years, the majority of participants would be recertified annually.	Discussions with FNS
	One eligibility worker serves 400 cases during implementation.	Discussions with FNS
	One eligibility worker serves 500 cases during ongoing operations after the first year.	Discussions with FNS
	One Certification Supervisor supervises nine eligibility workers.	Discussions with FNS
	All certification staff would be required to receive certification training.	Discussions with FNS
	The CU supervisor would make quarterly visits to Rota and Tinian.	CNMI staff interviews
Eligibility System	The CNMI would implement a SNAP-only eligibility system and would not use an integrated eligibility system; namely, the CNMI would procure a transfer of the SNAP components of the integrated eligibility system used by Guam.	Insight study team; Discussions with FNS
	Guam's eligibility system vendor would use the existing backend environment to also support the CNMI.	Insight study team
	The analysis assumes any custom-developed system or system components would be owned by the CNMI if Federal funds were used to procure the solution, and all newly developed solutions would have a warranty period to support the resolution of any problem that resulted from the operation of required functionality.	Discussions with FNS
	The CNMI would need a server to host the solution independently from Guam's platform. The new hardware would be housed at the vendor's facility in Guam, and CNMI staff would connect remotely to the server (rather than host and maintain it in-house).	Insight study team
	The CNMI would obtain a specialized technical assistance or quality assurance contractor to support the planning and implementation of the eligibility system, including developing the initial specifications and resulting RFP, managing the project, coordinating among stakeholders, supporting the user acceptance testing, and training program staff.	Insight study team
	User acceptance testing would occur off-island at the vendor's location, with two weeklong trips by three staff members during the beginning of the 3-year implementation period.	Insight study team
	All CNMI program staff would receive a 2-day training on the new eligibility system.	Insight study team
	Following rollout, the CNMI would have an IT support technician on staff or contracted who would continue to assist with troubleshooting, coordinating communication with the vendor for ongoing maintenance, and ensuring daily submissions between the EBT and eligibility systems as needed for EBT processing. The salary for this labor category is based on the Computer Programmer III salary listed in the FY 2015 MOU.	Insight study team; 2015 MOU

Column A Category	Column B Assumption	Column C Source of the Assumption
Eligibility System, continued	Following rollout, the CNMI would have an IT support technician on staff or contracted who would continue to assist with troubleshooting, coordinating communication with the vendor for ongoing maintenance, and ensuring daily submissions between the EBT and eligibility systems as needed for EBT processing. The salary for this labor category is based on the Computer Programmer III salary listed in the FY 2015 MOU.	Insight study team; 2015 MOU
	The CNMI would pay an implementation cost to the vendor for transferring and implementing the eligibility system in the CNMI. The cost estimate is based on the 3-year lease period (2012–2015) paid by Guam for the SNAP components of its integrated system. This contract would cover the transfer, any additional programming or modifications to meet the CNMI's needs, the lease, testing, hardware, and training.	Insight study team; Discussions with FNS
	The CNMI would negotiate an annual maintenance contract with the vendor following rollout for ongoing maintenance and support. The cost estimate used in this analysis is based on the annual amount paid by Guam for the maintenance contract (as of 2015) for SNAP components of its integrated system. This cost was then inflated by a factor of 2 to account for (1) the loss of efficiencies from maintaining a single-program system versus the economies of scale in an integrated system and (2) the additional maintenance/support needs related to connectivity issues between the servers located in Guam and the program staff in Saipan.	Insight study team; Discussions with FNS
Quality Control	All QC staff would receive an initial QC training.	Discussions with FNS
	The CNMI would need a statistician to develop the QC sampling plan and update it each year.	Discussions with FNS
	The CNMI would select the minimum sample of 300 active cases (25 per month) and 150 negative (13 per month).	Discussions with FNS
	The percentage of cases sampled on Tinian, Rota, and the Northern Islands would be proportional to the distribution of the population on those islands: 91.4 percent on Saipan, 4.5 percent Tinian, 4.0 percent Rota, 0.2 percent Northern Islands.	NAP administrative data
	Two QC reviewers would travel to Rota and Tinian each month to conduct QC reviews.	Discussions with FNS
	Cases sampled that receive \$100 or less in benefits would be interviewed by phone; all other active cases would include an in-person interview.	Discussions with FNS
	The percentage of cases receiving \$100 or less in benefits is estimated to be 23.1 percent based on the proportion receiving that benefit level under NAP.	NAP administrative data indicating the percentage of households receiving \$100 or less in benefits
Participant Fraud	All management and participant fraud staff would receive an initial training.	Discussions with FNS
	The participant fraud monitoring plan would be developed by the CNMI with extensive input from CNMI management and fraud staff.	Discussions with FNS
	Two program reviewers would travel eight times per year to Rota (four trips) and Tinian (four trips) to investigate fraud. Because of the flight schedule, the trip would have to be overnight.	Discussions with FNS
	The numbers of investigations, fraud hotline calls, claims/overpayment cases, agency conferences, and fraud hearings are estimated based on the proportion of the caseload experiencing these activities in Guam SNAP.	Discussions with FNS; data from Guam

Column A Category	Column B Assumption	Column C Source of the Assumption
Fair Hearings	The fair hearing officer would travel to Rota and Tinian four times per year.	Discussions with FNS
	The numbers of agency conferences and fair hearings are estimated based on the proportion of the caseload experiencing these activities in Guam SNAP.	Discussions with FNS; data from Guam
	Developing the fair hearing plan is the only implementation cost in this category and is covered in the certification category as part of the development of the State plan of operations.	Discussions with FNS
Management Evaluation	One program reviewer would travel every 2 years alternately to Rota and Tinian to conduct ME reviews in those offices (i.e., travel to Rota one year and the following year to Tinian).	Discussions with FNS
E&T	The CNMI would implement a light-touch, voluntary E&T program, similar to the job search assistance services provided under NAP.	Insight study team
	All eligibility workers would be required to receive SNAP E&T training.	Discussions with FNS
	Fifteen percent of participants would be work registrants.	Guam E&T SNAP data 2014
	The percentage of E&T participants receiving employment services would be 45 percent for self-services, 14 percent for intensive services, and between 0 percent and 11 percent for training services.	Guam E&T SNAP data 2014
	The percentage of E&T participants receiving support services would be 11 percent for childcare, 83 percent for transportation, and 0.1 percent for other support services.	Guam E&T SNAP data 2014
	The number of E&T participants is estimated based on the average number of participants in mandatory States.	FNS FY 2014 SNAP E&T data
	FNS will provide \$50,000 to cover the costs of E&T training and administration.	Discussions with FNS
EBT	The participant costs for each activity are based on the number of individuals and total service costs for each activity in FY 2014.	CNMI DOL
	The CNMI would purchase the latest WSEA contract for SNAP services, which should provide competitive pricing according to the CPCM basis. CPCM cost is billed by the EBT processor for all active accounts during a month. Typically, the definition of active is any account in which a credit or debit has occurred in a given time period.	Insight study team
	EBT would have a 28-month implementation period, which includes planning and procurement activities.	Insight study team
	The EBT project manager would begin in month 2.	Insight study team
	Three people would be trained to issue EBT cards.	Insight study team
General Overhead and Support	Only one certification supervisor would need to be involved in eligibility system program management.	Insight study team
	The per-staff-person costs for office supplies, rent, utilities, and other overhead under SNAP would be the same as these costs under NAP in 2014.	2014 MOU
	The number of staff is calculated by summing the required FTEs by labor category, rounding the number up, and then summing the rounded number.	Insight study team
	The CNMI program administration would include one Administrator, three Administrative Officer IIIs, three accountants, and three secretaries.	Insight study team; Discussions with FNS
	There would be one main SNAP office in Saipan and one satellite office each in Rota and Tinian; each satellite office would share office space with DCCA.	Insight study team; Discussions with FNS
	The supplies-office line item includes office supplies, printing and reproduction, and translation of forms.	2014 MOU
The supplies-operations line item includes janitorial supplies and drinking water.	2014 MOU	

B. Overview of the SNAP Implementation Administrative Cost Estimates

This section presents the implementation costs for each key SNAP activity, including certification, eligibility system, program integrity, EBT, SNAP E&T, and general SNAP activities and overhead, which then are summed to calculate the total annual administrative costs. In each activity area, the figure prior to each set of tables shows the relationships of the tables to total SNAP implementation costs. For example, figure H.1 precedes the tables that feed into the aggregate implementation costs for certification (tables H.2, H.3, H.4, and H.5). Figures H.2 through H.5 do the same for the eligibility system, program integrity, EBT, and general SNAP activities and overhead, respectively. Note that only one table, related to certification, contains caseload-driven costs; the remaining input tables include only fixed costs. Because SNAP E&T implementation costs are nominal, no figure is presented. Figure H.6 shows the cost drivers for the aggregate implementation costs, and the resulting table presents the costs themselves.

1. SNAP Certification Implementation Costs

Figure H.1. Estimated Implementation Costs for SNAP Certification

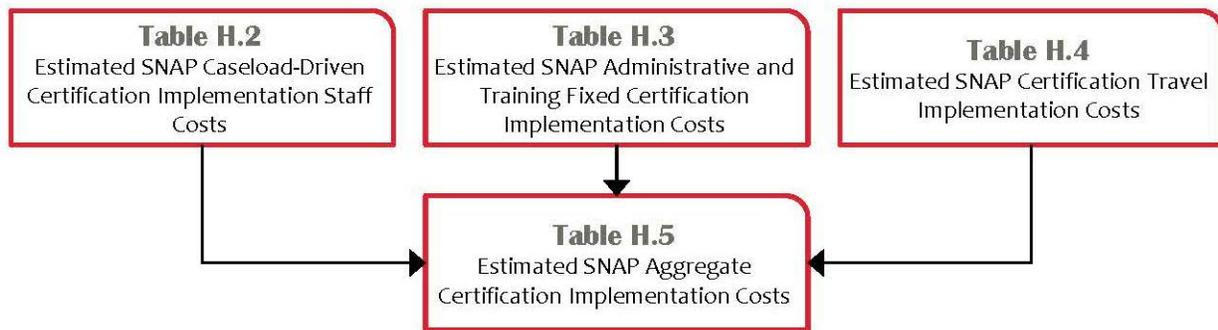


Table H.2 estimates the caseload-driven implementation costs related to the initial certification of all SNAP households. This table has 10 columns:

Column A identifies the administrative activity.

Column B identifies the staff categories involved in each administrative activity.

Column C identifies the loaded labor rates for each staff category.

Column D identifies the FTEs per unit. The units differ by labor category: for eligibility workers, the units are households; for supervisors, they are eligibility workers; and for secretaries, they are offices.

Column E identifies the number of units.

Column F identifies the FTEs.

Column G identifies the total staff costs for SNAP caseload-driven implementation costs.

