



**Implementation Recommendations AB 1362:  
Preventing Trafficking of H2-A (Agricultural) Workers  
in California**



**OVERVIEW AB 1362 (Kalra): Foreign Labor Contractor Registration Act**

California has long led the nation in protecting temporary immigrant workers from abusive recruitment practices. The state's policy architecture in this area traces its origins to SB 477 (2014), which created the **Foreign Labor Contractor (FLC) Registration Program**. That program required individuals who recruit workers for placement under H-2B visas to register with the Labor Commissioner's Office, submit to background checks, disclose recruitment terms, and comply with a suite of consumer and worker protections starting in 2016.

However, SB 477 left a consequential regulatory gap: it did not extend the Foreign Labor Contractor Registration Program to **H2-A agricultural visa** holders or other temporary work visa holders coming to CA. This omission meant that approximately **345,000 temporary workers** entering California annually were without equivalent state-level recruitment protections at the most vulnerable moment of their employment relationship — the pre-departure recruitment phase in their home countries.

**AB 1362 (Kalra) directly addressed this long-standing gap.** The legislation amends the California Labor Code to extend the Foreign Labor Recruiter (FLR) Registration Program to **H-2A visa holders**, adding protections for the roughly **50,000 agricultural workers** who enter California each year. AB 1362 also requires the California Department of Industrial Relations (DIR) to prepare a report to the Legislature assessing whether the program should be expanded to cover the additional **300,000 temporary visa workers** who come to California annually under other visa categories.

**AB 1362 takes effect July 1, 2027.** Effective implementation now falls squarely on the **California Department of Industrial Relation (DIR)**, and the recommendations below outline the steps needed to ensure the law is carried out fully and as intended.

**IMPORTANCE OF IMPLEMENTATION OF AB 1362**

**The Documented Exploitation of H-2A Agricultural Workers**

H-2A agricultural workers represent one of the most economically vulnerable populations in the American labor market. By design, their legal status in the United States is tethered to a specific employer relationship — a structural dependency that makes them uniquely susceptible to coercion and exploitation, particularly during the recruitment phase that occurs before they ever arrive in California. The absence of state-level oversight of foreign labor recruiters operating in the H-2A space has allowed harmful practices to persist with minimal accountability.

**△ Key Finding — Recruitment-Stage Debt Bondage**

**A 2020 study by Centro De Los Derechos Del Migrante found that the majority of H-2A workers began employment already in debt; 43% received less pay than promised; and over 60% took out loans to finance travel to the United States.**

***Source: Centro De Los Derechos Del Migrante, 2020<sup>1</sup>***

These recruitment-stage harms are not aberrations — they are documented patterns. Workers are charged inflated fees for visa processing, transportation, and housing; promised wage rates are not honored upon arrival; and workers are placed in debt arrangements that effectively bind them to their employer regardless of working conditions. The leverage created by this debt bondage makes workers reluctant to file complaints or seek legal assistance, even when their rights are clearly being violated.

**△ Key Finding — Farm Labor Contractors as Primary Violators**

**Farm Labor Contractors are documented as the largest category of violators of federal labor standards affecting California farmworkers.**

***Source: Economic Policy Institute, 2020<sup>2</sup>***

The number of cases involving labor trafficking documented is equally alarming. The **National Human Trafficking Hotline**<sup>3</sup> reports that H-2A workers constitute the single largest category of labor trafficking abuse cases reported through its intake system. This data underscores the connection between unregulated foreign recruitment and trafficking and exploitation. Recruitment-stage abuses, including fraudulent promises, excessive fees, and document confiscation, are recognized precursors to trafficking situations.

**△ Key Finding — National Human Trafficking Hotline documents during a 5-year period more than 3,200 H-2A visa holders who were victims of human trafficking and identified more than 4,850 victims of labor exploitation.**

***Source: Polaris, 2021***

Further, federal enforcement is chronically understaffed. **In 2019, the U.S. Department of Labor Wage and Hour Division operated with fewer than 1,500 staff (780 investigators) and a \$229 million budget to cover approximately 10.2 million U.S. establishments employing 148 million workers.** In May of 2025, researchers reported the number of Wage and Hour Division (WHD) staffers reached a 52-year low.<sup>4</sup> These are the federal workers who enforce minimum wage, misclassification, overtime, child

