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COLORADO'S K-12 EDUCATION FUNDING RANKINGS

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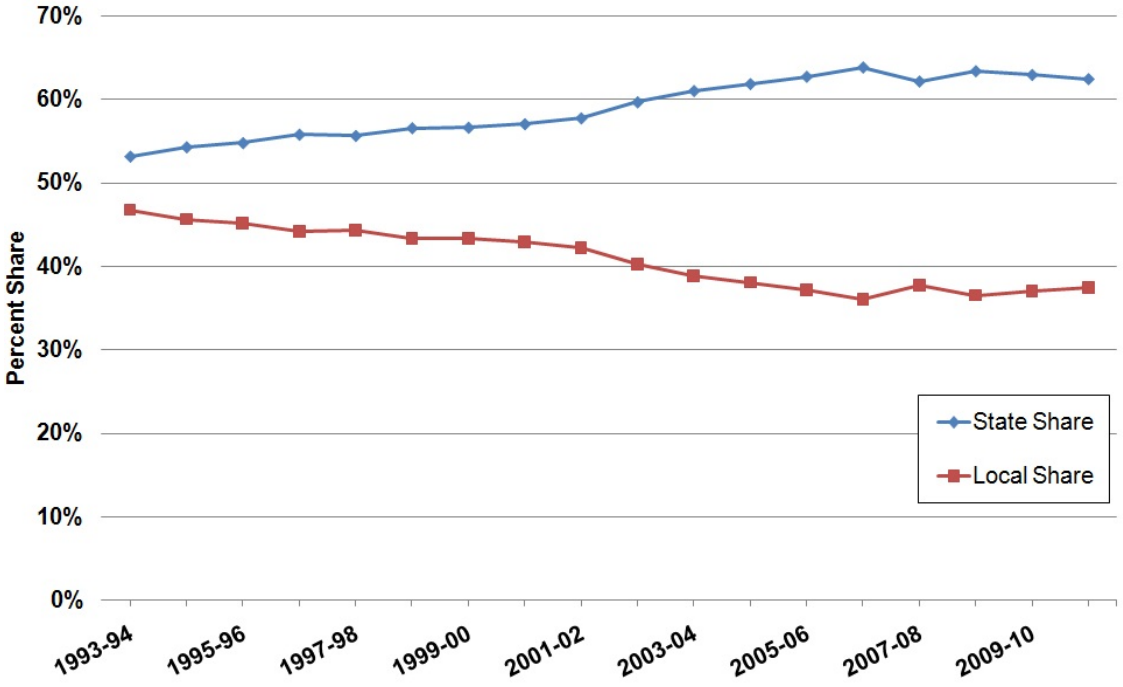
K-12 funding rankings are of perpetual interest to legislators, educators, parents, and the general public because they provide a measure to evaluate where Colorado stands nationally on education funding. However, rankings can also result in confusion because of data differences and metrics used to compare states. Legislative Council Staff calculated Colorado's K-12 funding rankings based on two common measures: per-pupil funding and funding per million dollars of personal income. Using these measures, Colorado's rank ranges from 34th to 48th in the country. This issue brief provides an overview of education funding in Colorado and an explanation of the measures used for calculating the rankings.

Overview of Education Funding in Colorado

Public schools in Colorado are funded from a combination of federal, state, and local sources, totaling approximately $8.6 billion in FY 2010-11. Colorado is expected to receive $570 million in federal funds for assistance to public schools. The state provided about $3.7 billion, primarily through the Public School Finance Act of 1994. Property tax collections are the main source for public education funding at the local level, and are projected to be $3.3 billion. Other local revenues, excluding bonds, are estimated at $1.0 billion. Of the state's total appropriation to public schools, $3.4 billion is the state share of school finance, and $230 million is for categorical programs such as special education and transportation. On average, a school district will receive $6,813 in per pupil funding through the school finance act for FY 2010-11, which represents an $254 decrease from last year's average per pupil funding. This represents a reduction of 3.6 percent per pupil.

Figure 1 provides historical trends in the state and local funding shares under the school finance act. Prior to 2007, the gap between the state and local shares grew because of constitutional and statutory provisions that restricted local property tax collections, but also required the state to ensure adequacy in funding across districts. In 2007, the General Assembly enacted legislation, commonly known as the mill levy freeze, that stabilized the local contribution, leveling off the growing gap between state and local shares.

