

# Proposition 119: Learning Enrichment and Academic Progress Program

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

1 **Proposition 119 proposes amending the Colorado statutes to:**

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

7 **What Your Vote Means**

8 **YES**       A “yes” vote on Proposition  
9 119 funds financial aid for tutoring and  
10 other out-of-school enrichment and  
11 instruction through an increase in retail  
12 marijuana taxes and transfers from existing  
13 state funds.

**NO**       A “no” vote on Proposition 119  
means the program will not be created and  
funded.

1 **Summary and Analysis for Proposition 119**

2 **What does the measure do?**

3 The measure creates the Learning Enrichment and Academic Progress program  
4 (program) to provide financial aid and support to eligible Colorado youth to  
5 access out-of-school learning and enrichment opportunities like tutoring.  
6 Children between the ages of 5 and 17 who live in Colorado will be eligible to  
7 apply for the program. The program will be funded using revenue raised from  
8 increasing retail marijuana taxes by 5 percent over three years, plus an  
9 estimated \$20 million annually from the General Fund. Additionally, the measure  
10 diverts approximately \$20 million annually from the State Land Trust, which helps  
11 fund public schools, to the State Public School Fund.

12 **What are out-of-school learning and enrichment opportunities?**

13 The measure defines out-of-school learning and enrichment opportunities as any  
14 program, service, system, activity, materials, or purchase that provides additional  
15 educational or developmental support to youth outside of the regular school day.  
16 These opportunities can include, but are not limited to, tutoring, targeted  
17 assistance for youth with special needs, second language training, additional  
18 academic learning support materials, career and technical educational training  
19 programs, social emotional learning, and mental health services. The financial  
20 aid provided by the program cannot be used for school tuition or for instruction or  
21 materials that are part of the student’s regular school curriculum.

22 **How will the program work?**

23 **Colorado Learning Authority and board of directors.** The measure  
24 establishes a new state agency called the Colorado Learning Authority  
25 (authority), which is independent from oversight by the State Board of Education  
26 and the Colorado Department of Education. The authority will be overseen by a  
27 nine-member board of directors (board), appointed by the Governor. The  
28 authority and its board will be responsible for:

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

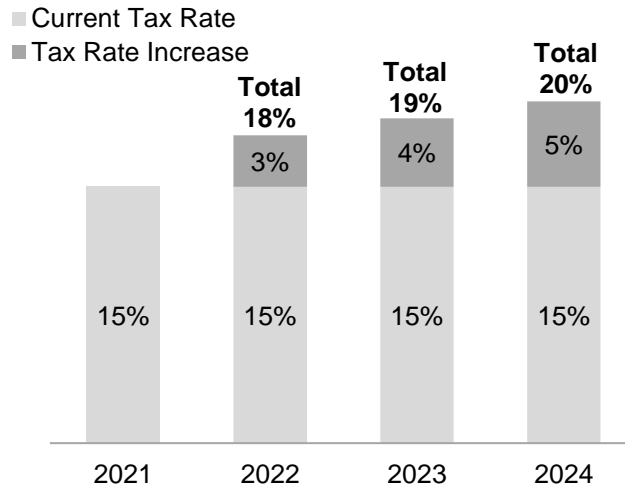
37 **Program providers.** Under the measure, the authority is required to develop  
38 criteria for the selection and certification of learning opportunity providers.  
39 School districts and other local education agencies will be pre-certified as  
40 providers, and teachers will receive priority approval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

1 **Financial aid distribution.** The program will pay providers chosen by parents  
 2 on behalf of eligible youth. In 2023, the measure requires that eligible youth in  
 3 families with incomes at or below the federal poverty level be given first priority  
 4 for financial aid, followed by youth in families with incomes up to twice the federal  
 5 poverty level. In 2021, the federal poverty level is \$26,600 for a family of four.  
 6 After prioritizing these groups, the authority will distribute any remaining aid to  
 7 other participating students. Beginning in 2024, the measure allows the authority  
 8 to determine financial aid award amounts, timing, and distribution methods. The  
 9 authority is still required to prioritize low-income youth.

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

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

19 **Figure 1**  
 20 **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>

1 **Arguments For Proposition 119**

- 2 1) Proposition 119 increases the sales tax on retail marijuana to fund financial  
3 aid for tutoring and other out-of-school learning opportunities for Colorado  
4 students. Even before the pandemic, tutoring and out-of-school instructional  
5 support were badly needed by the significant number of students who are not  
6 proficient in reading, writing, or math. School closures caused by COVID  
7 have urgently increased the need for outside instructional support, especially  
8 among low-income students who cannot afford the cost of tutoring or  
9 enrichment services.
- 10 2) Proposition 119 supports the academic and developmental needs of all  
11 students, and low-income students will be prioritized for financial aid. The  
12 measure empowers an independent, bipartisan board to certify that tutoring  
13 and enrichment providers are qualified and accountable. Once financial aid  
14 is awarded, families and students will have the choice about which certified  
15 tutors or other instructional providers best meet the specific needs of their  
16 student.

17 **Arguments Against Proposition 119**

- 18 1) Proposition 119 allows public money to be directed to private out-of-school  
19 service providers instead of invested directly in public schools. Public dollars  
20 set aside for education are needed to support the public education system. If  
21 voters want to increase retail marijuana taxes for education, the revenue  
22 would be better used to expand the capacity of public schools in every  
23 community, keeping the money under local control and allowing school  
24 districts to reinstate programs they have had to cut and to provide additional  
25 learning and enrichment opportunities for children.
- 26 2) Increasing the sales tax on marijuana will further increase the gap in prices  
27 between legal marijuana and black-market marijuana, pushing more  
28 individuals into the black market and hurting legitimate retail marijuana  
29 businesses. Additionally, the retail sales tax on marijuana already places a  
30 greater financial burden on low-income individuals; increasing the tax rate will  
31 only make this worse.

