



Commonwealth of the Northern Mariana Islands  
Department of Community and Cultural Affairs

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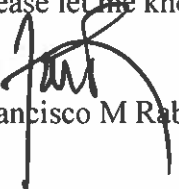
**MEMORANDUM**

**DATE:** November 26, 2024  
**TO:** Honorable Governor, Arnold I. Palacios,  
Honorable Attorney General, Edward E. Manibusan  
**FROM:** Secretary, DCCA  
**SUBJECT:** Nutrition Assistance Program (NAP) Memorandum of Understanding (MOU)



Please find the attached Nutrition Assistance Program -Memorandum of Understanding 2025 for your review and approval. As you know, this annual document outlines the agreement between the CNMI and the Food & Nutrition Services (FNS)-USDA on administering the Nutrition Assistance Program. Contained herein are guidelines, processes, procedures, and more importantly the proposed budget necessary to effectively implement the program in fiscal year 2025. This year's MOU mirrors the previous year's MOU except for the projected increase in the budget from at least \$34m. This was last year's budget but provisions are inserted in this year's MOU to allow quarterly federal monitoring to allow increased funding if deemed necessary. Other than that, the rest is standard.

Please let me know if you have any questions @664-2587.

  
Francisco M Rabauliman

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OFFICE OF THE  
ATTORNEY GENERAL  
CIVIL DIVISION



**Commonwealth of the Northern Mariana Islands (CNMI)**  
**Department of Community & Cultural Affairs (DCCA)**  
**Nutrition Assistance Program (NAP)**

**FFY 2025 - NAP Block Grant**  
**Memorandum of Understanding (MOU)**

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**Memorandum of Understanding  
Between the  
Commonwealth of the Northern Mariana Islands  
And the Food and Nutrition Service  
United States Department of Agriculture**

**MOU FFY 2025**

**BE IT RESOLVED THAT THE MEMORANDUM OF UNDERSTANDING (MOU) DATED OCTOBER 1, 2024, BETWEEN THE COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS AND THE UNITED STATES DEPARTMENT OF AGRICULTURE, FOOD AND NUTRITION SERVICE IS HEREBY AMENDED AS FOLLOWS:**

Section 1 is amended to read as follows:

**1. ESTABLISHMENT AND FUNDING**

There is hereby established a Family Nutrition Assistance Program (“the Program” or “the NAP”) in the Commonwealth of the Northern Mariana Islands (CNMI), for the purpose of providing family nutrition assistance, based on the Recommended Daily Allowance of certain foods, to eligible residents of the CNMI. The United States Department of Agriculture’s (USDA) Food and Nutrition Service (FNS) shall provide at least \$34,812,000 for Federal Fiscal Year (FFY) 2025 for the NAP for food assistance provided to needy persons, and for administrative expenses related to the provisions of such assistance. Additional amounts necessary to maintain benefits for fiscal year 2025 may be made available as needed as determined by the USDA in consultation with CNMI. FNS will evaluate CNMI funding levels on a quarterly basis. Funds will be provided in a Letter-of-Credit (LOC) on or about the first day of each annual quarter to which the funds apply, based on the approved budget and projected expenditure level for each quarter, subject to the availability of funds. For FY2025, CNMI will continue to issue benefits at the current FY2024 level until the MOU for FY2025 is approved, at which time the levels will be applied pursuant to the COLA increase effective October 01, 2024.

Recovery of grant funds from the CNMI shall be imposed for Program disallowance of costs and audit claims. The FNS Western Regional Office (WRO) may also disallow and recover funds, in accordance with Federal regulation 2 C.F.R. 200.344, from the LOC based on documented deficiencies of Program administration for which corrective action (as defined in Section 17(1)) is determined by FNS to be inadequate. This process shall be in accordance with procedures detailed in Part I of Exhibit F of this MOU.

All funds made available to the government of CNMI through a LOC for the CNMI NAP are considered obligated at the Federal level. The FFY 2025 grant shall have a **24-month performance**

**period.** Funds provided to CNMI in FFY 2025 shall remain available to the Commonwealth for expenditure through September 30, 2026.

CNMI NAP will notify USDA FNS of all reallocations of administrative funds to CNMI NAP benefits. Not more than 10 percent, cumulative from the beginning of the Federal fiscal year, of approved administrative funds may be reallocated to CNMI NAP benefits without the prior written approval of USDA FNS WRO. There will not be any reallocation of CNMI NAP benefits to pay for administrative expenditures without the prior written approval of USDA FNS WRO.

2. **RESPONSIBLE CNMI AGENCY**

The Department of Community and Cultural Affairs (DC&CA)/ Nutrition Assistance Program for the CNMI shall be the State Agency charged with the responsibility for administration of the Program in the CNMI. The CNMI Department of Finance shall be charged with the responsibility for the submission of (FNS-778/FNS-425/FNS-46) financial status reporting activities relating to the operation of the NAP in the CNMI.

The DC&CA Secretary shall serve as the Federal Grant Coordinator, as authorized under the CNMI Public Law 1-8 and 1-28. Under the guidance of the DC&CA, the NAP Administrator shall administer the Program.

The DC&CA Secretary shall have the authority subject to budgetary appropriations to retain such staff as may be necessary for the proper administration of the Program.

