

## Exemption Determination Request ("EDR") Exemption Authority Citations

Please read through all available exemptions before selecting those that you contend apply to your institution or the education that your institution is offering. The exact text of the statutes and rules follows the Summary of Requirements section. Alternately, the Higher Education Authorization Act of 2016, is available at [T.C.A. §49-7-2001 et seq.](#) and the rules are available at [Rule Chapter 1540-01-02-.05.](#)

Summary of Requirements  
Full Statutory Text of Tenn. Code Ann. § 49-7-2004  
Full Rule Text of Rule 1540-01-02-.05 Exemptions

### Summary of Requirements

**I. Tenn. Code Ann. § 49-7-2004(a)(1):**

To receive this exemption an institution must demonstrate in the EDR narrative and documentation that:

- a. the institution is exclusively offering instruction at any or all levels from preschool through the twelfth grade; **or**
- b. the institution has an arrangement to offer training on behalf of an institution that is exclusively offering instruction at any or all levels from preschool through the twelfth grade.

**II. Tenn. Code Ann. § 49-7-2004(a)(2):**

To receive this exemption an institution must demonstrate in the EDR narrative and documentation that:

- a. the institution is a bona fide trade, business, professional or fraternal organization; **and**
- b. the education is solely for that organization's membership; **or** the education is offered on a no-fee basis.

Pursuant to Rule 1540-01-02-.05(b): "Any tuition charges, other fee charges, payroll deductions, minimum employment periods as a result of a company's investment in the employee, fees levied if an individual leaves that employment, or similar practices shall constitute a fee to the individual, except that the employer may accept funds provided through a state or federal program that provides adequate institutional and/or programmatic review as determined by Commission staff."

**III. Tenn. Code Ann. § 49-7-2004(a)(3):**

To receive this exemption an institution must demonstrate in the EDR narrative and documentation that:

- a. the education is solely avocational or recreational in nature **and**

- b. the institution is offering such education exclusively.

**IV. Tenn. Code Ann. § 49-7-2004(a)(4):**

To receive this exemption an institution must demonstrate in the EDR narrative and documentation that:

- a. The education is offered by eleemosynary institutions, organizations, or agencies **and**
- b. the education is not advertised or promoted as leading toward educational credentials.

“Educational credentials” is defined at Tenn. Code Ann. § 49-7-2003(11) as “degrees, diplomas, certificates, transcripts, reports, documents, or letters of designation, marks, appellations, series of letters, numbers or words which signify, purport or are generally taken to signify enrollment, attendance, progress or satisfactory completion of the requirements or prerequisites for education at a postsecondary educational institution.”

**V. Tenn. Code Ann. § 49-7-2004(a)(5):**

To receive this exemption an institution must demonstrate in the EDR narrative and documentation that

- a. the postsecondary educational institution is established, operated, and governed by Tennessee or its political subdivisions. This includes approved postsecondary training schools, academies, or facilities established, operated, and governed by this state or its political subdivisions and the colleges of applied technology under the exclusive control and jurisdiction of the board of regents. **Or**
- b. the institution is offering training on behalf of a postsecondary educational institution that is established, operated, and governed by Tennessee or its political subdivisions.

**VI. Tenn. Code Ann. § 49-7-2004(a)(6):**

To receive this exemption an institution must demonstrate in the EDR narrative and documentation that:

- a. The institution has had its primary campus domiciled in the same state for at least twenty (20) consecutive years, continues to have its primary campus domiciled in that state;
- b. The institution is:
  - i. The primary campus;
  - ii. Another location of the institution in the same state where the primary campus is domiciled; **or**
  - iii. An alternate location, including a branch or satellite campus, located in a state other than the state where the primary campus is domiciled, but has been located in the state where the alternate location is presently located for at least twenty (20) consecutive years;

- c. The institution is accredited by an accrediting agency recognized by the United States department of education and its primary campus has been accredited by a recognized accreditor for at least twenty (20) consecutive years;
- d. The institution is chartered where its primary campus is domiciled as a not-for-profit entity and has continuously been so chartered for at least twenty (20) consecutive years;
- e. The institution meets and maintains financial standards acceptable to the accreditor for the purpose of maintaining accreditation or to the United States department of education for the purpose of being a Title IV eligible institution; **and**
- f. The institution does not engage in supervised field experiences in Tennessee without a physical location in Tennessee.

**VII. Tenn. Code Ann. § 49-7-2004(a)(7):**

To receive this exemption an institution must demonstrate in the EDR narrative and documentation that:

- a. the intuition operates solely as an auction school, barber school, school of cosmetology, or school of electrology **and**
- b. if applicable, any barber school or school of cosmetology licensed or registered with the board of cosmetology and barber examiners that is not eligible for or does not intend to seek eligibility for federal student financial aid programs under the Higher Education Act of 1965, as amended ([20 U.S.C. §§ 1001-1161aa-1](#)).

