

The Truth about Arizona's ESA Voucher Program

New performance data, spending reports, and expansion problems surface every month on Arizona's voucher system, with no end in sight. With limited oversight, transparency, and accountability for taxpayer dollars, there is no reason for those who use the program to worry about consequences for inappropriate use. It will continue to grow until significant regulations are put into place.

How did Arizona get here? I thought Arizona voters and the courts rejected universal vouchers multiple times? How did the legislature push the program through without support from the public? What are the forecasts for its stability and impact on the Arizona economy? Does the program cost more per-student than public education? These are important questions that must be addressed.

The political forces in Arizona, and around the nation, have gathered their own versions of the value of universal vouchers and stand behind their incorrect data, even when corrected. Several groups have gathered and shared info about the data surrounding Empowerment Scholarship Accounts (ESA), or vouchers, from the Governor's Office to GCI, ASA, SOS, ASBA, AEA, LPI, and many local and national reporters and news outlets. This report will be a summation of the most important pieces of their work to try and understand what is currently happening in Arizona; this document will answer 10 important questions about the 2024 Arizona's ESA voucher program.

1. Q: Is the premise of the voucher program about parental "school choice?"

A: Yes and no. If a parent is choosing to home-school then yes. According to Superintendent Horne, "the parents are trusted" to use the dollars for educational purposes with limited oversight and accountability for the student's academic progress or what the dollars are spent on. If a parent utilizes the dollars for a child to attend private school, then the students and parents are subject to the rules of that school. Private Schools reject children for religious, physical, behavioral, special needs, and/or racial preferences, without consequences. We have learned over time that the current voucher system for private school education has turned into ""it's the "school's choice," not "school choice" for the parent.""

2. Q: Did the original premise of the program stem from the AZ Legislature's desire to "help the most-needy students?"

A: Yes, that was one of the foundational principles of the legislature's argument. The program was sold to Arizona as helping the underprivileged and those students who were "locked into bad schools" in urban and rural settings. The opposite occurred. Over 70% of the end users are from wealthier zip codes located in suburban Maricopa and Pima Counties. The Deer Valley Unified School District (DVUSD) is one the most heavily-used ESA voucher zones and yet DVUSD continues to hold steady as one of the top K-12 public school districts in all of Arizona.

3. Q: Is the ESA voucher program taking money from the public school system?

A: Yes. If over 70% of the current-user students were not enrolled in public or charter schools last year, this will be a new expense for the state budget, reducing the number of dollars available in the General Fund for public schools and other state services. The state's General Fund is designed to fund bridges, roads, health services, police, fire, public schools, etc. Therefore, the ESA voucher expansion is draining funds from these priorities. The current ESA voucher program was nothing more than a transfer

of taxpayer dollars to the wealthy – i.e. #WelfareForTheWealthy. By 2024/2025 the cost of vouchers are expected to surpass \$1 billion for only 8% of the student population, who previously did not attend public schools. Over 92% of Arizona’s families chose public schools for their one million students. Less dollars in the General Fund means less funding for public schools, who unfortunately are currently ranked 49th in the nation for state funding.

4. Q: Are the majority of the current voucher recipients enrolled in private or home-schools environments? Do a majority of the voucher recipients currently live in wealthy neighborhoods with access to solid public schools?

A: Yes and Yes. 70% of the current voucher users today were previously enrolled in private schools or home schooled in the wealthiest parts of the state. The top three school district areas who have the largest number of ESA voucher users are: Paradise Valley, Scottsdale, and Deer Valley. The Grand Canyon Institute reported 45% of the ESA users come from the wealthiest one-quarter of zip codes in the state and only 32% of the applicants come from families with a median income of less than \$60,000.

5. Q: Do voucher users lose access to their educational special education and Federal educational rights protections?

A: Yes. When parents accept the Arizona ESA voucher, they must sign away their Federal protections. State statute doesn’t require any educational institution that accepts Arizona’s vouchers to “alter its creed, practices, admissions policy, or curriculum.” This environment is a license to discriminate without consequence. If public schools take public dollars they are subject to all Federal and State educational statutes and laws regarding discrimination, admission, and curricula.

6. Q: Does the voucher program cost more per student today than public education?

A: Yes. The average cost of an ESA voucher is \$9,800 because of the ability to secure more dollars for “special” cases or circumstances. Some special needs students vouchers have the ability to easily exceed \$40,000. The average allotment per student for public schools in Arizona is \$7,000. Educating students individually is more expensive than combining multiple students together in a classroom environment, hence the invention of public education. Because of Arizona’s lower-than-average state taxes, the average taxpayer in Arizona pays \$3,000 dollars into the state’s General Fund and 43% is allocated to public schools; this number equals \$1,300. The vouchers cost a minimum of \$7,000. Therefore, the current scenario in Arizona has the “public” paying for the private/home school tuition for 70% of the voucher users. And to make matters worse, the ESA voucher users are granted more dollars-per-student than public schools - \$424 more for elementary and \$520 more for high school age, since vouchers are based off of 90% of the charter school funding, which is greater than public schools receive per student.

7. Q: Are there requirements for state testing on academic performance, safety of students, fingerprinting, or accounting transparency for those who use state tax voucher dollars for educational purposes?

