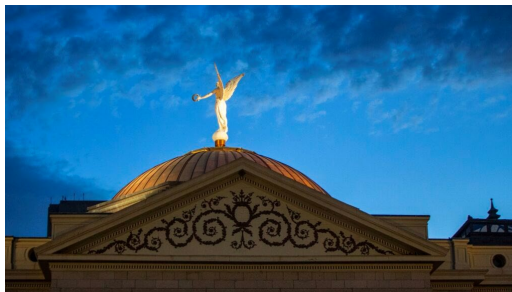




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Arizona: The Cautionary Tale of Universal Vouchers



Who We Are

We are a nonpartisan, community-based organization fighting for strong public schools for a stronger Arizona.

Funded by private family foundation, grants, and local grassroots members.

sosaznetwork.org



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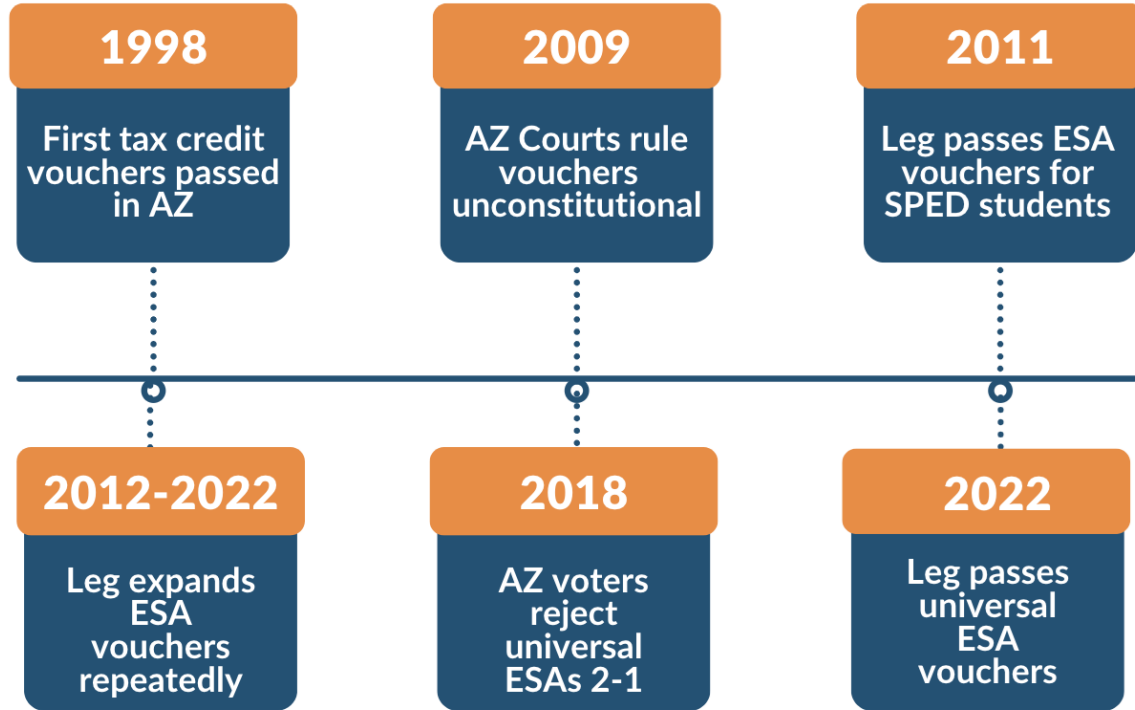


Arizona K-12 Landscape

- **Enrollment:** 1 million public school students attend ~3000 district/charter schools
- **Type of Schooling:** 72% district schools, 20% charter schools, 8% private and homeschool
- **Districts:** 224 school districts, all with locally elected, nonpartisan school boards
- **Budget:** State budgets ~\$6,500 basic aid per student, local taxpayers foot \$4000 more (50th in US/DC)

