

The Education Freedom Scholarship Act and Private Schools in Tennessee

February 2, 2024

Key Takeaways

- Tennessee has five categories of private schools — each with different accreditation and approval standards and requirements for curriculum, testing, and teacher qualifications.
 - Gov. Lee proposes giving students about \$7,100 per year for the costs and expenses of attending private school, which would be available to all 1.1 million of Tennessee’s school-aged children in the 2025-2026 school year.
 - There are some similarities between the proposed Education Freedom Scholarships and the existing Education Savings Account program but also many key eligibility differences.
 - Tennessee has 626 private schools in 76 counties and 95 school districts.
 - In 2021-2022, about 960,000 Tennessee children — or 85% of all school-aged kids — were enrolled in public schools, but reliable data on where the remaining 165,000 were enrolled aren’t available.
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This year, the General Assembly will consider Governor Bill Lee’s Education Freedom Scholarship Act to financially support students attending private schools. This report explains what we know about the proposal, highlights differences with an existing program, and provides context and data on Tennessee’s current private school landscape.

Note: This report is based on official information (cited throughout) on the Education Freedom Scholarship Act available at the time of publication.

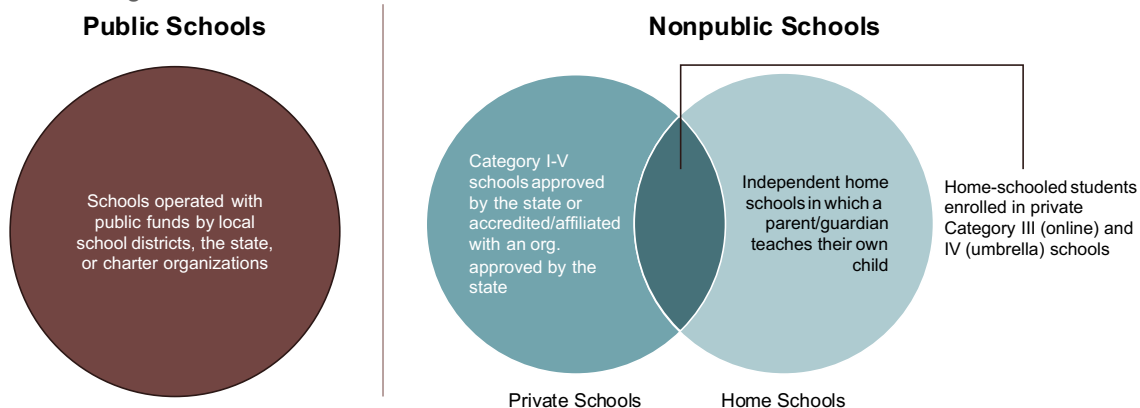
Private School Types in Tennessee

Tennessee defines and categorizes several different types of public and nonpublic schools to inform compliance with state law requiring all children ages 6-17 to attend school (Figure 1). Public schools are those operated with public dollars by a local school district or the state (i.e., traditional public schools) and those operating under a charter agreement with a local district or the state (i.e., public

charter schools). Nonpublic schools include private schools that are either directly approved by the state or accredited/affiliated with an organization approved by the state. Home schools also meet the definition of nonpublic schools. (1) (2) (3)

Figure 1. Tennessee Defines and Categorizes School Types to Inform Compliance with the State’s Compulsory School Attendance Law

Schools in Categories in Tennessee



Sources: The Sycamore Institute’s analysis of information from the Tennessee Department of Education and Tennessee state law (1) (2) (3) (4) (5)

Tennessee has five categories of private schools — each with different requirements for accreditation, approval, curriculum, testing, and teacher qualifications. Table 1 provides a high-level overview of the requirements associated with each category. Category I, II, and III schools are subject to the most requirements. Category IV church-related schools have fewer, and Category V schools are often in the process of meeting the requirements of one of the other categories. (6) (7)

Home-schooled children can fit into more than one category of nonpublic schools. Independent home schools are those in which a parent or guardian is teaching their children. However, many home-school children may also be enrolled in Category III and IV private schools. Some Category III schools are accredited to provide online learning options, and Category IV includes many church-related umbrella schools, which offer various services to supplement home schooling. (4) (5) For example, families can enroll in Home Life Academy — Tennessee’s largest Category IV school — for about \$100 per year (depending on a student’s age). Enrollment gives them access to curriculum resources and counseling, online record-keeping, and discounts for third-party services (e.g., language courses, tutoring services). Additional services are available for additional fees (e.g., \$5 for a transcript, \$25 per semester for grade reporting assistance). (8)

