



Memorandum

TO: Stephen Gainey, Interim Superintendent
David Cooke, County Manager

FROM: Laura Evans, Senior Director for WCPSS Student Assignment
Nicole Kreiser, Wake County Debt and Capital Director

CC: Christina Lighthall, Senior Director for WCPSS Long-Range Planning
Michelle Venditto, Wake County Fiscal and Policy Analyst

DATE: January 10, 2013

SUBJECT: Enrollment Projections for WCPSS Operating and Capital Planning

Staffs of Wake County Budget and Management Services, Wake County Planning, and WCPSS Student Assignment have completed the annual review and update of WCPSS student enrollment projections. The student enrollment projections are used in the development of WCPSS' operating budget and subsequent school allotments for the 2013-14 school year. The enrollment projections also are used to update the current WCPSS capital building program and to develop future building programs.

Overview

The student enrollment projections for the WCPSS operating budget reflect a one-year estimate to plan for the upcoming 2013-2014 school year. Student enrollment projections for capital purposes have a multi-year impact; thus, a long-term projection takes into consideration varying rates of growth over time.

Methodology

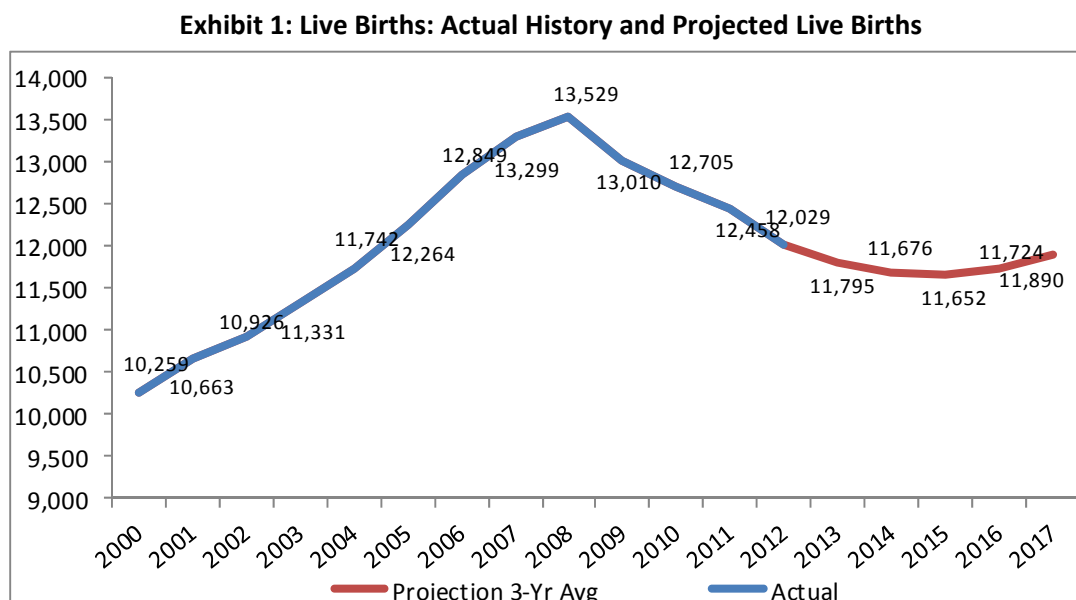
The enrollment projections are based on residential development data collected from county and municipal planners in addition to reviewing prior enrollment trends. Enrollment growth is cyclical. Staff, in conjunction with OREd, has reviewed demographic trends, membership history, County population trends, and economic trends to better refine enrollment projections.

For the current enrollment projection update, staff has paid particular attention to County population statistics that will impact student enrollment, and have adjusted the student enrollment projections

accordingly. Staff has also modified projections to account for an improving economy, but at a more realistic rate of improvement.

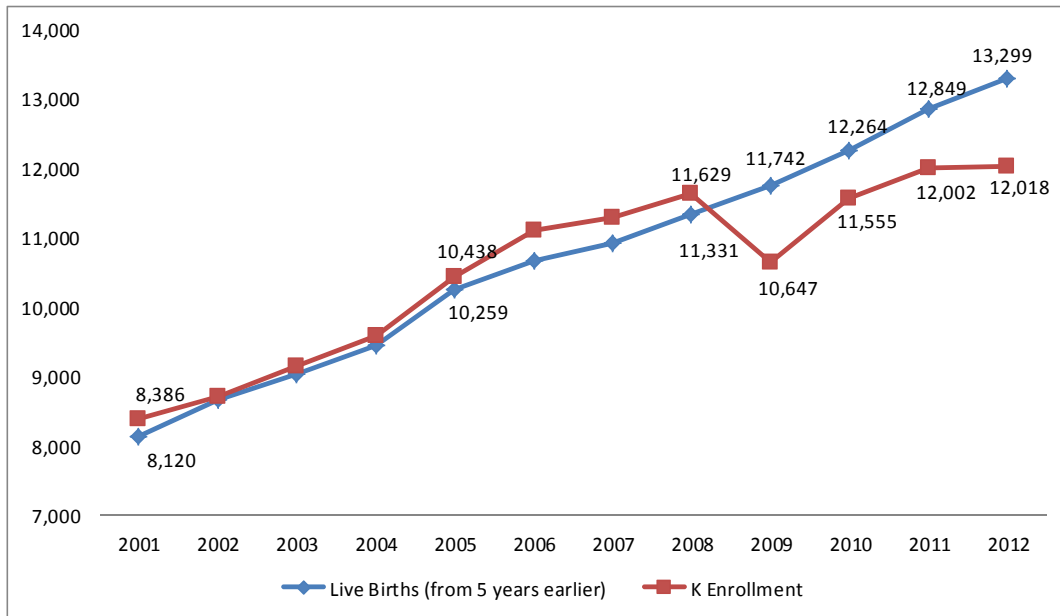
Population Changes

In Fall 2012, the state demographer again lowered the official population growth projections for Wake County from those prepared by their office in 2011. Moreover, the County is experiencing the fourth year of declining live births; on average Wake County's resident live births have been 375 fewer each year since 2008. Staff is using a blended average to project further decline through 2016 (Exhibit 1). Such decreases in the number of births will impact kindergarten enrollments and corresponding survival ratios used to predict future grade level enrollment.



In addition, the historic high resident live births from five years ago have not materialized into actual kindergarten enrollment. Until 2008, kindergarten enrollment was greater than resident live births from five years prior (Exhibit 2). It is now evident a decreasing trend in kindergarten in-migration is occurring. The 2012 20th day kindergarten enrollment was only 16 students greater than the 2011 20th day enrollment. Historical growth in kindergarten enrollment averaged 363 students a year, and even higher before 2008. Trends indicate that kindergarten enrollment will be less than resident live births from five years prior, not necessarily more, as has historically been the case. Historically, WCPSS has seen a strong and positive connection between resident live births and kindergarten membership. This is no longer the case. As available WCPSS market share information shows, this variance is not fully attributed to increases in charter, private and home school enrollment.