The State Agency Personnel shall be employed in accordance with the current standards for a merit system as prescribed by the CNMI and shall be based on consultation with the CNMI Office of Personnel Management. It is further ensured that all personnel need of the State Agency, (i.e. vacancy announcements, recruitment, selection, pay grades, etc.) shall be consistent with established CNMI Civil Service Systems Rules and Regulations. At a minimum, all positions shall be publicly announced and selected from a Certified List of Eligible as provided by the Director of Personnel Management or his/her duly delegated representative. Additionally, all position classifications, pay grades, and steps shall be submitted to FNS for review to ensure compliance with civil service processes. FNS shall have full access to Civil Service Hearings and may participate in such hearings by reviewing them for compliance with Civil Service Hearings regulations.

3. **PROGRAM ORGANIZATION**

The State Agency Secretary/ NAP Administrator shall be responsible for establishing a working relationship with the CNMI Department of Finance, the CNMI Department of Labor (Division of Employment Services/Workforce Investment Agency), the CNMI Office of Personnel Management, the Northern Marianas College, Commonwealth Healthcare Corporation (Vital Statistic/WIC/Public Health), Northern Mariana Islands Housing Corporation, and Public School System (Food and Nutrition Services), Northern Marianas Technical Institute, CNMI Department of Lands and Natural Resources, and the CNMI Department of Commerce. Subject to the supervision of the Secretary of Community & Cultural Affairs, the NAP Administrator shall

monitor and coordinate all Program activities and ensure that these activities conform to the guidelines established in this MOU. An Organizational Chart is enclosed as Exhibit A hereto.

4. **OPERATING COSTS BUDGET PROJECTION**

The initial annual budget projection will be submitted no later than May 31st, two years prior to the grant year, to accommodate submission to the President's budget. Budget projections will be presented in a three-year format and, for the term of this MOU, shall include FFY 2025, FFY -2026, and the Budget Year FFY 2027. FFY 2025 budget projections should reflect year to date program activity and estimates for the remaining portion of the fiscal year, as constrained by current grant levels. FFY 2026 budget projections should reflect the Commonwealth's estimate of program participation for the year and be constrained by the grant level reflected in the FFY 2026 President Budget request. FFY 2027 should reflect the Commonwealth's best estimate of program participation and benefit levels for the year. Budget negotiations for the subsequent FFY shall be completed no later than July 31 of the FFY prior to the grant year. The budget shall detail Administration and Benefit Costs and will be subject to Regional Office approval. Budgetary issues shall be resolved expeditiously with budget determination completed by the end of the first quarter of the FFY. Full budget format, submission, approval, revision, and resolution procedures shall be in accordance with Part II of Exhibit G of the MOU. The budget for the current FFY shall be attached as Exhibit B hereto.

5. **RECORDS, AUDIT, PROCUREMENT, AND REPORTING REQUIREMENTS**

The CNMI NAP funds shall be administered in accordance with the Uniform Administrative Requirements for Federal Awards, codified at 2 C.F.R. 200 Subpart B, C, and D; Audits for Federal Awards, codified at 2 C.F.R. 200 Subpart F; and the Cost Principles for Federal Awards, codified at 2 C.F.R. 200 Subpart E. CNMI will prepare its FNS-778/FNS-425, Financial Status Reports on an accrual basis and the FNS-46 Reconciliation Report monthly. CNMI will submit the Project Area Participation and Coupon Issuance (FNS-388) within 30 calendar days following the end of each month. Public access to records shall be unrestricted except in those instances in which disclosures would violate the principles of confidentiality contained in the Right to Privacy Act, 5 U.S.C. 552a, the Food and Nutrition Act of 2008, 7 U.S.C. 2020, and such other laws as may apply. Specific guidelines on records, audit, procurement, and reporting policies are presented in Part III of Exhibit G of this MOU.

6. **DESCRIPTION OF NEEDY PERSONS**

The NAP in the CNMI defines a needy family as one with income equal to or lower than the Gross Income Eligibility Standards appropriate for that size Household as designated in Exhibit C, and with resources equal to or below the Resource Eligibility Standards established in Section 8 below. To be eligible to participate in the NAP all Households must also meet the Nonfinancial Criteria established in Section 7 8.

Additionally, Households in which all the members receive Supplemental Security Income (SSI)

are eligible for participation in the NAP, and such Households shall receive a minimum monthly benefit of forty-one dollars (\$41) per Household member on Saipan; forty-five dollars (\$45) per Household member on Tinian; and fifty-four dollars (\$54) per Household member on Rota and the Northern Islands.

7. **ASSESSMENT OF NUTRITION NEEDS: R.D.A**

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8. **NONFINANCIAL ELIGIBILITY CRITERIA**

Eligibility for the CNMI NAP shall be based on Financial and Nonfinancial Eligibility Criteria. Financial Eligibility is described in Sections 9 and 10 below. Nonfinancial Eligibility shall include residency, citizenship, compliance with a Work Registration/School and or Training Program and meeting the Compliance Review of household situation as needed.

Eligibility determinations shall be made on a Household basis. A Household is defined as either an individual who commonly purchases and prepares meals alone, or as a group (i.e. two or more) of persons who commonly purchase and prepare meals together.

