



COLORADO'S K-12 EDUCATION FUNDING RANKINGS

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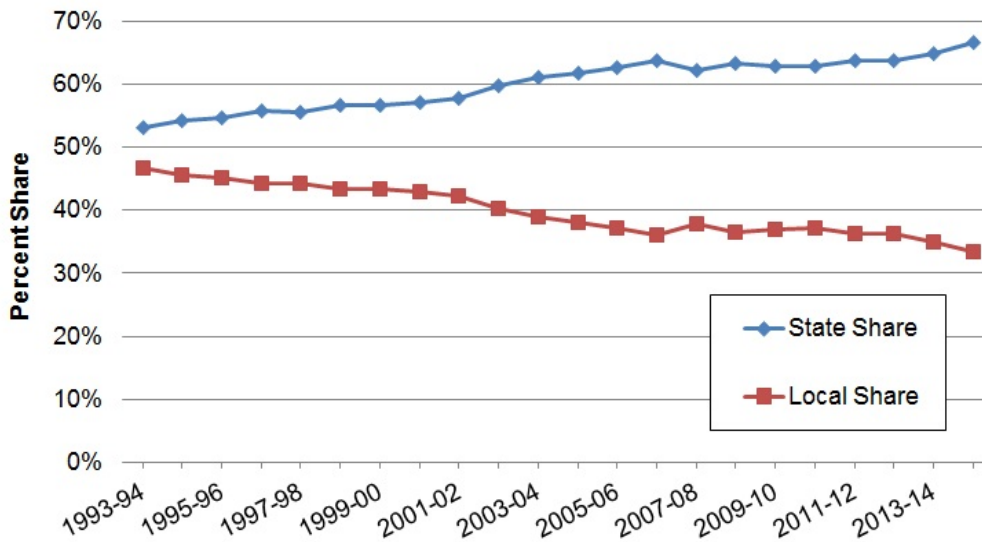
K-12 funding rankings are of perpetual interest to legislators, educators, parents, and the general public because they provide a measure to evaluate where Colorado stands nationally on education funding. However, rankings can also result in confusion because of data differences and metrics used to compare 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 39th to 47th 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 \$8.9 billion in FY 2012-13. Colorado received \$714 million in federal funds for assistance to public schools; the state provided about \$3.8 billion, primarily through the Public School Finance Act; and local revenues totaled about \$4.4 billion. Of the state's total appropriation to public schools, \$3.4 billion is the state share of school finance, and \$244 million is designated for categorical programs, such as special education, English language learners, and transportation. Property tax collections are the main source of public education funding at the local level, and totaled approximately \$3.3 billion. Other local revenues, excluding bonds, totaled about \$1.1 billion. On average, school districts statewide received \$6,479 in per pupil funding through the school finance act in FY 2012-13, which represents a 0.1 percent increase over the previous year. This amount has increased at an average annual rate of about 4.1 percent through FY 2014-15, but is not reported in this *issue brief* because of incomplete federal and local revenue data.

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. 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. Since 2011, however, the gap between the state and local shares has grown due to the most recent recession and the resulting stagnation in property tax revenues. The state share has now increased to almost 67 percent, while the local share has dropped to 33 percent of school funding.

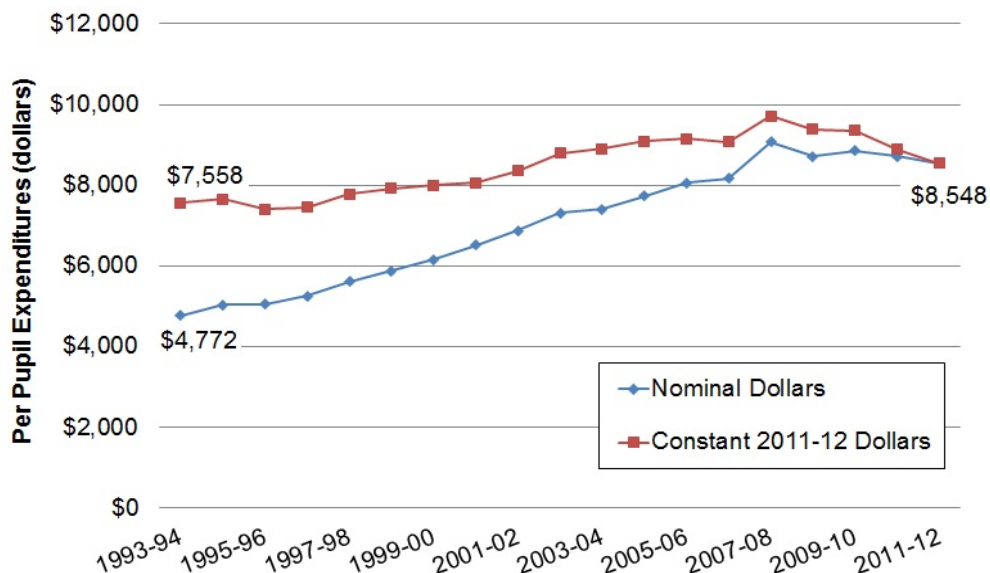
Figure 1
State and Local Shares of K-12 School Finance Act Funding in Colorado
FY 1993-94 to FY 2013-14