Table H.2. Estimated SNAP Caseload-Driven Certification Implementation Staff Costs

Column A Administrative Activity	Column B Staff Category	Column C Annual Loaded Labor Rates	Column D FTE per Unit	Column E Units	Column F Number of FTEs (E/D)	Column G Staff Costs (C × F)
Certification	Eligibility Worker I/II	\$29,161	400	9,184	23	\$670,698
	CU Supervisor	\$41,596	9	23	3	\$124,789
	Secretary III	\$35,944	1	3	3	\$107,831
					Total	\$903,319

^aStatus changes can occur when income changes or the size of the household changes.
Note: Numbers may not total because of rounding.

Table H.3 estimates the administrative and training fixed implementation costs for certification, including developing the necessary documents and training. This table has six columns:

Column A identifies the cost category.

Column B identifies the loaded labor rates for each staff category.

Column C estimates the number of staff per activity.

Column D estimates the hours per staff per activity.

Column E identifies the number of FTEs.

Column F estimates the total administrative and training fixed costs for implementation-related certification activities.

Table H.3. Estimated SNAP Administrative and Training Fixed Certification Implementation Costs

Column A Cost Category	Column B Loaded Labor Rates	Column C Number of Staff	Column D Hours per Staff	Column E Number of FTEs (C × D)/1,774	Column F Total Costs (B × E)
Administrative Implementation Costs					
Development of implementation plan					
Administrator	\$50,075	1	160	0.09	\$4,516
Administrative Officer III	\$43,857	1	160	0.09	\$3,956
Development of State plan					
Administrator	\$50,075	1	160	0.09	\$4,516
Administrative Officer III	\$43,857	1	100	0.06	\$2,472
Accountant	\$35,944	1	160	0.09	\$3,242
Development of training manuals					
Administrator	\$50,075	1	40	0.02	\$1,129
Administrative Officer III (Trainer)	\$43,857	1	30	0.02	\$742
CU Supervisor	\$41,596	1	40	0.02	\$938
Development of policy manuals					
Administrator	\$50,075	1	60	0.03	\$1,694
Administrative Officer III (Policy Specialist)	\$43,857	1	60	0.03	\$1,483

Column A Cost Category	Column B Loaded Labor Rates	Column C Number of Staff	Column D Hours per Staff	Column E Number of FTEs (C × D)/1,774	Column F Total Costs (B × E)
Certification Training					
Administrator	\$50,075	1	100	0.06	\$2,823
Administrative Officer III	\$43,857	3	100	0.17	\$7,417
Eligibility Worker I/II	\$29,161	23	100	1.30	\$37,807
CU Supervisor	\$41,596	3	100	0.17	\$7,034
Secretary III	\$35,944	3	100	0.17	\$6,078
Total					\$85,847

Note: Numbers may not total because of rounding.

Table H.4 estimates the travel implementation costs related to certification for one eligibility worker each from Tinian and Rota to receive training on Saipan. This table has five columns:

Column A identifies the cost category.

Column B identifies the number of staff traveling.

Column C identifies the number of days for each cost category.

Column D identifies the unit cost per cost category.

Column E identifies the total annual costs.

Table H.4. Estimated SNAP Certification Travel Implementation Costs

Column A Cost Category	Column B Number of Staff	Column C Number of Days	Column D Unit Cost	Column E Total Cost (B × C × D)
Airfare from Tinian	2	1	\$84	\$168
Airfare from Rota	2	1	\$227	\$453
Per diem	4	18	\$238	\$17,136
Car rental	4	18	\$284	\$20,448
Total				\$38,205

Note: Numbers may not total because of rounding.

Table H.5 estimates the aggregate implementation costs for certification based on tables H.2 through H.4.

Table H.5. Estimated SNAP Aggregate Certification Implementation Costs

Column A Cost Category	Column B Costs
SNAP caseload-driven certification implementation costs	\$903,319
SNAP administrative and training fixed certification implementation costs	\$85,847
SNAP certification travel implementation costs	\$38,205
Total	\$1,027,371

2. SNAP Eligibility System Implementation Costs

Figure H.2 shows the cost components used to estimate the implementation costs for the SNAP eligibility system.

Figure H.2. Estimated Implementation Costs for SNAP Eligibility System

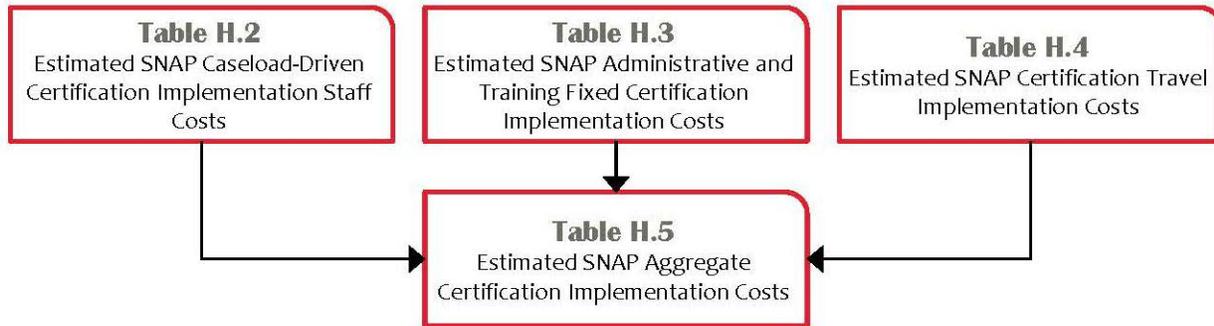


Table H.6 estimates the SNAP eligibility system contractor and hardware implementation costs. This table has four columns:

Column A identifies the cost category.

Column B provides the annual cost per unit.

Column C provides the number of units. The unit varies by cost category. For the IT hardware (workstations and servers), the unit is the number of items. For the other three costs categories, it is the number of years.

Column D provides the total costs.

Table H.6. Estimated SNAP Eligibility System Contractor and Hardware Implementation Costs

Column A Cost Category	Column B Annual Costs	Column C Number of Units	Column D Total Costs
Workstations	\$1,000	45	\$45,000
Microsoft Office licenses	\$400	45	\$18,000
Server hardware	\$9,000	1	\$9,000
IT vendor costs	\$144,480	3	\$433,440
Quality assurance TA/support contractor	\$166,667	3	\$500,000
CNMI project manager contractor	\$120,000	3	\$360,000
		Total	\$1,365,440

Note: Numbers may not total because of rounding.

Table H.7 estimates the SNAP eligibility system labor-related fixed implementation costs. This table has six columns:

Column A identifies the cost category.

Column B identifies the loaded labor rates for each staff category.

Column C estimates the hours per staff person in labor category per each activity.

Column D estimates the number of staff per activity.

Column E identifies the number of FTEs. Total FTE hours used to calculate the number of FTEs required increase from 1,774 to 5,322 because EBT implementation would occur over a period of 3 years rather than 1 year as with other implementation activities.

Column F estimates the total labor-related fixed costs for implementation-related eligibility system activities.

Table H.7. Estimated SNAP Eligibility System Labor-Related Fixed Implementation Costs

Column A Cost Category	Column B Loaded Labor Rates	Column C Hours per Person	Column D Number of Staff	Column E Number of FTEs (C × D/ 5,322)	Column F Total Costs (B × E)
Program Management					
Administrator	\$50,075	576	1	0.11	\$5,420
Administrative Officer III	\$43,857	576	1	0.11	\$4,747
BICA Unit Supervisor	\$41,596	576	1	0.11	\$4,502
CU Supervisor	\$41,596	576	1	0.11	\$4,502
MEU Supervisor	\$38,205	576	1	0.11	\$4,135
Training					
Administrator	\$50,075	16	1	0.00	\$151
Administrative Officer III	\$43,857	16	3	0.01	\$1,187
BICA Unit Supervisor	\$41,596	16	1	0.00	\$125
CU Supervisor	\$41,596	16	3	0.01	\$1,125
MEU Supervisor	\$38,205	16	1	0.00	\$115
Eligibility Worker I/II	\$29,161	16	23	0.07	\$46,377
Program Reviewer I/II	\$23,791	16	4	0.01	\$1,144
Issuance Clerk II	\$20,117	16	3	0.01	\$544
Secretary III	\$35,944	16	3	0.01	\$973
Technical Support	\$37,931	16	1	0.00	\$114
Total					\$75,160

Note: Numbers may not total because of rounding.

Table H.8 estimates the implementation travel costs for user acceptance testing of the eligibility system. This table has five columns:

Column A identifies the cost category.

Column B identifies the number of staff traveling per year.

Column C identifies the unit cost per cost category.

Column D identifies the number of units needed per cost category.

Column E estimates the total travel cost.

Table H.8. Estimated SNAP Eligibility System Implementation Travel Costs

Column A Cost Category	Column B Number of Staff	Column C Unit Cost	Column D Number of Units	Column E Total Cost (B × C × D)
Airfare	3	\$263	2	\$1,578
Hotel	3	\$159	10	\$4,770
Per diem	3	\$70	10	\$2,100
Car rental	1	\$65	10	\$650
Incidentals	3	\$17	10	\$510
Total				\$9,608

Note: Numbers may not total because of rounding.

Table H.9 estimates the aggregate eligibility system implementation costs based on tables H.6 through H.8.

Table H.9. Estimated Aggregate SNAP Eligibility System Implementation Costs

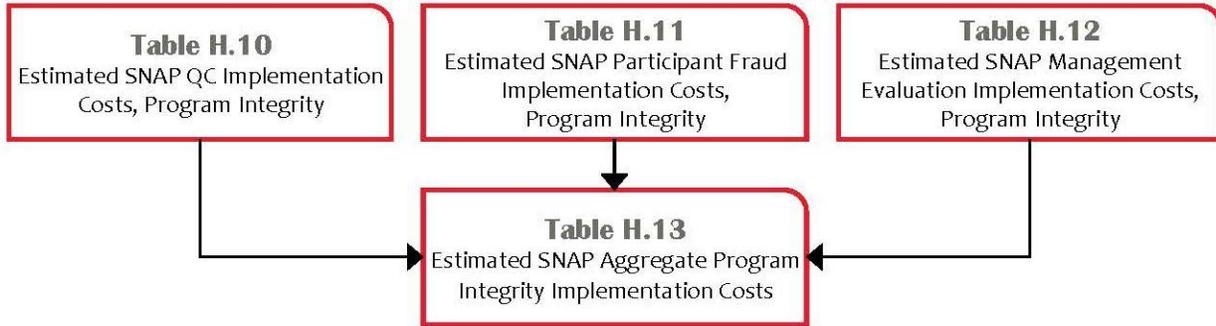
SNAP Eligibility System: Implementation Costs	3-Year Total
SNAP eligibility system contractor and hardware implementation costs	\$1,365,440
SNAP eligibility system labor-related fixed implementation costs	\$75,160
SNAP eligibility system implementation travel costs	\$9,608
Total	\$1,450,208

Note: Numbers may not total because of rounding.

3. SNAP Program Integrity Implementation Costs

Figure H.3 shows the cost components used to estimate the implementation costs for SNAP program integrity activities.