Members of a Household who are 55 years or older, and their spouses, or who are disabled and receiving SSI, shall be treated as separate from the Household if there are other adult members of the Household. Residents of institutions, roomers, and boarders shall not be considered Household Members.

In terms of citizenship, as specified in Public Law 84-241 implementing the Covenant, or the Alien Eligibility Requirements shall be verified to be one of the following: (1) a United States Citizen; (2) a U.S. National; (3) one born in the Northern Mariana Islands who was a citizen of the Trust Territory of the Pacific Islands on November 3, 1986, and who lived in the Northern Mariana Islands or the United States or any of its territories or possessions on that date; (4) a citizen of the Trust Territory of the Pacific Islands on November 3, 1986, who lived continuously in the Northern Mariana Islands since at least November 3, 1981 and who, unless under age, registered to vote in the elections for the Mariana Islands District Legislature or for any municipal election in the Northern Mariana Islands prior to January 1, 1975; (5) those living in the Northern Mariana Islands on November 3, 1986, who, although not citizens of the Trust Territory of the Pacific Islands, lived continuously in the Northern Mariana Islands beginning prior to January 1, 1974; (6) one born in the Commonwealth on or after November 4, 1986; (7) one who, within six months after November 4, 1986, or within six months after reaching the age of 18 years, whichever date was later, chose to become a United States National; (8) an alien who is lawfully residing in any State (as defined in 8 U.S.C. 1101(a)(36), and: (i) is a veteran (as defined in 38 U.S.C. 101, 1101, or 1301, or as described in 38 U.S.C. 107), who was discharged honorably (not on account of alienage) and fulfills the minimum active-duty service requirements of 38 U.S.C. 5303A(d), or is on active duty (other than active duty for training) in the United States Armed Forces, or (ii) is the spouse or unmarried dependent child of an individual described in subclause (i) or the un-remarried surviving spouse of an individual described in subclause (i) who is deceased (if the marriage fulfills the



requirements of 38 U.S.C. 1304); (9) an alien granted asylum under section 208 of the Immigration and Nationality Act; (10) a refugee who is admitted to the United States under section 207 of such Act; (11) certain aliens whose deportation is being withheld under section 243(h) of such Act; (12) certain Cuban or Haitian entrants defined in section 501(e) of the Refugee Education Assistance Act of 1980; (13) certain aliens admitted to the United States as Amerasian immigrants; or (14) an alien who entered the United States on or after August 22, 1996, provided five years have elapsed since the alien's entry and the alien entered, and is currently classified as: (i) lawfully admitted for permanent residence under the Immigration and Nationality Act, (ii) being paroled into the United States under section 212(d)(5) of such Act (8 U.S.C. 1182(d)(5)) for at least one year, (iii) granted conditional entry pursuant to section 203(a)(7) of such Act (8 U.S.C. 1153(a)(7) as in effect prior to April 1, 1980, or (iv) certain battered aliens and certain children of a battered alien parent as specified under 8 U.S.C. 1641(c) and all applicable guidance (including 62 FR 65285 (December 11, 1997) ("Guidance on standards and methods for determining whether a substantial connection exists between battery or extreme cruelty and need for specific public benefits"); 62 FR 61344, 61366 (November 17, 1997) (Exhibit B to attachment 5 of "Interim guidance on verification of citizenship, qualified alien status and eligibility under Title IV of the PRWORA"); and 63 FR 41662 (August 4, 1998) ("Verification of eligibility for public benefits")(aliens may be eligible under clause (14) even if their status changed since entry so long as they are currently, and were at entry, within one of the four classification). Upon receiving guidance from FNS, CNMI will implement the new COFA requirements and submit a revision as needed.

No aliens other than those specified above shall be eligible to participate in the Program as members of any Household.

During the period of stay in the CNMI, an ineligible alien's pro-rated share of income and assets shall be included in the income and assets of the entire Household for purposes of determining eligibility for the Household.

However, the ineligible alien shall not be considered part of the Household for purposes of determining Household allotments.

Ineligible aliens are not required to provide verification of legal status when applying on behalf of their U.S. citizen children. Delaying issuance of benefits to U.S. citizen children while their ineligible alien parents, applying for NAP on behalf of their U.S. citizen children, provide verification of work visas is a violation of the Civil Rights Statement of this MOU.

USDA Civil Rights Regulation 7 C.F.R. part 15, subpart A; and, the federal Civil Rights law, Title VI.

Participants determined to be capable of working or attending school shall be required to comply with Work Registration/Training Requirements. Household Members required to participate in Work/School and/or Training Registration shall be so defined in the CNMI Manual of Operations (MOO). As defined in the MOO, certain individuals are exempt from the Work Registration/Training Requirements. In cases when a dependent child is involved, one (1) parent or another adult household member who is responsible for the care of a dependent child under twelve (12) years old in the household shall be exempted from the work registration/training requirements. An adult caretaker of a disabled person or a senior citizen aged fifty-five (55) or older shall be

exempted from the work registration/training requirements.

