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NORTHERN MARIANA ISLANDS

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August 4, 2011

Honorable Benigno R. Fitial
Governor
Commonwealth of the Northern Mariana Islands
Caller Box 10007
Saipan, MP 96950

Dear Governor Fitial:

Thank you for your support of my bill, H.R. 1465, the Assuring You Uniform Dietary Assistance Act of 2011. The AYUDA Act will allow the people of the Northern Mariana Islands to be covered by the national Supplemental Nutrition Assistance Program (SNAP) instead of by the nutritional assistance block grant, which the Commonwealth has been negotiating each year. This change will mean that everyone in the Northern Marianas who needs food aid will get it, and that the help they get is the same as their fellow Americans throughout our nation.

This year has been traumatic for people in the Northern Marianas who receive or need food benefits. In May, the local Nutritional Assistance Program (NAP) announced a reduction of 34.6% for everyone who was receiving help buying food. The cut was necessary because the number of people qualifying for the program had jumped and the block grant funds are fixed.

The number of newly eligible people continued to swell to the point that your local program stopped enrolling people, who needed help buying food for themselves and their families. My understanding is that there are now more than 500 people in need of food assistance, who are qualified to be in the program but indefinitely wait-listed. Adding these 500 needy individuals and their families would have required that all those already in the program would have had to accept a further reduction in benefits.

I did anticipate this situation, when your government began cutting hours last year. And I let Agriculture Secretary Thomas Vilsack know in October that we could expect to see benefits being reduced in the coming year as more and more people became eligible for nutritional assistance. When the cuts were actually announced this spring, I again let the Secretary know of your situation and requested that he consider amending the block grant and reprogramming monies for this grant year, so people could get the food aid they need.

Even an extra \$1 million for fiscal year 2012 would provide some relief until there is a long-term resolution of the inadequate negotiated block grant; and I remain hopeful that Secretary Vilsack will respond to the current crisis by providing more money. After all, in 2009 when the American Recovery and Reinvestment Act raised SNAP benefits nationwide by 13.6% the Secretary agreed to my request for an equivalent increase in the block grant to the Northern Mariana Islands. This put an extra \$35 on average into the monthly food budget of each NAP

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recipient. We were also successful at locking in this increase in Congressional appropriations for the following fiscal years, 2010 and 2011. This is why the Commonwealth NAP program is now receiving \$12.1 million in nutritional assistance annually, up from the \$10.7 million we were receiving before I began serving in Congress.

But these incremental improvements have not kept up with the deepening economic crisis in our islands. More and more families find themselves less and less able to provide enough food for themselves. Earnings are dropping; and, as the Bureau of Economic Analysis report confirmed last month, prices are sharply up.

That is why I concluded that the Northern Mariana Islands must be part of the national Supplemental Nutritional Assistance Program. The limited block grant you now negotiate will never have the flexibility needed to deal with changes in economic circumstances, particularly changes as dire as those we have seen in the Commonwealth over the last several years.

So, I introduced the AYUDA Act. Furthermore, I have determined that Secretary Vilsack has statutory authority, provided in Public Law 96-597, to extend SNAP on his own without Congressional action; and I have requested that he do so.

However, Governor, Secretary Vilsack and his deputies at the Department of Agriculture have a great deal of respect and deference for you and your government. It is, after all, your government with whom the annual block grant is negotiated. And, ultimately, if the people of the Commonwealth are to benefit from being in the national program, this will require changes in the way that your government administers and pays for the program. So, without your full agreement and the cooperation of the administrative personnel under you the conversion to SNAP would be difficult at best, if not impossible.

For that reason, it is disheartening to hear reports that your Secretary of Community and Cultural Affairs, who is directly responsible for the nutritional assistance program at this time, does not share your views and does not support my AYUDA Act. It is your Secretary who has direct, day-to-day interaction with the Food and Nutrition Service at the U.S. Department of Agriculture, and if he is not in agreement with you and working towards the goal of bringing the Northern Mariana Islands into the national program, then Agriculture officials are going to be reluctant to advise Secretary Vilsack to agree to my request and move forward on including our people in SNAP.

