

Vouchers: What Advocates Should Know for the 2025 Tennessee Legislative Session

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In November 2024, legislators filed [HB0001/SB0001](#), a bill to expand to a statewide and universal voucher system ([Chalkbeat, 2024](#)). This memo describes Tennessee's current voucher landscape, the potential impact of universal vouchers on our students, schools, and districts, and the status of the voucher proposal thus far.

What is an education voucher?

A voucher program allows parents and caregivers to receive funding from public tax dollars to pay for private school and potentially other education services ([OREA, 2024](#)). Voucher programs vary by state, including eligibility, amount, allowable expenses, and transparency requirements. As a rapidly evolving and debated topic, vouchers and related terminology below are sometimes used interchangeably, and there are not universally agreed-upon definitions.

- **Individual tax credits and deductions:** Parents receive state income tax relief for approved educational expenses (e.g., tuition, books, computers, tutors, and transportation) ([OREA, 2024](#)). Families are responsible for paying private education expenses prior to the tax credit.
- **Tax-credit scholarships:** Individuals and businesses receive full or partial tax credits when they donate to nonprofits that provide private school scholarships. The tax credit amount is determined by state legislatures and affects scholarship availability and size ([OREA, 2024](#)).
- **Education Savings Accounts (ESAs):** Both of Tennessee's current programs detailed below leverage education savings accounts, a type of voucher where the state government diverts public funds to government-authorized savings accounts for a range of expenses, which can be difficult for low-income families to navigate ([OREA, 2024](#)). In Tennessee, the Department of Education uses ESA accounts for both existing programs (see below) for parents to avoid paying taxes on the voucher ([TDOE, 2024](#)).

What voucher programs currently exist in Tennessee?

Figure 1: The ESA pilot program focuses on family income and location, while IEAs are targeted to students with disabilities

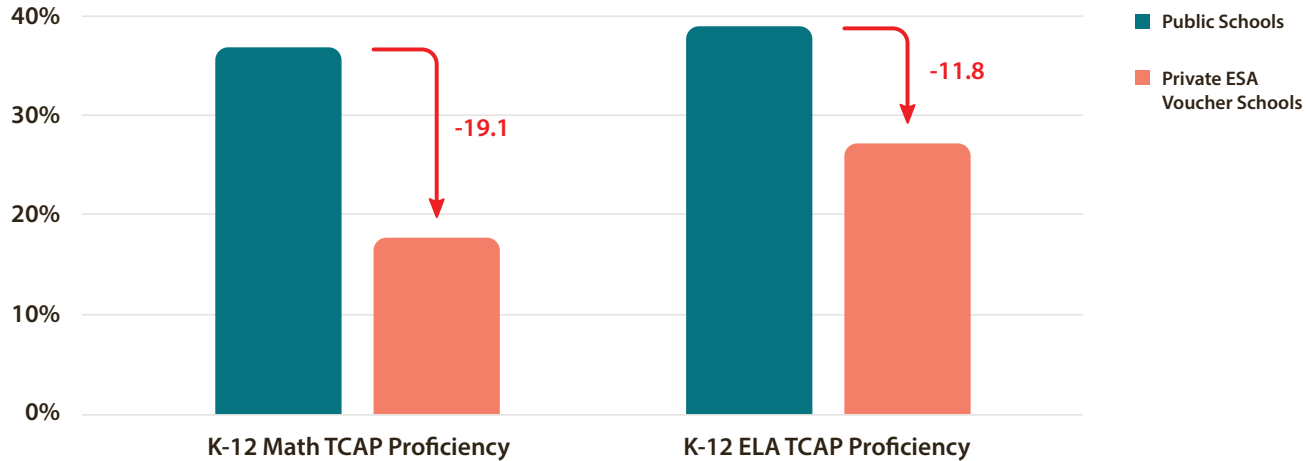
Education Savings Account Pilot Program (ESA) Started 2022–23 School Year		
Eligible Students (TDOE, 2024)	Eligible Private Schools (TDOE, 2024; TDOE)	Amount and Student Count (TDOE, 2024; TDOE, 2024)
<p>Household income is below double the eligibility for free lunch (\$78K for family of four in 24–25 school year).</p> <p>Zoned to attend Memphis-Shelby County, Metro Nashville, Hamilton County public school or enrolled in school in Achievement School District as of 5/24/19.</p> <p>Prior year ESA recipient, previously enrolled in TN public school, or eligible to enroll in TN public school for the first time.</p> <p>Parents consent to waive special education services under IDEA.</p>	<p>Approved Category I, II, or III private schools who apply to participate.</p> <p>There are 44 West TN, 39 Middle TN, and 22 East TN approved schools.</p> <p>Must comply with TCAP testing requirements.</p>	<p>\$9,070 in Davidson and Shelby County and \$8,944 in Hamilton County for 2023–24.</p> <p>2,088 students enrolled in 2023–24.</p>

