
SENATE COMMITTEE ON LABOR, PUBLIC EMPLOYMENT AND RETIREMENT
Senator Lola Smallwood-Cuevas, Chair
2025 - 2026 Regular

Bill No: AB 2646 **Hearing Date:** June 24, 2026
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Urgency: No **Fiscal:** Yes
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SUBJECT: Employment: minimum wages: agricultural workers

KEY ISSUE

This bill establishes the minimum hourly wage for an approved agricultural employee and corresponding employee, as defined, to be \$19.75 per hour. This bill also requires, beginning on January 1, 2027, and each January 1 thereafter, the minimum wage to be adjusted by an amount equal to the cost-of-living adjustment (COLA) for social security benefits for that year as published by the Social Security Administration based on changed in the United States Consumer Price Index (CPI), as specified.

ANALYSIS

Existing federal law:

- 1) Sets the federal minimum wage at \$7.25 an hour. (Fair Labor Standards Act of 1938, 29 U.S.C. Chapter 8)

Existing law:

- 1) Establishes the Department of Industrial Relations (DIR) in the Labor and Workforce Development Agency (LWDA), and vests it with various powers and duties to foster, promote, and develop the welfare of the wage earners of California, to improve their working conditions, and to advance their opportunities for profitable employment. (Labor Code §50.5)
- 2) Empowers the Labor Commissioner's office, within DIR, with ensuring a just day's pay in every workplace in the State and promotes economic justice through robust enforcement of labor laws. (Labor Code §79-107)
- 3) Sets California's minimum wage at \$16.90 an hour¹ for all employers and specifies that after January 1, 2023, the minimum wage rate will be adjusted annually for inflation based on the national consumer price index for urban wage earners and clerical workers (CPI-W). However, the minimum wage cannot be lowered, even if there is a negative CPI, and the highest raise allowed in any one year is 3.5 percent. Each minimum wage increase must be rounded to the nearest ten cents (\$0.10) and calculated (by the Director of Finance) on August 1st to take effect on January 1st of the following year. (Labor Code §1182.12)

¹ The minimum wage in California, effective January 1, 2026, is \$16.90/hour for all employers. Starting April 1, 2024, all "fast food restaurant employees" who are covered by the law must be paid at least \$20.00 per hour. Starting October 16, 2024, certain health care workers must be paid a higher minimum wage.
https://www.dir.ca.gov/dlse/minimum_wage.htm

- 4) Defines, under the Agricultural Labor Relations Act (ALRA), “agriculture” to mean farming in all its branches, and, among other things, includes the cultivation and tillage of the soil, dairying, the production, cultivation, growing, and harvesting of any agricultural or horticultural commodities, as defined, the raising of livestock, bees, furbearing animals, or poultry, and any practices (including any forestry or lumbering operations) performed by a farmer or on a farm as an incident to or in conjunction with such farming operations, including preparation for market and delivery to storage or to market or to carriers for transportation to market. (Labor Code §1140.4(a))
- 5) Defines, under the ALRA, the term “agricultural employer” to be liberally construed to include any person acting directly or indirectly in the interest of an employer in relation to an agricultural employee, any individual grower, corporate grower, cooperative grower, harvesting association, hiring association, land management group, any association of persons or cooperatives engaged in agriculture, and includes any person who owns or leases or manages land used for agricultural purposes, but excludes any person supplying agricultural workers to an employer, any farm labor contractor, as defined, and any person functioning in the capacity of a labor contractor. (Labor Code §1140.4(c))

This bill:

- 1) Establishes the minimum hourly wage for an approved agricultural employee and corresponding employee to be \$19.75 per hour.
- 2) Requires, beginning on January 1, 2027, and each January 1 thereafter, the minimum wage specified under 1) to be adjusted by an amount equal to the cost-of-living adjustment for social security benefits for that year as published by the Social Security Administration based on changed in the United States Consumer Price Index, and be applied to the previous year’s amount in the same manner as social security adjustments are applied.
- 3) Defines the following:
 - a) “Agricultural employer” has the same meaning as defined in subdivision (c) of Section 1140.4.
 - b) “Agriculture” has the same meaning as defined in subdivision (a) of Section 1140.4.
 - c) “Approved agricultural employee” means an employee engaged in agriculture who is a resident outside of the state and is permitted to work in the state on a temporary or seasonal basis through an application process where the Labor and Workforce Development Agency or the Employment Development Department has approved, in part or in whole, an application or job order to hire agricultural workers from outside of the state on a temporary or seasonal basis.
 - d) “Corresponding employee” means an employee engaged in agriculture who is a resident of the state and who performs the same, or substantially similar, work during the same time period as an approved agricultural employee employed by the same employer in the same county.