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 0.7 percent in constant dollars.

Figure 2
Colorado Average Per Pupil Operating Expenditures, Nominal and Constant Dollars
FY 1993-94 to FY 2011-12



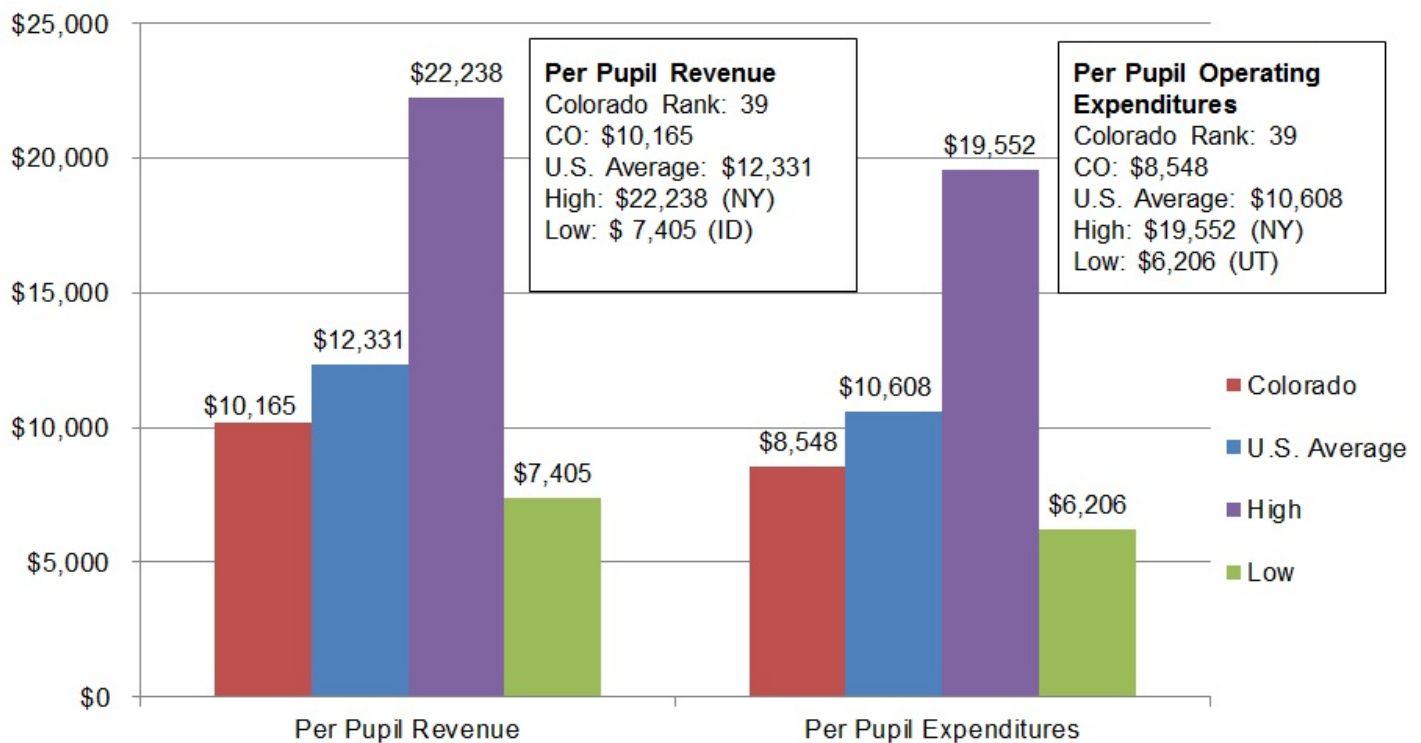
Source: Legislative Council Staff

Data Sources and Rankings

One widely used and recognized source for education funding statistics is the U.S. Census Bureau. The rankings presented in this issue brief were based on the Census Bureau's report *Public Education Finances: 2012*, published in May 2014. The most recent data available are for FY 2011-12. The rankings vary by measure, but Colorado's rank ranges from 39th to 47th across all 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 both per pupil revenues and per pupil operating expenses.

