

SB154 ENROLLED



1 SB154
2 TBX4P15-2
3 By Senator Albritton
4 RFD: Finance and Taxation General Fund
5 First Read: 14-Jan-26



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1 Enrolled, An Act,

2 To provide a cost-of-living increase for state
3 employees for the fiscal year beginning October 1, 2026; and
4 to provide for a funded one-time longevity bonus addition to
5 the retirement benefits of certain retirees and beneficiaries
6 of the Employees' Retirement System.

7 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

8 Section 1. (a) Beginning with the first pay day on or
9 after October 1, 2026, all state employees who are listed in
10 the classified and unclassified service of the state as
11 defined in Section 36-26-10, Code of Alabama 1975, and all
12 other state employees and hourly employees of the state, and
13 all judicial personnel, officers, and employees, and all
14 legislative personnel, officers, and employees, whether
15 subject to the State Merit System or not, and all employees of
16 the county health departments who are employed subject to the
17 State Merit System and whose compensation is paid out of a
18 budget provided and agreed upon by the state, county, or other
19 contributing agency under the direction of the State Board of
20 Health shall receive a salary increase of two percent.

21 (b) (1) Any cost-of-living increase granted under this
22 section shall in no way apply to any local supplement provided
23 to any judges or to any other local employee whose salary is
24 tied to that of any state employee.

25 (2) This section shall not apply to any Merit System
26 employee or hourly employee whose service or rate of pay is
27 covered by any labor agreement or contract.

28 (c) The Director of the State Personnel Department



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29 shall revise the schedule of rates set forth in the pay plan
30 for state employees and shall send the same to the State
31 Comptroller, who shall issue warrants in accordance therewith.
32 With respect to all court officials and employees within the
33 Unified Judicial System who serve the trial and appellate
34 courts of the state and the Administrative Office of Courts,
35 the Administrative Director of Courts shall revise the
36 schedule of rates set forth in the pay plan for these court
37 officials and employees to reflect the increase provided in
38 this section, and shall certify the same to the State
39 Comptroller, who shall issue warrants in accordance therewith.
40 With respect to employees of the Legislature, the Secretary of
41 the Senate for employees of the Senate, the Clerk of the House
42 of Representatives for employees of the House and the Director
43 of the Legislative Services Agency for employees of the
44 Legislative Services Agency shall revise the schedule of rates
45 set forth in the pay plan for their employees to reflect the
46 increase provided in this section and shall certify the same
47 to the State Comptroller, who shall issue warrants in
48 accordance therewith.

49 (d) It is not the intent of this section to make
50 appropriations, but the appropriations required by this
51 section shall be made in the annual budget act for the
52 affected entities.

53 Section 2. (a)(1) There is provided a funded one-time
54 lump-sum payment, hereinafter referred to as longevity bonus,
55 to each individual except those whose employer participated in
56 the Employees' Retirement System pursuant to Sections 36-27-6,



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57 36-27-7, and 36-27-7.1, Code of Alabama 1975, whose effective
58 date of retirement for purposes of receiving benefits from the
59 Employees' Retirement System is prior to October 1, 2025, and
60 who is receiving or is entitled to receive a monthly allowance
61 from the Employees' Retirement System on September 30, 2026.

62 (2) The formula for calculating the longevity bonus
63 shall be one dollar (\$1) per month for each year of service
64 attained by the retiree.

65 (3) Beneficiaries of deceased members or deceased
66 retirees, except where the deceased member or deceased retiree
67 retired from an employer participating in the Employees'
68 Retirement System pursuant to Sections 36-27-6, 36-27-7, and
69 36-27-7.1, Code of Alabama 1975, if the beneficiary is
70 receiving or is entitled to receive a monthly allowance from
71 the Employees' Retirement System on September 30, 2026, shall
72 receive a bonus payment.

73 (4) For purposes of this section, service includes the
74 service under Section 36-27-1 and Article 9, commencing with
75 Section 36-27-170, of Chapter 27, Title 36, Code of Alabama
76 1975, as well as state police bonus credit or hazardous duty
77 (FLC bonus) credit.

