

Proposition ? : 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 aid and support to eligible Colorado youth to
4 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 the State Land Trust.

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. The financial
16 aid provided by the program cannot be used for school tuition or for instruction or
17 materials that are part of the student’s regular school curriculum.

18 How will the program work?

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

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

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

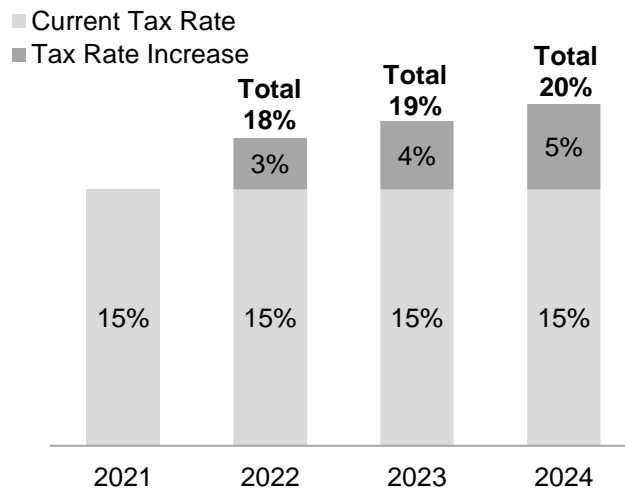
39 **Financial aid distribution.** The program will pay providers chosen by parents
40 on behalf of eligible youth. Beginning in 2023, the measure requires that eligible
41 youth in families with incomes at or below the federal poverty level be given first
42 priority for financial aid, followed by youth in families with incomes up to twice the
43 federal poverty level. In 2021, the federal poverty level is \$26,600 for a family of

1 four. After prioritizing these groups, the authority will distribute any remaining aid
 2 to other participating students.

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

4 The measure funds the program in two ways. First, the measure implements a
 5 phased sales tax increase on retail marijuana and marijuana products from the
 6 current 15 percent rate to 18 percent in 2022, 19 percent in 2023, and 20 percent
 7 in 2024 and each year thereafter. The proposed marijuana sales tax increase is
 8 shown in Figure 1. Second, the measure shifts money from existing state funds,
 9 including the State Land Trust and the General Fund. For further information on
 10 how the program will be funded, refer to the fiscal impact section at the end of
 11 the analysis.

12 **Figure 1**
 13 **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>

14 **Arguments For Proposition ?**

- 15 1) The gap in spending on student enrichment activities between low-income
 16 and high-income families has more than doubled since the 1970s. The
 17 COVID-19 pandemic has made the learning gap between low-income
 18 students and their higher-income peers even larger. The program is a step
 19 toward closing the gap between families who can afford to provide
 20 enrichment opportunities for their children and those who cannot.

- 1 2) Proposition ? supports the academic, social-emotional, and technical
2 education needs of low-income students, while allowing families to choose
3 services based on the individual needs of their student. This support will help
4 make up for the loss in recent years of public school enrichment programs,
5 such as music, arts, and career and technical education, while also bolstering
6 tutoring and supplemental academic instruction in core subject areas.
7 Further, the program creates opportunities for teachers to earn money as
8 program providers.

9 **Arguments Against Proposition ?**

- 10 1) Proposition ? allows public money to be directed to private out-of-school
11 service providers instead of investing it directly into public schools. Public
12 dollars set aside for education are needed to support the public education
13 system. If voters want to increase retail marijuana taxes for education, the
14 revenue would be better used to expand the capacity of public schools,
15 allowing them to reinstate programs they have had to cut and to provide
16 additional learning and enrichment opportunities for children.
- 17 2) Increasing the sales tax on marijuana will further increase the gap in prices
18 between legal marijuana and black-market marijuana, pushing more
19 individuals into the black market and hurting legitimate retail marijuana
20 businesses. Additionally, the retail sales tax on marijuana already places a
21 greater financial burden on low-income individuals; increasing the tax rate will
22 only make this worse.

23 **Fiscal Impact for Proposition ?**

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

28 **State revenue.** Proposition ? will increase state revenue by an estimated
29 \$34.8 million in state budget year 2021-22 and by \$87.1 million beginning in
30 budget year 2022-23 by increasing the tax on retail marijuana. The amount for
31 state budget year 2021-22 is a half-year impact. This revenue is not subject to
32 state constitutional spending limits. In addition, the measure reduces investment
33 earnings in the Permanent Fund by about \$48.1 million over a ten-year period,
34 including \$30.7 million in interest earnings that would otherwise be used as
35 funding for the K-12 education system and \$17.5 million in foregone capital
36 growth in the balance of the Permanent Fund over ten years.

37 **State spending.** Proposition ? will increase state expenditures from the newly
38 created Learning Enrichment and Academic Progress Fund by an estimated
39 \$55.8 million in budget year 2021-22 and \$109.1 million in budget year 2022-23
40 and in future years. The amount for state budget year 2021-22 is a half-year
41 impact. Expenditures will include administration of the Learning Enrichment and
42 Academic Progress Program and the financial aid award amounts distributed to
43 parents. The change in state spending will equal the change in state revenue
44 and transfers.

1 **Transfers of state funds.** Proposition ? will divert \$21.0 million in budget year
 2 2021-22 and \$22.0 million beginning in budget year 2022-23 in State Land Trust
 3 revenue from the Permanent Fund to the State Public School Fund. The
 4 measure then transfers a corresponding amount of revenue each year from the
 5 General Fund to the newly created Learning Enrichment and Academic Progress
 6 Fund. The money transferred is not subject to state constitutional spending
 7 limits.

8 **Taxpayer impacts.** Proposition ? will increase the amount of sales taxes paid
 9 by Coloradans who purchase marijuana products. State law requires Legislative
 10 Council Staff to estimate the potential tax burden on affected taxpayers within
 11 specified income categories. Legislative Council Staff estimates are based on
 12 the best available data from the U.S. Bureau of Labor Statistics and Centers for
 13 Disease Control and Prevention. Because there are no data available about
 14 marijuana use and spending, data about the usage of and spending on tobacco
 15 products by income group are used to produce the estimates in Table 1. Table 1
 16 below shows the following information on taxpayers impacted by the measure, as
 17 required by Colorado law:

- 18 • the estimated number of taxpayers by income category;
- 19 • the total change in tax burden for each income category; and
- 20 • the average change in tax burden for individuals in each income category.

21 **Table 1**
 22 **Estimated Impact on Retail Marijuana Consumers by Income Category in State**
 23 **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	280,184	\$15.0 million	\$54
\$15,000 to \$29,999	253,933	\$19.9 million	\$78
\$30,000 to \$39,999	145,639	\$14.3 million	\$98
\$40,000 to \$49,999	98,995	\$12.5 million	\$127
\$50,000 to \$69,999	146,190	\$21.4 million	\$146
\$70,000 to \$99,999	110,694	\$25.4 million	\$230
\$100,000 to \$149,999	75,914	\$19.0 million	\$250
\$150,000 to \$199,999	37,703	\$5.4 million	\$143
\$200,000 to \$249,999	22,462	\$2.1 million	\$92
\$250,000 to \$499,999	14,873	\$1.2 million	\$83
\$500,000 to \$999,999	5,481	\$0.8 million	\$151
\$1,000,000 or more	2,601	\$0.6 million	\$238
Total	1,194,668	\$137.6 million	-

¹Federal adjusted gross income