Exhibit 2: Kindergarten Compared to Live Births Five Years Prior



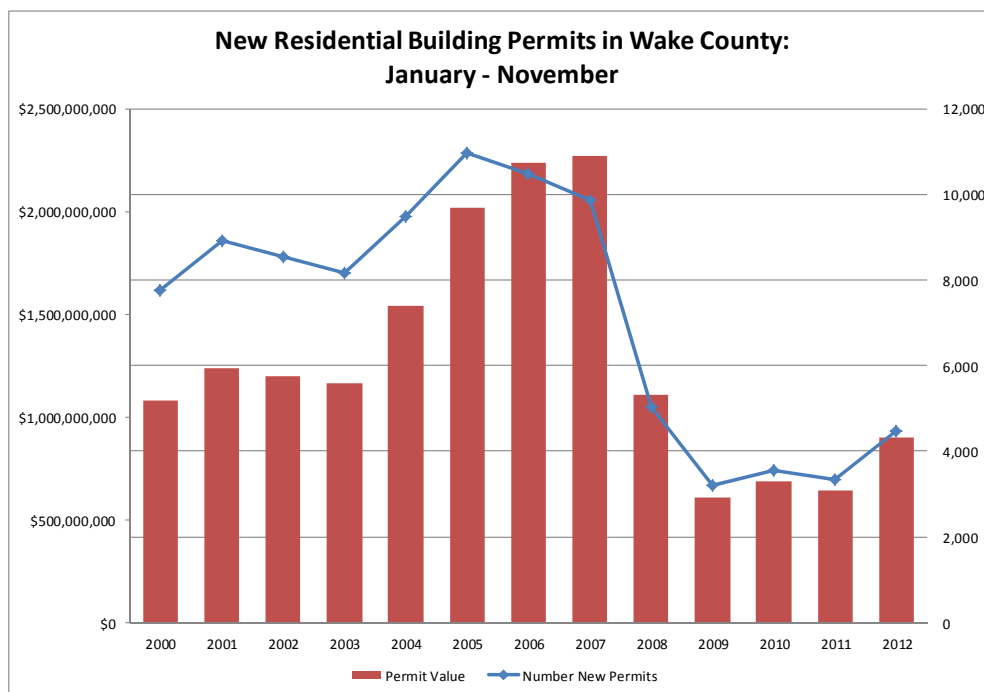
Market Share

A review of market share indicates that WCPSS' market share increased by 0.3 percentage points between school years 2010-2011 and 2011-2012, with the WCPSS market share holding at approximately 83 percent since 2003. There is an increase in the number of charter school students for 2012-2013; home school and private school enrollment data is not yet available. The increase in charter school students for 2012-2013 can be attributed to new school openings of Triangle Math and Science (currently K-6) and Research Triangle High School which started its freshman class, as well as additional growth in PreEminent Charter (K-8) and Southern Wake Academy (9-12). The number of students enrolled in charters schools in 2012-2013 did not grow at a rate higher than 2011-2012. Accordingly, the enrollment projection for 2013-2014 does not plan a significant increase in charter school enrollment, as staff is currently unaware of a significant increase in new charter schools which will become operational in the 2013-2014 school year. Please refer to the attachments for charts regarding demographic information and market share.

Economic Climate

Since Fall 2008, the team has continued to assess economic indicators such as building permits, sales tax revenue growth, and unemployment rate to aid in the development of long-term student enrollment projections. New residential building permit data (Exhibit 3) in Wake County reflects a 33 percent increase over the period January – November of this year over last year; noteworthy given that last year at this time there had been a decrease in building permits from the prior year. The value of the new residential permits in January – November of this year is 40 percent greater than the same time period in 2011. A developing trend has been the growth in student enrollment from multi-family developments. Staff has also reviewed the number of new commercial permits which include multi-family housing; the number of multi-family units permitted for 2012 is trending to exceed 6,000 units, a number that exceeds the number of annual number of units permitted at the height of the economic growth in the County. These are signs of positive enrollment growth for WCPSS.

Exhibit 3: New Residential Building Permits: January – November 2012



Additionally, the most recent data released by the Employment Security Commission indicates that unemployment in Wake County remains high at 7.0 percent¹, but is lower than last year at this time when it was 7.7 percent. Sales tax revenues have stabilized and modest growth over historic lows is occurring. Please refer to the attachments for charts regarding the County's economic indicators.

Projections

The 2012-2013 student enrollment growth, on a percentage basis, was one of the smallest percentage growths in recent history. Not since 1988 (excluding the year the State changed the age cut-off for kindergarten enrollment) has enrollment growth as a percent been as low (Exhibit 4). At the same time, enrollment is at an all-time high of 149,508 students (Exhibit 5), WCPSS is the largest school district in the State of North Carolina, and the 16th largest school district nationwide.

¹ Source: November Unemployment Data for Wake County. North Carolina Employment Security Commission website, December 2012.

Exhibit 4: Student Enrollment Percentage Growth

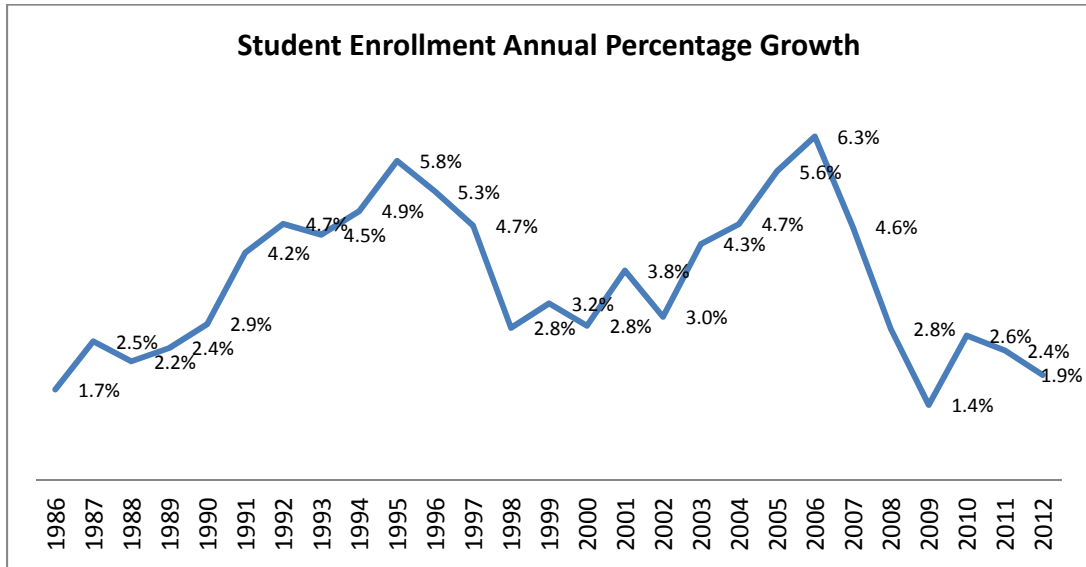
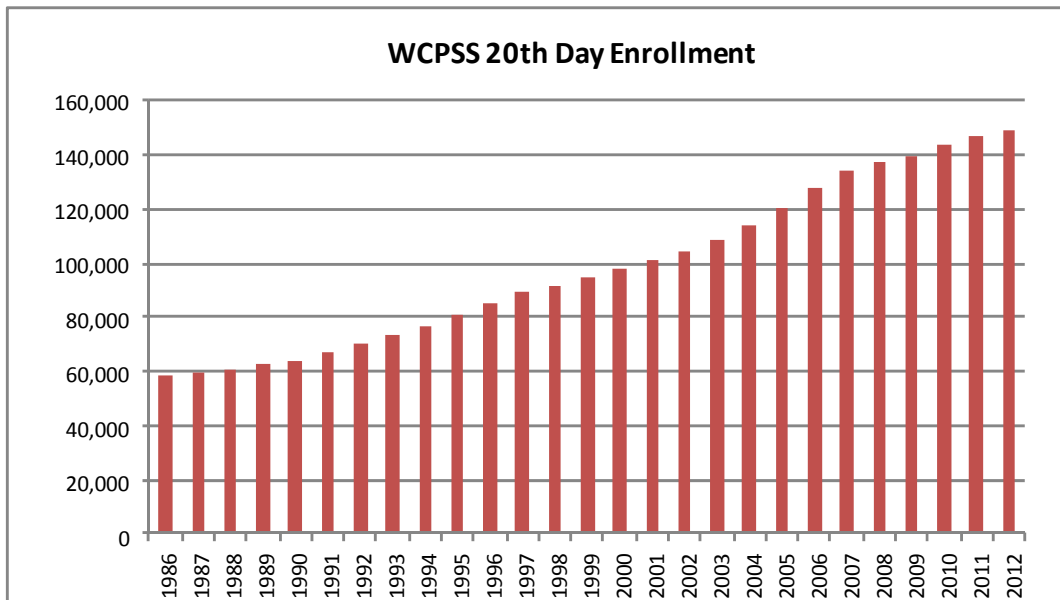