Table 1. Tennessee Private School Categories and Requirements

Private School Category	Examples of Requirements			
	Approval/ Accreditation	Curriculum	Testing	Teacher Qualifications
Category I: Dept. of Education Approved	Approved by the TN Dept. of Education	Must offer certain subjects and adopt high school graduation requirements that meet State Board minimums	Annual national standardized achievement test in 3rd-11th grade math and English	Tennessee educator license
Category II: Agency Accreditation	Accredited by 1 of 9 agencies approved by the State Board of Education	Must offer certain subjects and adopt high school graduation requirements that meet State Board minimums	Annual national standardized achievement test in 3rd-11th grade math and English	As defined by the school's accrediting agency
Category III: Regional Accreditation	Accredited by 1 of 6 regional agencies approved by the State Board	Must offer certain subjects and adopt high school graduation requirements that meet State Board minimums	Annual national standardized achievement test in 3rd-11th grade math and English	As defined by the school's accrediting agency
Category IV: Church-Related Schools	Member of 1 of 9 church/private school organizations or approved by the State Board	None	None	As defined by the school's member organization and home school parent-teachers
Category V: Registered for Operation	None	None	Annual national standardized achievement test in 3rd-11th grade math and English	Bachelor's degree

Source: Tennessee State Board of Education (6) (7)

What's Proposed

The Education Freedom Scholarship Act proposes giving Tennessee students about \$7,100 per year for the costs and expenses of attending private school. The program would increase over two years — with 20,000 scholarships available for the 2024-2025 school year and universal access in 2025-2026. Half of the first year's scholarships would be reserved for students eligible for the existing Education Saving Account (ESA) program (see below), those under 300% of the poverty line, and those with disabilities. The remaining half would be available for any student. (9)

There are some similarities between the proposed Education Freedom Scholarships and the existing ESA program but also many key differences. (10) (9) The ESA program was enacted in 2019 and first became available to students in the 2022-2023 school year. Tennessee also has a similar Individualized Education Account (IEA) program for students with disabilities. To date, no changes have been proposed to either existing program. Similarities and differences between ESAs and the governor's proposal include:

Similarities

- Funds under both programs are available to students and their families through individual accounts. In both programs, recipients can use funds for similar types of expenses. These include private school tuition, fees, textbooks, uniforms, and other education-related expenses like transportation costs, tutoring services, computers, and educational therapy. (11)

Student Eligibility Differences

- ESA eligibility is restricted to students whose family income meets certain guidelines and are zoned for one of four districts that meet specific school performance criteria. Family incomes are capped at twice the eligibility levels of the free lunch program — which is about \$78,000 for a family of 4 for the current school year. (11) ESA school district criteria translate to only three local education agencies — the Metro Nashville-Davidson County, Hamilton County, and Memphis-Shelby County School Districts. Students must also be previously enrolled or newly eligible to enroll in a Tennessee public school. (12)
- Once fully implemented, the proposed Education Freedom Scholarships would be universal — available to children of all income levels statewide. In 2022, Tennessee had about 1.1 million school-age children. (13) Low-income students and those already enrolled in Tennessee public schools would have priority, but all students would be eligible.

School Eligibility Differences

- ESAs can only be used to attend a private school approved as a Category I, II, or III school (discussed later), and schools must apply to receive ESAs. Today, about 11% of the state's private schools across all categories are approved to receive ESA funds (**Figure 2**). (14) Home school students — including those enrolled in a Category IV home school umbrella school — are not eligible for ESAs.
- Full details of school eligibility for Education Freedom Scholarships are not yet available. However, available information explicitly says that independently home-schooled children would not be eligible unless they enroll in Category IV schools. This could potentially create an incentive for more independent home school students to enroll in an umbrella school.

