



OVER PROMISE, UNDER DELIVER

A Brief History of Marijuana Funding for Education in Colorado



INTRODUCTION

When Colorado voters legalized recreational marijuana in 2012, they believed it would significantly increase education spending across our state. This belief was encouraged by the proponents of legalization.

For example, they accused critics of their ballot measure – Amendment 64 – of “playing politics when the future of Colorado schools – and the health and safety of our children – are at stake.”¹ Voters were enticed with predictions of “[a] tax windfall for schools,” according to the Colorado Health Institute.²

And as Colorado Public Radio noted several years after the campaign to legalize recreational marijuana in the Centennial State:

Many Coloradans ... recall one television ad in particular that declared, “Let’s have marijuana tax money go to our schools rather than criminals in Mexico.” By voting ‘yes’, many Coloradans believed it was a solution to public school’s financial woes, underscored by one screen shot in the ad that said, “Colorado ranks 35th among states in school funding.” The implication being that with pot taxes, the ranking would change³.

But it did not change.

By 2015, the Colorado Health Institute reported that “the promised tax windfall for schools has not happened to the degree expected.” And according to the same scorecard promoted by supporters of legalization, from 2012 to 2020, Colorado fell from 35th in the nation to 39th in terms of per-pupil school funding.⁴

This report examines the reality of marijuana tax revenues for public education in Colorado, as opposed to the claims made during the 2012 campaign over legalization. The goal is to provide a fuller understanding of what the state’s marijuana industry does – and does not – contribute towards school funding so that policymakers and voters can make informed decisions about future tax and regulatory proposals for recreational marijuana in Colorado.

¹ StopTheDrugWar.org, September 19, 2012: Initiative Watch.

https://stopthedrugwar.org/chronicle/2012/sep/19/initiative_watch

² Colorado Health Institute, April 20, 2015: Legal Marijuana Coming Into Focus.

https://www.coloradohealthinstitute.org/sites/default/files/migrated/downloads/Marijuana_2015_Final.pdf

³ Colorado Public Radio, October 22, 2018: Do Marijuana Taxes Go To Schools? Yes, But Probably Not In The Way You Think They Do. <https://www.cpr.org/2018/10/22/do-marijuana-taxes-go-to-schools-yes-but-probably-not-in-the-way-you-think-they-do/>

⁴ Education Law Center, January 14, 2021: Making the Grade 2020. <https://edlawcenter.org/research/making-the-grade-2020.html>



MARIJUANA TAX REVENUES FOR EDUCATION: 2015-16 TO 2019-20

According to the Colorado Department of Education (CDE), the first five fiscal years of legal recreational marijuana sales have produced only a small amount of revenue for K-12 schools:

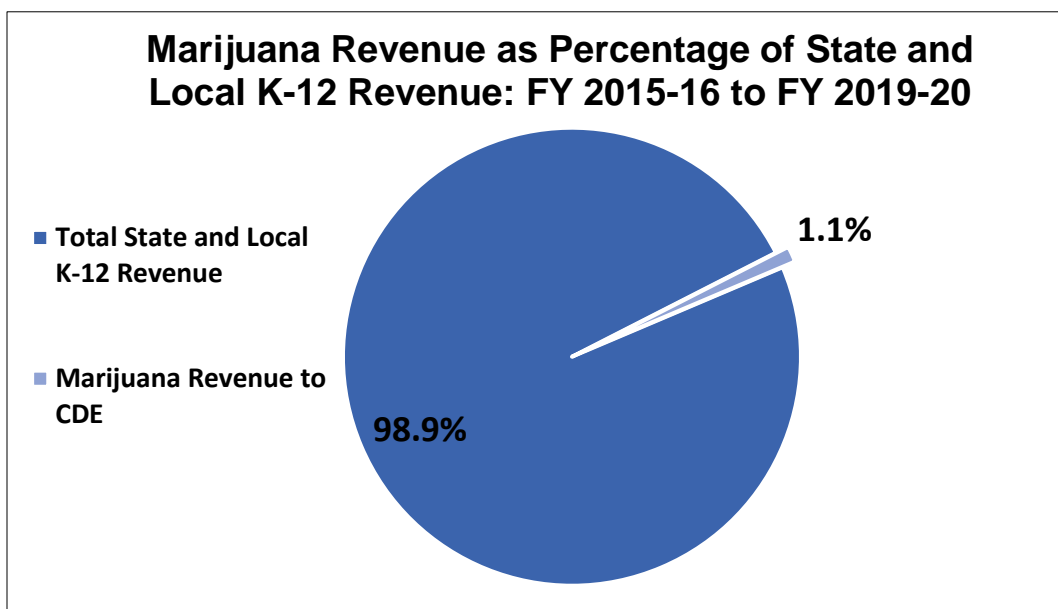
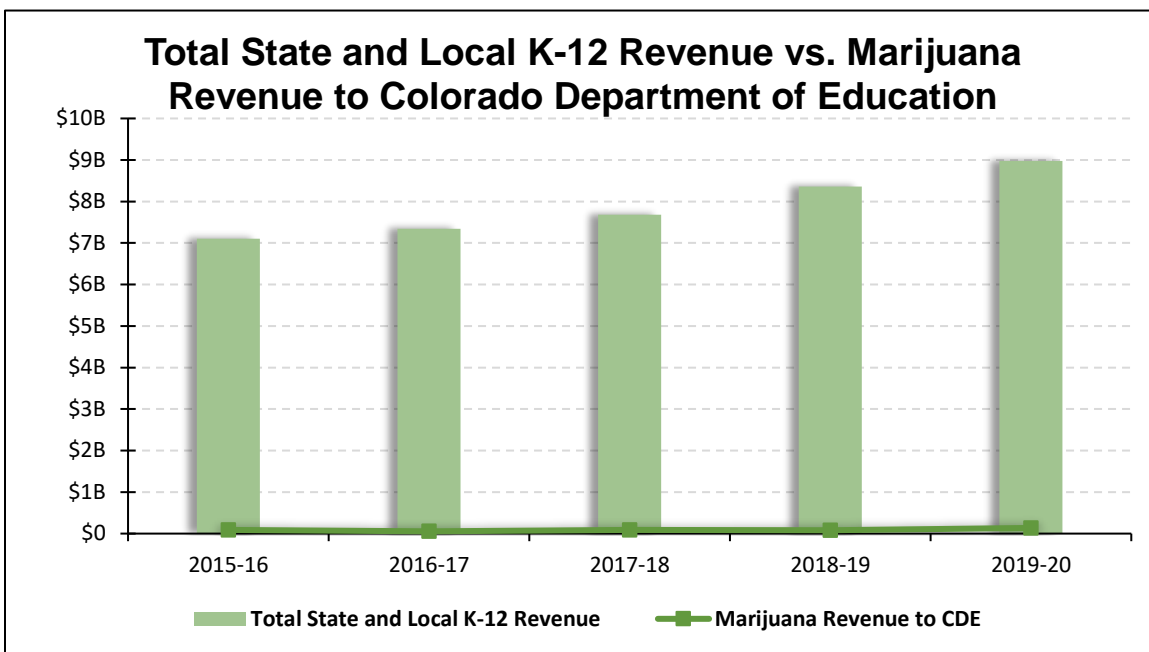
“[T]he amount of tax revenue that comes from marijuana sales is minimal – around 1 percent of the state’s total education budget...”⁵

From fiscal years 2015-16 to 2019-20, tax revenues from recreational marijuana sales were divided across the following programs:

	2015-16	2016-17	2017-18	2018-19	2019-20
School Construction- Capital Construction Assistance Fund	\$80.0M	\$40.0M	\$40.0M	\$40.0M	\$89.7M
Early Literacy Competitive Grant Program	\$0.0M	\$4.4M	\$4.4M	\$5.4M	\$5.4M
School Health Professional Grant Program	\$2.3M	\$2.3M	\$11.9M	\$11.9M	\$11.9M
School Bullying Prevention and Education Grant Program	\$2.0M	\$.9M	\$2.0M	\$2.0M	\$2.0M
Drop-out Prevention Programs	\$2.0M	\$.9M	\$2.0M	\$2.0M	\$2.0M
State Public School Fund	\$0.0M	\$0.0M	\$30.0M	\$20.0M	\$25.0M
Total	\$86.3M	\$48.5M	\$90.3M	\$81.3M	\$136.0M

As noted by CDE, marijuana revenues allocated to schools represent a tiny fraction of current state and local funding levels for K-12 education. From 2015-16 to 2019-20, marijuana tax revenues ranged from 0.7% to 1.5% of annual state and local funding for K-12 education in Colorado. Cumulatively speaking, over those five fiscal years, marijuana tax revenues represented barely more than 1% of total state and local K-12 education funding.

