School Board Meeting: **November 27, 2023**

Subject: Enrollment Projection Report

Presenter: **Ryan L. Tangen, Director**
 Finance and Operations

SUGGESTED SCHOOL BOARD ACTION:
For Board Review Only.

DESCRIPTION:

Review of K-12 Enrollment as of Oct. 1st
Buffalo-Hanover-Montrose's 2023-24 school year's K-12 enrollment went down 107 students from the previous year. The five-year growth average is decreasing and is currently at -114 students/year. Over the five-year period, total enrollment has a net decline of 572 or 10.12%.

The enrollment as of October 1, 2023, was 5,081. This number will be different from the official October 1, 2023 seat count from the Minnesota Department of Education. For internal purposes, students considered post-secondary or shared time are adjusted down in our internal monthly enrollment reports. Once the official October 1st enrollment report is on MDE's website, the enrollment number could be as much as 20-30 students more.

Open Enrollment History
The district historically loses more students than it gains in open enrollment. The downward trend continues, and the district experienced a net loss of 728 students through open enrollment and tuition for the 2022-23 school year. The total is 8 less than the prior year's net of 736. Tuition students are resident students but attend another district through tuition agreements such as Wright Technical Center, MAWSECO or the SW Metro Coop. The district receives the general aid for the tuition students but then forwards the aid to other tuition districts. All numbers are net of non-public school students.

The district lost the largest portion of open enrollment students to Rockford, Delano and St. Michael-Albertville (net -423). It gained the most open enrollment students from Maple Lake and Howard Lake-Waverly-Winsted (net +40).

Fall vs. Spring Enrollment
Historically, K-12 enrollment decreases from October 1st to June 1st. Most of the enrollment drop happens in grades 9-12 and is primarily due to increased mobility and the decision to graduate early. The change for the 2022-23 school year in grades K-8 had a net increase of 69, and grades 9-12 experienced a net loss of 4 for a K-12 net increase of 65.

<u>Review of 2023-24 Enrollment Projection</u>
The 2023-24 enrollment projection of 5,125 was higher than the October 1st count of 5,081. It is important to note that the monthly count is adjusted down for post-secondary and shared time students to only include the instructional time at the school district. We are down 7 students in kindergarten, down 16 students in grades 1-5, down 12 students in grades 6-8, and down 9 students in grades 9-12 for a total difference of 44.

<u>2024-25 Enrollment Projection</u>
The district uses two different enrollment projection models. In projecting enrollments, there are three different data sets available: October 1st MARSS submission, end-of-year ADM, or district data. The end-of-year ADM data includes tuition students where the student resides in the district but attends another school. The state aid comes to the resident school district, then the other school district bills the resident school district for the state aid. Because tuition students are included in the end-of-year ADM data, it makes the enrollment data inflated. A similar issue occurs with the October 1st MARSS data. The enrollment data submitted to the State includes post-secondary and shared-time students. The district data option is the third option and allows schools to enter enrollment history taken at any time. For example, this option could be used by entering our enrollment history adjusted for the post-secondary and shared time students as of any date. Data from the end-of-year ADM history was used for the projection.

The next step is to project kindergarten students. There are five different methods from which to pick. They are as follows: hold constant, linear projection, county births, and a district-determined method. Wright County births are used to predict future kindergarten enrollment and the birth rate increased for the third year in a row. Kindergarten enrollment for the next five years is based on Wright County births from 2019-2023 with 2022 being the most recent data available. In our growing years, we have enrolled 26-33% of the Wright County births. However, on October 1, 2023, we were at 20.09%. The average enrollment of county births was 19.37% over the past four years. The weighted average enrollment of county births over the past five years is 19.92% and was used for kindergarten enrollment.

Now we start looking at K-12 enrollment projections by looking at a variety of methods.

> **Cohort survival method** (Ratio Prior Year) uses a ratio computed for each grade from the previous year. This is accomplished by dividing the current enrollment in one grade by the previous grade in the previous year. Cohort ratios are calculated using 1-7 years of enrollment history. For example, a cohort ratio using five years of enrollment history would produce a ratio of the enrollment that occurred five years ago to the enrollment that occurred six years ago. In rapid growth, this methodology may produce projections that are too optimistic.

> **Weighted cohort survival method** uses a ratio computed for each grade level from the previous year as well as by dividing the current enrollment in one grade by the previous grade in the previous year. The ratios are weighted to bias the

prediction in favor of the most recent year's results. In rapid growth, this methodology may also produce overly optimistic results.

Numerical survival method uses a simple grade-to-grade progression without calculating a ratio. A multiple year average of the enrollment change is added or subtracted to the enrollment in a grade to project future enrollment. In rapid growth, this model may produce projections that are too conservative.

Weighted numerical survival method uses grade-to-grade progressions like the numerical survival method, but also employs a weighted average to give greater influence to recent years' results. In rapid growth, this methodology dampens the projections slightly.

Merged method is a combination of all previous methods.

There are eighteen different variations of the described methods for comparison. Additionally, the projection model has a feature that allows you to compare the current year's actual enrollment with last year's projection and determines which one of the variations would have best matched the current year's actual results. The four-year numerical average model was the closest.

This year, the projection was developed using the weighted cohort survival method options. This weighted ratio model has historically been the most accurate. In past years, the five-year weighted ratio was used when enrollment was stable and the seven-year weighted ratio model was used to help offset anomalies or oddities based on COVID-19 pandemic factors. A detailed analysis of two-year through seven-year results was reviewed and from the six durations, the four-year weighted ratio model was selected. The four-year model enrollment total was just below the model average for all six durations.

The four-year weighted ratio model predicts a total K-12 enrollment of 5,001 students for 2024-25, a decrease of 80 students from this year. Some additional factors that were considered when selecting a method were the current housing market, economic conditions, Wright County births, open enrollment, and the addition of a charter school in Buffalo in 2023-24. We are seeing significantly higher single-family dwelling permits in Buffalo, but roughly the same number in Hanover and Montrose as in the prior year.

The future enrollment projections are portrayed by grade grouping. Even though BHM schools have historically been a stable to growing district, we continue to look at school building capacities at a time when we are seeing lower enrollment:

BHS – 2,010   BCMS – 1,425   Elementary – 3,350

The building capacities listed are optimum and can be stretched a little bit. The enrollment projections show that we will have remaining building capacity at all levels for the duration of the five-year projection.

Finally, the adjusted pupil counts (APU) projection shows a decline in student aid over the 5-year projection. Keep in mind the district's enrollment history tends to decline from October 1st to June 1st. Therefore, slightly more conservative numbers will be used in the January financial forecast.

ATTACHMENT(S):
- Enrollment Projection November 2023