Individualized Education Account Program (IEA) Started 2016–2017 School Year		
Eligible Students (TDOE, 2024)	Eligible Private Schools (TDOE, 2024; TDOE, 2024)	Amount and Student Count (TDOE, 2024)
<p>Has an IEP with specific disabilities (e.g. autism) when applying to the program.</p> <p>Prior year IEA recipient, previously enrolled in TN public school, or eligible to enroll in TN public school for the first time.</p> <p>Parents consent to waive special education services under IDEA.</p>	<p>Approved homeschooling or private schools who apply to participate.</p> <p>There are 48 currently approved schools.</p> <p>Must administer TCAP or approved national norm-referenced assessment.</p>	<p>Around \$7,000 per year depending on student needs (as of 2022).</p> <p>423 students enrolled in 2023–24.</p>

Does Tennessee’s ESA program improve student outcomes?

Overall, there is less data, reporting, and accountability for Tennessee’s voucher programs compared to what is required for public schools and districts. For example, private schools are not included on the State Report Card, will not receive A–F letter grades, and will not face potential hearings based on letter grade performance to the Tennessee State Board of Education (TDOE, 2024). Based on the available data below, **Tennessee students using current ESA vouchers perform below their public school counterparts.**

Figure 2: Tennessee’s ESA Voucher Program underperformed public schools by 15.5 points on average across Math and ELA in 2023–2024 (TDOE, 2024)



What do data and research indicate about vouchers overall?

Most research shows that vouchers do not improve academic outcomes.

While the research is mixed, **most recent national studies indicate that vouchers have mostly negative or insignificant impacts on academic outcomes** (Cowen, 2023). For example, research in Louisiana found that vouchers negatively impacted student learning, with test score losses almost double COVID-19 pandemic-driven learning loss, that persisted for years. These results are consistently negative or not significant across subjects (Abdulkadiroğlu et al., 2018; Erickson et al., 2021). Researchers in Indiana also found persistent negative effects on academic outcomes (Waddington & Berend, 2018; Barnum, 2023). Further, as voucher programs increase in size, they often have increasingly negative results (CEEP, 2022), which is concerning given the large size of Tennessee’s proposed program. Older studies prior to 2002 and smaller voucher programs limited to low-income students are more likely to have positive outcomes (Barnum, 2023).

Impacts on non-academic outcomes are mixed.

There are some positive impacts on non-academic outcomes like high school graduation, college enrollment, and parent satisfaction, but they vary widely (Cowen, 2023 & Barnum, 2023). The researchers note that some of these differences may be explained by factors like networking and differences in characteristics between families that utilize vouchers and those that do not (Cowen, 2022). For example, a meta-analysis of 15 studies found that **parents with higher socioeconomic status are most likely to take advantage of school choice** (Jheng et al., 2022).

Rural communities do not benefit from vouchers.

Private schools are largely located in larger and more urban communities. For example, **42% of rural Tennessee counties have no private schools** and 84% have three or fewer (Tennessean, 2024). As a result, rural students are half as likely to enroll in private schools than other students (NCES, 2023). Given the lack of private school options, it is unlikely rural communities would benefit from the proposed universal vouchers if passed.

Students with disabilities must waive civil rights to get vouchers.