Figure H.3. Estimated Implementation Costs for SNAP Program Integrity Activities^a



^a The implementation costs for fair hearings are covered in the general SNAP activities and overhead costs described below.

Table H.10 estimates the QC implementation costs associated with program integrity. This table has five columns:

Column A identifies the cost category.

Column B identifies the loaded labor rates for each staff category.

Column C identifies the hours per staff spent on each activity.

Column D identifies the number of staff per activity.

Column E estimates the number of FTEs.

Column F estimates the total costs for QC implementation activities.

Table H.10. Estimated SNAP QC Implementation Costs, Program Integrity

Column A Cost Category	Column B Loaded Labor Rates	Column C Hours per Staff	Column D Number of Staff	Column E Number of FTEs (C × D/1,774)	Column F Total Costs (B × E)
Development of QC Sampling Plan					
Administrator	\$50,075	1	40	0.02	\$1,129
Administrative Officer III	\$43,857	1	40	0.02	\$989
Statistician	\$43,857	1	591	0.33	\$14,619
Training					
Administrator	\$50,075	1	80	0.05	\$2,258
Administrative Officer III	\$43,857	1	80	0.05	\$1,978
MEU Supervisor	\$38,205	1	80	0.05	\$1,723
Program Reviewer I/II	\$23,791	4	80	0.18	\$4,291
Secretary III	\$35,944	3	80	0.14	\$4,863
Total					\$31,850

Note: Numbers may not total because of rounding.

Table H.11 estimates participant fraud implementation costs associated with program integrity. This table has six columns:

Column A identifies the labor category associated with activities.

Column B identifies the loaded labor rates for each staff category.

Column C identifies the number of staff per activity.

Column D estimates the hours per staff per activity.

Column E estimates the number of FTEs.

Column F estimates the total costs for participant fraud implementation activities.

Table H.11. Estimated SNAP Participant Fraud Implementation Costs, Program Integrity

Column A Labor Category	Column B Loaded Labor Rates	Column C Number of Staff	Column D Hours per Staff	Column E Number of FTEs (C × D)/1,774	Column F Total Costs (B × E)
Training					
MEU Supervisor	\$38,205	1	80	0.05	\$1,723
Program Reviewer I/II	\$23,791	4	80	0.18	\$4,291
Administrator	\$50,075	1	80	0.05	\$2,258
Administrative Officer III	\$43,857	1	80	0.05	\$1,978
Issuance Clerk II	\$20,117	3	80	0.14	\$2,722
CU Supervisor	\$41,596	1	80	0.05	\$1,876
Development of Participant Fraud Plan					
Administrator	\$50,075	1	16	0.01	\$452
Administrative Officer III	\$43,857	1	16	0.01	\$396
MEU Supervisor	\$38,205	1	40	0.02	\$861
Total					\$16,556

Table H.12 estimates the management evaluation costs associated with program integrity. This table has five columns:

Column A identifies the labor category.

Column B identifies the loaded labor rates for each staff category.

Column C identifies the hours per staff spent on each activity.

Column D estimates the number of FTEs.

Column E estimates the total costs for ME implementation activities.

Table H.12. Estimated SNAP Management Evaluation Implementation Costs, Program Integrity

Column A Cost Category	Column B Loaded Labor Rates	Column C Hours per Staff	Column D Number of FTEs (C × D/1,774)	Column E Total Costs (B × D)
Development of Management Evaluation Plan				
Administrator	\$50,075	40	0.02	\$1,129
MEU Supervisor	\$38,205	40	0.02	\$861
Training				
Administrator	\$50,075	80	0.05	\$2,258
MEU Supervisor	\$38,205	80	0.05	\$1,723
Program Reviewer I/II	\$23,791	160	0.09	\$2,146
Total				\$8,117

Note: Numbers may not total because of rounding.

Table H.13 estimates the aggregate implementation costs for program integrity activities based on tables H.10 through H.12.

Table H.13. Estimated Aggregate SNAP Program Integrity Implementation Costs

Column A Program Integrity Implementation Costs	Column B Costs
SNAP QC implementation costs, program integrity	\$31,850
SNAP participant fraud implementation costs, program integrity	\$16,556
Fair hearings	N/A
SNAP management evaluation implementation costs, program integrity	\$8,117
Total	\$56,524

N/A = not applicable

Note: Numbers may not total because of rounding.

4. SNAP EBT Implementation Costs

Figure H.4 shows the cost components used to estimate the implementation costs for SNAP EBT issuance.

Figure H.4. Estimated Implementation Costs for SNAP EBT Issuance

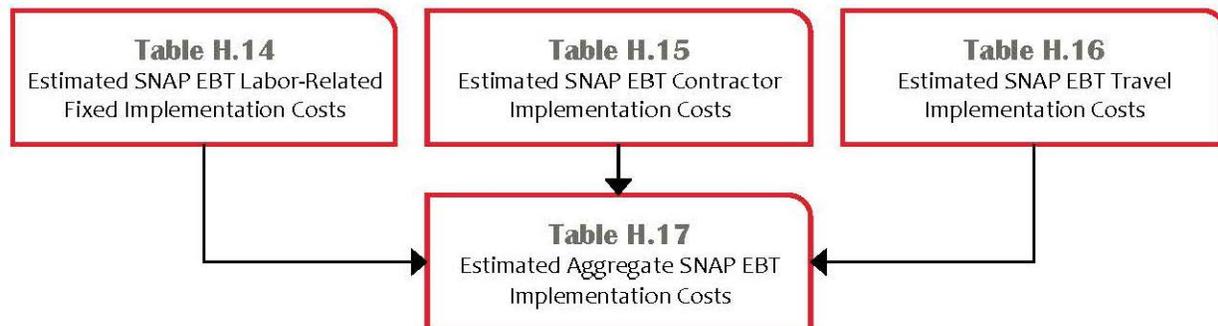


Table H.14 estimates the labor-related fixed implementation costs associated with EBT issuance. This table has six columns:

Column A identifies the cost category.

Column B identifies the loaded labor rates for each staff category.

Column C identifies the number of staff per activity.

Column D identifies the number of hours per staff for implementation.

Column E estimates the number of FTEs needed to implement EBT. Total FTE hours used to calculate the number of FTEs required increase from 1,774 to 4,139 because EBT implementation will occur over a period of 2 years and 4 months rather than 1 year as with other implementation activities.

Column F estimates the total labor costs for implementing EBT.

Table H.14. Estimated SNAP EBT Labor-Related Fixed Implementation Costs

Column A Cost Category	Column B Loaded Labor Rate	Column C Number of Staff	Column D Hours per Staff	Column E Number of FTEs (C × D/4,139.3)	Column F Total Costs (B × E)
Program Management					
Administrator	\$50,075	1	277	0.07	\$3,351
Administrative Officer III	\$43,857	1	196	0.05	\$2,077
BICA Unit Supervisor	\$41,596	1	679	0.16	\$6,823
CU Supervisor	\$41,596	1	153	0.04	\$1,538
MEU Supervisor	\$38,205	1	153	0.04	\$1,412
Retailer Support					
Secretary III	\$35,944	1	2058	0.50	\$17,871
Card Issuance					
Issuance Clerk II	\$20,117	3	564	0.41	\$8,223
Eligibility Staff					
Eligibility Worker I/II	\$29,161	23	95	0.53	\$15,393
Technical Support					
Technical Support	\$37,931	1	200	0.05	\$1,833
Total					\$58,520

Note: Numbers may not total because of rounding.

Table H.15 estimates the SNAP contractor implementation costs associated with EBT. These costs are not based on staff time. This table has four columns:

Column A identifies the cost category.

Column B identifies the cost per month.

Column C identifies the number of months.

Column D estimates the total costs.

Table H.15. Estimated SNAP EBT Contractor Implementation Costs

Column A Cost Category	Column B Unit Cost	Column C Months Worked	Column D Total Costs (B × C)
EBT processor implementation cost	N/A	N/A	\$750,000
Quality assurance support contractor	N/A	N/A	\$350,000
Project manager contractor	\$10,000	27	\$270,000
		Total	\$1,370,000

N/A = not applicable

Note: Numbers may not total because of rounding.

Table H.16 estimates the EBT-related travel costs for CNMI staff. This table has five columns:

Column A identifies the cost category.

Column B identifies the number of staff traveling.

Column C identifies the cost per day of travel.

Column D identifies the number of days of travel per staff person.

Column E estimates the total costs of travel.

Table H.16. Estimated SNAP EBT Travel Implementation Costs

Column A Cost Category	Column B Number of Staff	Column C Cost per Day	Column D Number of Days	Column E Total Costs (B × C × D)
Travel				
Airfare	2	\$2,500	N/A	\$5,000
Hotel	2	\$160	5	\$1,600
Per diem	2	\$56	7	\$784
Car rental	1	\$65	5	\$325
Incidentals	2	\$5	7	\$70
			Total	\$7,779

N/A = not applicable

Notes: Numbers may not total because of rounding.

Table H.17 estimates the aggregate EBT implementation costs based on tables H.14 through H.16.

Table H.17. Estimated Aggregate SNAP EBT Implementation Costs

Column A SNAP EBT Cost Category Implementation	Column B Total Costs
SNAP labor-related fixed implementation costs, EBT	\$58,520
SNAP contractor implementation costs, EBT	\$1,370,000
SNAP travel implementation costs, EBT	\$7,779
Total	\$1,436,299

5. SNAP E&T Implementation Costs

Table H.18 estimates the implementation costs for E&T.³⁸ This table has six columns:

Column A identifies the labor category.

Column B identifies the loaded labor rates for each staff category.

Column C identifies the number of staff per activity.

Column D identifies the hours each staff will spend on these activities.

Column E estimates the number of FTEs needed to implement E&T.

Column F estimates the cost of implementing E&T.

Table H.18. Estimated Aggregate SNAP E&T Implementation Costs

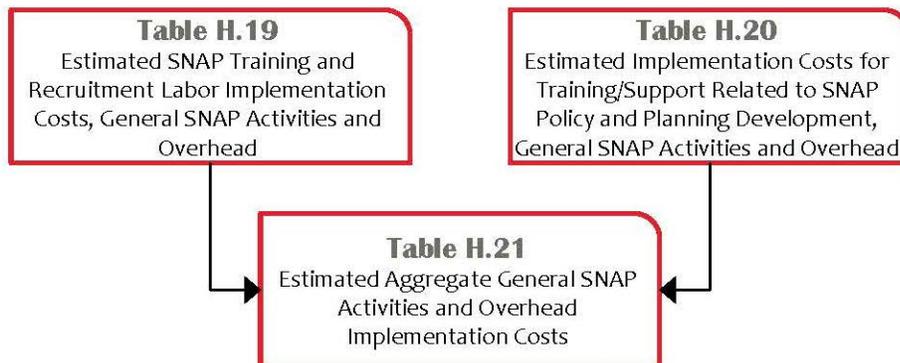
Column A Labor Category	Column B Loaded Labor Rates	Column C Number of Staff	Column D Hours per Staff	Column E Number of FTEs (C × D/1,774)	Column F Total Costs (B × E)
Training					
Administrator	\$50,075	1	4	0.00	\$113
Eligibility Worker I/II	\$29,161	23	4	0.05	\$1,512
Administrative Officer III	\$43,857	1	4	0.00	\$99
CU Supervisor	\$41,596	3	4	0.01	\$281
Development of E&T Plan					
Administrator	\$50,075	1	16	0.01	\$452
Administrative Officer III	\$43,857	1	16	0.01	\$396
CU Supervisor	\$41,596	1	40	0.02	\$938
Total					\$3,791

Note: Numbers may not total because of rounding.