<sup>1</sup> Centro de los Derechos del Migrante, *Ripe for Reform Abuse of Agricultural Workers in the H-2A Visa Program* (2020), <https://cdmigrante.org/ripe-for-reform/>

<sup>2</sup> Daniel Costa, Philip Martin & Zachariah Rutledge, *Federal Labor Standards Enforcement in Agriculture: Data Reveal the Biggest Violators and Raise New Questions About How to Improve and Target Efforts to Protect Farmworkers* (Economic Policy Institute, Dec. 15, 2020), <https://www.epi.org/publication/federal-labor-standards-enforcement-in-agriculture/>

<sup>3</sup> Polaris, *Labor Trafficking and H2-A visas: Essential Guide for H-2A Visa Sponsors* (2021), <https://polarisproject.org/wp-content/uploads/2021/11/Essential-Guide-for-H2A-Visa-Sponsors-by-Polaris.pdf>

<sup>4</sup> Rutgers School of Management and Labor Relations, *Labor Investigator Staffing Hits 52-Year Low, Raising Risk of Wage Theft* (May 2025), <https://smlr.rutgers.edu/news-events/smlr-news/labor-investigator-staffing-hits-52-year-low-raising-risk-wage-theft>. See also Rutgers School of Management and Labor Relations, *To Help U.S. Workers, We Need Labor Standards*

labor, and other workplace standards. Federal enforcement capacity is structurally inadequate to address the scale of this problem. The DOL Wage and Hour Division, the primary federal body responsible for H-2A compliance, operates with a ratio of investigators to covered establishments that makes meaningful enforcement of recruitment-stage violations practically impossible at scale. State-level registration requirements — with their attendant disclosure obligations, background screening, and civil enforcement mechanisms — are therefore not redundant to federal law, but genuinely complementary and necessary. Prior to AB 1362, unscrupulous foreign labor recruiters for H-2A agricultural placements could operate entirely outside California's regulatory reach. AB 1362 creates significant new protections for H-2A workers coming to California.

## WHAT AB 1362 REQUIRES

### Specific Statutory Mandates

AB 1362 imposes a set of clearly defined obligations on anyone who brings H-2 visa holders to CA, including the majority of CA registered farm labor contractors. The Labor Commissioner's Office and the Department of Industrial Relations are mandated to carry out the AB 1362 implementation timeline and operational requirements.

#### 1. Registration Requirement (Effective July 1, 2027)

Any person who performs foreign labor contracting activities for H-2 visas must register with the Labor Commissioner under the terms established pursuant to the Foreign Labor Contractor (FLC) Registration Program (originally established January 1, 2016, by SB 477). This requirement applies prospectively to all third-party recruiters, including farm labor contractors who engage in H-2A recruitment activity on or after January 1, 2027. Contractors who fail to register prior to engaging in covered activity are subject to the full range of civil and criminal enforcement actions. Further, after the effective date, employers/farms who use third-party recruiters are joint and severally liable if they use an unregistered foreign labor recruiter to secure H2-A workers after July 1, 2027.

#### 2. Streamlined Dual-Licensee Registration

Recognizing that many farm labor contractors already hold state FLC licenses issued by the Labor Commissioner (LC), AB 1362 grants the LC discretion to eliminate duplicative application requirements for these individuals. A currently licensed farm labor contractor seeking to register under the expanded FLC Registration Program may satisfy application requirements by providing their existing FLC license number and attesting under penalty of perjury that no information relevant to their registration has changed. This streamlined pathway reduces administrative burden on both applicants and the LC while maintaining the integrity of the registration system.

#### 3. Public Registry

The Labor Commissioner must maintain and publish on its public-facing website the names and contact information of all registered foreign labor contractors operating under the expanded program, including farm labor contractors registered under AB 1362. Additionally, the LC must maintain and publish a list of

contractors who have been denied registration or renewal, providing employers, workers, and the public with a searchable record of compliance status.

#### **4. Visa Program Disclosure (Effective July 1, 2027)**

Beginning on the program's effective date, the Labor Commissioner may not register or renew the registration of any foreign labor contractor — including farm labor contractors — without first obtaining a disclosure listing each federal visa program under which the contractor will perform foreign labor contracting activities. This requirement enables the LC to identify contractors operating across multiple visa categories, facilitates risk-based enforcement targeting, and provides data for the legislative study mandated under the bill.

