COMMON SENSE INSTITUTE

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Erik Gamm is a Senior Research Analyst with CSI. Erik joined CSI in 2019 and has led research for CSI reports covering the topics of taxation, education, workforce and health care. He graduated from the University of Michigan in 2020 with a Bachelor of Arts in Economics, and has experience from Washington, D.C., where he was an intern for the natural resources lobbying firm American Capitol Group.

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Common Sense Institute is a non-partisan research organization dedicated to the protection and promotion of Colorado's economy. CSI is at the forefront of important discussions concerning the future of free enterprise and aims to have an impact on the issues that matter most to Coloradans. CSI's mission is to examine the fiscal impacts of policies, initiatives, and proposed laws so Coloradans are educated and informed on issues impacting their lives. CSI employs rigorous research techniques and dynamic modeling to evaluate the potential impact of these measures on the economy and individual opportunity.

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INTRODUCTION

Now mostly free from the specter of COVID-19, Colorado's public education system is still struggling: in 2025, enrollment fell for the fifth-straight year and student performance declined, reversing last year's positive momentum. School finances belie these trends, which endure despite years of record-high district revenue and spending.

Schools in Colorado continue to benefit from public munificence even after exhausting billions of dollars of one-time federal relief funding, the absence of which has already been compensated for by high property taxes and state policy changes. Since 2020, total public education revenue from all sources has risen by 21%, from $14.5 billion to $17.6 billion, while total spending has climbed by 24%, from $14.6 to $18.1 billion.

Student populations continue to decline in most school districts. 116 of the state's 178 districts lost enrollment in the 2024–25 school year and 120, including the state's nine largest, serve fewer students than they did five years ago. Across the state, public-school enrollment was just over 3.5% below its peak in 2020. The combination of funding increases and enrollment declines means that total expenditure on instruction and support per student has grown by 48% since 2018, from $11,248 to $16,609.

116 of the state's 178 districts lost enrollment in the 2024–25 school year and 120 serve fewer students than they did five years ago.

Student achievement, as measured by Colorado Measures of Academic Success (CMAS) results, recovered substantially in 2024 but backslid in 2025. Third-grade reading and math proficiency rates still exceed pre-pandemic levels, but only just.

Two major changes are coming to Colorado's education system over the next few years. Starting in the 2025–26 school year, the state will phase-in a new school finance formula that raises districts' funded pupil counts based on new factors like populations of special-education enrollees, English-language learners, and "at-risk" students.[i] This change will increase education funding from the state government by more than $91 million in the first year and larger amounts thereafter. While the new funding formula is being implemented,

the state's school-performance framework will be subject to substantial changes under HB25-1278, which modifies some testing standards, adds new performance indicators for which schools are accountable, and solicits recommendations for other tweaks.[ii] Today, 71% of schools for which the state has sufficient data earn the highest performance rating under the present framework even though less than half of Colorado students meet grade-level academic expectations.[iii]

Each year, the Colorado Department of Education releases new sets of data on the finances, administration, and performance of Colorado's PreK–12 public education system.[iv, v, vi, vii, viii] This report analyzes those data and shows key trends in how education funding, spending, and outcomes have changed over time.

KEY FINDINGS

K–12 ENROLLMENT IN COLORADO HAS FALLEN FOR **FIVE CONSECUTIVE YEARS.**

- After a loss of more than 30,000 students in 2021, K–12 enrollment fell by another 6,867 students between 2022 and 2025. Before the pandemic, statewide enrollment had not declined in any single year since 1989.
- 116 of the state's 178 districts lost enrollment in the 2024–25 school year and 120, including the state's nine largest, are smaller than they were in 2020.
- In 2025, PreK–12 enrollment declined in six of Colorado's eight geographic regions. Only the northeast and metro regions grew, by 228 and 2,096 students, respectively, but the metro region's enrollment remains 6.2% below its 2020 level. The largest 2025 decline occurred in the southwest region, which lost more than 6% of its student body.
- Since 2020, grades PreK–9 have fallen in population while enrollment in grades 10–12 has grown modestly.

PUBLIC EDUCATION FUNDING KEEPS BREAKING RECORDS EVEN AS ENROLLMENT FALLS.

- Public education revenue is largely determined by the funded pupil count, rather than enrollment. The funded pupil count includes averages of prior-year trends, so it has not declined at the same speed as total enrollment. In 2024, the funded count fell by 2.2% while total enrollment dropped by .2%.
- Total revenue per funded student from state, local, and federal sources grew to $19,876 in the 2024 school year—35% and 12% above 2020 and 2023 levels, respectively. Funding from other sources such as bond sales added $605 in funding per student.
- Federal funding as a percentage of total education spending peaked in 2021 at 12% then declined for three consecutive years to 8.2%. That figure, however, remains much higher than it was before the arrival of COVID-19–relief funds. Federal funding comprised just 5.9% of Colorado education spending in 2019.
- State revenue continues to provide greater shares of total education revenue in poor and rural parts of the state. This fact illustrates the impact of low property tax rates and/or property values in these areas.

EDUCATION SPENDING GROWTH CONTINUES TO FAVOR ADMINISTRATION OVER INSTRUCTION, THOUGH BOTH SPENDING CATEGORIES HAVE OUTPACED ENROLLMENT GROWTH AND INFLATION.

- Total education expenditure grew to $18.12 billion in 2024, an all-time high. That represents an increase of $466 million (2.6%) since 2023 and an increase of $4.2 billion (30%) since 2019.
- The share of spending on instruction shrank over the last 10 years from 45.9% in 2014 to 41.6% in 2024. The share of spending on support grew over that same period from 35.5% to 37.3%.
- Instructional salaries and benefits remain collectively the largest spending item in all regions of the state except the northeast and southeast, where the "other expenditures" category surpasses it.

ADDING NON-INSTRUCTIONAL STAFF WHILE RAISING TEACHER SALARIES HAS NOT COINCIDED WITH BETTER ACADEMIC OUTCOMES.

- Staffing data over the last 16 years reflect a shift in strategy toward more non-teacher and administrative staff. From 2009 to 2025, the number of teachers in Colorado public schools rose by 9.3% while student population increased by 7.7%. Over that period, the number of administrators and non-teacher instruction and support staff grew by 31.4% and 33.9%, respectively (Figure 1). These counts have soared even over the last five years of enrollment declines.
- Enrollment growth has fallen behind that of every staff category, especially support staff and district administrators. The number of administrators nosedived in 2020 and 2021, presumably because of the pandemic, but has grown more quickly than all other categories since then.
- There remains a substantial gap between teacher salary growth and overall spending growth. From 2007 to 2024, overall funding per student rose by 70% while the average teacher salary grew by 59% (Figure 2). This gap is narrowing, though: in 2025, the average statewide salary rose from $68,647 to $72,781 (by 6%).
- After spiking beyond 19% in 2023, teacher turnover in Colorado fell to 17.4% in 2024 and again to an even 17% in 2025. In general, turnover is much lower among public-education workers in Colorado than it is in most other industries.
- Student performance has not kept pace with spending increases. Third-grade reading and math proficiency rates only last year returned to pre-pandemic levels before falling again in 2025.
- There remains a large achievement gap between students of different income levels. Students eligible for free or reduced-price school meals who participate in CMAS tests perform 30.8 percentage points worse at math and 29.5 percentage points worse at English language arts than their more affluent classmates.

FIGURE 1.

