Proposition 212
Protect Education Act
Fiscal Analysis

Estimated Impact
A.R.S. § 19-123(E) requires the JLBC Staff to prepare a summary of 300 words or less on the fiscal impact of voter-initiated ballot measures. Proposition 212 modifies eligibility for the Empowerment Scholarship Account (ESA) program by establishing a $150,000 household income eligibility cap adjusted annually, or a lesser amount determined by the legislature. The income cap would not apply to certain households.

The income cap will reduce the state General Fund cost of the ESA program. The dollar impact of the income cap, however, cannot be estimated since the Arizona Department of Education does not collect income data on participating households. In addition, the net overall K-12 fiscal impact will depend on whether the income cap results in ESA households instead enrolling their children in public school.

The proposition would also generally require any unused ESA balances to be annually returned to the state. While any unused monies are currently returned to the General Fund, the proposition would deposit 90% of these monies into the Classroom Site Fund.

The proposition also establishes new administrative and enforcement requirements for several state agencies. These costs would be paid from: a) fees on participating ESA schools and tutoring entities, b) a portion of the balances of active and closed ESA accounts, and c) $1.75 million in one-time transfers from the Department of Health Services Medical Marijuana Fund.

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