

## 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 Weighted Pupil Unit (WPU) allocated to Minimum School Program – Basic School Programs. Basic School Program funding is determined by multiplying the number of WPUs allocated for each 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 WPU counts.

### DISCUSSION AND ANALYSIS

The first subsection details the estimated cost to increase the value of the WPU by one percent. Subsequent subsections provide a history of annual increases in the value of the WPU and the relation of these increases to teacher compensation.

#### *Value of the WPU – 1% Increase Estimate*

MSP base budget allocations do not include an increase in the value of the WPU. The WPU value remains at the level set by the Legislature for FY 2008 until a new value is adopted during the General Session. Currently, the value of one WPU is \$2,514.

Estimates show that it will cost approximately \$25.5 million for every percent increase in WPU value. This one-percent cost estimate provides a base for the Legislature to use in determining potential adjustments in MSP funding. The table “Value of the WPU: 1 Percent Cost Estimate” provides further detail by program.

Increasing the Basic School Program by one percent will cost an estimated \$18,951,375 in FY 2009. This funding provides an increase to all WPU driven programs.

Several ‘Related to Basic School Programs’ increase with the value of the WPU. Social Security & Retirement, Educator Salary Adjustments, and Concurrent Enrollment increase at the same percent as the WPU driven programs. These ‘Below-the-Line’ programs have statutory language establishing automatic adjustments. An additional \$4.4 million is required to adjust these programs by one percent.

During the 2005 General Session, the Analyst and the Governor’s Office of Planning and Budget worked out a consensus methodology for calculating increases in the value of the WPU. This methodology incorporates additional Below-the-Line programs in the estimate. These programs are considered heavily personnel intensive requiring annual inflationary adjustments or have been historically increased with the value of the WPU. Including these programs in the one percent estimate adds \$2.1 million.

The actual one percent cost increase may change depending on actions taken by Legislature. Adjusting the number of WPUs in a program, or creating a new WPU driven program, will impact the final cost.

<b>Value of the WPU: 1 Percent Cost Estimate</b>	
FY 2009	
<b>Basic School Program (WPU Driven)</b>	<b>\$18,951,375</b>
<b>Below-the-Line (Statutory):</b>	
Social Security and Retirement	\$3,413,718
Educator Salary Adjustments	907,315
Concurrent Enrollment	94,367
<b>Subtotal</b>	<b>\$23,366,775</b>
<b>Below-the-Line (Historical):</b>	
To & From School Pupil Transportation	726,311
Interventions for Student Success	183,845
Quality Teaching	757,226
Youth at Risk Programs	306,451
Adult Education	100,158
Accelerated Learning Programs	40,932
<b>Subtotal</b>	<b>\$2,114,923</b>
<b>Total 1% Cost Estimate:</b>	<b>\$25,481,698</b>

**WPU Value History**

The table titled “Weighted Pupil Unit History” details the increase in value of the WPU and the total number of WPUs since 1994. Since 1994, the value of the WPU has increased \$975 from \$1,539/WPU to the FY 2008 value of \$2,514. This represents a total increase in value of 63.3 percent. In the same time period, the total number of WPUs has grown from 622,372 in 1994 to 697,207 in FY 2008. This represents an increase of 74,835 WPUs, which is an increase of 12 percent.

**WPU Value Increases & Educator Compensation**

Increases in the value of the WPU are often related as the increase intended for educator salaries and benefits. In actuality, the increase in the value of WPU simply becomes one component in the compensation negotiation process between local boards and educators.

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 the budget circumstances in each of the school districts and charter schools.

WPU value adjustments simply increase, or decrease, the value of the Basic School Program to a school district or charter school as defined by their allocations of WPUs. The Minimum School Program acts as a series of block-grants, defining the level of state funds available to support the provision of local educational services but not the prescription of these expenditures. The Legislature establishes general statutory provisions governing the distribution of state funds to school districts and charter schools, as well as, some criteria defining the expenditure of state funds.

**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.

**Weighted Pupil Unit History**  
Fiscal Years 1994 to 2009 Base Budget

Year	WPU Value	% Change	Total WPUs	Increase/Decrease	% Change
1994	1,539	3.3%	622,372	16,746	2.8%
1995	1,608	4.5%	635,379	13,007	2.1%
1996	1,672	4.0%	642,121	6,742	1.1%
1997	1,739	4.0%	648,532	6,411	1.0%
1998	1,791	3.0%	666,891	18,359	2.8%
1999	1,854	3.5%	668,465	1,574	0.2%
2000	1,901	2.5%	669,408	943	0.1%
2001	2,006	5.5%	671,513	2,105	0.3%
2002	2,116	5.5%	625,549	(45,964)	-6.8%
2003	2,132	0.8%	627,795	2,246	0.4%
2004	2,150	0.8%	631,771	3,976	0.6%
2005	2,182	1.5%	642,701	10,930	1.7%
2006	2,280	4.5%	652,990	10,289	1.6%
2007	2,417	6.0%	675,758	22,768	3.5%
2008	2,514	4.0%	697,207	21,449	3.2%
2009	2,514	0.0%	714,055	16,848	2.4%

Note: A new WPU value for FY 2009 may be adopted by the Legislature during the 2008 General Session.  
Source: Appropriations Reports, Office of the Legislative Fiscal Analyst, 1990-2008. (01/08BL).

