

## House Republican Leaders Demand Accountability for Isaac School District Crisis, Call for Criminal Investigation

**STATE CAPITOL, PHOENIX (Monday, January 27, 2025)** – The financial collapse of the Isaac School District in West Phoenix has brought devastating consequences for its students, parents, and educators, and House Republican leaders are demanding accountability. Today, House leadership called on **Attorney General Kris Mayes** and **Maricopa County Attorney Rachel Mitchell** to immediately open a criminal investigation into the mismanagement and potential corruption that led to the district's fiscal catastrophe with a negative balance in the millions.

“Our sympathies begin and end with the students, faculty, and parents of Isaac,” said **Speaker Steve Montenegro**. “At the heart of this crisis are more than 4,800 students and hundreds of employees who have been abandoned by failed district leadership. The falsification of financial records and the mismanagement of public funds are a betrayal of trust and must be investigated immediately. The people of Arizona deserve to know how this happened, and those responsible must be held accountable.”



### NEWS RELEASE

Arizona House of Representatives  
Republican Majority Leadership  
1700 West Washington • Phoenix, Arizona • 85007

Monday, January 27, 2025  
FOR IMMEDIATE RELEASE

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**STATE CAPITOL, PHOENIX** – The financial collapse of the Isaac School District in West Phoenix has brought devastating consequences for its students, parents, and educators, and House Republican leaders are demanding accountability. Today, House leadership called on Attorney General Kris Mayes and Maricopa County Attorney Rachel Mitchell to immediately open a criminal investigation into the mismanagement and potential corruption that led to the district's fiscal catastrophe with a negative balance in the millions.

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At a recent State Board of Education meeting, the Department of Education revealed that the district falsified its 2023-2024 Annual Financial Record, altering records to show a positive cash balance despite being millions of dollars in debt. This fraud follows years of warnings from the Arizona Auditor General, who identified Isaac as a high-risk district since at least 2020.

House Republicans are mindful of Attorney General Mayes' history of inaction on educational fraud. “Since taking office, Mayes has shown zero interest in tackling corruption in school districts,” Majority Leader Michael Carbone said. “Instead, she has used her office to attack parents who use Empowerment Scholarship Accounts to seek better opportunities for their children. This is the same Attorney General who dropped all felony charges against a former Scottsdale Unified Superintendent engaged in a laundry list of fraudulent schemes at multiple school districts. Amazingly, Mayes only required the former administrator to pay income taxes on illegal kickbacks the administrator received – a sweetheart settlement for the ages. The students in Isaac deserve better.”

Given Mayes' comments to Braham Resnick on Sunday, January 26, where she claimed not to currently see grounds for criminal charges in Isaac, the House is also requesting that Maricopa County Attorney Rachel Mitchell investigate the case. “If the Attorney General is unwilling to act, we will turn to the County Attorney to ensure justice is served for the students and taxpayers,” Speaker Montenegro added.

“We cannot allow Isaac's leadership to escape accountability while families in this district pay the price,” said Majority Whip Julie Willoughby. “House Republicans are actively evaluating ways to ensure the district's students finish the school year, but we will not let taxpayers bail out bad actors without

significant and meaningful reforms. One thing is certain though: funding for Isaac is not the problem. The district's total funding is among the highest in the state at \$19,372 per pupil, 23 percent higher than peers, according to the Auditor General.”

“These kids are victims of an incompetently run government school system,” said Speaker Pro Tempore Neal Carter. “House Republicans are the party of open schools, and we will step in to ensure that these schools will remain open for the students.”

“This disaster proves yet again why Arizona families must have options beyond failing government-run districts,” Speaker Montenegro emphasized. “School choice empowers parents and ensures no family is trapped in a system plagued by corruption and incompetence.”

“We are going to do what is right and help these kids finish the school year without leaving Arizona families to foot the bill for someone else's failure,” Leader Carbone concluded. “There will be accountability, and there will be reform.”

Copies of the House Republican Leadership's referrals to Attorney General Mayes and Maricopa County Attorney Mitchell are attached.

Learn more about the House Republican Majority Plan here: <https://arhousegop.com/2025-majority-plan>

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Arizona House of Representatives  
Phoenix, Arizona 85007

January 27, 2025

Via Email and U.S. Mail  
Kris.mayes@azag.gov  
Hon. Kris Mayes  
Arizona Attorney General  
2005 N. Central Ave.  
Phoenix, Arizona 85004

Re: Request for Civil, Criminal, and Public Monies Investigation of Isaac Elementary School District Governing Board, Superintendent, and Chief Financial Officer

Dear Attorney General Mayes:

We write to you today in our official capacities to formally refer the Isaac Elementary School District Governing Board, Superintendent, and Chief Financial Officer for an immediate investigation of whether any of these individuals or their agents violated Arizona laws, including but not limited to criminal and civil violations, illegal payments and mismanagement of public monies, and conflicts of interest.

