



OFFICE OF RESEARCH AND EDUCATION ACCOUNTABILITY

**EDUCATION SAVINGS ACCOUNTS: PROGRAM EVALUATION
EXECUTIVE SUMMARY**



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DR. LAUREN HUDDLESTON
Principal Research Advisor



JASON E. MUMPOWER
Comptroller of the Treasury

Introduction

In 2019, the Tennessee General Assembly adopted the Education Savings Account (ESA) Pilot Program, providing public funds for students who meet eligibility criteria to attend non-public schools. While Public Chapter 506 was signed into law in May 2019, a court injunction delayed the program's implementation until July 2022. Approved students began enrolling shortly thereafter for the 2022-23 school year. State law requires the Comptroller's Office of Research and Education Accountability (OREA) to evaluate the program following its third year and annually thereafter and provide recommendations to the General Assembly.^A The report must be provided to assist the General Assembly in evaluating the efficacy of the ESA program and include information from TDOE's annual report, academic performance indicators, and recommendations if the list of LEAs for eligibility is no longer consistent with the intent of the law. This report is OREA's first such evaluation.

Comparing Tennessee's non-public school choice programs

The ESA program is Tennessee's second non-public school choice program. Tennessee's first non-public school choice program, the Individualized Education Accounts (IEA) program, began enrolling students in 2017 and remains a separate program with distinct operations and rules from the ESA program. In 2025, the Education Freedom Scholarship (EFS) program was created, which is a third non-public school choice program for Tennessee residents. Each of these programs differs in the award amount, student eligibility criteria, testing requirement, and student capacity. Eligible students may be approved for the IEA, ESA, and EFS programs but can only participate in and receive funds from a single program.

Exhibit 1: Tennessee's non-public school choice programs vary in eligibility, award amounts, and other requirements

Program name	Student eligibility	Award amount 2025-26	Geographic zones	Testing requirement	Student capacity
Individualized Education Account (IEA) Program	Students with an active IEP and specific disabilities	Based on TISA allocation Ranges from \$7,648 to \$23,081	Any county in TN	TCAP or a nationally norm-referenced test unless IEP exempts student from testing	No limit
Education Savings Account (ESA) Program	Household income no more than 200% the free lunch threshold* Prior year public school attendance**	Based on zoned school district Ranges from \$9,747 to \$9,787	Zoned to attend a Memphis-Shelby County school, Metro Nashville Public school, or Hamilton County school only	TCAP required	5,000 with an increase of 2,500 for each year the number of applicants exceeds 75% of program capacity, not to exceed 15,000
Education Freedom Scholarship (EFS) Program	Any K-12 student in Tennessee; in 2025-26 only half of the scholarships are reserved for families below 300% of the free or reduced lunch threshold*	\$7,295	Any county in TN	Nationally normed test, TCAP allowed	20,000 with a potential increase of 5,000 for each year the number of applications exceeds 75% of the program capacity

Notes: (1) *Students who are classified as migrant, homeless, or runaway are also eligible; foster care students with Department of Children's Services (DCS) approval to enroll in a non-public school are also eligible. (2) **Prior year public school attendance is required for students who were Tennessee residents in the year immediately preceding the ESA who have completed at least one year of education in a K-12 school. Students entering kindergarten or new TN residents are also eligible. Students who received an ESA in the prior year are eligible. Finally, students who were enrolled in a Tennessee public school for the entire year in 2019-20, 2020-21, and 2021-22 are also eligible, as are students who were eligible to enroll in a Tennessee school for the first time in those three years. (3) TCAP is the Tennessee Comprehensive Assessment Program.
Source: Tennessee Department of Education.

^A TCA 49-6-2611(a)(2).

Methods and data collection

OREA reviewed studies and research from other states as part of the planning for this program evaluation. This report uses student application data, parental satisfaction survey data, and school-level proficiency rates from the Tennessee Comprehensive Assessment Program (TCAP) as provided by TDOE. Public report card data, Tennessee Value-Added Assessment System (TVAAS) data, and other publicly available data on Tennessee's schools is also included. OREA distributed a supplemental survey to participating schools, of which 98 percent completed the survey. Based on this data from the school survey, OREA conducted interviews with school leaders from 10 participating schools. OREA also interviewed TDOE, the Tennessee State Board of Education, and a Vanderbilt University scholar on school choice.

Student eligibility for the ESA program

Eligibility for Tennessee's ESA program is based on four main factors: student residency (which determines his or her zoned school district), a student's household income, a student's prior school enrollment, and the student's age if entering kindergarten.^B As of the 2024-25 school year, eligible students must be zoned to attend a school in Memphis-Shelby County Schools, Metro Nashville Public Schools, or Hamilton County Schools.^C An eligible student's household income must not exceed twice the federal limit for free lunch, and he or she must:

- be entering kindergarten through 12th grade,^D and
- have received an ESA in the prior school year, or completed the entire prior school year in a public school, or
- be eligible to attend a Tennessee public school for the first time, such as students entering kindergarten and those new to the state.

Additionally, in 2023, the General Assembly passed legislation related to the three years the program was halted in court: 2019-20, 2020-21, and 2021-22. This legislation expanded eligibility to students who were eligible to attend a Tennessee school for the first time in 2019-20, 2020-21, or 2021-22, but could have been in non-public school (including homeschool) in the school year immediately preceding their ESA application.^E Students who attended a public school for the entirety any of those three years, even if not enrolled in a public school for the year preceding the ESA application, also became eligible for the ESA program.

Funding for the ESA awards and eligible LEAs

The ESA award amount is based on the average per-pupil TISA allocation for the student's zoned district: students receive either the per-pupil amount for the LEA in which they reside or the statewide average of TISA allocations per pupil, whichever amount is less. For the 2024-25 school year, students zoned to schools in Memphis-Shelby County and Metro Nashville received the statewide average, which was \$9,423.58 because the per-pupil amount in MSCS and MNPS was higher than the statewide average. In the same year, students zoned to a Hamilton County school received \$9,346.05, the per-pupil amount in Hamilton County; the per-pupil amount in HCS was less than the statewide average. In accordance with state law, no funds are given

^B See TCA 49-6-2602 for all student eligibility requirements.

^C Students zoned to attend a school in the Achievement School District (ASD) are also eligible. All schools within the ASD when the ESA program began in 2022 were located within the geographic boundaries of the MSCS and MNPS districts. As of 2025, two schools remain in the ASD, both within the geographic boundary of MSCS.

