



Frequently Asked Questions for Participating Families



Tennessee
Education Savings
Account Program

Tennessee Department of Education | 2020-21 School Year

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Introduction

In spring 2019, the Tennessee General Assembly passed and Governor Bill Lee signed [Public Chapter 506](#). This law creates the Tennessee Education Savings Account (ESA) program.

The ESA program allows eligible students who are zoned to attend a Shelby County district school, a Metro Nashville public school, or a school that was in the Achievement School District (ASD) on May 24, 2019 to use state and local money toward education expenses, including tuition and/or fees at approved private schools.

The ESA program will begin in the 2020-21 school year. This guide provides information to families participating in the ESA program.

Further information for participating families about the responsibilities of participating schools is also available at www.school.esa.tnedu.gov.

Overview of the ESA program

What is the ESA program?

The ESA program allows eligible students who are zoned to attend a Shelby County district school, a Metro Nashville public school, or a school that was in the Achievement School District (ASD) to use state and local money toward education expenses, including tuition and/or fees at approved private schools.

What students are eligible for the ESA program?

Students must meet the eligibility requirements below in order to participate in the ESA program.

Student Eligibility

- **Tennessee resident entering kindergarten through grade 12**
- **Meets *one* of the following requirements:**
 - Previously enrolled in and attended a Tennessee public school for one full school year immediately before the school year for which the student receives an ESA
 - Eligible for the first time to enroll in a Tennessee public school
- **Zoned to attend a Shelby County district school, a Metro Nashville public school, or a school that was in the Achievement School District (ASD) on May 24, 2019**
- **Member of a household with an annual income for the previous year that does not exceed twice the federal income eligibility guidelines for free lunch**

Note: Students identified as “at-risk” as defined in state law [T.C.A. § 49-3-307(a)(6)] will automatically meet the income requirements for eligibility. “At-risk” is defined as children who are homeless or from households that receive benefits under the Temporary Assistance for Needy Families (TANF) program.



What amount is available for each ESA?

The amount each participating school will receive per participating student is approximately \$7,000.

How can ESA funds be used?

Funds in an ESA may only be used for **educational purposes**. This includes:

- **Tuition or fees at a participating school**
- **Required school uniforms at a participating school**
- **Required textbooks at a participating school**
- **Tuition and fees for approved summer education programs and specialized after-school education programs**
- **Tutoring services provided by an individual who meets department requirements**
- **Textbooks required by an eligible postsecondary institution**
- **Transportation to and from a participating school or education provider by a taxi or bus service**
- **Fees for early postsecondary opportunity courses, exams, or exams related to college admission**
- **Educational therapies or services for participating students provided by a department-approved therapist**
- **Computer hardware, technological devices, or other department-approved technology fees**
(This is applicable only if the technology is used for educational needs, is purchased at or below fair market value, and is purchased through a participating school, private school, or provider.)

Funds are used for educational purposes such as



Textbooks



Uniforms



Tuition



Tutors

Terms of the ESA

A student is eligible for the ESA program until the student:

- **Enrolls in a public school**
- **Enrolls in a Category IV or V private school or a private school not approved under the rules of the State Board of Education (SBE)**
- **Is no longer a resident of the local school district in which the student lived when the student began participating in the program** (*Account holders must reapply to the ESA program each year and verify their home address and income.*)
- **Is suspended or terminated from the ESA program**
- **Graduates or withdraws from high school** (*Certificates of attendance do not equal graduation from high school for the purpose of the ESA program. In other words, the student may continue in the program until he or she receives a high school diploma or receives a passing score on all subtests of the GED or HiSET.*)
- **Reaches 22 years of age** (*The student may complete the school year in which he or she reaches the age of 22, as long as he or she will not be enrolled in the program past August 15 of the next school year.*)
- **Fails to verify that household income meets the requirements**

Note: A participating student may voluntarily withdraw from the program at any time. If a participating student withdraws, the participating school must notify the department within **five business days** of withdrawal notification using the online form found at www.stateoftennessee.formstack.com/forms/esa_student_voluntary_withdrawal_form.

School Eligibility

What schools are eligible to participate in the ESA program?

Category I, II, or III private schools may apply to the department to become a participating school.

What are Category I, II, and III Schools?

Category I: Schools approved by the department.

Category II: Schools approved by a private school accrediting agency which has been approved by the Tennessee State Board of Education (SBE).

Category III: Schools that are regionally accredited as identified by the SBE.

