2026 Arizona Ballot Guide

EDUCATION CHOICE, ACCESS & TRANSPARENCY

How a proposal to regulate Arizona's K-12 scholarship program would affect families, school choice, and state education funding

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WHAT THE PROPOSAL WOULD DO:

1 Income Cap

Limit universal-eligibility ESAs to families earning less than $150,000 per year, with the cap adjusted by up to 2% annually.

2 School Rules

Require participating private schools to be registered, accredited, and/or participate in mandatory state testing.

3 Spending Rules

Further restrict ESA purchases by more strictly defining non-educational and luxury items.

102,000+
children using ESAs
April 2026 program participation

20,300
current universal ESA families
immediate estimated eligibility loss

400,000+
school-aged children
excluded from ever participating

$7,700
average universal ESA award
versus nearly $15,000 per public-school student

Over half (52%)
families excluded by 2045
cap grows more slowly than incomes

1.9%
unallowable spending rate
ADE March 2026 random-audit sample

BOTTOM LINE

The "Protect Education Act" would impose an income cap and new operating requirements on Arizona's ESA program. CSI estimates the immediate effect would be to reduce eligibility for thousands of current universal ESA families, while the cap would gradually reach more families as household incomes outpace its 2% annual adjustment.

Finding #1

Arizona's K-12 landscape was changing before universal ESA

HOW THE ISSUE GOT HERE:

2008 — *District classrooms peak*

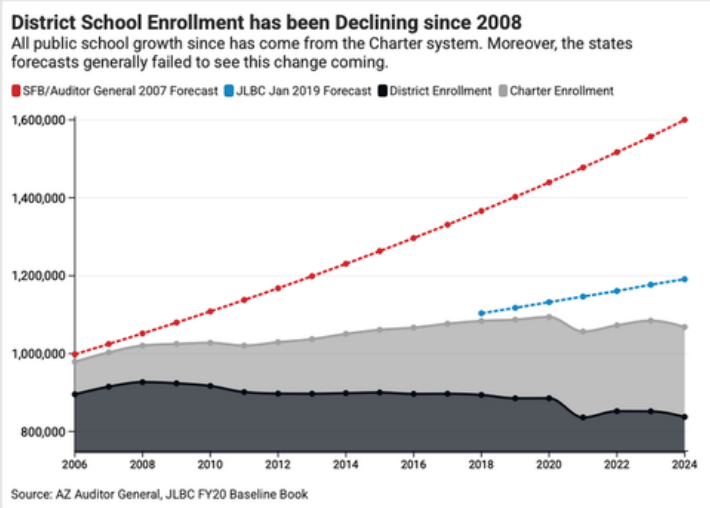
2020 — *Pandemic accelerates exits*

2022 — *Universal ESA follows demand*

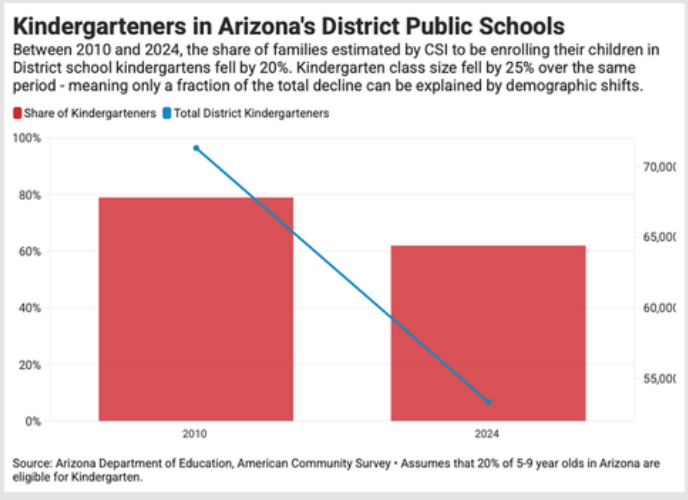
2026 — *Act filed*

What changed before the ESA debate

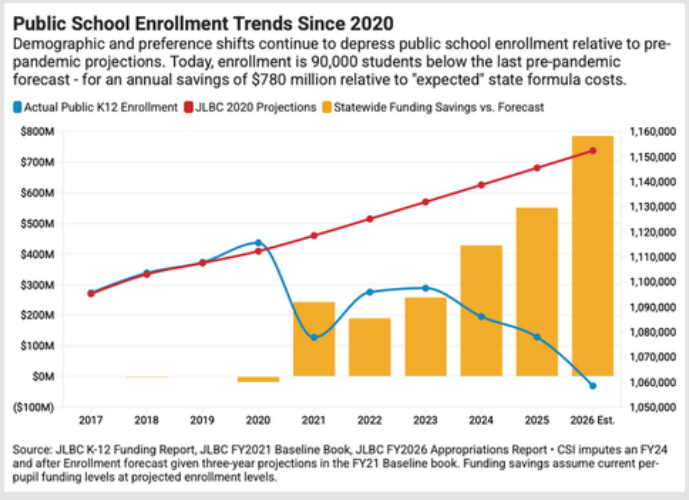
- District enrollment peaked in 2008. District schools have been shrinking since then, while public growth shifted to charters.
- Charters now serve about one quarter of Arizona public-school students.
- Open enrollment is common. At least 15% of district students attend somewhere other than their assigned district.
- Nonpublic growth accelerated after the pandemic. District schools lost 50,000 students during 2021-22, while private, homeschool, and other nonpublic options grew rapidly. All of this happened before Arizona created universal ESAs.



District enrollment has declined since 2008 even as the K-12-age population continued rising.



Kindergarten entry has shifted away from district classrooms; birth rates alone do not explain the decline.



Post-pandemic enrollment shifts continued after the immediate closure period.

KEY TAKEAWAY

Universal ESA did not create Arizona's broader family-choice trend. It followed a decade-plus movement away from assigned district schools and toward a more mixed K-12 market.

Finding #2

The income cap would significantly affect nontraditional K-12 families

24%
current ESA users
estimated above $150,000 income

20,300
universal families
immediate estimated eligibility loss

30%
of families with children
estimated above the proposed income cap

52%
families with children by 2045
estimated excluded as cap lags incomes

Current and future impact

- Immediate eligibility loss: Assuming universal families mirror the geography and income distribution of all ESA participants, CSI estimates 20,300 current universal ESA families would lose eligibility.
- Broader exclusion: CSI estimates that about 400,000 Arizona school-aged children would be excluded from ever participating in universal ESA because of family income.
- Cap tightens over time: The Act adjusts the cap by up to 2% annually, while Arizona incomes typically grow closer to 4% per year.
- By 2045, more than half of Arizona families would be income-excluded from universal ESA eligibility. In today's population terms, that is equivalent to more than 350,000 families, or nearly 800,000 school-aged children.
- Spillover risk: Lower universal participation could reduce awareness and participation in other categories, including disability-related eligibility.

Arizona K-12 Students by Average Income

Because of life cycle effects, in general, households with school-aged children (5-17 years old) look different than other types of households. While data specific to ESA or public school users in Arizona is limited, we can estimate their household income using ZIP code data. Generally, these households look wealthier than the typical Arizona household.

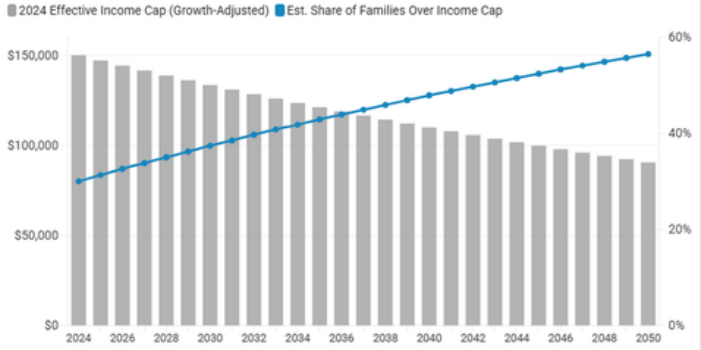
Estimate Family Income	ESA Families (ZIP)	Public School Families (ZIP)	Families w/ Children (Statewide)	All Arizona Households (Statewide)
$0 to $74,999	17.2%	38.9%	36.6%	45.9%
$75,000 to $149,999	58.8%	23.0%	33.4%	32.2%
$150,000+	24.0%	26.0%	30.0%	22.0%
Est. Average Income	$133,300	$123,800	$132,400	$110,500

Source: Arizona Dept of Education, American Community Survey • ZIP-code derived data relies on reported income distrubitons in ACS 5-year samples for ESA users and public school families, at the ZIP/ZCTA level.. Statewide data is based on a larger, statewide representative sample and is more reflective of the "true" income distribution, but not available for ESA or public-school families specifically.

ESA families are not uniformly high-income; CSI's ZIP-based estimates show a wide income distribution.

Growth-Adjusted ESA Income Cap Over Time

Because household income is likely to grow faster than the 2% adjustor included in the Proposition, the effective cap shrinks over time - excluding an increasingly large share of Arizona families and children.



