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How Colorado Compares in K-12 Funding

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Assessing how Colorado compares to the rest of the country in K-12 funding presents a challenge due to the numerous and varied sources of education funding data. The statistics, rankings, and interpretations that are used often require policymakers and researchers to take a closer look. State rankings provide useful comparisons; however, opponents of rankings note the difficulty in ensuring consistent data. This issue brief examines recent reports on K-12 funding, with a focus on Colorado's standing relative to the other 49 states. It is worth noting that figures used throughout are the most recent actual figures available; the time lag may be attributed to the length of time required to collect and compile data from each of the country's 15,000 school districts.

Comparisons Using Per Pupil Revenues and Expenditures

Measures of per pupil revenues and per pupil expenditures may be the most common method of comparing K-12 funding in different states. Per pupil revenues are typically measured using total revenues for public elementary and secondary schools from all sources — local, state, and federal. Per pupil expenditures, on the other hand, can vary depending on whether operating or total figures are used. Operating expenditures generally encompass funds spent on school operations and such expenses as salaries, transportation, learning materials, and energy costs. Total expenditures include operating expenditures as well as funds for capital outlay and interest on debt.

One of the most widely used and recognized sources for educational funding statistics is the U.S. Department of Education's *Digest of Education Statistics*, which is produced annually. Table 1 shows how Colorado compares in per pupil revenues and operating expenditures according to the most recent edition of the document. As the table indicates, **Colorado ranked 32nd** among the 50 states in both of these categories for 1996-97.

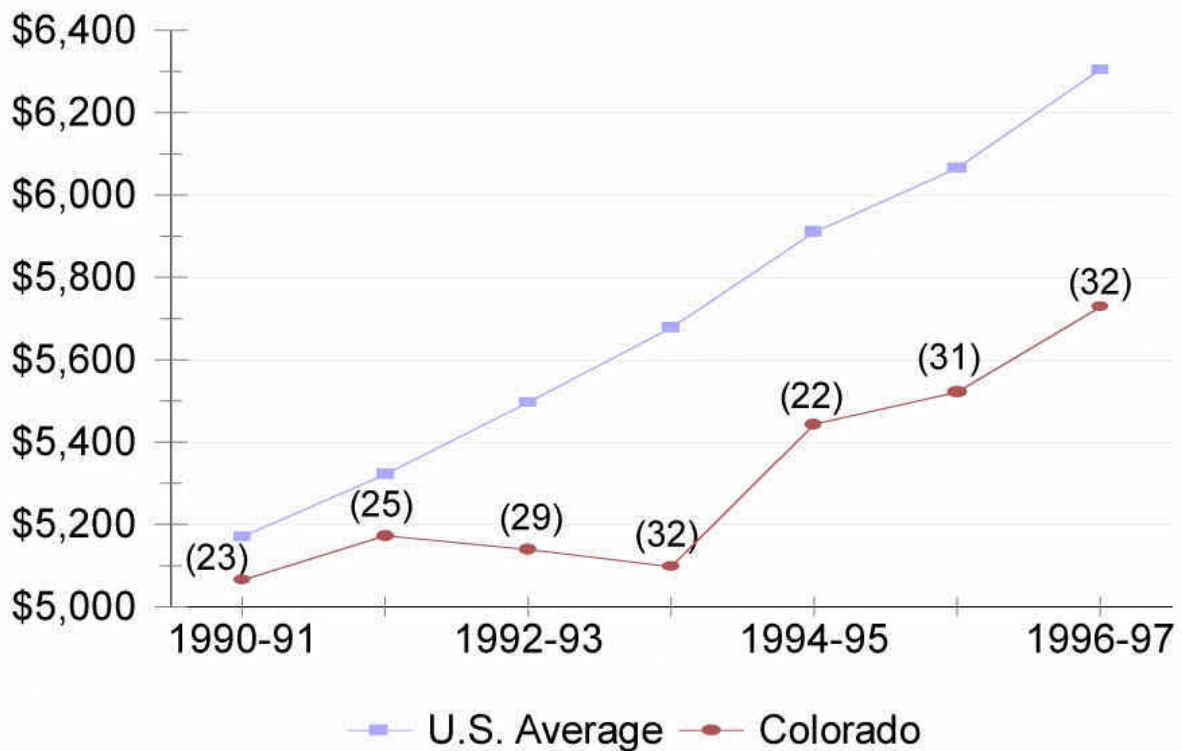
Table 1: Colorado's Ranking in Per Pupil Revenues and Expenditures, FY 1996-97

