

Initiative 25: Learning Enrichment and Academic Progress Program

Placed on the ballot by citizen initiative • Passes with a majority vote

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

- 2 • create the Colorado Learning Enrichment and Academic Progress program to
3 help eligible Colorado youth access and pay for out-of-school learning
4 opportunities; and
- 5 • pay for the program by raising retail marijuana taxes and using other existing
6 state funds.

7 **What Your Vote Means**

YES

8 A “yes” vote on
9 Proposition ? means the

10 Learning Enrichment and Academic
11 Progress program will be created and
12 funded through an increase in retail
13 marijuana taxes and transfers from existing
14 state funds.

NO

A “no” vote on Proposition ?
means the program will not be
created and retail marijuana taxes will
remain at current rates.

Summary and Analysis for Proposition ?

1 What does the measure do?

2 The measure creates the Learning Enrichment and Academic Progress program
3 (program) to provide financial assistance and support to eligible Colorado youth
4 to access out-of-school learning and enrichment opportunities. Children between
5 the ages of 5 and 17 who live in Colorado will be eligible for the program. To pay
6 for the program, the measure raises retail marijuana taxes by 5 percent over
7 three years and diverts existing money from a trust fund.

8 What are out-of-school learning and enrichment opportunities?

9 The measure defines out-of-school learning and enrichment opportunities as any
10 program, service, system, activity, materials, or purchase that provides additional
11 educational or developmental support to youth outside of the regular school day.
12 These opportunities can include, but are not limited to, tutoring, targeted
13 assistance for youth with special needs, second language training, additional
14 academic learning support materials, career and technical educational training
15 programs, social emotional learning, and mental health services.

16 How will the program work?

17 **Colorado Learning Authority and board of directors.** The measure
18 establishes a new independent state agency called the Colorado Learning
19 Authority (authority). The authority will be overseen by a nine-member board of
20 directors (board), appointed by the Governor. The authority and its board will be
21 responsible for:

- 22 • creating and administering the program;
- 23 • assisting and supporting providers in administering services to eligible youth;
- 24 • establishing how funds will be distributed;
- 25 • implementing an evaluation system to measure the impacts of the program
26 and the quality of the providers; and
- 27 • working with selected parents and providers in determining the day-to-day
28 operations of the program.

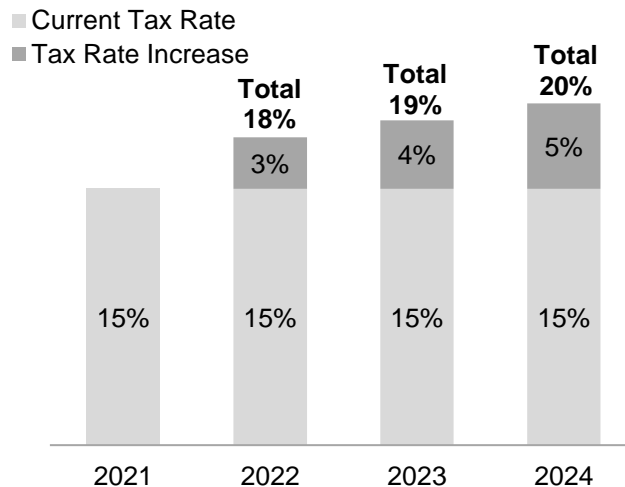
29 **Program providers.** Under the measure, the authority is required to develop
30 criteria for the selection and certification of learning opportunity providers.
31 School districts and other local education agencies will be pre-certified as
32 providers, and teachers will receive priority approval as qualified providers.
33 Other interested providers must submit an application and be certified by the
34 authority as an approved provider. A list of approved local and statewide
35 providers will be made available to program participants.

36 **Financial aid distribution.** The program will pay providers on behalf of eligible
37 youth. Beginning in 2023, the measure requires that eligible youth in families
38 with incomes at or below the federal poverty level be given first priority for
39 financial aid, followed by youth in families with incomes up to twice the federal
40 poverty level. In 2021, the federal poverty level is \$26,600 for a family of four.
41 After prioritizing these groups, the authority can distribute any remaining aid to
42 other participating students.

1 **How will the program be funded?**

2 The measure funds the program in two ways. First, the measure implements a
 3 phased sales tax increase on retail marijuana and marijuana products from the
 4 current 15 percent rate to a new 20 percent rate. The proposed marijuana sales
 5 tax increase is shown in Figure 1. Second, the measure shifts money from
 6 existing state funds. About \$20 million each year that currently is deposited as
 7 principal into a trust fund, the interest from which is used to fund public
 8 education, will be reallocated to pay for the program.