Source: American Community Survey • For purposes of this projection, CSI assumes household incomes grow at 4%/year and the Universal-eligibility income cap grows at 2%/year, in perpetuity.

Because the cap grows more slowly than incomes, the excluded share rises over time.

Why the cap binds over time

The cap grows by 2% a year, while household incomes tend to grow closer to 4%. Over time, the income cap becomes more binding.

Public school context

CSI estimates 25% of public-school families have household incomes above $150,000, representing about 260,000 students receiving the equivalent of $3.9 billion in K-12 funding from taxpayers.

Finding #3

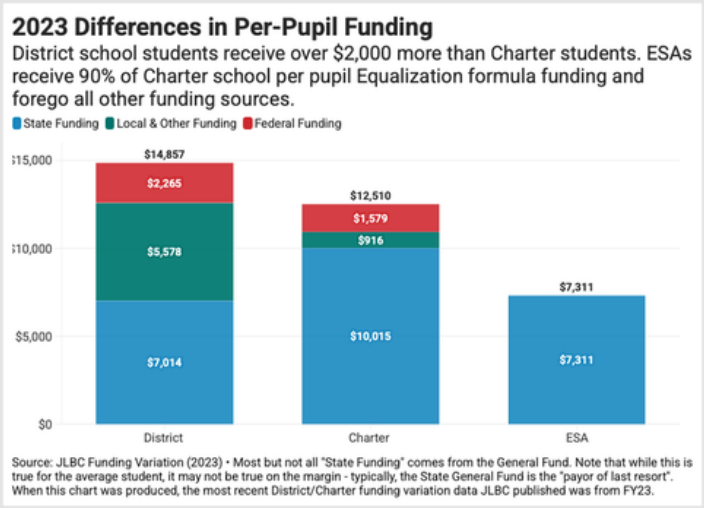
Universal ESA aligns funding with expected student growth

$7,700
typical universal ESA
average annual award

$13,325
state and local funding
per public-school student

$1.1B
annual ESA awards
all categories, not just universal

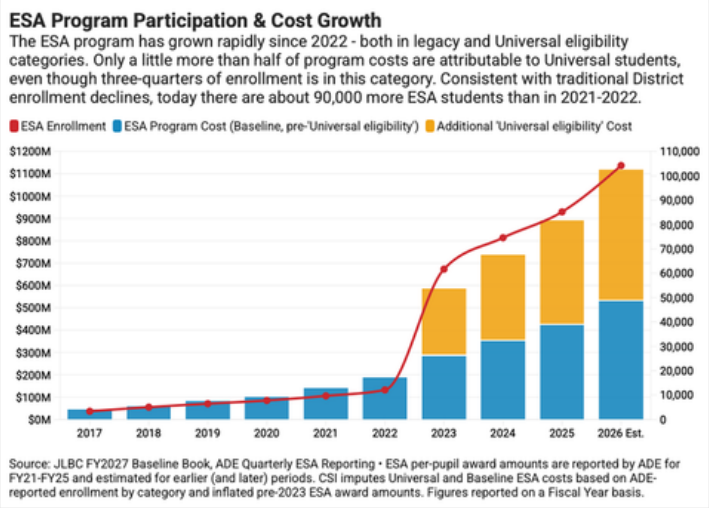
$115M
estimated added cost
if 20,000 universal ESA users moved to district classrooms



District students receive more per pupil than charter or ESA students, especially once all funding sources are counted.

Funding interpretation

- Public-school benchmark: The most recent K-12 All Funding report shows almost $15,000 per public-school student, including $13,325 in state and local funding.
- A typical universal ESA recipient costs half what a typical public-school student costs.
- Ongoing enrollment declines at public schools reduce state K-12 costs, but taxpayers are still responsible for paying their state taxes - even as their kids increasingly go elsewhere. This either means more money for other things, or catching state K-12 funds up with the students.



ESA participation grew after universal eligibility, but not all program costs are universal eligibility costs.

Budget Bottom Line

CSI's central fiscal point is that universal ESA changes where K-12 dollars flow, not the total number of children being educated. Moving universal ESA students back into district classrooms would shift students into a more expensive public-school funding model.

