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How Colorado Compares in K-12 Funding

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Determining how Colorado compares to the rest of the country in K-12 funding can be more complex than it may seem. There are numerous sources of education funding data, some of which provide straight statistics and some of which interpret the numbers using various formulas. Rankings are often used and can be helpful in providing a basis for comparison to other states. However, opponents of rankings note that it is difficult to ensure the consistency of data provided by each of 50 states and difficult, therefore, to provide accurate comparisons. This issue brief examines recent reports comparing K-12 funding in Colorado to other states. It should be noted that figures used throughout are the most recent actual figures available; the time lag can be attributed to the length of time it takes to collect and compile data from each of 15,000 school districts around the country.

The Most Common Way to Compare States is Using Per Pupil Revenues or Expenditures

States are most often compared according to per pupil revenues and per pupil expenditures. 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 include the amount 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.

Two of the most widely used and recognized sources for educational funding statistics are the National Education Association's *Rankings of the States* and the U.S. Department of Education's *Digest of Education Statistics*. Both reports are produced annually. Table 1 shows how Colorado compares in per pupil revenues and operating expenditures according to these two sources.

Table 1: Colorado's Ranking in Per Pupil Revenues and Expenditures

	Per Pupil Revenues		Per Pupil Expenditures	
	1995-96 (NEA)	1995-96 (USDOE)	1995-96 (NEA)	1995-96 (USDOE)
Colorado	\$6,252	\$6,252	\$5,521	\$5,521
Rank	33	34	34	32
High	\$10,825	\$10,554	\$10,156	\$9,955
Low	\$4,499	\$4,647	\$3,909	\$3,867
U.S. Average	\$6,917	\$6,932	\$6,133	\$6,146

Other Ways to Compare

There are other measurements for comparing states besides per pupil revenues and expenditures. 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 25th** in this category in 1995-96, spending 61.6 percent of its annual education expenditure on instruction-related functions. The national average was 61.7 percent.

Table 2: Percent of Education Expenditures Allocated to Instruction

State	Rank	Percent of Expenditures on Instruction
New York	1	67.8
Colorado	25	61.6
Alaska	51	49.3
U.S. Average		61.7

Another way to rank the states is by measuring state and local revenue for public schools per \$1,000 of personal income. This statistic is used to rank states because it measures ability to pay for government services. According to the most recent real data, **Colorado ranked 44th in the country** in 1995-96 with \$36 in state and local revenue for public schools per \$1,000 of personal income.

Table 3: State and Local Revenue for Public Education Per \$1,000 Personal Income

State	Rank	Revenue per \$1,000 Personal Income
Alaska	1	\$69
Colorado	44	\$36
Tennessee	50	\$30
U.S. Average		\$41

A third criterion commonly used for ranking states is percent state aid for public education. **Colorado ranked 31st** in percent state aid in 1995-96 with 43.8 percent of K-12 revenue coming from the state. It should be noted that this measurement does not reflect total funding amounts; as Table 4 indicates, states vary widely in state tax contributions. Colorado spent 19.8 percent of its total state and local expenditures on K-12 education in 1994-95, ranking **30th** in the country.

Table 4: Percent State Aid

State	Rank	Percent State Aid
Hawaii	1	89.8
Colorado	31	43.8
New Hampshire	50	7.0
U.S. Average		47.5

The Most Recent Report: *Quality Counts '99* Gives Colorado an "F" 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 '99*, analyzed several categories deemed essential to a high-quality system of education. Colorado was given an F in adequacy of resources along with four other states.

How Were the Grades Measured? Adequacy of resources was assessed as a composite of three factors: estimated 1996-97 spending per student adjusted for regional cost differences; percent change in inflation-adjusted spending per student over ten years; and percent of total taxable resources spent on education. This latter factor was determined by dividing each state's total local-level and state-level education revenues for 1995-96 by the gross state product for 1995.

Table 5 illustrates Colorado's rank in the above three categories according to *Quality Counts '99*. As noted earlier, the grade given each state for funding adequacy was based on all three factors.

Table 5: How Colorado Compares According to *Quality Counts '99*

	Estimated Education Spending per Student, 1997		Percent Change in Inflation-adjusted Spending, 1987-97		Percent of Total Resources Spent on Education, 1996	
	Spending per Student	Rank	Percent Change	Rank	Percent of Resources	Rank
Colorado	\$4,941	44	-11	48	3.3	41
High	\$8,436	1	42	1	5.3	1
Low	\$3,985	50	-18	50	2.8	50
Average	\$5,906		12		4.0	

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