Exhibit 5: Historical 20th Day Student Enrollment



The 2012 student enrollment percentage growth led staff to reexamine the proposed percentage growth for future enrollment growth. Staff reviewed the decline in resident live births and the decline in actual kindergarten enrollment as a percentage of resident live births from five years prior. Even with some level of economic recovery and in-migration, staff has concluded the impact of decline in live births and actual kindergarten enrollment will have an impact on projected student enrollment. Earlier projections that projected an increase in resident live births beginning in 2013 and a rapid increase in kindergarten and elementary enrollment, because of the high number of resident live births in 2007 – 2009, needed to be revised downward. Moreover, as stated previously, staff has revised downward

earlier projections to account for a more realistic annual growth percentage based on a more modest economic recovery and the fact that enrollment growth was less than anticipated.

Enrollment growth is still projected, but the growth is moderate. The enrollment projection for next school year is 152,684 students, which is growth of 3,176 students (2.1%) over the 2012-2013 20th-day student enrollment Exhibit 6).

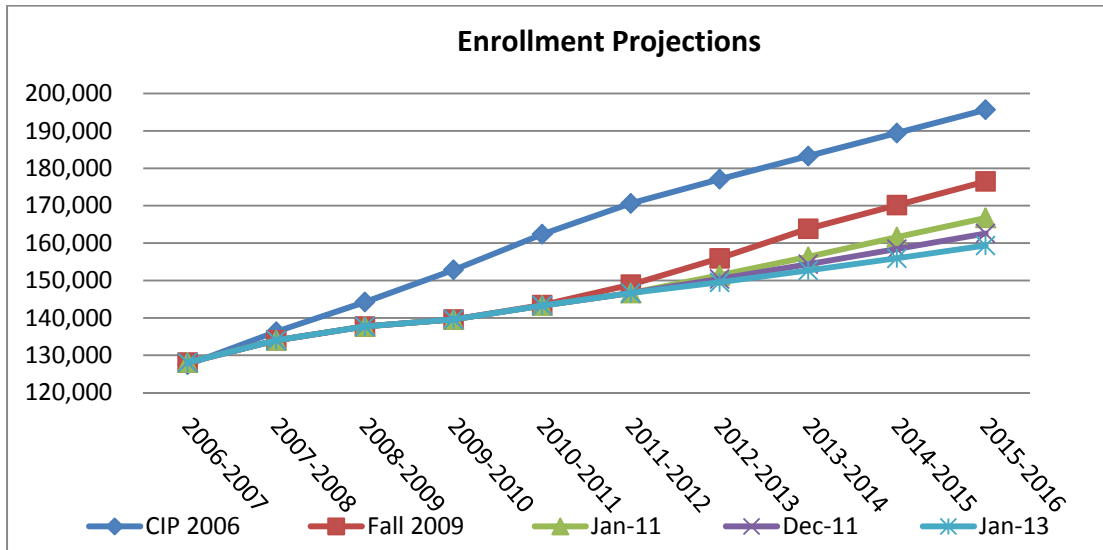
Exhibit 6: Student Enrollment Projections

<u>School Year Starting</u>	<u>-1%</u>	<u>Mid-Point</u>	<u>1%</u>	<u>Number of Additional Students</u>	<u>% Growth</u>
2012 Actual	148,013	149,508	151,003	2,851	1.9%
2013	151,157	152,684	154,211	3,176	2.1%
2014	154,374	155,933	157,492	3,249	2.1%
2015	157,752	159,345	160,938	3,412	2.2%
2016	161,380	163,010	164,640	3,665	2.3%
2017	165,624	167,297	168,970	4,287	2.6%
2018	170,196	171,915	173,634	4,618	2.8%
2019	174,807	176,573	178,339	4,658	2.7%
2020	179,707	181,522	183,337	4,949	2.8%
2021	185,225	187,096	188,967	5,574	3.1%
2022	190,621	192,546	194,471	5,450	2.9%

Comparison of Projections

The enrollment projections are lower than those developed for CIP 2006. The 2012 WCPSS 20th day enrollment was what the original CIP 2006 projections predicted student enrollment would be between the 2008 and 2009 school year. More recently, with a new approach to the enrollment projections generated, the projections have been updated to account for changes in demographic trends and a prolonged economic recession and slower economic recovery.