Public Education Staff and Student Growth since 2009

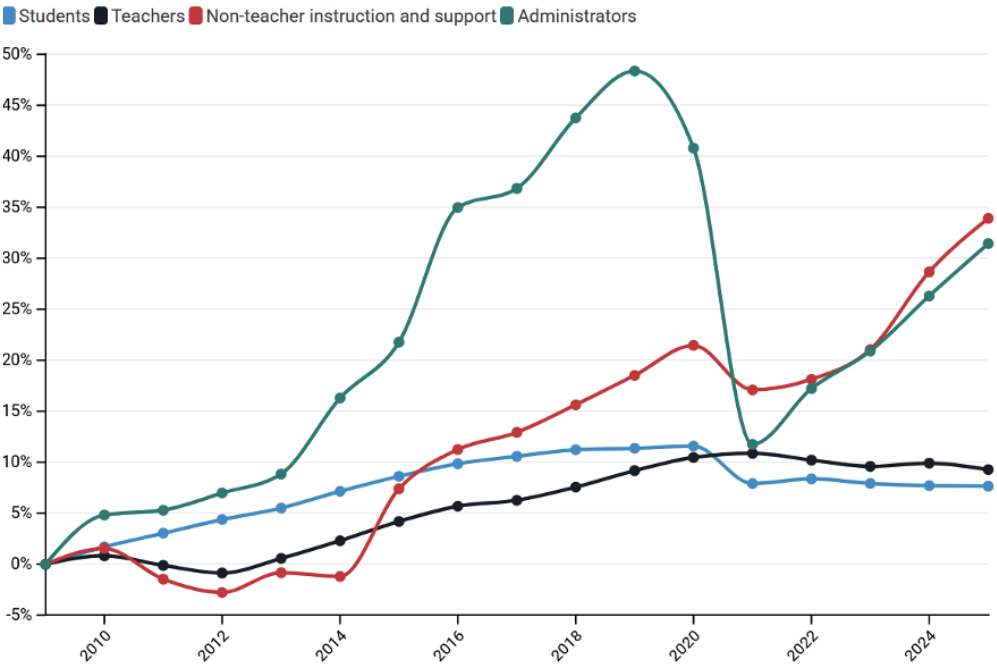
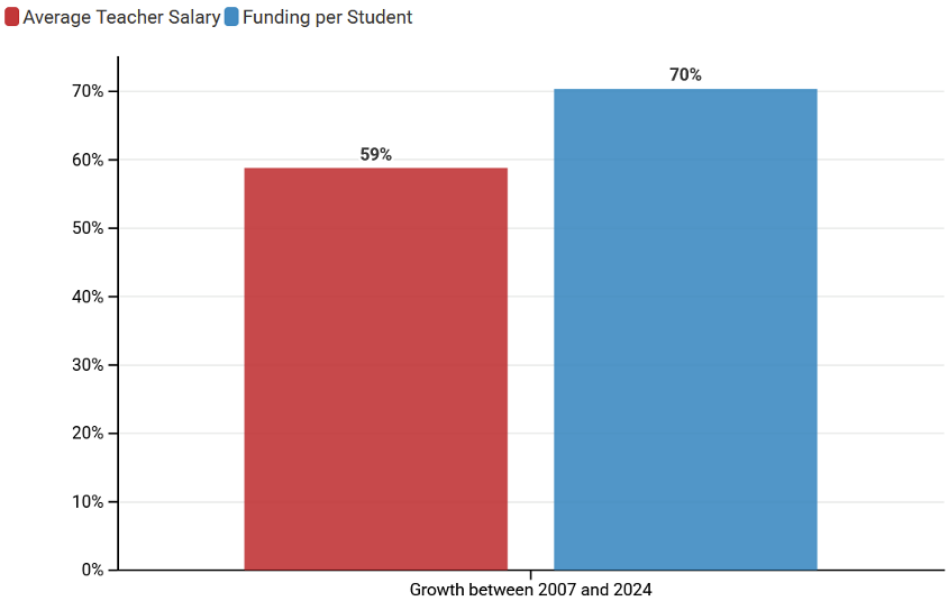


FIGURE 2.

Growth of Teacher Salaries and Per-pupil Education Funding in Colorado from 2007 to 2024

Over the last 16 years, education revenue per pupil has increased by 70% while the average teacher salary has grown by almost 59%.



PART 1: ENROLLMENT

Colorado's K–12 enrollment has now fallen for five straight years. The COVID-19 pandemic caused the initial fall between 2020 and 2021, but continued decline cannot be explained by the pandemic alone. Although Colorado's school-age population is falling in general, issues of choice, parental satisfaction, and other demographic patterns may be responsible as well.

Only the northeast region has bucked this trend and grown in every year since 2021. Most of the total enrollment decline comes from the Denver metro region, which has lost 6.2% of its student population since 2020—from 477,355 to 447,707—but it showed signs of partial recovery in 2025 by adding just over 2,000 students.

FIGURE 3: COLORADO K–12 ENROLLMENT OVER TIME

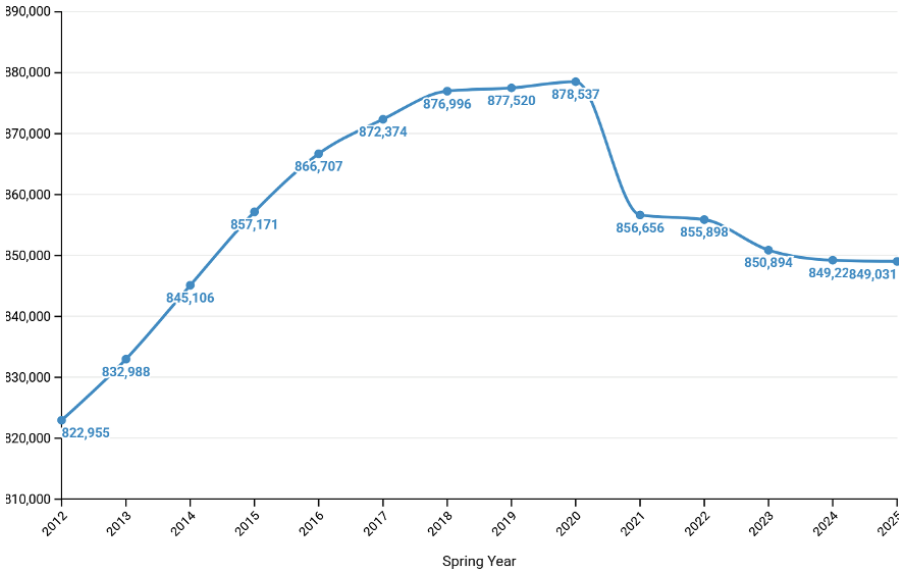
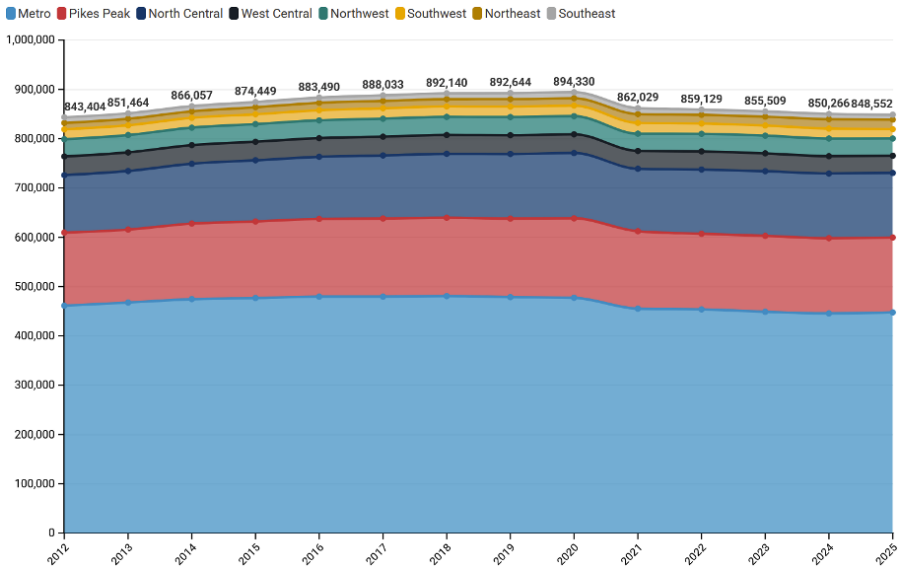


FIGURE 4: PREK–12 ENROLLMENT BY REGION



Declining enrollment is especially an issue among younger children. Enrollment has increased since 2020 only in grades 10–12, which implies that the statewide loss has mostly been caused by departures of young students and decreased enrollment of kids reaching school age. Steep enrollment declines in the earliest grades continued in 2025 (down 7.4% in pre-K and 8.4% in kindergarten compared to 2020) even as the state has expanded their funding. As this enrollment trend filters through higher grade levels, the overall decline could look even more pronounced in the future.