Sources: Arizona Dept. of Education (2022), County Superintendents, Ed Law Center (2023)

AZ: The Voucher Petri Dish



Sources: Arizona Legislative Information System (1998-2022), AZ Department of Revenue (1998-2022)

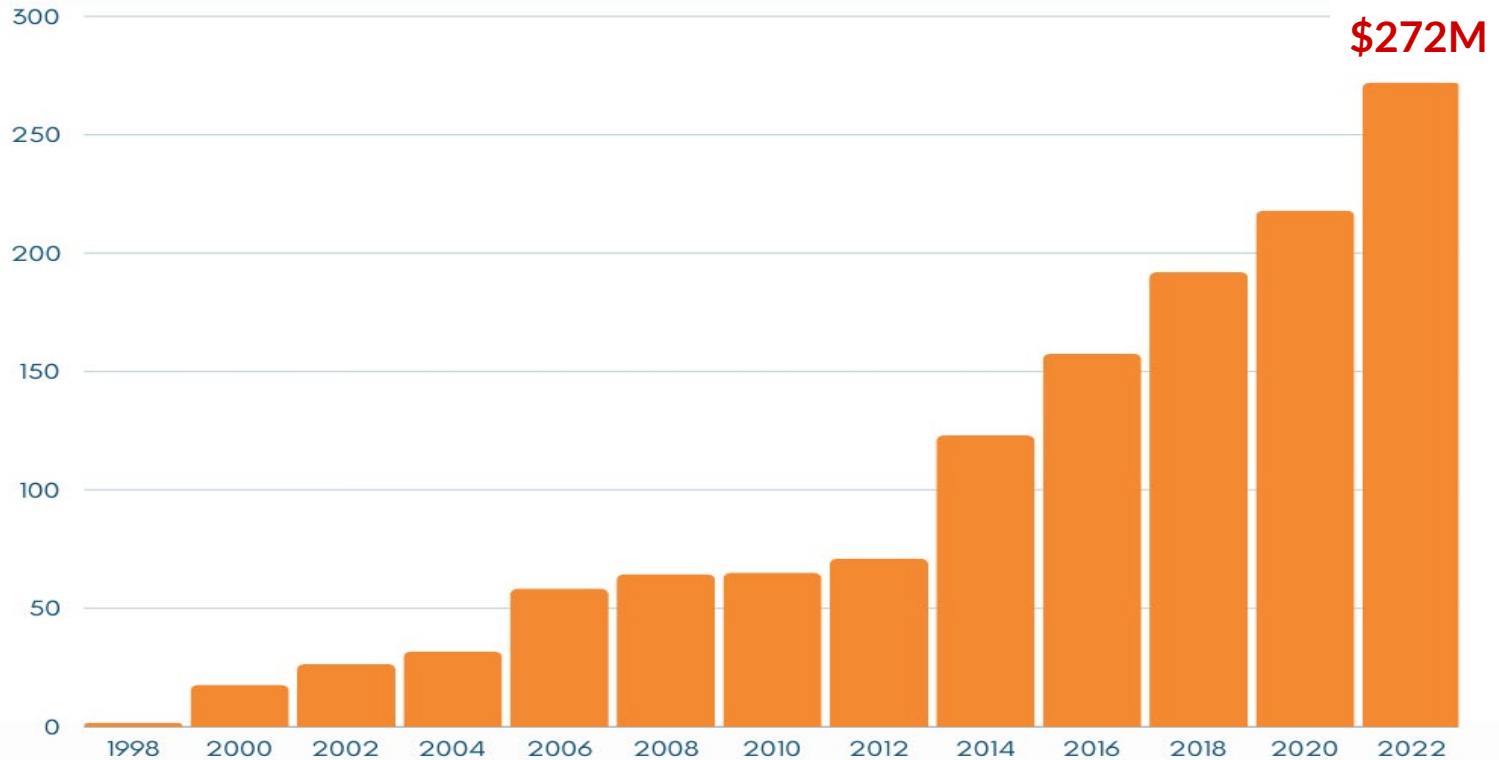
AZ's Tax Credit Scholarships - "STO Vouchers"