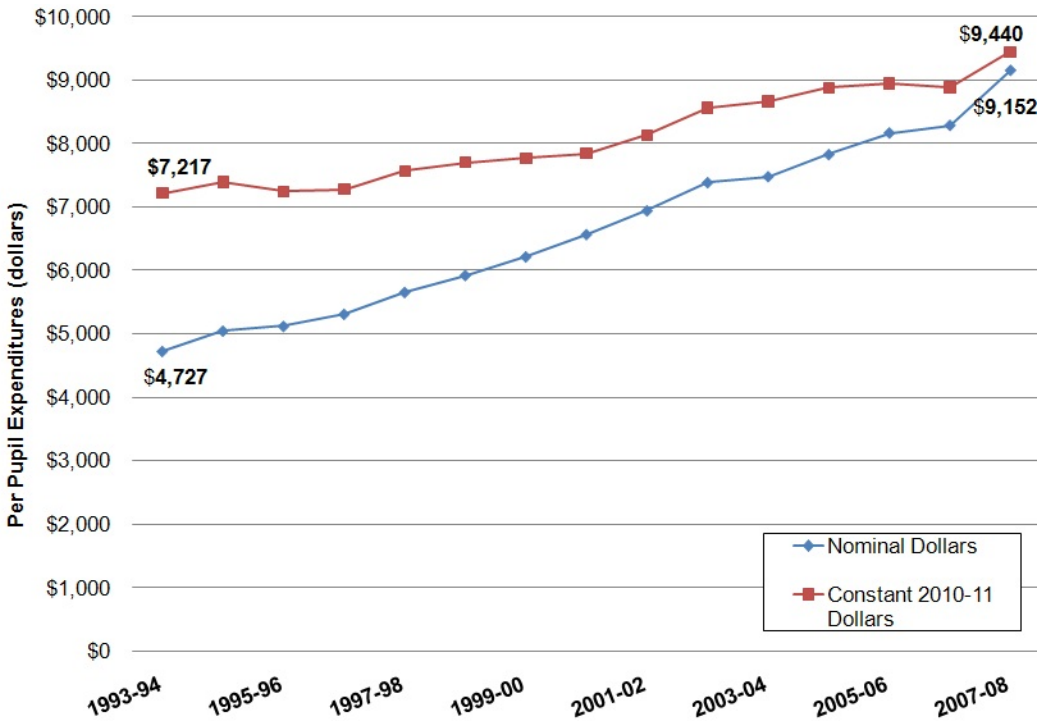
Figure 1
State and Local Shares of K-12 Public School Funding in Colorado
FY 1993-94 to FY 2010-11



Source: Legislative Council Staff

To provide a historical perspective on how much Colorado spends on K-12 education, Figure 2 illustrates per pupil expenditures since FY 1993-94. Per pupil expenditures can vary depending on whether operating or total expenditures are used. Operating expenditures generally encompass funds spent on school operations, such as salaries, transportation, and learning materials. Total expenditures include operating expenses, plus expenditures for capital outlay and interest on debt. Figure 2 provides historical data on Colorado's average per pupil *operating* expenditures in constant (adjusted for inflation) and nominal dollars. In this time period, per pupil operating expenditures have increased at an average annual rate of 1.9 percent in constant dollars.

Figure 2
Colorado Average Per Pupil Expenditures
Nominal and Constant Dollars
FY 1993-94 to FY 2007-08