Only the northeast region's enrollment is higher now than it was in 2020. The northeast is the third-smallest region by enrollment, spends the second-least per pupil on instruction and support, has the lowest graduation rate, and pays its teachers the least among all regions.

High-school enrollment was least affected by pandemic-related losses but has started to manifest the declines that hit younger grades. Curiously, though, grades 11 and 12 both grew in population between 2024 and 2025. Several years must still pass before the full impact of the pandemic on Colorado's high schools becomes evident.

FIGURE 5: ENROLLMENT CHANGES BY REGION BETWEEN THE 2020 AND 2025 SCHOOL YEARS

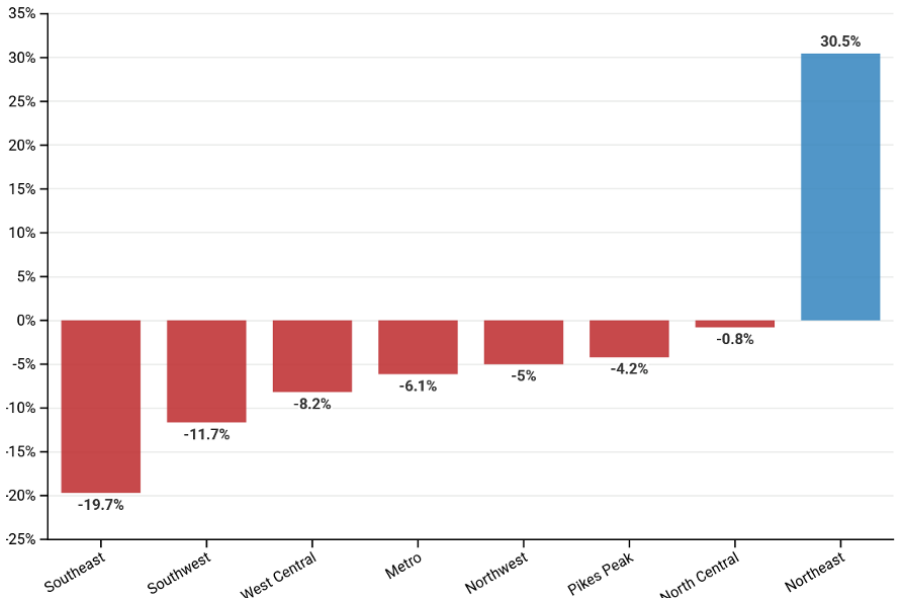
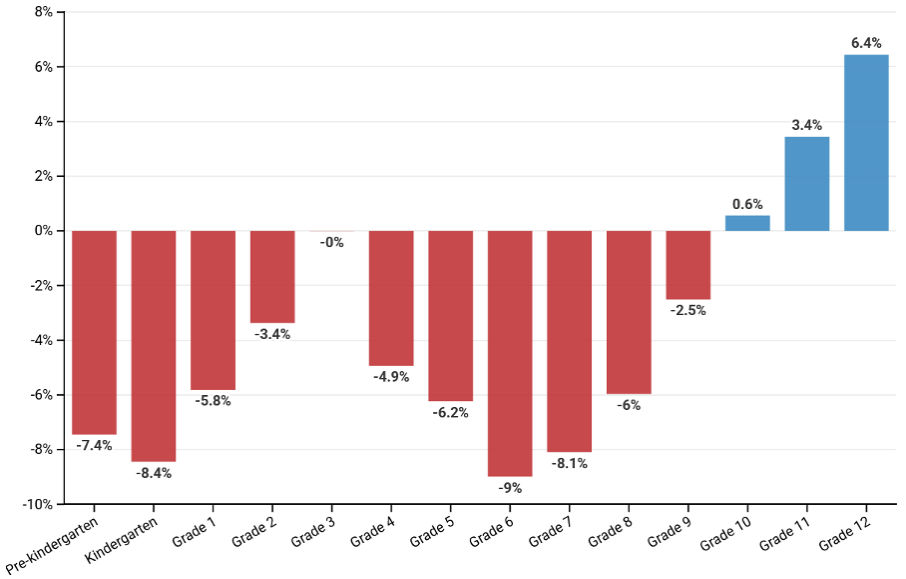


FIGURE 6: ENROLLMENT CHANGES BY GRADE BETWEEN THE 2020 AND 2025 SCHOOL YEARS



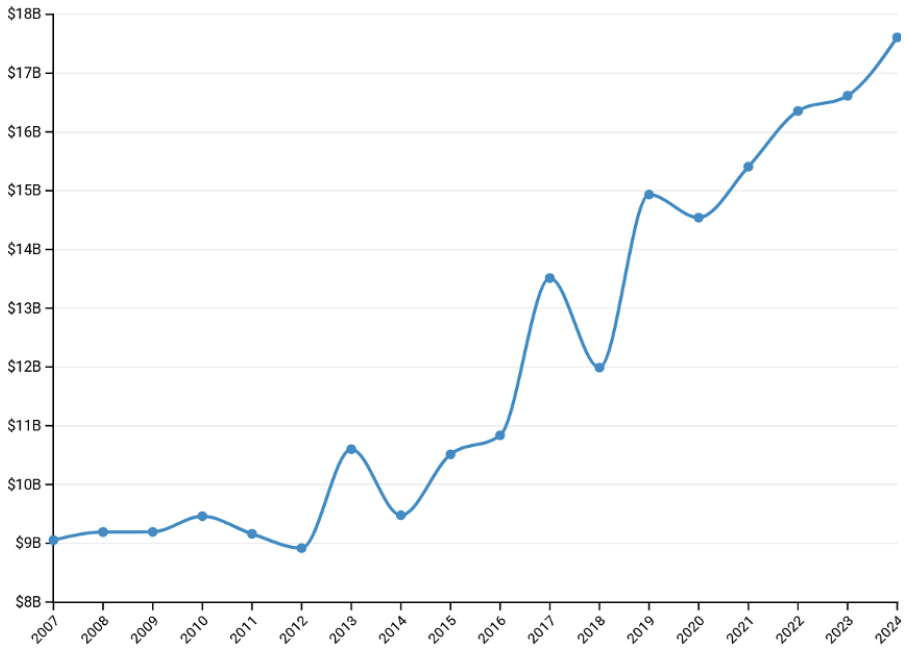
PART 2: REVENUE

Public schools' revenue comes from four main funding sources: local, state, federal, and other. Local revenue comes from property tax, specific ownership tax, and other funds generated within a school district's territory for public education. This category includes mill levy overrides and mills for bonded indebtedness. State revenue includes all funds collected by the state government that are appropriated to school districts, including per-pupil contributions from the State Education Fund through its funding formula, program funding, and other state grants and projects. Federal revenue is any money distributed to school districts from the federal government, whether directly or through an intervening agency like the Colorado Department of Education.

Federal money is typically earmarked for specific spending purposes, like educational services for students with disabilities and English-language learners and programs at schools with large shares of low-income students.

Figure 7 shows that funding for Colorado schools is continuing to rise roughly in-line with its 10-year history despite five straight years of declining enrollment. Massive infusions of federal relief funding, the last remnants of which are reflected in this year's data, ensured that the pandemic did not produce a long-term funding shortfall. Now, beyond the scope of that spending, state and local revenue has resumed its usual rapid growth. Much of that process was achieved by the state's elimination of the budget stabilization factor during the 2024 legislative session

FIGURE 7: HISTORY OF TOTAL DISTRICT REVENUE (INCLUDING OTHER SOURCES)



and steep property-tax increases that came into force in 2024. When the budget stabilization factor was repealed, total state and local funding for public schools was projected to increase by more than $500 million and the state share of total program funding was projected to reach $9.7 billion, though the latter will take several years to realize.

