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STATE OF ARIZONA

January 21, 2025

VIA EMAIL

Maricopa County Board of Supervisors
ClerkBoard@Maricopa.Gov

Re: Isaac School District

Dear Board Members:

I urge you to continue the payments for Isaac School District's critical expenditures such as teacher payroll and student transportation, now that a receiver has been appointed for the district. It is imperative that these payments continue, at least in the immediate future while school is in session, as the receiver develops solutions for the district's financial problems.

At the State Board of Education meeting on January 14, Treasurer John Allen stated that he would stop fulfilling warrants issued to him by the county school superintendent for expenditures made by the district.¹ Treasurer Allen agreed to "pay the payroll checks until Tuesday" (January 21) but nothing more.² His evaluation of the district was similar to a bank's evaluation of a financially distressed loan applicant. He stated: "I'm a bank. I take deposits and I do withdrawals. This bank will not become a slush fund for a district that is so out of whack that I don't see any way out."³

Treasurer Allen added that he had "approached the Board" and was "going to have a discussion" with the Board about the issue.⁴ Later, he publicly stated that, although his decision to stop fulfilling warrants was based on his "legal obligation" at "this moment," he committed to "be part of the solution if it's offered to me and I'll work hard to do that."⁵

¹ The State Board's website includes a link to a video of the meeting. See <https://azsbe.az.gov/public-meetings/calendar/board-meeting/tuesday-january-14-2025-arizona-state-board-education> (linking to <https://www.youtube.com/watch?v=M5Z0LJaMmlQ>).

² Video at 0:28:25–0:29:02.

³ Video at 1:04:13–1:04:32.

⁴ Video at 1:03:06–1:03:18, 1:14:21–1:14:35.

⁵ Jade Cunningham, *West Phoenix school district faces \$12M shortfall. County treasurer urges employees to cash paychecks now*, 12News (Jan. 17, 2025).

Treasurer Allen cited no statute that compels him to stop fulfilling warrants issued to him by the county school superintendent while school is in session. Even accepting Treasurer Allen's analogy to a bank, his concerns about the district's financial problems are being actively addressed, now that the State Board appointed a receiver for the district on January 14. The receiver has substantial authority over the district, including the power to "[o]verride any decisions" about district management and operation, to "[s]upervise" district staff, and to "[e]stablish school district fiscal guidelines." A.R.S. § 15-103(F), (G). The receiver is also tasked with diligently creating "a financial improvement plan" and "budget," and the district may not enter into contracts or incur liability that exceeds this authorized plan and budget. A.R.S. §§ 15-103(F), (O); -107(G), (H).⁶

Historically, appointing receivers has helped school districts get back on track, and county treasurers have fulfilled warrants for critical expenditures during receivership. As the State Board Executive Director explained at the January 14 meeting: "In the past, the county treasurers have continued to issue warrants for things like payroll and transportation and those elements, to allow districts to maintain their services to their children and families, while the receiver came in, built a plan, and enacted that plan."⁷

Refusing to pay for Isaac School District's critical expenditures while school is in session would invite disaster. The district serves 5,197 students from pre-Kindergarten to 8th grade.⁸ Plainly, students and their families would suffer from a sudden discontinuation of school, and teachers would suffer from a sudden discontinuation of employment. Moreover, Arizona has a basic constitutional duty to maintain "a general and uniform public school system." Ariz. Const. art. XI, § 1.⁹

The far more prudent course is for the county to continue paying Isaac School District's critical expenditures, at least in the immediate future while school is in session, now that the receiver has been appointed and is developing financial solutions.

Sincerely,



Kristin K. Mayes
Arizona Attorney General

⁶ Part of the district's financial problems may be solved easily. The district previously failed to submit paperwork necessary for certain federal funds, but the State Department of Education recently requested the funds on the district's behalf, and the federal government communicated that the request looks favorable to be approved. Video at 0:15:06–0:15:30.

⁷ Video at 1:06:30–1:06:55.

⁸ Video at 0:41:32–0:41:38.

⁹ This includes at least "six months" of school per year. Ariz. Const. art. XI, §§ 6, 9; *see also, e.g.*, A.R.S. § 15-341.01(A) (requiring school sessions that total "at least one hundred eighty days each school year").

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cc: Maricopa County Treasurer John Allen
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