

*A Perfect Storm: Historic Shifts in Enrollment and Funding
Attributable to Birth Rate Decline and Private School Vouchers*
Prepared for the Governing Board of the
Amphitheater Unified School District

Todd A. Jaeger, J.D.
Superintendent
Amphitheater Unified School District

For 132 years, Amphitheater Public Schools has served as a foundational cornerstone of our community. We have weathered economic downturns, rapid growth, and global pandemics, always maintaining our commitment to educational excellence. However, as I have shared in recent communications, our District is now navigating a convergence of historic pressures that threaten our financial stability and the viability of our neighborhood schools.

We are currently facing a structural transformation precipitated by two primary forces: a long-term demographic contraction in birth rates (addressed in great detail in a companion report) and the rapid, market-altering expansion of state-subsidized private education vouchers, known as Empowerment Scholarship Accounts (ESAs) in Arizona.

This report is my forensic analysis of these trends. It is an explanation of the "Shadow District" now operating within our boundaries and the necessary, albeit painful, steps we must take to preserve the quality of education for the students who remain in our classrooms.

Part I: The New Reality of Universal Vouchers

To understand why we are facing a sudden **\$4.3 million budget deficit** despite our community's generous support of our recent override, we must look beyond our school walls to the changing policy landscape of Arizona.¹

The Rise of a "Shadow District"

One of the most common questions I receive is: "How many students are we actually losing to vouchers?" The answer requires us to look at two different numbers: those who have left us directly and more recently, and those who have lived among us but who were long attending private schools and are now simply taking advantage of funding from the state to continue attending elsewhere.

As of the 2024 fiscal year, the Arizona Department of Education reported that approximately **1,367 to 1,413 students** residing within the Amphitheater School District boundaries are utilizing Empowerment Scholarship Accounts.²

I want to be clear about what this number represents. This population constitutes the equivalent of an entire "Shadow District" equivalent to roughly **12% of our total public district enrollment**. If these students were enrolled in our schools, they would generate approximately **\$11 million in annual state funding**. Instead, this funding is being diverted to private tuition and homeschooling

(micro-private school) expenses, leaving our fixed costs—our buildings, utilities, and administrative structures—unsupported.

The "Switcher" Trend

Historically, many of these families were already choosing private education before the voucher expansion began in 2022. However, we are seeing a troubling shift. Statewide data indicates that the "switcher" rate—the percentage of new ESA recipients who are leaving public schools—has climbed to nearly **60%**.⁴

In our own district, we have tracked approximately **240 to 270 students** who have left our classrooms specifically to take an ESA voucher since the program expanded. While this number may seem small compared to our total enrollment, the financial impact is asymmetric. When three students leave a class of 25, we lose the revenue for three students, but the cost to staff and cool that classroom remains exactly the same. This "fiscal lag" is what drives our current deficit.

In addition, we are seeing more and more of special needs students leaving the District to take private school vouchers, because their voucher rate can be as much as six times the normal voucher amount -- \$38,000 or more. Many of these students, whether special needs or otherwise, are being educated at home in micro-private school settings now allowed under the voucher system.

Part II: Confronting the Demographic Cliff

While vouchers act as an accelerant, we cannot ignore the demographic headwinds we have faced for over a decade.

The "Birth Dearth"

Since the Great Recession, birth rates in Arizona have declined by **33-38%**, according to various measures.⁵ We see this annually in our incoming kindergarten cohorts, which are consistently smaller than the graduating senior classes they replace.

Our enrollment peaked nearly thirty years ago at roughly 18,500 students. Today, we serve approximately **10,500 students**.⁷ The pandemic accelerated this decline, dropping our enrollment by over 17% in a single year, and unlike in previous downturns, these students have not returned.⁸

This is not a temporary fluctuation. It is a new baseline. We simply have fewer children living in our neighborhoods than we did a generation ago.

The Financial Paradox

Here lies our central challenge: **Our enrollment has dropped by 13% since 2019, yet our total expenditures have risen by 67% due to inflation and fixed costs.**⁹

We cannot continue to operate a district built for 18,000 students when we only have 10,500 or so. Doing so forces us to spread our limited resources too thinly, threatening the quality of programs like Art, Music, CTE, Gifted, and Advanced Placement that our community values.