I have been working hard to improve nutrition programs and prevent hunger in the Northern Marianas – indeed this is a priority for me. But the Commonwealth government has not been particularly responsive to the opportunities I have brought to you. If we are to succeed at helping everyone who is hungry, then we need for the Commonwealth government to engage with the Department of Agriculture on a serious and professional level.

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Not to belabor the point, but throughout 2009, my first year in office, I wrote to you pointing out ways to improve the NAP Memorandum of Understanding between your government and the Department of Agriculture, but never received a reply.

On January 12, 2010, I requested that you open a dialogue with Agriculture so that the Memorandum of Understanding could provide for national-level benefits for recipients in the Northern Marianas – no reply. On April 2, 2010, I wrote to you suggesting that we meet with Agriculture Undersecretary Concannon, as I knew from conversation that the Undersecretary was willing to do, and discuss how to maximize benefits for the people of the Northern Marianas – no reply. On July 12, 2010, I wrote again to enumerate specific concerns that would help improve the NAP, including obtaining the administrative flexibility for the CNMI to determine the appropriate benefit levels for Rota and Tinian in view of the higher food costs there – no reply from the Commonwealth.

Now, I again would like to try to engage you in discussion regarding some of the changes that will be necessary when the Commonwealth is included in SNAP – either through legislative or administrative action. Because conversion to SNAP will require a financial commitment from the Commonwealth in at least two respects.

First, SNAP uses an Electronic Benefit Transfer (EBT) system, not the paper coupons the CNMI now employs. This change will necessitate an investment in technology, but the cost of implementation is shared between the Department of Agriculture and the Commonwealth. EBT can take one of two forms, online or offline. An online system uses the vendor's point of sale equipment to direct the food snap transaction to an authorized clearinghouse for approval of the purchase, much like using a credit or debit card to pay for a purchase. An offline system uses a state-issued card that stores benefit balances, which are automatically reduced as purchases are made. You may want to begin to study the relative costs and benefits of these two systems and determine which would be more suitable for the Northern Marianas.

Second, there are administrative costs. These, too, are shared between Agriculture and the Commonwealth, whereas currently all administrative costs come out of the block grant. The Agriculture Department estimates that the costs of benefit determination and distribution would be about \$1.3 million annually, of which half, \$650,000, would be the responsibility of the Commonwealth.

While these costs are not negligible, I hope they will not weaken your commitment to a conversion to SNAP. You can well appreciate what the cost/benefit is to the Commonwealth, if we are incorporated into the national food assistance program. The Congressional Research Service has estimated that this change will bring an additional \$12 to \$24 million into our economy. These funds not only put food on the table of hungry families, but also go into the food distribution and production system itself, helping wholesalers and retailers, shippers, farmers, fishermen, generating jobs and income. The return on investment from improved performance in school and at work due to improved nutrition at home and the reductions in social frictions that

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arise when people are hungry are less easy to monetize, but would clearly also be a product of the relatively small costs the Commonwealth would assume.

Lastly, I would like to request that you provide me with all of the data regarding the current food stamp program that the Secretary of Community and Cultural Affairs employs in his negotiations with the Agriculture Department. You can understand that having this official information at my disposal will allow me to be more persuasive in arguing for an immediate short-term increase in the block grant and for our long-term inclusion in the Supplemental Nutritional Assistance Program.

Governor, improving the well-being of the people of the Commonwealth by increasing access to food, and bolstering our economy by bringing a new stream of federal funding to our islands, are policy goals we can both agree on. Thank you, again, for your support of H.R. 1465, the AYUDA Act, and for the underlying principle that the people of the Northern Mariana Islands should have to same access to nutritional assistance as people elsewhere in our nation.

Sincerely,



GREGORIO KILILI CAMACHO SABLAN
Member of Congress

Enclosure: Comparison of CNMI NAP and SNAP

cc: Honorable Eloy S. Inos, Lt. Governor
Honorable Paul A. Manglona, President, of the Senate
Honorable Eliceo D. Cabrera, Speaker, of the House
Honorable Melchor Mendiola, Mayor of Rota
Honorable Ray Dela Cruz, Mayor of Tinian and Aguigan
Honorable Donald Flores, Mayor of Saipan
Honorable Tobias Aldan, Mayor of the Northern Islands

Comparison Between the CNMI, PUERTO RICO, and the National SNAP Program

(Source: Congressional Research Service)