9 **Figure 1**
 10 **Phased Sales Tax Rate Increase on Marijuana Under the Measure**



For information on those issue committees that support or oppose the measures on the ballot at the November 2, 2021, 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>

11 **Arguments For Proposition ?**

- 12 1) The gap in spending on student enrichment activities between low-income
 13 and high-income families has more than doubled since the 1970s. The
 14 COVID-19 pandemic has made the learning gap between low-income
 15 students and their higher-income peers even larger. The program is a step
 16 toward closing the gap between families who can afford to provide
 17 enrichment opportunities for their children and those who cannot.
- 18 2) Proposition ? supports the academic, social-emotional, and technical
 19 education needs of low-income students, which have never been more
 20 important. This support will help make up for the loss in recent years of
 21 public school enrichment programs, such as music, visual and performing

1 arts, and career and technical education. Further, the program creates
2 opportunities for teachers to earn money as program providers.

3 **Arguments Against Proposition ?**

4 1) Public dollars set aside for education are needed to support the public
5 education system. If voters want to increase retail marijuana taxes for
6 education, the revenue would be better used to expand the capacity of public
7 schools, allowing them to reinstate programs they have had to cut and to
8 provide additional learning and enrichment opportunities for children.
9 Instead, Proposition ? directs this money to a competing bureaucracy,
10 headed by a board that is appointed by one person, that may not represent
11 the interests of all Coloradans.

12 2) Increasing the sales tax on marijuana will further increase the gap in prices
13 between legal marijuana and black-market marijuana, pushing more
14 individuals into the black market and hurting legitimate retail marijuana
15 businesses. Additionally, the retail sales tax on marijuana already places a
16 greater financial burden on low-income individuals; increasing the tax rate will
17 only make this worse.

18 **Fiscal Impact for Proposition ?**

19 On net, Proposition ? will increase state revenue and spending. It also transfers
20 money between various state funds. These impacts, as well as the estimated
21 impact on taxpayers, are discussed below. The state budget year runs from July
22 1 through June 30.

23 **State revenue.** Proposition ? will increase state revenue by an estimated
24 \$34.8 million in state budget year 2021-22 and by \$87.1 million beginning in
25 budget year 2022-23 from increasing the tax on retail marijuana. The amount for
26 state budget year 2021-22 is a half-year impact. This revenue is not subject to
27 state constitutional spending limits. In addition, by diverting money from the
28 Permanent Fund, which generates interest and earnings that are used for current
29 and future school funding needs, the measure decreases state revenue from
30 interest earnings by an estimated \$70.5 million over 10 years.

31 **State spending.** Proposition ? will increase state expenditures from the newly
32 created Learning Enrichment and Academic Progress Fund by an estimated
33 \$55.8 million in budget year 2021-22 and \$109.1 million in budget year 2022-23
34 and in future years. The amount for state budget year 2021-22 is a half-year
35 impact. Expenditures will include administration of the Learning Enrichment and
36 Academic Progress Program and the financial aid award amounts distributed to
37 parents.

38 **Transfers of state funds.** Proposition ? will divert \$21.0 million in budget year
39 2021-22 and \$22.0 million beginning in budget year 2022-23 in state land board
40 revenue from the Permanent Fund to the State Public School Fund. The
41 measure then transfers a corresponding amount of revenue each year from the
42 General Fund to the newly created Learning Enrichment and Academic Progress

1 Fund. The money transferred is not subject to state constitutional spending
 2 limits.

3 **Taxpayer impacts.** Proposition ? will increase the amount of sales taxes paid
 4 by Coloradans who purchase marijuana products. Table X below shows the
 5 following information on taxpayers impacted by the measure:

- 6 • the estimated number of taxpayers by income category;
- 7 • the total change in tax burden for each income category; and
- 8 • the average change in tax burden for individuals in each income category.

9 **Table X**
 10 **Estimated Taxpayer Impact by Income Category in State Budget Year 2024-25**

Income Category ¹	Estimated Number of Taxpayers	Total Change in Tax Burden	Average Change in Tax Burden
\$14,999 or less	XX	\$XX	\$XX
\$15,000 to \$29,999	XX	\$XX	\$XX
\$30,000 to \$39,999	XX	\$XX	\$XX
\$40,000 to \$49,999	XX	\$XX	\$XX
\$50,000 to \$69,999	XX	\$XX	\$XX
\$70,000 to \$99,999	XX	\$XX	\$XX
\$100,000 to \$149,999	XX	\$XX	\$XX
\$150,000 to \$199,999	XX	\$XX	\$XX
\$200,000 to \$249,999	XX	\$XX	\$XX
\$250,000 to \$499,999	XX	\$XX	\$XX
\$500,000 to \$999,999	XX	\$XX	\$XX
\$1,000,000 or more	XX	\$XX	\$XX
Total	XX	\$XX	\$XX

¹Federal adjusted gross income