

# Proposition FF: Healthy School Meals for All

*Placed on the ballot by the legislature • Passes with a majority vote*

1 **Proposition FF proposes amending the Colorado statutes to:**

- 2 • create the Healthy School Meals for All program to provide access to free  
3 meals for all public school students in Colorado; and
- 4 • pay for the program by increasing the taxes paid by households with incomes  
5 of \$300,000 or more and by using additional federal funding for school meals.

6 **What Your Vote Means**

**YES**

7 A “yes” vote on  
8 Proposition FF creates a  
9 program to provide access to free meals to  
10 all public school students in Colorado and  
11 offer grants to schools related to the  
12 provision of school meals. It also increases  
13 taxes for households with over \$300,000 in  
14 federal adjusted gross income by limiting  
15 state income tax deductions.

**NO**

A “no” vote on Proposition FF means that the current method of funding school meals, which provides free meals to children from households with incomes below certain thresholds, will remain unchanged, and there will be no change to tax law.

1 **Summary and Analysis for Proposition FF**

2 **What does the measure do?**

3 The measure creates the Healthy School Meals for All program (program) to  
4 reimburse school meal providers for offering free school breakfasts and lunches  
5 to all public school students, regardless of family income, beginning with the  
6 2023-24 school year.

7 Beginning in the 2024-25 school year, the program will also provide grant funding  
8 to school meal providers to:

- 9 • purchase products grown, raised, and processed in Colorado to include in  
10 school meals;
- 11 • increase wages or provide stipends for employees who prepare and serve  
12 school meals; and
- 13 • receive training, equipment, and technical assistance, via a nonprofit  
14 organization, to help prepare healthy school meals using basic, nutritious  
15 ingredients, and to support collaboration between schools, communities, and  
16 local food growers.

17 The measure pays for the program by increasing taxes on households with more  
18 than \$300,000 in adjusted gross income per year. It also requires the state and  
19 school meal providers to participate in certain federal programs to bring in  
20 additional federal funds.

21 **Who can participate in the program?**

22 Any school meal provider can participate in the program. A school meal provider  
23 manages school food programs within its area, and may be a school district,  
24 charter school, group representing several school districts or charter schools, or  
25 another entity that participates in the National School Lunch Program. There are  
26 currently 183 school meal providers in Colorado.


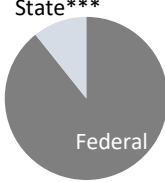

27 Any student at a participating school who wishes to receive a school meal will be  
28 able to do so for free under the measure. This includes students in early  
29 childhood education programs administered by public schools.

30 **Who pays for school meals now?**

31 Currently, schools receive money from the state and federal governments, as  
32 well as payments from families, to pay for student meals. Federal programs, like  
33 the federal School Breakfast Program and National School Lunch Program,  
34 reimburse school meal providers for all or a portion of the cost of meals, based  
35 on a student's family income. In Colorado, students eligible for reduced-price  
36 meals receive free meals because the state covers the student's portion of the  
37 cost. As a result, some students pay full price for a school meal and some eat  
38 for free, as shown in Figure 1.

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2  
3

**Figure 1**  
**School Meal Reimbursements**  
**Eligibility Categories and Funding Sources**

Federal Student Eligibility Category	Free meals	Reduced-price meals	Not eligible for free or reduced-price meals
Income Eligibility	Less than \$36,075 for a family of four*	Less than \$51,338 for a family of four**	All other students
Actual School Meal Funding	 <p>Students receive federally funded free meals. This won't change under the measure.</p>	 <p>Students receive state and federally funded free meals. This won't change under the measure.</p>	 <p>Currently, this portion is paid by students, after a federal contribution.</p> <p>Under the measure, the student portion will be paid by the state, and students may receive free meals.</p>

4 \*Less than 130% of federal poverty guideline; annual income for budget year 2022-23  
 5 \*\*Less than 185% of federal poverty guideline; annual income for budget year 2022-23  
 6 \*\*\* This portion is paid by the federal government in the 2022-23 school year only. The state covered  
 7 this portion before the pandemic, and will continue to do so in future years.