- AZ first passed a tax credit scholarship in 1998
- Tax credits are processed by School Tuition Organizations (STOs), which take a 10% fee
- Taxpayers receive dollar-for-dollar tax credits for their donations
- Students can "stack" scholarships to pay for private school tuition and fees – no transparency as to how much students receive

Sources: AZ Department of Revenue (2022)



Massive Costs of STO Vouchers



Source: Arizona Department of Revenue (2022)

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Impacts of STO Vouchers

- Total Cost: **\$2.6 billion** over the past 25 years
- Cost Growth: \$64 million program when first passed – will topple **\$300 million** this year
- Original 1998 program was expanded 3 times (Low Income Corporate 2007, Disabled/Displaced 2009, Switcher 2013)
- Nearly half of STO funding is now corporate tax credits

Sources: AZ Department of Revenue (2022)



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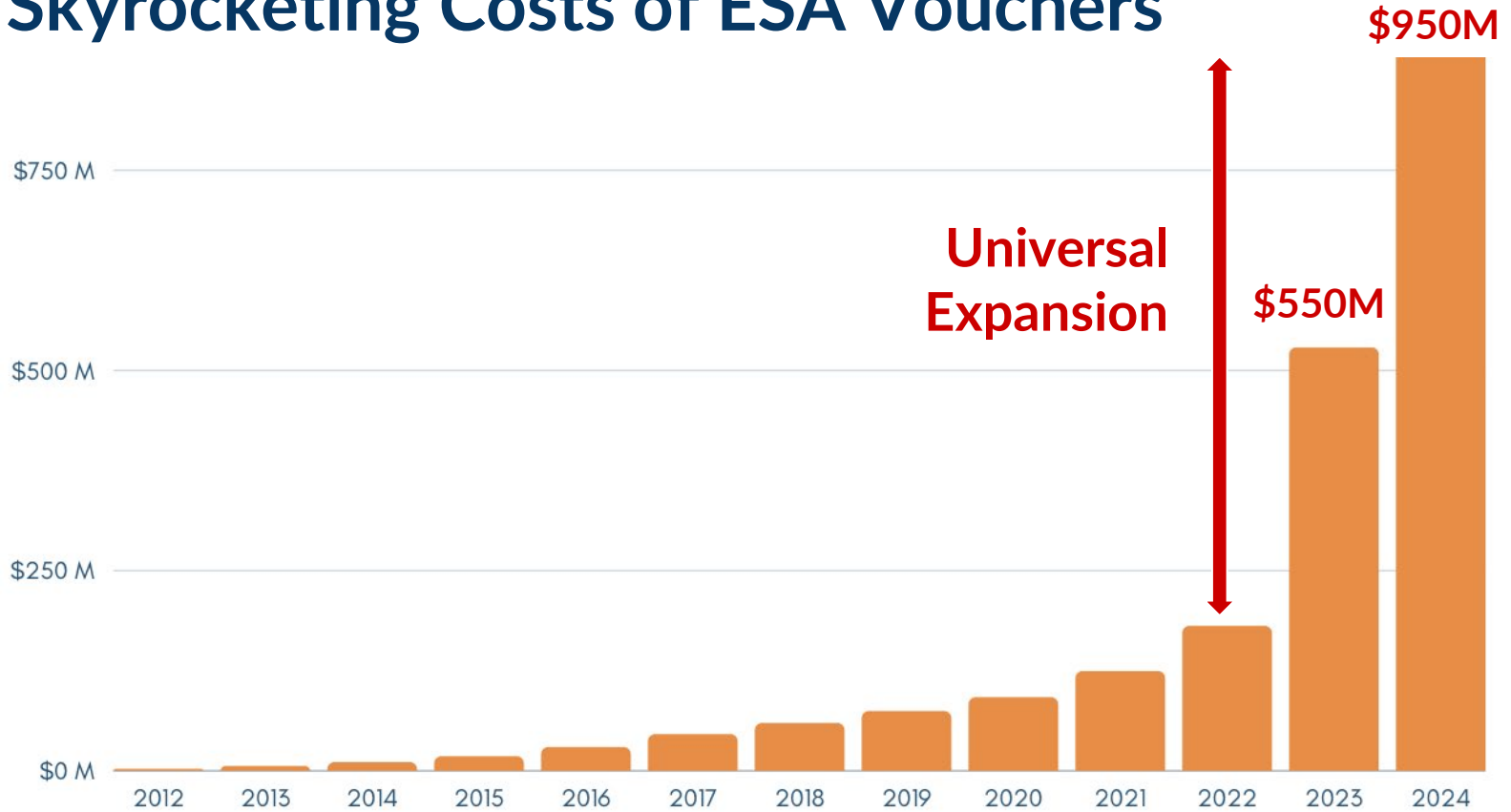
AZ's Universal ESA Voucher Fiasco