Special education services are a guaranteed civil right for students with disabilities. Tennessee’s current voucher programs require parents to waive their rights to special education services under IDEA in order to participate. However, **a 2017 Government Accountability Office report found that 83% of school voucher participants were not informed of this change to their students’ rights or were provided inaccurate information** (GAO, 2017).

Vouchers can lead to runaway costs for taxpayers.

Researchers have also studied the financial impacts of vouchers, finding largely negative and unintended consequences. **Voucher programs incentivize private schools to raise their tuition to increase their profits and ultimately limit low-income families from utilizing vouchers** (Cowen, 2023 & Barnum, 2023). Additionally, universal programs, similar to the current Tennessee proposal, are projected to be very costly for taxpayers based on evidence from Arizona (Hager, 2024). Though some analysis suggests vouchers could be a cost-saving measure for state governments, this is only true when voucher programs cost less per pupil than public school (Lueken, n.d.). Tennessee’s proposed voucher program is not structured to have a lower

per-pupil cost than public school. This is because the voucher amount is tied to the public school funding formula's per-student base amount, and the voucher would be fully funded by the state, while public schools are partially funded by local dollars.

What do we know about Tennessee's new voucher proposal thus far?

This analysis is based on available information on HB0001/SB00001 as of January 6, 2025. We will update this resource and our legislative session bill tracker as information changes.

Figure 3: This universal and statewide voucher proposal substantially expands vouchers less than three years into the existing ESA voucher pilot.

<p>Eligible Students</p>	<p>2025–26 School Year (20,000 vouchers available):</p> <ul style="list-style-type: none"> • 10,000 vouchers available to students based on income (300% of free and reduced lunch, or \$173K/year or less for family of 4), who have a disability, or are eligible for the existing ESA program. • 10,000 available to any student <p>2026–27 School Year and Beyond (additional 5,000 vouchers per year allocated in the following order):</p> <ol style="list-style-type: none"> 1. Past recipients 2. Students eligible for free and reduced-price lunch based on family income (\$58K/year or less for a family of 4) 3. Students whose family incomes are 300% of free and reduced lunch eligibility or less (\$173K/year for family of 4) 4. Public school students or students eligible for public kindergarten 5. All other eligible students <p>Undocumented students are ineligible for the voucher program, and students must waive their rights to receive special education services under IDEA to participate</p>
<p>School Requirements</p>	<p>Private schools in categories 1–3 (more info on categories available at Sycamore Institute, 2024)</p> <p>No additional testing beyond what they are required to offer to operate; can opt to give students the TCAP</p>
<p>Amount and Student Count</p>	<p>Base student funding amount for Tennessee's public school funding formula, TISA: \$7,075 for the 2024–25 school year</p> <p>20,000 in the first year with increases of 5,000 additional vouchers per year, depending on demand for the program and state appropriations</p>

How might Tennessee be financially impacted by the voucher proposal?

The proposed voucher program would cost more and more each year.

The new voucher proposal would be an eight-fold increase in the number of students receiving vouchers in the first year of implementation. As of January 6, 2025, the expected cost of the proposed program is not available, but analysis from EdTrust-Tennessee estimates **the program could divert up to \$861.9M in public taxpayer funds to private savings accounts in the first five years alone.** We calculated this cost based on the per-student voucher cost and utilized assumptions made in the fiscal notes for the voucher bills from the 2024 legislative session.

It is important to note that this **conservative estimate does not include all of the bill's proposed costs**, including one-time bonuses for public school teachers and the hold harmless provision. This provision would **compensate public school districts who experience enrollment drops because students leave for private school, representing an additional cost to taxpayers.** The costs and mechanisms of this provision are not clear in the proposed bill.

States that have implemented universal voucher programs have seen the cost to implement the program dramatically increase beyond initial projections. In Arizona, higher than expected uptake of the program, including by wealthier families, have led to **much higher costs than anticipated** ([AZ Governor, 2023](#)). When the program was first proposed, the fiscal projection for fiscal year 2024 was \$65 million, but the state ultimately faced costs of \$738 million for that year ([SOS AZ, 2023](#); [ADE, 2024](#)).

Vouchers would drain funds that could have been used to strengthen public education.