- e) “Temporary or seasonal basis” means employment of a temporary nature where the employer’s need to fill the position with a temporary worker shall, except in extraordinary circumstances, last no longer than one year.

COMMENTS

1. Background:

Farm workers

California produces over 400 commodities including nearly half of the nation's vegetables and over three-quarters of the nation's fruits and nuts.² California is home to an estimated 400,000 farm workers that are the backbone to this country’s agricultural system.

Although California (and the rest of the nation) relies on the important work of farm workers, they tend to earn some of the lowest wages in the labor market. According to the author, “farm workers in California have historically earned wages that place many near or below the poverty line. This is due to the fact that farm work is often seasonal which makes actual earnings frequently lower. Lower earnings and reduced income make farm workers more vulnerable to the adverse effects of even minor economic fluctuations.” According to the National Agricultural Workers Survey (NAWS) published by the Department of Labor, which looked at the demographics and employment profile of California’s farmworkers from 2015 to 2019, California farmworkers’ mean and median personal income in the previous year was in the range of \$20,000 to \$24,999. Nine percent of workers said their total personal income was less than \$10,000, 24 percent said they had personal incomes of \$10,000 to \$19,999, 37 percent had personal incomes of \$20,000 to \$29,999, and 21 percent reported that their total personal income was \$30,000 or more. Five percent of workers reported that they did not work at all during the prior calendar year.³

Federal minimum wage

In 1938, the Fair Labor Standards Act (FLSA) was enacted and created the framework governing workplaces today including restriction on child labor, establishing a standardized workday, and providing for overtime pay. The FLSA also established a national minimum wage for workers in the U.S., creating a guaranteed wage floor but not precluding states from enacting their own stronger minimum wage laws.

The minimum wage in the U.S. is currently \$7.25. According to the National Conference of State Legislature (NCSL), as of January 5, 2026, 34 states and the D.C. have minimum wages above the federal minimum wage of \$7.25 per hour.⁴

² California Agricultural Production Statistics, <https://www.cdffa.ca.gov/statistics/>

³ “California Findings from the National Agricultural Workers Survey (NAWS) 2015-2019: A Demographic and Employment Profile of California Farmworkers.” January 2022.
<https://www.dol.gov/sites/dolgov/files/ETA/naws/pdfs/NAWS%20Research%20Report%202015.pdf>

⁴ According to the NCSL, five states have not adopted a state minimum wage: Alabama, Louisiana, Mississippi, South Carolina and Tennessee. Three states, Georgia, Oklahoma and Wyoming, have a minimum wage below \$7.25 per hour. In all eight of these states, the federal minimum wage of \$7.25 per hour generally applies.
<https://www.ncsl.org/labor-and-employment/state-minimum-wages>

Minimum wage laws in California

California first established a statewide minimum wage in 1916 and has increased the minimum wage several times over the years.

As of January 1, 2026, the minimum wage in California for all employers is \$16.90 per hour. SB 3 (Leno, Chapter 4, Statutes of 2016) increased the minimum wage in California from \$10 an hour to the current \$16.90 in a phased in approach (increasing the wage by \$0.50 when first enacted and then by \$1 each year until reaching \$15). SB 3 also included a slower timeline for the incremental increases for employers of 25 or fewer employees. Additionally, after January 1, 2023, the minimum wage now increases annually from the seasonally adjusted U.S. CPI, but no more than 3.5% in a year, with the resulting amount rounded to the nearest \$0.10. The increase is calculated on August 1st and takes effect on January 1st of the following year.

