



Department of
Education

Individualized Education Account Program

2016-17 Program Report

Tennessee Department of Education | November 2017



Table of Contents

Executive Summary and Key Points	3
Introduction	4
2016-17 Challenges and Successes	5
Challenges	5
Successes.....	5
Overview of Student and Private School Enrollment/Participation for the Jan. 1 – July 31, 2017 IEA Term	7
Account Holder Satisfaction with the IEA Program	8
IEA Funding for the Jan. 1 – July 31, 2017 IEA Term	10
Conclusion.....	13
Appendix A: IEA Program Overview.....	14
Student Eligibility for the Jan. 1 – July 31, 2017 IEA Term	14
School Choice Options	14
Parent and Student Rights Waived	15
Monitoring Student Achievement and Growth for the Jan. 1 – July 31, 2017 IEA Term.....	15
School District Responsibilities	16
Nonpublic Schools and Providers.....	16
Appendix B: Student Participation by School District.....	17
Appendix C: Disabilities of Students	18
Appendix D: Grade Levels of Students.....	19

Executive Summary and Key Points

The Individualized Education Account (IEA) Program is a school choice program for eligible students with disabilities that was adopted by the Tennessee General Assembly in spring 2015. The department's main priority in administering the IEA Program is to ensure that the program is effectively serving the parents and students of Tennessee in a manner that fulfills all legal requirements and aligns with the program's original intent as set by the state legislature.

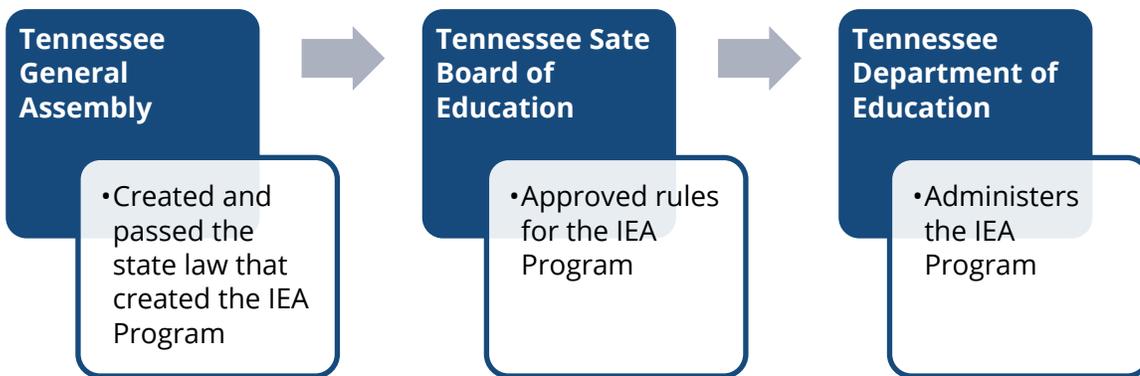
Fast Facts:

- The first Individualized Education Accounts (IEAs) were awarded in January 2017.
- The student and private school applications for the 2016-17 school year launched on Aug. 1, 2016: student applications were due Oct. 14, and private school applications were due Nov. 1.
 - 130 student applications were submitted, 64 applications were approved, and 36 students enrolled in the IEA Program for the Jan. 2017 term (Jan. 1–July 31).
 - Nine schools were approved to participate in the IEA Program for the Jan. 2017 term (Jan. 1 – July 31).
- A total of \$114,713.75 in IEA funding was generated for the Jan. 1–July 31, 2017 IEA term. The average amount of IEA awards across the state for Jan. 1–July 31, 2017 IEA term was approximately \$3,227.54.
- \$60,449.48 in IEA funding was spent in the Jan. 1–July 31, 2017 IEA term; \$54,522.47 on approved expenses, and \$5,927.01 on disallowed expenses (i.e., misspent).
- Of the 12 IEA Program administration satisfaction questions, 70 percent or more of account holders strongly agreed, agreed, or slightly agreed with 10 of the satisfaction statements (83 percent of the statements). When asked to rate their overall satisfaction with the IEA Program, 54 percent rated it "Outstanding" or "Above Average."