^D Students must be five years old by August 15 to begin kindergarten. If a student turns five years old after August 15 but before September 30 and applies to the ESA program, the student must include a letter from a non-public school official stating that the student has been found to be emotionally and academically mature for kindergarten after a school-based evaluation.

^E The 2023 legislation also included the expansion to students zoned to attend a school in Hamilton County (Public Chapter 328 of 2023)

directly to families. TDOE deposits funds into ESA accounts in the online portal, then families use their accounts to pay schools, vendors, and providers.

Exhibit 2: ESA award amounts are based on the average per-pupil TISA allocation for the student's zoned district and have increased each year

Amount of award	2022-23	2023-24	2024-25
Memphis	\$8,192	\$9,153	\$9,424
Nashville	\$8,192	\$9,153	\$9,424
Chattanooga	N/A	\$8,944	\$9,346

Source: Tennessee Department of Education.

A school improvement fund reimbursed LEAs with participating ESA students for the program's first three years

TDOE administered a school improvement fund for the first three years of the program as required by state law and funded by state dollars.^F Eligible LEAs (Memphis-Shelby County Schools, Metro Nashville Public Schools, and Hamilton County Schools) received payments equal to the amount of ESA account funds allocated to students zoned to the LEA who participated in the ESA program.^G According to state law, these funds are to be used for school improvement purposes. In the first and second years of the ESA program, the total amount paid to LEAs as part of the school improvement fund was \$3.4 million and \$18.6 million, respectively, based on the total number of participating ESA students. For the third and final year of the school improvement fund (2024-25), the total amount paid to LEAs was \$34 million. Because \$34 million was more than the provided funding from the state budget for this purpose, TDOE requested a supplement for the remaining required funds.

A school improvement grant provided funding to LEAs with priority schools that were ineligible for the ESA program

State law also requires that for the first three years of the ESA program, funds allocated but unused in the state budget for the Non-public School Education Choice Programs' grants and subsidies line item must be distributed to LEAs with at least one priority school but without participating students. This is known as the school improvement grant.^H In the 2022-23 school year, TDOE disbursed \$21.3 million to 10 districts, and in 2023-24, TDOE disbursed \$6.4 million to nine districts. While state law does not specify how these funds are allocated among the eligible districts, TDOE distributed the amounts as proportionate to student enrollment at priority schools for each school year. In 2024-25, funding budgeted for the grants and subsidies line item was provided to LEAs with participating students and no funding was remaining for the grants for LEAs without participating students. State law requires that the funding in this line item is paid to the LEAs with participating students before the grant is available to LEAs with priority schools but without participating students. For a list of LEAs that received this grant, see page 27 in the full report.

^F TCA 49-6-2605(b)(2)(A).

^G The Achievement School District (ASD) and the Tennessee Public Charter School Commission (TPCSC) also received payments as part of the school improvement fund based on students who were previously enrolled in ASD and TPCSC schools who participated in the ESA program.

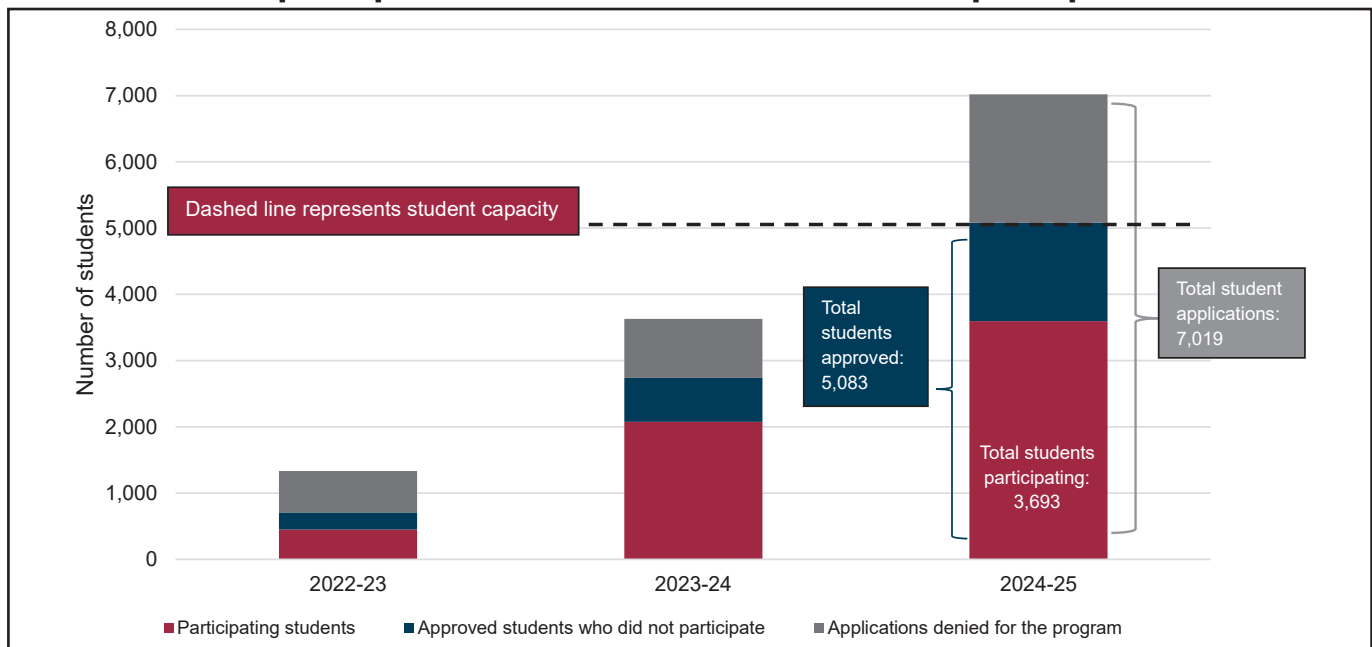
^H TCA 46-6-2605(b)(2)(B).

Conclusions

The number of applications, approved students, and students using an ESA has increased in each of the first three years of the program, reaching 3,693 participating students in 2024-25. However, participation remained below the program’s capacity of 5,000 students in its first three years of operation.

The number of student applicants to the ESA program has doubled in each of the first three years of the program, increasing from 1,333 in the first year to 7,019 in the third year. Similarly, the number of students approved for the program and the number of students participating – those using an ESA in a non-public school – has increased each year. In the 2024-25 school year, 84 percent of students who participated in the prior year of the program renewed their ESA accounts. Despite these increases, the program has yet to reach the first benchmark for student capacity (5,000 participating students). There are more than 98,000 potentially eligible students, as determined by their classification as economically disadvantaged, in the three eligible school districts; the 7,019 students who applied for the 2024-25 school year represent 7.2 percent of eligible students.