Figure 4: What could \$861.9 million buy for Tennessee's public education system? ([NEA, 2024](#), [ECS, 2022](#))



15,567
annual teacher salaries



574,624
annual students tutored by TN ALL CORPS

Vouchers would create new costs for the state that could become unsustainable over time.

Tennessee's proposed voucher program is designed to expand to meet demand, regardless of student income status and whether students have previously attended public school. Other states with universal voucher programs, like Arkansas, have seen student uptake come primarily from students not previously enrolled in public school. In the 2023–24 school year, **82% of participants in Arkansas were not previously enrolled in public school** ([ADE, 2024](#)). These students represent a new cost for the state, which was not providing funding for them before universal vouchers.

The proposed voucher program is structured differently than the way Tennessee currently funds public schools. Under the Tennessee Investment in Student Achievement, our state funding formula, educational costs for public school students are shared between the state and local governments. The proposed voucher would be fully covered by the state of Tennessee. As a result, **51% of public school students would receive less per-student funding in state dollars than voucher recipients.**

Vouchers mostly benefit wealthy families in urban areas who may already be able to afford private school.

Voucher program uptake tends to be concentrated in urban communities, because most rural communities lack access to private schools. In addition to primarily serving urban students and students who were already accessing private school, voucher programs in other states **disproportionately benefit wealthy students**. Analysis of Arizona’s program indicates uptake of the voucher is highly correlated with income, with wealthier students making up a disproportionate share and students living in poverty the least served ([Klinenberg et al., 2024](#)).

Part of the reason these programs disproportionately benefit wealthy students is that the voucher does not cover the entire cost of private school tuition, and families must make up the difference. In Tennessee, private schools cost \$11,649 per student on average, which is \$4,574 more than the value of the voucher, and likely **not enough funding to expand access to students from low-income backgrounds** ([Private School Review, 2024](#)).

Key questions to ask decision-makers and legislators

Accountability & Transparency

- What are the goals of the voucher program? What do we hope to accomplish for students? How will the State define success for this program? Would there be a program evaluation component?
- What assessments, data reporting, and accountability outcomes for the new voucher proposal would be made available to families and the public? How would it compare to the requirements and practices of the existing ESA programs?

Funding & Fiscal Impact

- What are the funding sources for the recurring universal statewide voucher proposal? How would funding be scaled and sustained?
- Would private schools be required to adjust tuition to accept the voucher as payment in full? If not, how would Tennessee ensure that students from low-income backgrounds can afford to attend a private school given the average private school tuition is \$11,649?
- The research above noted that some private schools increase tuition in response to voucher programs. How would Tennessee prevent participating private schools from increasing amounts and/or charging new, additional student fees?
- How would the hold-harmless funding provisions for districts that experience enrollment drops be implemented? How would they interact with other hold-harmless provisions that are part of TISA, Tennessee’s school funding formula?
- What are the plans to monitor and report on any potential fraud and waste? What consequences would be implemented if fraud is found?
- What percentage of the voucher allocations will go towards administrative overhead costs to for-profit systems to transfer funding from the state to the schools or participating vendors?

Student & Family Impact

- The voucher legislation requires parents to waive special education services under IDEA to participate. How would parents be made aware that they must waive their rights to participate in the voucher program?
- The proposed voucher program does not include protections against discrimination in the admissions process. Would there be due process if a school conducts discriminatory or unethical practices against students, including during the admission process and beyond?

Where can I learn more?

- [Voucher Advocacy Toolkit](#), EdTrust, 2024
- [The Education Freedom Scholarship Act and Private Schools in Tennessee](#), The Sycamore Institute, 2024
- [Unpacking Tennessee's Education Savings Account/Voucher Program](#), Nashville Public Education Foundation, 2024
- [What We Know about the Impact of School Vouchers](#), Nashville Public Education Foundation, 2024
- [Do school vouchers work? Here's what research really says](#), Chalkbeat, 2023
- [School Vouchers: Myth vs. Fact](#), Georgia Budget & Policy Institute, 2021
- [The Impacts of Universal ESA Vouchers: Arizona's Cautionary Tale](#), SOS Arizona Network, 2023

Have questions? Let us help find the answers. Email jmillsmcferron@edtrust.org for more information.