Exhibit 7: Comparison of Projections

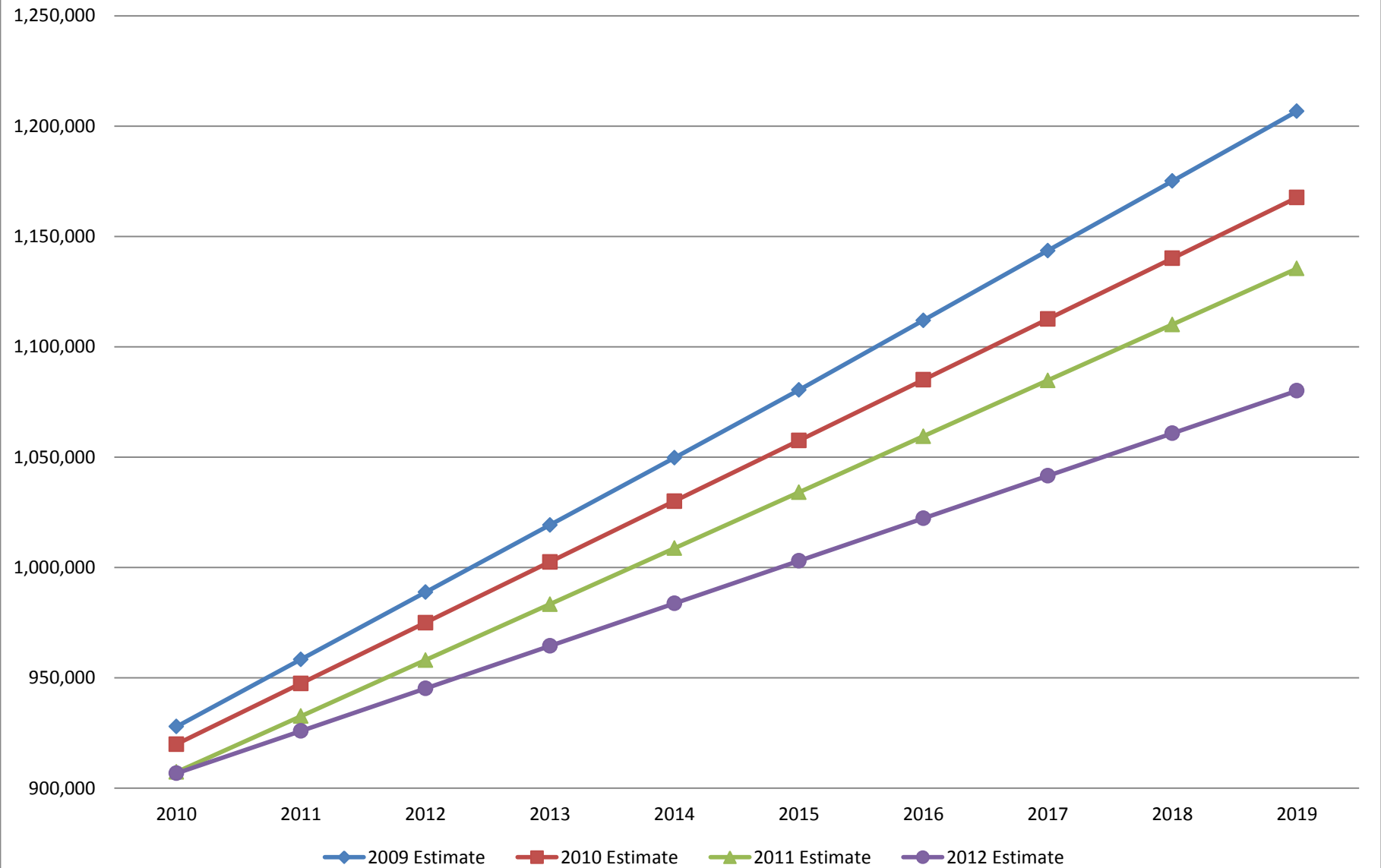


Conclusion

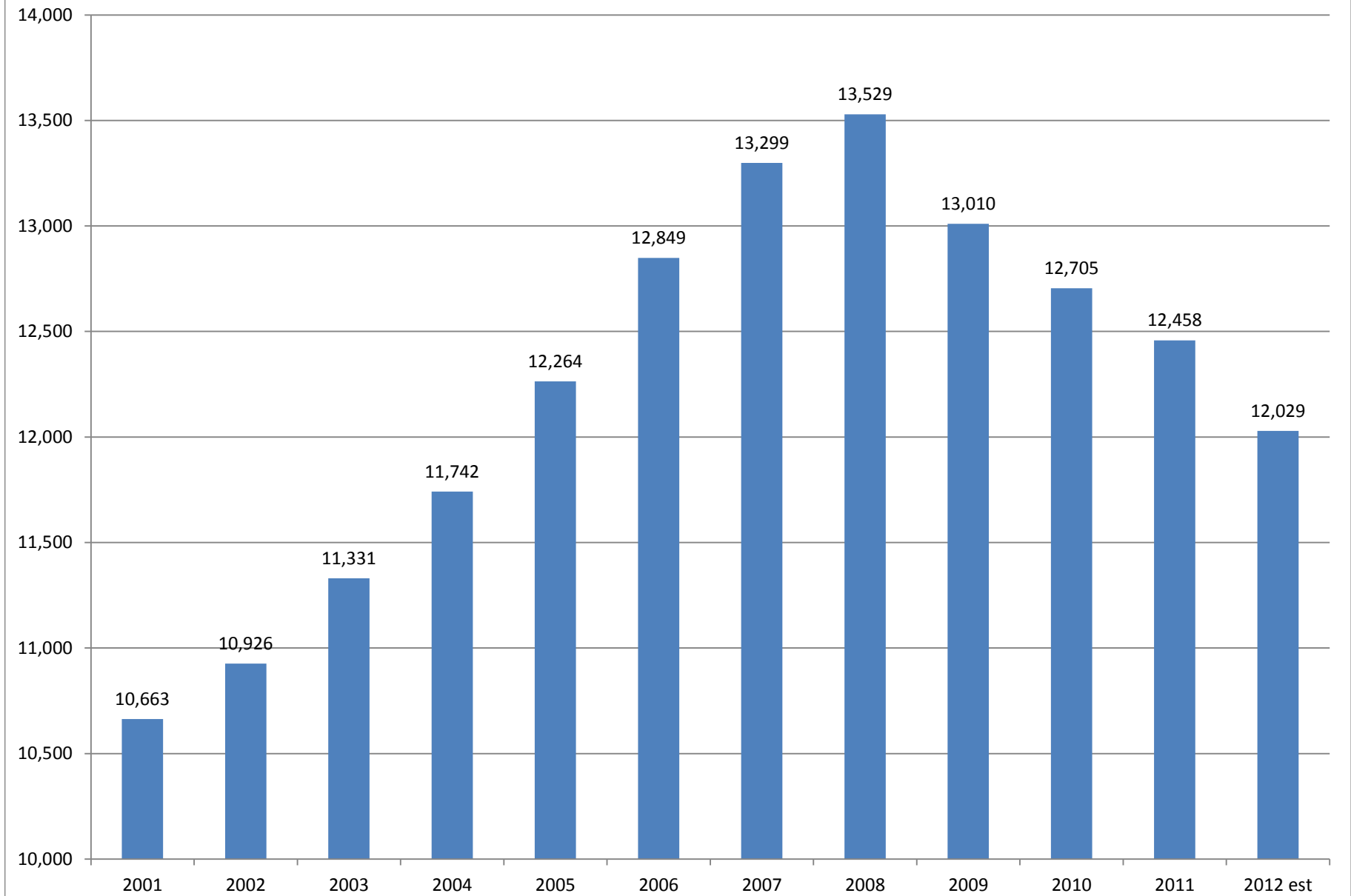
Student enrollment projections for the 2013-2014 school year reflect the comparatively slow enrollment growth experienced in the past year. The building program projections continue to reflect the impact of a moderately recovering economy and lower birth rates, with increased rates of growth within the next ten years. If you have any questions about the methodology or would like additional information on the projections, we welcome an opportunity to review the attached materials in greater detail.

Attachments Related to Population, Live Births, and Market Share

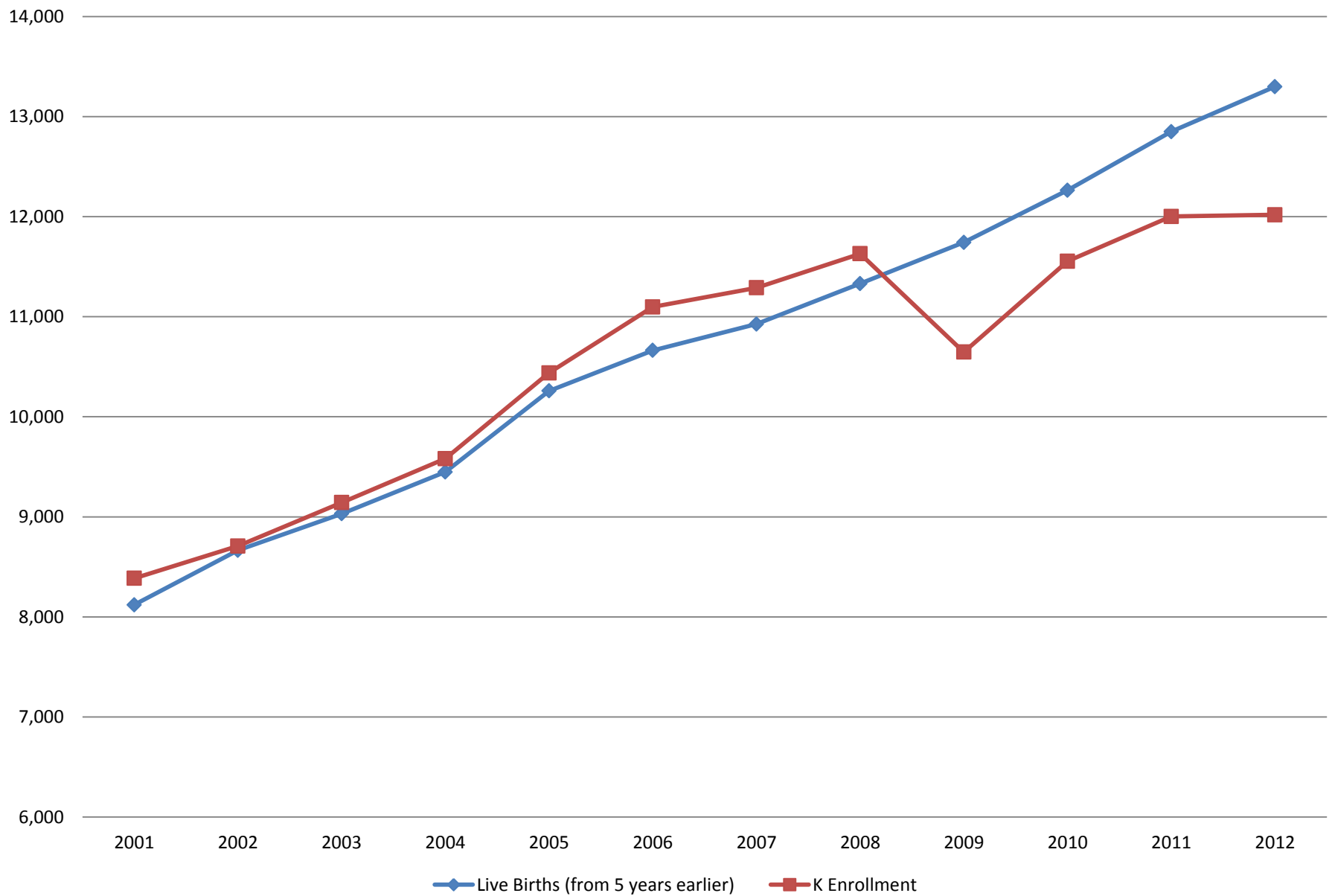
County Population Estimates (State Demographer)