Source: Legislative Council Staff

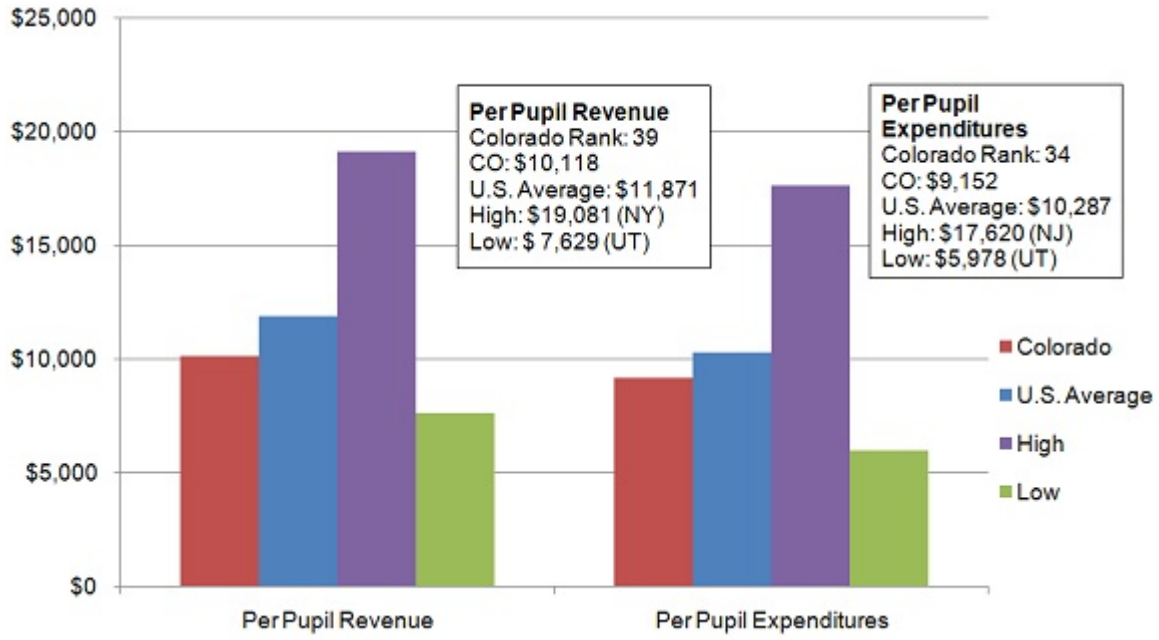
Data Sources and Rankings

One widely used and recognized source for education funding statistics is the National Center for Education Statistics (NCES), a division of the U.S. Department of Education. The rankings presented in this issue brief were calculated using NCES data. The most recent data available are for FY 2007-08. The rankings vary by measure, but in each instance Colorado ranks in the bottom half of states in K-12 education funding. Figure 3 provides Colorado's rankings in K-12 per pupil revenues and expenditures. Per pupil revenues include funding from local, state, and federal sources. Colorado ranks 39th in per pupil revenues and 34th in per pupil operating expenditures.

Some of the expenditure differences between states may be due to cost of living differences and money available from natural resources. For example, New York and New Jersey may spend more per pupil because of cost-of-living factors, while Alaska and Wyoming may spend more per pupil because of money from oil, gas, and coal. The five states that spend the most on per pupil expenditures are: New Jersey, New York, Wyoming, Alaska, and Connecticut.

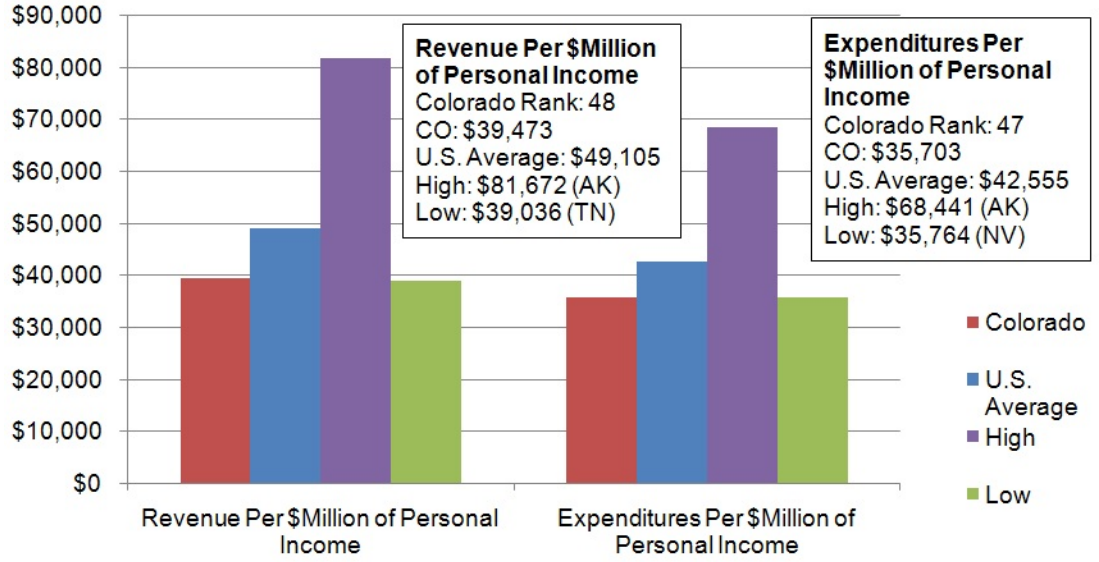
Figure 4 compares education funding among states based on revenues and expenditures per million dollars of personal income. The purpose of this measure is to show the amount of money spent on education relative to the ability of a state's citizens to pay for education. By this measure, Colorado ranks 48th in revenue per million dollars of personal income and 47th in operating expenditures per million dollars of personal income. The five states that spend the most based on expenditures per million dollars of personal income are: Alaska, Vermont, New Jersey, West Virginia, and Rhode Island.

Figure 3
Colorado's Ranking in K-12 Per Pupil Revenue and Expenditures: FY 2007-08



Source: National Center for Education Statistics

Figure 4
Colorado's Ranking in K-12 Funding Per Million Dollars of Personal Income, FY 2007-08



Source: National Center for Education Statistics