CNMI NAP	PUERTO RICO NAP	NATIONAL SNAP
Nutritional assistance come in a block grant operated under an MOU, administered by the CNMI (Authorized under P.L. 96-597)	NAP is provided under a block grant directly paid by FNS pursuant to Section 19 of the Food Stamp Act of 1977, as amended by the Food and Nutrition Act of 2008	FNS provides funding for the Supplemental Nutritional Assistance Program to 50 states, D.C., Guam and Virgin Islands, administered by each entity
Administrative cost is absorbed 100% through the grant amount, and approved by Regional Office	Administrative cost is shared between FNS and each jurisdiction equally (50-50)	Administrative cost is shared between FNS and each jurisdiction equally (50-50)
Amount of grant cannot be changed during the fiscal year, regardless of the number of participants; benefits may be adjusted to meet the needs of the number of participants but must not exceed the total grant amount.	Amount of grant cannot be changed during the fiscal year, regardless of the number of participants; benefits may be adjusted to meet the needs of the number of participants but must not exceed the total grant amount.	FNS does not adjust benefit amount regardless of the number of participants, and except for inflation and/or for a new Thrifty Food Plan data
Benefit eligibility is determined by the MOU and is based on the Resource Eligibility Standards (Asset Limit of \$2,000 for age 55 or less, or \$3,000 if age 55 or above or disabled)	Eligibility is based on resource eligibility standard (Asset limit of 2,000 for age 55 and above, or 3,000 if one person is 60 years old or disabled)	Eligibility is based on Resource Eligibility Standard (2,000 for age 55 and above, or 3,000 if one person is 60 years old or disabled)
Gross Income Eligibility Standards (monthly income for a family of 4 is \$933)	No gross income limit	Gross Income Eligibility Standards (monthly income for a family of four is \$2,389) with deductions authorized under the 2008 Farm Bill, i.e. Standard Utility Allowance, medical expenses for the elderly or disabled.
CNMI adheres to the USDA Uniform Federal Assistance Regulations, but reporting requirement is limited to financial aspect of the program	FNS directly monitors Puerto Rico pursuant to OIG recommendation. PR continues to submit reports using OMB's Program Assessment Rating Tool (PART) each year to FNS	State reporting requirements are more complex under regular SNAP. Reporting SNAP benefits funding must be reported in a State's Schedule of Expenditures of Federal Awards

<p>CNMI adheres to the USDA Uniform Federal Assistance Regulations, but reporting requirement is limited to financial aspect of the program</p>	<p>FNS directly monitors Puerto Rico pursuant to OIG recommendation. PR continues to submit reports using OMB's Program Assessment Rating Tool (PART) each year to FNS</p>	<p>State reporting requirements are more complex under regular SNAP. Reporting SNAP benefits funding must be reported in a State's Schedule of Expenditures of Federal Awards (SEFA) and in the Data Collection Form for Single Audits (SF-SAC). This reporting is required by OMB Circular A-133, codified by USDA at 7 CFR Part 3052.</p>
<p>CNMI NAP is allowed to use 30% of benefits for purchase of "local commodities"</p>	<p>Puerto Rico's NAP block grant allows redemption of 25% of the benefits for cash</p>	<p>No requirement under regular SNAP</p>
<p>CNMI NAP uses paper coupons in specific denomination to issue food assistance benefits.</p>	<p>Puerto Rico uses an EBT system called "Family Card" that works like a debit card. It is not interoperable in other states.</p>	<p>Regular SNAP requires the use of the Electronic Benefit Transfer (EBT) system to issue benefits. Set up of this system, including hardware and software, at the point of sale (POS) is the responsibility of the state jurisdiction with the cost being shared evenly by FNS. Integrated system (multi-use) POS system may be opted by retailer at its own cost.</p>
<p>CNMI – NAP block grant can be renegotiated on an annual basis, or amendments can be proposed during the fiscal year for any desired change in the program</p>	<p>Block grant is provided based on PR's submission of the Annual State Plan to FNS. FNS reviews and approves block grant payment.</p>	<p>Regular SNAP is non-negotiable except to request for waiver of certain requirements</p>
	<p>The average per person benefit per month is \$115, equivalent to \$460 for a family of four.</p>	<p>The regular SNAP average monthly benefit for a family of four (4) nationwide is \$668</p>