Wake County Live Births



Live Births and WCPSS Kindergarten Enrollment



Distribution of Wake County Student Population in Public and Non-Public Systems: Market Share

October 26, 2012

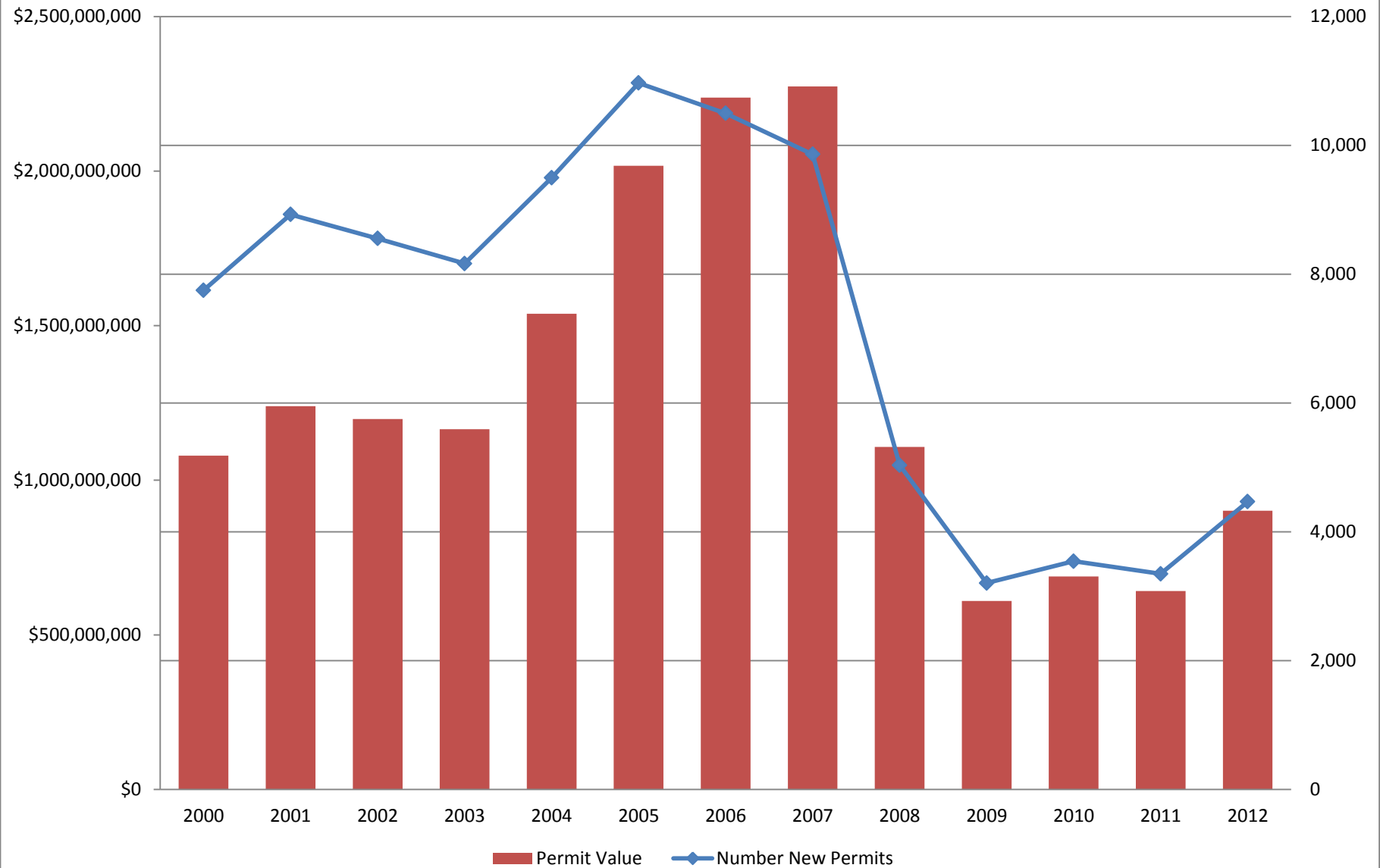
FY	Academic Year	Private Schools	Home Schools	Charter Schools	WCPSS 20th Day	K-12 Totals	Private Schools	Home Schools	Charter Schools	WCPSS 20th Day	Total
2001	2000-2001	12,006	3,131	2,334	97,691	115,162	10.4%	2.7%	2.0%	84.8%	100%
2002	2001-2002	12,615	4,490	2,964	101,432	121,501	10.4%	3.7%	2.4%	83.5%	100%
2003	2002-2003	13,267	5,042	3,471	104,461	126,241	10.5%	4.0%	2.7%	82.7%	100%
2004	2003-2004	12,951	5,374	3,962	108,969	131,256	9.9%	4.1%	3.0%	83.0%	100%
2005	2004-2005	13,375	5,801	4,531	114,068	137,775	9.7%	4.2%	3.3%	82.8%	100%
2006	2005-2006	13,525	6,361	4,997	120,504	145,387	9.3%	4.4%	3.4%	82.9%	100%
2007	2006-2007	14,021	6,516	4,985	128,072	153,594	9.1%	4.2%	3.2%	83.4%	100%
2008	2007-2008	14,696	7,059	5,319	134,002	161,076	9.1%	4.4%	3.3%	83.2%	100%
2009	2008-2009	15,123	7,571	4,990	137,706	165,390	9.1%	4.6%	3.0%	83.3%	100%
2010	2009-2010	15,689	7,890	5,299	139,599	168,477	9.3%	4.7%	3.1%	82.9%	100%
2011	2010-2011	16,084	8,033	5,398	143,289	172,804	9.3%	4.6%	3.1%	82.9%	100%
2012	2011-2012	16,135	7,600	5,798	146,687	176,220	9.2%	4.3%	3.3%	83.2%	100%
2013	2012-2013	To be Released	To be Released	6,229	149,508						

NC Department of Public Instruction 1st month membership last day reports for Wake County Public School System: 20th day.

