

Date of Hearing: April 22, 2026

ASSEMBLY COMMITTEE ON INSURANCE
Lisa Calderon, Chair
AB 2054 (Gipson) – As Amended March 16, 2026

SUBJECT: Family temporary disability insurance program: covered active duty

SUMMARY: Expands the definition of “covered active duty” for purposes of eligibility for Paid Family Leave (PFL) benefits to include duty during training, domestic deployments, and, for reservists and members of the National Guard, calls to state active duty.

EXISTING LAW:

- 1) Establishes a State Disability Insurance (SDI) program administered by the Employment Development Department (EDD) for the purpose compensating for the wage loss sustained by any individual who is unable to work due to the employee’s sickness or injury, the sickness or injury of a family member, or the birth, adoption, or foster care placement of a new child, and to reduce to a minimum the suffering caused by unemployment resulting therefrom. (Unemployment Insurance (UI) Code Section 2601, *et seq.*)
- 2) Provides that statute pertaining to the SDI program shall be construed liberally in aid of its declared purpose to mitigate the evils and burdens that fall on the unemployed worker and their family. (UI Code Sec. 2601)
- 3) Establishes, within the SDI program, a family temporary disability insurance program (i.e. PFL), which provides up to eight weeks of wage replacement benefits to workers who take time off work to care for a seriously ill family member or other designated person with a comparable relationship, to bond with a minor child within one year of the birth or placement of the child in connection with foster care or adoption, or to participate in a qualifying exigency related to the covered active duty or call to covered active duty of the individual’s spouse, domestic partner, child, or parent in the Armed Forces of the United States. (UI Code Sec. 3301(a)(1))
- 4) Pursuant to the PFL program, provides a weekly benefit amount based on the individual’s wages, with a minimum weekly benefit amount of \$50 and a maximum weekly benefit amount of \$1,765. (UI Code Sec. 3301)
- 5) Defines “covered active duty”, for the purposes of PFL eligibility, to mean, with respect to a member of the regular Armed Forces of the United States, duty during the deployment of the member with the regular armed forces to a foreign country and, with respect to a member of the reserve components of the Armed Forces of the United States, duty during the deployment of the member of those reserve components to a foreign country under a federal call or order to active duty. (UI Code Sec. 3302.1(a)(1))
- 6) Defines “qualifying exigency related to the covered active duty or call to covered active duty of the individual’s spouse, domestic partner, child, or parent in the Armed Forces of the United States” to mean:

- Activities undertaken within seven calendar days from notification of an impending call or order to covered active duty to address any issue that arises from the call or order.
- Attendance at specified events sponsored by the military related to the covered active duty, or family support or assistance programs sponsored or promoted by the military, military service organizations, or the American Red Cross.
- Specified activities related to arranging and managing childcare and school obligations for a minor child or person over the age of 18 that is incapable of self-care because of a disability for whom the individual stands in loco parentis.
- Activities for making specified financial or legal arrangements related to addressing the absence of the individual called or ordered to covered active duty, or related to the receipt of military service benefits.
- Attendance at counseling provided by someone other than a health care provider, provided that the need for counseling arises from the covered active duty or call to covered active duty.
- Accompanying the individual while the individual is on short-term, temporary, rest and recuperation leave during the period of deployment in a foreign country, for not more than 15 days.
- Addressing issues that arise from the death of the individual while on covered active duty status.
- Specified activities related to arranging or managing care for the parent of the individual if the parent is incapable of self-care, as defined.
- Any other activities to address other events that arise out of the covered active duty or call to covered active duty of the individual, provided that the employer and employee agree the leave shall qualify as an exigency, and agree to both the timing and duration of the leave. (UI Code Sec. 3302.2)

FISCAL EFFECT: Unknown.

COMMENTS:

1) *Purpose.* According to the author:

AB 2054 is about fairness for our military families. Currently, access to paid family leave depends on a narrow definition of active duty, which means some military families are left trying to make ends meet – simply because of how a service member’s duty is classified. When service members are deployed, or called up for training, their families take on additional responsibilities – while raising childcare costs add even more pressure. By modernizing these definitions, AB 2054 ensures our policies reflect today’s military service landscape and deliver the benefits military families have earned.

This bill is sponsored by the United States Department of Defense (DOD).

- 2) *Paid Family Leave (PFL)*. The United States is one of only seven countries in the world that lacks a federal policy guaranteeing at least partial wage replacement when taking time off of work to care for a loved one with a serious health condition or to bond with a new child. The other six countries – Papua New Guinea, Nauru, Palau, the Marshall Islands, and the Federated States of Micronesia – have considerably smaller economies. The federal Family Medical Leave Act (FMLA) provides employees of private employers of 50 or more up to 12 weeks job-protected leave for the birth or adoption of a child, for personal illness, or for family caregiving responsibilities, but does not guarantee pay during this time. The California Family Rights Act (CFRA) similarly provides up to 12 weeks of job-protected leave for similar reasons, but extends these protections to private employers of five or more, and all public employers. CFRA leave is also unpaid.

