



federal update

california senate

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The Agricultural Act of 2014: Highlights of Impacts to California

President Obama signed the Agricultural Act of 2014 (H.R. 2642)—commonly known as the farm bill—on February 7, 2014, which reauthorizes dozens of farm bill programs ranging from nutrition to agriculture for five years, through federal fiscal year 2018. This farm bill authorizes \$956 billion over the next 10 years, with nearly 80 percent of the funding allocated to nutrition programs.

Foods Stamps and Other Nutrition Programs

Approximately \$756 billion of the farm bill has been authorized for nutrition programs for 2014–23, most of which is going to the federal Supplemental Nutrition Assistance Program (SNAP), the food stamp program known in California as CalFresh. SNAP received the most significant funding reductions from the farm bill: \$8 billion is being cut over the next 10 years (the House of Representatives originally proposed almost \$40 billion in cuts over 10 years, and the Senate originally proposed \$4 billion in cuts).

This year, California will receive about \$7.6 billion from the federal government to provide CalFresh benefits. Nearly 4.2 million people (more than 1.9 million households) in California receive food stamps every month; 58 percent of the recipients are children and 25 percent are adults living in households with children. The average monthly benefit is \$151 per person (an average of \$330 per household).



The New Federal Farm Bill Cuts \$8 Billion From Nutrition Programs

While the farm bill authorized some enhancements to the Supplemental Nutrition Assistance Program (SNAP)—such as increasing access to healthy food and encouraging innovation in employment and training programs—it also tightened rules for Heat and Eat programs, potentially leaving hundreds of thousands of California families with fewer food stamps every month.

New Rules for Heat and Eat Programs

The farm bill cut \$8.55 billion from SNAP by tightening eligibility rules for state Heat and Eat programs, and these cuts likely will impact California's recently adopted Heat and Eat program, which began in January 2013. To date, 16 states have adopted Heat and Eat programs, which coordinate SNAP and other low-income benefits.

In California's Heat and Eat program, SNAP participants automatically are provided with a nominal (10 cents per year) state Low-Income Home Energy Assistance Program (LIHEAP, pronounced *lie-heap*) benefit. If a household receives LIHEAP benefits, then the household automatically qualifies for the Standard Utility Allowance (SUA), which is used in calculating a household's net income to determine its SNAP benefit. And as a recipient of LIHEAP (and thus the SUA), a household may automatically become eligible for higher SNAP benefits.

This arrangement may soon change, however, because the new farm bill now requires a LIHEAP benefit of at least \$20 per year before households may automatically qualify for the SUA. Currently it is unclear what this will ultimately mean for California's Heat and Eat program. Approximately 302,000 California households now receive an average of \$62 in increased food stamp benefits per month because of the Heat and Eat program (and another 18,000 households are estimated to be newly eligible for food stamps due to the program).

Additional SNAP (Food Stamp) Provisions

The farm bill includes several other SNAP-related provisions to help increase access to healthy food, clarify and tighten some

eligibility rules, strengthen program integrity, and encourage innovation in employment and training programs.

Specific changes to SNAP include:

- > Increasing the types and variety of food retailers must carry
- > Allowing SNAP benefits to be accepted by Community Supported Agriculture operations and governmental and nonprofit food-delivery providers that serve homebound seniors and individuals with disabilities
- > Codifying certain rules regarding trafficking of food stamps
- > Eliminating food stamp eligibility for lottery winners
- > Eliminating food stamp eligibility for individuals convicted of certain violent felonies who are not in compliance with their parole terms
- > Providing funding for up to 10 states to participate in pilot projects designed to assess SNAP Employment and Training strategies aimed at increasing the unsubsidized employment and earnings of SNAP participants

The Emergency Food Assistance Program

Other nutrition programs impacted by the new farm bill include The Emergency Food Assistance Program (TEFAP), a federal program that helps provide low-income people with emergency food and nutrition assistance at no cost; TEFAP is receiving a \$205 million increase over the next 10 years. The program provides U.S. Department of Agriculture-purchased food to states (allocations depend on a state's low-income and unemployed population), and the states

disburse this food to local agencies (typically food banks), which distribute it directly to households or food pantries, soup kitchens, and other organizations that directly serve the public.

In federal fiscal year 2013, California received approximately 14.5 percent of the federal TEFAP food allocation.

Select Agricultural Provisions

The King Amendment

The Protect Interstate Commerce Act—also known as the King Amendment—was eliminated from the final farm bill. The amendment would have added Section 11312, Prohibition Against Interference by State and Local Governments With Production or Manufacture of Items in Other States; this section was ostensibly written to protect interstate commerce and limited to overturning California's Proposition 2 (Standards for Confining Farm Animals), although the amendment's language did not contain such limitations. The amendment would have prohibited states from enacting any law that imposes "a standard or condition on the production or manufacture of any agricultural product sold or offered for sale in interstate commerce" if that standard or condition is more protective and/or restrictive than the regulations of any other state and the federal government. This obligation apparently would have been the first of its kind imposed on the states.

California has not heard the last of the King Amendment issue. For example, Missouri's attorney general has filed a federal suit to strike down Proposition 2, claiming it

infringes on interstate commerce protections of the U.S. Constitution by imposing potentially burdensome regulations on farmers, particularly on out-of-state farmers who cannot vote California lawmakers out of office. The prohibition on eggs sold in California that come from hens raised in cages that do not comply with size and space requirements established by Proposition 2 takes effect on January 1, 2015.

Industrial Hemp

The farm bill allows farmers to grow industrial hemp in California and eight other states as research projects. Those states already allow the growing of hemp, though federal drug law has blocked actual cultivation in most. California Senate Bill 566 (Leno, Chapter 398, Statutes of 2013) authorized the growing of hemp, provided its provisions would not become operative unless authorized by federal law.



Written by Daphne Hunt and Bob Franzoia. Federal Update is a series of occasional briefs researched and written by the California Senate Office of Research (SOR) to highlight federal issues and their potential impact on California. SOR is a nonpartisan office charged with serving the research needs of the California State Senate and assisting Senate members and committees with the development of effective public policy. It was established by the Senate Rules Committee in 1969. For more information and copies of this report, please visit www.sen.ca.gov/sor or call **(916) 651-1500**.