~50%
of program costs are from non-universal categories

10,000
fewer potential disability-related ESA users under lower universal participation

Finding #4

District outcomes are weak, and available private outcomes appear stronger

39%
reading proficiency
Arizona public-school students

32%
math proficiency
Arizona public-school students

27%
science proficiency
Arizona public-school students

84%
responding schools
use tests

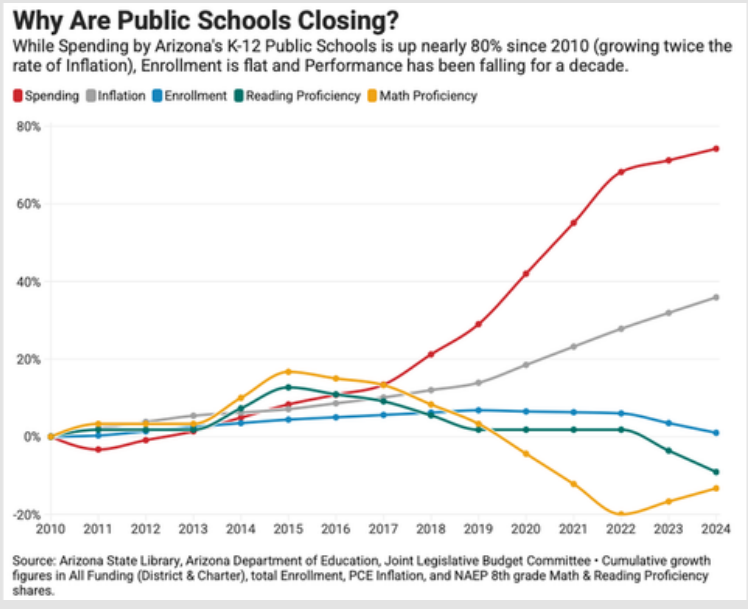
2/3
responding schools
already accredited

Relative Student Academic Performance by School-Type
In general, as measured by available national standardized data and depending on the specific assessment and grade level, the typical private school student performs better than approximately 70% of public school students. Homeschool students taking the ACT perform better than two-thirds of their public peers.

Group	NAEP 8th Grade Reading	NARP 8th Grade Math	ACT Composite	Notes
Public School Students	259	281	20.3	Includes District & Charter school students.
Private School Students	279	293	24.2	Catholic-school respondents.
	+0.53 SD	+0.30 SD	+0.64 SD	
Homeschool Students			22.9	Homeschool students not currently taking NAEP.
			+0.43 SD	

Source: National Center for Education Statistics, American College Test (ACT) • All data is from a national sample, and not specific to Arizona students. In the case of NAEP assessments, this is because of sample-size limitations. Relative out-performance (reported here in Standard Deviations) assessed against each tests reported national all-student SD; assumption is the larger public school student universe has the same SD as the entire population. Scores are from 2019-2022 test data and may have since changed for each sub-group.

Available standardized test comparisons show stronger average outcomes for private and homeschool students.



Public-school funding increased while reading, math, and science proficiency remain weak on state assessments.

Evidence and limits

- Testing and accreditation are already common: Of CSI-surveyed Arizona private schools, 84% already use standardized academic assessment and two-thirds report accreditation by a recognized body.
- ACT comparison: Private-school ACT test-takers perform roughly 19% better than public-school counterparts; homeschool test-takers perform roughly 12% better.
- NAEP comparison: Where national data are available, private-school students appear to perform better than roughly 70% of public peers on comparable NAEP or ACT measures.
- Important caveat: These are not perfect apples-to-apples comparisons, but they undercut the assumption that district-style testing rules are necessary to create accountability.

KEY TAKEAWAY

Accountability exists in multiple forms; the available evidence does not support that applying district-style processes to every educational option would improve outcomes.

Finding #5

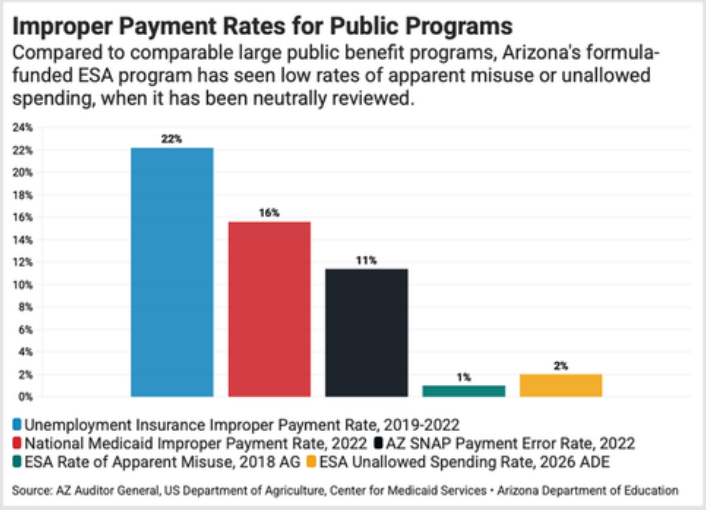
The ESA program already has oversight, and the Act would add new burdens

1.9%
unallowable
ADE random-audit technical report

0.3%
"egregious"
ADE random-audit technical report

20+ days
processing time
before sub-$2,000 auto-processing

4,600+
affected students
using ESA at schools that may stop accepting them after the Act



When reviewed using comparable methods, ESA unallowable spending rates appear lower than several comparable public-program improper payment rates.