As **Figure 8** shows, the federal share of district revenue is still inflated due to the U.S. government's response to the pandemic but is gradually trending back toward historical norms. The local share, meanwhile, reached a new height in 2024 due to a $1.2 billion revenue increase from property taxes.

Figure 9 illustrates how reliant each of the state's eight geographical regions, plus the Charter School Institute, is on local revenue (primarily from property taxes) and the statewide school funding formula. A large red bar indicates either relatively low property-tax rates or low property values.

There are significant regional variations in the relative distribution of local, state, and federal funds to school districts. The rural southeast region receives the lowest share of local funding, presumably due to stagnant property-tax growth. With the exception of the Charter School Institute, the local share of regional revenue is a strong indicator of the relative wealth of the regions' school districts.

FIGURE 8: MAJOR REVENUE SOURCES FOR K–12 PUBLIC EDUCATION AS SHARES OF TOTAL (EXCLUDING OTHER SOURCES)

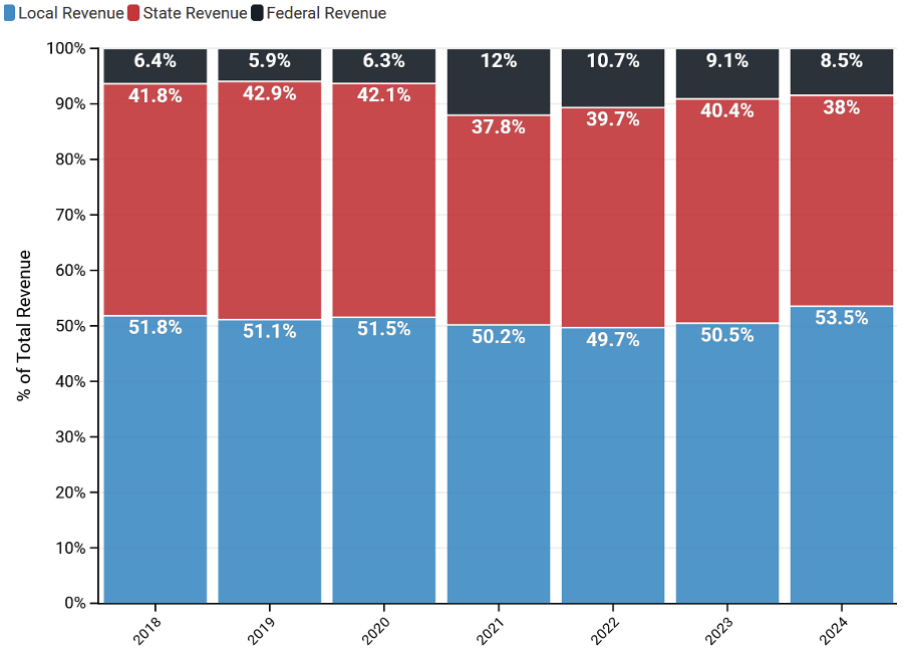
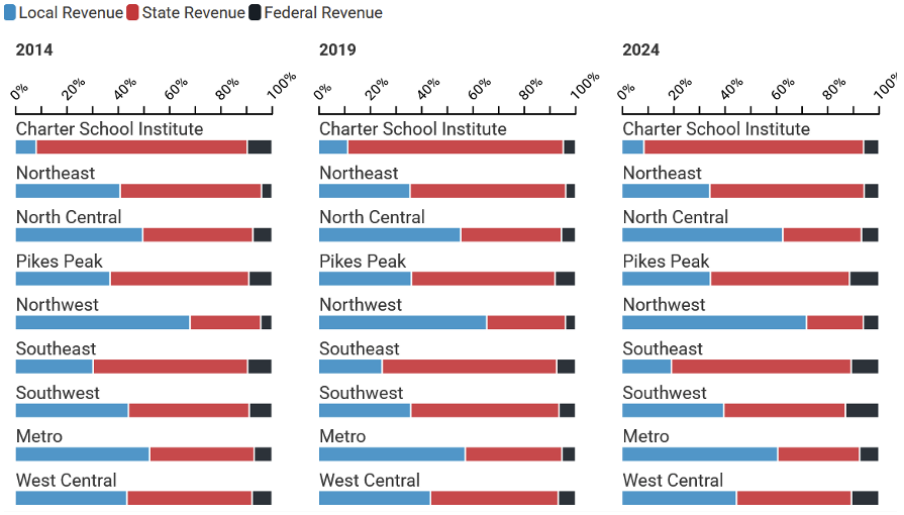


FIGURE 9: LOCAL, STATE, AND FEDERAL REVENUE AS SHARES OF TOTAL REVENUE BY REGION



PART 3: EXPENDITURES

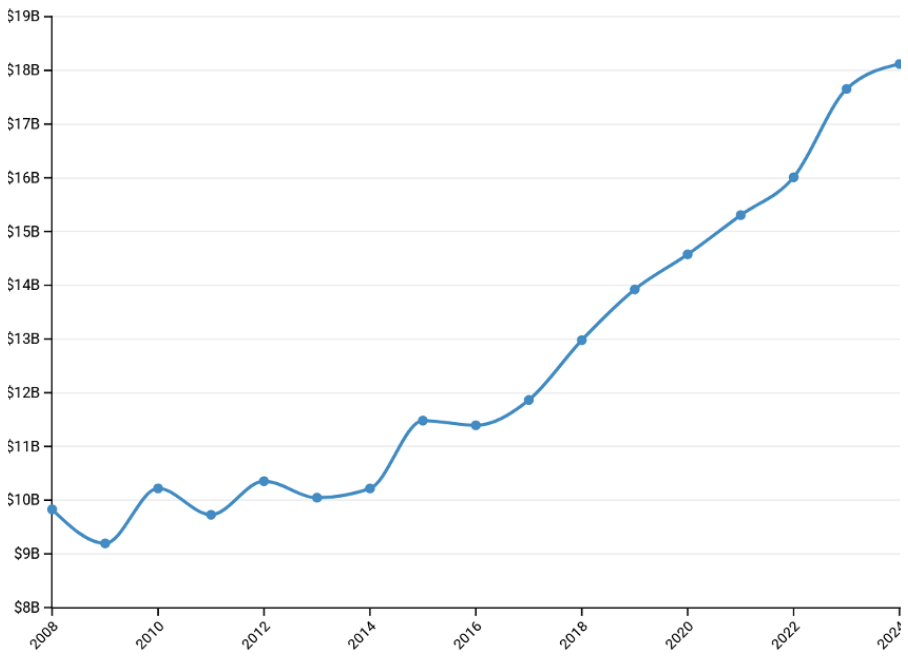
Public education spending generally falls across the following categories: instructional services (staff salaries and benefits, supplies and materials, purchased services, and capital outlays), support services (district and school administration, operations and maintenance, pupil transportation, food services), community services, and "other" spending. Once again, in 2024, public education spending hit its highest level in Colorado's history at $18.1 billion. The share of spending on instruction has fallen in the last 10 years while spending on support services has risen.

In 2024, instructional services accounted for 41.6% of total spending, while support services comprised 37.3% and other spending accounted for the remainder. The Colorado Department of Education's definition of "other expenditures" is "amounts paid for all expenditures other than instruction, support services, and community services."

Colorado defines enrollment as the simple headcount of students who attend public schools. The funded pupil count, which controls how much state funding schools receive through the School Finance Act, is determined by a formula based on current enrollment and previous years' enrollment trends. The formula guarantees that the funded pupil count declines at a slower rate than the headcount during periods of falling enrollment, presumably to help prevent underfunding struggling schools.

Between 2022 and 2023, total public education spending grew by more ($1.6 billion) than in any other year for which data are available, despite falling enrollment. Spending growth in 2024 was more modest, but still large, at $460 million. The effect of

FIGURE 10: TOTAL PUBLIC EDUCATION EXPENDITURE



record-high inflation from 2021 through 2023 appears absent in 2024's growth, which should prove closer to the annual norm in the long run.

