

House Bill 22-1414: Healthy School Meals for All

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

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

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

7 **What Your Vote Means**

YES

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

10 Healthy School Meals for All program and
11 limits state income tax deductions for
12 households with over \$300,000 in federal
13 adjusted gross income.

14
15

NO

A “no” vote on Proposition ? means that levels of funding for school meals under current law, which provide free and reduced-price meals to children from households with incomes below certain thresholds, will remain unchanged, and there will be no change to tax laws.

Summary and Analysis for Proposition ?

1 What does the measure do?

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

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

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

14 The measure pays for the program by increasing taxes on households with more
15 than \$300,000 adjusted gross income per year. It also requires the state to
16 participate in a federal project allowing students receiving Medicaid benefits to be
17 automatically eligible for free school meals, which will bring in additional federal
18 funding for the program.

19 Who can participate in the program?

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

25 Any student at a participating school who wishes to receive a school meal will be
26 able to do so for free under the measure.

27 Who pays for school meals now?

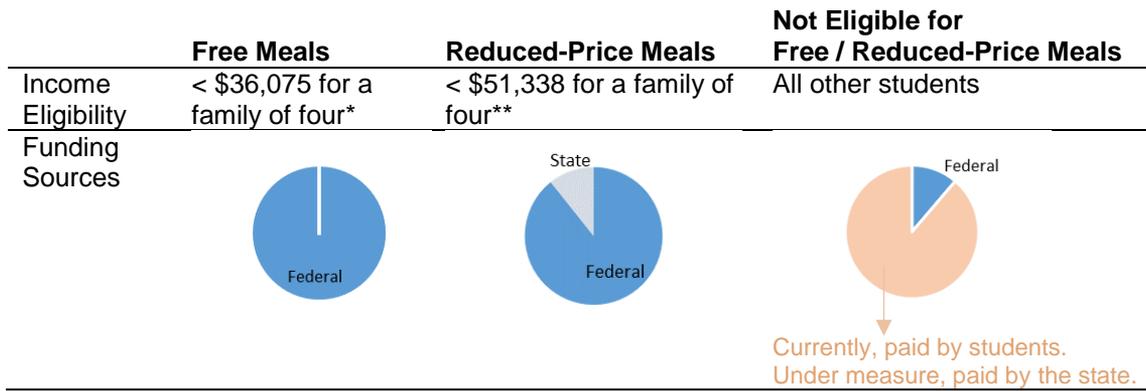
28 Currently, schools receive money from the state and federal governments, as well as
29 payments from families, to pay for student meals. Federal and state programs, like
30 the federal School Breakfast Program and National School Lunch Program,
31 reimburse school meal providers for the cost of meals based on a student's family
32 income. As a result, some students pay full price for a school meal, some pay a
33 reduced amount, and some are eligible to eat for free, as shown in Figure 1.

34 Approximately 40 percent of Colorado students in kindergarten through twelfth
35 grade, or about 355,000 students, were eligible for free or reduced-price meals
36 during the 2020-21 school year.

37 **Changes due to COVID-19.** In the spring of 2020, when the COVID-19 pandemic
38 first disrupted the country's public education system, the federal government covered
39 the cost to provide free school meals to all students. This temporary reimbursement
40 ended in June 2022, meaning that students who are ineligible for free or reduced-

1 price meals will go back to paying for school meals starting in the 2022-23 school
 2 year.

3 **Figure 1**
 4 **School Meal Reimbursements Funding Sources**



5 * <130% of federal poverty guideline; annual income for budget year 2022-23
 6 ** <185% of federal poverty guideline; annual income for budget year 2022-23

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

8 The new school meal program is funded through two sources: increased state
 9 income taxes and increased federal funding.

10 **Increased state income taxes.** Beginning in tax year 2023, the measure increases
 11 state income taxes paid by households with more than \$300,000 in federal adjusted
 12 gross income by limiting the amount of money they can deduct from their Colorado
 13 taxable income. These households will be limited to \$12,000 in state income tax
 14 deductions for single filers and to \$16,000 for joint filers. This will affect an estimated
 15 101,444 returns, or 3 percent of returns filed, in Colorado. Expenses most often
 16 included in itemized deductions are charitable contributions, state and local taxes,
 17 and mortgage interest.