How oversight currently works

- Expense rules already exist: Arizona identifies eligible and presumed-unallowable expenses.
- Audit processes exist: ESA is subject to risk-based audits, and the Department has conducted random audit work.
- Private schools have safeguards: Survey respondents report testing, accreditation, staff checks, fingerprint clearance cards, or minimum standards.
- New mandates may change access: Three quarters said tuition increases were possible; one in five might stop accepting ESA students.

Existing accountability is broad and comprehensive

1. **ESA spending rules** — eligible and presumed-unallowable expense categories
2. **Review & audits** — risk-based audits plus random audit work
3. **School safeguards** — testing, accreditation, staff checks, local accountability
4. **Better performance** — traditional public schools struggle with low test scores, and falling performance

KEY TAKEAWAY

Private-school accountability already exists. Many ESA-participating private schools already use standardized testing, hold accreditation, employ staff-safety checks, and operate under ESA spending rules and audit processes.

District-style rules may backfire. The district system is the setting with weak proficiency outcomes and declining enrollment. Applying similar requirements to private schools could raise costs, reduce options, and make quality and access worse instead of better.

Sources and methodology

1. NCES, private-school enrollment: https://nces.ed.gov/programs/coe/indicator/cgc/private-school-enrollment
2. NCES, homeschooled children: https://nces.ed.gov/programs/coe/indicator/tgk/homeschooled-children
3. Scholarship amounts are tied to state formula funding. CSI estimates a typical universal-eligibility ESA student receives about $7,700 annually, while a student in the Students with Disabilities category receives an estimated $23,900 annually, with significant variation.
4. Tucson.com report on filing coalition: https://tucson.com/news/state-regional/government-politics/elections/article_a2ad9178-be41-4ff9-b25c-4e2b8f625eee.html
5. Save Our Schools Arizona: https://sosarizona.org/
6. Arizona Education Association: https://www.arizonaea.org/
7. Arizona Department of Education, FY25 Open Enrollment: https://www.azed.gov/sites/default/files/2025/06/FY25OpenEnrollment.xlsx
8. Arizona Department of Education ESA participation, accessed Apr. 21, 2026: https://www.azed.gov/esa
9. To estimate the share of ESA users above $150,000, CSI used Census-reported ZIP-code values for median family income, mean family income, and households above $150,000. The three estimates were 12%, 31%, and 29%; the simple average produced the point estimate.
10. The estimated count of excluded children is larger than the family share because households with children contain more than one child on average and higher-income households generally report more children.
11. CSI used ACS 5-year ZIP-code income distributions to estimate the share of public-school families above $150,000. A separate Goldwater Institute analysis using experimental Census Household Pulse data found broadly comparable figures.
12. Universal eligibility may have increased general knowledge of ESA and may act as a feeder into other categories; some students may begin as universal and later move into a disability-related category after diagnosis or eligibility confirmation.
13. Arizona Department of Education October 1 Enrollment: https://www.azed.gov/sites/default/files/2024/12/Oct1Enrollment2024_publish_updated.xlsx
14. Arizona Department of Education FY25 math and ELA assessments: https://www.azed.gov/sites/default/files/2025/10/math_ela_assessmentsfy25.xlsx
15. CSI private-school survey: CSI produced a written questionnaire; Love Your School distributed it to private-school administrative contacts and collected responses. Summary results from 33 responding schools are reported; blank questionnaire available on request.
16. ACT homeschool statistics report: https://www.act.org/content/dam/act/unsecured/documents/R1831-act-homeschool-stats-2020-08.pdf

About the CSI Ballot Guide:

Delivering a comprehensive ballot guide that includes the facts and sound analysis – without the spin and partisan rhetoric - is one of the most effective tools CSI has to educate voters and drive common sense solutions at the ballot box. The CSI Ballot Guide, released annually, has grown to include a comprehensive inventory of resources that affords voters the opportunity to explore data, realize impact and understand how initiatives will affect their personal budget and economic opportunities.