



1 SB154

ACT #2026-608

2 TBX4P15-2

3 By Senator Albritton

4 RFD: Finance and Taxation General Fund

5 First Read: 14-Jan-26





Enrolled, An Act,

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

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

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

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

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

(c) The Director of the State Personnel Department



shall revise the schedule of rates set forth in the pay plan for state employees and shall send the same to the State Comptroller, who shall issue warrants in accordance therewith. With respect to all court officials and employees within the Unified Judicial System who serve the trial and appellate courts of the state and the Administrative Office of Courts, the Administrative Director of Courts shall revise the schedule of rates set forth in the pay plan for these court officials and employees to reflect the increase provided in this section, and shall certify the same to the State Comptroller, who shall issue warrants in accordance therewith. With respect to employees of the Legislature, the Secretary of the Senate for employees of the Senate, the Clerk of the House of Representatives for employees of the House and the Director of the Legislative Services Agency for employees of the Legislative Services Agency shall revise the schedule of rates set forth in the pay plan for their employees to reflect the increase provided in this section and shall certify the same to the State Comptroller, who shall issue warrants in accordance therewith.

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

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



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

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

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

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

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



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



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,



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

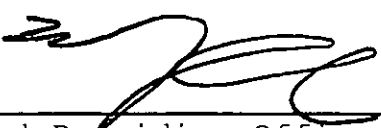
(f) (1) Unless otherwise provided in subdivision (2), the longevity bonuses provided under this section shall be paid to all eligible recipients by the Employees' Retirement System in October 2026.

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

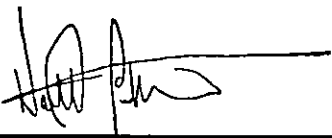
Section 3. This act shall become effective immediately upon its passage and approval by the Governor, or upon its otherwise becoming a law.

SB154 Enrolled





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.

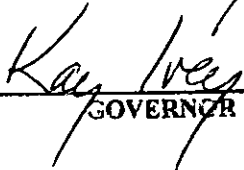
House of Representatives
Amended and passed: 01-Apr-26

Senate concurred in House amendment 08-Apr-26

By: Senator Albritton

APPROVED

TIME



GOVERNOR

Alabama Secretary Of State

Act Num....: 2026-608
Bill Num....: S-154

SPONSOR

ALBRITTON
CO-SPONSORS

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SENATE ACTION

DATE: 1-14 2026
RD 1 RFD FETG

I hereby certify that the notice & proof is attached to the Bill, SB _____ as required in the General Acts of Alabama, 1975 Act No. 919.

PATRICK HARRIS,
Secretary

This Bill was referred to the Standing Committee of the Senate on FETG

and was acted upon by such Committee in session and is by order of the Committee returned therefrom with a favorable report

w/amd(s) 0 w/sub 0 w/eng sub 0

yeas 15 nays 0 abstain 0

this 15 day of March 2026

[Signature], Chairperson

DATE: 3-10 2026
RF FAU RD 2 CAL

I hereby certify that the Resolution as required in Section C of Act No. 81-889 was adopted and is attached to the Bill, SB 154

yeas 35 nays 0 abstain 0

PATRICK HARRIS,
Secretary

DATE: 3-11-26 RD 3 at length
PASSED ☒ PASSED AS AMENDED ☐

yeas 35 nays 0 abstain 0
And was ordered sent forthwith to the House.

PATRICK HARRIS,
Secretary

FURTHER SENATE ACTION (OVER)

HOUSE ACTION

DATE: 3-12 2026
RD 1 RFD WMG

REPORT OF STANDING COMMITTEE

This bill having been referred by the House to its standing committee on

WMG

was acted upon by such Committee in session, and returned therefrom to the House with the recommendation that it be Passed,

w/amd(s) _____ w/sub _____

this 31st day of March 2026

Jeff Reynolds, Chairperson

DATE: 3-31 2026
RF _____ RD 2 CAL

DATE: _____ 20____

RE-REFERRED ☐ RE-COMMITTED ☐

COMMITTEE _____

I hereby certify that the Resolution as required in Section C of Act No. 81-889 was adopted and is attached to the Bill, SB 154.

YEAS _____ NAYS _____

JEFF WOODARD,
Clerk

FURTHER HOUSE ACTION (OVER)