Between 2007 and 2024, inflation-adjusted instruction and support expenditure grew by 31.9% while the funded pupil count increased by only 14.2%. Adjusted spending rose at similar high rates in 2023 and 2024, even though the funded pupil count, which affects state funding, declined at record rates across that period; as a result, the difference between the two growth rates is now higher than it's been at any point across the scope of Figure 12. The sudden spike in the funded pupil count between 2019 and 2020 occurred because preschoolers were added to the formula in 2020.

In 2024, enrollment was the lowest it's been since 2014; since 2020, when enrollment was at its peak, inflation-adjusted spending on instruction and support has increased at twice the rate of enrollment's decline.

FIGURE 11: MAJOR SHARES OF EXPENDITURE ON PUBLIC EDUCATION

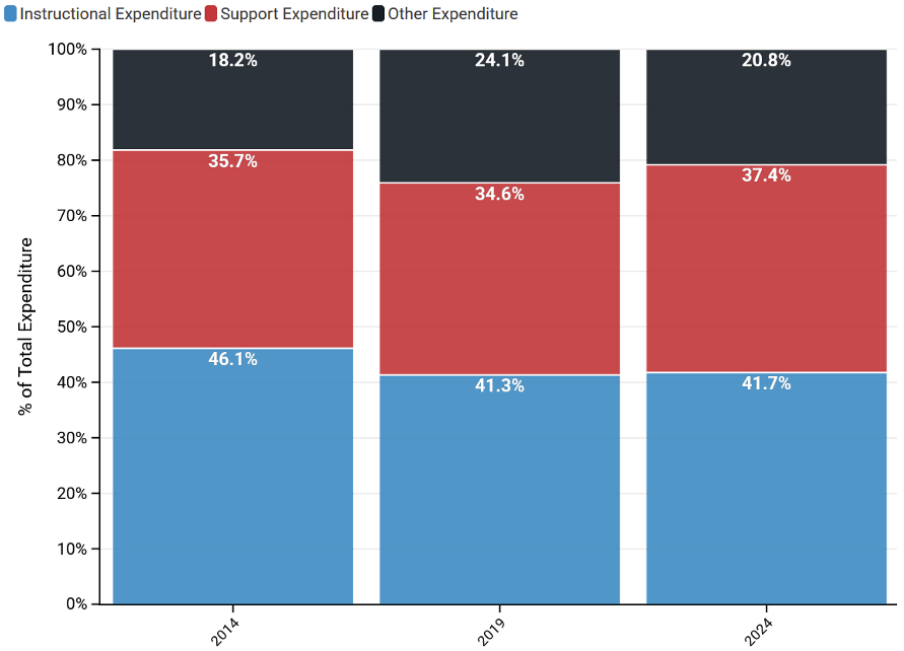


FIGURE 12: GROWTH IN ENROLLMENT, FUNDED PUPIL COUNTS, AND CLASSROOM SPENDING SINCE 2007

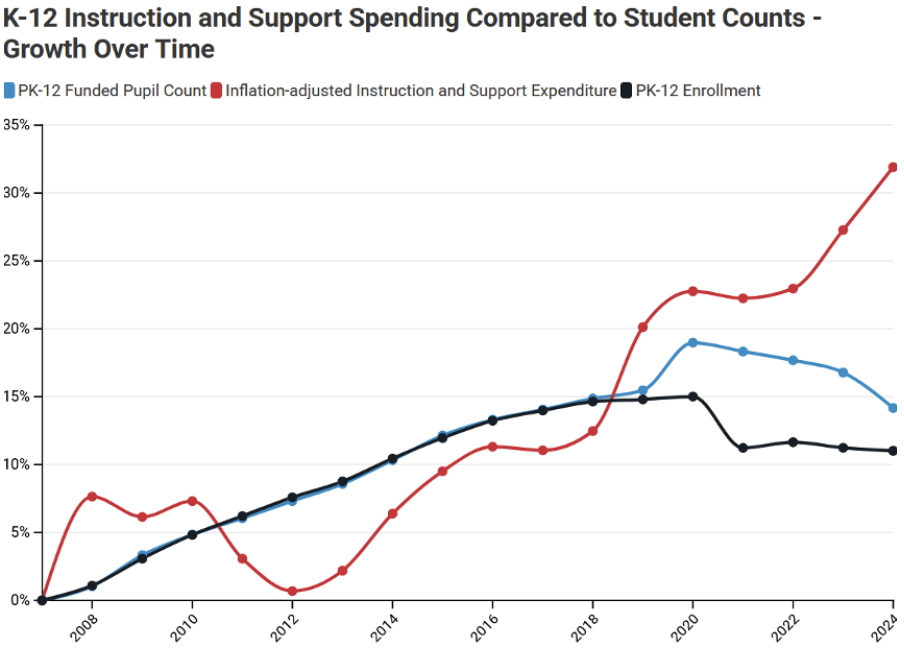


Figure 13 shows total expenditure by region across the last decade. Significant rises in the latter halves of the trendlines reflect the infusion of COVID-19 relief dollars, which ceased in 2024 but were substituted for large local-revenue increases. Spending has grown consistently in every region across the last 10 years, over which period it has at least doubled among charter schools and in the north central and southeast regions.

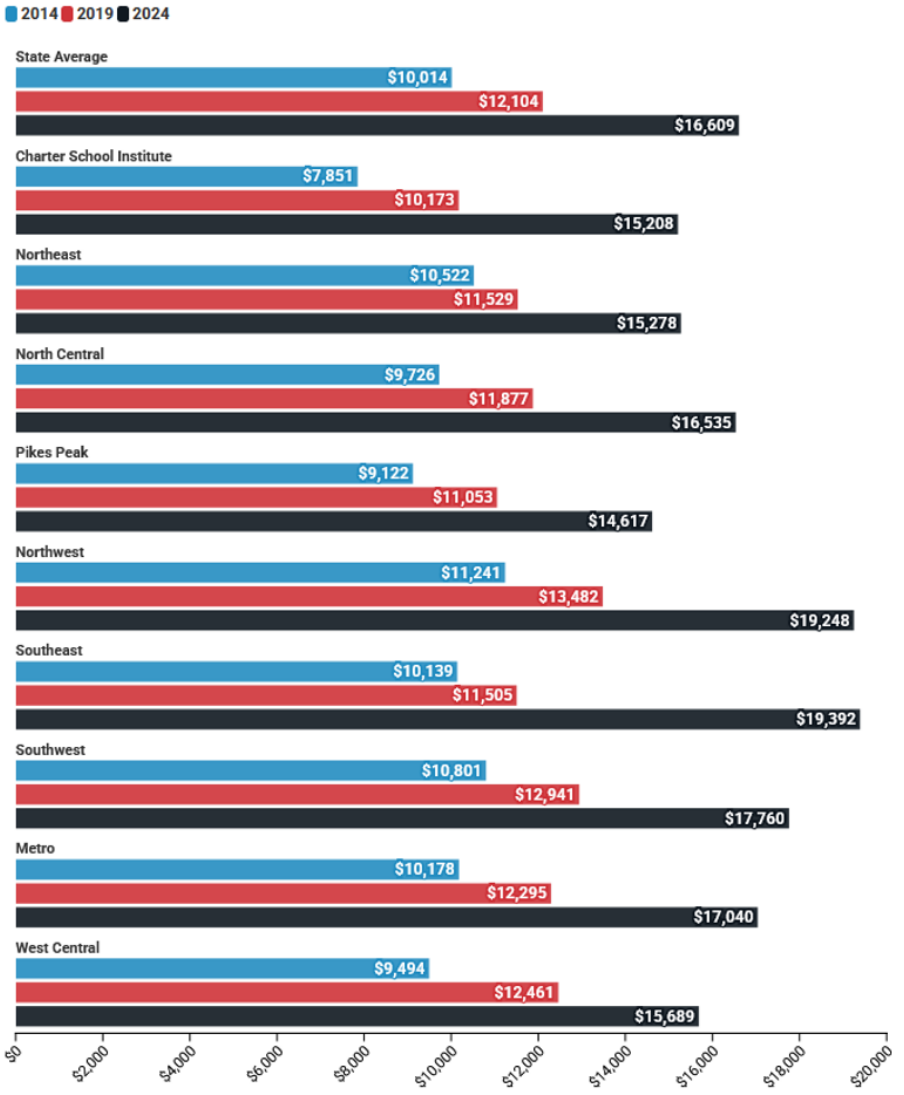
Figure 14 shows per-pupil spending on instruction and support by region in three years: 2014, 2019, and 2024. **Figure 15** offers a detailed look at spending by region just in 2024. Variations by region are modest but illustrate many of the trends discussed elsewhere in this report.