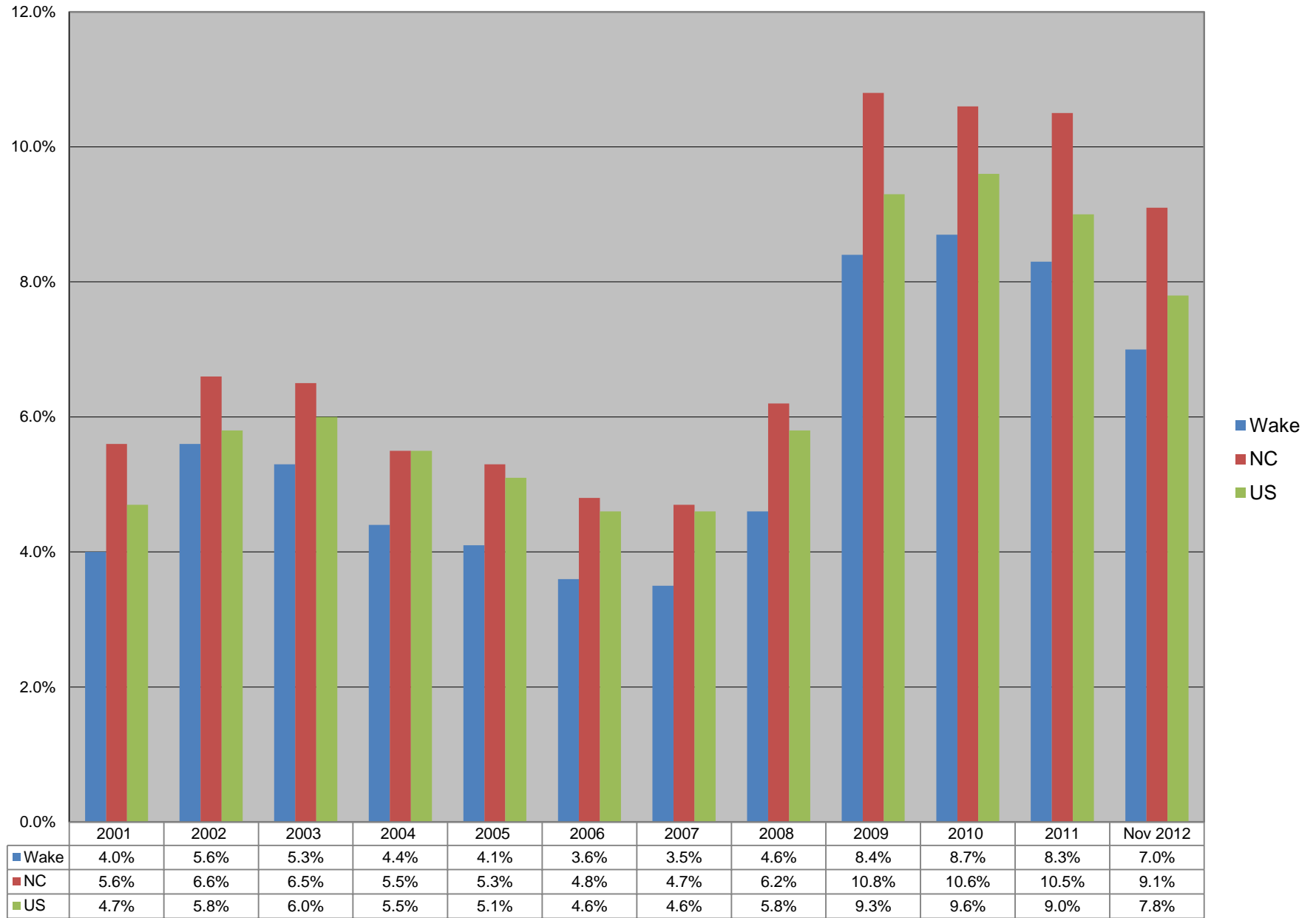
Private and Home schools data compiled from the North Carolina Division of Non-Public Education website. Data released Spring of current school year. Home and Private Schools data collection may not reflect 20th day enrollment. Charter schools data from WCPSS Fall billing of charter school students.

Attachments Related to Economic Indicators

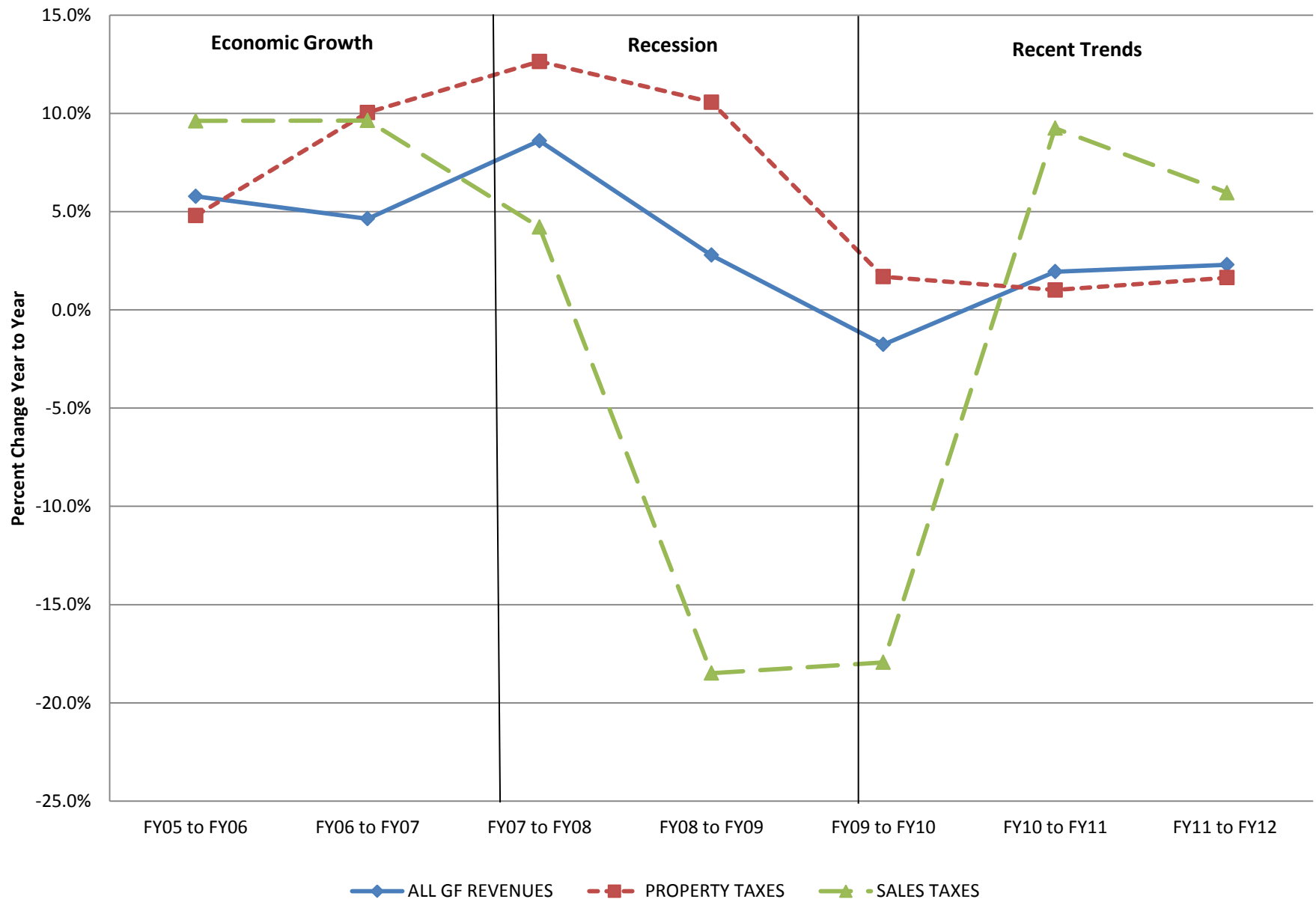
New Residential Building Permits in Wake County: January - November