Persons required to participate in Employment and Training shall register at the time of certification of Program eligibility, and thereafter, at 3-month intervals. The CNMI NAP MOU hereby incorporates the disqualification criteria of 7 U.S.C. § 2015 (d)(C)(i)-(iii), inclusive of all subsections, in collaboration with the CNMI Department of Labor, Workforce Investment Agency, Northern Marianas College, and the Northern Marianas Technical Institute. First violation will be three (3) months disqualification after the date the individual became ineligible. Second violation will be six (6) months after the date the individual became ineligible. Third violation will be permanent after the date the individual became ineligible.

#### 9. **RESOURCES ELIGIBILITY STANDARDS**

Program applicants shall be subject to Maximum Resource Eligibility Standards as specified below:

- a. Household of one, and Households that do not contain a member age 55 or older (CNMI PL 9-21) - - **\$3,000.**
- b. Households of two or more members, one or more of whom are either age 55 or older (CNMI PL 9-21) or are disabled- - **\$4,500.**

In determining resource levels, the term "resources" shall be limited to cash on hand, money in demand or savings accounts, savings certificates, stocks, bonds, and other readily negotiable certificates and instruments.

#### 10. **GROSS INCOME ELIGIBILITY STANDARDS**

Determination of Income Eligibility shall be based upon monthly gross income in relation to the size of the Household. Gross income shall be defined as earned or unearned income from any source, excluding those items listed in Exhibit C of the MOU.

Gross Income Eligibility Standards shall be based on the USDA Supplemental Nutrition Assistance Program Eligibility Standards made effective on the first of October on an annual basis. Exhibit C, enclosed hereto, indicates CNMI's Maximum Income Eligibility levels for Participants in the Program, based upon Household size.

The CNMI Government may adjust Gross Income Standards to reflect changes in the cost of living in the CNMI. Increases to the gross income amounts of Exhibit C to this document must be based on actual cost-of-living changes in the CNMI and specifically approved by FNS prior to implementation. However, the authorized funding amount may not be renegotiated for the current FY because of such adjustments made during the year. Adjustments to the NAP Gross Income Standards listed in Exhibit C may be made no more frequently than on an annual basis. Adjustments to NAP Income Eligibility Standards or Thrifty Food Plan benefit amounts must be based on cost-of-living and food price increases over the same period and must be considered together in determining the need for NAP cost-of-living adjustments.

## 11. BENEFIT COMPUTATION

The CNMI Program shall be designed to maximize benefits of those CNMI Households determined most in need, and thus most deserving of nutritional assistance. This shall be accomplished by preparation of tables providing for variable benefit levels depending upon: (1) the size of the Household, and (2) the amount of Household's net income. Net income shall be defined as gross income less ten percent (10%) of all earned income of the Household. The 10% earned income deduction may be altered or rescinded, as appropriate, for all Households participating in the

Program with earned income to adjust monthly benefit amounts in order to meet the authorized funding level of the Program. No change may be made to alter or rescind the earned income deduction without the prior approval of both parties. Requests to alter or rescind the earned income deduction must be made at least 15 days in advance of the month of change to FNS, and FNS must approve or deny the request prior to the start of the month of the change.

Concerning Household size, the CNMI will apply those standards recommended in the James M. Pines report entitled, *A Responsive Food Stamp Program in the CNMI*. In Section II, under OMB CNMI Standards, Pines suggests that food costs for Household sizes other than the paradigmatic family of four be adjusted for the purpose of allotments of Food Stamps. Maximum benefit amounts are determined by adjusting the per capita Thrifty Food Plan amount for a four-person Household in accordance with Household size. Maximum benefits for Households with fewer than four persons will be slightly greater per member. Maximum benefits for Households with more than four persons will be slightly less per member. This adjustment reflects the fact that it is more efficient to feed larger Households. The adjustments to the per capita monthly allotment are as follows: (1) 1-person Household reflects a 20 percent increase of the per capita monthly allotment; (2) 2-person Household reflects a 10 percent increase of the per capita monthly allotment; (3) 3-person Household reflects 5 percent increase; (4) 4-person Household is not changed; (5) 5-person Household reflects a 5 percent decrease; and (6) 6-person Household and above reflects a 10 percent decrease. A Basis of Coupon Issuance chart is enclosed hereto as Exhibit C. Household eligibility and benefit levels will be determined on a prospective basis. Thus, eligibility and benefit levels are based on the reasonable anticipation of Household circumstances over the period of certification.

## 12. APPLICATION PROCESSING

The CNMI shall establish an Application Process which includes: participation in the orientation for all new and reopened cases that have not been on the program for two months, interview with the case worker, filing and completing a NAP Application Form, being in accordance with processes established by Management Evaluation Unit staff--when deemed necessary--in order to comply with federal regulations (as described in MOO Section IX), and having certain information verified. These Application Procedures shall be specified in the CNMI Manual of Operations. The CNMI shall process all Applications so that eligibility is determined, and benefits provided within 30 calendar days following receipt of signed Applications.

Interviews shall be conducted by qualified staff prior to initial certification. Interviews shall be conducted face-to-face with the Adult Head of the Household or its Authorized Representative, or by telephone or radio if travel expenses are prohibitive. Verification of income and resource levels, in addition to confirmation of Household size, shall be performed by obtaining third party information, and rely on documentation provided by the applicant. The Household shall have the primary responsibility for providing documentary evidence or an acceptable collateral contact for purposes of verifying income and resource levels, as well as Household size and signing of the "Authorization for Release of Information" form.