- Arizona's ESAs = "Empowerment Scholarship Accounts"
- Public, taxpayer dollars used for **private school, microschool & homeschool** expenses – anything loosely deemed "educational"
- The law implemented **zero** accountability, **zero** transparency, **zero** safety measures
- Vouchers are wide open for fraud & abuse

Sources: Arizona Revised Statutes (2022)



Skyrocketing Costs of ESA Vouchers

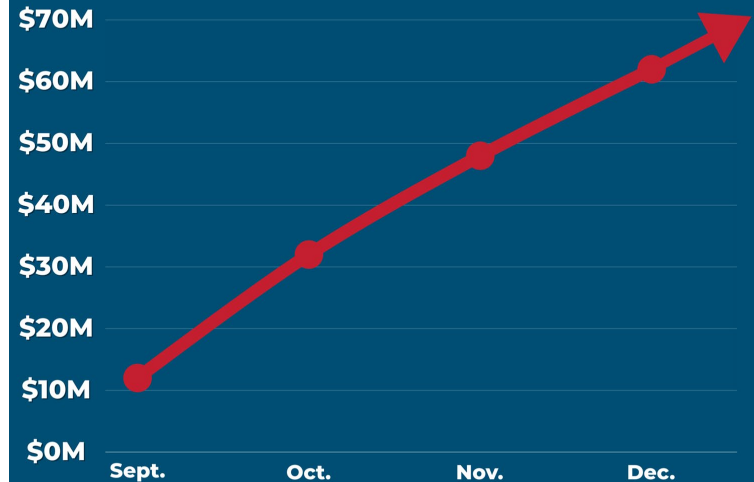


Sources: Arizona Department of Education (2022) & Joint Legislative Budget Committee (2022)

Budget Impacts of Universal Vouchers

- Estimated vs. actual cost
1st year: **\$33M** vs. **\$550M**
- Estimated vs. projected cost
2nd year: **\$65M** vs. **\$950M**
- Voucher spending is projected to cost **\$200-300M over budget** this year

Unbudgeted ESA Voucher Costs Increasing Rapidly



Sources: Grand Canyon Institute (2022), AZ Dept of Education (2022)

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Budget Deficit

- Arizona is facing a **\$400M budget shortfall** due to flat tax enactment and universal vouchers
- Over **\$400M in new dollars** being drained by universal vouchers
- Cannot afford to prop up a new school system at a time when budgets are being squeezed
- Vouchers are breaking the budget



AZ's ESA Voucher Grift

- **75%** of universal ESA applications were already private school students or homeschoolers – creating an ***entirely new cost to the state***
- Vast majority are going to more affluent families in higher-income zip codes
- ESA vouchers do NOT benefit rural students – but DO defund rural schools

Sources: Grand Canyon Institute (2022), AZ Dept of Education (2022)



An infographic with a pink header containing the SOS ARIZONA logo and the text 'DID YOU KNOW?'. The main body is white with blue text stating: 'Private school vouchers will divert an average of \$300,000 from every AZ public school next year.' A dark blue box at the bottom contains the source: 'Source: AZ Department of Education'.