Introduction

The *Individualized Education Act*, signed into law on May 18, 2015, established the Individualized Education Account (IEA) Program, a school choice program for eligible students with disabilities. The program provides options for parents and students to choose the education opportunities that best meet their own unique needs through access to public education funds. For an overview of the program, see Appendix A.

The law authorized the State Board of Education (SBE) to promulgate rules for the program in consultation with the Tennessee Department of Education (the department) and the Tennessee Department of Health. The law requires the department to administer the program and approve administrative procedures.



2016-17 Challenges and Successes

Challenges

As with the creation of any new statewide program, there were a number of challenges that arose during the first year implementing the IEA program. The main challenges included:

1. Monitoring the use of the IEA funds to ensure the funds were spent on approved expenses in accordance with state law, rule, and procedure.
2. Educating parents on the eligibility requirements for the IEA Program.
3. Ensuring that account holders met the IEA responsibilities in accordance with state law, rule, and procedure (e.g., submitting expense reports and receipts; submitting verification that students took the assessments required by the state IEA law).
4. Ensuring parents of students applying to participate in the IEA Program met the eligibility requirements set by state law; processing student and school applications in a timely manner, and providing support to parents and schools submitting applications.¹
5. Ensuring school districts knew how to properly report students receiving IEAs in the state systems, including reporting the students' attendance for the purposes of generating funding for the IEAs.

The department is committed to an ongoing review of the IEA Program to identify what is working well and what areas/systems can be improved based on feedback from the parents, students and schools participating in the program and our stakeholders.

While these challenges were large, they were surmountable thanks in large part to the numerous individuals across the state who provided feedback, support, and guidance in the development of the program.

Successes

1. The department, in partnership with numerous stakeholders and supporters, was able to launch a completely new statewide program in 18 months.
2. For the first time, students were able to use IEA accounts for the educational expenses that best meet their own unique needs.
3. The department was able to provide effective and timely customer service to parents of students enrolled in the IEA Program, including providing in-person and online training for account holders, processing expense-pre-approval requests, and creating and updating parent resources.

¹ Public Chapter 305 signed into law on May 5, 2017 clarified the student eligibility requirements.

4. The department communicated with thousands of eligible students/parents across the state on the IEA program (e.g., mailing out of the IEA Brochure, in-person and online IEA Parent Information Sessions, and IEA Account Holder trainings).
5. Based on a department survey for the IEA Program that was completed by the IEA school district liaisons for the 2016-17 school year, out of 31 indicators of effective program administration, 80 percent or more of respondents either agreed or strongly agreed with 16 of the indicators, and 69 percent or more of respondents either slightly agreed, agreed, or strongly agreed with 16 of the indicators.
6. The department was able to continue to coordinate and solicit feedback from numerous stakeholders, advocacy groups, and other government agencies and departments (e.g., IEA Advisory Group meetings, school district trainings, private school information sessions, IEA presentations at education conferences and meetings across the state).
7. The department, working with an external vendor, created and implemented a funding distribution system to distribute funds to IEA account holders in a timely and transparent manner that includes safeguards for appropriate use of funds (i.e., the IEA debit card system).
8. The department created and implemented a system for parents and students to enroll in the IEA Program (including application and contract), as well as additional processes related to student participation in the program (e.g., expense reports, expense pre-approvals, assessment verification, and appeals) and a system for parents to complete the IEA application and contract electronically.

Overview of Student and Private School Enrollment/Participation for the Jan. 1 – July 31, 2017 IEA Term

The student and private school applications for the 2016-17 school year launched on Aug. 1, 2016: student applications were due Oct. 14, and private school applications were due Nov. 1 (see Table 1 below). Students who enrolled in the IEA Program on Jan. 1 reside in 20 districts across the state (see Appendix B and the map below).

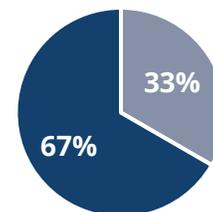
For the Jan. 2017 IEA term, 35 students enrolled in the IEA Program, and nine private schools participated.