6. General SNAP Activities and Overhead Implementation Costs

Figure H.5 shows the cost components used to estimate the implementation costs for general SNAP activities and overhead.

Figure H.5. Estimated Implementation Costs for General SNAP Activities and Overhead



³⁸ There is no separate figure for E&T costs because the only implementation costs for E&T are labor costs.

Table H.19 estimates the labor implementation costs associated with training and recruitment for general SNAP activities and overhead. This table has six columns:

Column A identifies the cost category.

Column B identifies the loaded labor rates for each staff category.

Column C identifies the number of staff per activity.

Column D identifies the number of hours spent on each activity per staff person.

Column E estimates the total number of FTEs needed.

Column F estimates the total costs.

Table H.19. Estimated SNAP Training and Recruitment Labor Implementation Costs, General SNAP Activities and Overhead

Column A Cost Category	Column B Loaded Labor Rates	Column C Number of Staff	Column D Hours per Staff	Column E Number of FTEs (C × D)/1,774	Column F Total Costs (B × E)
Initial Training					
Administrator	\$50,075	1	40	0.02	\$1,129
Administrative Officer III	\$43,857	3	40	0.07	\$2,967
Eligibility Worker I/II	\$29,161	23	40	0.52	\$15,123
Program Reviewer I/II	\$23,791	4	40	0.09	\$2,146
CU Supervisor	\$41,596	3	40	0.07	\$2,814
MEU Supervisor	\$38,205	1	40	0.02	\$861
BICA Unit Supervisor	\$41,596	1	40	0.02	\$938
Issuance Clerk II	\$20,117	3	40	0.07	\$1,361
Secretary III	\$35,944	3	40	0.07	\$2,431
Policy and Training Staff					
Administrative Officer III	\$43,857	2	160	0.18	\$7,911
Recruitment/Hiring					
Administrator	\$50,075	1	1.7	0.00	\$48
Administrative Officer III	\$43,857	1	1.7	0.00	\$42
CU Supervisor	\$41,596	3	1.7	0.00	\$120
Total					\$37,890

Note: Numbers may not total because of rounding.

Table H.20 estimates the SNAP implementation costs for training and support for management related to policy and plan development under the general SNAP activities and overhead category.

Table H.20. Estimated Implementation Costs for Training/Support Related to SNAP Policy and Plan Development, General SNAP Activities and Overhead

Column A Cost Category	Column B Total Costs
Training/Support for CNMI SNAP policy and plan development staff costs	\$150,000
Total	\$150,000

Table H.21 estimates the total implementation costs for general SNAP activities and overhead by aggregating tables H.19 and H.20.

Table H.21. Estimated Aggregate General SNAP Activities and Overhead Implementation Costs

Column A Cost Category	Column B Total Costs
Training/Support for CNMI SNAP policy and plan development implementation costs	\$150,000
SNAP Training and Recruitment Labor Implementation Costs	\$37,890
Total	\$187,890

7. Aggregate SNAP Implementation Costs

The aggregate implementation cost equals the sum of the aggregate costs for each of the six key areas as highlighted in figure H.6.

Figure H.6. Estimated Aggregate SNAP Implementation Costs

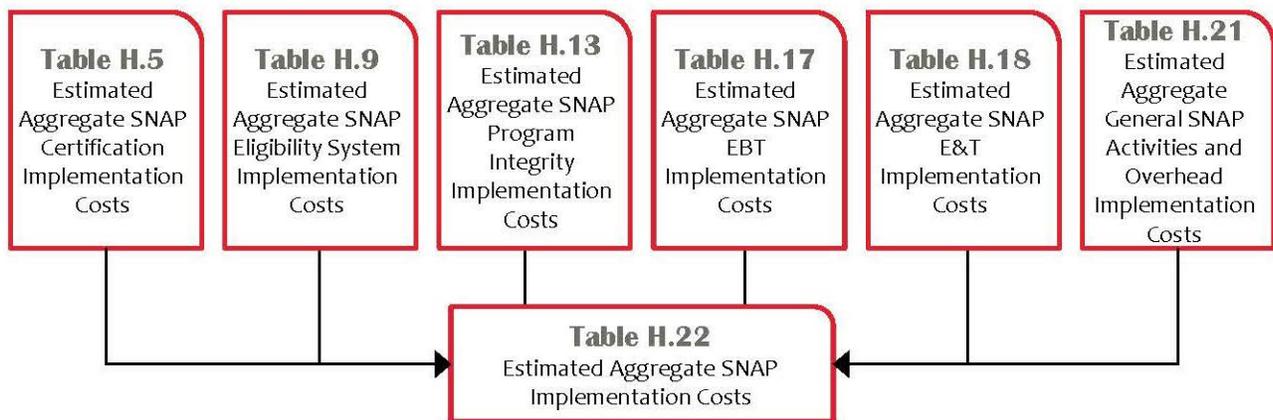


Table H.22 estimates the total costs of implementing SNAP. This table has four columns:

- Column A identifies the SNAP cost category.
- Column B estimates the caseload-driven costs.
- Column C estimates the fixed costs.
- Column D estimates the total costs for implementing SNAP.

Table H.22. Estimated Aggregate SNAP Implementation Costs

Column A SNAP Implementation Cost Category	Column B Caseload-Driven Costs	Column C Fixed Costs	Column D Total Costs
SNAP aggregate certification implementation costs	\$903,319	\$124,052	\$1,027,371
SNAP aggregate eligibility system implementation costs	\$0	\$1,450,208	\$1,450,208
SNAP aggregate implementation costs, program integrity			
Quality control activities	\$0	\$31,850	\$31,850
Participant fraud activities	\$0	\$16,556	\$16,556
Fair hearings activities	N/A	N/A	N/A
Management evaluation activities	\$0	\$8,117	\$8,117
SNAP aggregate implementation costs, E&T	\$0	\$3,791	\$3,791
SNAP aggregate implementation costs, EBT	\$0	\$1,436,299	\$1,436,299
SNAP aggregate implementation costs, general SNAP activities and overhead	\$0	\$187,890	\$187,890
Total	\$903,319	\$3,258,763	\$4,162,082

N/A = not applicable

Note: Numbers may not total because of rounding.

C. Overview of the Annual Administrative Cost Estimates for Ongoing SNAP Operations

The tables for estimated annual administrative costs are presented here in the same manner implementation cost tables appeared in section B. The six key SNAP activities, including certification, eligibility system, program integrity, E&T, EBT, and general SNAP and overhead categories are disaggregated into a series of tables and then summed to calculate the total estimated annual administrative costs. Figures H.7 through H.16 present the relationships among these tables for certification, eligibility system, program integrity overall (summarizing detailed tables for SNAP QC, participant fraud, fair hearings, and management evaluations), SNAP E&T, EBT, and general SNAP activities and overhead. Figure H.16 shows the cost drivers for the aggregate ongoing costs and the resulting table presents a rollup of the costs.

1. SNAP Certification Ongoing Costs

Figure H.7 shows the cost components used to estimate the annual costs for SNAP certification.

Figure H.7. Estimated Annual Costs for SNAP Certification

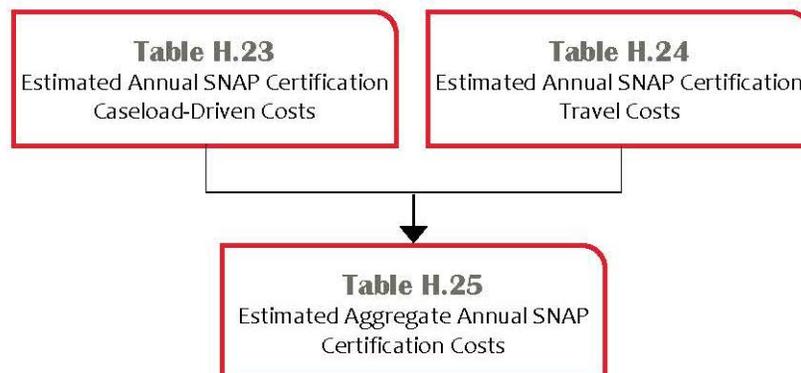


Table H.23 estimates the annual caseload-driven costs associated with certification. This table has 10 columns:

Column A identifies the administrative activity.

Column B identifies the staff categories involved in each administrative activity.

Column C identifies the loaded labor rates for each staff category.

Column D identifies the FTEs per unit. The units differ by labor category: for eligibility workers, the units are households; for supervisors, they are eligibility workers; and for secretaries, they are offices.

Column E identifies the number of units.

Column F identifies the number of FTEs.

Column G identifies the total annual costs for SNAP caseload-driven annual costs.

Table H.23. Estimated Annual SNAP Certification Caseload-Driven Costs

Column A Administrative Activity	Column B Staff Category	Column C Loaded Labor Rates	Column D FTEs per Unit	Column E Number of Units	Column F Number of FTEs (E/D)	Column G Total Costs (C × F)
Certification	Eligibility Worker I/II	\$29,161	500	9184	19	\$554,055
	CU Supervisor	\$41,596	9	19	3	\$124,789
	Secretary III	\$35,944	1	3	3	\$107,831
					Total	\$786,676

Note: Numbers may not total because of rounding.

Table H.24 estimates the annual travel costs associated with certification. This table has five columns:

Column A identifies the cost category.

Column B identifies the number of staff traveling per trip.

Column C identifies the number of trips per year

Column D identifies the unit cost per cost category.

Column E estimates the total annual travel cost.

Table H.24. Estimated Annual SNAP Certification Travel Costs

Column A Cost Category	Column B Number of Staff per Trip	Column C Trips per Year	Column D Unit Cost	Column E Total Costs (B × C × D)
Airfare Tinian, certification supervisor	1	4	\$84	\$336
Airfare Rota, certification supervisor	1	4	\$227	\$906
Per diem, certification supervisor	2	4	\$125	\$1,000
Car rental, certification supervisor	2	4	\$140	\$1,120
Total				\$3,362

Note: Numbers may not total because of rounding.

Table H.25 estimates the aggregate annual costs for certification based on tables H.23 and H.24.

Table H.25. Estimated Aggregate Annual SNAP Certification Costs

Column A Certification Cost Category Annual	Column B Total Costs
SNAP caseload-driven annual certification costs	\$786,676
SNAP travel annual certification costs	\$3,362
Total	\$790,038
CNMI costs	\$395,019
Federal costs	\$395,019

Note: Numbers may not total because of rounding.

