

Memorandum

TO: Del Burns, Superintendent of Wake County Public School System
David Cooke, Wake County Manager

FROM: Chuck Dulaney, Assistant Superintendent For WCPSS Growth and Planning
Nicole Kreiser, Wake County Budget and Management Analyst

DATE: October 30, 2009

SUBJECT: Enrollment Projections for WCPSS Operating and Capital Expenditures

Staffs from Wake County Budget and Management Services, the Wake County Planning Department, and WCPSS Growth and Planning have met to review student enrollment projection methodologies.

Last fall, staff developed two distinct approaches for projecting student enrollment. It was decided that student enrollment projections for the WCPSS operating budget should be generated once a year in advance of the preparation of WCPSS' Plan for Student Success and those projections would use the most recent change by cohort to project future cohort changes. Student enrollment projections for capital purposes have a multi-year impact; thus, staff generated a different set of student enrollment projections for capital purposes that takes into consideration varying rates of growth over time that are impacted by economic conditions.

At the time of this memo, building permits in the County are two-thirds of the number of permits issued in the prior year, which was the lowest number of permits issued by the County in the last 20 years. The unemployment rate in Wake County is over three points higher than what it was this time last year. The growth in Wake County property tax and sales tax revenue is projected to grow at a lower rate than what was previously projected in fall 2008.

Staff continues to believe that during times of high economic growth with high levels of in-migration, WCPSS experiences large increases in student enrollment. Conversely, during times of slow economic growth and low in-migration, WCPSS student enrollment grows at a much more moderate rate. While some national reports have suggested that the economy has bottomed out, our belief is that the rebound will not be felt by state and local governments for many months after the economy begins to stabilize and perhaps grow. Thus, both operating and capital enrollment projections are influenced by a slowdown in the local economy.

At the same time, growth in student enrollment has slowed but not stopped. Thus, the projections for the 2010-2011 school years take into account a slowing economy and lower in-migration, which mirrors enrollment growth experienced in the 2007-2008, 2008-2009, and 2009-2010 school years.

For operating purposes, staff believes that student enrollment will grow at a similar rate as in the two prior years, after adjusting for the one year impact related to the change in kindergarten

enrollment eligibility which lowered kindergarten enrollment for the 2009-2010 school years. Thus, the operating budget is based on applying the percentage growth in students from the 2008 to 2009 school year, or stated more simply, the projection uses a one-year average to predict student enrollment for subsequent years.

Table 1: Student Projection for Operating Purposes

School Year	-1%	Mid-Point	1%	Percent Growth
2009		139,599		1.4% (Note 1)
2010	141,998	143,432	144,866	2.7%
2011	145,939	147,413	148,887	2.8%
2012	149,937	151,452	152,967	2.7%
2013	154,286	155,844	157,402	2.9%
2014	158,529	160,130	161,731	2.8%
2015	162,835	164,480	166,125	2.7%
2016	167,267	168,957	170,647	2.7%
2017	171,880	173,616	175,352	2.8%
2018	176,438	178,220	180,002	2.7%
2019	181,607	183,441	185,275	2.9%

Note 1: Kindergarten enrollment was lower than prior years because of a one-year impact from the change in the age cut-off for kindergarten enrollment.

The second student enrollment projection is for the building program and is based on a slightly more complex methodology. This projection is based on reviewing past economic trends, the impact of their relationship on student enrollment, and modeling past trends to predict the future. We reviewed the economic conditions experienced from 1988 – 1998, which may be applicable to what is currently being experienced in regards to the economy, to predict student enrollment in future years. This methodology results in slower growth in student enrollment in years where the economy may grow at a slower rate, and faster growth in student enrollment in years where the economy is rebounding or has recovered.

In the fall 2008 capital projection, staff projected some economic recovery for the 2009-2010 school years. Based on continued declines in economic growth during the winter and spring of 2009, staff is modeling that economic recovery and the corresponding increase in the rate of student enrollment growth will not occur until the 2011-2012 school year. This results in a projection for the building program that is less aggressive than what was presented last fall, but still shows a need for capital planning for the period after 2012-2013 when the current CIP is projected to be complete.