13. **RECERTIFICATION**

The CNMI shall establish quarterly periods of eligibility from three to twelve months based on the make-up and circumstances of the household. Households consisting entirely of elderly persons (55 and older) or permanently disabled persons, and Households of which all adult members are either elderly or disabled and which include minor children all under the age of 12 may be certified for up to twelve months. SSI-only Households receiving fixed monthly income from the Social Security Administration may also be certified for a maximum of a 12-month period.

The CNMI shall establish quarterly periods of eligibility from three to twelve months based on the make-up and circumstances of the household, in some instances a one-month certification period can be established at Eligibility Worker's discretion based on uncertain household circumstances (e.g. uncertain income status, pending documents, etc.). Households consisting entirely of elderly persons (55 and older) or permanently disabled persons, and Households of which all adult members are either elderly or disabled and which include minor children all under the age of 12 may be certified for up to twelve months. SSI-only Households receiving fixed monthly income from the Social Security Administration may also be certified for a maximum of a 12-month period

No earned income households may be certified up to a period of 3 months and not less than 1 month. All other households must be recertified every six months.

14. **BENEFIT ADJUSTMENTS**

The CNMI shall develop procedures to be included in the Manual of Operations for adjusting the benefits of participating Households to reflect changes in Household circumstances during the Certification Period, as defined in the Manual of Operations. Other adjustment of benefits of participating Household include increase in income and benefit levels to reflect Cost of Living Adjustments (COLA) as approved by USDA-FNS.

15. **30 PERCENT LOCAL COMMODITY SHARE**

The CNMI NAP shall have as its primary objective the goal of providing nutritional assistance in an effort to meet the Thrifty Food Plan needs for those individuals determined eligible for the Program.

In addition, the Program shall be designed, in part, to develop CNMI self-sufficiency and stimulate economic development and food production in the Northern Mariana Islands.

Thirty percent (30%) of all food purchased with coupons under the Program shall be local commodities obtained, grown, fished, raised, or otherwise produced in the CNMI

Program issuance shall be designed by the CNMI, utilizing specially earmarked coupons restricted to the purchase of locally produced food and fish products, in order to ensure thirty percent (30%) purchase of CNMI commodities. In addition to earmarked coupon issuance for the purpose of restricting thirty percent (30%) to local commodities, the CNMI shall allow for purchase by coupons of nonfood items aimed at increasing the production of local foods.

These nonfood purchases shall include fishing equipment (limited to nets, spears, knives, fish lines, fishhooks, fishing rods, harpoons, diving masks or goggles, fishing reels and underwater flashlights) and garden supplies (limited to seeds, plant cuttings, fertilizer, hoes, rakes, shovels and sickles).

#### 16. **COMMUNITY NUTRITION EDUCATION**

In addition to the nutrition assistance and economic development discussed above, the CNMI shall also provide information aimed at the creation of nutritious eating habits, an understanding of the basic food groups, and the design of adequate family diets. The Program shall also advise the consumer/participant on cost efficiency in order that a nutritious diet may be supplied at the least expensive cost. Finally, this Program shall provide information on the location, cost, and use of locally produced foods.

#### 17. **STATE AGENCY ADMINISTRATION**

The CNMI Department of Community and Cultural Affairs (DC&CA) shall:

- a. Develop and establish any Fiscal Contracts necessary for the operation of the Program.
- b. Develop Position Descriptions and Classifications.
- c. Establish CNMI Regulations for hiring practices (i.e., uniform selection criteria and nondiscrimination assurance).
- d. Comply with "Drug-Free Workplace Act Certification." See Exhibit G.
- e. Establish a system of Fair Hearings for appeals from any Household or Retailer aggrieved by an action of the CNMI in operating the Program. The Hearing Officer shall be independent of the NAP.
- f. Establish Overpayment Collection Procedures for Households.

- g. Establish Penalties and Disqualification Procedures for recipients and retailers who abuse the Program.
- h. Certify Household Applications, including Recertification Actions.
- i. Issue and account for NAP Coupons.
- j. Develop, conduct, and evaluate training.
- k. Conduct periodic Program monitoring reviews to evaluate Program Operations and Certification Actions.
- l. Develop periodic "Corrective Action Plans" (CAP), which are: open-ended plans addressing deficiencies found by reviewers during Monthly Case Reviews, as noted in subsection "k" above, as well as deficiencies noted in FNS or the Department of Agriculture's Office of Inspector General reviews, or from any other source. Procedures for developing the CAP can be found in the MOO, section IX(F).
- m. Keep necessary records determining whether or not the Program is being conducted in compliance with applicable rules and regulations and this Memorandum of Understanding.
- n. Submit accurate and timely reports to the CNMI Government and FNS on the operation of the Program.
- o. At its option, operate a Workfare Program in accordance with the provisions of 7 U.S.C. 2029 of the Food and Nutrition Act of 2008, as amended. Within 30 days after eligibility is determined, all required individuals must be work-registered with the Department of Labor.
- p. Develop and operate Emergency Food Assistance for Victims of Disaster, subject to FNS approval.
- q. Participate in and implement client employment training activities in collaboration with the participating agencies in the CNMI.