2. SNAP Eligibility System Ongoing Costs

Figure H.8 shows the cost components used to estimate the annual costs for the SNAP eligibility system.

Figure H.8. Estimated Annual Costs for the SNAP Eligibility System

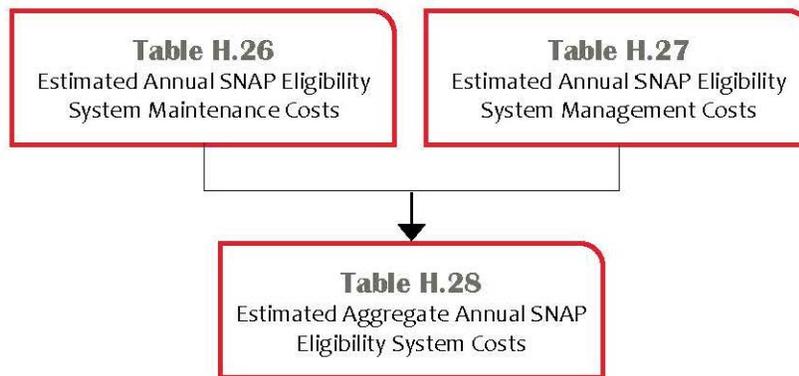


Table H.26 estimates the fixed annual maintenance costs for the eligibility system. This table has four columns:

Column A identifies the cost category.

Column B identifies the annual costs.

Column C estimates the years.

Column D estimates the total annual cost.

Table H.26. Estimated Annual SNAP Eligibility System Maintenance Costs

Column A Cost Category	Column B Annual Cost	Column C Number of Years	Column D Total Cost
Eligibility system maintenance	\$69,264	1	\$69,264
Total			\$69,264

Table H.27 estimates the fixed annual management costs for the eligibility system. This table has five columns:

Column A identifies the cost category.

Column B identifies the loaded labor rates for each staff category.

Column C estimates the hours per staff.

Column D estimates the number of FTEs.

Column E estimates the total annual costs.

Table H.27. Estimated Annual SNAP Eligibility System Management Costs

Column A Cost Category	Column B Loaded Labor Rates	Column C Hours per Staff	Column D Number of FTEs (C/1,774)	Column E Total Costs (B × E)
Program Management				
CU Supervisor	\$41,596	200	0.11	\$4,690
Eligibility Worker I/II	\$29,161	200	0.11	\$3,288
Technical Support	\$37,931	200	0.11	\$4,276
			Total	\$12,253

Note: Numbers may not total because of rounding.

Table H.28 estimates the aggregate annual costs for the eligibility system based on tables H.26 and H.27.

Table H.28. Estimated Aggregate Annual SNAP Eligibility System Costs

Column A Cost Category	Column B Total Costs
SNAP eligibility system maintenance annual costs	\$69,264
SNAP eligibility system management annual costs	\$12,253
Total	\$81,517
CNMI costs	\$40,759
Federal costs	\$40,759

Note: Numbers may not total because of rounding.

3. SNAP Program Integrity Ongoing Costs

Ongoing costs for ensuring SNAP program integrity stem from activities in the following four key areas: SNAP QC, participant fraud monitoring, fair hearings, and management evaluations. Cost for each of these areas appear separately.

SNAP QC

Figure H.9 shows the cost components used to estimate the annual costs for SNAP QC.

Figure H.9. Estimated Annual Costs for SNAP QC

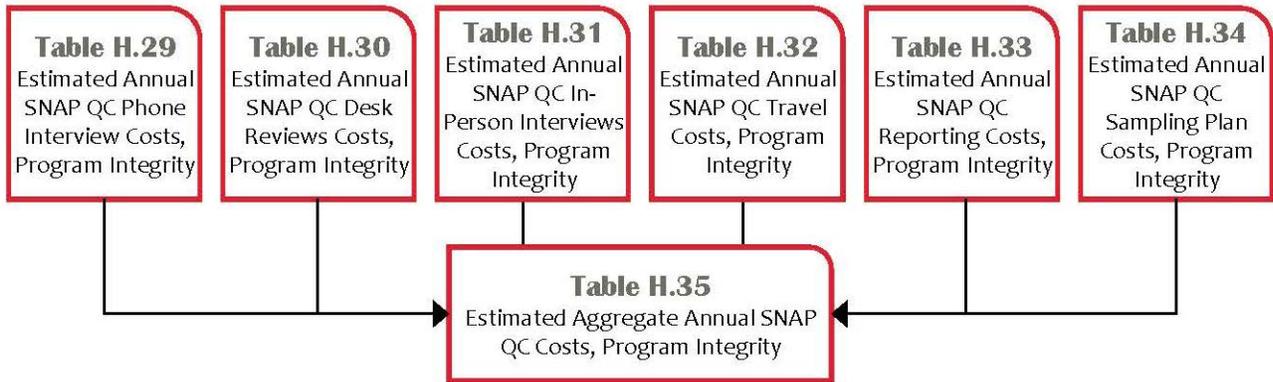


Table H.29 estimates the annual QC phone interview costs; the study team assumes the CNMI will pursue a waiver to conduct phone interviews for cases with benefits less than or equal to \$100. This table has eight columns:

Column A identifies the labor category.

Column B identifies the loaded labor rates for each staff category.

Column C identifies the time (in hours) each staff spends on participant cases.

Column D identifies the number of cases sampled for QC review.

Column E identifies the percent of cases reviewed by each staff category.

Column F estimates the number of cases reviewed by each category by multiplying the total number of cases eligible for review by the percent of cases reviewed by each category.

Column G estimates the number of FTEs.

Column H estimates the total annual costs for phone interviews.

Table H.29. Estimated Annual SNAP QC Phone Interview Costs, Program Integrity

Column A Labor Category	Column B Loaded Labor Rates	Column C Hours per Case	Column D Number of Cases Sampled	Column E Percent of Cases	Column F Number of Cases (D × E)	Column G Number of FTEs (C × F)/ 1,774	Column H Total Costs (B × G)
Phone interview for those receiving \$100 or less in benefits In Saipan							
MEU Supervisor	\$38,205	1	300	21.1%	63	0.04	\$1,357
Program Reviewer I/II	\$23,791	16			63	0.57	\$13,518
Secretary III	\$35,944	1			63	0.04	\$1,276
Phone interview for those receiving \$100 or less in benefits in Rota/Tinian							
MEU Supervisor	\$38,205	1	300	2.0%	6	0.00	\$129
Program Reviewer I/II	\$23,791	16			6	0.05	\$1,287
Secretary III	\$35,944	1			6	0.00	\$122
Total							\$17,690

Note: Numbers may not total because of rounding.

Table H.30 estimates the QC desk review costs. This table has six columns:

Column A identifies the labor category.

Column B identifies the loaded labor rates for each staff category.

Column C identifies the time (in hours) each staff spends on participant cases.

Column D identifies the number of cases sampled.

Column E estimates the number of FTEs.

Column F estimates the total annual costs for desk reviews.

Table H.30. Estimated Annual SNAP QC Desk Review Costs, Program Integrity

Column A Labor Category	Column B Loaded Labor Rates	Column C Hours per Case	Column D Number of Cases Sampled	Column E Number of FTEs (C × D) / 1,774	Column F Total Costs (B × E)
Desk review for negative cases					
MEU Supervisor	\$38,205	0.5	156	0.04	\$1,680
Program Reviewer I/II	\$23,791	2		0.18	\$4,184
Total					\$5,864

Note: Numbers may not total because of rounding.

Table H.31 estimates the QC in-person interview annual costs. This table has eight columns:

Column A identifies the labor category.

Column B identifies the loaded labor rates for each staff category.

Column C identifies the time (in hours) each staff spends on participant cases.

Column D identifies the number of cases reviewed.

Column E identifies the percent of cases reviewed by each staff category.

Column F estimates the number of cases interviewed each year.

Column G estimates the number of FTEs.

Column H estimates the total annual costs for in-person interviews.

Table H.31. Estimated Annual SNAP QC In-Person Interview Costs, Program Integrity

Column A Labor Category	Column B Loaded Labor Rates	Column C Hours per Case	Column D Number of Cases	Column E Percent of Cases	Column F Number of In-Person Interviews	Column G Number of FTEs (C × F)/ 1,774	Column H Total Costs (B × F)
Staff who do not need to travel							
MEU Supervisor	\$38,205	1	251	100%	251	0.14	\$5,411
Secretary III	\$35,944	1				0.14	\$5,091
Saipan							
Program Reviewer I/II	\$23,791	16	250	91.4%	229	2.07	\$49,138
Rota and Tinian							
Program Reviewer I/II	\$23,791	16	250	8.5%	21	0.19	\$4,560
Northern Islands (Interviewed on Saipan)							
Program Reviewer I/II	\$23,791	16	300	0.2%	1	0.01	\$215
Total							\$64,413

Note: Numbers may not total because of rounding.

Table H.32 estimates the annual travel costs associated with QC. This table has five columns:

Column A identifies the cost category.

Column B identifies the number of staff traveling per month.

Column C identifies the unit cost per cost category.

Column D identifies the total monthly cost per cost category.

Column E estimates the total annual travel cost.

Table H.32. Estimated Annual SNAP QC Travel Costs, Program Integrity

Column A Cost Category	Column B Number of Staff per Month	Column C Costs per Month	Column D Total Monthly Cost (C × B)	Column E Total Annual Costs (D × 12)
Travel				
Airfare Tinian	2	\$84	\$168	\$2,016
Airfare Rota	2	\$227	\$453	\$5,436
Per diem	4	\$125	\$500	\$6,000
Hotel Tinian	2	\$130	\$260	\$3,120
Hotel Rota	2	\$99	\$198	\$2,376
Car rental	2	\$140	\$280	\$3,360
Total				\$22,308

Note: Numbers may not total because of rounding.

Table H.33 estimates the annual reporting costs associated with QC. This table has six columns:

Column A identifies the labor category.

Column B identifies the loaded labor rate for each labor category.

Column C identifies the time spent on reporting processes per case.

Column D identifies the number of cases reviewed.

Column E estimates the number of FTEs.

Column F estimates the total annual costs for reporting.

Table H.33. Estimated Annual SNAP QC Reporting Costs, Program Integrity

Column A Labor Category	Column B Loaded Labor Rate	Column C Hours per Case	Column D Number of Cases Reviewed	Column E Number of FTEs (C × D)/1,774	Column F Total Costs (B × E)
MEU Unit Supervisor	\$38,205	0.50	456	0.13	\$4,910

Note: Numbers may not total because of rounding.

Table H.34 estimates the annual costs associated with updating the QC sampling plan. This table has five columns:

Column A identifies the cost category.

Column B identifies the loaded labor rate for each labor category.

Column C identifies the time (in hours) spent updating the sampling plan.

Column D estimates the number of FTEs.

Column E estimates the total annual costs for updating the sampling plan.

