

THIRD READING

Bill No: AB 2054
Author: Gipson (D), et al.
Amended: 8/20/26 in Senate
Vote: 21

SENATE LABOR, PUB. EMP. & RET. COMMITTEE: 5-0, 6/17/26
AYES: Smallwood-Cuevas, Strickland, Cortese, Durazo, Laird

SENATE MILITARY & VETERANS COMMITTEE: 4-0, 6/22/26
AYES: Archuleta, McNerney, Menjivar, Umberg
NO VOTE RECORDED: Grove

SENATE APPROPRIATIONS COMMITTEE: 7-0, 8/13/26
AYES: Cervantes, Seyarto, Cabaldon, Dahle, Grayson, Richardson, Wahab

ASSEMBLY FLOOR: 73-0, 5/22/26 - See last page for vote

SUBJECT: Family temporary disability insurance program: covered active duty

SOURCE: United States Department of Defense

DIGEST: This bill 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, including members of the National Guard, calls to state active duty.

Senate Floor Amendments of 8/20/26 delay the implementation of these changes to such time as they are incorporated into EDD’s integrated claims management system as part of the EEDNext project, or on July 1, 2028, whichever occurs sooner.

ANALYSIS:

Existing law:

- 1) Establishes the Employment Development Department (EDD) to, among other duties, administer the Unemployment Insurance and Disability Insurance programs. (Unemployment Insurance Code §301)
- 2) Establishes the State Disability Insurance (SDI) program as a partial wage-replacement plan funded through employee payroll deductions that is available (through the Disability Insurance and Paid Family Leave programs) to eligible individuals who are unable to work due to sickness or injury of the employee (including pregnancy), the sickness or injury of a family member, or the birth, adoption, or foster care placement of a new child. (Unemployment Insurance Code §2601-3308)
- 3) Paid Family Leave (PFL) provides eligible employees up to eight weeks of wage replacement benefits within a 12-month period to a worker who needs to take time off work for the following reasons:
 - a) To care for a seriously ill family member or, beginning July 1, 2028, other designated person, as defined;
 - b) To bond with a minor child within one year of the birth or placement of the child in connection with foster care or adoption;
 - c) 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. (Unemployment Insurance Code §3301)
- 4) Defines "covered active duty" 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. (Unemployment Insurance Code §3302.1)
- 5) 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:
 - a) 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.

- b) 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.
- c) 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.
- d) 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.
- e) 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.
- f) 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.
- g) Addressing issues that arise from the death of the individual while on covered active duty status.
- h) Specified activities related to arranging or managing care for the parent of the individual if the parent is incapable of self-care, as defined.
- i) 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. (Unemployment Insurance Code §3302.2)

This bill:

- 1) For purposes of PFL benefits eligibility, expands 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, including the National Guard, a call or order to state active duty.

- 2) Strikes an obsolete January 1, 2021 operative date on the original provisions for this eligibility.
- 3) Makes these changes effective when they are incorporated into EDD's integrated claims management system as part of the EEDNext project, or on July 1, 2028, whichever occurs sooner.

Background

The State Disability Insurance program, administered by the EDD, was created in 1946 to provide monetary benefits to workers unable to work due to non-work-related illness, injury, or pregnancy. The SDI program is financed solely by worker contributions and covers approximately 18 million individuals across the state. In 2004, California was the first state in the nation to implement a Paid Family Leave program (administered as part of SDI) that provides benefits to workers who need to take time off to care for a seriously ill family member, or to bond with a new child either from birth, adoption, or foster care placement. Effective January 1, 2021, the PFL scope was expanded to include employees taking time off work to assist a military family member under covered active duty or call to covered active duty. PFL provides up to eight weeks of wage replacement benefits.

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.

PFL for Military Families. In 2018, the California Legislature passed SB 1123 (Jackson, Chapter 849, Statutes of 2018), which, effective January 1, 2021, expanded the PFL program to extend wage replacement benefits to workers that need time off to participate in a qualifying exigency related to the covered active duty, as defined, or call to covered active duty of the individual's spouse, domestic partner, child, or parent in the armed forces of the United States, as specified.

As noted above, existing law 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.

