

TENNESSEE

Overall Market Rating: Growth possible pending implementation in Years 1 and 2

Tennessee’s Education Savings Account statutory structure and funding levels are strong. The program has passed legal review and is ready to serve families.

Market Overview:

Tennessee became a promising growth opportunity for new schools when the legislature passed a broad-eligibility ESA in 2020. The program was limited to students in Shelby County (Memphis), Davidson County (Nashville) and the Achievement School District and as a result was challenged under the state’s Home Rule provision. The ESA program was upheld in court and is able to serve up to 5,000 students in its first year (2022-23).

The only other active program in Tennessee is the special needs education savings account, with very limited eligibility.

Implementation in these early years is critical. There must be an effort to enroll the 5,000 permitted families in the program. At a minimum, the 3,750 families required to force the indexed increase in the cap is necessary to open the the program up for school growth. Assuming one or both of these things happen, and existing private school supply is not adequate to cover the demand, school growth should be possible by the third year. There is a permanent cap on the program of 15,000 students that likely will not be revisited soon.

There are some regulatory requirements to watch in the launch year. While there was an indication of support for an accreditation/pre-accreditation process that would allow for brand new schools, that process is still being developed.

Demographic Analysis:

ENROLLMENT FIGURES BY SECTOR

Tennessee (2019-20)	
Total Public School Enrollment (Including Charter Schools)	985,207
K-12 Private School Enrollment	99,832
Charter School Enrollment	43,964

ELIGIBILITY

Program	% Eligible Students	Current Enrollment (2020-21)	Eligibility
Individualized Education Account (IEA) (special-needs Education Savings Account)	2% of children statewide are eligible	307 participating students 26 participating schools	<ul style="list-style-type: none"> • Students are eligible from kindergarten through 12th grade. • Participants must also have an IEP and have been diagnosed with one of the following: autism, deaf-blindness, hearing impairment (including deafness), an intellectual disability, an orthopedic impairment, a traumatic brain injury, developmental delay, visual impairment (including blindness) and/or multiple disabilities. • Students must either (1) have been enrolled in a Tennessee public school during the previous full school year, (2) be attending a Tennessee public school for the first time or (3) have received an IEA in the previous school year. • After receiving an IEA, students can no longer be enrolled in a public school.

Program	% Eligible Students	Current Enrollment (2022-23)	Eligibility
ESA Pilot	68% of students in Davidson (Nashville) and Shelby (Memphis) counties	N/A	<ul style="list-style-type: none"> • Must be eligible to enroll in public schools in Shelby County (Memphis), Davidson County (Nashville)

			<p>or the Achievement School District.</p> <ul style="list-style-type: none">• Students must have attended a Tennessee public school during the prior school year or be newly eligible to attend a Tennessee public school.• Households must earn less than 200% of the federal free lunch threshold (\$72,150 for a family of four in 2022–23).• Students must be enrolled in a state-approved private school in order to continue receiving ESA funds.• If students move into a different school district while receiving the ESA, they are no longer eligible.• Returning students are guaranteed renewal. For the first year, there is a 5,000-student enrollment cap. If there are more applications than 75% of that figure, the cap is allowed to grow by 2,500 students a year until reaching 15,000 students. If there are more applications than ESAs available, the state will conduct a lottery that prioritizes (1) siblings of ESA recipients, (2) students zoned to a priority school as designated by the state, and (3) students directly certified to receive benefits from the Supplemental Nutrition Assistance Program (SNAP).
--	--	--	---

Funding:

Assessment: Programs are well funded and comparable with districts in the targeted geographies

Maximum	Average (2020-21)	Program Cap	Disbursement
Special Needs ESA – 100% of district funding for the student up to \$8,262 ESA: \$7,300	Special Needs ESA - \$7,068	None – see eligibility cap above. ESA: 5,000 students in first year. If more than 3,750 applications are received, the ESA program can grow by 2,500 students a year until it reaches a cap of 15,000.	Parents direct funds to private schools.

Policy & Regulatory Environment:

Assessment: Allows for new school creation over time, but scale will depend on the participation rate at existing schools in Years 1 and 2

Human Capital:

Assessment: Manageable talent pipeline

There is a decent talent pipeline in Memphis and Nashville, given development of the charter and reform sectors in both cities. Accreditation is likely to require teachers and school leaders to be certified.

Local Champions & Climate:

Assessment: Advocacy partners are present, and they are prioritizing the ESA

If the courts had struck down the program, advocates were ready to relegislate it in the 2023 legislative session.

Facilities:

Assessment: Real estate and properties are affordable, but no facility support infrastructure exists