Table 1: Jan. 1 – July 31, 2017 Student Enrollment

	<i>Parents/Students</i>
<i>Number of Student Applications Submitted</i>	130
<i>Number of Student Applications Approved</i>	64
<i>Number of Students Who Officially Enrolled in the Jan. 1 – July 31, 2017 IEA Term</i>	36
<i>Number of Students Who Withdrew from the Program after Receiving IEA Funds</i>	0
<i>Number of Students Who Were Removed from the IEA Program²</i>	4

Nine schools were approved to participate in the IEA Program for the Jan. 2017 term (Jan. 1 – July 31). The schools are located in seven cities across the state—Brentwood, Chattanooga, Clarksville, Germantown, Greenbrier, McDonald, and Nashville. The [list of participating schools](#) was posted on the IEA webpage.

School Type for Students Enrolled in the IEA Program



■ Private School ■ Home School

² Students were removed from the IEA Program for reasons including: failure to submit the expense reports and receipts, failure to submit the assessment verification form, and enrolling the student in a public school.

Based on the information submitted in the IEA School Application:

- Eight of schools participating in the IEA Program have inclusive educational settings as defined by the rules of the IEA Program.
- The schools had the capacity to enroll 71 students who are receiving IEAs. Three schools enrolled a total of five students receiving IEAs.

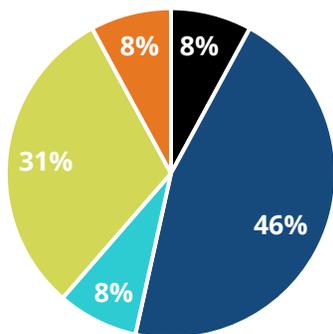
Of the 36 students enrolled in the IEA Program, 12 (33%) are attending a private school and 24 (67%) are being independently home schooled.³ See Appendices C and D for more student demographic data.

Account Holder Satisfaction with the IEA Program

In May 2017, the IEA Program administered surveys to IEA account holders to gauge account holders' satisfaction with the IEA Program and solicit feedback that could be used to further improve their experiences in the IEA Program. Thirteen out of a total of 30 account holders (43 percent) completed the account holder survey.

Of the 12 IEA Program administration satisfaction questions, 70 percent or more of account holders strongly agreed, agreed, or slightly agreed with 10 of the satisfaction statements (83 percent of the statements). When asked to rate their overall satisfaction with the IEA Program:

Overall Satisfaction with the IEA Program



■ Outstanding ■ Above Average ■ Average ■ Needs Improvement ■ Poor

Some of the indicators that scored high on the survey include:

- Members of the department consistently display a high level of content knowledge of the program.
- Members of the department provide regular updates about the IEA Program so that I am fully informed of any changes to the IEA Program.
- Members of the department consistently respond to questions in a timely manner.

³ Students who are home schooling as umbrella schools of private schools are considered private school students.

- The process for submitting receipts and expense reports is clear and easy to complete.
- The process for submitting pre-approval requests to the department is easy to complete.
- The IEA Parent Handbook thoroughly and clearly explains the approval process and responsibilities of program providers, including participating schools, therapists, and tutors.

Some of the positive feedback received regarding the IEA Program as a whole include:

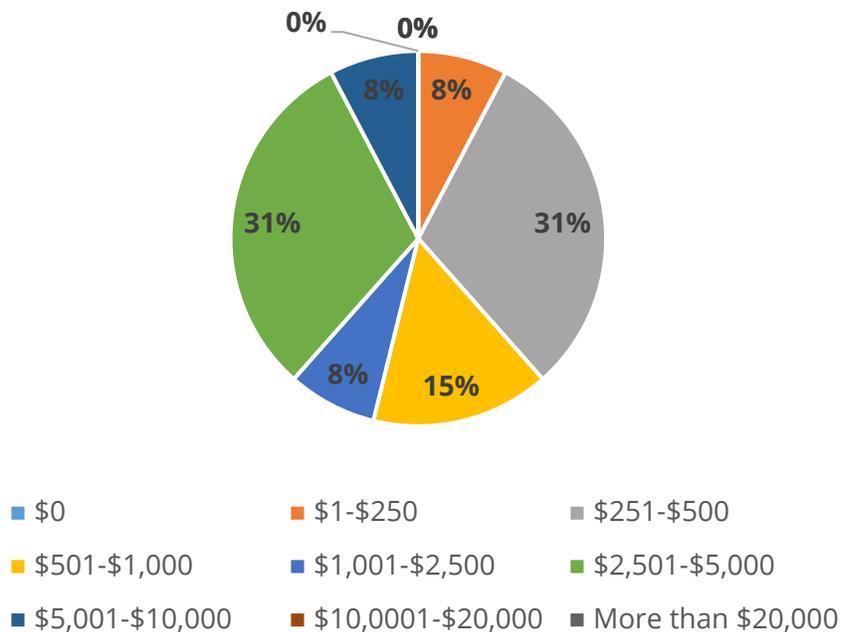
- "I am thankful for the amount that we receive. It takes a burden off our family and allows my son to receive tutoring. It is still a drop in the bucket compared to what we spend on medical, tuition, psychological expenses."
- "I understand we are all new to this program and I am pleased with the progress that has been made. We must work together as a team to make it seamless."
- "I am excited about the program and think it will be hugely beneficial to my children, especially when we get used to it and figure out all the ins and outs."
- "We are grateful for this program for our child who struggles so in the public school setting."

Some of the comments for areas the program can be improved that the department is considering are:

- Make all IEA forms electronic dynamic forms in a portal that would enable the account holder to view the status of the form and any notices from the department related to the form.
- Try to inform private schools about the IEA Program and the process to become a participating school.

Of the account holders who responded to the survey, **46 percent reported that the amount of IEA funding received was enough to pay for all of my child's educational expenses**; 46 percent of survey respondents reported spending more than \$1,000 over the amount of IEA funding they received for their child's educational expenses.

How much money did your family spend on educational expenses beyond the funds received through the IEA Program?



IEA Funding for the Jan. 1 – July 31, 2017 IEA Term

Pursuant to state law, the maximum annual IEA award amount is equal to the amount representing the per-pupil state and local funds generated and required through the Basic Education Program (BEP)—the state’s funding formula for public education—for the school district in which the student resides and is zoned to attend, minus the four percent administrative fee⁴ that the department retains. A total of \$114,713.75 in IEA funding was generated for the Jan. 1–July 31, 2017 IEA term. The average amount of IEA awards across the state for Jan. 1–July 31, 2017 IEA term was approximately \$3,227.54 per student.⁵

IEA funds must be used on approved expenses in accordance with IEA state law, rule, and procedures (e.g., tuition at private schools approved to participate in the IEA Program, educational therapy, and curriculum). IEA account holders must submit quarterly expense reports to the department documenting how they spent the IEA funds.

Table 2: Jan. 1–July 31, 2017 IEA Term Use of Funds

	<i>Dollar Amount</i>	<i>Average Amount</i>
<i>IEA Funds Spent</i>	\$60,449.48	\$1,727.13
<i>IEA Funds Not Spent</i>	\$54,264.27 ⁶	\$1,550.41

Table 3: Jan. 1–July 31, 2017 IEA Term Use of Funds by Approval Status

	<i>Total Amount</i>	<i>Percentage</i>
<i>Amount of IEA Funds Spent on Approved Expenses⁷</i>	\$54,522.47	95%
<i>Amount of IEA Funds Spent on Disallowed Expenses (i.e., Misspent)</i>	\$5,927.01	5%

⁴ Legislation passed in 2017 increases administrative fee to six percent.

⁵ All averages are based on the average number of students participating in the IEA Program for the Jan. 1 – July 31, 2017 IEA term. The average for the term is 35 students based on the average of Quarter 3 (36 students) and Quarter 4 (34 students).

⁶ This amount includes IEA funds that were waived and/or withheld from IEA Payments.

⁷ For a list of approved expenses, see Chapter 8 of the IEA Parent Handbook. <http://www.tn.gov/education/section/iea>.