Some cities in California have established minimum wages that are higher than the current statewide minimum wage. For example, the following cities all have minimum wages higher than \$17 per hour: Alameda, Belmont, Berkeley, Burlingame, Cupertino, Daly City, East Palo Alto, El Cerrito, Emeryville, Foster City, Fremont, Half Moon Bay, Hayward, Los Altos, Los Angeles, Malibu, Menlo Park, Milpitas, Mountain View, Novato, Oakland, Palo Alto, Pasadena, Petaluma, Redwood City, Richmond, San Carlos, San Diego, San Francisco, San Jose, San Mateo, Santa Clara, Santa Monica, Sonoma, South San Francisco, Sunnyvale, and West Hollywood. San Francisco is at \$19.61 and Los Angeles \$18.42. The city of Emeryville has the highest minimum wage at \$20.34 per hour.

In 2023, the Governor signed AB 1228 (Holden) which established a \$20 dollar per hour minimum wage for half a million fast food restaurant employees, effective April 1, 2024. That same year, SB 525 (Durazo) also became law, establishing a phased-in minimum wage for about 400,000 health care workers to reach \$25 per hour beginning in October 16, 2024 depending on the type of health care facility.

Social security benefits cost-of-living adjustments (COLA)

As a response to the challenges of the Great Depression, social security insurance was created in order to address the permanent problem of economic security for the elderly by creating a work-related, contributory system in which workers would provide for their own future economic security through taxes paid while employed.

To offset the effects of inflation on fixed income, Social Security benefits have annual increases. These increases are now known as Cost of Living Allowances or Cost-of-Living Adjustments (COLAs). It was not until 1950 that Congress passed amendments to the SSA and first legislated an increase in benefits. Later, in 1972, the law was changed again to provide, beginning in 1975, automatic annual COLAs based on the annual increase in consumer prices. With this change, beneficiaries do not have to wait for congressional action to increase their benefits and inflation does not drain value from Social Security benefits. The Act specifies a formula for determining each COLA. According to the formula, COLAs are based on increases in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W). CPI-Ws are calculated on a monthly basis by the Bureau of Labor Statistics.

The Social Security Administration (SSA) announced a 2.8 percent increase in Social Security and Supplemental Security Income (SSI) benefits for more than 75 million

Americans for 2026.⁵ There has been a COLA for social security benefits during the last ten years:⁶

<u>Year</u>	<u>COLA</u>
2016	0.3%
2017	2.0%
2018	2.8%
2019	1.6%
2020	1.3%
2021	5.9%
2022	8.7%
2023	3.2%
2024	2.5%
2025	2.8%

This bill, AB 2646, proposes to establish the minimum wage for specified agricultural employees to be \$19.75 and requires the minimum wage to be adjusted by an amount equal to the COLA for social security benefits for that year, as published by the SSA, based on changes in the United States CPI beginning on January 1, 2027. This bill would require the increase to be applied to the previous year’s amount in the same manner as social security adjustments are applied. For context, if this bill becomes law, the proposed minimum wage would increase the following year (January 1, 2027) by the same amounts equal to the COLA for social security benefits (i.e. 2.8% in 2026).

2. Need for this bill?

According to the author, “California’s farm workers deserve a livable wage. Every day these workers face immigration threats, experience wage theft, unsafe working conditions including exposures to excessive heat or dangerous pesticides, workplace sexual harassment, and lack of access to basic health care. California’s farm workers have historically earned wages that place many near or below the poverty line. Often, farm work can be seasonal, which makes earnings even lower. AB 2646 safeguards farmworker wages by establishing a wage floor of \$19.75.”

3. Proponent Arguments:

According to the sponsors, United Farm Workers:

“By establishing a state \$19.75 wage floor with annual cost-of-living adjustments tied to the Social Security Administration’s Consumer Price Index, the bill safeguards vulnerable California farm workers against deepening wage depression in the middle of escalating prices for food and basic necessities. Under Governor Newsom’s administration, California has established a precedent of industry-specific wage standards that address the unique vulnerabilities of specific and marginalized workforces, including in fast-food and healthcare. California’s agricultural sector is a cornerstone of the state’s economy, yet the workers who labor in our fields often face significant economic hardship. [...]

⁵Social Security Administration, “Cost-of-Living Adjustment (COLA) Information for 2026,” <https://www.ssa.gov/cola/>

⁶ Social Security Administration, “Cost-of-Living Adjustment,” <https://www.ssa.gov/OACT/COLA/colaseries.html>

By setting a minimum hourly rate of \$19.75 for state “approved agricultural employees” and “corresponding employees” beginning January 1, 2027, with annual cost-of-living adjustments, AB 2646 takes a step toward fair compensation for workers that feed us all. The inclusion of “corresponding employees” performing the same or substantially similar work and employed for the same employer in the same county, protects farm workers from unequal treatment for the same work.”

