

ASSEMBLY THIRD READING  
AB 2054 (Gipson)  
As Amended March 16, 2026  
Majority vote

## 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.

## Major Provisions

## COMMENTS

- 1) *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.

- 2) *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.

The United States Department of Defense, 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.

### **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.

### **Arguments in Support**

The Military Services in California argue in support:

By removing the “foreign country” limitation, AB 2054 updates California’s unemployment insurance program to reflect the reality of modern military service. This change ensures the program provides reliable support and alleviates financial stress for military families during any qualifying mobilization or large-scale training exercise, regardless of location. The well-being and readiness of our service members are directly linked to the stability and support of their families. When our military families are secure, our service members can better focus on their critical missions, both at home and abroad. AB 2054 is a commonsense measure that strengthens California’s commitment to its military community by ensuring this support system functions as intended.

### **Arguments in Opposition**

None on file.

## **FISCAL COMMENTS**

According to the Assembly Appropriations Committee:

One-time costs in the millions of dollars and ongoing annual costs of approximately \$600,000 to the Employment Development Department (EDD) to update documents and automated information technology systems used in administration of PFL benefits (Disability Insurance Fund). [...]

Assuming a 2.3% increase in military exigency PFL claims filed effective January 1, 2027, EDD estimates this bill will result in additional benefits paid of approximately \$1.4 million annually when compared to current benefit projections.

## **VOTES**

**ASM MILITARY AND VETERANS AFFAIRS: 8-0-0**

**YES:** Schiavo, Jeff Gonzalez, Ávila Farías, Carrillo, Davies, Irwin, Quirk-Silva, Valencia

**ASM INSURANCE: 16-0-1**

**YES:** Calderon, Wallis, Addis, Alvarez, Ávila Farías, Berman, Ellis, Gipson, Hadwick, Harabedian, Krell, Nguyen, Ortega, Petrie-Norris, Michelle Rodriguez, Valencia

**ABS, ABST OR NV:** Chen

**ASM APPROPRIATIONS: 15-0-0**

**YES:** Wicks, Hoover, Aguiar-Curry, Calderon, Caloza, Dixon, Fong, Mark González, Krell, Pacheco, Pellerin, Sharp-Collins, Solache, Ta, Tangipa

**UPDATED**

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