**18. CNMI MANUAL OF OPERATIONS**

The CNMI shall maintain and adhere to the policy and procedures of a Manual of Operations consistent with 7 U.S.C. Section 2011 et seq., as applicable, as authorized by CNMI PL 1-28. That Manual, and any changes to the NAP policy or revisions of the Manual, shall be published in the Commonwealth Register according to the procedures set forth in Administrative Procedure Act 1 CMC § 9101 et. seq. The Manual of Operations shall include:

- a. Establishment of procedures to treat the following items in determining eligibility: definition of Household, citizenship, residency, Work Registration, Work Employment Trainings and activities, resources, and income.

- b. Processing Standards for acting on Applications for the Program.
- c. Procedures for acting on changes in client circumstances during the Certification Period.
- d. Determination of budget period for determining eligibility and benefit levels.
- e. Requirements for verification of client-reported information.
- f. Maintenance and controls for Master Household Issuance Case File Records.
- g. Procedures for Issuance.
- h. Establishment of controls to prevent duplicate Issuances and participation.
- i. Determination of procedures and controls for replaced, restored, or retroactive benefits.
- j. Establishment of a system of supervisory and management-related reviews of Certification and Issuance Actions. The Management Evaluation Unit shall review 1% of the Certification Unit's active (eligible) cases and 100% of the negative (denied, terminated, and withdrawn) cases each month.
- k. Procedures for Fair Hearing Appeals for Recipients and Retailers.
- l. Procedures for recoupment of Overissued Benefits.
- m. Periods of Disqualification upon determination of Recipient or Retailer Fraud.
- n. Establishments of procedures for operating Emergency Food Assistance for victims of Disaster.
- o. Procedures for expedited services.

19. **DISQUALIFICATION PENALTIES**

Failure to meet Work Registration/School or Training requirements will result in disqualification from the program. (Refer to Section 8 for more details). Individuals suspected of Fraud in connection with receipt or attempted receipt of benefits to which they would not otherwise be entitled shall be determined guilty or not guilty of Fraud by Administrative Decision. Individuals determined guilty of Fraud may be disqualified for a period of 12 months to permanently, depending on the severity and frequency of the offense.

Those individuals subject to disqualification penalties may appeal the action through a request for a Fair Hearing. Following the appeal, if any, those individuals subject to disqualification penalties shall be disqualified from the Program for a period of time to be specified in the Manual of

Operations. All recipient caused Over Issuance Charges, whether caused by Fraud or not and collected by the CNMI, shall remain the property of NAP and shall be deposited into the newly established Program Income Account with procedures specified in the Manual of Operations.

20. **FEDERAL MONITORING**

- A. The Western Regional Office of FNS shall monitor the operation of the Program and conduct periodic reviews. FNS shall document Program deficiencies and monitor Corrective Action Plans (as defined in MOU Section 17(1)). The NAP Management Evaluation Unit shall submit to FNS certification, issuance, retailer and redemption operations reports and retailer compliance reviews within 30 calendar days following the end of each quarter.
- B. CNMI shall fully cooperate with any federal agency investigating fraud, misuse of program funds or any other program integrity issue regarding NAP.
- C. CNMI shall conduct a monthly reconciliation of General Ledger expenses vs. General ledger Revenue vs. ASAP (Dept. of Treasury system) prior to submitting the Financial Status Reports in the Food Program Reporting System (FPRS).

21. **FNS TECHNICAL ASSISTANCE**

The FNS may extend technical assistance to the CNMI for purposes of providing guidance in the operation of the Program.

22. **COUPON PRODUCTION AND ISSUANCE**

The CNMI shall print NAP Coupons in an amount necessary to provide the benefits provided for in this MOU. NAP Coupons shall be of two types: one for general food purchases and one restricted to the purchase of food and non-food items locally produced in the CNMI as provided for in Section 15. Such coupons shall be clearly differentiated as to whether or not they are restricted to the purchase of locally produced foods.

**The CNMI shall issue NAP Coupons by means of an Automated NAP Eligibility System. In the Issuance Question Package, it shows the coupon denominations and value of the allotment shall be issued to Certified Households in Saipan, Rota, and Tinian on a monthly basis.**

Households receiving NAP benefits shall present their **NAP I.D. Card** to the Coupon Issuance and Claims Section **and the cashier shall prepare the same value of NAP Coupons specified for each household in the Eligibility System and issue the coupons with a Receipt.** The two sections under the BICA Unit must operate independently without overlap or cross training. The organizational chart reflects these functions (See Exhibit A). **Participants from Tinian and Rota may receive their benefits during the first five working days of the month. Participants from Saipan may receive their benefits during the first five working days of the month.**



**Participants from the Northern Islands may receive their benefits up to five (5) working days of the month, which is contingent on availability of transportation provided by either the Northern Islands' Office of the Mayor or U.S. Coast Guard.**

The CNMI shall be responsible for the security, accountability, control, and destruction, upon redemption, of all NAP Coupons.

