



# Return on Education

A Series of Briefs about K-12 Funding Issues

## Empowerment Scholarship Account Voucher Expansion Growing Public Subsidies for Private Schools

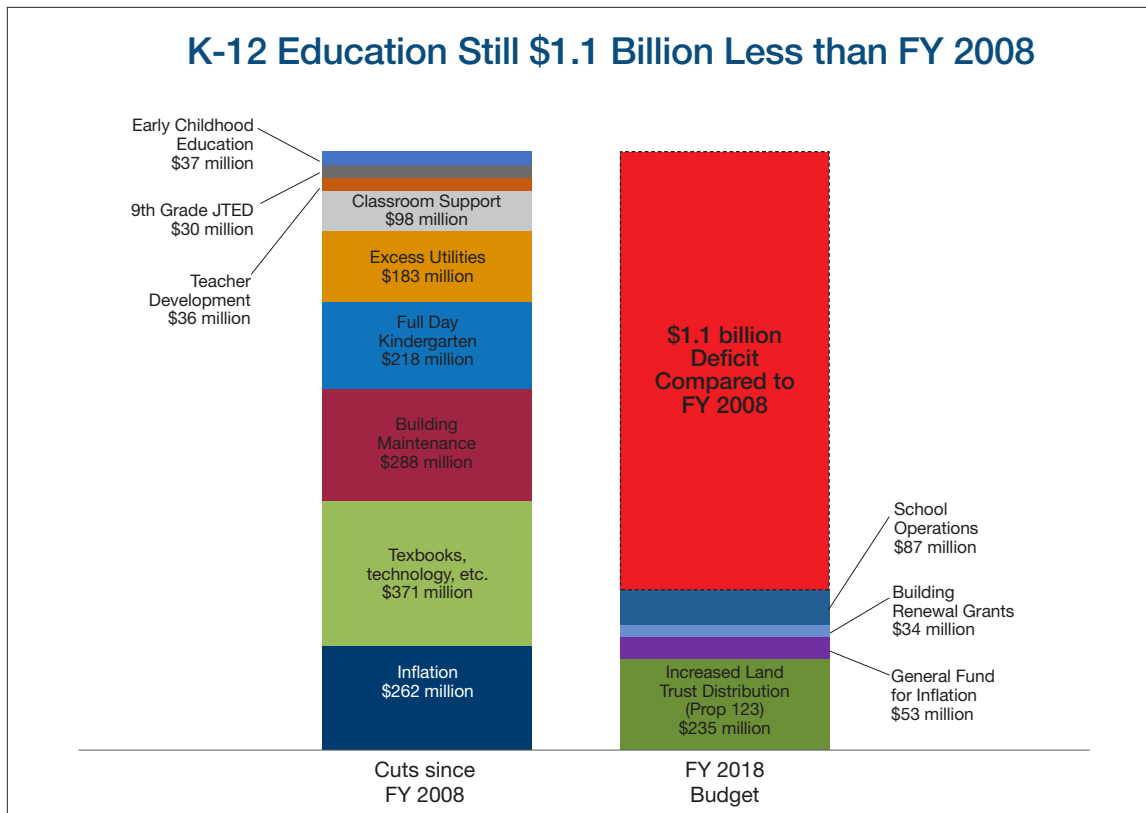
Empowerment Scholarship Accounts (ESAs) are vouchers that divert taxpayer dollars out of public schools into private and religious schools. The Arizona legislature first created ESA vouchers in 2011 to expand educational options for students with special needs. Since then, the legislature has continued to add new categories of eligible children and the newest law expands ESA vouchers to every student in Arizona. The number of new vouchers is allowed to grow by 25,000 over six years.

Our American Dream rests on the foundation of a public education system that builds opportunity for all. ESA vouchers step back from that American tradition by harming the public schools that are the top choice for parents. They use public tax dollars for private schools that can turn away any child for any reason—learning style, religion, academic level, special needs, and family circumstances.



### ESA Voucher Funding Neglects Public School Students

Parents and business leaders across Arizona have been calling for reinvestments in public schools (see [2017 Arizona Leaders in Business Survey – Alliance Bank of Arizona](#); [2016 Arizona Republic/Morrison/Cronkite News poll](#)). While Governor Ducey and many lawmakers say we can't afford to strengthen public education, they have made private schools a high priority, dramatically growing the amount of tax dollars that are diverted away from public schools. The public dollars going to private schools through tax credits and ESA vouchers has grown from \$14 million in 1998 to a projected \$253 million in fiscal year 2018 (Joint Legislative Budget Committee). The ESA voucher expansion comes at the same time lawmakers have left public school students with a \$1 billion annual deficit, a growing teacher shortage crisis, outdated textbooks and technology, and unsafe and unusable school facilities.



## ▶ Universal Vouchers Give Taxpayers No Accountability

There is no requirement for private schools to publicly report test scores, graduation rates, student retention, or any academic outcomes for ESA students—so taxpayers get no accountability for our public dollars. Neither taxpayers nor lawmakers get a financial audit from the private schools using tax dollars so we have no information about how the dollars are spent.

“ [The Arizona ESA program] lost points because it contains no academic transparency or accountability.

– 2016/2017 Private School Choice Ranking, American Federation for Children and AFC Growth Fund.

## ▶ ESA Vouchers Remain Vulnerable to Misspending

ESAs give debit cards to participating parents loaded with state tax dollars. A 2016 audit from the Arizona Auditor General concluded that the Department of Education needed to “improve internal controls to reduce the risk of loss or misuse of program monies.” For example, 150 children remained in the program even after their parents attempted to misspend the funds. The Department had recovered only a small portion of misspent monies they had discovered (see Report No. 16-107, Arizona Auditor General, June 2016).

