
Education Savings Accounts Rule 0520-01-16-.02, -.04, -.06, -.08, and -.11

The Background:

T.C.A. § 49-6-2601 et seq. and Education Savings Accounts Chapter 0520-01-16 outlines the student eligibility requirements and participation requirements of the ESA program. In order to align with requirements of non-public schools and provide additional clarity in select program areas, this item proposes the following revisions to the ESA program rules.

The reference to criminal background checks is revised to cross reference and align to the existing approval requirements for Category I, II, and III non-public schools. The current criminal background check requirements in the rule for participating ESA schools place additional requirements on schools that are duplicative and confusing for interested schools and current partners.

To clarify requirements for schools interested in or currently participating in the ESA Program, this item adds additional options towards financial verification. Currently, the Rule states that a school may submit a surety bond to demonstrate financial viability. This item adds the option for a participating school to also submit a certified public accountant letter or federal tax return form to verify financial viability.

This item also removes references to expense reports throughout the Rules to align with how participating families currently access funds. Each account holder must submit a pre-approval form reviewed by the Department for all expenses. When the form is approved, the account holder can then submit requests for funds disbursement for tuition, fees, and other allowable expenses. The school then submits an invoice to the Department for review and disbursement of funds. Additionally, any purchase made in the TNChoice Portal's marketplace has been pre-approved by the Department and follows rigorous internal procedures regarding receipts and invoices. Therefore, any reference to expense reports or expense report processes is not applicable to current program implementation.

Lastly, this item removes the requirement that the Department of Education provide notice of an appeal decision via first-class USPS mail. The Department will continue to provide notice of appeal decisions electronically.

State Board staff will hold a rulemaking hearing before first and final reading to collect public feedback.

The Fiscal Analysis Impact:

T.C.A. § 49-1-212 requires that the Department prepare a fiscal analysis of any policy, rule, or regulation proposed to the State Board of Education. This item has no financial impact on an LEA.

Connection to the [Master Plan](#):

These items support the State Board's strategic focus on Engagement and Accountability outlined in the Master Plan by aligning requirements for ESA participating schools with requirements for non-public schools and ensuring the rule provides clear requirements for program implementation.

The Recommendation:

The Department of Education recommends acceptance of this item on first reading. The SBE staff concurs with this recommendation.