Part III: The Hard Decision — Consolidating for Survival

In November 2025, after a year-long review of demographic forecasts and facility usage, I am making the difficult recommendation to the Governing Board to close and consolidate four of our elementary schools effective for the 2026-2027 school year.¹⁰

The Schools Recommended for Consolidation

We identified these schools not because of their quality—our educators there are doing heroic work—but because their enrollment numbers can no longer support standalone operations in this fiscal environment.

1. **Copper Creek Elementary (Oro Valley):** This school, situated in a high-performing, affluent area, has seen its enrollment hollowed out to roughly 250 students. The decline here is a clear signal of market competition. In affluent areas like Oro Valley, the universal voucher acts as a "discount coupon" for private tuition, accelerating the exit of families who might otherwise have stayed in our top-rated public schools.
2. **Donaldson Elementary (Unincorporated Pima):** With approximately 205 students, Donaldson is critically under-enrolled. Operating a campus of this size is fiscally inefficient, diverting resources that could be better spent on instruction. Attempts to backfill lost population with special programs has disproportionately impacted our ability to serve those students in their neighborhoods.
3. **Holaway and Nash Elementary (Central Tucson):** These Title I schools serve our urban core. Here, the pressures are different—declining birth rates among working families and intense competition from charter schools have left these historic campuses significantly under capacity.

The Logic of Consolidation

By consolidating these students into neighboring campuses, we can:

- **Restore Class Sizes to Standard (not excessive) Levels:** Ensure robust cohorts that allow for better social and academic grouping.
- **Maximize Resources:** Redirect funds spent on half-empty buildings toward teacher salaries and student support services.
- **Preserve Programs:** Protect the "extras" that make an Amphi education special—our fine arts, athletics, and special education services—which are the first to be cut when we run structural deficits.

Part IV: Looking Forward

We must recognize that the proposed actions cause understandable anxiety. The loss of a neighborhood school feels like the loss of a community anchor. However, we must be honest with ourselves: the alternative to consolidation is a slow erosion of quality across *all* our schools.

The passage of **Proposition 413** was a lifeline, and we are deeply grateful to the voters for approving renewal of that 13.5% override.¹¹ But overrides are tied to student counts. As our

enrollment falls, the value of the override falls with it. And, ultimately, an override merely supplements a woefully lagging state budget allocation. It patches a hole; it does not fill the bucket.

We are facing a future where public education must compete in a subsidized marketplace. To survive and thrive, we must "right-size" our operations. By making these difficult decisions now, we ensure that Amphitheater remains a district of excellence—fiscally sound and educationally vibrant—for the generations of students still to come.

Endnotes

1. Message about School Consolidations in 2026-2027 - Amphitheater Public Schools
<https://www.amphi.com/index.php?pageID=smartSiteFeed&feed=%5B%22%7B%5C%22id%5C%22%3A%5C%221867%5C%22%2C%5C%22source%5C%22%3A%5C%22districts%5C%22%7D%22%5D&articleID=60295276>
2. Arizona Empowerment Scholarship Account (ESA) Program Fiscal Year 2024 Quarter 3 Report to Arizona State Board of Education,
https://www.azed.gov/sites/default/files/2024/08/Q3%20FY2024%20ESA%20Report_SB_E.pdf
3. Arizona Empowerment Scholarship Account (ESA) Program Fiscal Year 2024 Quarter 4 Report to Arizona State Board of Education,
<https://www.azed.gov/sites/default/files/2025/01/Q4%20FY2024%20SBE%20report.pdf>
4. Arizona Empowerment Scholarship Account (ESA) Program,
<https://www.azed.gov/sites/default/files/2025/09/ESA%20FY25%20Q4%20Executive%20%20Legislative%20Report.pdf>
5. Amphitheater School Consolidation, <https://www.amphi.com/futureready>
6. GOVERNING BOARD AGENDA
<https://meetings.boardbook.org/Documents/DownloadPDF/a336458f-6efe-4341-abb1-54996aa2920d?org=2065>
7. Amphitheater Unified School District financial risk analysis - Arizona Auditor General,
<https://frisk.azauditor.gov/District?ctd=100210>
8. Amphitheater Public Schools, Arizona - Ballotpedia, accessed December 2, 2025,
https://ballotpedia.org/Amphitheater_Public_Schools,_Arizona
9. Arizona's Public-School Closures Dashboard - Common Sense Institute, accessed December 2, 2025,
<https://www.common Senseinstituteus.org/arizona/research/education/closures>
10. Amphitheater Unified School District, Arizona, Proposition 413, Budget Override Measure (November 2024)