Exhibit 3: Student participation remains lower than the maximum participation allowed



Source: Tennessee Department of Education.

Eligible students may remain in public schools instead of taking advantage of the program intended to provide additional opportunities to them.

In 2024-25, 28 percent of student applications did not demonstrate eligibility criteria and were denied, and 29 percent of approved students did not use their ESA.

Students who are approved for the ESA program by TDOE are not guaranteed admission to a non-public school; schools maintain their own independent admissions process outside of the ESA program, as outlined in state law. Nearly one third of students are approved annually for an ESA but do not use the funding.

Based on a review of available application data, survey responses, and interviews, OREA identified multiple reasons why a student may not use an ESA after receiving approval. A primary factor related to under-enrollment is the complexity of the enrollment process, which includes navigating the online portal, differing application timelines, and uncertainty about the ESA award amount.

Parents may be unaware of all the steps they must complete in the online portal to participate in the program, including signing a contract, providing enrollment information, and submitting a budget. If a parent does not complete the required steps across multiple weeks, their child's ESA account may expire (and the ESA will not be used).

Another reason students may not ultimately use an ESA is the difference between the ESA program's application timeline and schools' application timelines. For non-public schools that are in-demand and have waitlists, enrollment applications may open months before the ESA program's application opens. For the 2025-26 school year, such schools may have opened their applications the prior fall (fall 2024). By the time the ESA application for the 2025-26 school year opened in February 2025, these schools may have already extended enrollment contracts to students. If a preferred school or schools reach full capacity before a parent receives ESA approval, the parent may decide not to use the ESA. The misaligned timelines between school admissions and the ESA program may confuse families and complicate schools' attempts to assist during the summer months before the first day of school in the fall.

Aside from the timeline differences, some parents who have received approval may not use an ESA because the award amount is not finalized until after the school year begins. TDOE releases an estimated award amount in July, but the amount is not finalized until later in the fall; in 2025, the final amount was communicated to families in October. Uncertainty about the award amount, which is a significant factor in the overall cost of attending a non-public school, may lead parents to decline to use an ESA award. The income cap for the ESA program is 200 percent of the free lunch threshold, and eligible parents may hesitate to enroll their child in a non-public school without knowing what the ESA award amount means for the overall cost of attending a non-public school and their out-of-pocket expenses, including lunch fees and costs associated with field trips, before- or after-school childcare, sports, and other fees, none of which are covered by the ESA award.

By the third year of the program, 28 percent of participating ESA students previously attended a public school in the year before ESA participation. Most of these students did not previously attend low-performing schools.

Most ESA students are not leaving public schools identified as priority schools.

State law identifies an ESA student's eligible home district not by the name of the district but by the number of schools classified as priority schools in specified years.¹ To be eligible for an ESA, a student must have a home address zoned to attend a public school in a district with five or more low-performing schools (identified as priority schools) in 2015, 2018, and 2021.² Based on the state law's specifications, the eligible districts are Memphis-Shelby County Schools, Metro Nashville Public Schools, and Hamilton County Schools.

¹ TCA 49-6-2602(3)(C).

² Districts must also have five or more schools among the bottom 10 percent of schools in 2017 as identified by TDOE.

A priority school in Tennessee is based on a federal designation (Comprehensive Support and Improvement, or CSI) that identifies schools with student performance in the bottom 5 percent of performance, a graduation rate below 67 percent, or that have been identified as an Additional Targeted Support and Improvement (ATSI) school for two identification cycles in a row for the same student group. Priority school status is evaluated at least once every three years by TDOE, although TDOE has evaluated priority schools on a more frequent basis in recent years. In the past 10 years, TDOE has evaluated priority school status in five years: 2015, 2018, 2019, 2021, and 2022, shown in Exhibit 4.

Exhibit 4: The number of districts with priority schools increased in 2022

District	Priority schools in 2015	Priority schools in 2018	Priority schools in 2019	Priority schools in 2021	Priority schools in 2022
Achievement School District	12	18	16	15	22
Campbell County	0	1	1	0	0
Cumberland County	0	0	0	0	1
Fayette County	0	1	0	0	1
Hamilton County	5	9	9	7	8
Haywood County	0	0	0	0	1
Henry County	0	0	0	0	1
Jackson-Madison County	2	4	4	4	3
Knox County	4	0	0	0	4
Maury County	0	1	0	0	2
Memphis-Shelby County	45	27	22	16	36
Metro Nashville	15	21	21	16	19
Sevier County	0	0	0	0	1

Note: (1) Shaded columns are the designated priority school years used for ESA-eligible zoning. (2) In 2019, statute stipulated that eligible districts must have 10 or more priority schools for the included years. In 2023, the legislature amended the statute to lower the number to five or more priority schools and include priority school data from 2021. (3) Bolded numbers represent the current ESA-eligible districts based on number of priority schools.

Source: Tennessee Department of Education.

Although TDOE has not evaluated priority school status since 2022, lists of schools that received federal CSI designation were released in 2023, 2024, and 2025. The requirements to become a priority school are the same as CSI schools, and TDOE treats CSI schools as equivalent to priority schools for state grant funding purposes. In the 2023, 2024, and 2025 CSI identification years, five LEAs exceeded the minimum threshold of five or more schools identified as the lowest performing.^K Exhibit 5 includes the number of CSI schools per district for 2023 and 2024.

^K The 2025 list was released on November 21, 2025, and includes 15 schools identified only as CSI schools and 93 schools identified as both priority and CSI. The number of CSI schools by district includes ASD (3), Fayette County (2), Hamilton County (9), Hardeman County (1), Haywood County (2), Humboldt City (2), Knox County (6), Jackson-Madison County (8), Lewis County (2), Maury County (2), Memphis-Shelby County (46), Metro Nashville (23), Sevier County (1), and the Tennessee Public Charter School Commission (1).

Exhibit 5: Tennessee had 13 districts with schools identified as CSI schools in 2023 and 11 districts with schools identified as CSI schools in 2024

District	CSI schools in 2023	CSI schools in 2024
Achievement School District	14	13
Carter County	1	0
Fayette County	1	1
Hamilton County	5	5
Haywood County	3	3
Humboldt City	1	1
Knox County	6	6
Jackson-Madison County	6	6
Maury County	2	2
Memphis-Shelby County	40	36
Metro Nashville Public Schools	18	18
Sevier County	1	1
West Carroll Special	1	0

Source: Tennessee Department of Education.

