



Education

School Vouchers Were Supposed to Save Taxpayer Money. Instead They Blew a Massive Hole in Arizona's Budget.



Former Arizona Gov. Doug Ducey touts the universal school voucher program he signed into law in 2022. Bob Christie/AP Photo

Arizona, the model for voucher programs across the country, has spent so much money paying private schoolers' tuition that it's now facing hundreds of millions in budget cuts to critical state programs and projects.

by Eli Hager

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In 2022, Arizona pioneered the largest school voucher program in the history of education. Under a new law, any parent in the state, no matter how affluent, could get a taxpayer-funded voucher worth up to tens of thousands of dollars to spend on private school tuition, extracurricular programs or homeschooling supplies.

In just the past two years, nearly a dozen states have enacted sweeping voucher programs similar to Arizona's Empowerment Scholarship Account system, with many using it as a model.

Yet in a lesson for these other states, Arizona's voucher experiment has since precipitated a budget meltdown. The state this year faced a \$1.4 billion budget shortfall, much of which was a result of the new voucher spending, according to the Grand Canyon Institute, a local nonpartisan fiscal and economic policy think tank. Last fiscal year alone, the price tag of universal vouchers in Arizona skyrocketed from an original official estimate of just under \$65 million to roughly \$332 million, the Grand Canyon analysis found; another \$429 million in costs is expected this year.

As a result of all this unexpected spending, alongside some recent revenue losses, Arizona is now having to make deep cuts to a wide swath of critical state programs and projects, the pain of which will be felt by average Arizonans who may or may not have school-aged children.

Among the funding slashed: \$333 million for water infrastructure projects, in a state where water scarcity will shape the future, and tens of millions of dollars for highway expansions and repairs in congested areas of one of the nation's fastest-growing metropolises — Phoenix and its suburbs. Also nixed were improvements to the air conditioning in state prisons, where temperatures can soar above 100 degrees. Arizona's community colleges, too, are seeing their budgets cut by \$54 million.

Still, Arizona-style universal school voucher programs — available to all, including the wealthiest parents — continue to sweep the nation, from Florida to Utah.

In Florida, one lawmaker pointed out last year that Arizona's program seemed to be having a negative budgetary impact. "This is what Arizona did not anticipate," said Florida Democratic Rep. Robin Bartleman, during a floor debate. "What is our backup plan to fill that budget hole?"

Her concern was minimized by her Republican colleagues, and Florida's transformational voucher legislation soon passed.

Advocates for Arizona's universal voucher initiative had originally said that it wouldn't cost the public — and might even save taxpayers money. The Goldwater Institute, a conservative think tank that helped craft the state's 2022 voucher bill, claimed in its promotional materials at the time that the vouchers would "save taxpayers thousands per student, millions statewide." Families that received the new cash, the institute said, would be educating their kids "for less than it would cost taxpayers if they were in the public school system."

But as it turns out, the parents most likely to apply for these vouchers are the ones who were already sending their kids to private school or homeschooling. They use the dollars to subsidize what they were already paying for.

The result is new money coming out of the state budget. After all, the public wasn't paying for private school kids' tuition before.

Chris Kotterman, director of governmental relations for the Arizona School Boards Association, says that Arizona making vouchers available to children who had never gone to public school before wasn't realistically going to save the state money.

"Say that my parents had been gladly paying my private school tuition, because that's what was important to them — that I get a religious education. That's completely fine," Kotterman said. "But then the state said, 'Oh, we'll help you pay for that.'"

"There's just no disputing that that costs the state more money," he said, critiquing the claims of the Goldwater Institute and others who'd averred that this program and ones like it around the country would not be costly. "That's not how a budget works."

Inspiring a "National Movement"

Heading into this fall, which will bring both a new school year and an election that stands to remake American education, ProPublica is going to be examining the complexities, lessons and failures of the nation's first universal school voucher program as a model for where the whole system seems headed. Arizona's program "set the standard nationally" and "inspired a national movement," according to leading voucher advocacy groups; it is "the nation's school-choice leader," per the longtime conservative columnist George Will.

For decades, voucher initiatives, including in Arizona, had only served small subsets of students. Often, eligibility was limited to certain poor students from failing public schools, whose families could use a voucher to switch them into a potentially better private school.

In Arizona, for example, vouchers as of 2011 were available solely to students with disabilities, to make sure that their families could afford a range of personalized education options. The program was then expanded to students who had lived in foster care and to Native American students before, gradually, the money started going disproportionately to wealthier households.

