

The Financial Impact of School Vouchers: Lessons From Arizona

Arizona became the first state to implement universal school vouchers by establishing the Empowerment Scholarship Account (ESA) program in 2022. This program, which is school vouchers by another name, provides families with, on average, \$7,500 of taxpayer funds that can be put toward educational expenses, like private school tuition or any other purchases the state deems educational. While then-Gov. Doug Ducey [touted](#) the program as saving taxpayers money, it has instead cost hundreds of millions and wreaked havoc on Arizona's budget.

Here's why.

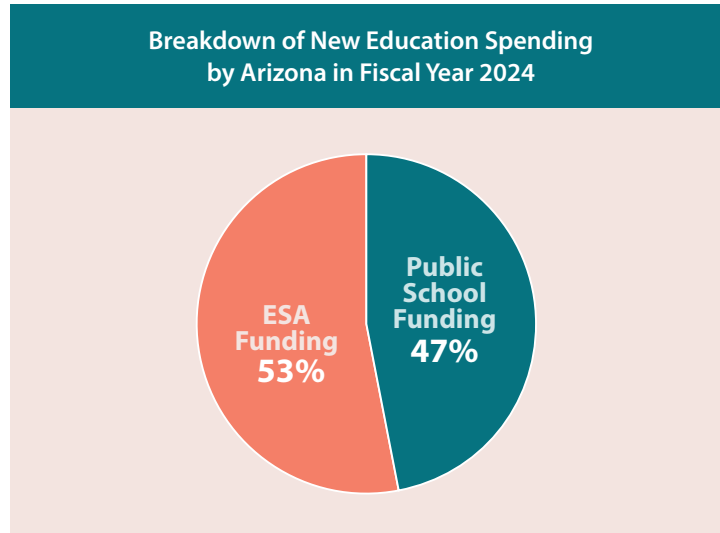
1. Vouchers created a huge additional cost for the state.

- a. **Most students using vouchers didn't previously have their education paid for by the state.**
 - i. Most students using the program come from private or homeschools ([52.4%](#) in 2024 and [71.2%](#) in 2023), meaning the state wasn't previously paying for their education. These students represent an entirely new cost to the state -- \$7,136 per student, on average.
 - ii. Of the students previously in public school, many live in "no state aid" districts. These districts are wealthy enough to fund their own education systems without money from the state. The cost of these students' vouchers is therefore another new cost for Arizona and has already [amounted](#) to \$65-\$85 million.
- b. **Arizona's vouchers cost taxpayers more than sending students to public school.**
 - i. Arizona [determines](#) voucher allocations based on the amount it pays for a student to attend a charter school. This is higher than the amount it pays for a student to attend a traditional public school. As a result, the state pays, [at minimum](#), \$424 more for an elementary or middle school student, and \$540 more for a high school student to use a voucher than they would if these students attended traditional public school.

2. Although just a fraction of Arizona's students use the voucher program, its costs have grown uncontrollably.

- a. **In fiscal year 2024 Arizona's voucher program cost \$738 million.** That is [well beyond](#) what the state had budgeted for the program, and because Arizona does not limit the number of vouchers available, the cost can continue to grow uncontrollably.

- I. In fiscal year 2025 Arizona’s voucher program is expected to cost [\\$864 million](#).
- b. **Every public school in the state is, on average, receiving [\\$300,000 less in state funding](#)** because of the voucher program’s growing costs.
 - I. Despite fewer funds, Arizona’s public schools continue to educate 92% of the state’s students.
- c. **Funding for the voucher program represents [53% of all new investments in K-12 education](#), even though only a tiny percentage of Arizona’s students are using the program.**



Note: Analysis from [Arizona Governor’s Office](#) using data on FY24 student enrollment and statewide education expenditures

- 3. **The program has significantly contributed to a severe budget deficit and forced the state to cut investments in other public services.**
 - a. **Arizona is facing a combined [\\$1.4 billion](#) deficit** over FY24 and FY25. The net cost of the voucher program is [equal](#) to half of the 2024 deficit and two-thirds of the projected 2025 deficit.
 - b. **To balance the budget, legislators [cut funding](#) for other vital public services.** These cuts affect all state residents but will likely have a disproportionately large impact on low-income communities and communities of color. The cuts include:
 - I. A [3.45% cut](#) to every state agency’s budget, including \$132.7 million from the department of housing and \$41 million from the department of transportation.
 - II. Cuts to water infrastructure projects when the state faces severe water shortages.
 - III. Cuts to the state’s college scholarship program for low-income students.

The Bottom Line

Arizona’s voucher program has cost hundreds of millions of dollars despite serving only a small group of students. Instead of providing the savings legislators promised, the program’s costs have grown uncontrollably and helped create a deficit that has forced the state to make major cuts in essential public services. This spending does nothing to help the 92% of students who continue to attend Arizona’s public schools -- schools that remain chronically underfunded. (Arizona [ranks](#) among the lowest in per-pupil education spending.) Overall, vouchers have funneled money to a select few, while ignoring the majority of Arizona’s students and severely harming the state’s financial future in the process.