While the ESA law identifies specific years of priority school status, it does not allow for expansion based on districts that meet the five-school threshold in future years' designations beyond the 2021 designation year. If district eligibility for the ESA program included one or more of those three recent CSI identification years, then students zoned to Jackson-Madison County Schools and Knox County Schools would be eligible for the ESA program.

Based on OREA's review of student data, most students who enroll in the ESA program did not previously attend priority schools in the year before joining the ESA program.

Of the ESA students who previously attended public schools, most ESA students attended schools that received an A, B, or C letter grade, with the exception of students from Hamilton County Schools.

Each year, TDOE releases the State Report Card which assigns letter grades to individual schools based on student achievement, student growth, and other accountability measures. The highest grade a school can receive is an A. Given the information available for ESA students who previously attended public schools, more than half of approved students were previously enrolled in schools with A, B, or C letter grades, while one-third of approved students were previously enrolled in D or F schools.

In Nashville, nearly 80 percent of approved students who previously attended public schools attended schools with A, B, or C letter grades, and 18 percent of students came from schools that received a D or F letter grade. On the other hand, 50 percent of approved students in Chattanooga who previously attended public schools were enrolled in schools that received D or F letter grades while 50 percent previously attended public schools that received letter grades of A, B, or C. In Memphis, 58 percent of ESA students who previously attended public schools were enrolled in schools that received A, B, or C letter grades, and 40 percent of students previously attended schools with D or F letter grades.

Because the zoning requirement for eligible students is related to the district as a whole rather than individual school performance, students may leave any public school in an eligible district to use an ESA at a non-public school.

Student participation in the ESA program varies by region.

Over the course of the program's first three years, most ESA students have been from Memphis. Additionally, most students do not have an IEP before joining the program, and at least two-thirds come from a home where English is the primary language.

In each year of the program, more students participated from Memphis than Nashville or Chattanooga. Participating students from Memphis increased from 273 in the first year to 1,128 in the second year and 1,929 in the third year. Fifty-eight percent of ESA students in Memphis identify as Black or African American, 37 percent identify as White, and 28 percent identify as Hispanic. From 2022-23 to 2024-25, the number of ESA students from Nashville increased six-fold, rising from 179 to 1,151 students. Forty percent of ESA students in Nashville identify as Black or African American, 45 percent identify as White, and 16 percent identify as Hispanic. Students in Chattanooga were eligible to participate beginning in the second year of the program. In 2023-24, 246 students from Chattanooga used an ESA, and the following year this number increased to 483. Thirty-six percent of ESA students in Chattanooga identify as Black or African American, 61 percent identify as White, and 16 percent identify as Hispanic.

School participation has increased in the program's first three years with the most growth occurring in the program's second year.

In the first year of the program, TDOE approved 44 schools in Memphis and Nashville to enroll ESA students. By the program's third year, 97 schools were approved to enroll ESA students. Of those 97 schools, four were virtual schools. Most participating schools identify as religious, and most serve elementary and middle grades.

Tuition at participating schools exceeds the amount of the ESA award by approximately \$3,000, on average.

As part of the application to join the ESA program, schools report their tuition amounts to TDOE. Schools are allowed to set their own tuition amounts but agree not to charge ESA students more than non-ESA students. With the exception of virtual schools, the average tuition amount for ESA schools is at least \$3,000 more than the ESA award amount. There was less of a difference between the median tuition amount and the ESA award; the median tuition amount is around \$1,000 more than the ESA award amount, excluding virtual schools.

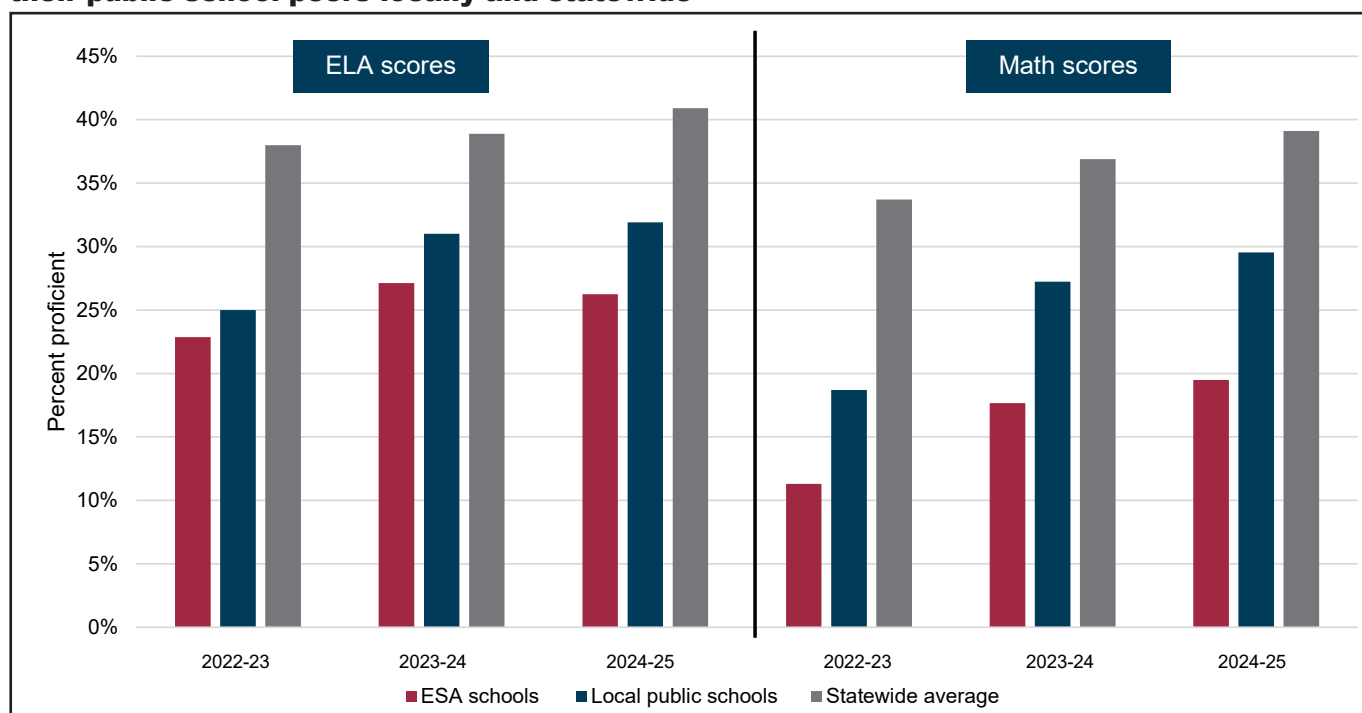
While state law allows for more than a dozen potential uses of ESA funds, 95 percent of the awards are spent on tuition, on average. Parents are responsible for paying any additional tuition or fees that exceed the award amount or that are not allowable expenses. The ESA award cannot be used to pay for expenses such as school lunches, field trips, athletics, before- or after-school care, or other fees.

