

Issue Brief – Increasing the Value of the WPU

MINIMUM SCHOOL PROGRAM

NUMBER MSP 2

SUMMARY

During each General Session, the Legislature establishes a value for each WPU. The largest portion of Minimum School Program funding (Basic School Program) is determined by multiplying the number of WPUs in the program by the value of the WPU established in statute. Altering the value of the WPU increases (or decreases) the total value of the Basic School Program. WPU value changes are distributed among school districts and charter schools depending on their respective total WPU counts.

DISCUSSION AND ANALYSIS

Estimate to Increase the Value of the WPU by 1%

The Minimum School Program base budget does not include an increase to the value of the WPU. During the 2006 General Session, the Legislature established the value of one WPU at \$2,417 for FY 2007. The value of the WPU remains at \$2,417 in the FY 2008 base budget until the Legislature determines a new value during the 2007 General Session. Each year, the Analyst provides an estimate for a one percent increase to the value of the WPU. This estimate allows the Legislature to determine overall program costs and develop balanced budget.

| Minimum School Program | |
|--|---------------------|
| Cost Estimate to Increase the WPU Value by 1 Percent | |
| FY 2008 | |
| Basic School Program (Above the Line Programs) | \$16,841,269 |
| Social Security and Retirement | 3,205,643 |
| Subtotal | \$20,046,912 |
| Pupil Transportation - To and From School | 643,546 |
| Interventions for Student Success Block Grant | 647,575 |
| Quality Teaching Block Grant | 172,631 |
| Youth At Risk Programs | 287,758 |
| Adult Education | 94,048 |
| Accelerated Learning Programs | 123,472 |
| Subtotal | \$1,969,030 |
| Total Cost Estimate: | \$22,015,943 |

For FY 2008, a one percent increase to the value of the WPU is estimated at \$16,841,269 for WPU driven programs. Associated social security and retirement costs increase the estimate by another \$3,205,643, for a total of \$20,046,912. During the 2005 General Session, the Office of the Legislative Fiscal Analyst and the Governor’s Office of Planning and Budget worked out a consensus methodology for calculating WPU value increases. This consensus includes several non-WPU driven programs in the WPU value estimate. Incorporation of these Non-WPU programs provides revenue to programs that are heavily personnel intensive. Including these programs brings the total cost of a 1 percent WPU increase to \$22,015,943.

The cost of a 1 percent WPU value increase may change depending on actions taken by the subcommittee and Legislature during the budget process. Providing additional funding to the Minimum School Program through increasing the number of WPUs in a program, or creating a new WPU driven program, increases the total cost of a 1 percent WPU value increase.

WPU Value Increases & Educator Compensation

The percent increase provided by the Legislature to the value of the WPU is often perceived publicly as the increase intended for educator compensation packages. However, due to varying issues faced by local school boards in developing budgets each year, the increase in the value of WPU provided by the Legislature simply becomes one component in the employee compensation negotiation process. The experience faced by a local school board each year will determine the level of funding available for educator compensation increases.

| Minimum School Program | | |
|--|----------------------|---|
| Historical Comparison of WPU Increases | | |
| and District Salary Schedule Increases | | |
| Fiscal Year | Percent WPU Increase | Statewide Average District Salary Schedule Increase |
| 1996 | 4.0% | 4.33% |
| 1997 | 4.0% | 4.39% |
| 1998 | 3.0% | 3.03% |
| 1999 | 3.5% | 3.34% |
| 2000 | 2.5% | 1.68% |
| 2001 | 5.5% | 4.39% |
| 2002 | 5.5% | 4.46% |
| 2003 | 0.8% | 0.07% |
| 2004 | 0.8% | 0.25% |
| 2005 | 1.5% | 0.95% |
| 2006 | 4.5% | *** |

Source Documents

1. Appropriations Reports. Office of the Legislative Fiscal Analyst
 2. Utah Teacher Negotiations Settlement Reports. Utah Education Association.
- Prepared by: Office of the Legislative Fiscal Analyst. July 2005. BL

A 2005 study on MSP compensation, conducted by the Office of the Legislative Fiscal Analyst, provided an overview of educator compensation and how compensation increases relate to the value of the WPU assigned by the Legislature each year. The table compares the annual increase in the value of the WPU to the statewide average salary schedule increase for educators in Utah school districts. These data show that the average increase in district salary schedules has only slightly differed from the increase in the value of the WPU. Additional compensation increases such as health and dental premium increases, as well as step and lane adjustments are not included in the table.