78 (b) (1) Each individual whose employer participated in
79 the Employees' Retirement System pursuant to Sections 36-27-6,
80 36-27-7, and 36-27-7.1, Code of Alabama 1975, whose effective
81 date of retirement for purposes of receiving benefits from the
82 Employees' Retirement System is prior to October 1, 2025, and
83 who is receiving or is entitled to receive a monthly allowance
84 from the Employees' Retirement System on September 30, 2026,



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85 shall receive the longevity bonus specified in subdivisions
86 (a) (1) and (a) (2), if the employer elects to come under this
87 section by official resolution on or before August 31, 2026.
88 Any employer making the election to come under this section
89 shall bear the cost of the longevity bonus paid to its
90 retirees pursuant to this subsection.

91 (2) If the employer elects to come under this section,
92 beneficiaries of deceased members or deceased retirees retired
93 from an employer participating in the Employees' Retirement
94 System pursuant to Sections 36-27-6, 36-27-7, and 36-27-7.1,
95 Code of Alabama 1975, if the beneficiary is receiving or is
96 eligible to receive a monthly allowance from the Employees'
97 Retirement System on September 30, 2026, shall receive a bonus
98 payment.

99 (c) (1) Any retired pensioner or annuitant who retired
100 from a city, town, county, or public or quasi-public
101 organization of the state before the city, town, county, or
102 public or quasi-public organization of the state became a
103 member of the Employees' Retirement System, and who is
104 receiving or is entitled to receive a monthly allowance from
105 the Employees' Retirement System on September 30, 2026, shall
106 receive the longevity bonus stipulated in subdivisions (a) (1)
107 and (a) (2), provided the employer elects to come under this
108 section. Any employer making the election to come under this
109 section shall bear the cost of the longevity bonus paid to its
110 retirees pursuant to this subsection and provide the
111 Employees' Retirement System with the number of years of
112 creditable service earned by each of its eligible pensioners



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113 and annuitants.

114 (2) Beneficiaries of Employees' Retirement System
115 pensioners or annuitants described in subdivision (1) shall
116 receive a longevity bonus, provided the date of death for the
117 deceased pensioner or annuitant, or the effective date of
118 retirement for the deceased pensioner or annuitant, was prior
119 to October 1, 2025, and the beneficiary is receiving or is
120 entitled to receive a monthly allowance from the Employees'
121 Retirement System on September 30, 2026, and the local unit
122 elects to fund the longevity bonus and provides the Employees'
123 Retirement System with the number of years of creditable
124 service earned by each of its eligible pensioners and
125 annuitants.

126 (d) Any person who received benefits under the Medicaid
127 program and whose eligibility for Medicaid benefits would be
128 impaired by the longevity bonus provided by this section shall
129 not be entitled to receive the aforementioned increase. Any
130 person who subsequently applies for benefits under the
131 Medicaid program, and that person's eligibility to receive
132 benefits is impaired by the longevity bonus provided by this
133 section, shall not be entitled to receive the increase
134 subsequent to the date that the member files application for
135 benefits under the Medicaid program.

136 (e) The Board of Control of the Employees' Retirement
137 System shall determine the amount required to pay the cost of
138 the longevity bonus provided under this section and shall
139 notify the chief fiscal officer of each employer of that cost.
140 The employer shall either pay the full cost in a lump sum or,



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141 for the fiscal year beginning October 1, 2027, only, pay the
142 increase in the employer rate in the same manner and from the
143 same source of funds as salaries of active members are paid.

144 (f) (1) Unless otherwise provided in subdivision (2),
145 the longevity bonuses provided under this section shall be
146 paid to all eligible recipients by the Employees' Retirement
147 System in October 2026.

148 (2) For all eligible recipients whose employer
149 participated in the Employees' Retirement System pursuant to
150 Sections 36-27-6, 36-27-7, and 36-27-7.1, Code of Alabama
151 1975, the longevity bonuses provided under this section shall
152 be paid by the Employees' Retirement System in October 2026.

153 Section 3. This act shall become effective immediately
154 upon its passage and approval by the Governor, or upon its
155 otherwise becoming a law.



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President and Presiding Officer of the Senate

Speaker of the House of Representatives

SB154
Senate 11-Mar-26
I hereby certify that the within Act originated in and passed
the Senate.

Patrick Harris,
Secretary.

House of Representatives
Amended and passed: 01-Apr-26

Senate concurred in House amendment 08-Apr-26

By: Senator Albritton