8 **Changes due to COVID-19.** In the spring of 2020, when the COVID-19  
 9 pandemic first disrupted the country's public education system, the federal  
 10 government covered the cost to provide free school meals to all students. This  
 11 temporary reimbursement recently ended, meaning that students who are not  
 12 eligible for free or reduced-price meals have to pay for meals during the 2022-23  
 13 school year.

14 All students were able to receive free meals during the 2020-21 and 2021-22  
 15 school years. Approximately 355,000 students, or 40 percent of all Colorado  
 16 students in kindergarten through twelfth grade, would have met family income  
 17 criteria to be eligible for free school meals in Colorado had universal free school  
 18 meals not been available.

19 **How is the new program funded?**

20 The new school meal program is funded through two sources: increased state  
 21 income taxes for households with incomes of \$300,000 or above and increased  
 22 federal funding.

1 **Increased state income tax revenue.** Beginning in tax year 2023, the measure  
 2 increases state income taxes paid by households with at least \$300,000 in  
 3 federal adjusted gross income by limiting the amount of money they can deduct  
 4 from their Colorado taxable income. These households will be limited to \$12,000  
 5 in state income tax deductions for single filers and to \$16,000 for joint filers. This  
 6 will affect an estimated 113,988 returns, or about 5 percent of returns filed in  
 7 Colorado. The limit applies to either the taxpayer’s standard deduction or  
 8 itemized deductions. Expenses most often included in itemized deductions are  
 9 charitable contributions, state and local taxes, and mortgage interest.

10 The amount of additional taxes each household will owe depends on the amount  
 11 of deductions the household claims on its federal tax returns. For example, if a  
 12 married couple filing jointly claims the standard \$25,900 deduction on their  
 13 federal income taxes, they will pay an additional \$450 in state income taxes. If  
 14 the couple claims \$50,000 in itemized deductions, they will pay an additional  
 15 \$1,547 in state income taxes under the measure. Table 1 shows an example  
 16 using the standard deduction for a couple making \$375,000. For a more detailed  
 17 breakdown, see the Fiscal Impact Section below.

18 The measure is expected to increase income tax revenue to the state by  
 19 \$100.7 million in budget year 2023-24, the first full year the tax change will be in  
 20 effect. This money is not subject to the state’s constitutional revenue limit.

21 **Table 1**  
 22 **Example of Income Tax Change Under Proposition FF**

<b>Component</b>	<b>Current Law</b>	<b>Under Measure</b>	<b>Change</b>
Adjusted Gross Income	\$375,000	\$375,000	
<i>minus</i>			
Standard Deduction*	\$25,900	\$25,900	
<i>equals</i>			
Federal Taxable Income	\$349,100	\$349,100	
<i>plus</i>			
Add Back (deductions - limit)	\$0	\$9,900**	
<i>equals</i>			
Colorado Taxable Income	\$349,100	\$359,000	
<i>multiplied by 4.55% equals</i>			
State Income Taxes	\$15,884	\$16,335	\$450

23 \* This example uses the standard deduction (\$12,950 for a single taxpayer, \$25,900 for a joint filer in tax  
 24 year 2022). A taxpayer’s actual deductions will determine the change in income taxes paid; itemized  
 25 deductions that exceed \$25,900 will result in higher state income taxes paid.

26 \*\* \$25,900 standard deduction minus \$16,000 limit for joint filers. This example assumes no other add  
 27 backs.

28 **Increased federal funding.** The measure requires school meal providers to  
 29 maximize their federal reimbursement by participating in certain federal  
 30 programs, which will increase federal funding and reduce the amount of state  
 31 funds necessary to support the new school meals program, as follows:

- 32 • First, the measure requires the state to participate in a federal project that  
 33 makes students receiving Medicaid automatically eligible for federally funded  
 34 free school meals.