#### **5. Enforcement Authority**

The Labor Commissioner retains and may exercise the full range of its existing enforcement tools against violators of the expanded registration requirements. Enforcement may proceed by citation or civil action pursuant to Labor Code Sections 98.3 (civil actions by the Labor Commissioner), 98.7 (complaint investigation), 98.74 (retaliation complaints), and 1197.1 (wage violations and civil penalties). Violations of the registration requirement are punishable as misdemeanors and subject to civil penalties, consistent with the enforcement regime applicable to other violations of the FLC Registration Program.

#### **6. Legislative Study (Due January 1, 2028)**

DIR is required to deliver to the Legislature a comprehensive study examining the feasibility and operational requirements of extending the FLC Registration Program to federal visa categories not currently covered. The study must address: (a) an overview of uncovered federal visa programs and the workers they admit; (b) a demographic analysis of affected workers in California; (c) the operational steps necessary to extend registration requirements; (d) data access requirements, fee structures, and enforcement mechanisms; and (e) concrete recommendations for program expansion with supporting analysis. DIR is expressly authorized to contract with a qualified third-party entity to conduct the study. All study-related provisions of AB 1362 are repealed on January 1, 2029.

### **IMPLEMENTATION RECOMMENDATIONS FOR DIR**

The following recommendations are organized into four implementation phases aligned with the statutory timeline. Each recommendation is action-oriented and designed to ensure that DIR meets both the July 1, 2027, registration program launch and the January 1, 2028, legislative study deadline.

#### **Immediate Priorities (Now – December 2026)**

- **Stand up an AB 1362 Implementation Task Force** within DIR/LC immediately. The Task Force should include representatives from the Labor Commissioner's Office, DIR's Legal Unit, Information Technology Division, Fiscal Office, and Legislative Affairs. The Task Force should meet bi-weekly and report monthly to DIR leadership through the end of 2026, transitioning to weekly meetings in Q1 2027 as the registration launch date approaches. It should meet monthly with outside advocates who can provide advice and recommendations based on their on-the-ground experience.
- **Initiate fee schedule review** and prepare a fee increase proposal for submission for rule making. DIR projected first-year implementation costs of at least \$2.5 million, with ongoing annual costs of approximately \$1.4 million. In the absence of an approved fee increase, these costs will be borne by DIR from existing appropriations, creating budget pressure that should be resolved proactively. The fee proposal should be supported by a full cost analysis including staffing, IT,

outreach, and study procurement expenses. SJI recommends a minimum \$1400-1600 fee cost, but current regulations under SB 477 set the fee at only \$95.

- **Begin drafting streamlined registration procedures** for dual-licensed farm labor contractors. This includes designing the attestation form, establishing eligibility criteria for deduplication of application materials, and developing internal processing protocols to avoid re-reviewing information already on file with the LC. The streamlined pathway should be operationally ready no later than April 2027.
- **Procure IT upgrades** for the public registry portal. The existing FLC Registration Program website must be enhanced to display H-2A registration status, the denial and non-renewal list, and visa program disclosure data organized by visa category. DIR's IT Division should complete a technical requirements analysis by October 2026 and issue a procurement or upgrade contract no later than November 2026 to ensure deployment by May 2027.

