

1 SB122
2 181687-2
3 By Senators Orr and Pittman
4 RFD: Finance and Taxation General Fund
5 First Read: 07-FEB-17

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8 SYNOPSIS: This bill would authorize lump sum merit
9 reward payments for certain full-time state
10 employees who have reached the maximum of their
11 assigned pay ranges under certain conditions.

12
13 A BILL
14 TO BE ENTITLED
15 AN ACT
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17 To add Section 36-26-48 to the Code of Alabama 1975,
18 relating to state employees; to authorize lump sum merit
19 reward payments for certain full-time state employees who have
20 reached the maximum of their assigned pay ranges under certain
21 conditions; to provide for the amount of the payments; and to
22 provide for exemptions.

23 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

24 Section 1. Section 36-26-48 is added to the Code of
25 Alabama 1975, to read as follows:

26 §36-26-48.

1 (a) Commencing on October 1, 2017, and based on the
2 availability of funds, an appointing authority may provide a
3 lump sum merit reward payment, in an amount of up to two and
4 one-half percent of the annual base salary of a qualified
5 employee on his or her anniversary date if, on October 1 of
6 the fiscal year in which the merit reward payment is to be
7 paid, all of the following conditions have existed for the
8 previous two consecutive fiscal years:

9 (1) The employee has earned the maximum rate of pay
10 allowed in his or her pay range.

11 (2) The employee has met or exceeded standards on
12 his or her annual performance appraisal.

13 (3) A cost-of-living increase has not been provided
14 to state employees.

15 (b) At the beginning of each fiscal year, an
16 appointing authority shall determine what percentage amount
17 shall be used for calculating the total amount of lump sum
18 merit reward payments to be paid to all qualified agency
19 employees for that fiscal year. If the appointing authority
20 determines that agency funds are insufficient to provide lump
21 sum merit reward payments to all qualified agency employees
22 for any fiscal year, no lump sum merit reward payments may be
23 provided to any qualified agency employee of the agency for
24 the duration of that fiscal year.

25 (c) An employee may not receive a lump sum merit
26 reward payment pursuant to this section every year. An agency
27 may not adjust the anniversary date of an employee to provide

1 a lump sum merit reward payment to the employee on an earlier
2 date. A lump sum merit reward payment issued pursuant to this
3 section may not increase the salary of an employee for
4 retirement purposes.

5 (d) For the purposes of this section, a qualified
6 agency employee does not include any of the following:

7 (1) An employee, including an hourly employee, whose
8 service or rate of pay is covered by any labor agreement or
9 contract.

10 (2) Any retired person performing duties in
11 accordance with Section 36-27-8.2.

12 (3) Any employee who does not receive an annual
13 performance appraisal or service rating.

14 (4) Any appointing authority or employee who is
15 considered the head of an agency.

16 (5) Any deputy appointing authority or employee who
17 is considered the deputy head of an agency.

18 (e) An employee who has received an increase in his
19 or her pay, bonus pay, or incentive pay, other than a
20 differential wage payment, during the previous two years may
21 not receive a lump sum merit reward payment under this
22 section.

23 (f) Any provision of law to the contrary
24 notwithstanding, any branch of state government may provide
25 lump sum merit reward payments to qualified employees pursuant
26 to this section if the government entity regularly assigns
27 employees to standardized pay ranges and administers annual

1 performance appraisals. The award of lump sum merit reward
2 payments to employees pursuant to this subsection shall be
3 subject to the approval of the applicable appointing
4 authority.

5 Section 2. This act shall become effective
6 immediately following its passage and approval by the
7 Governor, or its otherwise becoming law.