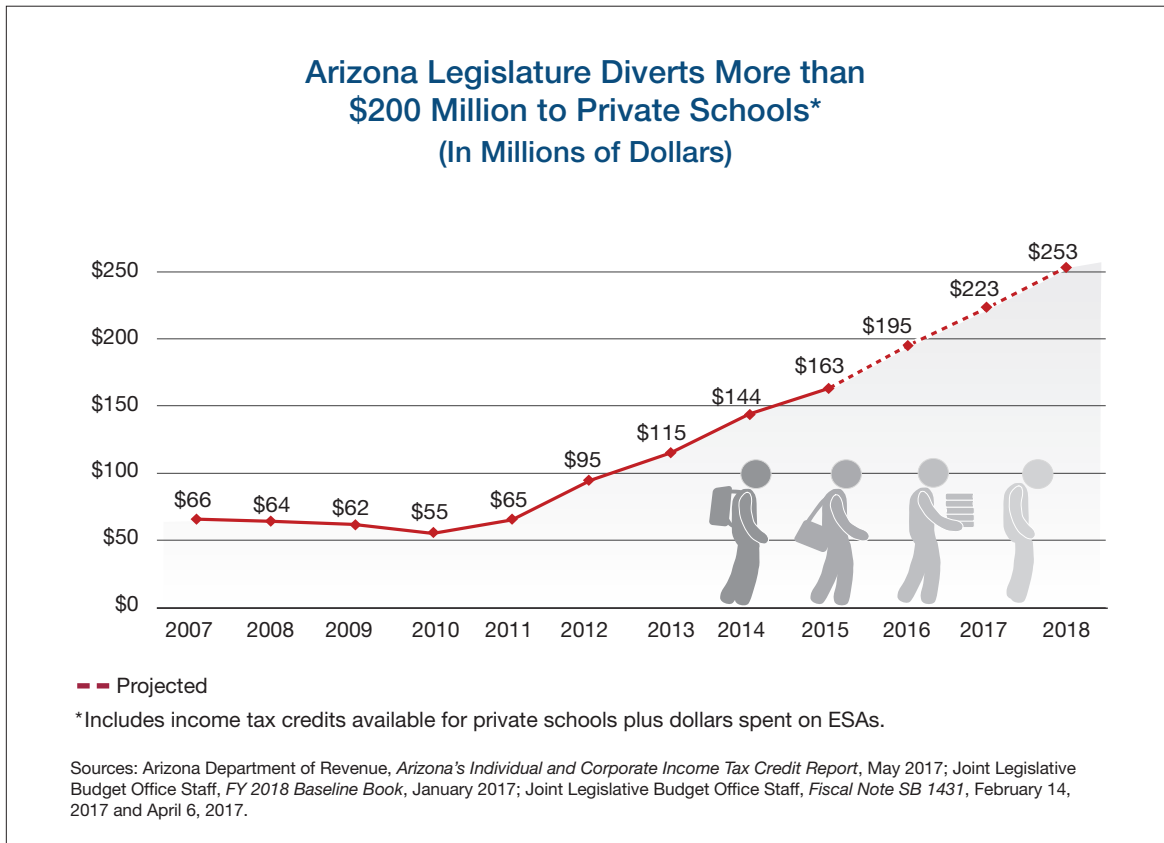
“ The Arizona Department of Education “program data has been inaccurate and incomplete, hindering its ability to use this data to help manage the Program and accurately report on program results.”

– Performance Audit of Empowerment Scholarship Accounts, Arizona Auditor General, June 2016, Report No. 16-107.

## Universal Vouchers Now Cost the State More

The more the state pays for each private school student, the more resources are depleted for public schools.

- Private schools can get voucher subsidies for students from age 4 through age 22; public school students only receive funding from age 5 to 18 (up to age 22 for students with special needs). Taxpayers might pay for two years of kindergarten in private schools, but are limited to one year of kindergarten in public schools.
- Private school students get a voucher amount that is based on the school funding formula in state law. Governor Ducey and the legislature have cut that amount for district schools by an average of \$378 per student, while private school students continue to get the larger amount.
- There are 31 school districts that have a high property tax base and pay for public schools with local property taxes only. The state cost for a student in these districts goes from zero to more than \$5,000 if they move from a district school to a voucher.
- The richest families in our state who plan to send their children to private school from kindergarten through high school, can now get subsidies from our tax dollars every year.



## Voucher Expansion Favors Students in Well-Off Families in Metropolitan Areas

- Most rural areas of Arizona have no private schools; the ESA vouchers are designed for metropolitan areas around Phoenix and Tucson.
- The ESA vouchers have no means testing so they can subsidize private schools for students at any income level.
- Many low income students will be unable to use the vouchers because their parents can't afford transportation, uniforms, books and fees, and tuition costs above the voucher amount. High income students are the primary users of ESA vouchers today.
- The voucher expansion gives no priority to students with special needs.



School choice policies lead to worsening inequities within the educational system as a whole, drain resources from neighborhood schools, do not produce better results in general, increase segregation and often leave local public schools with fewer funds to educate students with the highest needs.

– *Valuing Public Education: A 50 State Report Card, The Network for Public Education, 2016.*

## The Future Under Voucher Expansion

The vouchers use public tax dollars for private schools that can turn away any child for any reason—learning style, religion, academic level, special needs, and family circumstances.

As this phases in, private and religious schools will be able to get tax subsidies for every student through tax credit scholarships or ESA vouchers.



**CHILDREN'S  
ACTION  
ALLIANCE**

*Children's Action Alliance is an independent voice for Arizona children at the state capitol*

*and in the community. CAA works to improve children's health, education, and security through information and action.*

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