A: No. There are no academic or student-safety requirements or accountability for academic performance with vouchers. Those who collect the voucher do not have to be certified to work with students, demonstrate an ability to teach state standards, or be finger-printed for interaction with

students as required by public schools. Arizona has the lowest standards for those who use voucher dollars of any state in the Union. There are no requirements for licensing, accreditation, or serving special needs students. Public schools have multiple state academic tests, reports, audits, and agencies providing oversight over every dollar that is spent, every certification, and multiple safety parameters. Public schools require locally elected school boards to monitor every state dollar that is spent. Vouchers have limited oversight as witnessed in February of 2024 when four Department of Education employees created 17 fictional students, added “special needs” labels to these students, then siphoned over \$600,000 from the state coffers before a credit union notified the Attorney General of suspiciously large amounts of cash withdrawals. The lack of oversight by the Arizona Department of Education (DOE) has multiplied the opportunity to falsify documents to acquire public dollars quite easily.

8. Q: Isn't Arizona public school districts already one of the lowest funded in the nation and this program could bankrupt the state if not reigned it?

A: Yes and yes. Most studies place Arizona between 47th and 49th in the nation in state financial support for public education. Since the ESA voucher program has little oversight and transparency, the program is growing at over 500 students a week costing an additional \$5 million a week/\$20 million a month. Again, a large majority of these students were never enrolled in public school, therefore this is an additional cost to the state's General Fund that were not accounted for last year, or the previous year. The ESA voucher cost is suspected to balloon to over \$1 billion in 2024.

9. Q: How robust are the guidelines for voucher recipients to purchase school-related items?

A: There are limited guardrails for purchases. The parent must tie the expenses to any “curriculum” product, but not necessarily the Arizona state standards that public schools are required to follow. If the parent can justify the expense as “educationally related,” it is approved. Currently, purchases from Arizona Department of Education (ADE) are approved by the hundreds of thousands a month, and a majority without receipts, which would bring down the wrath from the state Auditor General on a public school district that perpetuated these transgressions. Some examples of egregious purposes include ski-lift passes, trampolines, personal karate lessons, golf equipment, sport coaches, summer camps, waterpark tickets, and horseback riding lessons for “physical education,” trips to aquariums, whale watching excursions, greenhouse materials, hydroponic growing equipment, and kitchen appliances for “science,” and pianos, guitars, and private lessons for “music” education. Public school parents have to pay for these types of purchases out of their own pocket.

The Superintendent of Education for Arizona, Tom Horne, explained the lack of accountability in this way, the Arizona public must just “trust the parents.” In a public school district, any vendor, tutor, curriculum, or equipment purchases must be approved by a supervisor and locally-elected Governing Board members that are accountable to the state's educational standards through procurement requirements and statewide academic testing for results of those purchases. None of the standard purchasing and academic standards monitoring are placed upon the ESA voucher program. There are no standard requirements, accountability, or transparency given to the Arizona tax payer for these dollars, ADE just “trusts the parents.”

10. Q: Is there a mechanism to return unused voucher dollars?

A: No. Vendors, tutors, home schools, micro-schools, and voucher recipients are not required to return any unused dollars, even if they re-enroll their students back into public school. ADE does not audit the use of the dollars or follow-up with the recipient on unused dollars, it is a “blank check” to the end-user with no requirements for accountability. ADE is legally required by the legislature to “administer and monitor” the program as they see fit. State Superintendent Horne is not monitoring the program with the same scrutiny and accountability he requires for public schools, nor does he intend to do so in the future. Again, Mr. Horne has stated publically many times that Arizona taxpayers just need to “trust the parents.”

The current ESA voucher program in Arizona is out of control with no end in sight. The voters of Arizona rejected the concept at the ballot box, but the legislature pushed it through in 2022 by one vote in the House and one vote in the Senate. The Representative who cast the deciding vote, Representative Joel Johnson, has publically stated that if he could vote all over again, he would vote “no.” The original premise to help underprivileged students in “bad schools” and the program has been allowed to run amok – today, Arizona ESA vouchers are nothing more than #WelfareForTheWealthy at the expense of the Arizona taxpayer.

If the legislature, or the Arizona Department of Education, does not reign in the out-of-control spending without accountability, regulation, purchasing requirements, or transparency, the program will bankrupt the state of Arizona – in 2024 the bill for the program will be pushing one billion dollars. Without regulation for student safety, performance standards, academic requirements, or non-partisan oversight, the one million public school students of Arizona will suffer. ESA voucher dollars are public taxpayer monies that should require the same oversight every public institution in Arizona must follow to educate Arizona’s students.

Without more stringent standards, the learning performance of voucher students in this state will decline, all students will suffer negative educational growth with reduced resources, and our other state services found in the state’s General Fund budget such as fire, police, transportation, roads, and bridges will dwindle. The economic pie is only so big. The ESA voucher program will exponentially grow, especially without regulation, standards, or oversight. Once rules for these tax dollars are properly in place, only those who need it will use it, or have to deal with the scrutiny of producing results. Without accountability, the voucher program is guaranteed to encourage abuse, misuse, and will explode exponentially. Arizona is at a cross-roads with some tough choices that have to be made sooner than later. It is time for the Arizona legislature to provide direction and regulation to the ESA voucher program or watch our state slowly decline. It is apparent the Arizona Department of Education doesn’t want any regulation on the voucher program. More and more stories like the \$600,000 “fake student” plan will continue to occur until more oversight is put into place.