Table 4: Jan. 1–July 31, 2017 IEA Term Misspent Funds⁸

	<i>Total Amount</i>
<i>Amount of Misspent Funds Repaid by Account Holders</i>	\$4,495.81
<i>Amount of Misspent Funds that the Department is Awaiting Repayment</i>	\$1,431.20

Table 5: Jan. 1–July 31, 2017 IEA Term Use of Funds by Approved Expense Category

<i>Category</i>	<i>Total Amount Spent</i>	<i>Percentage</i>
<i>Private Participating School Tuition</i>	\$15,923.61	29%
<i>Fees Assessed by Private Participating Schools</i>	\$0.00	0%
<i>Textbooks Required by a Private School</i>	\$0.00	0%
<i>Online Programs</i>	\$0.00	0%
<i>Public School Tuition</i>	\$0.00	0%
<i>Fees Assessed by the Public School</i>	\$0.00	0%
<i>Postsecondary Institution Tuition and Fees</i>	\$0.00	0%
<i>Required Textbooks by the Postsecondary Institution</i>	\$0.00	0%
<i>Educational Therapies and Services</i>	\$6,430.66	12%

⁸ Fourteen expense reports submitted for Quarter 3 and Quarter 4 include misspent funds.

<i>Tutoring Services</i>	\$2,441.32	4%
<i>Curriculum</i>	\$10,510.32	19%
<i>Computer Hardware and Technological Devices</i>	\$9,206.36	17%
<i>Transportation Service Provider Fees</i>	\$0.00	0%
<i>Testing Fees</i>	\$291.50	1%
<i>530 Coverdell Plan Contributions</i>	\$1,071.39	2%
<i>ABLE TN Contributions</i>	\$8,622.31	16%
<i>IEA Bank Account Fees</i>	\$25.00	0.01%

Conclusion

In January 2017, the IEA Program was fully implemented. The department is committed to an ongoing review of the IEA Program to identify what is working well and what areas can be improved. The department's main priority in administering the IEA Program is to ensure that the program is effectively serving the parents and students of Tennessee in a manner that fulfills all legal requirements and aligns with the program's original intent as set by the Tennessee General Assembly. The department is committed to maintaining strong stakeholder engagement and communication, which are key to the successful implementation of the program. The department will release ongoing updates and communication throughout the year and will release an annual report on the implementation of the program each year.

Appendix A: IEA Program Overview

Student Eligibility for the Jan. 1 – July 31, 2017 IEA Term

As specified in state law, an “eligible student” must be a Tennessee resident who meets all of the following criteria:

1. has an active individualized education program (IEP) through a public school district in effect at the time of request for participation in the program; and
2. meets at least one of the following requirements:
 - a. was previously enrolled in a Tennessee public school during the two semesters (or one full school year) immediately preceding the semester in which the student receives an IEA,
 - b. is entering kindergarten with an active IEP from a pre-kindergarten program*,
 - c. moved to Tennessee within six months prior to the date the student receives an IEA and has an active out-of-state IEP at the time of applying for the IEA Program**, or
 - d. received an IEA in the previous year; and
3. has one of the following disabilities identified in their IEP as either their primary or secondary disability:
 - a. autism,
 - b. deaf-blindness,
 - c. hearing impairments,
 - d. intellectual disability,
 - e. orthopedic impairments,
 - f. traumatic brain injury, and/or
 - g. visual impairments.

If students meet the eligibility criteria, they will be accepted into the IEA Program. There is no cap on the number of students who can participate and/or the number of IEA accounts that can be established statewide. The eligibility criteria that students must meet to participate in the IEA Program are posted on the department’s IEA webpage: <http://www.tn.gov/education/article/iea-student-eligibility>

School Choice Options

Students in the IEA Program cannot be enrolled full-time in a public school as their school of record. Students can either be:

- enrolled as an independent homeschooled student registered with the school district, or
- enrolled in a private school (including private virtual schools).

Parent and Student Rights Waived

To enroll in the IEA Program, parents must waive their student's rights to services through the Individuals with Disabilities Education Act (IDEA) at 20 U.S.C. §1414. Once enrolled in the IEA Program, the student's IEP will be inactive and the public school district will not be required to provide any of the accommodations or services listed in the student's IEP. Students enrolled in the IEA Program are also not eligible for a "services plan" through their local school district. If the student withdraws from the IEA Program and returns to the school district, the parent or student must request, in writing, for a special education eligibility evaluation in order to begin the process to develop an IEP and receive special education services, pursuant to IDEA.

