SENATE COMMITTEE ON APPROPRIATIONS
Senator Sabrina Cervantes, Chair
2025 - 2026 Regular Session

AB 2054 (Gipson) - Family temporary disability insurance program: covered active duty

Version: March 16, 2026
Policy Vote: L., P.E. & R. 5 - 0, M.&V.A. 4 - 0
Urgency: No
Mandate: No
Hearing Date: August 3, 2026
Consultant: Robert Ingenito

Bill Summary: AB 2054 would expand 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.

Fiscal Impact:

- The Employment Development Department (EDD) indicates that it would incur one-time costs of $1.5 million, and annual costs of $600,000 to implement the provisions of the bill (Disability Insurance Fund). Cost drivers would include updating documents and automated information technology systems used to administer PFL benefits. EDD notes that due to system design complexities, the bill's operative date (January 1, 2027) is operationally infeasible and may impact the timeline and scope of EDD's ongoing modernization effort, EDDNext.

- Assuming a 2.3 percent increase in military exigency PFL claims filed effective January 1, 2027, EDD estimates this bill would result in $1.4 million in additional benefits paid annually relative to current (January 2026) benefit projections.

Background: California's State Disability Insurance (SDI) program, administered by EDD, provides partial wage replacement benefits to workers who are unable to work due to a non-work-related illness, injury, or pregnancy. The program is funded entirely through employee payroll contributions and provides coverage to approximately 18 million California workers.

In 2004, California became the first state in the nation to establish a PFL program as a component of SDI. PFL provides eligible workers with up to eight weeks of partial wage replacement benefits while taking leave to bond with a new child following birth, adoption, or foster care placement or to care for a seriously ill family member. Effective January 1, 2021, the program was expanded by SB 1123 (Jackson, 2018) to provide benefits to employees who take leave for a qualifying military family exigency.

SDI and PFL benefits are paid from the Disability Insurance Fund, which is financed through an employee payroll deduction. Each year, EDD establishes the employee contribution rate and maximum benefit amount needed to maintain the solvency of the fund. Beginning January 1, 2026, the employee contribution rate is 1.3 percent of wages. In addition, SB 951 (Durazo, 2022) revised the benefit calculation methodology for both SDI and PFL, increasing wage replacement rates to between 70 percent and 90 percent of an employee's wages, depending on income.

The PFL program has grown significantly since its inception. In 2024-25, EDD paid more than $2 billion in benefits on more than 300,000 claims. The average weekly benefit was approximately $996, and the average claim duration was 7.1 weeks. Approximately 85 percent of all claims were for bonding with a new child.

Under existing law, employees may receive PFL benefits for a qualifying military family exigency related to the covered active duty or call to covered active duty of a spouse, domestic partner, child, or parent who is a member of the United States Armed Forces. Qualifying exigencies include activities associated with a military deployment, such as arranging childcare or eldercare, addressing financial or legal matters, attending counseling or support services, accompanying a service member during rest and recuperation leave, and attending specified military events.

Military family-related claims represent only a small share of the overall PFL program. In 2024-25, qualifying military exigency claims accounted for approximately 0.03 percent of all PFL claims.

Existing law limits eligibility for military-related PFL benefits to leave associated with "covered active duty," which generally means deployment to a foreign country. For members of the reserve components of the Armed Forces, including the National Guard, eligibility is similarly limited to federal deployment orders. However, the National Guard serves under both federal and state authority and may also be activated by the Governor to respond to state emergencies, including natural disasters.

Proposed Law: This bill would do the following:

- For purposes of PFL benefits eligibility, expand the definition of “covered active duty” to additionally include duty during training, domestic deployments (in addition to foreign deployments), and, with respect to a member of the reserve components of the Armed Forces of the United States, a call or order to state active duty.

- Strike an obsolete January 1, 2021 operative date on the original provisions for this eligibility.

Related Legislation:

- SB 590 (Durazo, Chapter 772, Statutes of 2025) expanded, commencing on July 1, 2028, eligibility for benefits under the Paid Family Leave program to include individuals who take time off work to care for a seriously ill designated person, as defined.

- SB 1090 (Durazo, Chapter 876, Statutes of 2024) authorized workers to file a claim for SDI or PFL benefits up to 30 days in advance of the first compensable day of disability and requires EDD to issue payment on those claims within 14 days of receipt (per existing law) or as soon as eligibility begins for the claimant, whichever is later.

- AB 575 (Papan, 2023) would have made changes to the PFL program to extend eligibility to workers who need to take time off work to bond with a minor child within one year of assuming responsibilities of a child in loco parentis and delete restrictions relating to how individuals use their PFL benefits, as specified. AB 575 was vetoed by the Governor Newsom.

- SB 951 (Durazo, Chapter 878, Statutes of 2022), revised the formula for the computation of SDI and PFL benefits to increase the wage replacement available to claimants.

- SB 1058 (Durazo, Chapter 317, Statutes of 2022), required EDD to collect demographic data, including race and ethnicity data and sexual orientation and gender identity data, for individuals who claim disability benefits under the SDI and PFL programs.

- SB 83 (Committee on Budget and Fiscal Review, Chapter 24, Statutes of 2019), beginning July 1, 2020, extended from six to eight weeks the maximum duration of PFL benefits.

- SB 1123 (Jackson, Chapter 849, Statutes of 2018) expanded the PFL program to include time off to participate in a qualifying exigency related to covered active duty or call to covered active duty of the individual’s spouse, domestic partner, child, or parent in the armed forces.

-- END --