Currently Approved Agencies for Accrediting Category II Schools

- Association of Christian Schools International (ACSI)
- Association of Classical & Christian Schools, Inc.
- Diocese of Nashville
- Christian Schools International Accreditation Services
- Mississippi Association of Independent Schools (MAIS)
- National Lutheran School Accreditation
- Southern Union Conference of the Seventh Day Adventist Church (SDA)
- Tennessee Association of Christian Schools (TACS)
- Tennessee Association of Non-Public Academic Schools (TANAS)

Currently Approved Agencies for Accrediting Category III Schools

- Cognia (formerly AdvancED)
- Northwest Accreditation Commission (NWAC)
- National Association of Independent Schools (NAIS)
- New England Association of Schools and Colleges (NEASC)
- Middle States Association Commissions on Elementary and Secondary Schools (MSA CESS)
- Accrediting Commission for Schools Western Association of Schools and Colleges (ACS WASC)
- National Council for Private School Accreditation (NCPSA)
- The Southern Association of Colleges and Schools Commission on Colleges

Application and Admission

What is the application process for students to participate in the program?

To apply for an ESA, the parent of an eligible student (or an eligible student who has reached the age of 18) must submit an application online at www.familymembers.esa.tnedu.gov/apply-now.

The state will announce an open enrollment window each year. To be notified when applications are available, subscribe to the ESA news announcements at www.tn.gov/education/school-options/esa-program.html.

Admission to a participating private school is a separate process from approval for an ESA. Each private school has its own admission policies and procedures and families are encouraged to start researching schools after the ESA application is submitted. The award of an ESA does not ensure acceptance to a participating private school.

Do applicants have to verify their annual income as part of the application process?

Yes. All applicants must show that the student is a member of a household with an annual income for the previous year that is not more than twice the federal income eligibility guidelines for free lunch (*see chart below*).*

Income Chart

Household Size	Twice the Federal Free Lunch Income Guidelines
2	\$43,966
3	\$55,458
4	\$66,950
5	\$78,442
6	\$89,934
7	\$101,426

Income verification must be established through one of the following:

- A federal income tax return from the previous year (2018 or 2019)
- Temporary Assistance for Needy Families (TANF) letter of eligibility

* **Note:** Students identified "at-risk" as defined in T.C.A. § 49-3-307(a)(6) will automatically satisfy the income requirements for eligibility.

Applicants have to verify their residential address by providing two of the following:



Valid Driver License



Mortgage Statement



Affidavit From Landlord



Utility Bill



Voter Registration Card

Do applicants have to verify their residential address as part of the application process?

Yes. All applicants must show proof of residential address as part of the application. Applicants can do this by uploading **two** of the following:

- **Valid driver's license or state ID**
- **Property tax receipt, mortgage statement, or signed lease agreement**
- **Utility bill**
- **Voter registration card**
- **Affidavit from landlord or owner of current residence** (*Affidavit can be found at www.esa.tnedu.gov/handbooks-and-forms/*)

How will I know if my student's application has been approved or denied?

The department will notify applicants of their application status by email.

An award for an Education Savings Account does not mean that a student is accepted to a participating private school. A student must still apply to a participating private school. A participating private school's decision to accept or reject a student is the sole decision of the school.

Participating schools may not discriminate based on race, color, or national origin. Participating private schools may offer additional financial aid to eligible students in the form of scholarships or payment plans. The application process for additional financial aid will vary by participating school.

How long will the application review process take?

The review process may take up to 21 business days from the date the open application window closes.

How many ESAs are available for the 2020-21 school year?

For the first school year (2020-21), there are 5,000 ESAs available.

What happens if the department receives more applications than the state has ESAs?

If the department receives more eligible applications than the maximum number of students that may participate in the program for that school year, there will be an **enrollment lottery**.

What will the enrollment lottery process look like?

Students who participated in the program in the previous school year will automatically be re-enrolled in the program if renewal requirements are met. In other words, these students will not have to enter the lottery.

If an enrollment lottery is conducted, enrollment preference will be granted in the order below:

1. **Eligible students who have a sibling participating in the program**
2. **Eligible students zoned to attend a [Priority School](#)** as defined by the state's accountability system at the time of the enrollment lottery
3. **Eligible students who are eligible for direct certification status**
4. **All other eligible students**

Enrollment Priority

1



Students with participating siblings

2



Students zoned to attend a Priority School

3



Students eligible for direct certification status

4



All other eligible students

Do eligible students have to reapply to participate in the ESA program each year?

Yes. Each year, participating students must reapply to participate in the ESA program through the Facts Management platform. **Account holders must verify their address and income eligibility every year.**

Can an ESA be used for a participating private school outside of Shelby or Davidson County?

Yes. While a student must be zoned to attend a Shelby County district school, a Metro Nashville public school, or a school in the Achievement School District (ASD), the ESA may be used at an out-of-county participating private school.