Nearly 450,000 active-duty military members serve in the Army nationwide, the most of any military branch. The Navy has the second-largest number of active-duty members (about 334,000), followed by the Air Force and Marine Corps. The Coast Guard and Space Force are much smaller, with fewer than 50,000 active-duty members each.¹ Active-duty military members are assigned to work in every state and internationally, although, according to the Defense Manpower Data Center, *a large majority are stationed domestically, while only 14% are stationed internationally*. California has the most active-duty military, with about 157,500 individuals.² In FY 2024-25, qualifying exigency leave for military families comprised 0.03% of PFL claims filed.³

California defines “covered active duty” for the purposes of PFL eligibility to include only deployment to a *foreign country*. Additionally, the existing definition of “covered active duty” with respect to a member of the 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.

This bill proposes to expand the scope of covered active duty for purposes of PFL eligibility to include domestic deployments and military training to accommodate the needs of military calls to duty.

EDDNext. EDDNext is a multi-year, modernization initiative by the Employment Development Department to overhaul its aging benefit systems and improve user experiences for Unemployment Insurance, Disability Insurance, and the Paid Family Leave programs. The modernization effort aims to transform the customer and employee experience by updating online applications, contact centers, processes, policies, procedures, and forms.

Need for this bill? According to the author:

“Existing law for Paid Family Leave does not fully reflect the realities of modern military service. The current law covers military exigencies related to overseas

¹ Hatfield, Jenn, “6 facts about the U.S. military,” June 6, 2025. Pew Research Center. <https://www.pewresearch.org/short-reads/2025/06/06/6-facts-about-the-us-military/>

² Ibid.

³ Employment Development Department, Paid Family Leave Program Statistics: https://edd.ca.gov/siteassets/files/about_edd/quick-stats/qspl_pfl_program_statistics.pdf

deployments. This creates gaps in coverage for the families of service members who are activated for stateside missions, ordered to extended training, or mobilized as part of the National Guard or Reserve. These assignments create the same urgent needs for families as overseas deployments, such as arranging childcare and managing financial and legal affairs. The lack of a clear, updated definition of "covered active duty" leads to inconsistent application of the law, administrative confusion, and inequitable treatment of military families, causing financial and logistical stress that can distract service members during critical operations.

This bill remedies this deficiency by adding a clear definition of "covered active duty" to the Unemployment Insurance Code. This new definition specifies that qualifying duty includes not only foreign deployments but also non-foreign deployments, extended training assignments, and activations of the armed forces' reserve components and the National Guard. By modernizing the statutory language, the bill ensures that all military families facing a qualifying military event have uniform and equitable access to the PFL benefits they need, regardless of the location or type of their loved one's service."

Related/Prior Legislation

SB 590 (Durazo, Chapter 772, Statutes of 2025) expanded, commencing on July 1, 2028, eligibility for benefits under the PFL 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 or as soon as eligibility begins for the claimant, whichever is later.

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 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.

[NOTE: Please see the Senate Labor, Public Employment and Retirement Committee analysis on this bill for more background information and information on more prior and related legislation.]

FISCAL EFFECT: Appropriation: Yes Fiscal Com.: Yes Local: No

According to the Senate Appropriations Committee:

- 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.

SUPPORT: (Verified 8/20/26)

United States Department of Defense (source)
California Association of County Veterans Service Officers
City of Fairfield
Military Services in California, Department of the Navy

OPPOSITION: (Verified 8/20/26)

None received

ARGUMENTS IN SUPPORT: According to the sponsors of the measure, the United States Department of Defense:

“With over 240,000 service members and nearly 90,000 military spouses contributing to California's economy and communities, this bill is a critical investment in both our families’ and the nation's military readiness.

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.”

ASSEMBLY FLOOR: 73-0, 5/22/26

AYES: Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Calderon, Caloza, Carrillo, Castillo, Connolly, Davies, DeMaio, Dixon, Elhawary, Ellis, Flora, Fong, Gallagher, Garcia, Gipson, Jeff Gonzalez, Mark González, Hadwick, Haney, Harabedian, Hart, Hoover, Irwin, Jackson, Johnson, Kalra, Krell, Lackey, Lee, Lowenthal, Macedo, McKinnor, Muratsuchi, Nguyen, Ortega, Pacheco, Papan, Patel, Patterson, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Michelle Rodriguez, Rogers, Blanca Rubio, Sanchez, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Tangipa, Valencia, Wallis, Ward, Wilson, Zbur, Rivas
NO VOTE RECORDED: Arambula, Bryan, Chen, Gabriel, Celeste Rodriguez, Ta, Wicks

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8/24/26 13:34:17

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