Table H.34. Estimated Annual SNAP QC Sampling Plan Costs, Program Integrity

Column A Cost Category	Column B Loaded Labor Rate	Column C Hours per Staff	Column D Number of FTEs (C/1,774)	Column E Total Costs (B × D)
Update Sampling Plan				
Statistician	\$43,857	160	0.09	\$3,956

Table H.35 estimates the aggregate annual costs for QC based on tables H.29 through H.34.

Table H.35. Estimated Aggregate Annual SNAP QC Costs, Program Integrity

Column A QC Cost Category Annual	Column B Total Costs
QC Case Review Costs	
SNAP QC phone interview annual costs	\$17,690
SNAP QC in-person interview annual costs	\$64,413
SNAP QC desk reviews annual costs	\$5,864
SNAP QC annual reporting costs	\$4,910
SNAP QC annual sampling plan costs	\$3,956
SNAP QC annual travel costs	\$22,308
Total	\$119,141
	CNMI costs
	\$59,570
	Federal costs
	\$59,570

Note: Numbers may not total because of rounding.

Participant Fraud Monitoring

Figure H.10 shows the cost components used to estimate annual costs for monitoring SNAP participant fraud.

Figure H.10. Estimated Annual Costs for SNAP Participant Fraud

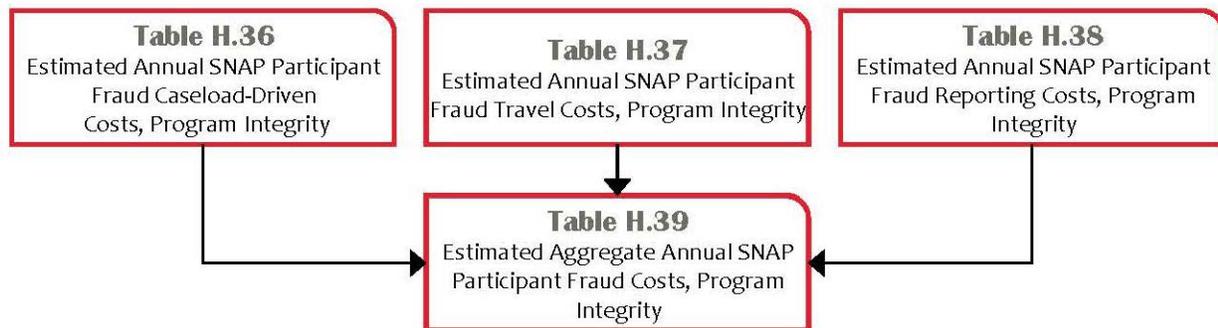


Table H.36 estimates the annual caseload-driven costs associated with participant fraud. This table has eight columns:

Column A identifies the labor category.

Column B identifies the loaded labor rates for each staff category.

Column C identifies the time (in hours) each staff spends on participant cases.

Column D identifies the total number of SNAP participants.

Column E identifies the percent of cases handled by each staff category.

Column F estimates the number of participants encountered in the participant fraud unit by multiplying the total number of SNAP participants by the percent of cases handled.

Column G estimates the number of FTEs.

Column H estimates the total annual staff costs.

Table H.36. Estimated Annual SNAP Participant Fraud Caseload-Driven Costs, Program Integrity

Column A Labor Category	Column B Loaded Labor Rates	Column C Hours per Case	Column D Total Number of SNAP Participants	Column E Percent of Cases Handled	Column F Number of Participants (D × E)	Column G Number of FTEs (C × F)/1,774	Column H Total Costs (B × G)	
Investigations								
Program Reviewer I/II	\$23,791	4	9,184	2%	184	0.41	\$9,853	
Investigative Unit Supervisor (MEU Supervisor)	\$38,205	2		2%	184	0.21	\$7,911	
Fraud Hotline								
Program Reviewer I/II	\$23,791	0.75	9,184	1%	92	0.04	\$924	
Claims/Overpayment								
Issuance Clerk II	\$20,117	N/A	N/A	N/A	N/A	3	\$60,350	
BICA Unit Supervisor	\$41,596	N/A		N/A	N/A	1	\$41,596	
Agency Conferences: Fraud								
Program Reviewer I/II	\$23,791	2	184	75%	138	0.16	\$3,695	
MEU Supervisor	\$38,205	1.5		75%	138	0.12	\$4,450	
Fraud Hearings								
Fair hearing official (lawyer)	\$47,249	2.5	9,184	0.3%	28	0.04	\$1,835	
Program Reviewer I/II	\$23,791	2		0.3%	28	0.03	\$739	
MEU Supervisor	\$38,205	2		0.3%	28	0.03	\$1,187	
Total								\$132,541

N/A = not applicable

Note: Numbers may not total because of rounding.

Table H.37 estimates the annual travel costs associated with the participant fraud unit. This table has five columns:

- Column A identifies the cost category.
- Column B identifies the number of staff traveling.
- Column C identifies the number of trips.
- Column D identifies the unit cost per cost category.
- Column E estimates the total annual travel cost.

Table H.37. Estimated Annual SNAP Participant Fraud Travel Costs, Program Integrity

Column A Cost Category	Column B Number of Staff	Column C Number of Trips	Column D Unit Cost	Column E Total Costs (B × C × D)
Airfare Tinian, program reviewers	2	4	\$84	\$672
Airfare Rota, program reviewers	2	4	\$227	\$1,812
Per Diem, program reviewers	2	4	\$125	\$1,000
Car Rental, program reviewers	2	4	\$140	\$1,120
Airfare Tinian, fraud hearing official	1	2	\$84	\$168
Airfare Rota, fraud hearing official	1	1	\$227	\$227
Per diem, fraud hearing official	1	3	\$125	\$375
Car rental, fraud hearing official	1	3	\$140	\$420
Total				\$5,794

Note: Numbers may not total because of rounding.

Table H.38 estimates the annual reporting costs associated with QC. This table has five columns:

- Column A identifies the labor category.
- Column B identifies the loaded labor rate for each labor category.
- Column C identifies the time (in hours) spent on reporting processes.
- Column E estimates the number of staff.
- Column F estimates the total annual costs for reporting.

Table H.38. Estimated Annual SNAP Participant Fraud Reporting Costs, Program Integrity

Column A Labor Category	Column B Loaded Labor Rate	Column C Hours for Reporting Processes	Column D Number of Staff	Column E Total Costs (B × C × D)/1,774
BICU supervisor	\$41,596	120	0.1	\$2,814

Table H.39 estimates the aggregate annual costs for the participant fraud unit based on table H.36 through H.38.

Table H.39. Estimated Aggregate Annual SNAP Participant Fraud Costs, Program Integrity

Column A Participant Fraud Cost Category Annual	Column B Total Costs
SNAP participant fraud annual caseload-driven costs, program integrity	\$132,541
SNAP participant fraud annual travel costs, program integrity	\$5,794
SNAP participant fraud annual reporting costs, program integrity	\$2,814
Total	\$141,148
	CNMI costs
	\$70,574
	Federal costs
	\$70,574

Fair Hearings

Figure H.11 shows the cost components used to estimate the annual costs for conducting SNAP fair hearings.

Figure H.11. Estimated Annual Costs for SNAP Fair Hearings

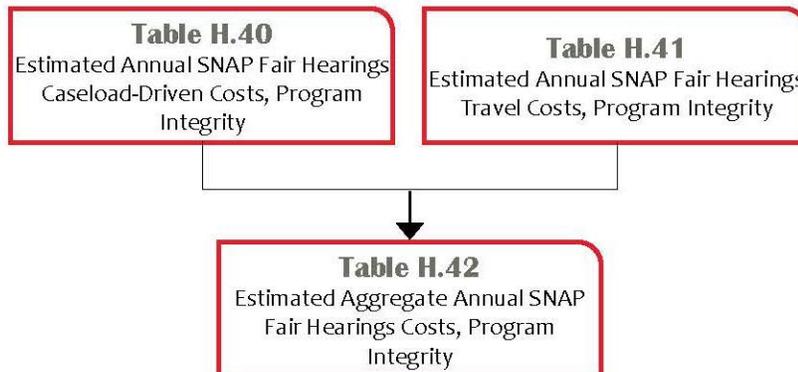


Table H.40 estimates the annual caseload-driven costs associated with fair hearings. This table has eight columns:

Column A identifies the labor category.

Column B identifies the loaded labor rates for each staff category.

Column C identifies the time (in hours) each staff spends on fair hearings.

Column D identifies the total number of SNAP households involved in fair hearings.

Column E identifies the percent of cases handled by each staff category.

Column F estimates the number of household involved in fair hearings by multiplying the total number of SNAP households by the percent of cases handled.

Column G estimates the number of FTEs.

Column H estimates the total annual costs for conducting fair hearings.

Table H.40. Estimated Annual SNAP Fair Hearings Caseload-Driven Costs, Program Integrity

Column A Labor Category	Column B Annual Loaded Labor Rates	Column C Hours per Participant	Column D Number of SNAP Participants	Column E Percent of Cases	Column F Number of Participants (D × E)	Column G Number of FTEs (C × F)/1,774	Column H Total Costs (B × G)
Agency Conferences, Fair Hearings							
CU Supervisor	\$41,596	1.5	9,184	1.5%	138	0.12	\$4,845
Eligibility Worker I/II	\$29,161	2.0				0.16	\$4,529
Fair Hearings Coordinator	\$23,791	1.0				0.08	\$1,847
Fair Hearings							
Fair Hearings Official	\$47,249	2.5	9,184	0.3%	28	0.04	\$1,835
CU Supervisor	\$41,596	2.0				0.03	\$1,292
						Total	\$14,348

Note: Numbers may not total because of rounding.

Table H.41 estimates the annual travel. This table as five columns:

- Column A identifies the cost category.
- Column B identifies the number of staff traveling.
- Column C identifies the number of trips.
- Column D identifies the unit costs.
- Column E identifies the total annual costs.

Table H.41. Estimated Annual SNAP Fair Hearings Travel Costs, Program Integrity

Column A Cost Category	Column B Number of Staff	Column C Number of Trips	Column D Unit Cost	Column E Total Costs (B × C × D)
Airfare Tinian, fair hearing official	1	2	\$84	\$168
Airfare Rota, fair hearing official	1	1	\$227	\$227
Per diem, fair hearing official	1	3	\$125	\$375
Car rental, fair hearing official	1	3	\$140	\$420
Total				\$1,190

Note: Numbers may not total because of rounding.

Table H.42 estimates the aggregate annual costs for the fair hearings unit based on tables H.40 and H.41.

Table H.42. Estimated Aggregate Annual SNAP Fair Hearings Costs, Program Integrity

Column A Fair Hearings Category Annual	Column B Total Costs
SNAP fair hearings annual caseload-driven costs, program integrity	\$14,348
SNAP fair hearings annual travel costs, program integrity	\$1,190
Total	\$15,538
CNMI costs	\$7,769
Federal costs	\$7,769

Figure H.12 shows the cost components used to estimate annual costs for conducting SNAP management evaluations.