**VIII. Tenn. Code Ann. § 49-7-2004(a)(8):**

To receive this exemption an institution must demonstrate in the EDR narrative and documentation that:

- a. the institution is operated solely as a school for the study of law **and**
- b. the institution is subject to the approval of the Tennessee board of law examiners.

**IX. Tenn. Code Ann. § 49-7-2004(a)(9):**

To receive this exemption an institution must demonstrate in the EDR narrative and documentation that:

- a. The program is a health-related education **and**
- b. The instruction is conducted by a state-licensed healthcare institution (see Board for Licensing Health Care Facilities).

**X. Tenn. Code Ann. § 49-7-2004(a)(10):**

To receive this exemption an institution must demonstrate in the EDR narrative and documentation that:

- a. The education does not lead to a degree;

- b. The education is regulated by the federal aviation administration; **and**
- c. The education is offered by a postsecondary educational institution that does not require students receiving the instruction to enter into written or oral contracts of indebtedness.

**XI. Tenn. Code Ann. § 49-7-2004(a)(11):**

To receive this exemption an institution must demonstrate in the EDR narrative and documentation that:

- a. The institution is a nonprofit, regionally accredited educational institution.
- b. The institution offers online, competency-based education to adult students;
- c. The institution is led by a chief executive or chancellor domiciled in Tennessee; **and**
- d. The institution activities and operations are limited to the scope of a memorandum of understanding executed with the state of Tennessee in 2013.

**XII. Tenn. Code Ann. § 49-7-2004(a)(12):**

To receive this exemption an institution must demonstrate in the EDR narrative and documentation that:

- a. The education is offered as an intensive review course of instruction previously received by students **and**
- b. The instruction is designed solely to prepare students for graduate or professional school entrance examinations or licensure examinations.

**XIII. Rule 1540-01-02-.05(1)(a)1.**

To receive this exemption an institution must demonstrate in the EDR narrative and documentation that:

- a. the education is maintained or given by or on behalf of an employer or group of employers;
- b. the education is offered on a no-fee basis; **and**
- c. the education is offered to employees or to persons they anticipate employing.

Pursuant to Rule 1540-01-02-.05(b): "Any tuition charges, other fee charges, payroll deductions, minimum employment periods as a result of a company's investment in the employee, fees levied if an individual leaves that employment, or similar practices shall constitute a fee to the individual, except that the employer may accept funds provided through a state or federal program that provides adequate institutional and/or programmatic review as determined by Commission staff."

**XIV. Rule 1540-01-02-.05(1)(a)2.**

To receive this exemption an institution must demonstrate in the EDR narrative and documentation that:

- a. the education is maintained or given by a labor organization recognized by either the U.S. Department of Labor or the state **and**
- b. the education is given to its membership /apprentices **or** on a no-fee basis to the individual.

Pursuant to Rule 1540-01-02-.05(b): "Any tuition charges, other fee charges, payroll deductions, minimum employment periods as a result of a company's investment in the employee, fees levied if an individual leaves that employment, or similar practices shall constitute a fee to the individual, except that the employer may accept funds provided through a state or federal program that provides adequate institutional and/or programmatic review as determined by Commission staff."

**XV. Rule 1540-01-02-.05(1)(a)3.**

To receive this exemption an institution must demonstrate in the EDR narrative and documentation that:

- a. the education is financed and/or subsidized by public funds;
- b. the education is offered at no cost to the individual; **and**
- c. the enrollment is closed.

"Closed enrollment" is defined at Rule 1540-01-02-.03(15) as instruction provided to a group or business by a postsecondary educational institution, whereby public solicitation does not occur and the institution is given a list of enrollees to train at no cost to the students.

**XVI. Rule 1540-01-02-.05(1)(a)4.**

To receive this exemption an institution must demonstrate in the EDR narrative and documentation that:

- a. the education is given under a contract agreement;
- b. the enrollment is closed;
- c. the education is on a no-fee basis to the individual; **and**
- d. the education does not result in an educational credential that is specifically directed toward new or additional vocational, professional, or academic goals.

"Closed enrollment" is defined at Rule 1540-01-02-.03(15) as instruction provided to a group or business by a postsecondary educational institution, whereby public solicitation does not occur and the institution is given a list of enrollees to train at no cost to the students. Pursuant to Rule 1540-01-02-.05(b): "Any tuition charges, other fee charges, payroll deductions, minimum employment periods as a result of a company's investment in the employee, fees levied if an individual leaves that employment, or similar practices shall constitute a fee to the individual, except that the employer may accept funds provided through a state or federal program that provides adequate institutional and/or programmatic review as determined by Commission staff."