- The largest share of the metro region's instruction/support spending goes to teacher salaries and benefits. The same is also true of every other geographical region except the southeast and northeast.

FIGURE 13: HISTORY OF TOTAL SPENDING BY REGION

Region	Trend	FY 2014	FY 2019	FY 2024
Charter School Institute		$89M	$287M	$417M
Metro		$5,662M	$7,471M	$9,385M
North Central		$1,313M	$1,984M	$2,752M
Northeast		$173M	$217M	$332M
Northwest		$552M	$693M	$915M
Pikes Peak		$1,559M	$2,093M	$2,767M
Southeast		$124M	$166M	$268M
Southwest		$299M	$358M	$457M
West Central		$377M	$579M	$719M
Total		$10,148M	$13,850M	$18,012M

FIGURE 14: INSTRUCTION AND SUPPORT EXPENDITURE PER PUPIL BY REGION



- Rural districts devote large shares of their instruction/support spending to matters other than compensation and direct student/staff support, largely due to high transportation and material costs.
- Average spending levels across the state's eight regions generally correspond to their reliance on local revenue (an effective proxy for relative affluence). The southeast region is notable for spending the most on instruction and support per student in 2024 despite spending only the seventh-most in 2019, while the Pikes Peak region stands out for having the second-slowest 5-year spending growth of any region despite high population growth.

Figure 16 demonstrates that, though instructional salaries have risen quickly, they've demanded smaller shares of spending over the last decade. This indicates the potential for some crowding-out by spending priorities like administration and operations, both of which occupy larger shares of district budgets than they did previously, though that threat diminished somewhat in 2024. In 2023, districts devoted just 25.3% of their instruction/support spending to teacher salaries.

FIGURE 15: REGIONAL SHARES OF TOTAL INSTRUCTIONAL AND SUPPORT EXPENDITURE BY ITEM IN 2024

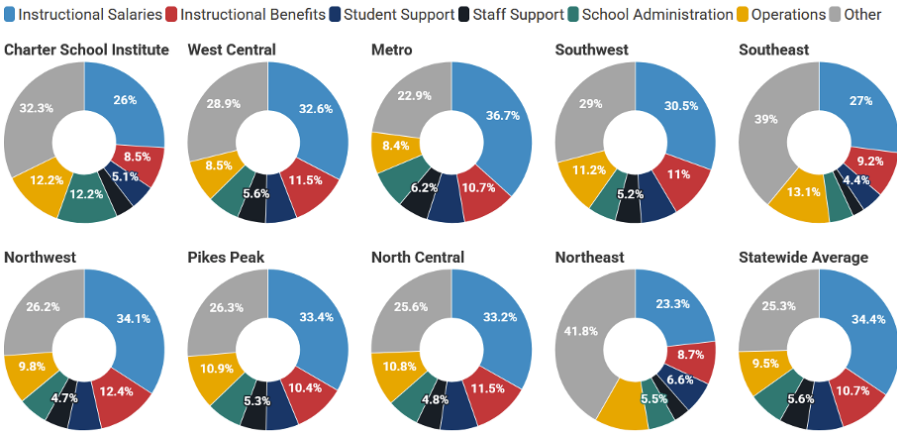
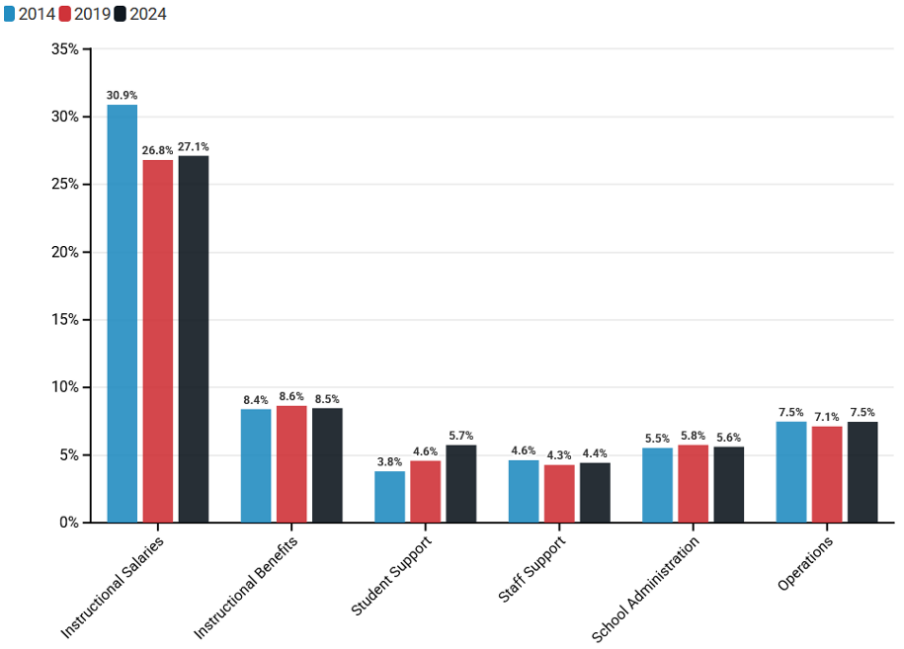


FIGURE 16: STATEWIDE SHARES OF TOTAL EXPENDITURE BY INSTRUCTION/SUPPORT ITEM



PART 4: TEACHER SALARIES AND TURNOVER

The average teacher's salary in Colorado reached $72,781 in 2025, an increase of 32.4% since 2019. There remain significant regional disparities: the average salary in the southeast is just $49,461 (up 23.3% since 2019), while the metro region's reached $80,553 (up 33.3%). In general, salaries have grown at lower rates in regions with lower absolute averages.

The scatterplot in **Figure 18** shows that teacher turnover in the metro region is negatively correlated, albeit weakly (-.31), with average pay. In the Boulder Valley school district, where the average salary is $99,707, teacher turnover was just 13.1%. In the rural Elizabeth school district, where average pay is $53,777, turnover was 32%.

Despite some localized angst over teacher turnover, the fact remains that turnover is much lower

