

Joint Informational Hearing – Assembly Committees on Economic Development, Growth, and Agriculture – Summary

California's Food System, Cost Pressures, and Household Impact
Fresno State | Date: October 24, 2025

Overview

State legislators, academic experts, and local agricultural leaders met at Fresno State to examine how rising food and production costs are affecting California's economy, families, and farms—particularly in the Central Valley, the nation's leading agricultural region.

Key Issues & Insights

- **Agriculture's Economic Role**
 - The San Joaquin Valley produces nearly 25% of U.S. food and contributes ~60% of California's farm receipts.
 - Some Valley counties derive up to 20% of GDP directly from agriculture.
- **Primary Challenges**
 - Water scarcity & regulation (SGMA): Reduced acreage and yields expected; need for alternative income solutions for affected farmers.
 - Labor shortages & costs: Reliance on immigrant labor; automation not yet sufficient.
 - Inflation & input costs: Fertilizer, energy, and water prices up; wholesale crop prices stagnant for decades.
 - Regulatory complexity: Farmers interact with 90+ agencies, increasing compliance costs.
 - Export volatility: Strong U.S. dollar, trade disruptions, and shipping issues hurt global competitiveness.
- **Household Impact**
 - Food prices up 30% since 2019; low-income families spend 80% of income on essentials.
 - About 1.8 million households face food insecurity despite safety-net programs (CalFresh, WIC, school meals).
 - Potential federal funding cuts (HR1) and shutdown delays threaten food benefits and increase poverty risk.
- **Local Business & Innovation**

- Small Business Development Centers (SBDC) provide vital technical and financial support but face funding reductions.
 - Efforts underway to expand ag-tech adoption, capital access, and succession planning.
 - Calls for Central Valley “food innovation hub” to strengthen local production and reduce reliance on out-of-state distribution.
 - **Farmer Perspectives**
 - Producers report rising costs and delayed disaster aid, forcing acreage reductions or exits.
 - Farmers are price-takers, not price-setters—consumer price hikes do not translate to higher farm income.
 - Emphasis on maintaining water infrastructure, land preservation, and fair competition with imported products.
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Takeaways & Recommendations

- Invest in water infrastructure and ag research to address long-term resource challenges.
 - Strengthen workforce and immigration policies supporting reliable agricultural labor.
 - Expand state support for small business development and ag-tech innovation.
 - Protect and modernize nutrition safety-net programs amid federal uncertainty.
 - Promote collaboration among universities, industry, and policymakers to sustain California’s leadership in food production and affordability.
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Opening Remarks

- **Fresno State President Jiménez-Sandoval** highlighted:
 - The university’s central role in the Central Valley’s economy.
 - Agriculture (AG) as essential to both *food security and national security*.
 - Major challenges: labor shortages and water scarcity.
- **Assembly Members Solache & Soria** framed the hearing as part of a statewide “Pocketbook Tour” focused on:
 - Rising food costs and their impact on families.

- Seeking practical, bipartisan solutions to affordability and AG challenges.
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Economic and Agricultural Overview

Dr. Konduru (Fresno State, Agricultural Business):

- Agriculture contributes ~20% of GDP in some Central Valley counties and about 60% of California's farm receipts.
 - Major economic impacts:
 - High employment dependence on AG.
 - Large multiplier effects in related industries (food manufacturing, exports).
 - Barriers to growth:
 - Water scarcity and groundwater regulations (SGMA).
 - Labor costs and immigration policy limits.
 - Trade uncertainty, pests, and rising input costs (fuel, fertilizer, water).
 - Many farms face shrinking profit margins and uncertainty in market stability.
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Household Impact and Food Affordability

Caroline Danielson (Public Policy Institute of California):

- Food prices up ~30% since 2019, far outpacing pre-pandemic inflation.
 - Low-income households spend ~80% of income on basic needs; food insecurity affects ~1.8 million California households.
 - Nutrition safety net (CalFresh, WIC, school meals) supports 4.2 million households, reducing poverty significantly.
 - Federal risks:
 - Potential CalFresh delays due to federal shutdown.
 - Funding cuts (HR1) could shift costs to California and reduce eligibility for many adults.
 - Central Valley relies heavily on these safety-net programs.
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Small Business and Local Solutions

Susie Pryor (Central California Small Business Development Center):

- SBDC supports ag-related small businesses with training, capital access, and resilience programs.

- Central Valley faces funding cuts to small-business support programs despite high demand.
 - Focus areas:
 - Modernization and water adaptation for small farms.
 - Ag tech innovation, procurement access, and ownership transitions (“silver tsunami” of aging farmers).
 - Emphasized continued state investment in small business development to maintain AG viability.
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Farmer and Entrepreneur Perspectives

Panel 2 (Local Producers & Farm Bureau):

- **Macy Zhang (MX Produce):**
 - Input costs (fuel, fertilizer, labor, regulations) skyrocketing.
 - Wholesale prices stagnant for 30 years.
 - Small farms lack access to timely disaster aid and face the risk of closure.
 - **Gladys Martinez (Nelia’s Birria/Entrepreneur):**
 - Inflation and distribution costs hurting small food producers.
 - Advocated for Central Valley as a “food innovation hub.”
 - Called for shared facilities and education to help food startups scale.
 - **Ryan Jacobsen (Fresno County Farm Bureau):**
 - Agriculture faces 1980s-style economic stress: high input costs, low commodity prices, and farm bankruptcies.
 - California led the nation in farm bankruptcies (2024).
 - Top issues: regulation overload (90+ agencies), water access, labor, and foreign competition.
 - California food prices rising for consumers but farmers not benefiting—profits squeezed by supply-chain costs.
 - Warned that imported food standards often lower than California’s.
 - Urged continued investment in water infrastructure, land preservation, and technological innovation.
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Final Thoughts

- Water and labor are the two most critical, recurring issues.
- Inflation, regulation, and global market volatility threaten farm sustainability.
- Innovation and education (ag tech, AI, entrepreneurship) seen as key solutions.
- Collaboration between state, academia, and local businesses essential to maintaining California's food security and economic health.