32 **Fiscal Impact for Proposition 119**

33 On net, Proposition 119 will increase state revenue and spending. It also  
34 transfers money between various state funds. These impacts, as well as the  
35 estimated impact on taxpayers, are discussed below. The state budget year runs  
36 from July 1 through June 30.

37 **State revenue.** Proposition 119 will increase state revenue by an estimated  
38 \$34.8 million in state budget year 2021-22 and by \$87.1 million beginning in  
39 budget year 2022-23 by increasing the tax on retail marijuana. The amount for  
40 state budget year 2021-22 is a half-year impact. This revenue is not subject to  
41 state constitutional spending limits. In addition, the measure reduces investment  
42 earnings in the Permanent Fund by about \$48.2 million over a ten-year period,  
43 including \$30.7 million in interest earnings that would otherwise be used as

1 funding for the K-12 education system and \$17.5 million in forgone capital growth  
2 in the balance of the Permanent Fund over ten years.

3 **State spending.** Proposition 119 will increase state expenditures from the newly  
4 created Learning Enrichment and Academic Progress Fund by an estimated  
5 \$55.8 million in budget year 2021-22 and \$109.1 million in budget year 2022-23  
6 and in future years. The amount for state budget year 2021-22 is a half-year  
7 impact. Expenditures will include administration of the Learning Enrichment and  
8 Academic Progress Program and the financial aid award amounts distributed to  
9 parents. The change in state spending will equal the change in state revenue  
10 and transfers.

11 **Transfers of state funds.** Proposition 119 will divert \$21.0 million in budget  
12 year 2021-22 and \$22.0 million beginning in budget year 2022-23 in State Land  
13 Trust revenue from the Permanent Fund to the State Public School Fund. The  
14 measure then transfers a corresponding amount of revenue each year from the  
15 General Fund to the newly created Learning Enrichment and Academic Progress  
16 Fund. The money transferred is not subject to state constitutional spending  
17 limits.

18 **Taxpayer impacts.** Proposition 119 will increase the amount of sales taxes paid  
19 by Coloradans who purchase marijuana products. State law requires Legislative  
20 Council Staff to estimate the potential tax burden on affected taxpayers within  
21 specified income categories. However, state law prohibits the collection of  
22 personal data on retail marijuana purchasers. Therefore, Legislative Council  
23 Staff used data from the U.S. Bureau of Labor Statistics and Centers for Disease  
24 Control and Prevention concerning the usage of and spending on tobacco  
25 products by income group to produce the estimates in Table 1 below. The table  
26 estimates the following information:

- 27 • the estimated number of taxpayers by income category;
- 28 • the total change in tax burden for each income category; and
- 29 • the average change in tax burden for individuals in each income category.

30 **Table 1**  
31 **Estimated Impact on Retail Marijuana Consumers by Income Category in State**  
32 **Budget Year 2024-25**

Income Category <sup>1</sup>	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

**Table 1 (Cont.)  
Estimated Impact on Retail Marijuana Consumers by Income Category in State  
Budget Year 2024-25**

\$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
<b>Total</b>	<b>1,194,668</b>	<b>\$137.6 million</b>	<b>-</b>

<sup>1</sup>Federal adjusted gross income

**1 State Spending and Tax Increases**

2 Article X, Section 20, of the Colorado Constitution requires that the following fiscal  
3 information be provided when a tax increase question is on the ballot:

- 4 • estimates or actual amounts of state fiscal year spending for the current year and  
5 each of the past four years with the overall percentage and dollar change; and
- 6 • for the first full year of the proposed tax increase, estimates of the maximum dollar  
7 amount of the tax increase and of state fiscal year spending without the increase.

8 "Fiscal year spending" is a legal term in the Colorado Constitution. It equals the  
9 amount of revenue subject to the constitutional spending limit that the state or a district  
10 is permitted to keep and either spend or save for a single year. Table 2 shows state  
11 fiscal year spending for the current year and each of the past four years.

**Table 2  
State Fiscal Year Spending**

	<b>Actual FY 2017-18</b>	<b>Actual FY 2018-19</b>	<b>Actual FY 2019-20</b>	<b>Actual FY 2020-21</b>	<b>Estimated FY 2021-22</b>
Fiscal Year Spending	\$13.70 billion	\$14.36 billion	\$14.87 billion	\$15.64 billion	\$15.99 billion
Four-Year Dollar Change in State Spending: \$2.29 billion					
Four-Year Percent Change in State Spending: 16.7 percent					

14 Table 3 shows the revenue expected from the tax increase on retail sales of marijuana  
15 for FY 2022-23, the first full fiscal year for which the tax increase would be in place,  
16 and an estimate of state fiscal year spending without the tax increase. The estimate  
17 in Table 3 differs from the amount in the ballot question for Proposition 119 because  
18 it reflects a different fiscal year, FY 2022-23 rather than FY 2024-25.

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**Table 3**  
**Estimated State Fiscal Year Spending**  
**and the Proposed Tax Increase on Retail Sales of Marijuana**

	<b>FY 2022-23 Estimate</b>
Fiscal Year Spending Without the Tax Increase	\$19.23 billion
Revenue from the Tax Increase on Retail Sales Marijuana	\$87.1 million