Figure H.12. Estimated Annual Costs for SNAP Management Evaluations

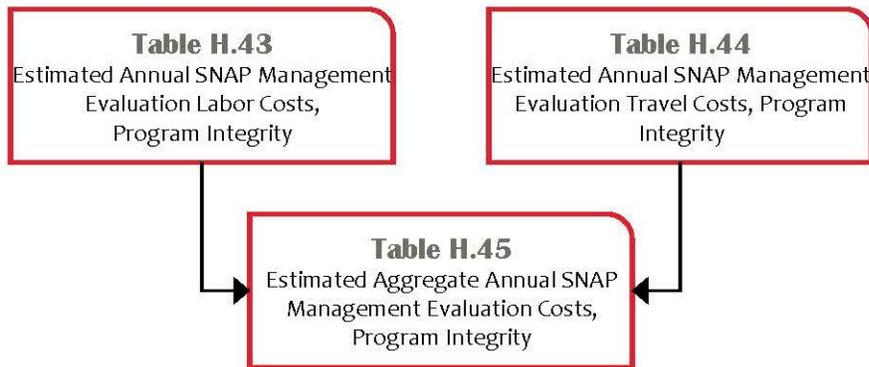


Table H.43 estimates the annual labor costs associated with conducting management evaluations. This table has six columns:

- Column A identifies the cost category.
- Column B identifies the loaded labor rates for each staff category.
- Column C identifies the time (in hours) per staff.
- Column D identifies the number of staff members.
- Column E estimates the number of FTEs needed to implement ME reviews.
- Column F estimates the total annual costs.

Table H.43. Estimated Annual SNAP Management Evaluation Labor Costs, Program Integrity

Column A Cost Category	Column B Loaded Labor Rates	Column C Hours per Staff	Column D Number of Staff	Column E Number of FTEs (C/1,774)	Column F Total Costs (B × E)
Management Evaluation Review					
Program Reviewer I/II (ME)	\$23,791	72	1	0.04	\$966
Report					
Program Reviewer I/II (ME)	\$23,791	16	1	0.01	\$215
ME Supervisor	\$38,205	1	1	0.00	\$22
Annual Plan					
Program Reviewer I/II (ME)	\$23,791	4	1	0.00	\$54
ME Supervisor	\$38,205	1	1	0.00	\$22
Total					\$1,277

Table H.44 estimates the annual travel costs associated with conducting management evaluations. This table has five columns:

Column A identifies the cost category.

Column B identifies the number of staff traveling per year.

Column C identifies the unit cost per cost category.

Column D identifies the total annual cost per cost category.

Table H.44. Estimated Annual SNAP Management Evaluation Travel Costs, Program Integrity

Column A Cost Category	Column B Number of Staff Per Year ^a	Column C Unit Cost	Column D Total Costs (B × C)
Travel			
Airfare Tinian	0.5	\$84	\$42
Airfare Rota	0.5	\$227	\$113
Hotel Tinian	0.5	\$130	\$65
Hotel Rota	0.5	\$99	\$50
Per diem	1	\$125	\$125
Car rental	1	\$140	\$140
Total			\$535

Notes: Numbers may not total because of rounding.

^a One staff person will travel to Tinian one year and Rota the next year. To account for the difference in travel and per diem costs between Rota and Tinian, the model assigns half a person for travel to each island per year.

Table H.45 estimates the aggregate annual costs for management evaluation based on tables H.43 and H.44.

Table H.45. Estimated Aggregate Annual SNAP Management Evaluation Costs, Program Integrity

Column A Cost Category	Column B Total Costs
SNAP management evaluation annual labor costs, program integrity	\$1,277
SNAP management evaluation annual travel costs, program integrity	\$535
Total	\$1,812
CNMI costs	\$906
Federal costs	\$906

Note: Numbers may not total because of rounding.

Figure H.13 shows the cost components used to estimate aggregate annual costs for SNAP program integrity activities.

Figure H.13. Estimated Annual Costs for SNAP Program Integrity Activities

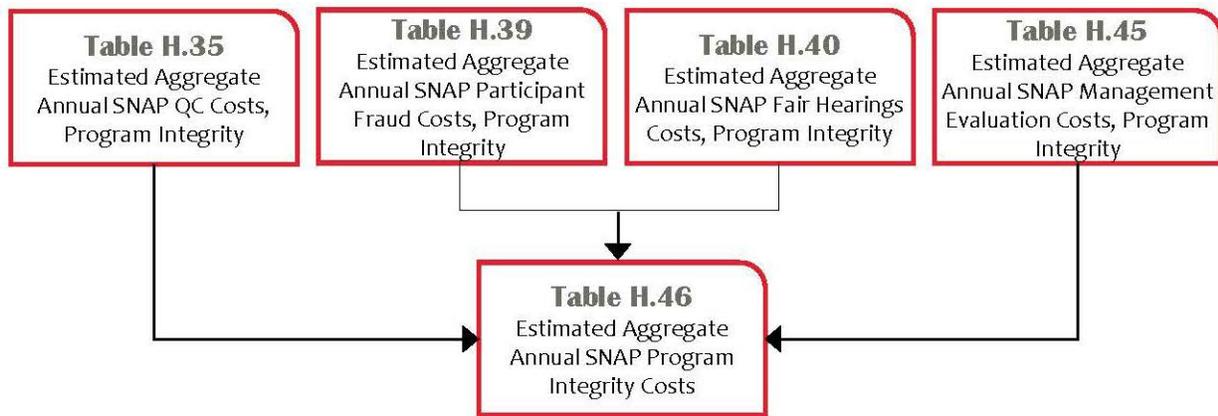


Table H.46 estimates the aggregate annual costs for program integrity based on tables H.35, H.39, H.40, and H.45.

Table H.46. Estimated Aggregate Annual SNAP Program Integrity Costs

Column A Cost Category	Column B Total Costs
Aggregate SNAP QC annual costs, program integrity	\$119,141
Aggregate SNAP participant fraud annual costs, program integrity	\$141,148
Aggregate SNAP fair hearings annual costs, program integrity	\$15,538
Aggregate SNAP management evaluation annual costs, program integrity	\$1,812
Aggregate Annual Costs for Program Integrity	\$277,638
CNMI costs	\$138,819
Federal costs	\$138,819

Note: Numbers may not total because of rounding.

4. SNAP EBT Ongoing Costs

Figure H.14 shows the cost components used to estimate annual SNAP EBT costs.

Figure H.14. Estimated Annual SNAP EBT Costs

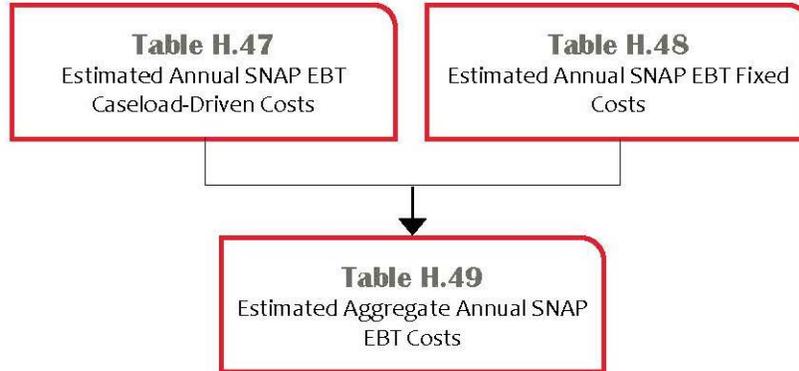


Table H.47 estimates the annual caseload-driven costs for EBT. This table has four columns:

- Column A identifies the cost category.
- Column B identifies the cost per unit.
- Column C identifies the number of units.
- Column D estimates the total annual costs.

Table H.47. Estimated Annual SNAP EBT Caseload-Driven Costs

Column A Cost Category	Column B Cost per Unit	Column C Number of Units	Column D Total Costs (B × C × 12)
Annual EBT processor costs, CPCM fees	\$0.73	9,184	\$80,452
		Total	\$80,452

Table H.48 estimates the fixed annual costs associated with EBT. This table has six columns:

- Column A identifies the cost category.
- Column B identifies the loaded labor rates for each staff category.
- Column C identifies the number of staff members.
- Column D identifies the time (in hours) per staff.
- Column E identifies the number of hours per month.
- Column F estimates the number of FTEs needed per month.
- Column G estimates the total annual costs per year.

Table H.48. Estimated Annual SNAP EBT Fixed Costs

Column A Cost Category	Column B Loaded Labor Rate	Column C Number of Staff	Column D Number of Hours per Staff	Column E Number of Hours per Month (C × D)	Column F Number of FTEs per Month (E/1,774)	Column G Total Costs (B × F × 12)
Program Management						
BICA Unit Supervisor	\$41,596	1	74	74	0.04	\$20,822
CU Supervisor	\$41,596	3	4	12	0.01	\$3,376
MEU Supervisor	\$38,205	1	4	4	0.00	\$1,034
Retailer Support						
Retailer/EBT Liaison	\$24,639	1	132	132	0.07	\$22,000
Card Issuance						
Issuance Clerk II	\$20,117	3	132	396	0.22	\$53,887
Eligibility Staff						
Eligibility Worker I/II	\$29,161	23	15	345	0.19	\$68,053
Retailer Costs						
Point-of-sale devices	\$25	N/A	7	N/A	N/A	\$2,100
Total						\$171,271

N/A = not applicable

Note: Numbers may not total because of rounding.

Table H.49 estimates the aggregate annual costs for EBT based on tables H.47 and H.48.

Table H.49. Estimated Aggregate Annual SNAP EBT Costs

Column A Cost Category	Column B Total Costs
Annual SNAP EBT caseload-driven costs	\$80,452
Annual SNAP EBT fixed costs	\$171,271
Total	\$251,723
CNMI costs	\$125,862
Federal costs	\$125,862

Note: Numbers may not total because of rounding.

5. SNAP E&T Ongoing Costs

Figure H.15 shows the cost components used to estimate annual SNAP E&T costs.

Figure H.15. Estimated Annual SNAP E&T Costs

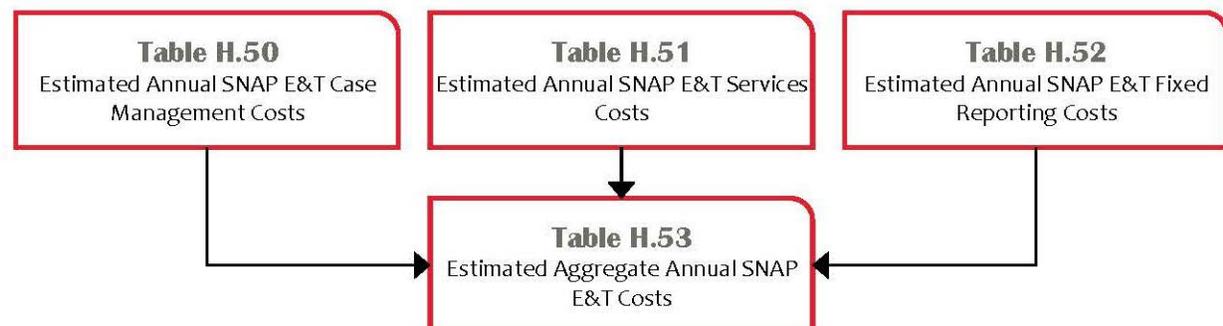


Table H.50 estimates the case management costs for the E&T program, which are caseload-driven. The case management costs covered in this table only apply to the case management required for E&T activities. This table has six columns:

Column A identifies the labor category.