Once participating in the IEA program, parents take full legal responsibility for the education of the student including obtaining services necessary to educate the student, including contracting with participating schools, therapists, tutors, and other providers as needed. Parents have a number of responsibilities related to participation in the IEA Program including submission of expense reports and receipts.

Monitoring Student Achievement and Growth for the Jan. 1 – July 31, 2017 IEA Term

State law requires students in grades 3–8 participating in the IEA Program to take either a nationally norm-referenced test approved by the department or the TCAP assessment in English language arts and mathematics. The purpose of the assessment requirement is to provide parents information on their student's academic progress. Assessment results are not shared with the student's LEA and do not count for accountability purposes.

Since students enrolled in the IEA Program have waived their rights under IDEA, they are not automatically entitled to receive any testing accommodations even if the student's IEP had included assessment accommodations in the past.

Account holders are required to verify that students have taken the required assessments by submitting score reports to the department. The department will not compile, track, or publicly release student assessment results; student assessment results submitted to the department will only be reviewed to verify that the student has taken the required assessments.

School District Responsibilities

School districts have six main responsibilities for the IEA Program:

1. Appoint an IEA liaison for the school district.
2. Change the student's eligibility status in Easy IEP once a student enrolls in the IEA Program.
3. Reporting students enrolled in the IEA Program who reside in their district to the department. Students must be counted in the school districts' enrollment for purposes of generating funding but will not be included in the districts' accountability.
4. Administer TCAP Assessments to Independent Home School Students Receiving IEAs.
5. Re-enroll students in the school district and conduct an initial evaluation for services if requested by the parent/guardian.
6. Re-enroll students who withdraw from the IEA Program and return to the public school district.

Nonpublic Schools and Providers

In order to participate in the IEA Program, nonpublic schools must submit an application to the department for approval. The school approval form requires nonpublic schools to verify their nonpublic status, financial viability, and compliance with state law. Once approved by the department the school is placed on the official list of approved participating schools and is eligible to receive payment from IEA account holders for payment of tuition, fees, or required textbooks.

Therapists/therapy providers and tutors/tutoring organizations cannot apply directly to the department to participate in the IEA Program. Instead, parents/guardians (the account holders) of students enrolled in the IEA Program must contract with therapists/tutors and submit the credentials of the therapist/therapy provider/tutor/tutoring organization to the department following the state procedures.

Appendix B: Student Participation by School District

District Name	Number of Students for the Jan. 1-July 31, 2017 IEA Term
Bartlett	2
Blount	1
Carter	1
Cleveland	1
Collierville	1
Davidson	1
Fayette	1
Grainger	1
Hamilton	7
Jefferson	1
Knox	2
Maury	1
Montgomery	2
Robertson	1
Rutherford	2
Shelby	3
Smith	3
White	1
Williamson County	2
Wilson County	2
Total	36

Appendix C: Disabilities of Students

This table reflects the disability on student's IEP at the time of application to participate in the IEA Program.

	Number of Students Enrolled in the IEA Program	Percentage of Students Enrolled in the IEA Program
Autism	22	61%
Deaf-Blindness	0	0%
Developmental Delay	1	2.8%
Hearing Impairments	1	2.8%
Intellectual Disability	10	27.8%
Multiple Disabilities	0	0%
Orthopedic Impairments	1	2.8%
Traumatic Brain Injury	1	2.8%
Visual Impairments	0	0%

Appendix D: Grade Levels of Students

Students Enrolled Jan. 1 – July 31, 2017		
Grade Level	Number of Students	Percentage of Students
Kindergarten	4	11%
1	3	8%
2	2	6%
3	3	8%
4	5	14%
5	2	6%
6	0	0%
7	6	17%
8	3	8%
9	2	6%
10	4	11%
11	2	6%
12	0	0%
Postsecondary	0	0%