Some of the expenditure differences among states may be due to cost-of-living differences and revenues derived from natural resources. For example, New York and New Jersey may spend more per pupil because of cost-of-living factors, while Alaska may spend more per pupil because of revenues from oil and gas, combined with a smaller student population. The five states that spend the most per pupil are: New York, Alaska, New Jersey, Connecticut, and Vermont.

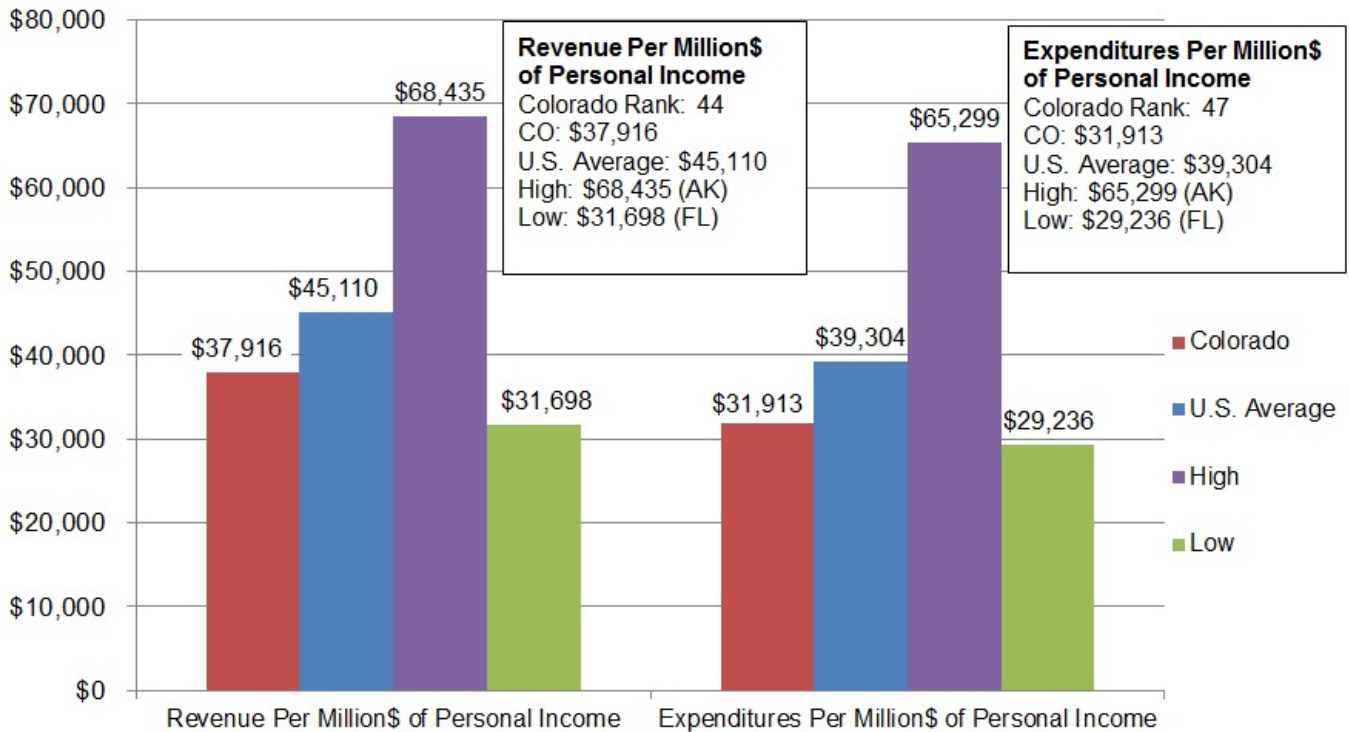
Figure 3
Colorado's Ranking in K-12 Per Pupil
Revenue and Expenditures: FY 2011-12



Source: U.S. Census Bureau

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 44th 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 York, West Virginia, and New Jersey.

Figure 4
Colorado's Ranking in K-12 Funding
Per Million Dollars of Personal Income, FY 2011-12



Source: U.S. Census Bureau