ESA students' TCAP scores have increased over time but generally remain below their public school peers and the statewide average.

The TCAP test is a one-point-in-time measure to determine a student's understanding and ability to apply knowledge based on Tennessee's state academic standards. Students who receive ESA funds in grades 3-11 are required to take the TCAP in English language arts (ELA) and math. The TCAP measures student proficiency based on Tennessee's public school standards by grade level and content area, which may not align to non-public schools' coursework. Non-public schools' curriculum may include different standards, different courses in a given grade, or standards taught in a different sequence than those in public schools.

While proficiency for ESA students in Memphis, Nashville, and Chattanooga has generally increased each year, ESA students as a whole have not scored as proficient or more proficient than their local public school or statewide peers in any year.

Exhibit 6: ESA students' TCAP scores have increased over time but generally remain below their public school peers locally and statewide



Notes: (1) Numbers reflect the percentages of students whose scores fall into the meets expectations or exceeds expectations categories. (2) Percentages have been rounded to the nearest whole number. (3) Local public schools include Memphis-Shelby County Schools and Metro Nashville Public Schools for 2022-23; Hamilton County Schools are added in 2023-2024.

Source: OREA analysis of Tennessee Department of Education data.

For ESA schools in Memphis, ELA scores grew steadily by 2 to 3 percentage points each year, and ESA scores exceeded the MSCS proficiency scores in 2024-25 by 2.6 percentage points. Neither Nashville ESA students nor Chattanooga ESA students' proficiency scores exceeded their public school peers in any year of the ESA program in ELA. Similarly, while math scores increased each year, ESA students in Nashville and Chattanooga scored below their public school peers each year of the program. ESA scores for Memphis students exceeded their public school peers by one-half a percentage point in 2024-25 in math.

In 2024-25, the first year of virtual school participation in the ESA program, 20 percent of ESA students enrolled in virtual schools were proficient in ELA, and 17 percent were proficient in math.

Compared to their peers in public schools, ESA students show less academic growth than expected according to TVAAS.

Unlike TCAP, which measures *achievement of standards* at one point in time, TVAAS measures student *growth over time*. The TVAAS calculation compares a student's actual academic growth at a school and with a specific teacher against the student's expected growth based on prior data points for the student. A level 3 TVAAS score indicates a student grew as expected academically over the course of a given grade, subject, or course, based on the student's prior data. The highest TVAAS score of a level 5 indicates that the *student grew more than expected* from the beginning of the subject/grade/course to the end when the test was administered.

Similar to ESA students' TCAP scores, ESA students' TVAAS scores are also lower than the district-level public school peers. Of the 27 schools with TVAAS data available for 2024-25, 22 schools received at least one rating of level 1 or level 2 on individual subject tests, evidence that students performed below growth expectations. One school in Memphis achieved the TVAAS score of a level 5, and five ESA schools received scores of level 4. The level 4 scores come from two schools in Nashville and three schools in Memphis.

In Memphis, 57 percent of ESA TVAAS tests scores were level 3 or higher compared with 64 percent for MSCS on the same tests. In Nashville, 50 percent of ESA TVAAS test scores were level 3 or higher compared with 67 percent for MNPS on the same tests, and in Chattanooga, 33 percent of ESA TVAAS test scores were level 3 or higher compared with 60 percent for HCS on the same tests.

Parent satisfaction with the ESA program has been high based on TDOE's parent satisfaction survey, but fewer students are represented in survey responses each year.

TDOE is required by state law to administer a parent satisfaction survey annually. The survey must provide opportunities for parents to offer recommendations, comments, concerns, and methods to improve the effectiveness of the ESA program.

Across all three years of surveys, parents report a satisfaction rate of about 94 and 95 percent when responding to the single question about their overall satisfaction with the program itself. Between 90 and 95 percent of respondents described a positive experience with the program based on an OREA analysis of responses to an open-ended question. Parents most often praised the program for making choice schools more affordable, helping their child perform well academically, and providing a positive school environment. Regarding program improvements, parents generally cited a need for better communication from TDOE and requested that resources and communication include languages in addition to English. Finally, parent responses included the desire to buy uniforms more easily using their ESA awards in the online platform or through school reimbursements to their accounts.

The response rate for the first year of the survey represented 96 percent of participating students. In that year, TDOE administered the survey by email and contacted families via phone to solicit responses. In the second and third years of the program, TDOE administered the survey by email and received responses representing 41 percent and 15 percent of participating students, respectively. The percentage that responded

in the program's second and third years may differ from non-respondents in various ways: these may be the families who communicate most frequently with TDOE, who are more technologically savvy, who read and respond to emails more frequently, or who are more inclined to open emails in English. Non-response bias, or the viewpoints *not* represented due to families not responding to the survey, could shift the responses in a significant way when so few families' responses are included in reporting.

Most schools are satisfied with the program but expressed concerns about the online portal and other program aspects.

OREA surveyed participating schools to gather feedback on their satisfaction with the ESA program including their level of satisfaction. Out of 97 participating schools in 2024-25, all but two completed the survey. Overall, schools report being 78 percent satisfied with the program.

Schools were most satisfied with the ability to provide expanded educational opportunities to ESA students through the program. Schools also reported that TDOE's involvement with the implementation had been helpful, and information from TDOE is informative.

Schools were less satisfied with the online portal's functionality for parents and the ability to use the portal for funding disbursements. Schools also frequently questioned the necessity of the TCAP test administration in addition to the school's own testing, and many schools noted the differences in the school's admissions cycle and the ESA application cycle.

OREA also conducted interviews with administrators from 10 participating schools across Memphis, Nashville, and Chattanooga. During these interviews, school leaders expressed their satisfaction with the program and their ability to provide expanded enrollment opportunities through it. School leaders also expressed concerns regarding the lack of communication from TDOE, the complicated nature of the online platform, the misalignment of the ESA application compared to non-public schools' admissions timelines, and the requirement of administering the TCAP test to ESA students.

TDOE met most of the program's statutory requirements with two exceptions.

OREA analyzed the statutory requirements related to the ESA program and determined TDOE met most requirements with two exceptions. The two exceptions are striving to ensure low-income families know about the program and including all parts of the parent survey in the department's annual ESA report.