Testing

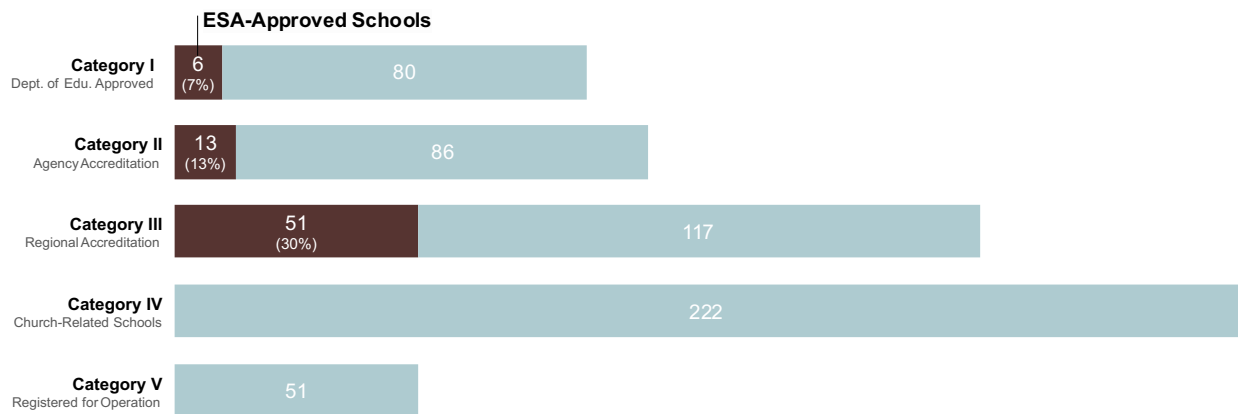
- ESA students in 3rd-8th grades must take state tests in both math and English each year, and aggregated results are posted online.
- There are currently no testing requirements proposed for students receiving an Education Freedom Scholarship beyond the existing requirements for the schools in which they are enrolled (**Table 1**).

Other Differences

- State law ramps up the maximum number of ESAs over time from 5,000 in the first year (2022-2023) to 15,000 in the fifth year (2026-2027) and beyond. The proposed Education Freedom Scholarships would be a universal program by the 2025-2026 school year.
- The average state and local per pupil amount calculated under the state's school funding formula determines ESA amounts, which was about \$8,200 for the 2022-2023 school year. (15) Gov. Lee's new scholarship proposal sets amounts at \$7,075 for the 2024-2025 school year. It is not yet clear how this amount might change over time.

Figure 2. About 11% of Tennessee’s Private Schools Are Approved to Receive Education Savings Account (ESA) Dollars

of Private Schools in Tennessee by Category and ESA Eligibility (Jan 2024)

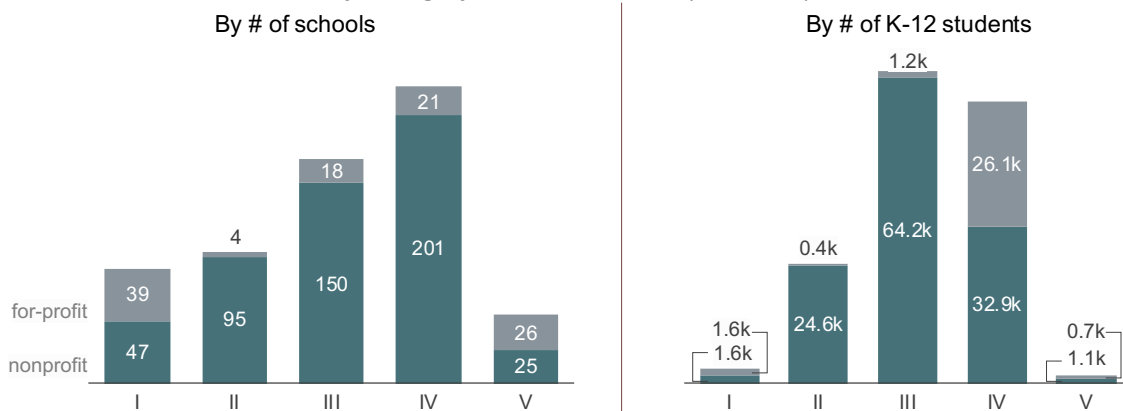


Notes: Because schools can belong to more than one category, each school was assigned to its lowest approved category (e.g., a Category I, II, and IV school was assigned Category I).

Sources: The Sycamore Institute’s analysis of information from the Tennessee Department of Education (14)

Figure 3. Tennessee Has 626 Private Schools with Over 154,000 K-12 Students

Private Schools in Tennessee by Category and Profit Status (Jan 2024)



Notes: Because schools can belong to more than one category, each school was assigned to its lowest approved category (e.g., a Category I, II, and IV school was assigned Category I). Student counts include students that may reside outside Tennessee (e.g., enrolled in virtual/satellite options, boarding schools, commuters from neighboring states).