- 1 • Second, school meal providers will be required to participate in the federal  
2 Community Eligibility Provision program, if eligible. This program allows  
3 schools with a high number of students qualifying for free and reduced-price  
4 meals to receive additional federal reimbursement, with some schools  
5 meeting the requirements to provide free meals to all students.

## 6 **How will the program be monitored?**

7 Beginning in 2024, the Colorado Department of Education must submit a report  
8 every two years to the state legislature on the implementation and progress of  
9 the school meal and grant programs created by the measure. The department  
10 must also contract with an independent auditor to conduct a financial and  
11 performance audit of the program. The audit report must be easily accessible by  
12 the public.

*For information on those issue committees that support or oppose the measures on the ballot at the November 8, 2022, election, go to the Colorado Secretary of State's elections center web site hyperlink for ballot and initiative information:*

<http://www.sos.state.co.us/pubs/elections/Initiatives/InitiativesHome.html>

## 13 **Arguments For Proposition FF**

- 14 1) Research shows that children experiencing hunger have lower grades than  
15 their peers, and are more likely to struggle with behavioral problems and  
16 experience emotional, mental, and physical health issues. By providing  
17 school meals to all students, the measure ensures that every child has  
18 access to food and is not hungry in school.
- 19 2) Providing free meals to all students helps families at a time when many are  
20 facing higher costs of living. The cost of school meals can be a significant  
21 expense, and the measure removes tradeoffs for many families between  
22 paying for meals and covering other necessary household expenses. The  
23 current income threshold for free meals does not capture all students who  
24 may face food insecurity, and even if a student can afford to bring or pay for a  
25 meal, the measure will take a daily financial concern off of families' plates.
- 26 3) The measure removes a source of shame and embarrassment for students  
27 who receive free meals. When some students receive free school meals and  
28 others pay for their meal, it creates stigma and shame for the students who  
29 receive the free meals or who have school meal debt that they cannot pay.  
30 Feeling singled out causes many students to skip what may be their only  
31 healthy and balanced meal of the day.

## 32 **Arguments Against Proposition FF**

- 33 1) The measure raises taxes on some households at a time when inflation is  
34 high and the cost of living is increasing. Higher taxes mean that those

1 taxpayers will have less money to save or invest in the economy. Those  
2 dollars are best used by individuals and families in a way that they see fit.

3 2) The state should not pay to feed kids who can afford to purchase a school  
4 meal or bring food from home. Feeding kids should be the role and  
5 responsibility of the parents or caregivers, not the government. The measure  
6 requires ongoing state funding, resources, and oversight for a program that is  
7 not needed by all students.

8 3) Colorado schools are underfunded. If voters want to increase taxes to help  
9 students, it would be better to give local school districts new funding to use in  
10 a way that best serves their students, such as increasing teacher salaries or  
11 providing additional educational materials and opportunities.

## 12 **Fiscal Impact for Proposition FF**

13 Proposition FF increases state revenue and spending beginning in state budget  
14 year 2022-23.

15 **State revenue.** By limiting state income tax deductions for taxpayers with at least  
16 \$300,000 in adjusted gross income, the measure is expected to increase state  
17 revenue by an estimated \$50.4 million in budget year 2022-23 (a half-year  
18 impact), \$100.7 million in budget year 2023-24, \$104.2 million in budget year  
19 2024-25, and by increasing amounts in later years. The revenue generated is not  
20 subject to the state constitutional revenue limit. Of the total annual amount, an  
21 estimated \$3.7 million in budget year 2022-23, and \$7.5 million in budget year  
22 2023-24 will be deposited in the State Education Fund as a result of increasing  
23 Colorado taxable income.

