



Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado’s Legislature

SB 25-214: HEALTHY SCHOOL MEALS FOR ALL PROGRAM

Prime Sponsors:

Sen. Bridges; Amabile
Rep. Sirota; Taggart

Fiscal Analyst:

Elizabeth Ramey, 303-866-3522
elizabeth.ramey@coleg.gov

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Fiscal note status: This revised fiscal note reflects the reengrossed bill, which was recommended by the Joint Budget Committee as part of the FY 2025-26 budget package. It has been updated to reflect amendments adopted by the Senate and to show impacts for FY 2026-27 and future years.

Summary Information

Overview. The bill implements measures related to expenditures for the Healthy School Meals for All Program.

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

- State Expenditures
- School Districts

Appropriations. For FY 2025-26, for the Department of Education, the bill requires and includes a reduction in appropriations of \$42.2 million from the General Fund and an increase in appropriations from the State Education Fund of \$8.1 million.

**Table 1
State Fiscal Impacts**

Type of Impact ¹	Budget Year FY 2025-26	Out Year FY 2026-27
State Revenue	\$0	\$0
State Expenditures	-\$34,120,971	-\$69,411,347
Transferred Funds	\$0	\$0
Change in TABOR Refunds	\$0	\$0
Change in State FTE	0.0 FTE	0.0 FTE

¹ Fund sources for these impacts are shown in the tables below

**Table 1A
 State Expenditures**

Fund Source	Budget Year FY 2025-26	Out Year FY 2026-27
General Fund	-\$42,240,242	-\$69,411,347
State Education Fund	\$8,119,271	\$0
Federal Funds	\$0	\$0
Centrally Appropriated	\$0	\$0
Total Expenditures	-\$34,120,971	-\$69,411,347
Total FTE	0.0 FTE	0.0 FTE

Summary of Legislation

The Healthy School Meals for All (HSMA) program was created by Proposition FF, approved by voters in November 2022. The program reimburses participating school food authorities (SFAs) for free meals provided to all students and is funded by requiring taxpayers with certain incomes to add back a portion of their federal deductions when calculating Colorado taxable income. The bill modifies HSMA reimbursements under certain conditions, extends the appropriation from the State Education Fund to cover certain program costs, removes CDE’s overexpenditure authority, and requires the CDE to report to the Joint Budget Committee on available funds.

Changes to HSMA Meal Reimbursements

The bill allows for meal reimbursements to be modified under the following scenarios:

- If voters do not approve a referred measure at the November 2025 election that, in conjunction with Proposition FF, is estimated to result in state tax revenue for HSMA of at least \$150 million per year starting in tax year 2026, the bill restricts reimbursements for meals served on or after January 1, 2026 to eligible sites only. Eligible sites are defined as those that currently participate in the Community Eligibility Provision (CEP) or are identified by the Colorado Department of Education (CDE) based on the percentage of a site’s student enrollment eligible for free meals in relation to the amount provided by the General Assembly for meal reimbursements.
- If voters approve a referred measure at the November 2025 election that, in conjunction with Proposition FF, is estimated to result in state tax revenue for HSMA of at least \$150 million per year starting in tax year 2026, the bill does not restrict reimbursements, but reimbursements may be modified if appropriations are insufficient, as discussed below.

- Regardless of whether a referred measure is approved or not, if CDE, in consultation with the Office of State Planning and Budgeting (OSPB), estimates that the amount appropriated for HSMA meal reimbursements after January 1, 2026, is insufficient to meet expenditures, CDE must provide notice to the Joint Budget Committee and the Executive Committee of the Legislative Council. CDE may determine prorated reduced reimbursement amounts and must notify each participating SFA in a timely manner before applying prorated reimbursements.

Program Financing

Under current law, the General Assembly is required to appropriate money from the State Education Fund (SEF) to cover program costs for which there is not sufficient funding in the HSMA Cash Fund in FY 2023-24 and FY 2024-25. The bill extends this requirement to FY 2025-26.

The bill also repeals the authority for CDE to spend money for meal reimbursements in excess of appropriations, and modifies FY 2025-26 appropriations for the program.