**XVII. Rule 1540-01-02-.05(1)(a)5.**

To receive this exemption an institution must demonstrate in the EDR narrative and documentation that:

- a. the education is given to a closed network of franchise owners and their employees;
- b. the education is on a no-fee basis to employees through a franchisor that does not advertise or provide its training to the general public; **and**
- c. training is not the primary business of the franchisor.

**XVIII. Rule 1540-01-02-.05(1)(c):**

To receive this exemption an institution must demonstrate in the EDR narrative and documentation that:

- a. the programs, seminars, or workshops are recreational or avocational, including, but not limited to, motivational or enrichment programs **and**
- b. the institution does not present the instruction in such a way as to suggest a vocational end as doing so may authorization or clarification through public advertising that the program, seminar, or workshop is in fact recreational or avocational.

**XIX. Rule 1540-01-02-.05(1)(d):**

To receive this exemption an institution must demonstrate in the EDR narrative and documentation that:

- a. the education is offered through a short-term program, seminar, or workshop **and**
- b. the education is solely for professional enhancement.

Note that professional enhancement includes continuing education programs. In all cases, the education should not result in specialized certification used to denote technical, professional, or vocational proficiency toward an additional vocational goal or new job title. Also, the training should be offered to persons who are already part of the profession.

**XX. Rule 1540-01-02-.05(1)(e):**

To receive this exemption an institution must demonstrate in the EDR narrative and documentation that:

- a. the education is an intensive review course of instruction previously received by students **and**
- b. the education is designed solely to prepare students for graduate or professional school entrance exams and professional licensure exams.

This exemption applies only when the review course is not designed to provide the initial training in the subject area.

**XXI. Rule 1540-01-02-.05(1)(f):**

To receive this exemption an institution must demonstrate in the EDR narrative and documentation that:

- a. The education is designed to prepare students for credit-by-examination tests **and**
- b. the institution agrees to:
  - i. indicate in all promotional materials that the training is for test preparation for credit-by-examination tests **and**
  - ii. refrain from any misleading representations. Such misleading representations include suggesting that the training results in receipt of an educational credential; listing anticipated salary amounts; and suggesting that the entity is accredited.

**XXII. Rule 1540-01-02-.05(1)(g):**

To receive this exemption an institution must demonstrate in the EDR narrative and documentation that:

- a. the institution is a business offering limited computer training in hardware, software, delivery systems or any related technology;
- b. the education is offered to the business's clients or customers; **and**
- c. the education is directly related to a sale of equipment or services from the business.

**XXIII. Rule 1540-01-02-.05(1)(h):**

To receive this exemption an institution must demonstrate in the EDR narrative and documentation that:

- a. the institution is a business offering short-term computer courses in common software or basic computer hardware;
- b. the education is intended for enrichment or professional enhancement; **and**
- c. courses are not offered concurrently toward a vocational goal.

**Full Statutory Text of Tenn. Code Ann. § 49-7-2004**

(a) The following education and educational institutions are exempted from this part:

(1) Institutions exclusively offering instruction at any or all levels from preschool through the twelfth grade;

(2) Education sponsored by a bona fide trade, business, professional or fraternal organization, so recognized by the commission, solely for that organization's membership or offered on a no-fee basis;

- (3) Education solely avocational or recreational in nature, as determined by the commission, and institutions offering such education exclusively;
- (4) Education offered by eleemosynary institutions, organizations or agencies, so recognized by the commission; provided, that the education is not advertised or promoted as leading toward educational credentials;
- (5) Postsecondary educational institutions established, operated, and governed by this state or its political subdivisions, including approved postsecondary training schools, academies, or facilities established, operated, and governed by this state or its political subdivisions and the colleges of applied technology under the exclusive control and jurisdiction of the board of regents;
- (6) A postsecondary educational institution that:
- (A) Has had its primary campus domiciled in the same state for at least twenty (20) consecutive years, continues to have its primary campus domiciled in that state, and is:
    - (i) The primary campus;
    - (ii) Another location of the institution in the same state where the primary campus is domiciled; or
    - (iii) An alternate location, including a branch or satellite campus, located in a state other than the state where the primary campus is domiciled, but has been located in the state where the alternate location is presently located for at least twenty (20) consecutive years;
  - (B) Is accredited by an accrediting agency recognized by the United States department of education and its primary campus has been accredited by a recognized accreditor for at least twenty (20) consecutive years;
  - (C) Is chartered where its primary campus is domiciled as a not-for-profit entity and has continuously been so chartered for at least twenty (20) consecutive years;
  - (D) Meets and maintains financial standards acceptable to the accreditor for the purpose of maintaining accreditation or to the United States department of education for the purpose of being a Title IV eligible institution; and
  - (E) Does not engage in supervised field experiences in Tennessee without a physical location in Tennessee.
- (7)
- (A) Institutions operated solely as auction schools, barber schools, schools of cosmetology, or schools of electrology; provided, that any barber school or school of cosmetology licensed or registered with the board of cosmetology and barber examiners that is eligible for or chooses to seek eligibility for federal student financial aid programs under the Higher Education Act of



1965, as amended ([20 U.S.C. §§ 1001-1161aa-1](#)) shall be subject to all requirements of this part;

(B) Deleted by [2022 Pub.Acts, c. 1044, § 8, eff. July 1, 2022](#).