AZ's Vouchers Lack Accountability

- **Zero** requirements for accreditation or state approvals
- **Zero** curriculum standards
- **Zero** requirements for certified teachers
- **Zero** background checks or safety standards
- **Zero** requirements for academic accountability
- **Zero** requirements for hours/days of school
- **Zero** graduation requirements

Source: Arizona Revised Statutes - ARS 15-2402 (2023)



Meanwhile...

- Per-pupil funding is **49th** in the US
- AZ's per-capita budget is **48th** in the US – and shrinking
- **2nd most crowded** class sizes in the US
- AZ's teacher salaries rank in the **bottom 5** across the US
- Teacher retention crisis is growing daily
- Student-to-counselor ratio is **2nd worst** in US
- School facilities are **\$3B in arrears** since 2000

The Dismal Reality of Vouchers

- Hurts rural & low-income families who rely on public schools
- 50% of ESA funding going to 10% of districts (suburban, well off)
- Doesn't help the students it was intended to help, including special needs students
- No accountability
- Creates a two-tiered system of haves and have-nots



Consequences of Vouchers

- **Grift:** strip mall private schools, unaccredited microschools, voucher processing companies, fly-by-night operators, voucher middlemen
- **Charters converting to private schools:** less transparency and accountability
- **Price increases:** Private schools raising tuition, pricing out low-income families
- **Dramatic public school impacts:** Public school closures, teacher layoffs, 4-day school weeks, teacher/staff reduction, etc.