FIGURE 17: AVERAGE TEACHER SALARY OVER TIME BY REGION

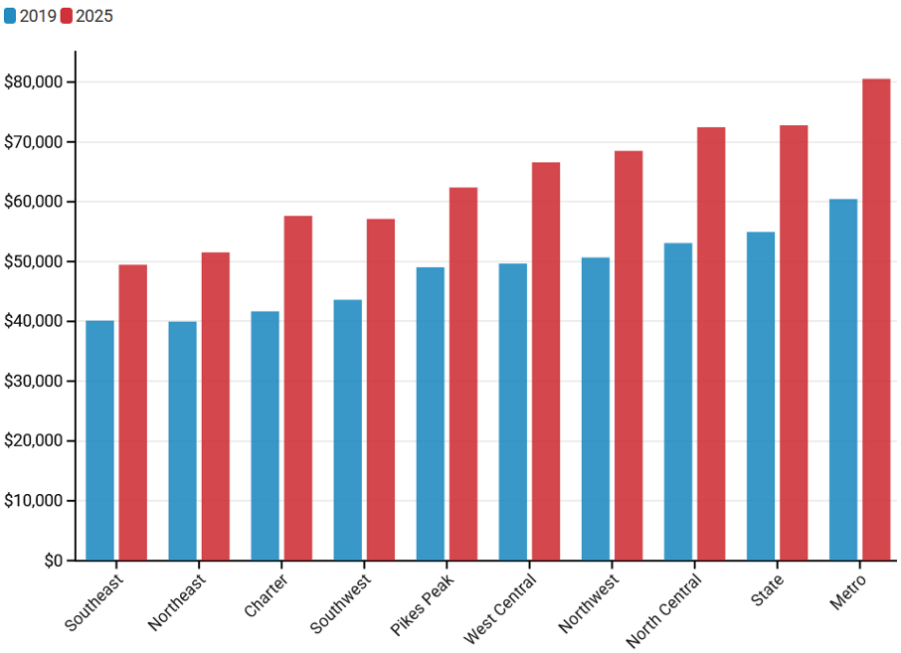
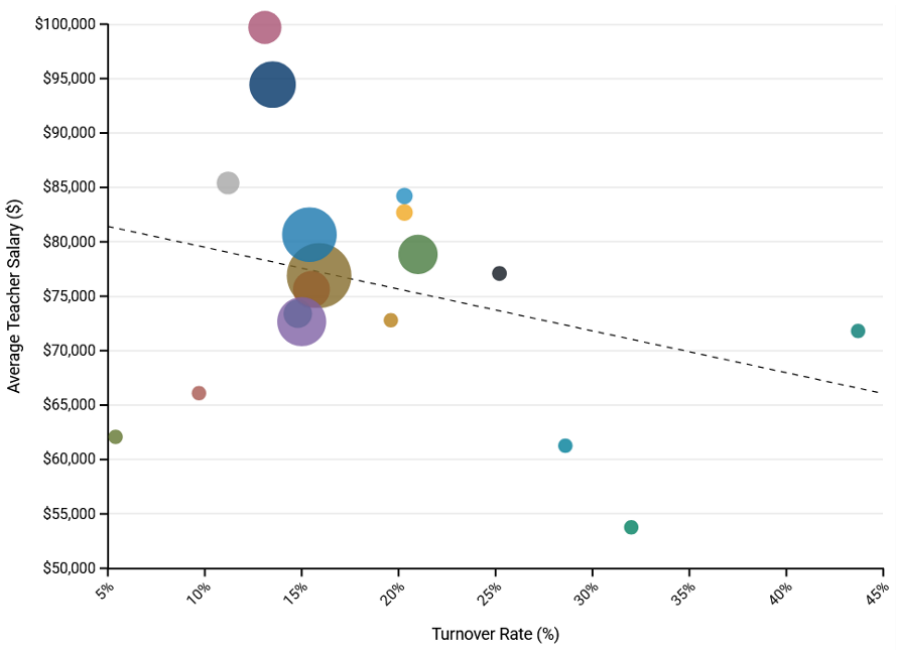
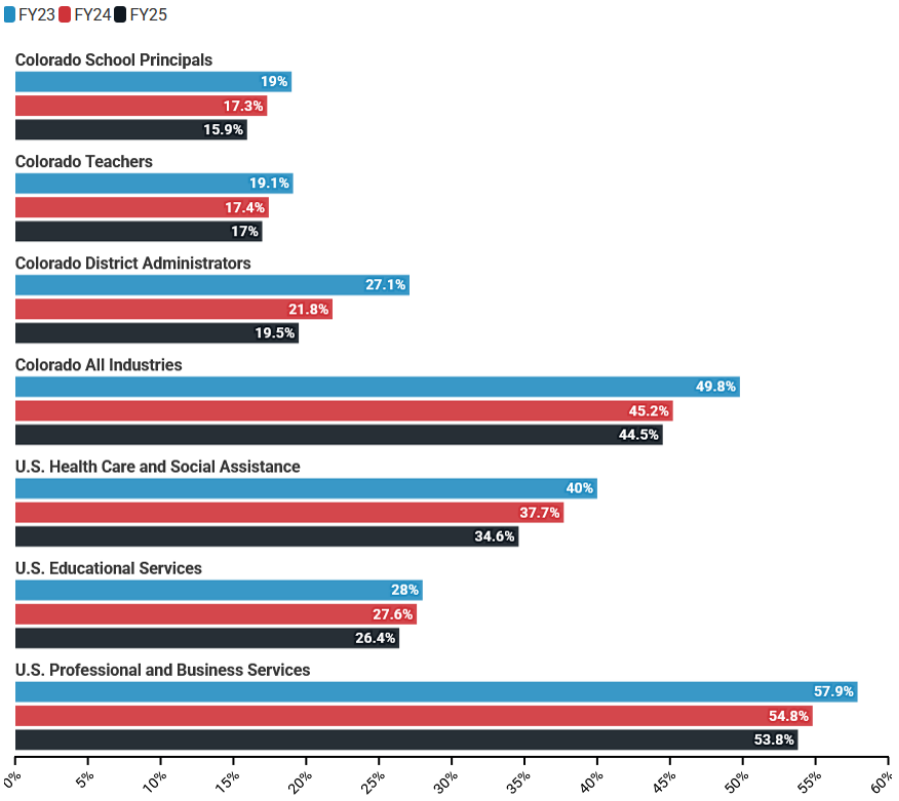


FIGURE 18: AVERAGE TEACHER SALARIES AND TURNOVER RATES IN THE METRO REGION



among public-education workers in Colorado than it is in most other industries. This may be because education jobs are generally more stable and less mobile than private-sector jobs or because of the sense of duty that some teachers feel to remain in place. Turnover among public-education workers is on the decline, too: after spiking beyond 19% in 2023, teacher turnover in Colorado fell to 17.4% in 2024 and again to an even 17% in 2025.

FIGURE 19: AVERAGE TURNOVER IN EDUCATION COMPARED TO OTHER INDUSTRIES



Sources: CDE and JOLTS

PART 5: STUDENT PERFORMANCE

Colorado's graduation rate is measured by the share of students entering 9th grade who progress through 12th grade, completing all academic requirements, in either four or six years. Apart from a small decline in 2021, probably associated with the pandemic, both four- and six-year rates continue to tick upward across the state. Whether this is essentially a product of improved academic performance among high-schoolers or diminishing academic standards is beyond the scope of this report.

Colorado's four-year graduation rate continued to rise steadily and reached a new all-time high of 84.2% in 2024. The six-year graduation rate dropped by four-tenths of a percentage point among those expected to graduate in 2021, as expected, but rebounded to match its previous high among the 2022 cohort (the most recent for which data are available). There remain