	Per Pupil Revenues	Per Pupil Expenditures
Colorado	\$5,917	\$5,728
Rank	32	32
High	\$10,131	\$10,211
Low	\$3,954	\$4,045
U.S. Average	\$6,433	\$6,305

Historical Overview of Colorado's Ranking in K-12 Expenditures

Based on data from the *Digest of Education Statistics*, Chart 1 illustrates Colorado's history of per pupil expenditures during the 1990s compared with the national average. Since 1990-91, **Colorado has ranked between 22nd and 32nd** and has not climbed above the national average during this period. Per pupil expenditures ranged from \$5,000 to \$5,800 statewide and from \$5,200 to \$6,300 nationally. The national average has grown steadily at a rate of between 2.5 and 4 percent. Colorado's expenditures have been more variable, with rates of change of between -0.8 and almost 7 percent. Changes in Colorado's school finance formula during the 1990s may account for some of the fluctuation in expenditures.

Chart 1: Per Pupil Expenditures in Colorado Compared with National Average, FY 1990-91 through FY 1996-97



Other Ways to Compare

In addition to per pupil revenues and expenditures, other measurements may be used to compare states. For example, revenue and expenditure measurements can be further broken down into sources of revenue and expenditures for various education functions, such as the percent of education expenditures spent on instruction. According to the U.S. Department of Education, **Colorado ranked 23rd** in this category in 1996-97, spending 61.8 percent of its annual education expenditures on instruction-related functions. The national average was 61.9 percent.

**Table 2:
Percent of Education Expenditures Allocated to Instruction, FY 1996-97**

State	Rank	Percent of Expenditures on Instruction
Maine	1	68.2%

Colorado	23	61.8%
Alaska	50	56.7%
U.S. Average	--	61.9%

Table 3 illustrates another method of comparison, per capita expenditures of state and local government for K-12 education. The table shows actual per capita expenditures as well as the percentage of total government expenditures spent on education. In FY 1995-96, **Colorado ranked 26th** in both categories, spending \$1,019 per person on K-12 education, which amounted to 24.1 percent of state and local government expenditures. States ranking first and last in both categories are also indicated in the table.

Table 3: Per Capita Expenditures of State and Local Government for K-12 Education, Actual and as Percentage of Total Government Expenditures, FY 1995-96

State	Per Capita Expenditures	Rank	Percent of Total Gov't Expenditures	Rank
Alaska	\$1,942	1	18.7%	49
Arkansas	\$797	50	23.0%	34
Colorado	\$1,019	26	24.1%	26
Hawaii	\$800	48	14.5%	50
Texas	\$1,052	19	27.8%	1
U.S. Average	\$1,052	--	23.5%	--

The Most Recent Report: *Quality Counts 2000* Gives Colorado a "D" in Resource Adequacy

A recent report of education funding ranked Colorado among the worst in the country in terms of adequacy of funding resources. The report, *Quality Counts 2000*, analyzed several categories deemed essential to a high-quality system of education. Colorado was given a D in adequacy of resources and **ranked 46th** out of the 50 states.

How Were the Grades Measured? Adequacy of resources was assessed as a composite of three factors. Estimated 1998-99 spending per student adjusted for regional cost differences shows Colorado at \$5,599

and the national average at \$6,168. Colorado's estimated percent change in inflation-adjusted spending per student between 1988-89 and 1998-99 was 2 percent, compared to 13 percent nationally. Finally, Colorado's percent of total taxable resources spent on education equaled 3.3 percent, while the national average was 3.7 percent. This latter factor was determined by dividing each state's total local-level and state-level education revenues for 1996-97 by the gross state product for 1996.

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