TDOE is required by law to strive to ensure low-income families are notified of the program and eligibility requirements in order to participate.¹ When asked about this statutory requirement, TDOE replied that it does not target low-income families but instead communicates through emailed newsletters, the ESA website, and some flyers distributed to local libraries and health departments. When asked about advertising to low-income families on September 18, 2025, in an interview with OREA, TDOE stated, "I don't want to say we target anybody, such as low income families; we want to make sure word of mouth and communication is out there." After receiving a draft copy of this report for review prior to publication, TDOE added on December 17, 2025, that additional outreach includes flyers placed at YMCAs and community centers, postcards sent to schools, and information sessions/application events at schools and churches in the areas served.

¹ TCA 49-6-2605(e).

TDOE is also required by law to publish an annual report that includes student participation data, aggregate student graduation numbers, TCAP proficiency scores, and results from the annual parent satisfaction survey. The three annual reports to date have included most of the required information, but parental concerns, recommendations, and methods to improve the effectiveness of the program were not included in the 2023-24 or 2024-25 annual reports. In addition, these reports do not include the number of years the participants have been receiving an ESA, which is also collected through the survey.^M As of October 2025, TDOE indicated no plans to change information included in the annual report.

Many of TDOE's implementation measures, while technically compliant, may be insufficient for proper data collection and fraud prevention.

TDOE's communication with parents and schools could be improved.

OREA received survey responses from 98 percent of participating schools in 2024-25 and interviewed leaders from 10 ESA schools to collect information on their experience with the ESA program. These school leaders reported that they rely on once-monthly office hours and phone calls or emails with a limited number of TDOE's ESA staff for guidance and answers to their ESA-related questions. School leaders reported the helpfulness of these office hours and the accuracy of information provided by TDOE varies, and some leaders indicated their phone calls or emails to TDOE are unreturned. As the main promoters of the ESA program, school leaders are often left to find answers on their own, work through issues with the online portal through trial and error, and help potential ESA families complete the application and allocate funds.

TDOE's website for the ESA program includes ESA handbooks for schools and families, an ESA promotional flyer, and other informational resources for participants such as lists of participating schools and a withdrawal form; however, these resources are only available in English. In 2024-25, one-quarter of ESA parents reported a language other than English as their primary home language. These parents would likely benefit if resources were available in other languages.

TDOE's ESA newsletter for schools and families, cited by TDOE as a primary means of communication for the program, was distributed four times in 2025 despite its stated monthly cadence. In October 2025, TDOE stated that the newsletter would be distributed quarterly going forward. The newsletter is also only available in English with no translation options available. TDOE also cited relying heavily on social media as a way of advertising the program; TDOE has posted about the ESA program three times between July 2022 and October 2025.

Metrics for addressing low student performance have not yet been developed.

State Board of Education rule gives TDOE the authority to develop metrics for suspending or terminating an ESA school's participation in the program due to low academic performance over multiple years. TDOE has not yet developed these metrics.

TDOE indicated to OREA that ESA schools' TCAP scores are reviewed annually but the department was unable to provide documentation used to measure schools' performance or counsel schools that have multiple years of low academic performance.

^M TCA 49-6-2606(c).

TDOE focuses primarily on application submission without compliance reviews after approval.

TDOE's ESA handbook for schools states that TDOE will conduct annual reviews of non-public schools to ensure fiscal and program compliance. TDOE reviews a school's calendar, tuition schedule, financial viability document, and admissions policy each year. After a school has been approved for the program, TDOE does not conduct additional reviews to ensure fiscal and program compliance.

The 2024-25 school application included 16 assurances, including the requirement that all participating non-public school employees complete a fingerprint-based background check and exclude certain persons from employment based on the results of the background check. During interviews with OREA, Category I schools stated that they send results to TDOE as part of state accreditation. Schools accredited as Category II and III schools stated they complete background checks and have the results available, but no one from TDOE has verified compliance with this requirement. While state law does not explicitly specify that TDOE will ensure compliance, TDOE has included policies for these compliance measures in the ESA handbook but has not conducted any checks to date.

Student withdrawal data was missing for more than half of student withdrawal cases over the program's first three years.

TDOE's current practices require two withdrawal forms to be submitted if a student withdraws from a participating school before the school year ends: one form is required to be submitted from the school the student is withdrawing from and one form is required to be submitted from the student's parent. OREA analyzed withdrawal forms submitted by both schools and parents and noted roughly one-third more forms submitted by schools than by parents.

The missing parent forms mean that valuable data, such as the school the student is withdrawing from, the ESA student's new school, and the reason for withdrawal (voluntary or involuntary) is unavailable for all students who withdraw. If a student's withdrawal is not shared with TDOE in a timely manner, funds may need to be returned to the state or the student may encounter difficulties enrolling at another ESA school.

TDOE's processes for reviewing ESA accounts to ensure participating students are eligible, ensure participating schools are compliant, and prevent fraud could be strengthened.

State law requires that TDOE adopt policies and procedures necessary for administration of the ESA program including conducting – or contracting for – random, quarterly, or annual review of accounts. The “Annual Reviews” section of TDOE's ESA school handbook states that TDOE will conduct annual fiscal and program compliance reviews, which may include a request for additional information regarding an account holder or related reimbursements. However, TDOE does not conduct random, quarterly, or annual review aside from the single application schools submit to become a participating school.

While OREA did not conduct a forensic audit or investigation of ESA accounts or application materials, no evidence of fraud was identified in the course of this program evaluation. Nevertheless, TDOE's processes for reviewing ESA accounts for students and schools could be strengthened.

Recommendations

TDOE should strive to ensure low-income families are aware of the ESA program and include all required provisions in its annual report.

TDOE should develop a plan to ensure low-income families are aware of the ESA program and its eligibility requirements.

TDOE is required by law to strive to ensure low-income families are notified of the program and eligibility requirements in order to participate. Advertising of the program should be improved to reach eligible families in Memphis, Nashville, and Chattanooga. In interviews with OREA, ESA schools suggested the use of television, radio, social media, or other communication methods.

Additionally, TDOE should increase communications regarding program eligibility, required documentation, deadlines, and other important information, and ensure requirements are clearly stated. As one in four student applications are currently denied, increasing such communications on the website, in the portal, and elsewhere could result in a greater share of interested students receiving approval and participating in the program.

TDOE should share all components in the annual ESA report.

