



ASSESSING THE FEASIBILITY OF IMPLEMENTING THE SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM IN THE COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS (SUMMARY)

Background

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. 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).

Section 4031 of the Agricultural Act of 2014 (the Farm Bill) requires a study to determine the feasibility of operating SNAP, or an alternative model of benefit delivery, in the CNMI. If found feasible, the Farm Bill authorizes up to \$30.5 million to support a pilot. If not, the funds would be used to increase the existing block grant.

This report assesses the CNMI's capacity to administer SNAP in six key SNAP program areas:

1. Determining household eligibility and benefits
2. Implementing a SNAP eligibility system
3. Issuing benefits through electronic benefit transfer (EBT)
4. Maintaining program integrity
5. Implementing work requirements
6. Paying a share of administrative costs

It describes potential barriers to implementing SNAP and modifications that might be needed, and also explores which elements of SNAP could be implemented under the block grant structure.

History of the CNMI and NAP

The population of the CNMI is roughly 50,000, with more than half living in poverty. Under NAP, the CNMI receives a block grant that pays both benefits and administrative costs. Since it was established in 1982, NAP has largely remained a manual operation and benefit amounts have not kept pace with food costs. Because total funding for NAP has not

changed substantially in the past 5 years, the CNMI restricts program eligibility and benefits to the most financially needy households; almost 90 percent of the 8,500 NAP participants live in households with income below half the poverty level.

Data Sources and Methodology

The study utilized complementary data collection methods, including:

- Meetings with administrators from FNS, Guam, and the CNMI agencies;
- Literature review and analysis using existing data sources;
- 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
- In-depth interviews with stakeholders, including food retailers, NAP participants, community-based organizations, and employers.

Analytic methods included: (1) a systems change analysis to assess similarities and differences between the two programs and identify changes, (2) a stakeholder analysis to identify benefits and barriers to program implementation, (3) an alternatives assessment to identify program modifications that may be needed, (4) development of a microsimulation model to estimate SNAP participation, and (5) development of an administrative cost model to estimate both implementation and ongoing administrative costs.

Findings

The CNMI and its residents would benefit from having SNAP or a SNAP-like alternative.

- The current block grant structure and funding constraints limit eligibility and benefit levels. The study estimated that SNAP could serve 2.8 times as many participants.

- A more flexible program that expands and contracts with changing needs will better be able to serve the nutritional needs of the population.
- In addition, the CNMI would gain efficiency from implementing new technologies for determining eligibility and issuing benefits.

Implementing SNAP in the CNMI would be a time-consuming, resource-intensive process:

- *The differences between SNAP and the CNMI’s NAP are substantial.* While elements of the programs are similar, the eligibility rules under SNAP are more complex and would require staff to become familiar with the rules and adopt new administrative processes for computing benefits. This would require extensive technical assistance from FNS.
- *It would take at least 3 years to develop policies and procedures* necessary to certify eligible households, hire vendors to develop and test eligibility and EBT systems, hire and train staff, and build capacity to ensure SNAP program integrity. No State or U.S. territory has recently implemented SNAP, so there is no roadmap.

The estimated cost of implementing SNAP is \$4.2 million. This includes developing eligibility and EBT systems, hiring additional staff, and improving program infrastructure. Estimated ongoing administrative costs are \$2.3 million per year, which would roughly be split between CNMI and FNS.

Several key challenges would need to be addressed in order for the CNMI to meet all SNAP requirements.

- *Remote Location.* The CNMI’s remote location makes FNS oversight challenging and may limit the CNMI’s ability to attract qualified system vendors at a low cost.
- *Uncertain Economy.* Under NAP, the CNMI pays no administrative costs. Under SNAP, the CNMI would be required to pay 50 percent of administrative costs, estimated to be about \$2.3 million per year after implementation. Whether the CNMI can afford this will depend upon future economic conditions.
- *Small Island Community.* The small size of the community and its geographic isolation, limits

their ability to conduct undercover investigations for program integrity purposes.

- *Staffing, Training, and Infrastructure.* Implementing SNAP would require significant effort to recruit and train staff, as all current NAP households and any new applicants would need to be certified for SNAP. It would require improvements to infrastructure, including additional office space and equipment, as well as an upgraded eligibility and issuance system.
- *Technical Capacity.* Developing and implementing SNAP EBT and eligibility systems would require dedicated and trained IT staff and considerable technical assistance from vendors in the short to medium term.

Options Moving Forward

Potential options to strengthen nutrition assistance in the CNMI include:

1. **Pilot SNAP.** The Farm Bill provides funds to pilot SNAP in the CNMI, which entails overcoming the challenges listed above and meeting all the program requirements. It should be noted that, given the small size of the CNMI, piloting SNAP is effectively the same as implementing SNAP in the CNMI.
2. **Implement a modified SNAP.** In light of the challenges to implementing all SNAP requirements, an alternative approach would allow some modifications that adapt to the unique circumstances in the CNMI.
3. **Implement improvements within the current block grant.** Rather than implementing SNAP in the CNMI, this option would use the additional funds provided in the Farm Bill to make program improvements, such as an upgraded eligibility system, implementation of an EBT system, or changes to benefit or eligibility parameters.

For More Information

Peterson, Anne et.al. (2016). *Assessing the Feasibility of Implementing SNAP in the Commonwealth of the Northern Mariana Islands.* Prepared by Insight Policy Research for the U.S. Department of Agriculture, Food and Nutrition Service, August 2016. Available online at www.fns.usda.gov/research-and-analysis.