24 **State spending.** The measure is expected to increase state spending by an  
25 estimated \$212,289 in budget year 2022-23 for administrative costs to set up the  
26 new program, by up to \$115.3 million in budget year 2023-24 for school meal  
27 reimbursements and administrative costs, and by between \$71.4 million and  
28 \$101.4 million per year starting in the 2024-25 budget year when the new  
29 program is fully operational.

30 This program will reimburse school meal providers for the cost of offering free  
31 meals to all students (between \$48.5 million and \$78.5 million when fully  
32 implemented), and provide grant funding to school meal providers to purchase  
33 Colorado grown food (\$9.5 million), funding to increase wages for employees  
34 who prepare and serve school meals (\$7.6 million), and grants to assist school  
35 food providers with the promotion and utilization of local foods (\$5.0 million).

36 Costs to the state assume additional reimbursements from the federal  
37 government, and will depend on the number of students who become eligible for  
38 federal meal reimbursement as a result of the measure, as well as the school  
39 districts in which they reside. Given this uncertainty, this analysis shows a wide  
40 range of potential costs.

41 In addition, the Department of Revenue will have costs of \$209,855 in budget  
42 year 2023-24 and by \$98,292 in later years to administer the tax changes under  
43 the bill. State spending is paid from the state General Fund.

1 **School district revenue and spending.** School districts will have additional  
 2 revenue from meal reimbursements, employee wage support payments, and  
 3 local food purchasing grants. The amount each district receives will depend on  
 4 the number of meals served and the components of the program in which a  
 5 district chooses to participate. This revenue will be used to pay school district  
 6 costs to provide meals to students and increase employee wages. School  
 7 districts will also have additional workload to adjust to new data, documentation,  
 8 and grant program requirements.

9 **Taxpayer impact.** Proposition FF will increase the amount of income tax owed  
 10 by taxpayers who have over \$300,000 in federal taxable income. State law  
 11 requires Legislative Council Staff to estimate the potential tax burden on affected  
 12 taxpayers within specified income categories. Table 2 shows the expected  
 13 change in tax burden based on data on income and income tax deductions  
 14 claimed on 2019 tax returns. The actual impact on any given taxpayer with  
 15 income above \$300,000 will depend on the deductions taken on their federal  
 16 income tax returns. For taxpayers with incomes above \$400,000, the new limits  
 17 on deductions will be applied in addition to the existing limits on deductions in  
 18 state law.

19 **Table 2**  
 20 **Estimated Impact on Taxpayers by Income Category**

<b>Income Category</b>	<b>Estimated Number of Taxpayers<sup>1</sup></b>	<b>Total Change in Tax Burden</b>	<b>Average Change in Tax Burden</b>
\$14,999 or less	394,516	No change	No change
\$15,000 to \$29,999	348,440	No change	No change
\$30,000 to \$39,999	234,632	No change	No change
\$40,000 to \$49,999	209,806	No change	No change
\$50,000 to \$69,999	328,119	No change	No change
\$70,000 to \$99,999	328,257	No change	No change
\$100,000 to \$149,999	319,212	No change	No change
\$150,000 to \$199,999	162,242	No change	No change
\$200,000 to \$249,999	85,851	No change	No change
<b><u>\$250,000 to \$499,999</u></b>	<b><u>118,749</u></b>		
\$250,000 - \$299,999	48,135	No change	No change
\$300,000 - \$499,999	70,614	+\$57.4 million	+\$813
\$500,000 to \$999,999	29,951	+\$27.7 million	+\$923
\$1,000,000 or more	13,423	+\$15.7 million	+\$1,166
<b>Total</b>	<b>2,573,198</b>	<b>+\$100.7 million</b>	
<i>Income under \$300,000</i>	<i>2,064,694</i>	<i>\$0</i>	<i>\$0</i>
<i>Income above \$300,000</i>	<i>113,988</i>	<i>+\$100.7 million</i>	<i>+\$884</i>

21 <sup>1</sup> The estimated number of taxpayers counts joint filers as one taxpayer.