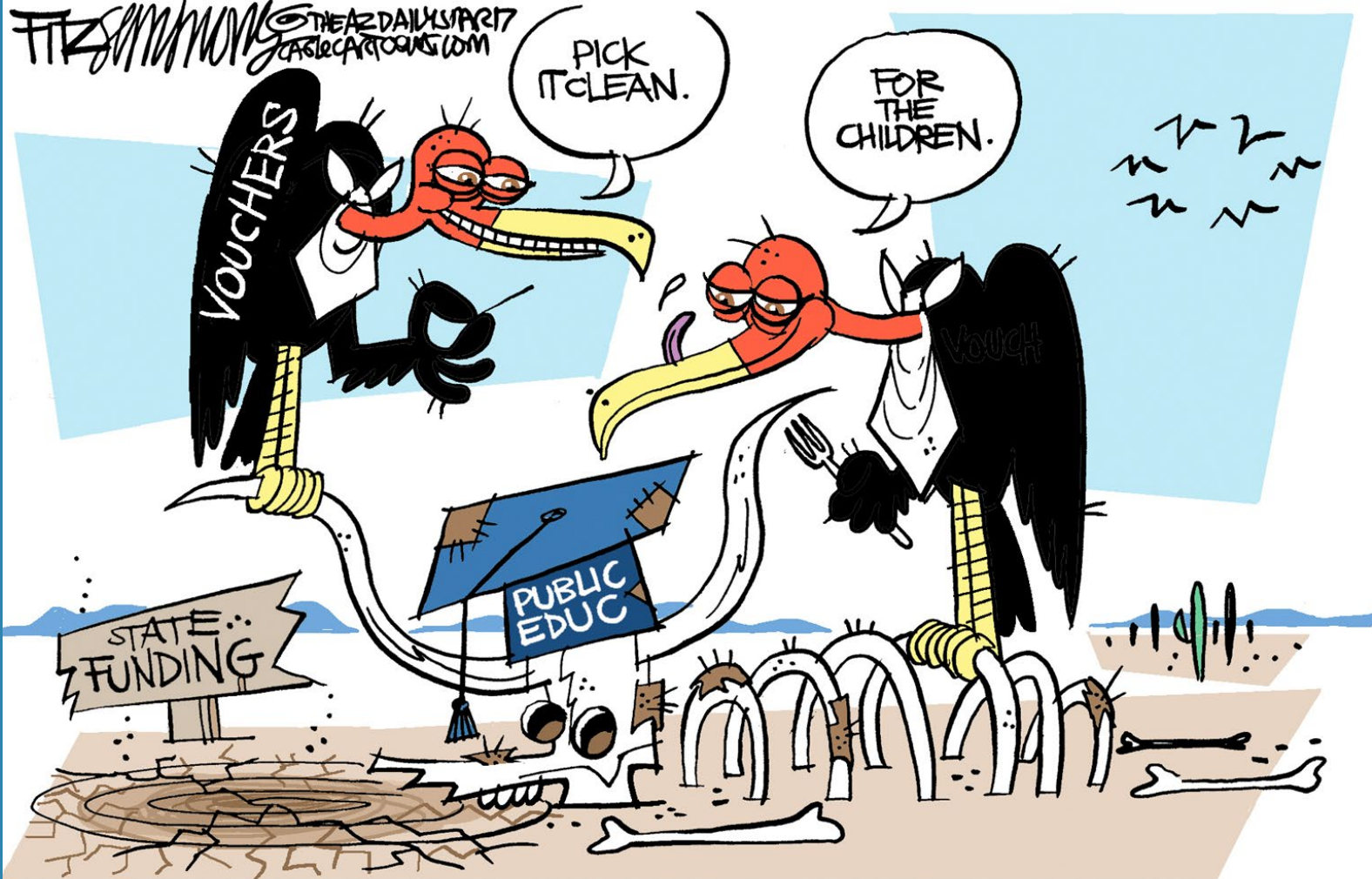




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How Did We Get Here? The Privatization Playbook



FINISHING THE JOB

The Privatization Playbook

Agenda: **Discredit, defund & dismantle** public education

- Defund public schools
- Outside “reforms” failing public education & testing
- Point to “failing public schools”
- Force in vouchers under the guise of “choice” & “parental rights”
- Incrementally expand vouchers at all costs
- Dismantle the public education system, state by state

All by design...



Defunded States = Voucher Targets

Majority of states with the **lowest per-pupil funding** in the US have faced massive voucher expansions

It's all by design...

Missouri	\$13,146	-\$2,300	39
Texas	\$12,649	-\$2,798	40
Alabama	\$12,101	-\$3,345	41
Arkansas	\$12,065	-\$3,381	42
Oklahoma	\$11,678	-\$3,769	43
Florida	\$11,509	-\$3,937	44
Tennessee	\$11,430	-\$4,016	45
Mississippi	\$11,348	-\$4,099	46
Nevada	\$11,076	-\$4,370	47
North Carolina	\$10,791	-\$4,655	48
Idaho	\$10,751	-\$4,695	49
Utah	\$10,377	-\$5,069	50
Arizona	\$10,244	-\$5,202	51

Source: Education Law Center, "Making the Grade" Report (2023)

Deciding Voucher Vote in Arizona

“To be frank, I have regretted it ever since.” – former Rep. Joel John (R-25) regarding his 2022 vote to expand ESA vouchers universally

“It was such bad policy, I was embarrassed I supported it.

John is now calling for the repeal or reform of the policy he was strong-armed into supporting, saying ***“I’d like to see the legislature roll it back and reconsider the soundness of this policy, for sure.”***



Moving Forward

- Once vouchers are introduced in a state, there is no stopping, no compromise
- The goal is the full scale privatization of education and dismantling of public education
- Never a better time to stand strong and unite around local public schools
- Voucher lobbying orgs will stop at nothing to continue expanding – better to stop it in its tracks at the outset





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Questions?