**The CNMI shall issue NAP coupons every month to eligible recipients during the first five (05) working days of each month in Saipan.** CNMI shall distribute coupons using **the last number from recipients' NAP I.D. Cards** which each issuance day will be scheduled for two numbers. For example, 1 and 2 on the first day, 3 and 4 on the second day, 5 and 6 on the third day, etc. The numbers on each day shall be rotated; for example, the last numbers issued on the fifth day shall be scheduled the following month on the first day. After the fifth working day until the last working day of the month, it will be open days for all who missed their pickup scheduled day.

When issuing NAP coupons, the CNMI shall develop a distribution accountability system that records the serial numbers of coupon books reflecting the case name and case number coupons were issued to. The records shall further indicate the denomination size for local and regular coupons and the total value of coupons issued. CNMI shall perform reconciliation of all transacted NAP coupons and shall be responsible for the security, accountability and control prior to and during the issuance thereof. CNMI shall develop monthly reconciliation reports of all transacted NAP coupons each month based on issuance receipts.

The CNMI shall develop a system for the recoupment of over-issued benefits and to classify the type of errors for each over-issuance or under-issuance. CNMI shall issue a notice to participants for claims for over-issuance or under-issuance. CNMI shall collect and issue at least three reminder notices requiring repayment. Failure to respond, pay the claim, or request a Fair Hearing shall prompt the NAP to file a claim against the participant in the CNMI Superior Court, Small Claims Court. CNMI shall develop a record system that maintains accurate data of notices and payment receipts.

23. **OFFICIAL FOOD LIST**

There shall be established by the CNMI an Official Food List, which shall specify the foods that may be purchased by coupons in the CNMI Nutrition Assistance Program.

The list shall also specify any nonfood items necessary for furtherance of the "work incentive, economic development and local food production" objectives referred to in Section 15 above. The list shall not include alcoholic beverages, tobacco, and tobacco products, betel nuts, pepper leaves ("pupulu") or powdered coral lime ("hafok") (used in chewing betel nut concoction). See Exhibit E for the current Official Food List.

24. **COUPON REDEMPTION**

Coupon Redemption Procedures shall be established by the CNMI, including provision of designation of participating Retailers, issuance of Authorization Cards to said firms, coupon acceptance and redemption, and banking procedures. Retailers interested in participating in the Program shall be required to file an application which shall be reviewed by the CNMI within thirty (30) days of its receipt and pay a retailer's fee assessed by CNMI-NAP upon approval of the application. The increase in retailer's fee is at the discretion of the CNMI-NAP; retailer's fees is program income for CNMI-NAP. In order to qualify for participation in the Program, the applicant must be a retail vendor licensed by the CNMI and must meet the requirements of CNMI PL 15-108, specifically, the requirement to employ 20% to 30% on an incremental basis of US citizens or permanent residents of CNMI in the retail store. Eligible Retailers must sell primarily food for home preparation and consumption, and one or more Staple Food Items must make up more than 50% of the Firm's Eligible Food Sales.

In addition, the Firms must stock and sell at least 10% of their declared food sales in local CNMI foods. "Local foods" are defined as fruits and vegetables grown locally must be labeled and segregated from imported produce; 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 CNMI. The Retail and Redemption Unit Official shall conduct periodic Onsite Inspections of Authorized Retailers and subsequently file written Reports of Findings to the Nutrition Assistance Program Administrator to ensure compliance with this requirement. Certain Retailers with merchandise of nonfood nature, such as fishing or gardening supplies, may also be allowed to participate.

An Applicant Firm with Annual Gross Sales of less than \$100,000 (one hundred thousand dollars) shall be authorized to participate in the Program only if the Retail and Redemption Officer determines that the Applicant Firm's participation is critical in effecting the purposes of the Program. Retail Outlets specializing in the sale of local fish or local agricultural commodities (fresh produce) or local bakery products are exempt from this requirement.

Once the Firm is approved to accept NAP coupons, the CNMI shall issue to it an Authorization Card, which shall be nontransferable, and shall be retained by the Retailer until superseded, surrendered, or revoked. The CNMI shall deny an application of any Firm or revoke its Authorization Card after issuance unless the criteria referred to above are satisfied. Retailers shall be reauthorized each year on the anniversary of their application date.

Further, should the Retailer fail to pay any monetary claim assessed against it in connection with the Program, its authorization shall be revoked. Any disqualified retailer shall receive a letter of charges specifying the violation(s) or action which constitute a basis for the disqualification. The charge letter shall inform the retailer that they have the option to challenge the charges therein by responding in writing within ten days of the date of the letter. The charge letter, the response, and any other available information shall then be reviewed and considered by an Administrative Review Officer appointed by the NAP administrator who shall issue a determination. If the retailer wishes to challenge the determination further, they may also appeal to the Commonwealth Court within ten days following the date of the order.

The CNMI shall impose a fine on, temporarily disqualify, or permanently disqualify any Firm determined to have violated the terms of its authorization to accept coupons depending upon the

seriousness of the offense. Any Firm so disqualified may appeal the disqualification through the Fair Hearing Process described in items 17 and 18 above.

Any firm or local food producer who has been disqualified by the CNMI Women, Infants and Children (WIC) Program will automatically be disqualified from the CNMI NAP. Such a disqualification shall be for the same length of time as the WIC disqualification and shall not be subject to an administrative or judicial review.