FIGURE 20: FOUR- AND SIX-YEAR GRADUATION RATES IN COLORADO

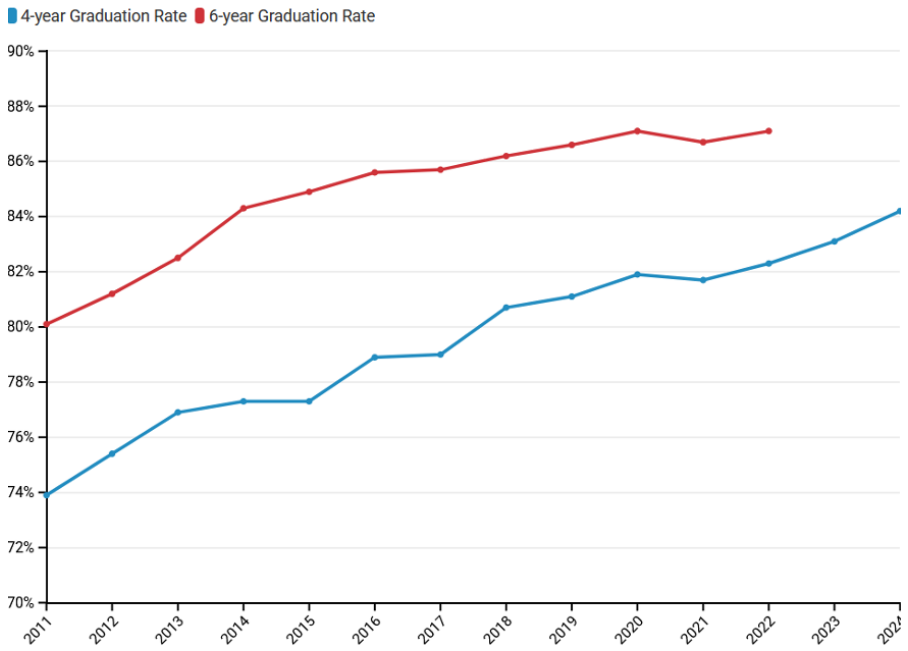
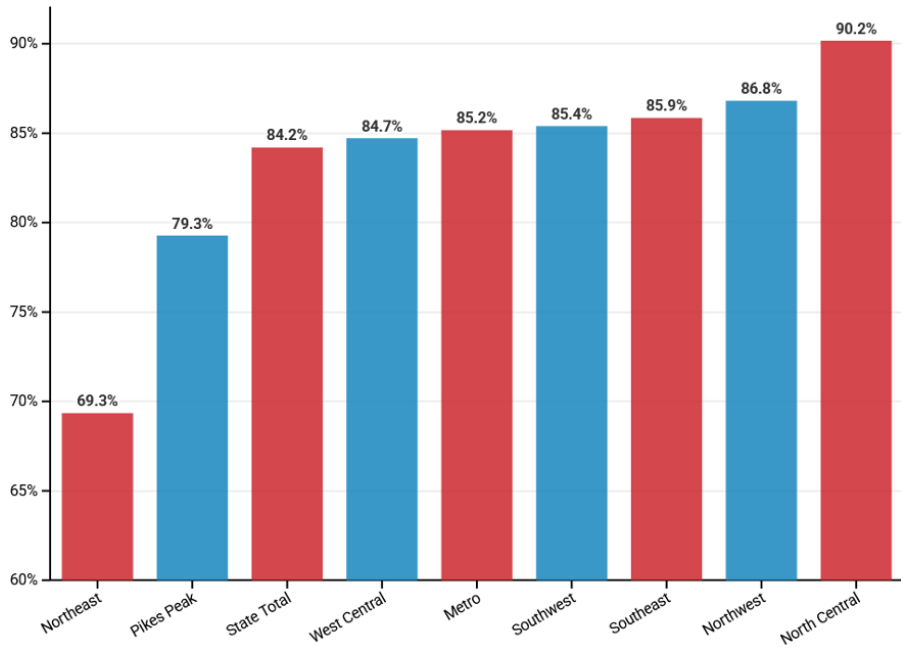


FIGURE 21: FOUR-YEAR HIGH SCHOOL GRADUATION RATES BY REGION (2024)



large disparities between the best- and worst-performing regions, across which there appears to be some correlation between graduation rates and instruction/support spending per pupil.

Third-grade reading and math scores finally exceeded pre-pandemic levels in 2024 after previously stagnating or declining after 2019. Although they declined again in 2025, both remain above what they were before CMAS tests were first cancelled in 2020. Although this is encouraging, over half of Colorado's third-graders are still unable to read, write, or perform basic math at grade-level. Research shows that students not reading proficiently by the end of the third grade have major problems ever catching up.

The achievement gap between low-income students and their middle-/high-income peers shrank slightly in 2025 due to larger declines in proficiency among the latter group. Students eligible through low family income for free or reduced-price school meals now perform 30.8 percentage points worse at math and 29.5 percentage points worse at English language arts than their more affluent classmates.

FIGURE 22: THIRD-GRADE READING AND MATH PROFICIENCY RATES

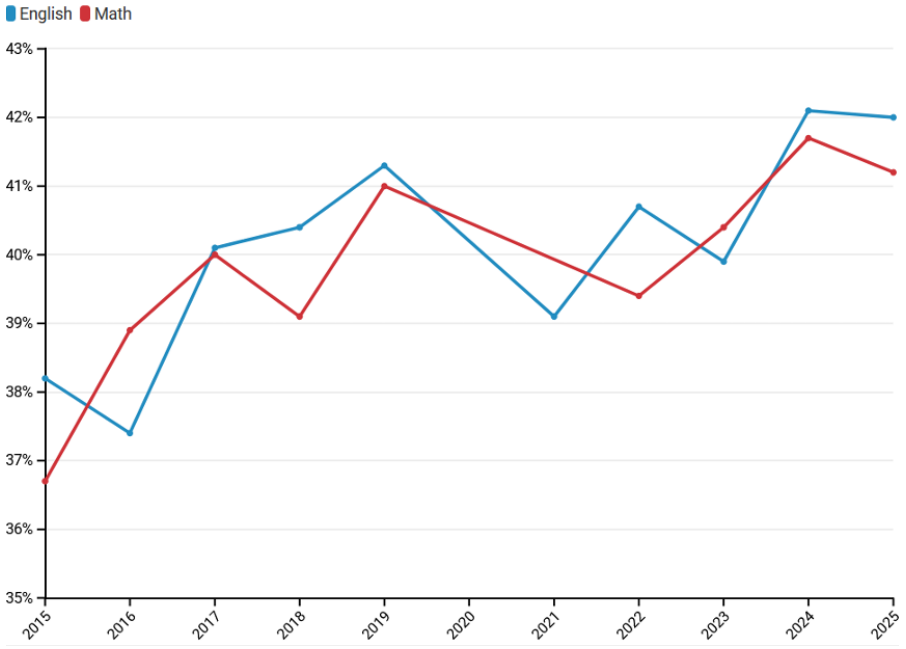
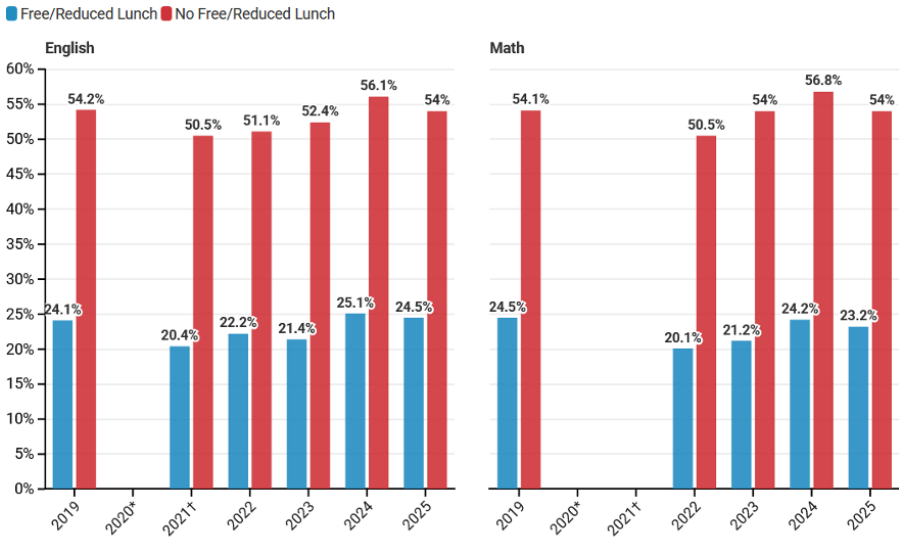


FIGURE 23: THIRD-GRADE READING AND MATH PROFICIENCY RATES BY FREE OR REDUCED-PRICE LUNCH ELIGIBILITY



*Students were not tested during the 2019–2020 school year
†3rd-grade students were not tested for mathematics proficiency during the 2020–2021 school year

CONCLUSION

Public education in Colorado continues to post disappointing results as its funding levels increase and its enrollment falls. Although standardized test scores have returned to and even slightly surpassed pre-pandemic levels, troubling achievement gaps and low proficiency rates persist. The elimination of the state's budget stabilization factor and ever-rising property taxes mean that, even though pandemic relief funding is gone, the rapid increase in education expenditure that began more than half a decade ago will continue. Colorado taxpayers might reasonably wonder whether all that spending really benefits them and demand better from the state's public-school districts.

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