Unemployment



Wake County General Fund Revenue



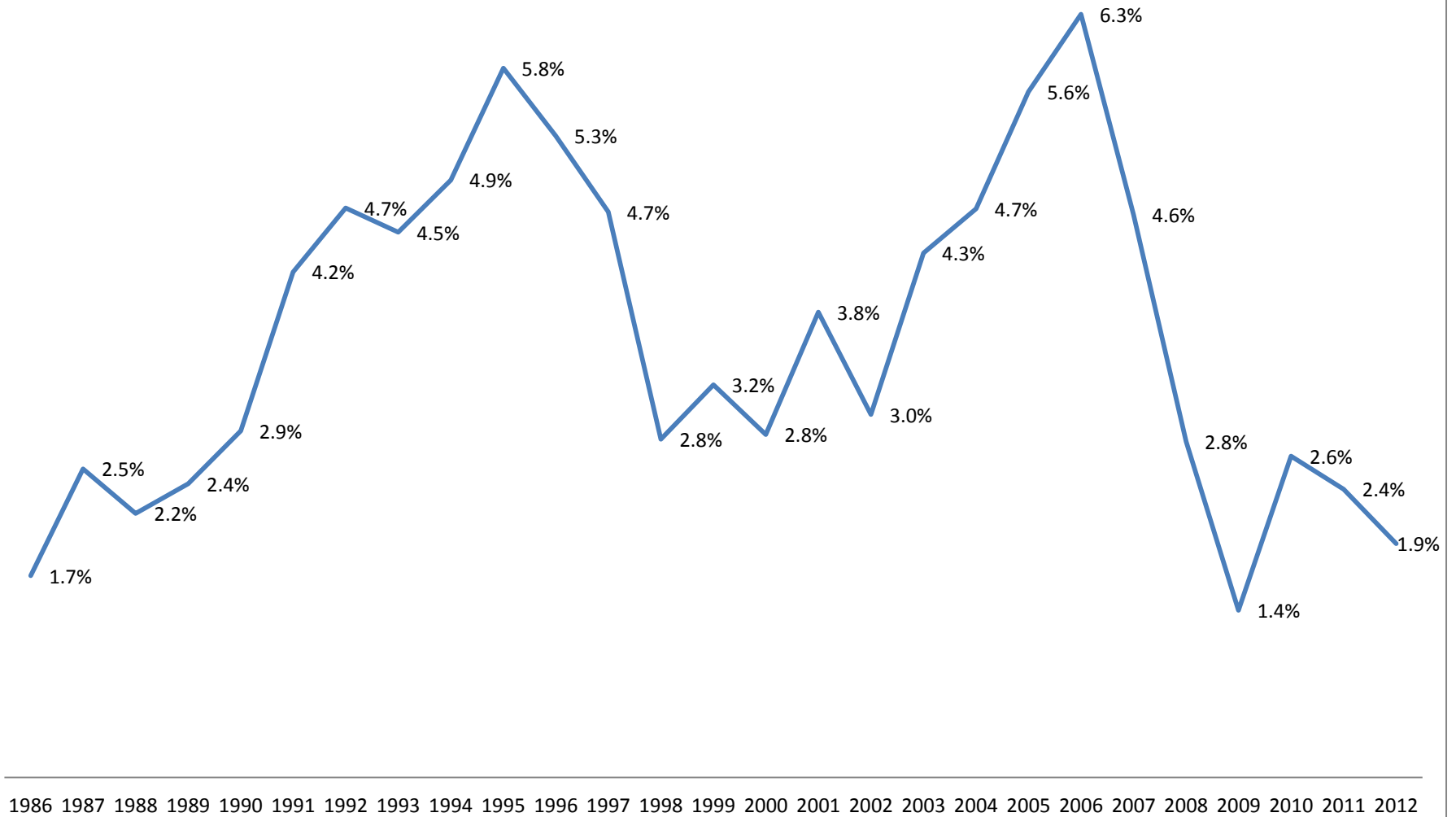
Attachments Related to Enrollment History and Projections

WCPSS Enrollment History

	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
K	4,526	4,888	5,143	5,311	5,668	5,888	6,163	6,611	6,981	7,338	7,394	7,614	7,835
1	4,726	4,853	5,200	5,457	5,559	5,936	6,300	6,464	6,894	7,428	7,690	7,927	7,959
2	4,369	4,706	4,832	5,144	5,450	5,639	6,103	6,438	6,667	7,127	7,525	7,839	7,878
3	4,149	4,515	4,891	4,954	5,208	5,547	5,794	6,250	6,570	6,831	7,337	7,728	7,905
4	4,251	4,326	4,590	4,983	5,102	5,353	5,657	5,840	6,357	6,712	7,093	7,440	7,687
5	3,973	4,353	4,469	4,674	5,087	5,218	5,403	5,817	6,039	6,578	6,927	7,211	7,533
6	4,415	4,356	4,671	4,806	4,936	5,365	5,595	5,859	6,082	6,381	6,867	7,007	7,293
7	4,560	4,579	4,499	4,727	4,810	5,013	5,507	5,589	5,992	6,236	6,504	6,950	7,029
8	4,373	4,615	4,658	4,573	4,811	4,881	5,105	5,530	5,689	6,071	6,400	6,578	6,848
9	5,147	4,826	4,997	5,180	5,104	5,367	5,486	5,673	6,188	6,549	7,002	7,599	7,669
10	5,040	4,657	4,367	4,508	4,486	4,505	4,723	4,725	4,908	5,274	5,530	5,944	6,268
11	4,543	4,714	4,316	4,128	4,225	4,300	4,277	4,395	4,363	4,581	4,933	5,133	5,420
12	4,143	4,303	4,352	4,016	3,795	3,901	3,936	3,998	4,060	4,164	4,360	4,573	4,712
Total	58,213	59,691	60,988	62,462	64,243	66,915	70,050	73,192	76,790	81,272	85,562	89,543	92,036
Growth over Prior Year	1.7%	2.5%	2.2%	2.4%	2.9%	4.2%	4.7%	4.5%	4.9%	5.8%	5.3%	4.7%	2.8%
		1,478	1,297	1,474	1,781	2,672	3,135	3,142	3,598	4,482	4,290	3,981	2,493

