
SENATE COMMITTEE ON APPROPRIATIONS

Senator Sabrina Cervantes, Chair
2025 - 2026 Regular Session

AB 1775 (Ward) - Veterans

Version: May 18, 2026

Policy Vote: B., P. & E.D. 8 - 1, M.&V.A. 4
- 0

Urgency: No

Mandate: No

Hearing Date: August 3, 2026

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Bill Summary: AB 1775 requires licensing programs within the Department of Consumer Affairs (DCA) to expedite, assist with, and annually report on initial licensure for active-duty armed forces members discharged solely due to the January 27, 2025, Executive Order (EO) 14183, and provides these affected service members and veterans with employment, housing, and discharge upgrade support, as specified.

Fiscal Impact:

- Unknown costs for each licensing entity within DCA to validate an applicant's eligibility for expedited licensure under this bill. These costs will depend on the number of people impacted by EO 14183; however, DCA anticipates they will be minor and absorbable (various special funds).
- One-time cost of approximately \$197,000 for the Office of Information Services (OIS) within DCA for associated workload to update language for online and paper applications for all programs. OIS anticipates these costs will be absorbable by redirecting existing maintenance resources, provided there is a delayed implementation of the bill.
- Unknown ongoing General Fund cost pressures, likely in the low millions of dollars, to continue funding the grant program. Staff notes that the Budget Act of 2026 provides \$2 million in one-time funding. This allocation supports the Veterans Military Discharge Upgrade Grant Program for veterans filing discharge upgrade applications, and for no cost legal services for veterans who are able to demonstrate their less than honorable characterization of service was connected to gender identity, behavioral health condition, traumatic brain injury, sexual assault, sexual harassment, or sexual orientation.
- Unknown costs to the California Department of Veterans Affairs (CalVet) to develop the new grant program's criteria, procedures, and accountability measures, and to oversee grant administration. The Budget Act of 2026 specifies that up to five percent of the funds provided for veteran employment, housing, and discharge upgrade support may be used for administrative costs.

Background: In 2017, the Trump Administration reversed the open-service policy and restricted military service by transgender individuals. In 2021, President Biden issued EO 14004, which reinstated the ability of qualified transgender individuals to serve openly and prohibited discrimination based on gender identity. However, on January 27, 2025, President Trump issued EO 14183, titled "Prioritizing Military Excellence and Readiness." This order directed the Department of Defense to revise military standards and policies concerning gender dysphoria, gender identity, pronoun usage, and access

to sex-specific facilities. Consequently, it rescinded the prior federal policy allowing qualified transgender individuals to serve openly in the Armed Forces.

Following the implementation of EO 14183 and related Department of Defense guidance, transgender service members faced potential separation from the military. Outlining this process, a memo from the Secretary of Defense to Senior Pentagon Leadership stated, “Service members who have a current diagnosis or history of, or exhibit symptoms consistent with, gender dysphoria may elect to separate voluntarily.” The memo further noted, “On conclusion of the self-identification eligibility window, the Military Departments will initiate involuntary separation processes.”

These separations arose from a federal policy addressing gender identity-related service standards, rather than from individual misconduct, poor performance, or case-specific findings that a service member could not meet military requirements. The separation process created significant uncertainty for affected service members, characterized by unclear timelines, inconsistent implementation across military branches, paperwork delays, abrupt discharge notices, and the potential loss of pay, benefits, and housing stability.

Proposed Law:

- Requires a board within DCA to expedite, and authorizes to assist, the initial licensure process for an applicant who supplies satisfactory evidence to the board that the applicant has served as an active duty member of the Armed Forces of the United States and was discharged solely as a result of EO No. 14183, issued on January 27, 2025.
- Requires DCA to report the number of applications for expedited licenses received from military members and military spouses who received a discharge solely as a result of EO No. 14183 issued on January 27, 2025, in its annual report to the Legislature.
- Requires CalVet, through the Veteran’s Military Discharge Upgrade Grant Program, to help fund service providers that, at no cost, educate veterans about discharge upgrades and assist qualifying veterans in filing discharge upgrade applications.
- Requires CalVet to prioritize veterans receiving discharge upgrade assistance if they can demonstrate that their less than honorable characterization of service was connected to a mental health condition, traumatic brain injury, sexual assault or harassment, sexual orientation, or if they can demonstrate that their characterization of service was connected to gender identity.
- Requires CalVet, subject to appropriation by the Legislature, to establish the Veteran’s Housing and Supportive Services Grant Program to help fund service providers that provide housing support for veterans being discharged from service at no cost.
- Requires CalVet to develop criteria, procedures, and accountability measures necessary to implement the Veteran’s Housing and Supportive Services Grant Program.

- Requires CalVet to prioritize veterans receiving housing and supportive services if they can demonstrate that their less than honorable characterization of service was connected to a mental health condition, traumatic brain injury, sexual assault or harassment, sexual orientation, or if they can demonstrate that their characterization of service was connected to gender identity.

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