

---

**Education Savings Account (ESA), Rule 0520-01-16**

---

**The Background:**

On May 24, 2019, Governor Lee signed into law the Education Savings Account Program (Public Chapter 506) which creates education savings accounts (ESAs) for eligible students to use for educational purposes. The program provides options for parents of eligible students to choose the educational opportunities that best meet the individual needs of their child by giving them direct access to state and local public education funds. The program is currently planned for implementation for the 2020-21 school year.

Public Chapter 506 authorizes the State Board of Education to promulgate rules for the ESA program. This first reading item presents the proposed rules that outline requirements and processes for applicants, the use of funds, monitoring and compliance, participating school and provider approval, and other elements of the program. The proposed rules were developed by the Board staff and the Department of Education. The Board will be holding a rulemaking hearing on October 1, 2019 to take public comment on these proposed rules, in addition to receiving written feedback via mail and email.

The department will also develop administrative procedures for the ESA program in accordance with the requirements of the new law and the final rules approved by the State Board.

**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. Public Chapter 506 impacts LEAs to the extent it transfers Basic Education Program (BEP) funds associated with program participants to ESA accounts. The proposed rules do not result in any additional impact.

**The Recommendation:**

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