#### **Actions (January – June 2027)**

- **Publish registration procedures, application forms, fee schedules, and visa program disclosure requirements** in advance of the July 1, 2027, effective date, with a target publication date of no later than April 1, 2027. Early publication is essential to give affected FLR recruiters adequate lead time to register before the program goes live, and to minimize the risk of a large wave of non-compliant contractors in the program's first weeks of operation.
- **Launch an outreach campaign for growers and FLRs.** Letters about AB 1362 compliance requirements should be sent to all growers, registered farm labor recruiters, and recruiters who already send H-2A workers to California no later than September of 2026, and every 4 months until implementation. Additionally, DIR should prepare guidance documents, FAQs, and registration walkthroughs and update its website by September of 2026, given outdated language only highlighting SB 477 and H-2 B compliance requirements currently featured on its web landing (<https://www.dir.ca.gov/dlse/fnlc.html>). These updates will give those seeking information about SB 1362 compliance a place to go to seek information as early as possible.
- **Launch a multilingual outreach campaign for H-2A workers.** Given that H-2A workers and their recruiters frequently operate in Spanish, indigenous Mexican languages, and other languages, outreach materials should be developed in coordination with worker advocacy organizations with established community ties. The campaign should launch no later than January 1, 2027.
- **Coordinate with federal DOL/USCIS** to obtain current and comprehensive lists of H-2A recruiters who currently send H-2A workers to California. This data will serve two purposes: (1) enabling targeted compliance outreach to contractors who should be registering; and (2) seeding the enforcement targeting process for contractors who fail to register by the July 1 deadline.
- **Develop an enforcement protocol and citation matrix** aligned with Labor Code Sections 98.3, 98.7, 98.74, and 1197.1 for violations of the new registration requirements. The citation matrix should specify penalty levels, aggravating and mitigating factors, evidence standards for each violation type, and escalation pathways for repeat or egregious violators. This document should be finalized and distributed to LC field offices no later than June 15, 2027.

#### **Legislative Study Deliverable (July 2027 – January 1, 2028)**

- **Issue a Request for Proposal (RFP)** for a qualified third-party study contractor by October 2026 and award the contract no later than January 2027 given that the study must be delivered to the Legislature by January 1, 2028 — and will allow 12 months for research, analysis, stakeholder engagement, drafting, internal DIR review, and final submission. An October 2026 RFP issuance provides the minimum feasible runway.



- **Structure the study scope** to comprehensively address: (a) a full inventory of uncovered federal visa programs including H-1B, J-1, TN, EB-3, and others; (b) demographic analysis of California workers in each program; (c) assessment of the operational and regulatory steps required to extend registration requirements to each category; (d) analysis of operational constraints including data access, staffing, IT infrastructure, and enforcement capacity; (e) fee and cost modeling for a full-expansion scenario and staged expansion alternatives; and (f) a risk/benefit analysis for each expansion option with DIR's recommendations.
- **Establish a Stakeholder Advisory Panel** to inform the study, including representatives from worker advocacy organizations, employer and industry associations, academic labor economists, and relevant state and federal agency liaisons. The panel should be convened no later than February 2027 and should meet at key study milestones to help advise the design of the study and review interim findings.
- **Plan for an internal DIR review process** of at least 60 days before the January 1, 2028, legislative deadline, targeting a draft study completion date of no later than October 15, 2027. This allows time for DIR leadership review, legal clearance, and any revisions before final submission.

#### **Enforcement and Compliance (Ongoing from July 1, 2027)**

- **Integrate AB 1362 registration compliance** into existing Labor Commissioner investigative workflows, including incorporation into the LC's standard opening inquiry protocol for farm labor contractor investigations. Train all LC field investigators on the new violation categories, evidence standards, documentation requirements, and citation authority no later than June 30, 2027.
- **Establish a dedicated complaint intake pathway** for recruitment-stage violations by foreign labor contractors, including an intake form that captures the specific elements necessary to support a citation or civil enforcement action under the new registration requirements. Publicize this pathway through the multilingual outreach campaign and through partnerships with worker advocacy organizations.
- **Report annually to DIR leadership** on key program metrics including registration rates by visa category, enforcement actions taken and outcomes, worker complaints received and resolved, and any patterns or trends suggesting areas for enforcement prioritization or program modification. The first annual report should cover the period July 1, 2027, through June 30, 2028, and should be completed by September 2028.

#### **Cost Recovery**

The preferred mechanism for cost recovery is a fee assessed on registered foreign labor contractors, consistent with the cost-recovery model used in California's other professional licensing and registration programs. DIR should structure the fee to recover full program costs, including both Year 1 implementation expenses and ongoing operational costs, while maintaining a reserve for enforcement surges and unanticipated program expansions. The fee increase proposal should be submitted as a top priority in the immediate implementation phase. Any delay in fee approval will require DIR to absorb costs from existing appropriations. Staff should be engaged early to identify and document the appropriate amount and ensure steps are taken for fee adjustment no later than July 1, 2027. Given the July 1, 2027, registration deadline, DIR can utilize notice of increased fees from \$95 to its assessed amount to encourage early registration.

