



Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

HB 26-1351: HEALTHY SCHOOL MEALS FOR ALL STATE ED FUND

Prime Sponsors:

Rep. Brown; Sirota
Sen. Amabile; Bridges

Fiscal Analyst:

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Fiscal note status: This fiscal note reflects the introduced bill, which was recommended by the Joint Budget Committee as part of its FY 2026-27 budget package

Summary Information

Overview. The bill makes a one-time \$31.1 million transfer from the Healthy School Meals for All Cash Fund to the State Education Fund. It also delays by two years transfers from the State Education Fund to the Healthy School Meals for All Cash Fund.

Types of impacts. The bill is projected to affect the following areas on an ongoing basis:

- Minimal State Workload
- State Transfers

Appropriations. No appropriation is required.

Table 1
State Fiscal Impacts

Type of Impact	Budget Year FY 2026-27	Out Year FY 2027-28
State Revenue	\$0	\$0
State Expenditures	\$0	\$0
Transferred Funds	\$45,623,880	\$9,974,027
Change in TABOR Refunds	\$0	\$0
Change in State FTE	0.0 FTE	0.0 FTE

Fund sources for these impacts are shown in the table below.

**Table 1A
State Transfers**

Fund Source	Budget Year FY 2026-27	Out Year FY 2027-28
State Education Fund	\$45,623,880	\$9,974,027
Healthy School Meals for All Cash Fund	-\$45,623,880	-\$9,974,027
Net Transfer	\$0	\$0

For FY 2026-27, the \$45.6 million impact to the State Education Fund includes a new transfer of \$31.7 million from HSMA Cash Fund, plus the elimination of a \$13.96 million transfer from the fund to a subaccount of the HSMA Cash Fund. The \$9.97 million impact to the State Education Fund in FY 2027-28 is also from eliminating a transfer from the fund.

Summary of Legislation

In FY 2023-24 and FY 2024-25, the General Assembly appropriated money from the State Education Fund for expenditures related to the Healthy School Meals for All (HSMA) Program. On July 1, 2026, the bill transfers \$31.1 million from the HSMA Cash Fund to the State Education Fund (SEF).

In addition, current law requires annual transfers from the SEF to the HSMA Program Fund Account within the HSMA Cash Fund, beginning July 1, 2026, based on estimates from the Office of State Planning and Budgeting. The bill delays these transfers by two years until July 1, 2028.

Lastly, the bill also repeals the requirement that the Colorado Department of Education (CDE) report to the Joint Budget Committee on whether there is sufficient balance in the HSMA Cash Fund to repay the SEF and provide meal reimbursements.

Background

The Healthy School Meals for All Program reimburses participating school meal providers that offer free school breakfasts and lunches to all students at participating public schools, regardless of family income. The program also includes funding for school food authorities to increase wages or provide stipends to school meal employees, and grants for purchasing local food and technical assistance related to using local products.

The program was initially approved by voters via Proposition FF in 2022. House Bill 24-1390 delayed implementation of the local school food purchasing grant program, the technical assistance grant program, and the employee wage program due to lack of available funding. Proposition MM was approved by voters in 2025 to raise additional revenue for the program and fund all the program components.

State Transfers

The bill makes a one-time transfer and eliminates two annual transfers. On net, these adjustments increase the balance of the SEF by \$45.6 million in FY 2026-27 and \$10.0 million in FY 2027-28 and decreases the amount in the HSMA Cash Fund by the same amounts, relative to current law. These transfers are shown in Table 2 and include:

- a one-time transfer of \$31.1 million from the HSMA Cash Fund to the SEF in FY 2026-27; and
- the elimination of two transfers from the SEF to the Program Account in the HSMA Cash Fund, estimated at \$13.96 million in FY 2026-27, which represents a one and a half year impact, and \$9.97 million in FY 2027-28.

Estimates for the eliminated transfers are based on the OSPB March 2026 Revenue Forecast because state law specifies that the transfer amounts are determined by OSPB.

Table 2
State Transfers

Fund Source	Budget Year FY 2026-27	Out Year FY 2027-28
State Education Fund – New Transfer	\$31,660,831	\$0
State Education Fund – Eliminated Transfer	\$13,963,049	\$9,974,027
HSMA Cash Fund – New Transfer	-\$31,660,831	\$0
Program Account in HSMA Cash Fund – Eliminated Transfer	-\$13,963,049	-\$9,974,027
Net Transfer	\$0	\$0

State Expenditures

The bill minimally reduces workload for CDE in FY 2026-27 by eliminating the required report. No change in appropriations is required.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State and Local Government Contacts

Education

Joint Budget Committee Staff

The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit the [General Assembly website](#).