Fiscal Note

Legislative Council Staff

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SB 25B-003: HEALTHY SCHOOL MEALS FOR ALL

Prime Sponsors:
Sen. Michaelson Jenet; Wallace
Rep. Garcia; Stewart K.

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Bill Outcome: Signed into Law
Drafting number: LLS 25B-0002

Version: Final Fiscal Note
Date: September 22, 2025

Fiscal note status: The fiscal note reflects the enacted bill.

Summary Information

Overview. The bill makes changes to Proposition MM, which was referred to voters at the November 2025 statewide election by HB 25-1274. The bill also makes changes to the conditional allocations of funding for the Healthy School Meals for All Program under HB 25-1274, and adds funding allocations for the Supplemental Nutrition Assistance Program.

Types of impacts. The bill conditionally affects the following areas on an ongoing basis:

- State Expenditures
- School Districts

Appropriations. No appropriation is required.

Table 1
Conditional State Fiscal Impacts

Type of Impact	Current Year FY 2025-26	Budget Year FY 2026-27	Out Year FY 2027-28
State Revenue	$0	$0	$0
State Expenditures	$0	$0	$0
Transferred Funds	$0	$0	$0
Change in TABOR Refunds	$0	$0	$0
Change in State FTE	0.0 FTE	0.0 FTE	0.0 FTE

Summary of Legislation

The bill makes changes to Proposition MM, which was referred to voters at the November 2025 statewide election by House Bill 25-1274. Specifically, the bill allows revenue raised under the measure to support access to food, both via the Healthy School Meals for All (HSMA) Program and the Supplemental Nutrition Assistance Program (SNAP). Allowable allocations of revenue for SNAP include the following:

- implementing SNAP;
- providing outreach related to SNAP; and
- providing community-based nutrition education

The bill also makes changes to the conditional allocations of funding in the Healthy School Meals for All Program Fund under HB 25-1274 and adds allocations for SNAP. These allocations begin in FY 2026-27. The allocations depend on the amount remaining in the fund, as calculated by the Legislative Council Staff, after administrative costs and the payments of reimbursements for school meals. These allocations under HB 25-1274 and SB 25B-003 are shown in Table 2A and 2B, respectively.

Table 2A
Current Allocation under HB 25-1274 of HSMA Program Fund Revenue if Expansion Measure is Approved

Calculated Reserve Percentage Under HB 25-1274	Grants for Technical Assistance	Distribution for Wages or Stipends	Local Food Purchasing Grants	SNAP Allocation
Less than 10%	$250,000	6¢/lunch	Any Amount Remaining	N/A
10% to 25%	$2,500,000	6¢/lunch	10¢-12.5¢/lunch	N/A
25% to 40%	$3,750,000	9¢/lunch	16¢-18.75¢/lunch	N/A
40% to 50%	$5,000,000	12¢/lunch	25¢/lunch	N/A
50% or more	Greater than $5,000,000	Greater than 12¢/lunch	Greater than 25¢/lunch	N/A

The bill specifies a minimum grant award to individual school food authorities for each tier. For some small districts, this may result in greater per lunch amounts than shown in this table. The fifth tier is implemented July 1, 2029.

Table 2B
Proposed Allocation under SB 25B-003 of HSMA Program Fund Revenue if Expansion Measure is Approved

Calculated Reserve Percentage Under SB 25B-003	Grants for Technical Assistance	Distribution for Wages or Stipends	Local Food Purchasing Grants	SNAP Allocation
Less than 10%	$250,000	6¢/lunch	Any Amount Remaining	None
10% to 25%	$2,500,000	6¢/lunch	10¢-12.5¢/lunch	None
25% to 35%	$3,750,000	9¢/lunch	16¢-18.75¢/lunch	None
35% or more	$5,000,000	12¢/lunch	25¢/lunch	Any Remaining Funds as Necessary for SNAP

The bill specifies a minimum grant award to individual school food authorities for each tier. For some small districts, this may result in greater per lunch amounts than shown in this table. Available funding for SNAP is required to supplement and not supplant state expenditures.

The bill specifies that if the calculated reserve percentage is at least 35 percent, after making the expenditures for technical assistance, wages or stipends for food service workers, and local food purchasing, as shown in Table 2, the remaining money in the Healthy School Meals for All Program Fund may be used for supplementing and not supplanting state expenditures related to implementing SNAP, outreach related to SNAP, and community-based nutrition education.