Although some correlation between WPU value increases and increased educator compensation exists, the actual compensation package negotiated by educators each year will differ from the value of the WPU. The extent of variation depends on local circumstances in each of the school districts and charter schools. WPU value increases simply increase the overall value of the Basic School Program to local school districts and charter schools – providing additional revenue to provide educational services (including employee compensation) for the next school year.

Estimating Actual Educator Compensation Increases

The 2005 MSP compensation report provided salary and benefit expenditures for major programs within the MSP. These estimates provide a better picture on how WPU value increases may impact employee compensation. For example, the table indicates that approximately 90.8 percent of value increases provided to the Regular Basic School Programs is used to provide employee compensation.

Correlating WPU Value Increases to Employee Compensation

In recent years, the Legislature has expressed interest in correlating the increase provided in the value of the WPU to the percent increase in salary received by local school district and charter school employees. Due to the local nature of educator compensation decisions, it is difficult for the Legislature to directly influence increases to educator compensation.

The Legislature could direct educator compensation increases each year through statute. Such direction essentially removes the collective bargaining ability of local boards and education associations. Such influence over local compensation decisions may ensure that local employees receive the minimum increase intended by the Legislature. However, such efforts may also exert more influence than the Legislature desires and will not foresee other local budgetary issues faced by districts and charter schools.

LEGISLATIVE ACTION

The subcommittee may wish to consider the following as it develops FY 2008 budget priorities:

1. Evaluate the FY 2008 funding needs for public education, weigh educator compensation issues, and recommend to the Executive Appropriations Committee a percent increase on the value of the WPU.

| Minimum School Program | | |
|--|---------------------------------------|---|
| | Total Salary and Benefit Expenditures | State Revenue as Percent of Total Revenue |
| I. Basic Program | | |
| A. Regular Basic School Programs | | |
| 1. Kindergarten | | |
| 2. Grades 1-12 | | |
| 3. Necessarily Existent Small Schools | | |
| 4. Professional Staff | | |
| 5. Administrative Costs | | |
| Regular Basic School Programs (1-5) Subtotal: | 90.8% | 54.7% |
| B. Restricted Basic School Programs | | |
| 1. Special Education Program | | |
| a. Special Education add-on WPU's | 90.8% | 88.9% |
| b. Self Contained Regular WPU's | | |
| 2. Special Education Pre-School | 94.5% | 85.7% |
| 3. Extended Year Program for the Severely Disabled | | |
| 4. Special Education - State Programs | | |
| Special Education (1-4) Subtotal: | | |
| 5. Career and Technical Education | | |
| a. ATE - District | | |
| b. ATE - District Set Aside | | |
| Career and Technology Education Subtotal: | 77.5% | 71.0% |
| 6. Class Size Reduction | 100.0% | 95.6% |
| "Above the Line" Basic School Programs (A-B) Total: | | |
| C. Related to Basic Programs | | |
| 1. Interventions for Student Success Block Grant | 83.1% | 88.3% |
| 2. Quality Teaching Block Grant | 96.8% | 96.9% |
| 3. Local Discretionary Block Grant | 90.3% | 91.4% |
| 4. Social Security and Retirement | | |
| 5. Pupil Transportation | 76.6% | 80.5% |
| 6. Guarantee Transportation Levy | 62.9% | 8.5% |
| 7. Math/Science - Teacher Recruitment | | |
| Related to Basic Programs Subtotal: | | |
| D. Special Populations | | |
| 1. Highly Impacted Schools | | |
| 2. At Risk Programs | | |
| 3. Adult Education | | |
| 4. Accelerated Learning Programs | | |
| Special Populations Subtotal: | 77.3% | 81.4% |
| E. Other | | |
| 1. Electronic High School | | |
| 2. School LAND Trust Program | | |
| 3. Charter Schools Local Replacement Funding | | |
| 4. U of U Reading Clinic | | |
| Other Subtotal: | | |
| Related, Special, and Other (C, D, and E) Total: | | |
| Source Documents | | |
| 1 2003-2004 Appropriations Report, Utah Legislature 2003 General Session. Office of the Legislative Fiscal Analyst. | | |
| 2 2003-2004 Annual Program Reports. Utah State Office of Education. | | |
| Prepared by: Office of the Legislative Fiscal Analyst, July 2005. BL. | | |