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**Education Freedom Scholarship Rule 0520-01-24**

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**The Background:**

On February 12, 2025, Governor Bill Lee signed into law the Tennessee Education Freedom Scholarship Act, Chapter 7 of the Public Acts of 2025, First Extraordinary Session (PC 7). This item establishes rules for the Education Freedom Scholarship (EFS) program to be administered by the Tennessee Department of Education (the department). EFS is a school choice program that will allow Tennessee students who attend Category I, II, or III private schools, as defined by State Board Rule 0520-07-02, to access state scholarship funds to apply toward educational expenses.

PC 7 states that private schools that enroll EFS recipients retain their autonomy; further, it clarifies that the EFS program does not expand the regulatory authority of this state beyond “the rules narrowly tailored to enforce the requirements of the program.” As such, the proposed rules focus on defining key terms, establishing application and eligibility processes, establishing appeals procedures, and setting forth other logistical matters necessary to effectuate the program.

The State Board of Education staff held a rulemaking hearing on May 12, 2025, to solicit public input on this rule before final reading. The Board received five public comments on the rule, which were shared with board members for their review.

Revisions between first and final reading include the following:

- Clarifying that annual test results provided by private schools to the Office of Research and Education Accountability (OREA) only apply to test results from recipients of EFS.
- Specifying that the decision of the Department to suspend or terminate the participation of a service provider or private school may be appealed.
- Pursuant to T.C.A. § 49-6-3507(b), adding a section to the rule related to the Department’s requirement to annually select and prepare a report on a statistical sample of EFS recipients in grades 3-8 who were administered TCAP assessments in the prior school year.

Since the emergency version of these rules was approved in March 2025, the Department has taken several steps to implement the program ahead of the 2025-26 school year. To inform stakeholders about the program, the Department has held webinars that over 200 interested schools and community organizations attended, held in-person informational sessions, released an application documentation checklist so families could prepare to apply, and launched the application portal on May 15, 2025.

**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 rule has no financial impact on an LEA beyond any potential impact of the authorizing statute.

**The Recommendation:**

The Department of Education recommends approval of this item on final reading. The SBE staff concurs with this recommendation.