Background

Proposition MM

Proposition MM was referred to voters at the November 2025 statewide election by HB 25-1274. Depending on the outcome of the ballot measure, HB 25-1274 makes changes to the Healthy School Meals for All program initially created through Proposition FF, approved by voters in 2022.

If approved, Proposition MM would reduce the Proposition FF add back thresholds from $12,000 to $1,000 for single taxpayers and from $16,000 to $2,000 for joint taxpayers. Proposition MM increases Colorado taxable income and increases income tax revenue. Increased income tax revenue is credited to the Healthy School Meals for All (HSMA) Program Fund.

By increasing taxable income, Proposition MM also increases diversions of General Fund revenue to the State Education Fund (SEF), the Kids Matter Account in the SEF, and the State Affordable Housing Fund. If Proposition MM is approved, the bill requires that an amount equal to the increased diversion to the State Education Fund be transferred to a new account in the Healthy School Meals for All Program Fund.

If Proposition MM passes, HB 25-1274 includes formulaic allocations of the money remaining in the Healthy School Meals for All Program Fund after reimbursements for school meals and administrative costs, as shown in Table 2A.

Supplemental Nutrition Assistance Program

SNAP provides monthly payments to low-income individuals and families based on their income, resources, and household size, to purchase food. SNAP also includes nutrition outreach and education programs. Participants must also meet certain work requirements to maintain eligibility. The program is administered by Office of Economic Security in the Colorado Department of Human Services (CDHS) and county human services departments. SNAP benefits have historically been federally funded, while funding for program administration and benefit determination comes from federal, state, and local sources. The split between state, federal, and local funding is changing due to federal policy changes. Recent federal legislation, H.R.1, shifts some SNAP costs from the federal government to the state and counties.

Assumptions

The fiscal note assumes economic and revenue conditions consistent with the July 2025 update to the June 2025 LCS forecast as well as Colorado Department of Education estimates of HSMA expenditures and CDHS estimates of the impact of H.R.1 on county and state SNAP administrative and benefits costs. Increases in SNAP administrative costs are expected to begin on October 1, 2026, with additional state costs for benefits beginning October 1, 2027. The fiscal note assumes an estimated reserve percentage in the HSMA Program Fund of greater than 35 percent in FY 2026-27 if Proposition MM is approved. The fiscal note provides conditional estimates on the impact of the passage of Proposition MM. In order to show the fiscal impact of changes relative to current law, the fiscal note does not assume the passage of Proposition LL.

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State Expenditures

The bill makes changes to the allocation of state expenditures, conditional on the passage of Proposition MM, but does not change the total amount of state spending, starting in FY 2026-27. The bill does not change state spending in FY 2025-26. Conditional on the reserve percentage in the HSMA Program fund reaching at least 35 percent, after fully funding meal reimbursements and grants for local food purchasing and technical assistance and wages or stipends for food service workers, the bill will increase spending for SNAP. Based on the new allocation of HSMA funding for SNAP, spending in the Office of Economic Security in the CDHS will increase by $27.2 million in FY 2026-27, and by up to $69.7 million in FY 2027-28; correspondingly, spending on the Healthy School Meals for All Program or the reserve in the Healthy School Meals for All Program Fund will decrease in the Colorado Department of Education by the same amounts. Expenditures in FY 2026-27 are prorated for an October 1, 2026, start date for changes in requirements for state and county spending on SNAP administration.

School District

Conditional on the reserve percentage in the HSMA Program fund reaching at least 35 percent, after fully funding meal reimbursements and grants for local food purchasing and technical assistance and wages or stipends for food service workers, the bill will increase spending for SNAP and may reduce funding to school districts for the Healthy School Meals for All Program by up to $27.2 million in FY 2026-27 and by up to $69.7 million in FY 2027-28. This reduction will occur through a reduction in funding provided through grants for local food purchasing and technical assistance and distributions for wages or stipends for food service workers.

Effective Date

The bill was signed into law by the Governor, and the provisions of the bill that alter Proposition MM took effect on August 26, 2025. The remainder of the bill is conditional on voter approval of Proposition MM, and takes effect upon the Governor's proclamation of the election results.

State and Local Government Contacts

Education | Personnel | Revenue