Column B identifies the loaded labor rates for each staff category.

Column C identifies the time (in hours) each staff spends on participant cases.

Column D identifies the number of participants.

Column E estimates the number of FTEs.

Column F estimates the total annual costs for case management.

Table H.50. Estimated Annual SNAP E&T Case Management Costs

Column A Labor Category	Column B Loaded Labor Rates	Column C Staff Hours per E&T Participant	Column D Number of Participants	Column E Number of FTEs (C × D)/1,774	Column F Total Costs (B × E)
Eligibility Worker I/II	\$29,161	4	96	0.22	\$6,312
CU Supervisor	\$41,596	0.5		0.03	\$1,125
				Total	\$7,438

Note: Numbers may not total because of rounding.

Table H.51 estimates the service costs for the E&T program, which are caseload-driven. This table has nine columns:

Column A identifies the cost category

Column B identifies the number of SNAP participants.

Column C identifies the number of work registrants.

Column D identifies the percent of voluntary participants receiving E&T services.

Column E estimates the number of voluntary SNAP E&T participants.

Column F identifies the percent of E&T participants receiving service.

Column G estimates the number of participants receiving each type of E&T service.

Column H estimates the cost per participant.

Column I estimates the total annual cost for E&T services.

Table H.51. Estimated Annual SNAP E&T Services Costs

Column A Cost Category	Column B Number of SNAP Participants	Column C Number of Work Registrants	Column D Percent Voluntarily Receiving E&T Services	Column E Number of SNAP Voluntary E&T Participants (C × D)	Column F Percent of E&T Participants Receiving Services	Column G Number of Participants Voluntarily Receiving E&T Services (E × F)	Column H Cost per Person	Column I Total Costs (G × H)
Services								
Employment services	9,184	1,378	7%	96	100%	96	\$10	\$955
Supportive services: Childcare				96	11%	11	\$510	\$5,410
Supportive services: Transportation				96	83%	80	\$80	\$6,403
Supportive services: Other				96	0.08%	0.08	\$45	\$3
Total								\$12,771

Note: Numbers may not total because of rounding.

Table H.52 estimates the reporting costs for the E&T program. This table has five columns:

Column A identifies the labor category.

Column B identifies the loaded labor rates for each staff category.

Column C identifies the time (in hours) each staff spends on reporting.

Column D indicates the number of staff, which is one.

Column E estimates the number of FTEs.

Column F estimates the total annual costs for E&T reporting.

Table H.52. Estimated Annual SNAP E&T Reporting Costs

Column A Labor Category	Column B Loaded Labor Rates	Column C Hours per Staff	Column D Number of FTEs (C/1,774)	Column E Total Costs (B × D)
CU Supervisor	\$41,596	160	0.09	\$3,752

Table H.53 estimates the aggregate annual costs for the E&T program based on tables H.50 through H.52.

Table H.53. Estimated Aggregate Annual SNAP E&T Costs

Column A Cost Category	Column B Total Costs
Annual SNAP E&T case management costs	\$7,438
Annual SNAP E&T services costs	
Employment services	\$955
Support services	\$11,816
Annual SNAP E&T reporting costs	\$3,752
Total	\$23,961
	CNMI costs ^a
	\$5,908
	Federal costs
	\$18,052

^a States do not share E&T costs equally with FNS. States pay 50 percent of the cost of support services. However, FNS provides a set amount to cover training and administration costs and the States are required to cover the remainder. For the CNMI, it is assumed FNS would provide the minimum amount of \$50,000. The CNMI would be responsible for the remaining \$39,481.

Note: Numbers may not total because of rounding.

6. General SNAP Activities and Overhead Ongoing Costs

Figure H.16 shows the cost components used to estimate annual costs for general SNAP activities and overhead.

Figure H.16. Estimated Annual General SNAP Activities and Overhead Costs

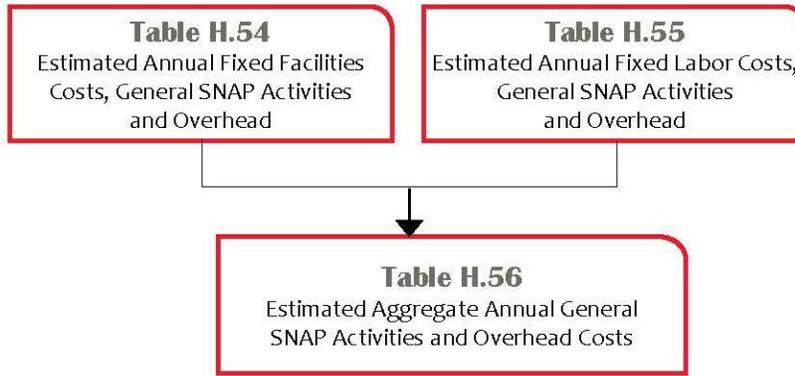


Table H.54 estimates the annual facility costs. This table has four columns:

Column A identifies the cost category.

Column B identifies the cost per FTE.

Column C identifies the number of FTEs.

Column D estimates the total annual costs.

Table H.54. Estimated Annual Fixed Facilities Costs, General SNAP Activities and Overhead

Column A Cost Category	Column B Costs per FTE	Column C Number of FTEs	Column D Total Costs (B × C)
Rent	\$5,300	44	\$233,200
Utilities	\$2,699	44	\$118,765
Supplies			
Office	\$1,720	44	\$75,701
Operations	\$207	44	\$9,105
Repair/maintenance of equipment	\$587	44	\$25,838
Office equipment (< \$5,000)	\$91	44	\$4,006
Office equipment (> \$5,000)	\$564	44	\$24,798
Other			
Communications	\$1,018	44	\$44,806
Freight and handling	\$122	44	\$5,349
Cleaning	\$463	44	\$20,374
Fuel and lubrication	\$499	44	
		Total	\$583,882

Note: Numbers may not total because of rounding.

Table H.55 estimates the annual fixed labor costs related to SNAP activities and overhead. This table has six columns:

Column A identifies the cost category.

Column B identifies the loaded labor rates for each staff category.

Column C identifies the number of staff working per month.

Column D identifies the time (in hours) spent per staff on each activity per month.

Column E estimates the total number of FTEs needed.

Column F estimates the total annual costs.

Table H.55. Estimated Annual Fixed Labor Costs, General SNAP Activities and Overhead

Column A Cost Category	Column B Loaded Labor Rates	Column C Number of Staff	Column D Hours per Staff	Column E Number of FTEs (C × D)/1,774	Column F Total Costs (B × E)
Program Management					
Administrator	\$50,075	1	1,774	1	\$50,075
Administrative Officer III	\$43,857	1	1,774	1	\$43,857
Accountant I	\$35,944	3	1,774	3	\$107,831
Policy and Training Staff					
Administrative Officer III	\$43,857	1	1,774	1	\$43,857
Total					\$245,621

Note: Numbers may not total because of rounding.

Table H.56 estimates the aggregate annual costs related to SNAP general activities and overhead based on table H.54 through H.55.

Table H.56. Estimated Aggregate Annual General SNAP Activities and Overhead Costs

Column A Cost Category	Column B Total Costs
Annual fixed facilities costs, general SNAP activities and overhead	\$245,621
Annual fixed labor costs, general SNAP activities and overhead	\$583,882
Total	\$829,503
CNMI costs	\$414,751
Federal costs	\$414,751

Note: Numbers may not total because of rounding.

By summing the total costs in each of the annual aggregate cost tables, an estimate of SNAP aggregate annual costs is provided (see figure H.17).

Figure H.17. Estimated Aggregate Annual SNAP Costs

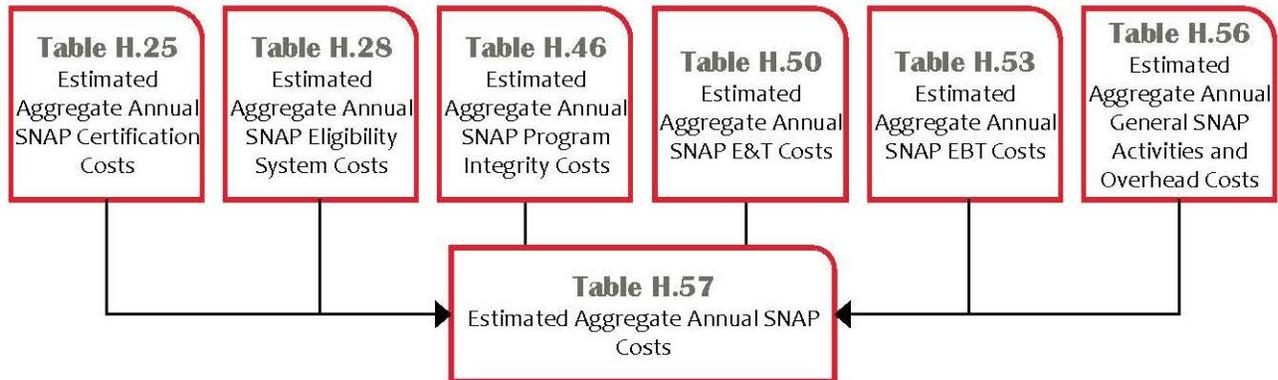


Table H.57 estimates the total annual cost of SNAP based on the tables indicated. Table H.57 has four columns:

- Column A identifies the SNAP cost category.
- Column B estimates the total caseload-driven costs.
- Column C estimates the total fixed costs.
- Column D estimates the total annual costs of SNAP.

Table H.57. Estimated Aggregate Annual SNAP Costs

Column A SNAP Cost Category	Column B Caseload-Driven Costs	Column C Fixed Costs	Column D Total Costs
Certification activities	\$786,676	\$3,362	\$790,038
Eligibility system	\$0	\$81,517	\$81,517
Program integrity			
Quality control activities	\$92,877	\$26,264	\$119,141
Participant fraud activities	\$132,541	\$8,607	\$141,148
Fair hearings activities	\$15,538	\$0	\$15,538
Management evaluation activities	\$0	\$1,812	\$1,812
E&T activities	\$20,209	\$3,752	\$23,961
EBT activities	\$80,452	\$171,271	\$251,723
General SNAP activities and overhead	\$0	\$829,503	\$829,503
Total	\$1,128,292	\$1,126,087	\$2,254,379
		CNMI costs	\$1,121,118
		Federal costs	\$1,133,262

Note: Numbers may not total because of rounding.