State law requires TDOE to publish an annual report that includes student participation data, aggregate student graduation numbers, TCAP proficiency scores, and results from the annual parent satisfaction survey as required by law. While TDOE solicits parental concerns, recommendations, and methods to improve the effectiveness of the program through the parent satisfaction survey, the 2023-24 and 2024-25 annual ESA reports do not include these components of parental feedback. Additionally, the number of years participating students have received an ESA, which is collected through the survey, has also not been included in annual ESA reports. State law requires that each of these components are included as part of the annual parental satisfaction survey, and state law further requires that the results from the parent satisfaction survey are included in the annual report.^N

TDOE should strengthen measures to ensure all participating students are eligible, to ensure all participating schools are compliant, and to prevent fraud.

State law requires that TDOE adopt policies and procedures necessary for the administration of the ESA program including conducting – or contracting for – random, quarterly, or annual reviews of ESA accounts. The “Annual Reviews” section of TDOE’s ESA school handbook states TDOE will conduct annual fiscal and program compliance reviews, which may include a request for additional information regarding an account holder or related reimbursements. However, TDOE does not complete any random, quarterly, or annual review aside from the single application submission to become an ESA participating school.

While OREA did not conduct a forensic audit or investigation of ESA accounts, no evidence of fraud was identified in the course of this program evaluation. Nevertheless, TDOE’s processes for reviewing ESA accounts to prevent fraud could be strengthened. Through the online platform’s functionality, funds are directed to approved schools, vendors, and tutors. TDOE could strengthen requirements of documentation submission to ensure funds are spent appropriately with approved recipients.

^N TCA 49-6-2606(c).

TDOE should develop a process to conduct random, quarterly, or annual reviews of student, provider, and school accounts after an account has been established during the application process. For schools, this should include monitoring of the assurances agreed to during the application process, including the results of background checks of employees on campus with students and provisions to ensure ESA students are not charged more than non-ESA students. For students, this may include additional random verification of home residence.

TDOE could add program compliance questions into the parent survey as one means of assessing whether parents are receiving the required information from participating schools, including reports of academic progress and continuation of some special education services of students who previously had an IEP.

TDOE should improve its communications with families and schools.

TDOE should consider improved methods to share information with families.

For parents who look for information on the ESA website, there are few resources that provide clarity on program requirements or assistance with the online application. TDOE should ensure that parents are aware of application requirements, including creating and sharing an application checklist and ensuring parents can navigate the online platform to submit an application in a timely manner.

TDOE should also ensure parents are aware of their ESA-related responsibilities, including deadlines within the online platform to access ESA funds. In addition, TDOE's communications and information resources should be translated into languages in addition to English. TDOE should also consider making the ESA newsletter sent to parents and schools shorter and more accessible, such as by reducing large blocks of text and including more visual information and infographics.

In addition, TDOE's communications and informational resources, including the department's ESA newsletter should be provided in languages in addition to English. In 2024-25, one-quarter of ESA parents did not report English as their home language, and these parents would likely benefit if program resources were also available in other languages.

Improved communications with parents would improve the ESA program and likely lead to an increased response to the annual parental satisfaction survey.

TDOE should strengthen communication and collaboration with schools.

OREA interviewed leaders from 10 ESA schools to collect information about their experience with the ESA program. These school leaders reported that they rely on once-monthly office hours and phone calls or emails with a limited number of TDOE's ESA staff for guidance and answers to their ESA-related questions. School leaders reported the helpfulness of the office hours and the accuracy of the information provided by TDOE varies, and some leaders indicated their phone calls or emails to TDOE are unreturned.

TDOE should expand its communication with schools, as they presently serve as the primary drivers of ESA participation. TDOE may consider offering in-person training sessions for the online application, virtual onboarding, or an assigned TDOE contact for school leaders if they have ESA questions. By forming better partnerships with ESA school administrators, TDOE will position the program to better meet the needs of schools and the students they serve in the program.

To improve the number of approved students who use their ESA award, TDOE should consider options to better align program operations with non-public school admissions calendars.

Many non-public schools begin their admissions processes in the fall, up to four months before the ESA application is available online. By the time the ESA application opens, some schools have already extended contracts to students, leaving ESA students who wait until TDOE has approved them for an ESA with fewer options for enrolling in a school of their choice. While the requirements for student eligibility such as a prior year's tax return are set in statute and may determine the opening date for the ESA application, TDOE should consider ways to manage the misalignment between the ESA application process and many non-public schools' application processes. Based on OREA's school survey and school interviews, many schools have made adjustments to their own admissions processes to accommodate students who may be approved for an ESA well after the school's applications have closed, but one in four approved students are still not participating in the ESA program. To reduce the number of approved students who do not participate in the ESA program, TDOE should consider opening the student application when most non-participating schools begin their admissions processes and adjust ESA application documentation accordingly.

TDOE should implement measures to collect better data.

TDOE should take steps to increase the response rate for the parent satisfaction survey.

The response rate for the first year of the parent satisfaction survey represented 96 percent of participating students. In that year, TDOE administered the survey by email and contacted families via phone to solicit responses. In the second and third years of the program, TDOE administered the survey by email and received responses representing 41 percent and 15 percent of participating students, respectively. Methods to increase survey responses may include personalized follow up by the ESA team, reminders on the online portal, coordination with participating schools, text messages, social media posts, or emails.

TDOE should improve data collection on students who withdraw from the ESA program.

Currently, the data TDOE collects on ESA students who withdraw from participating schools is incomplete. When a student withdraws, the ESA account is either closed or transferred, and the remaining balance is prorated based on the student's last day of enrollment. Students who do not notify TDOE of their withdrawal from an ESA school may need to return funds to the state or they may encounter difficulties using an ESA at another participating school.

TDOE's current practices require two withdrawal forms to be submitted to TDOE: one from the school the student is withdrawing from and one from the student's parent. However, OREA analyzed withdrawal forms and found that 303 forms were submitted by schools, and 190 forms were submitted by parents from 2022 to 2025. Compared to the number of forms submitted by schools, about one-third of parents did not submit a withdrawal form to TDOE. This means that valuable data, such as the school the ESA student is withdrawing from, the ESA student's new school, and whether the student withdrawal was voluntary or involuntary is unavailable for these students. TDOE should make certain fields on the form, such as the name of the student's new school, required information for submission to accurately track this data.

TDOE should improve communications with parents to increase the number of withdrawal forms submitted. Strategies could include personalized phone calls or further coordination with participating schools.

TDOE should consider additional data collection and create specifications for reviewing low academic performance.

TDOE should consider collecting additional data on ESA student outcomes.

