September 25, 2025

Dear Superintendents and BOCES directors,

Today, we are sharing two updates:

- *Federal funding updates from CCSSO*
- *Update on Colorado state budget forecasts*

Federal Funding Updates from CCSSO

The Council of Chief State School Officers shared the following information about the potential impact of a federal government shutdown on Tuesday:

The last day of the federal fiscal year (September 30) is one week away, and Congress has yet to reach an agreement to fund the federal government. CCSSO has prepared a memo with an analysis of the impact of a potential federal government shutdown upon federal education programs. You can download it ***here****. The purpose of this memo is to discuss the likely impact of a potential government shutdown on programs and operations of the U.S. Department of Education and other federal agencies. Please note: the memo is based on previous federal government shutdown guidance and experiences and should not be viewed as definitive.*

As a reminder, on Friday, September 19, the House of Representatives passed a Continuing Resolution (CR) that would have funded the federal government at current funding levels for most programs through November 21. This proposal also included increased funding for some nutrition programs and increased security for government officials. This CR was proposed by the majority Republican leadership in the House and did not include certain health care provisions Democrats have requested in order to secure bipartisan support. The Senate then voted Friday on Republican and Democrat proposals by votes of 48-44 and 47-45, respectively, with neither receiving the 60 votes required for final passage.

Update on Colorado state budget forecasts

On Monday, Legislative Council Staff (LCS) and the Governor's Office State Planning and Budgeting (OSPB) released their September quarterly economic forecasts (LCS slides). These forecasts are significant because they set the target that the Governor must balance to in his November 1st budget submission.

Overall, the forecasts were similar and highlight the impacts of the federal H.R. 1 as well as legislation passed during the special session in August, along with the roughly $252 million the Governor announced "suspending" last month.

The OSPB forecast (OSPB slides) shows that revenue is expected to drop below the TABOR cap in FY 2025-26 due to the impacts of H.R.1, with a return above the TABOR cap later in the forecast period. Further, the LCS forecast projects that the FY 2026-27 budget will have a nearly $841 million deficit that legislators must address when they return in January.

The projections for Healthy School Meals for All (HSMA) program have improved based on the passage of recent federal tax changes and it is now expected that the current revenue is potentially sufficient to cover the program for the entire 2025-26 school year without approval of the HSMA ballot measure for additional funds. Additional analysis will need to be performed, but it is possible that HSMA revenue may be sufficient to cover universal meals for the entire year. However, any

chance of fully funding meals in the current year are dependent on the retention measure passing, allowing the program to retain the full revenue.

Warm Regards,

Susana Córdova