The following table summarizes all critical deadlines in the AB 1362 implementation timeline. DIR leadership should use this table to drive accountability within the Implementation Task Force and to communicate progress to legislative stakeholders.

| Milestone                                                                                                                                                                                                                                                                             | Deadline / Target Date |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|
| AB 1362 Implementation Task Force stood up; first meeting held                                                                                                                                                                                                                        | September 2026         |
| 1 <sup>st</sup> AB 1362 letter goes out to CA Growers, H-2A recruiters, and CA Farm Labor Contractors and is re-sent every 4 months thereafter (including information that anyone can registered as FLR under current H-2B procedures and avoid fee increases expected April 1, 2027) | September 2026         |
| Fee schedule review complete; fee increase proposal submitted to regulatory body                                                                                                                                                                                                      | October 2026           |
| IT procurement / upgrade contract awarded for public registry portal enhancements                                                                                                                                                                                                     | November 2026          |
| RFP issued for third-party legislative study contractor                                                                                                                                                                                                                               | October 2026           |
| 2 <sup>nd</sup> AB 1362 letter goes out to CA Growers, CA H-2A recruiters, and CA Farm Labor Contractors                                                                                                                                                                              | December 2026          |
| Study contract awarded to qualified third-party contractor                                                                                                                                                                                                                            | January 2027           |
| Stakeholder Advisory Panel convened; inaugural meeting held                                                                                                                                                                                                                           | February 2027          |
| Streamlined registration procedures for dual-licensed FLCs finalized                                                                                                                                                                                                                  | April 2027             |
| Registration procedures, application forms, fees, and visa disclosure requirements published/ Registrants understand they can apply as early as possible using current paper system per letter outreach campaign                                                                      | April 1, 2027          |
| 3 <sup>rd</sup> AB 1362 letter goes out to CA Growers, CA H-2A recruiters, and CA Farm Labor Contractors                                                                                                                                                                              | April 2026             |
| Multilingual outreach campaign launched for affected H-2 A Workers                                                                                                                                                                                                                    | May 1, 2027            |
| Public registry portal live with FLC registration status, denial list, and visa disclosures                                                                                                                                                                                           | June 1, 2027           |
| Enforcement protocol and citation matrix distributed to all LC field offices                                                                                                                                                                                                          | June 15, 2027          |
| Field investigator training on AB 1362 violation categories complete                                                                                                                                                                                                                  | June 30, 2027          |
| STATUTORY EFFECTIVE DATE — Registration requirement takes effect                                                                                                                                                                                                                      | July 1, 2027           |

|                                                                                                                                                                            |                          |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|
| <b>4<sup>th</sup> AB 1362 letter goes out to CA Growers, CA H-2A recruiters, and CA Farm Labor Contractors – with warning on enforcement actions starting July 1, 2027</b> | <b>July 1, 2027</b>      |
| <b>Draft legislative study completed; submitted for internal DIR review</b>                                                                                                | <b>October 15, 2027</b>  |
| <b>Internal DIR review period (minimum 60 days) concludes</b>                                                                                                              | <b>December 15, 2027</b> |
| <b>STATUTORY DEADLINE — Legislative study delivered to Legislature</b>                                                                                                     | <b>January 1, 2028</b>   |
| <b>5<sup>th</sup> AB 1362 letter goes out to CA Growers, CA H-2A recruiters, and CA Farm Labor Contractors – with warning on enforcement actions starting July 1, 2027</b> | <b>August 2027</b>       |
| <b>First annual enforcement and compliance report to DIR leadership</b>                                                                                                    | <b>September 2028</b>    |
| <b>Study provisions of AB 1362 repealed by operation of law</b>                                                                                                            | <b>January 1, 2029</b>   |
| <b>Ongoing enforcement actions and reporting on enforcement</b>                                                                                                            | <b>Ongoing</b>           |

#### ABOUT THE SUNITA JAIN ANTI TRAFFICKING INITIATIVE

Sunita Jain Anti-Trafficking Policy Initiative (SJI) is an evidence-based and survivor-informed think tank based out of Loyola Law School. SJI intentionally works towards systemic change and filling the gaps in human trafficking prevention by focusing its policy advocacy on the intersectionality of 5 pillars: Government Accountability, Racial Justice, Immigrant Justice, Climate Justice and Economic Justice.

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