Reporting Requirement

On or before January 15, 2027, CDE, in consultation with OSPB, is required to report to the Joint Budget Committee on whether the balance in the HSMA Cash Fund is expected to be sufficient to:

- repay the SEF for expenditures for the HSMA program minus the additional tax revenue deposited into the fund as a result of Proposition FF add-backs to taxable income for FY 2023-24 through FY 2025-26; and
- to reimburse participating SFAs for offering free meals to all students.

Background

Proposition FF

Proposition FF, approved by voters in November 2022, created the HSMA Program in CDE. It provides reimbursements to participating school food authorities for offering free meals to all students, beginning in FY 2023-24. To participate in the program, school food authorities must participate in the federal CEP, if eligible, to draw down federal meal reimbursements. It also created local food purchasing and technical assistance grants, and a mechanism to provide employee wage stipends to SFAs. These grant and wage support programs have been delayed by the General Assembly due to lack of available funds.

Community Eligibility Provision

CEP is a federal program that provides special subsidies for certain schools. To be eligible, an SFA must have an identified student percentage of 25 percent or greater. An identified student percentage includes students directly certified as eligible for free lunch due to participation in public benefit programs (SNAP, TANF, Food Distribution Program on Indian Reservation) or categorical eligibility (foster, homeless, migrant, runaway or head start). Currently, the majority of Colorado schools and students are operating under the CEP.

HSMA Program Revenue

To fund the program, Proposition FF requires taxpayers with adjusted gross income of \$300,000 or more to add back a portion of their federal itemized or standard deductions when calculating their Colorado taxable income. Single filers are required to add back deductions above \$12,000, and joint filers are required to add back deductions above \$16,000. Proposition FF revenue is deposited in the HSMA Cash Fund. If there is insufficient money in the HSMA Cash Fund, CDE may make the required expenditures in excess of appropriations under current law.

SEF Transfer

Under current law, one third of one percent of taxable income, as adjusted by state law, is transferred from the General Fund to the State Education Fund. Because Proposition FF increases taxable income, it also increases transfers from the General Fund to the State Education Fund, by an estimated \$8.8 million in FY 2024-25, \$7.2 million in FY 2025-26, and by \$6.2 million in FY 2026-27.

State Expenditures

On net, the bill decreases expenditures on the HSMA program by \$34.1 million in FY 2025-26, by \$69.4 million in FY 2026-27, and by increasing amounts in future years as projected costs for providing meal reimbursements increase.

The net reduction in FY 2025-26 results from reducing FY 2025-26 General Fund appropriations to the HSMA program by \$42.2 million and increasing appropriations from the State Education Fund by \$8.1 million.

Conditional upon referred measures not being approved at the November 2025 election, the bill reduces expenditures by CDE for the HSMA program, from \$161.7 million for HSMA reimbursements to all sites, to \$92.3 million for reimbursements to eligible sites only, resulting in a net savings of \$69.4 million in FY 2026-27, and by increasing amounts in future years. These savings assume current levels of federal CEP subsidies along with 7.4 percent projected growth in costs of providing HSMA reimbursements under both scenarios.

If measures generating the required revenue are approved by voters at the November 2025 election, then the reduction estimated above will not occur and spending on HSMA reimbursement will continue at current levels, unless adjusted by CDE to ensure that the program stays within available funding.

The bill minimally increases workload for CDE and OSPB to meet the bill's reporting requirements.

School District

The bill may impact state reimbursements to school districts for providing free meals to all students. If voters do not approve a referred measure at the November 2025 election that, in conjunction with Proposition FF, is estimated to result in state tax revenue for HSMA of at least \$150 million per year starting in tax year 2026, the bill limits reimbursements to eligible sites only. If appropriations are insufficient to fund meal reimbursements, the bill allows CDE to reduce reimbursement amounts.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature, except that the repeal of CDE's overexpenditure authority and the exemption of such overexpenditures from the General Fund reserve requirement take effect July 1, 2025.

State Appropriations

For FY 2025-26, the bill includes the following changes in appropriations for the Colorado Department of Education:

- a reduction of \$42,240,242 from the General Fund; and
- an increase of \$8,119,271 from the State Education Fund.

State and Local Government Contacts

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](#).