



HOW COLORADO COMPARES IN K-12 EDUCATION FUNDING

by Cathy Eslinger

Assessing how Colorado compares to the rest of the country in K-12 education funding presents a challenge due to the varied sources of data. The statistics and subsequent interpretations often require close scrutiny by policymakers and researchers. 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 other states. The 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.

Per Pupil Revenues and Expenditures

Measures of per pupil revenues and per pupil expenditures provide a 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, including such expenses as salaries, transportation, and learning materials. Total expenditures include operating expenses, as well as expenditures for capital outlay and interest on debt.

One widely used and recognized source for education funding statistics is the U.S. Department of Education's *Digest of Education Statistics*, which is issued annually. Table 1 shows how Colorado compares in per pupil revenues and operating

expenditures. As the table indicates, **Colorado ranked 33rd in per pupil revenues and 32nd in per pupil expenditures** for 1999-00.

Table 1: Colorado's Ranking in Per Pupil Revenues and Expenditures: 1999-00

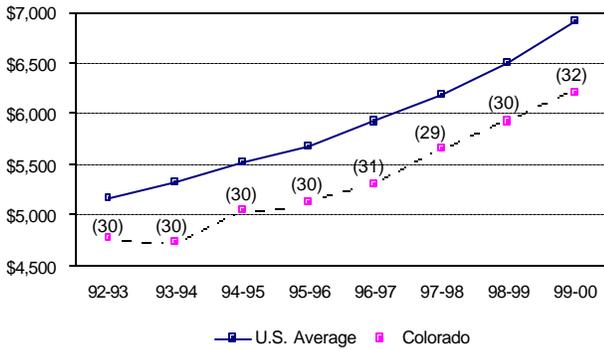
	Per Pupil Revenues	Per Pupil Expenditures
Colorado	\$7,124	\$6,215
Rank	33	32
High	\$11,221	\$10,377
Low	\$5,370	\$4,378
U.S. Average*	\$7,957	\$6,911

*U.S. average includes the District of Columbia.

A second source of data, the U.S. Census Bureau, has released figures for 2000-01 showing per pupil revenues of \$7,366 and per pupil expenditures of \$6,515 for Colorado, **ranking the state 36th and 33rd** in the respective categories.

Based on historical data from the *Digest of Education Statistics*, Chart 1 illustrates Colorado's per pupil expenditures during the 1990s compared with the national average. Between 1992-93 and 1999-00, **Colorado ranked between 29th and 32nd** in per pupil expenditures. Per pupil expenditures ranged from \$4,700 to \$6,200 statewide and from \$5,100 to \$6,900 nationally. The national average has grown steadily at a rate of between 2.8 and 6.1 percent, while Colorado's annual rate of change has been between -0.8 and 6.7 percent.

Chart 1: Per Pupil Expenditures in Colorado Compared with National Average: 1992-93 through 1999-00*



*Based on fall enrollment data.

Other Methods of Comparison

Table 2 illustrates another method of comparison, per capita expenditures for K-12 education. Based on U.S. Department of Education data, the table depicts actual per capita expenditures, as well as the percentage of total government expenditures spent on education. In 1998-99, **Colorado ranked 27th and 28th**, respectively, in these categories, spending \$1,176 per person on K-12 education, or 23.8 percent of state and local government expenditures. States ranking first and last in each category are also indicated in the table.

Table 2: Per Capita Expenditures for K-12 Education, and as a Percentage of Total Government Expenditures, FY 1998-99

State	Per Capita Expenditures	Rank	Percent	Rank
Alaska	\$2,177	1	18.9%	49
Hawaii	\$902	50	15.5%	50
Colorado	\$1,176	27	23.8%	28
New Jersey	\$1,643	3	30.2%	1
U.S. Average*	\$1,246	—	24.3%	—

*U.S. average includes the District of Columbia.

The U.S. Census Bureau analyzes state education funding in relation to personal income. For 2000-01, Colorado ranked **49th** in K-12 revenue and **48th** in K-12 spending as measured relative to every \$1,000 of personal income in the state.

In addition to per pupil revenues and expenditures, other measurements may be used to compare states. Revenue and expenditure measurements can be further broken down by various education functions, such as the percentage of education expenditures spent on instruction. Based on U.S. Department of Education data on instruction expenditures, **Colorado ranked 46th** in this category for 1999-00, spending 57.9 percent of its annual education expenditures on instruction-related functions. The national average was 61.7 percent.

Table 3: Percentage of Education Expenditures Allocated to Instruction, 1999-00

State	Rank	Percent of Expenditures on Instruction
New York	1	68.1%
Colorado	46	57.9%
Alaska	50	56.0%
U.S. Average*	--	61.7%

*U.S. average includes the District of Columbia.

Colorado Receives a "C-" in Resource Adequacy

A recent report on the state of education across the nation, *Quality Counts 2003*, analyzed several categories deemed essential to a high-quality system of education. The analysis included an evaluation of each state's education resources. Colorado received a "C-" in adequacy of resources and **ranked 41st** out of the 50 states.

Adequacy of resources was assessed as a composite of three factors. Estimated 2001-02 spending per student, adjusted for regional cost differences, shows Colorado at \$6,334 and the national average at \$7,524. Colorado's estimated annual percentage change in inflation-adjusted spending per student between 1991 and 2001 was 0.3 percent, compared to 1.1 percent nationally. Finally, Colorado's percentage of total taxable resources spent on education equaled 2.8 percent, while the national average was 3.5 percent. This latter factor was determined by dividing each state's total local and state education revenues for 1999-00 by the gross state product for 2000.