Currently, ESA students' TCAP scores are sent to TDOE, and schools submit the names of ESA students who have completed 12th grade with a diploma. TVAAS scores for ESA students are also calculated from multiple years of TCAP scores and any potential student data from prior enrollment in a public school. Additionally, ESA-participating schools administer nationally norm-referenced achievement tests that some ESA students also take. TDOE's current academic achievement data is limited to the TCAP test, however, which is based on standards that may or may not align with ESA schools' curriculum.

By comparison, the state's accountability protocol for public schools includes a number of additional metrics: ACT/SAT scores, early postsecondary test results, absenteeism, and industry credentials, to name a few. Collecting additional data on ESA students would provide a fuller picture of their performance and allow for broader comparisons with their peers.

TDOE should create and share metrics to define ESA schools' low academic performance.

For the most part, TDOE has measured the success of the ESA program based on a parental satisfaction survey and increases in student participation and school participation. As the program has aged, additional information has become available regarding students' academic growth and achievement through TCAP and TVAAS scores. However, no additional clarity has been provided to suspend or terminate school participation if a school fails to make academic progress for ESA students. Current state law requires the State Board of Education to create rules allowing TDOE to suspend a school's participation.^o The rules only specify that failure to make progress is determined by "multiple performance measures, including but not limited to, lack of progress or growth on the TCAP, successor tests...or any nationally normed assessment."^p Currently there are no processes or metrics to determine what constitutes lack of academic progress. State Board of Education Rule 0520-01-16-.08(10) gives TDOE the independent authority to suspend or terminate a participating school due to low academic performance. TDOE should create and share metrics that would define low academic performance to ensure ESA students are receiving an adequate education based on TDOE's specified parameters and available data.

Policy options

The General Assembly may wish to revise the application requirements and award amount determination to increase student participation.

Change statute to allow federal tax return from two years' prior

One of the primary documents required for ESA families to demonstrate income eligibility based on state law is a prior year's tax return, which cannot be filed until the tax year is complete (December 31). (TDOE also accepts SNAP and TennCare Medicaid eligibility, so long as the documents are issued within the past year.) Non-public schools, on the other hand, may accept the prior year's federal tax return or the tax return from two years' prior.

^o TCA 49-6-2608(a)(2).

^p State Board of Education Rule 0520-01-16-.08(10).

Some schools begin accepting applications in the fall, up to three months before taxes can be filed (January 1). School admission timelines may require additional parental planning to complete the school's application, receive financial aid, and commit within a school's given deadlines. Currently, TDOE opens the ESA application in February, after some schools have completed their admissions processes. If TDOE chooses to maintain the current application timeline, the General Assembly may consider adjustments in state law to allow more families time to apply. Given the ESA application is available in February after many schools have completed their admissions processes, families may have difficulty meeting deadlines to commit to a school in time to avoid being placed on a waitlist. While schools told OREA they have made adjustments to their calendars and admissions policies to help more students participate in the ESA program, many still report that the competing calendars complicate ESA students' ability to enroll. As student participation in the ESA program remains below maximum capacity, shifting timelines for the ESA application may increase student participation.

The statutory requirement of submission of the prior year's federal tax return narrows a family's application window for the ESA program because the ESA application does not open until a family has had the time to file taxes. At present, the ESA application is timed to coincide with the federal tax return period for the prior year. The General Assembly may wish to explore other potential options for a family to provide eligibility for their income that would allow ESA applications to begin in the fall alongside many non-public schools.

Change the ESA award to a flat amount

The ESA award amount is based on per-pupil funding averages that are not communicated until the fall. Because of this, ESA families do not know the amount of the ESA award with certainty until as late as October, about two months after the start of the school year. OREA heard from schools that families may hesitate to sign a school contract until they are confident in their out-of-pocket expenses after the ESA award is applied. Schools have adjusted their own financial aid processes and school contracts in light of the current timeline for communicating the ESA award amount; however, many schools preferred the straightforward funding calculation for the Education Freedom Scholarship (EFS) program, which is the TISA base amount, because parents and schools know the amount earlier and can enter into an agreement with a non-public school with more confidence about their out-of-pocket expenses. In the 2025-26 school year, the EFS award amount was about \$2,500 less than the ESA amount. Changing the ESA award amount from a prior-year calculated amount to a standard rate across multiple counties may provide more confidence for ESA families and increase the number of students ultimately participating in the program after approval.

The General Assembly may wish to revisit student eligibility for the ESA program.

State law requires OREA to provide the General Assembly with recommendations for legislative action if the original list of eligible zoned districts is no longer consistent with the intent described in state law.^Q

The 2019 state law that created the ESA program limited the program's availability to school districts with 10 or more priority schools in specified years. Legislation in 2023 lowered the priority schools threshold to five or more schools, which made students zoned to attend Hamilton County Schools eligible for the program.

TDOE has not evaluated priority school status since 2022; however, lists of schools that have received the federal CSI designation were released in 2023, 2024, and 2025. The criteria for the CSI designation is the same as that used for the priority school designation, and TDOE treats CSI schools as equivalent to priority schools for state grant funding purposes.

^Q TCA 49-6-2611(a)(2)(A)(v).

In 2023, 2024, and 2025, there were five or more CSI-designated schools in five districts. Three of the five districts are ESA-eligible districts: MSCS, MNPS, and Hamilton County. The other two districts, Jackson-Madison County Schools and Knox County Schools, had more than five CSI-designated schools in 2023, 2024, and 2025. Jackson-Madison had six such schools in 2023 and 2024, and eight in 2025. Knox County had six in all three years. If district eligibility for the ESA program included one or more of those three years, students zoned to attend Jackson-Madison County Schools and Knox County Schools would be eligible for the ESA program.

Eligibility for the ESA program could also be revised to allow students zoned to attend the lowest-performing schools in any district to participate. In 2023-24, nine LEAs had priority schools, but students enrolled in them were ineligible for ESAs. The LEAs with priority schools but ineligible for the ESA program in 2023-24 were Carter County, Fayette County, Haywood County, Humboldt County, Jackson-Madison County, Knox County, Maury County, Sevier County, and the Tennessee Public Charter School Commission. Students enrolled in priority schools in these districts were ineligible because eligibility is limited to districts with a certain number of priority schools in specified years. ESA eligibility could be expanded to include students zoned to attend or currently attending a priority school in any district and/or those zoned to attend or currently attending low-performing schools as measured by the School Report Card. At this time, because the ESA program has not reached capacity, changing student eligibility requirements from zoned district to individual school enrollment or zoning may increase program participation.



Office of Research and Education Accountability

Russell Moore | *Director*
425 Rep. John Lewis Way N.
Nashville, Tennessee 37243
615.401.7866
www.comptroller.tn.gov/OREA/