ESA vouchers expected to cost $900M next year

Kiera Riley Arizona Capitol Times//June 1, 2023

The Empowerment Scholarship Account program is on track to cost the state $900 million by the end of the next fiscal year, according to the most recent estimate by the Arizona Department of Education.

The cost of ESAs has consistently outpaced legislative projections. The most recent analysis from the Joint Legislative Budget Committee predicted the program would cost the state more than $500 million, which already far eclipsed the initially projected $30 million.

ADE claimed the ESA program will "save the state money," because students are enrolling in the ESA program after departing public schools. It contends ESAs "are funded at a lower percentage than the state aid for a pupil in the public school system."

But, as the price tag continues to climb, pro public-school lawmakers and advocacy groups, who long warned of the program's potential to "bankrupt the state," again question where the funding will come from and what could be cut.

In a report sent to JLBC this week, John Ward, ADE's chief auditor, wrote that he projects the department will need $900 million to fund accounts for the estimated 100,000 students who will enroll in the program by July 2024.

Ward said they worked off enrollment data from Sept 30, 2022, to mid-May of this year. He calculated the average award amount to be about $9,900.

The typical universal ESA student receives about $7,000, but funding for students with disabilities can climb into the tens of thousands.

Students with autism, severe intellectual disabilities and multiple disabilities, for example, are eligible for around $30,000 to $43,000, according to approximate annual ESA funding estimates for the 2022-23 school year.

Ward said students with disabilities make up about 20% of the program, and he worked off that proportion to account for the higher paid accounts in the average.

Current enrollment sits at about 61,000, including 3,000 applications that have yet to be processed.

In a press conference, Arizona Superintendent of Public Instruction Tom Horne hearkened back to the provision in the passage of ESAs, which put the ESA account amount at 90% of what a child would be funded if they attended a charter school.



Arizona Superintendent of Public Instruction Tom Horne explains on May 31 why he believes a big increase in voucher enrollment won't cost any more state funds despite data from his own staff showing many of those students already were in private schools at their parents' expense. (Photo by Howard Fischer/Capitol Media Services)

“The 39,000 students that are estimated to be increased will be educated someplace,” Horne said. “If they’re educated in public schools, the money will go to the public schools. If they’re educated ESAs, it’ll be 10% less.”

Horne said the department is expecting to fund the anticipated 39,000 new enrollees through basic state aid as it anticipates more students to come from public schools.

The department has also made a concerted effort to advertise to low-income and Spanish speaking communities to increase the rate of former public school students joining the program, though Horne declined to say how much the department had spent on the advertising effort thus far.

A report from the administration of Kathy Hoffman, the former state superintendent of public instruction, found that as of September 2022, 78% of students had never been enrolled in a public school.

Today, Horne said enrollment shows 49% of students came from public schools.

But Ward, the department’s auditor, noted he never projected where students will be coming from. “I was just looking at what’s the total cost to have this many students in the ESA program, irrespective of where they’re coming from,” he said.

In terms of asking for more funds for the program, Horne said, “If we conclude more is needed, we’ll have to deal with that at that time.”

Horne said he would push to close public schools – a decision in the hands of local school boards – if enrollment continued to drop. “Sometimes you have to do that. It’s politically tough, but that’s the reasonable economic thing to do.”

The most recent projections and outlook on the impact actualizes the long-standing fears from Democratic lawmakers and public-school advocacy groups.

Beth Lewis

The key ask from Democrats in the FY2024 budget was some type of spending cap on the ESA program. And in Gov. Katie Hobbs' initial budget proposal, she sought to eliminate the universal ESA program entirely.

But both attempts to rein in the program never materialized, despite attempts and outcry from Democrats in the Legislature.

Beth Lewis, executive director of Save Our Schools Arizona, again called on Hobbs and legislative leadership to "reverse the tide of school privatization and fully invest in our neighborhood public schools, educators and students."

In a statement, Lewis said, "This failure will accelerate the dismantling of public education and bankrupt our state. The time to fight for public education is now. Not next year, and not in 2025. By all projections, by then it will be too late."

Tags: Beth Lewis, Kathy Hoffman, hobbs, Save our schools Arizona, Public Schools, Joint Legislative Budget Committee, ESA, chief auditor, Democrats, horne, budget, John Ward, students, intellectual disabilities, Arizona Department of Education