18 For example, if a household filing jointly has an annual adjusted gross income of
 19 \$375,000 and claims \$50,000 in itemized deductions on their federal income taxes, it
 20 currently pays federal and state income tax on \$325,000. Under the measure, this
 21 household would instead pay state income taxes on \$359,000, which results in an
 22 additional \$1,547 in state income taxes. The amount of additional taxes each
 23 household pays depends on how many deductions the household takes on its
 24 federal tax returns. This example is shown in Table 1. For detailed taxpayer
 25 information, please see the Fiscal Impact Section below.

1
2

Table 1
Example of Income Tax Change Under HB22-1414

Component	Current Law	Under Measure	Change
Adjusted Gross Income	\$375,000	\$375,000	
<i>minus</i>			
Example of Itemized Deductions*	\$50,000	\$50,000	
<i>equals</i>			
Federal Taxable Income	\$325,000	\$325,000	
<i>plus</i>			
Add Back (deductions - limit)	\$0	\$34,000**	
<i>equals</i>			
Colorado Taxable Income	\$325,000	\$359,000	
<i>multiplied by 4.55% equals</i>			
State Income Taxes Paid	\$14,788	\$16,335	\$1,547

3
4

* This is an example of itemized deductions. Actual deductions will determine the change in income taxes paid.
** \$50,000 itemized deduction minus \$16,000 limit for joint filers. This example assumes no other add backs.

5
6
7
8

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

9
10
11

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

12
13
14
15
16

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

17

How will the program be monitored?

18
19
20
21
22

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

1 **Arguments For Proposition ?**

- 2 1) When some students receive free school meals and others pay for their meal,
3 it creates stigma and shame for the students who receive the free meals.
4 Feeling singled out may cause some students to skip what may be their only
5 healthy and balanced meal of the day. Research shows that children
6 experiencing hunger have lower grades than their peers, and are more likely
7 to struggle with behavioral problems and experience emotional, mental, and
8 physical health issues. Providing school meals to all students ensures every
9 child has access to food and is not hungry in school.
- 10 2) Providing free meals to all students helps families at a time when many are
11 facing higher costs of living. The cost of school meals can be a significant
12 expense, and the measure removes tradeoffs between paying for meals and
13 covering other necessary household expenses. Even if a student can afford
14 to bring or pay for a meal, the measure will take a daily financial concern off
15 of families' plates.
- 16 3) The measure reduces the administrative burden on families and schools.
17 Families will no longer be required to fill out paperwork every year to
18 establish their eligibility for free or reduced-price meals. In particular, this
19 benefits immigrant families who may be uncomfortable with or not able to
20 share certain personal information. In addition, it will save schools time and
21 money if administrative staff no longer need to process eligibility for meal
22 assistance and cafeteria staff can focus on providing kids meals instead of
23 tracking payments and school meal debt.

24 **Arguments Against Proposition ?**

- 25 1) The measure raises taxes at a time when inflation is high and the cost of
26 living is increasing. Higher taxes mean that taxpayers will have less money
27 to save or invest in the economy. Those dollars are best used by individuals
28 and families in a way that they see fit.
- 29 2) The state should not pay to feed kids who can afford to purchase a school
30 meal or bring food from home. Feeding kids should be the role and
31 responsibility of the parents or caregivers, not the government. The measure
32 requires ongoing state funding, resources, and oversight for a program that is
33 not needed by a majority of students.
- 34 3) Colorado schools are underfunded. If voters want to increase taxes to help
35 students, the revenue would be better used to expand the capacity of public
36 schools in every community and give local school districts the control to
37 spend new funding in a way that best serves their students, such as
38 increasing teacher salaries or providing additional educational materials and
39 opportunities.

40 **Fiscal Impact for Proposition ?**

41 [The fiscal impact will be included in the second draft of this ballot analysis.]