To fill this gap, in 2002, California passed SB 1661 (Kuehl, Ch. 901, Stats. 2002), which made California the first state to establish a PFL program. California's PFL program is housed within the state's SDI program administered by EDD, and extends disability compensation to individuals who take time off of work to care for a seriously ill child, spouse, parent, domestic partner, or designated person, or to bond with a new minor child.

Because PFL is part of the SDI program, it is funded by the proceeds of an employee payroll deduction deposited into the Disability Insurance (DI) Fund. The payroll deduction and maximum benefit amount are determined annually by EDD. As of January 1, 2026, the employee payroll deduction is set at 1.3% of the employee's wages. In 2024, California removed the cap on taxable wages for SDI, meaning the 1.3% deduction is applicable to the entirety of the individual's wages.

For 2026, EDD set the maximum weekly benefit amount at \$1,765 per week. This means, depending on the claimant's typical wages, PFL can entitle the claimant to anywhere from \$50 to \$1,765 per week. In Fiscal Year (FY) 2024-25, California paid out over 300,000 PFL claims, totaling over \$2 billion in benefits paid. These claims had an average weekly benefit amount of \$996, and an average claim duration of 7.1 weeks. Roughly 85% of PFL claims in FY 2024-25 were for bonding with a new minor child.

- 3) *PFL for military families*. In 2008, as part of the National Defense Authorization Act, Congress expanded FMLA leave to include job protection for so-called "qualifying exigency leave," allowing the parent, spouse, or child of a member of the military who has been informed of or called to a foreign deployment to take time off of work to make certain types of arrangements and attend specified events. The qualifying circumstances for military families were further expanded in 2010.

In 2018, the California Legislature passed SB 1123 (Jackson, Ch. 849, Stats. 2018), which expanded the PFL program to include wage replacement while attending to the same immediate needs that arise as a result of having a family member who is in the military deployed overseas. For purposes of PFL, California considers a qualifying exigency to include any of a number of activities resulting from the call to covered active duty, as defined, including attending counseling or support sessions, making childcare or elderly parental care arrangements, attending to financial or legal matters, accompanying the military family member during rest and recuperation leave, and attending specified military events. In FY 2024-25, qualifying exigency leave for military families comprised about 0.03% of PFL claims.

California defines “covered active duty” for the purposes of PFL eligibility to include only deployment to a foreign country. As of 2024, however, over 85% of active duty military personnel were stationed domestically. Additionally, the existing definition of “covered active duty” for reserve components of the United States Armed Forces includes only *federal* calls or orders to deployment overseas. The National Guard, a military reserve organization comprised of reserve components of the Army and Air Force, however, is under dual control of the federal and state governments. In some cases, the National Guard can be deployed to supplement regular armed forces during wars, and in many cases, the National Guard is mobilized by the state to respond to emergencies declared by the Governor, such as natural disasters.

DOD, which sponsors the bill, argues:

Military readiness depends on service members who can focus entirely on their mission without distraction. However military life presents unique challenges including deployments, extended training missions, state activations to support disasters and emergencies, and even long-term care for combat-related injuries. When military family members lack adequate leave options, service members deploy knowing their families are under financial and logistical stress, which can create dangerous distractions during high-stakes operations.

California has long been a leader in supporting working families, establishing the nation’s first Paid Family Leave (PFL) program and later expanding it to include military exigencies related to overseas deployments. AB 2054 builds on this successful framework by closing critical gaps in the existing law. Specifically, this bill extends PFL eligibility for military exigencies beyond foreign deployments to address the operational realities of modern military service, to also apply to families of active-duty and reserve members ordered to extended training and other temporary stateside duties and National Guard members mobilized under Title 10 or Title 32 orders.

Because this bill expands the scope of covered active duty to include domestic deployments and military training, it would significantly expand the number of military families that may qualify for PFL at any given time under a qualifying exigency. However, the set of circumstances considered “qualifying exigencies” does not change under this bill, and remains limited to activities necessary to make certain types of arrangements or attend certain types of military events. Considering qualifying exigency claims are such a small portion of PFL claims, it is unlikely that this bill would lead to overwhelming or frivolous utilization of the PFL program.

4) *Prior legislation.*

SB 590 (Durazo, Ch. 772, Stats. 2025) expanded PFL availability to include those caring for a “designated person” related by blood or whose association with the individual is the equivalent of a family relationship.

SB 1123 (Jackson, Ch. 849, Stats. 2018) see Comment 3.

SB 1661 (Kuehl, Ch. 901, Stats. 2002) see Comment 2.

- 5) *Double referral.* This bill was double-referred to the Assembly Committee on Military & Veterans Affairs (ACMVA). While ACMVA was the committee of second-referral for this bill, the bill was heard in that committee first due to logistical constraints. It passed out of ACMVA 8-0.

REGISTERED SUPPORT / OPPOSITION:**Support**

California Association of County Veterans Service Officers
Military Services in California
U.S. Department of Defense

Opposition

None on file.

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