Table 2: Student Projection for Building Program

School Year	-1%	Mid-Point	1%	Percent Growth
2009		139,599		1.4% (Note 1)
2010	141,998	143,432	144,866	2.7%
2011	147,411	148,900	150,389	3.8%
2012	154,369	155,928	157,487	4.7%
2013	162,212	163,850	165,489	5.1%
2014	168,459	170,161	171,863	3.9%
2015	174,724	176,489	178,254	3.7%
2016	183,032	184,881	186,730	4.8%
2017	191,156	193,087	195,018	4.4%
2018	197,953	199,953	201,953	3.6%
2019	202,530	204,576	206,622	2.3%

Note 1: Kindergarten enrollment was lower than prior years because of a one-year impact from the change in the age cut-off for kindergarten enrollment.

By generating two projections based upon two different models, we hope to avoid over-projecting student enrollment that is part of the operating budget, and to issue a projection for the building program that takes into consideration potential changes in the economy, and anticipates facilities early enough to provide adequate classroom space to serve a growing enrollment. If you have any questions about the methodology or would like additional information on the projections, we welcome an opportunity to sit down with you to review the attached materials.

School Year Starting	Operating Projection				Capital/Building Program Projection			
	-1%	Mid-Point	1%	Growth	-1%	Mid-Point	1%	Growth
2009	138,203	139,599	140,995	1.4% (Note 1)	138,203	139,599	140,995	1.4% (Note 1)
2010	141,998	143,432	144,866	2.7%	141,998	143,432	144,866	2.7%
2011	145,939	147,413	148,887	2.8%	147,411	148,900	150,389	3.8%
2012	149,937	151,452	152,967	2.7%	154,369	155,928	157,487	4.7%
2013	154,286	155,844	157,402	2.9%	162,212	163,850	165,489	5.1%
2014	158,529	160,130	161,731	2.8%	168,459	170,161	171,863	3.9%
2015	162,835	164,480	166,125	2.7%	174,724	176,489	178,254	3.7%
2016	167,267	168,957	170,647	2.7%	183,032	184,881	186,730	4.8%
2017	171,880	173,616	175,352	2.8%	191,156	193,087	195,018	4.4%
2018	176,438	178,220	180,002	2.7%	197,953	199,953	201,953	3.6%
2019	181,607	183,441	185,275	2.9%	202,530	204,576	206,622	2.3%

General Notes:

- > Growth would likely had been 2.7% had kindergarten enrollment not been affected by the change in the enrollment eligibility for kindergarten students.
- > All projections incorporate adjustment for loss of Kindergarten students in the 2009-2010 school year, due to the change in entry birth date from October 15 to August 31. 2010 K survival ratio is adjusted to reflect the survival ratio had the cut-off date not changed. The actual survival ratio is not used.

Economic Projection Notes:

- > The period from 1988 to 1998 was modeled because of the similar decline in rate of student enrollment growth (2.5%) in 1988; 2.8% in 2008.
- > Survival ratios from 1989 to 1998, for each grade, were replicated in 2011 to 2019, thus the total enrollment growth rate varies from the initial period. The projections postpone economic recovery to the 2011-2012 school year.
- > Population, unemployment, building construction, and school construction are factors that reflect behaviors that occurred in this period and can inform trends we will see in the future.
- > Population: The proportion of WCPSS students to the County's overall population remains at the historical rate of 15% to 16%.
- > Unemployment: The unemployment rate increased in the first 5 years of this period, which is likely to occur again in light of the current economic downturn.
- > Building permits: The number of building permits issued increased sharply in 1991, following a population growth spike and decreasing unemployment rate.
- > School Construction/Openings: School construction has generally followed the trend of growth in population, student enrollment and building permits.
- > The period from 1998 to 2008 was NOT modeled because this period experienced three incidences of slower enrollment growth (2.8% in 1998, 2.8% in 2000, 3.0% in 2002), one of which - 9/11 - was an unpredictable occurrence.

GROWTH IN TOTAL ENROLLMENT: 1986 - 2009
 PROJECTED ENROLLMENT GROWTH FOR BUILDING PROGRAM: 2010 - 2019