As you know, the Isaac Elementary School District was placed under receivership by the state Board of Education earlier this month. In late December, the Arizona Auditor General sounded the alarm over the possibility of a receivership and noted that the Isaac Elementary School District has been identified as one of Arizona's highest-risk districts since December 2020.<sup>1</sup>

The Auditor General has also reported that "[t]hroughout FY 2024, the District failed to report expenditures in the appropriate funds throughout the year and submitted a misleading and inaccurate FY 2024 annual financial report" to the Arizona Department of Education.<sup>2</sup> And in another report documenting multiple deficiencies in Fiscal Year 2023, the Auditor General noted potential conflict of interest issues, misused financial transactions, incomplete financial records

<sup>1</sup> See Auditor General's 12/30/24 Letter to Arizona State Board of Education, available at: [https://www.azauditor.gov/sites/default/files/2024-12/Isaac\\_ESD\\_SBE\\_Noncompliance\\_with\\_USFR.pdf](https://www.azauditor.gov/sites/default/files/2024-12/Isaac_ESD_SBE_Noncompliance_with_USFR.pdf)

<sup>2</sup> See <https://risk.azauditor.gov/District/DistrictPage?cid=070405>

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and documentation, failures to deposit cash in a timely manner, and failures to provide training and guidance related to restrictions on accepting gifts or benefits.<sup>3</sup>

We were shocked to learn that, as recently as yesterday, you confirmed that you have no intention of investigating this school district, claiming that there is no evidence warranting an investigation and chalking it all up to "mismanagement" in "a poor school district."<sup>4</sup> To be clear, mismanagement of public monies is precisely the type of conduct that justifies your office's investigation.<sup>5</sup>

Your statements defending the school district's actions strongly suggest that you have already made up your mind without reviewing any facts. Notably, you have shown no hesitation whatsoever to investigate any potential violations of the law when the bad actors involved are affiliated with Arizona's Empowerment Scholarship Account program.

It is our hope that you will retract your misguided and premature public statements and open an investigation now that we are formally referring this matter to you. Nonetheless, we have lingering concerns about the integrity of an investigation by your office and are simultaneously referring this matter to Maricopa County Attorney Mitchell, who has concurrent jurisdiction.

Respectfully,

Steve Montenegro  
Speaker of the House

Michael Carbone  
Majority Leader

Julie Willoughby  
Majority Whip

Neal Carter  
Speaker Pro Tempore

cc: Maricopa County Attorney Mitchell

<sup>3</sup> <https://www.azauditor.gov/sites/default/files/2024-12/Isaac%20ESD-1-LOD-FY23.pdf>

<sup>4</sup> <https://www.12ocw.com/video/news/politics/sunday-square-off-ag-mayes-on-trump-threats-bmpg-ic-on-7s-w0995384-2462-48e1-8662-36565e916ab3>

<sup>5</sup> See Arizona Attorney General Handbook, Chapter 4 (Public Monies), available at: [http://www.azag.gov/sites/default/files/docs/agprc-handbook-2018agency-handbook\\_chapter\\_4.pdf](http://www.azag.gov/sites/default/files/docs/agprc-handbook-2018agency-handbook_chapter_4.pdf)

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"We cannot allow Isaac's leadership to escape accountability while families in this district pay the price," said **Majority Whip Julie Willoughby**. "House Republicans are actively evaluating ways to ensure the district's students finish the school year, but we will not let taxpayers bail out bad actors without significant and meaningful reforms. One thing is certain though: funding for Isaac is not the problem. The district's total funding is among the highest in the state at \$19,372 per pupil, 23 percent higher than peers, according to the Auditor General."



Arizona House of Representatives  
Phoenix, Arizona 85007

January 27, 2025

Via Email and U.S. Mail  
Rachel.mitchell@mcso.maricopa.gov  
Hon. Rachel Mitchell  
Maricopa County Attorney  
225 West Madison Street  
Phoenix, Arizona 85003

Re: Request for Civil, Criminal, and Public Monies Investigation of Isaac Elementary School District Governing Board, Superintendent, and Chief Financial Officer

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and guidance related to restrictions on accepting gifts or benefits.<sup>3</sup>

Although we have referred this matter to Attorney General Mayes, we do not have confidence that she will fully and fairly investigate the school district's leadership over these serious issues. Please confirm that you will open an investigation.

Respectfully,

Steve Montenegro  
Speaker of the House

Michael Carbone  
Majority Leader

Julie Willoughby  
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Neal Carter  
Speaker Pro Tempore

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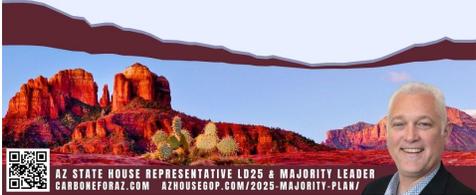
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ARIZONA HOUSE OF REPRESENTATIVES  
**MAJORITY PLAN 2025**

✓ OUR PROMISE

“We are, and must always be, a land of hope, of light, and of glory to all the world. This is the precious inheritance that we must safeguard at every single turn.”  
– PRESIDENT DONALD J. TRUMP



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**We will always look after the best interest of all Arizonans, especially, our children.**

Majority Leader  
Representative  
**Michael Carbone**

Learn more about the House Republican Majority Plan here:  
<https://azhousegop.com/2025-majority-plan>

**MICHAEL** ★ ★ ★ ★ ★  
**CARBONE**  
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