

SENATE BILL 729

By Lowe

AN ACT to amend Tennessee Code Annotated, Title 49,  
relative to compensation for licensed personnel.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 49-3-306, is amended by adding the following as a new subsection:

(i) An LEA may adopt and implement a merit-based pay structure for educators to award additional compensation to high-performing educators and to incentivize educators to meet and exceed expectations. A merit-based pay structure adopted pursuant to this subsection (i) may only result in an increase to the compensation of an educator, whether in the form of a one-time bonus or an increase to the salary payable to the educator in accordance with the salary schedule approved by the commissioner for the LEA for the respective school year. An LEA may decline to award merit pay in any school year for which the LEA does not receive increased or additional state funds, as compared to a prior year, in an amount sufficient to award merit pay. An LEA is not required to supplement its local expenditures for salaries and wages in any school year in order to continue any merit pay an educator received in a prior school year.

SECTION 2. This act takes effect upon becoming a law, the public welfare requiring it, and applies to the 2025-2026 school year and each school year thereafter.