(8) Institutions operated solely as schools for the study of law and subject to the approval of the board of law examiners for this state;

(9) Health-related educational programs conducted by state-licensed healthcare institutions;

(10) Educational instruction that:

(A) Does not lead to a degree;

(B) Is regulated by the federal aviation administration; and

(C) Is offered by a postsecondary educational institution that does not require students receiving the instruction to enter into written or oral contracts of indebtedness;

(11) A nonprofit, regionally accredited educational institution:

(A) Offering online, competency-based education to adult students;

(B) Led by a chief executive or chancellor domiciled in Tennessee; and

(C) With activities and operations limited to the scope of a memorandum of understanding executed with the state of Tennessee in 2013; and

(12) Education offered as intensive review courses of instruction previously received by students that is designed solely to prepare students for graduate or professional school entrance examinations or licensure examinations.

### **Full Rule Text of Rule 1540-01-02-.05 Exemptions**

(1) T.C.A. § 49-7-2004 of the Act includes general descriptions of institutions and programs that are exempt from the provisions of the Act and these rules. Institutions and programs meeting the specific provisions below shall be considered exempt pursuant to the general exemption descriptions of T.C.A. § 49-7-2004.

(a) Subject to subparagraph (b) of this rule, education that is:

1. Maintained or given by or on behalf of an employer or group of employers on a no-fee basis to employees or to persons they anticipate employing;

2. Maintained or given by a labor organization recognized by either the U.S. Department of Labor or the state (1) to its membership or apprentices or (2) on a no-fee basis to the individual;

3. Financed and/or subsidized by public funds, at no cost to the individual, and having a closed enrollment;

4. Given under a contract agreement, having a closed enrollment, on a no-fee basis to the individual, and not offering educational credentials that in the opinion of Commission staff are specifically directed toward new or additional vocational, professional, or academic goals; or

5. Given to a closed network of franchise owners and their employees on a no-fee basis to employees through a franchisor that does not advertise or provide its training to the general public and wherein such training is not the primary business of the franchisor.

(b) For purposes of subparagraph (a) of this rule, and T.C.A. § 49-7-2004(a)(2), any tuition charges, other fee charges, payroll deductions, minimum employment periods as a result of a company's investment in the employee, fees levied if an individual leaves that employment, or similar practices shall constitute a fee to the individual, except that the employer may accept funds provided through a state or federal program that provides adequate institutional and/or programmatic review as determined by Commission staff.

(c) Programs, seminars, or workshops that are recreational or avocational, including, but not limited to, motivational or enrichment programs, as determined by Commission staff shall be considered exempt from registration requirements. Upon review by Commission staff, a provider that presents the instruction in such a way as to suggest a vocational end may be required to become authorized or clarify through public advertising that the program, seminar, or workshop is in fact recreational or avocational.

(d) Short-term programs, seminars, or workshops that are solely for professional enhancement as determined by Commission staff shall be considered exempt from registration requirements. Education resulting in specialized certifications clearly used to denote technical, professional, or vocational proficiency toward an additional vocational goal or new job title must be authorized for operation.

(e) Intensive review courses of instruction previously received by students that are designed solely to prepare students for graduate or professional school entrance exams and professional licensure exams shall be considered exempt from registration requirements. This exemption applies only when

the review course is not designed to provide the initial training in the subject area.

(f) Training designed to prepare students for credit-by-examination tests may be considered exempt from registration requirements. The exemption is contingent on the entity's agreement to indicate in all promotional materials that the training is for test preparation for credit-by-examination tests and refrain from any misleading representations. Such misleading representations include:

1. Suggesting in any way that the training results in receipt of an educational credential, such as a degree;
2. Listing anticipated salary amounts; and
3. Suggesting that the entity is accredited

(g) Businesses offering limited computer training in hardware, software, delivery systems or any related technology for clients or customers directly related to a sale of equipment or services are exempt from the provisions of authorization.

(h) Businesses offering short-term computer courses in common software or basic computer hardware that is intended for enrichment or professional enhancement are exempt from the provisions of authorization unless in the opinion of Commission staff the courses are offered concurrently toward a vocational goal.