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
K	7,902	7,914	8,386	8,708	9,142	9,581	10,438	11,098	11,289	11,629	10,647	11,555	12,002	12,018
1	8,214	8,281	8,413	8,588	9,071	9,554	10,109	11,073	11,724	11,712	11,880	10,996	11,907	12,245
2	7,985	8,144	8,223	8,307	8,503	9,221	9,819	10,410	11,128	11,611	11,618	11,942	11,185	11,946
3	8,108	8,117	8,300	8,388	8,488	8,763	9,585	10,218	10,662	11,123	11,625	11,647	11,982	11,259
4	7,947	8,098	8,122	8,271	8,512	8,724	9,108	10,011	10,511	10,800	11,094	11,674	11,655	12,018
5	7,789	7,960	8,191	8,193	8,524	8,913	9,190	9,585	10,366	10,633	10,926	11,326	11,833	11,704
6	7,668	8,054	8,454	8,504	8,540	8,845	9,223	9,627	9,956	10,512	10,715	11,040	11,382	11,819
7	7,399	7,799	8,215	8,572	8,772	8,872	9,354	9,685	10,041	10,209	10,621	10,943	11,204	11,532
8	7,045	7,390	7,818	8,223	8,707	8,995	9,182	9,719	9,978	10,200	10,248	10,759	11,164	11,280
9	7,858	8,087	8,419	8,873	9,484	10,146	10,672	11,231	12,080	12,287	12,255	12,356	12,658	12,898
10	6,356	6,614	6,992	7,317	7,935	8,302	8,917	9,418	9,458	9,957	10,287	10,381	10,663	11,202
11	5,698	5,885	6,298	6,546	6,971	7,309	7,833	8,359	8,766	8,638	9,237	9,609	9,760	10,066
12	5,041	5,348	5,601	5,971	6,320	6,843	7,074	7,638	8,043	8,395	8,446	9,061	9,292	9,521
Total	95,010	97,691	101,432	104,461	108,969	114,068	120,504	128,072	134,002	137,706	139,599	143,289	146,687	149,508
Growth over Prior Year	3.2%	2.8%	3.8%	3.0%	4.3%	4.7%	5.6%	6.3%	4.6%	2.8%	1.4%	2.6%	2.4%	1.9%
	2,974	2,681	3,741	3,029	4,508	5,099	6,436	7,568	5,930	3,704	1,893	3,690	3,398	2,821

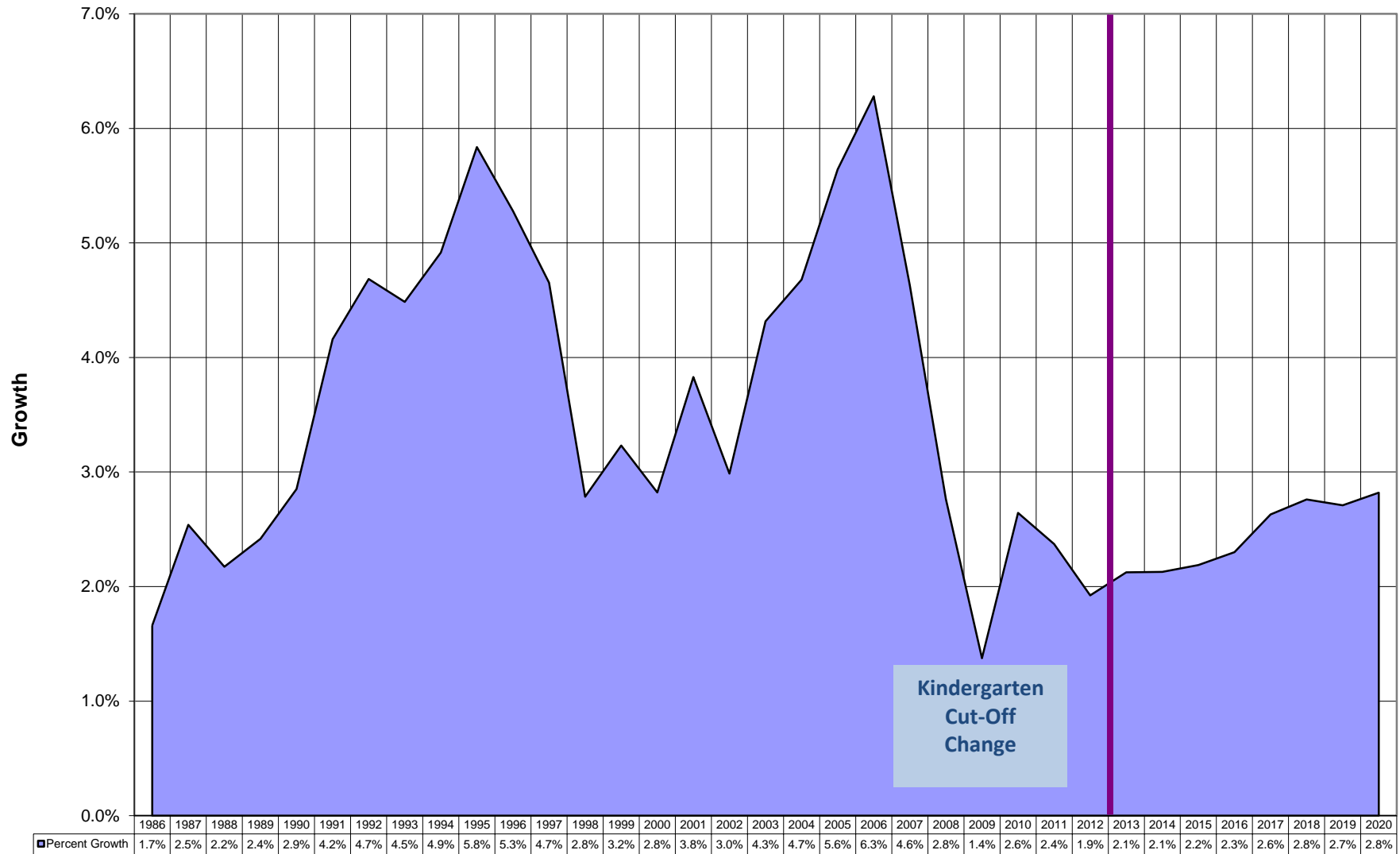
Student Enrollment Annual Percentage Growth



2013-2014 WCPSS Enrollment Projections

<u>School Year Starting</u>	<u>-1%</u>	<u>Mid-Point</u>	<u>1%</u>	<u>Number of Additional Students</u>	<u>% Growth</u>
2012 Actual		149,508		2,851	1.9%
2013	151,157	152,684	154,211	3,176 ¹	2.1%
2014	154,374	155,933	157,492	3,249	2.1%
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GROWTH IN TOTAL ENROLLMENT: 1986 - 2012
PROJECTED ENROLLMENT GROWTH FOR BUILDING PROGRAM: 2013 - 2020
 (Actuals Updated Through 2012-2013 School Year; Projections 2013 - 2020)



Original CIP 2006 Enrollment Projections and 2013-2014 Capital Enrollment Projections

School Year	CIP 2006	Actual 20th Day	Fall 2009	Difference (from CIP 2006)	Jan-11	Difference (from CIP 2006)	Dec-11	Difference (from CIP 2006)	Jan-13	Difference (from CIP 2006)
2006-2007	127,513	128,072	128,072	559	128,072	559	128,072	559	128,072	0
2007-2008	136,303	134,002	134,002	(2,301)	134,002	(2,301)	134,002	(2,301)	134,002	0
2008-2009	144,227	137,706	137,706	(6,521)	137,706	(6,521)	137,706	(6,521)	137,706	0
2009-2010	152,837	139,599	139,599	(13,238)	139,599	(13,238)	139,599	(13,238)	139,599	0
2010-2011	162,371	143,289	143,432	(18,939)	143,289	(19,082)	143,289	(19,082)	143,289	(143)
2011-2012	170,611	146,687	148,900	(21,711)	146,657	(23,954)	146,657	(23,954)	146,657	(2,243)
2012-2013	177,089	149,508	155,928	(21,161)	151,388	(25,701)	150,418	(26,671)	149,508	(6,420)
2013-2014	183,266		163,850	(19,416)	156,315	(26,951)	154,381	(28,885)	152,684	(11,166)
2014-2015	189,429		170,161	(19,268)	161,590	(27,839)	158,404	(31,025)	155,933	(14,228)
2015-2016	195,639		176,489	(19,150)	166,739	(28,900)	162,594	(33,045)	159,345	(17,144)