⁵ Colorado Department of Education: Marijuana Tax Revenue and Education. <https://www.cde.state.co.us/communications/2019marijuanarevenue>



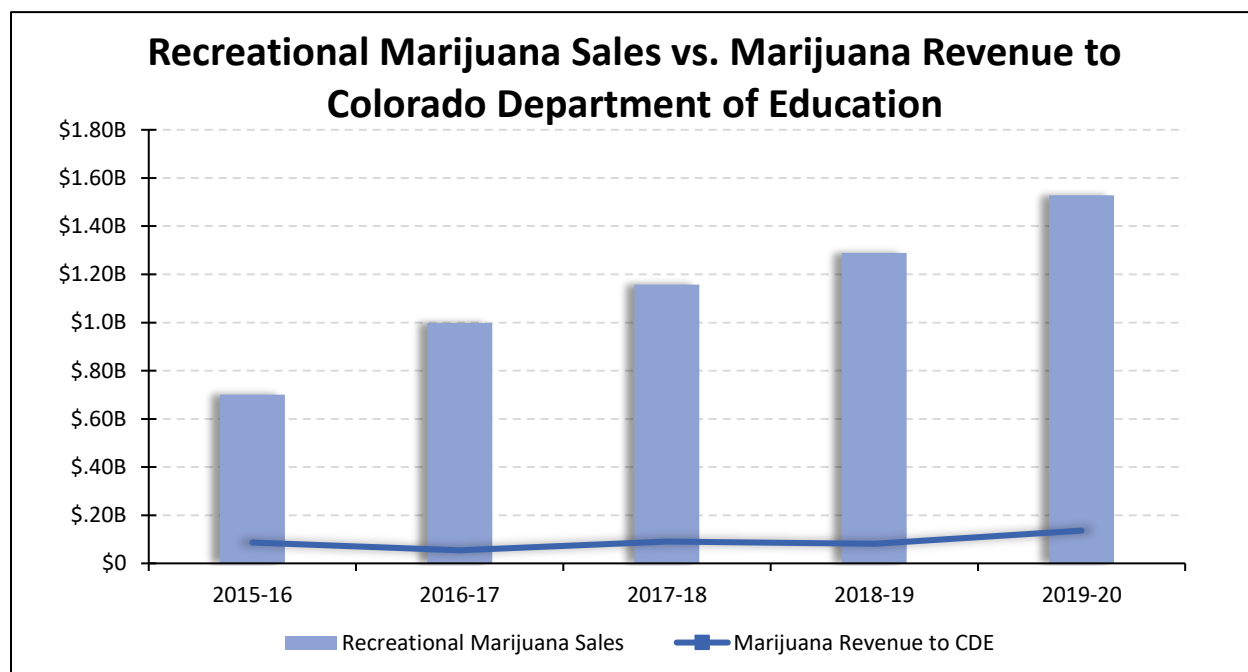
This is a far cry from the “windfall” in revenues that was predicted before the legalization of recreational marijuana sales in Colorado. The data from 2015-16 to 2019-20 also shows that, contrary to the rhetoric of the legalization campaign, Amendment 64 was never going to secure “the future of Colorado schools” as was claimed. Instead, the legalization of marijuana has made, at best, a minimal contribution to the rising educational needs of students, families, teachers, and school districts across Colorado.



EDUCATION FUNDING COMPARED TO MARIJUANA SALES: 2015-16 TO 2019-20

While it is important to compare education funding from recreational marijuana sales to existing state and local sources of education funding, it is also instructive to examine how funding levels have changed relative to the marijuana industry's growth in Colorado.

From 2015-16 to 2019-20, annual sales of recreational marijuana surged by \$828 million. However, over that same period, education funding from marijuana tax revenues increased by less than \$50 million.



In practical terms, this means the states students, families, teachers and school districts only received 6% of the marijuana sector's growth – i.e., a funding increase of \$50 million vs. the industry's revenue increase of \$828 million – during the first five fiscal years of legalized recreational sales.

This underscores the Colorado Department of Education's observation that legalized recreational sales of marijuana have made only a minimal contribution towards funding the educational needs of our state.



CONCLUSION

During the campaign over legalizing recreational marijuana sales in Colorado, supporters of legalization argued “the future of Colorado schools – and the health and safety of our children – are at stake.” But the record since then shows that legalization has never been about the future of Colorado schools; it has only been, so far, about the future of the marijuana industry.

Moreover, the marijuana industry has prospered in Colorado based on the false belief, held by many voters, that opening the state to legal recreational sales would solve the state’s education funding challenges. This is a clear case of “overpromise and under deliver.”

Therefore, the huge disconnect between what voters thought they were getting, and what the marijuana industry actually delivered, will likely be a major factor in any discussions over the tax and regulatory policies that will govern the future growth of the marijuana sector in Colorado.

How marijuana industry leaders will respond is entirely up to them. But the industry would do well to actually meet the expectations of voters rather than make excuses and shortchange the very education system that made their business possible in the first place.