Account Holder Responsibilities

What are the next steps after being accepted into the ESA program?

If the parent (*or student who has reached the age of 18*) intends on utilizing the ESA for tuition and other approved expenses, an eligible student must apply and be accepted to a participating private school. Parents (*or students who have reached the age of 18*) must then upload their acceptance letter to the Facts Management platform to claim the ESA award.

Upon providing proof of acceptance in a private school, the parent (*or student who has reached the age of 18*) must then **register for the online payment management system**.

What does the “agreement to participate in the program” involve?

The parent (*or student who has reached the age of 18*) must sign an agreement to:

- **Provide an education for the participating student that meets the school attendance requirement** in state law [T.C.A. 49-6-3001(c)(1)] through enrollment in a state board-approved Category I, II, or III private school.
- **Comply with the requirement that participating students in grades 3-11 participate in the Tennessee comprehensive assessment program (TCAP)** tests for math and English language arts each year of enrollment in the program.
- **Not enroll the participating student in the Individualized Education Account (IEA) program** during the time the student is enrolled in the ESA program.
- **Release the local district and student’s zoned school from all responsibilities** to educate the student during the time the student is enrolled in the ESA program. Participation in the program waives the student’s right to receive specially-designed instruction and related services according to the Individuals with Disabilities Education Act (IDEA). Participation in the program also makes the student’s Individualized Education Program (IEP) invalid, and the student will not be entitled to a free appropriate public education (FAPE) from the public school district. The availability of disability-related service will be limited.
- **Follow the acceptable uses of ESA funds and the responsibilities of the parent** of an eligible student (*or eligible student who has reached the age of 18*).

When can I begin spending the ESA funds?

Before spending ESA funds, account holders must get pre-approval for tuition and fees, computer hardware or other technological devices, tutoring services, educational therapy services, summer education programs, and specialized after-school education programs. Pre-approvals will be managed in the payment management online platform.

Do I have to provide documentation for ESA funds spent?

ESA funds will only be distributed through the payment management system. Service providers that the account holder wants to pay will need to register in advance for payment.

Will the department monitor how ESA money is spent?

Yes. All expenses and requests for payments will require pre-approval. Additionally, the department will establish and advertise a fraud prevention reporting system to allow individuals to report suspected abuse or misuse of the ESA.

If you suspect fraudulent activity, please call (615) 532-8561.

Are there consequences for misspent ESA funds?

Yes. If the department determines that an ESA account holder has misspent funds, the department may remove the account holder from eligibility for an ESA. Otherwise, the department may notify the account holder that they are responsible for repaying the misspent amount.

What other actions can the department take regarding ESA funds?

The department is authorized to freeze or withdraw funding directly from the student's ESA for several reasons, including fraud; misuse of funds; failure to follow state laws, rules, procedures, or the signed agreement; the student returning to the local school district; or funds being deposited into the account by mistake.

Will the state issue families an IRS form 1099 for the ESA award?

No. Families will not be issued an IRS form 1099 as a result of receiving an ESA award.

Can account holders appeal the department's decisions to revoke the ESA account or freeze/withdraw funds?

Yes. The appeals process is outlined in the Family Handbook at www.esa.tnedu.gov/handbooks-and-forms/.

Can a participating student withdraw from the ESA program?

Yes. A participating student may voluntarily withdraw from the ESA program at any time. If this happens, the account holder must complete the *ESA Account Holder Voluntary Withdrawal Form* located at www.esa.tnedu.gov/handbooks-and-forms/.

What happens to ESA funds if the participating student withdraws from the program?

If a participating student withdraws from the ESA program, or if the ESA is not renewed, the ESA will be closed and remaining funds will be returned to the state treasurer.



Participating students may transfer from an approved
Category I, II, or III School
to another approved Category I,II, or III School.

Can a participating student transfer to another private school?

Yes. A participating student may transfer from one approved Category I, II, or III private school to another approved Category I, II, or III private school.

The account holder should first phone department staff before the participating student transfers to ensure all school tuition payments are reconciled and up to date.

What if a participating student graduates high school with leftover money in the ESA account?

If a participating student graduates high school or reaches the age of 22 and has money left in the ESA account, the student will become a **Legacy Student**.

A Legacy Student may use ESA funds to attend or take courses from an eligible postsecondary institution.

A Legacy Student's ESA will be closed after the first of the following events:

- **The Legacy Student graduates from an eligible postsecondary institution**
- **Four back-to-back years elapse immediately after the Legacy Student enrolls in an eligible postsecondary institution**
- **The Legacy Student is not enrolled in an eligible postsecondary institution for 12 back-to-back months**



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