4. Opponent Arguments:

a coalition of agricultural associations and employers, including the Western Growers Association, is opposed and argues:

“The proposed wage floor of \$19.75 beginning January 1, 2027, followed by automatic annual cost of living adjustments, would impose significant new costs on California farms that already operate on extremely thin margins. Nearly 98 percent of California farms are family-owned operations, many of which have been struggling to absorb rising labor, regulatory, water, and energy costs. Imposing an additional sector-specific wage mandate will make it even harder for these businesses to remain competitive with producers in other states and countries, maintain production, and preserve jobs in rural communities.

The domestic agricultural workforce has steadily declined, and growers increasingly rely on the H-2A program to maintain stable food production. The H-2A program is not designed or intended to replace the domestic workforce, it offers temporary assistance in filling labor gaps that exist at varying levels each year. Today, more than 350,000 H-2A workers are employed nationwide each year, reflecting the growing gap between available domestic labor and the workforce needed to harvest crops. Policies that make it more difficult or costly to use that program risk accelerating the loss of agricultural production in California.”

5. Prior Legislation:

SB 525 (Durazo, Chapter 890, Statutes of 2023) enacted a phased in multi-tiered statewide minimum wage schedule for health care workers employed by covered healthcare facilities, as defined; (2) required, following the phased-in wage increases, the minimum wage for health care workers employed by covered healthcare facilities to be adjusted, as specified; (3) provided a temporary waiver of wage increases under specified circumstances; (4) and established a 10-year moratorium on wage ordinances, regulations, or administrative actions for covered health care facility employees, as specified.

AB 1228 (Holden, Chapter 262, Statutes of 2023) among other things, required the hourly minimum wage for fast food restaurant employees to be \$20 per hour, effective April 1, 2024.

SB 639 (Durazo, Chapter 339, Statutes of 2021) required the development of a plan to phase out the use of the subminimum wage certificate program, which authorizes employers to pay less than minimum wage for employees with physical or mental disabilities, as defined, by January 1, 2025.

SB 3 (Leno, Chapter 4, Statutes of 2016), among other things, increased the state minimum wage to \$15 per hour, in an incremental timeline from \$10 to \$15, and indexed the minimum wage to inflation thereafter, as specified.

AB 1066 (Gonzalez, Chapter 313, Statutes of 2016), enacted the Phase-In Overtime for Agricultural Workers Act of 2016, which removed the exemption for agricultural employees regarding hours, meal breaks, and other working conditions, including specified wage requirements, and created a schedule that would phase in overtime requirements for agricultural workers, as defined, over the course of 4 years, from 2019 to 2022, inclusive. Beginning January 1, 2022, the bill required any work performed by a person employed in an agricultural occupation in excess of 12 hours in one day to be compensated at the rate of no less than twice the employee's regular rate of pay. The bill provided employers who employ 25 or fewer employees an additional 3 years to comply with the phasing in of these overtime requirements. The bill required DIR to update a specified wage order for consistency with these provisions, as specified.

SUPPORT

United Farm Workers (Sponsor)
California Department of Justice
California Federation of Labor Unions
California Professional Firefighters
California Rural Legal Assistance Foundation
Teamsters California

OPPOSITION

Agricultural Council of California
American Pistachio Growers
Association of California Egg Farmers
California Apple Commission
California Association of Nurseries
California Association of Nurseries and Garden Centers
California Association of Winegrape Growers
California Blueberry Association
California Blueberry Commission
California Cattlemen's Association
California Chamber of Commerce
California Citrus Mutual
California Cotton Ginners and Growers Association
California Date Commission
California Farm Bureau
California Farm Labor Contractor Association
California Food Producers
California Fresh Fruit Association
California Grain and Feed Association
California Pear Growers Association
California Seed Association
California State Beekeepers Association
California Strawberry Commission

California Thoroughbred Breeders Association
California Walnut Commission
Grower-shipper Association of Central California
Olive Growers Council of California
Olive Oil Commission of California
Pacific Egg and Poultry Association
United Ag
Ventura County Agricultural Association
Western Growers Association
Western Tree Nut Association

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