Upon notification of removal from the WIC Program, a firm will have its Authorization Card revoked for the entire period of disqualification. After the disqualification period expires, the Retailer must file a new application.

Any fines imposed on Retailers and collected by the CNMI shall remain the property of NAP and shall be deposited into the newly established Program Income Account in accordance with procedures specified in the Manual of Operations.

NAP Coupons shall be accepted only by Authorized Firms and only in exchange for items as noted on the Official Food List. NAP Coupons designated "CNMI Local" shall be exchanged for local goods. NAP Coupons may not be exchanged for cash, but cash change up to 99 cents may be given in NAP Coupon transactions. NAP Coupons shall be accepted for eligible items at the same prices and on the same terms and conditions applicable to normal cash purchases of the same items at the same stores. Retailers may not accept NAP Coupons bearing any cancellation or endorsement.

Each Authorized Retailer shall mark its Authorization Number or name upon each NAP Coupon before it presents it for redemption. The CNMI shall provide all Authorized Retailers with Redemption Certificates which shall specify the value of the NAP Coupons redeemed, the name of the redeeming bank, the date, and the signature and title of the agent of the Firm. The agent of the retail store shall then present the Redemption Certificates and endorsed NAP Coupons to participating banks for credit or cash.

Banks may redeem NAP Coupons only from Authorized Retailers. Such NAP Coupons presented for redemption must be properly endorsed and accompanied by a properly executed Redemption Certificate.

Redemption Certificates together with the canceled coupons shall be forwarded at least once a week to the designated local bank. NAP Coupons redeemed must be canceled by the redeeming bank with indelible marking consisting of the word "paid" together with the name of the bank on each redeemed coupon.

The bank acting as the Redemption Agent for CNMI in the Program will receive the canceled NAP Coupons and credit the account or pay cash equal to the amounts of deposited coupons to the bank depositing the canceled coupons. The bank acting as the Redemption Agent for the CNMI shall submit a report of the total dollar value of all Redemption Certificates processed during the month to the CNMI NAP no later than the 2nd Tuesday after the end of the report month.

The CNMI NAP shall periodically monitor all banks and retailers participating in the Program to determine compliance with Program Requirements.

25. **BENEFIT REDUCTION**

CNMI understands that no funds beyond those committed by this instrument will be forthcoming from FNS to fund the Program. Unanticipated high Program participation or other reasons may make it necessary to reduce Program Benefits in order not to exceed the authorized Grant amount. The CNMI shall be responsible for monitoring the expenditure of funds on an ongoing basis to determine whether a reduction in benefits becomes necessary. Should it be determined that a reduction in benefits is likely to be needed in a given month, the following procedures shall be used in effect of the reduction:

- a. Calculate the total estimated amount of benefit to be used for the month using the established Certification Process.
- b. Determine the amount of funds available for distribution. This is the total Grant amount pro-rated monthly, less authorized administrative expenses.
- c. Determine the percentage of total available funds for distribution in relation to the total funds required by Certification.
- d. Apply the calculated percentage to each case in order to distribute the pro-rata share.
- e. Round cents down to the nearest dollar to determine benefits to be issued to the Household.

26. **AMENDMENTS TO THE MEMORANDUM OF UNDERSTANDING**

Amendments to the Memorandum of Understanding may be suggested at any time by either party and shall require the written approval of both parties prior to implementation.

27. **EXHIBITS AND REFERENCES**


Terms and provisions of references in and Exhibits of this instrument are integral parts of the instrument and are equally binding to the parties to the instrument.

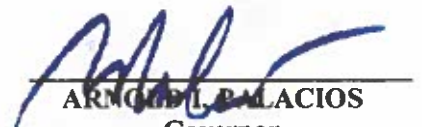
28. **CIVIL RIGHTS STATEMENT**

CNMI will compile data, maintain records, and submit reports as required to permit effective enforcement of nondiscrimination laws, regulations, policies, instructions, and guidelines. (This agreement permits authorized USDA personnel to review such records, books, and accounts as needed during hours of program operation to ascertain compliance.) CNMI shall not discriminate against any applicant or participant in any aspect of program administration, including, but not limited to, the certification of households, the issuance of program benefits, the conduct of fair


hearings, or the conduct of any other program service on the basis of race, color, national origin, age, disability, and where applicable, sex (including gender identity and expression), marital status, familial status, parental status, religion, sexual orientation, political beliefs, genetic information, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs).

**SIGNATURES:**

  
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**FRANCISCO M. RABAULIMAN**  
Secretary  
Department of Community  
& Cultural Affairs  
11/27/24  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
**ARNOLD L. BALACIOS**  
Governor  
Commonwealth of the  
Northern Mariana Islands  
11/27/24  
\_\_\_\_\_  
Date

**APPROVED AS TO FORM AND  
LEGAL SUFFICIENCY:**

  
\_\_\_\_\_  
**EDWARD MANIBUSAN**  
Attorney General  
Commonwealth of the  
Northern Mariana Islands  
11/27/24  
\_\_\_\_\_  
Date

\_\_\_\_\_  
**TERRY GUNNELL**  
Acting Regional Administrator  
Western Region Office  
Food and Nutrition Service  
US Department of Agriculture  
\_\_\_\_\_  
Date