Because these measures were initially narrow in scope, some studies found that they had no negative impact on state and local budgets — studies that voucher advocates continued to cite even as states started considering providing vouchers to every parent who wanted one, which is a far more costly undertaking.

Universal voucher efforts, beginning with Arizona's universal Empowerment Scholarship Account program in 2022, allow parents to spend public money not just on private school tuition but also on recreational programs for their kids like ninja warrior training, trampoline park outings and ski passes, or on toys and home goods that they say they need for homeschooling purposes. (The average ESA award is roughly \$7,000.)

In a statement to ProPublica, a spokesperson for Arizona's former Republican Gov. Doug Ducey, who signed the universal voucher program into law, said that "not only does Gov. Ducey have no regrets about ESA expansion, he considers it one of his finest achievements and a legacy accomplishment. And what he's most thrilled about is that Arizona's ESA expansion was followed by 11 other states doing essentially the same thing. Arizona helped set off an earthquake."

Voucher proponents have long pointed out that private school parents have a right to and could be sending their children to public school at taxpayers' expense. So providing them with what is often a smaller amount of taxpayer money in the form of a voucher to help them pay their private school tuition is, the argument goes, a net savings for the public.

This is similar to arguing that the public should help pay for car drivers' gas because if they didn't drive, they might use public transportation instead, which would be a cost to taxpayers.

Ducey's spokesperson, Daniel Scarpinato, did not acknowledge that the net cost of universal vouchers has been far higher than voucher supporters originally promised. Instead, he reiterated that "universal ESA costs are basically revenue neutral." The reasoning: Overall enrollment in Arizona public schools has been slightly down — ever since many parents withdrew their kids during the pandemic — creating some savings in the education budget that could be seen as offsetting the new voucher spending.

Ducey, as well as Matt Beienburg, the Goldwater Institute's director of education policy, blamed Arizona's budget crisis on current Democratic Gov. Katie Hobbs, pointing out that she signed a 2023 budget that spent down what was then a surplus instead of keeping the money in reserve for a possible moment like this. (The 2023 budget was passed with bipartisan support.) Ducey did not answer a question about whether he'd had a long-term plan to pay for ballooning voucher spending, beyond relying on that one-time surplus.

In an email, Beienburg maintained that Arizona's current budget mess wasn't caused by vouchers; he blamed, among other issues, state revenue recently being lower than anticipated. (The Goldwater Institute in 2021 collaborated with Ducey to write and pass a tax cut that reduced income taxes on the wealthiest Arizonans to 2.5%, the same rate that the poorest people in the state pay, which is the leading cause of the decline in revenue.)

Dave Wells, research director at the Grand Canyon Institute, said that none of the competing budget trends that Ducey and the Goldwater Institute pointed to mean that Arizona can actually afford universal vouchers, at least not without making severe, harmful budget cuts.

"They chose to make ESAs universal and that has made the budget situation much worse," he said. "We still had a budget shortfall and budget cuts. The cost is still the cost."

“It Isn’t Funded”

Now that vouchers in Arizona are available even to private school kids who have never attended a public school, there are no longer any constraints on the size of the program. What’s more, as the initiative enters its third year, there are no legislative fixes on the table to contain costs, despite Hobbs’ efforts to implement some reforms. “I have not heard them agree to anything that is a financial reform of the program at all,” said Sen. Mitzi Epstein, the Democratic minority leader of the state Senate, referring to her Republican colleagues.

Arizona doesn’t have a comprehensive tally of how many private schoolers and homeschoolers are out there, so it remains an open question how much higher the cost of vouchers could go and therefore how much cash should be kept on hand to fund them. The director of the state’s nonpartisan Joint Legislative Budget Committee told lawmakers that “we’ve never really faced that circumstance before where you’ve got this requirement” — that anyone can get a voucher — “but it isn’t funded.”

Most importantly, said Beth Lewis, executive director of the public-school-advocacy group Save Our Schools Arizona, only a small amount of the new spending on private schools and homeschooling is going toward poor children, which means that already-extreme educational inequality in Arizona is being exacerbated. The state is 49th in the country in per-pupil public school funding, and as a result, year after year, district schools in lower-income areas are plagued by some of the nation’s worst staffing ratios and largest class sizes.

Spending hundreds of millions of dollars on vouchers to help kids who are already going to private school keep going to private school won’t just sink the budget, Lewis said. It’s funding that’s not going to the public schools, keeping them from becoming what they could and should be.

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I’m a ProPublica reporter who writes about issues affecting poor and working-class people across the country.

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