Sources: The Sycamore Institute’s analysis of information from the Tennessee Department of Education (14)

Tennessee’s Private School Landscape

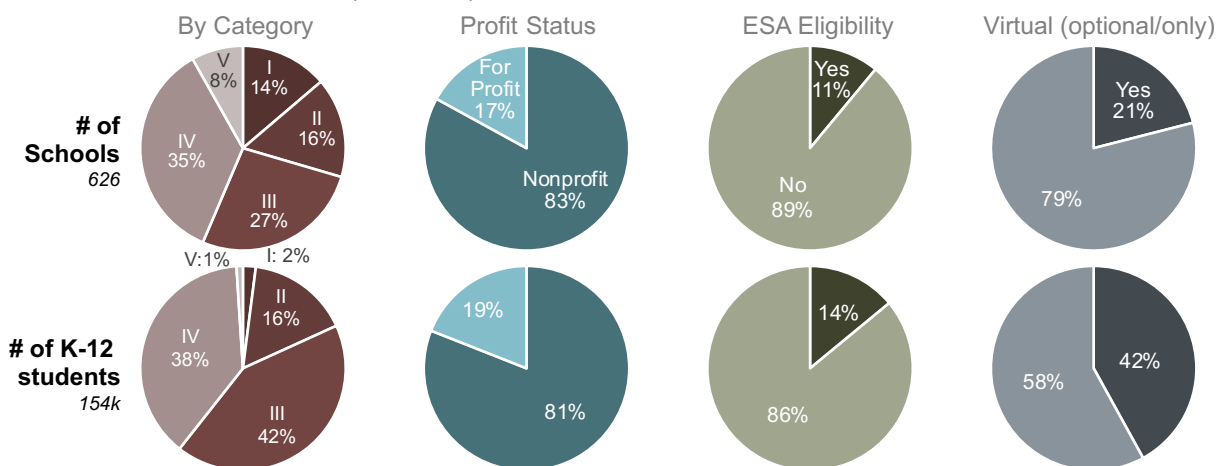
Tennessee had 626 private schools in 76 counties (and 95 school districts) with over 154,000 K-12 students as of January 2024. These counts include an uncertain number of out-of-state students enrolled in virtual/satellite options, attending boarding schools, or commuting from other states. The rest of this report provides additional information on home and private schooling in Tennessee. **Figures 3 and 4** provide statewide information on the number of private schools and students at those schools. Explore this information at the school district level using the **Dashboard**. Because schools can belong to multiple

categories, we assigned each school to the lowest category to which it belongs (e.g., if a school belonged to Categories I, III, and IV, it was categorized as Category I). (14) (16)

The state comptroller’s office also offers two dashboards with more specific details on each private school and its enrollment. They are available [here](#).

Figure 4. Tennessee’s Private School Landscape

Private Schools in Tennessee (Jan 2024)



Notes: Because schools can belong to more than one category, each school was assigned to its lowest approved category (e.g., a Category I, II, and IV school was assigned Category I). Student counts include students that may reside outside Tennessee (e.g., enrolled in virtual/satellite options, boarding schools, commuters from neighboring states).

Sources: The Sycamore Institute’s analysis of information from the Tennessee Department of Education (14)

Use the interactive dashboard at SycamoreTN.org to explore private schools in each school district.

Private and Home School Enrollment in Tennessee

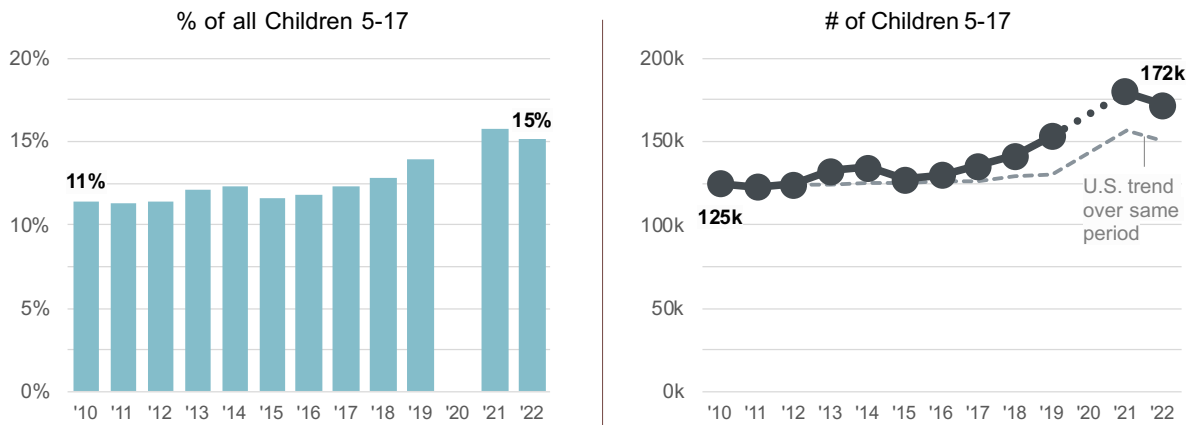
In 2021-2022, about 960,000 Tennessee children — or 85% of all school-age kids — were enrolled in public schools, but reliable data on where the remaining 165,000 were enrolled aren’t available. (13) (17) (18) Here is what we do and don’t know about nonpublic school enrollment:

- The Tennessee private school data above includes counts of children from out-of-state and do not include children attending only independent home schools.
- In 2022, private or home schools enrolled as many as 172,000 Tennessee kids (or about 16%) according to Census Bureau estimates. That number exceeds other estimates and isn’t broken down by school category. (19)
- A study by the Urban Institute estimated that about 98,500 (or 9%) were enrolled in private schools in the Fall of 2021, and another 13,600 (or 1%) were in home schools. This study, however, could not account for almost 89,000 children (or 5%), and there is no information on how children who are primarily home-schooled but also enrolled in virtual/umbrella options were categorized. (18)

Although they may be imprecise, Census estimates provide a general picture of trends and geographic differences in nonpublic school enrollment in Tennessee. For example, the number and percentage of private and home school students in Tennessee have increased steadily since 2010 – with significant increases during the pandemic and a slight dip in 2022 (Figure 5). Across the state, these estimated proportions varied from a low of 1% in Clay County to a high of 38% in Pickett County for the 2018-2022 period (Figure 6). (20)

Figure 5. The Number of Private & Home School Students in Tennessee Grew by Nearly 40% Since 2010

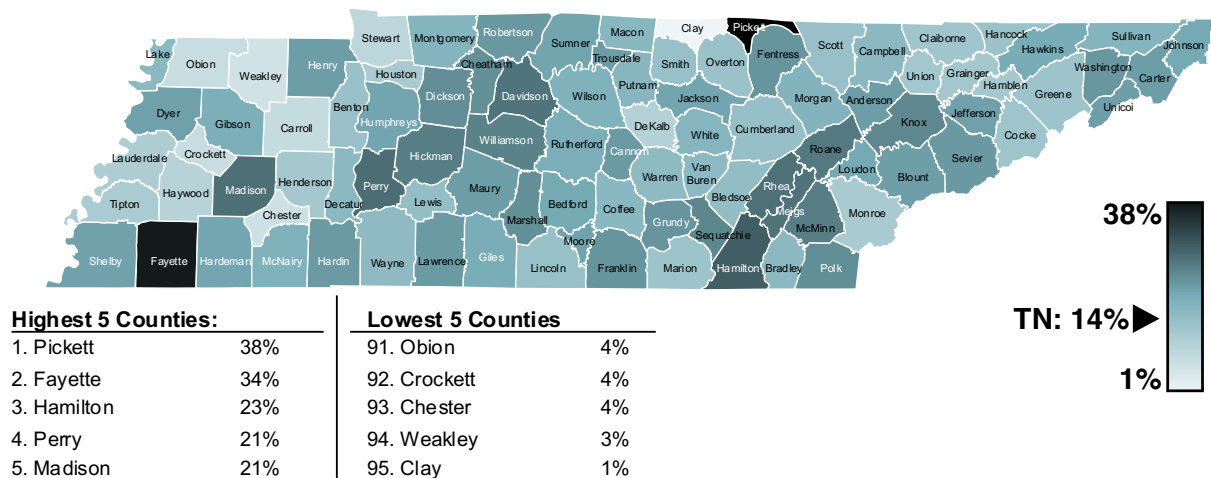
Private and Home School Enrollment Among Children Ages 5-17 in Tennessee (2010-2022)



Note: Due to pandemic-related disruptions, detailed estimates are unavailable for 2020.
 Source: U.S. Census Bureau’s American Community Survey 1-Year Estimates (20)

Figure 6. The Share of Tennessee Children Enrolled in Private or Home School Varies Significantly by County

% of Tennessee Children Ages 5-17 Enrolled in Private or Home Schools (2018-2022)



Source: U.S. Census Bureau’s American Community Survey 5-Year Estimates (20)

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