



MEMORANDUM

TO: KEARNEY SCHOOL DISTRICT
FROM: RSP & ASSOCIATES, LLC
SUBJECT: STATUS OF ENROLLMENT IN THE DISTRICT
DATE: 12/23/2008
CC: BOARD OF EDUCATION

The purpose of this memorandum is to update the District on enrollment conditions at each facility, as well as provide some insight into the development and socioeconomic conditions that ultimately will influence the number of students the District will need to educate.

Perception

If there was no new residential construction and every student currently attending in 2008/09 was attending in 2009/10 with the kindergarten class the same enrollment as 2008/09, there naturally would be a K-12 student enrollment decrease of forty-four students.

- K-5 would decrease by -3
- 6-9 would decrease by -90
- 10-12 would increase by +49
- District decrease by -44

The reality is that the community will have some new residential construction and many other students who currently attend will move out of the district boundary, which in the end could result in some very significant enrollment shifts. Much of this change is difficult to predict as the economy evolves, and as such continued annual enrollment monitoring is highly recommended to make planning decisions.

Model Enhancements

This year's model has some significant enhancements. More planning areas have been created reflecting recent new developments and the type of development that have been built, particularly on the west side of Interstate 35. The map on the Page 2 depicts the planning areas. Analysis for each planning area is not conducted by trends at each grade rather than by grade configuration. The approved attendance areas where elementary facilities were consolidated have been utilized. This map is on page 3. Additional analysis has occurred with In-migration and Out-migration.

Observation

Below is a table that depicts the enrollment by grade from 2000/01 to 2008/09:

Table 1 – Kearney School District Past Enrollment by Grade

Year	K	1st	2nd	3rd	4th	5th	6th	7th	8th	9th	10th	11th	12th	Total
2000/01	239	241	217	256	255	256	253	230	242	264	228	220	201	3,102
2001/02	248	253	260	224	278	264	282	260	233	242	253	224	198	3,219
2002/03	239	248	242	286	224	283	285	288	266	236	241	252	219	3,309
2003/04	240	251	246	242	292	239	287	292	294	268	233	231	241	3,356
2004/05	230	238	250	253	256	292	241	296	288	299	263	224	207	3,337
2005/06	231	231	224	259	253	265	308	250	299	305	309	269	222	3,425
2006/07	261	238	258	234	264	266	284	313	260	298	319	295	254	3,544
2007/08	263	256	238	265	236	277	280	290	330	262	312	303	276	3,588
2008/09	239	275	253	238	282	242	287	290	305	332	263	289	283	3,578

Source: Kearney School District Student Data

Listed below are some first ever enrollment factoids:

- Largest 1st grade class (275)
- Largest 9th grade class (332)
- Largest 12th grade class (283)

Some other likely trends are listed in the table below:

Table 2 – Kearney School District Enrollment Change by Grade

School Year	New Kdg	Kdg to 1st	1st to 2nd	2nd to 3rd	3rd to 4th	4th to 5th	5th to 6th	6th to 7th	7th to 8th	8th to 9th	9th to 10th	10th to 11th	11th to 12th
2001/02	9	14	19	7	22	9	26	7	3	0	-11	-4	-22
2002/03	-9	0	-11	26	0	5	21	6	6	3	-1	-1	-5
2003/04	1	12	-2	0	6	15	4	7	6	2	-3	-10	-11
2004/05	-10	-2	-1	7	14	0	2	9	-4	5	-5	-9	-24
2005/06	1	1	-14	9	0	9	16	9	3	17	10	6	-2
2006/07	30	7	27	10	5	13	19	5	10	-1	14	-14	-15
2007/08	2	-5	0	7	2	13	14	6	17	2	14	-16	-19
2008/09	-24	12	-3	0	17	6	10	10	15	2	1	-23	-20
3 Year Avg	2.7	4.7	8.0	5.7	8.0	10.7	14.3	7.0	14.0	1.0	9.7	-17.7	-18.0
3 Year Wavg	-6.3	5.5	3.0	4.0	10.0	9.5	12.8	7.8	14.8	1.5	7.5	-19.2	-18.8

Source: Kearney School District Student Data

Along with the aforementioned factoids, the smallest class is the Kindergarten (239) and the largest class is the 9th grade (332). On the following two pages are maps that depict the In-migration and Out-migration of students. In-migration is defined as 2008/09 students who are in the grades of 1st through 12th grade that were not attending the District in 2007/08. The in-migration result is stated below:

- Elementary (green dots) : +130
- Middle School (blue dots) : +44
- Junior High (orange dots) : +50
- High School (pink dots) : +49

Out-migration is defined as students attending the District in 2007/08 who were in the grades of Kindergarten through 11th grade that are not attending in 2008/09. The out-migration result is stated below:

- Elementary (green dots) : -103
- Middle School (blue dots) : -23
- Junior High (orange dots) : -37
- High School (pink dots) : -75

The result of this change is a total migration increase of +35 students.

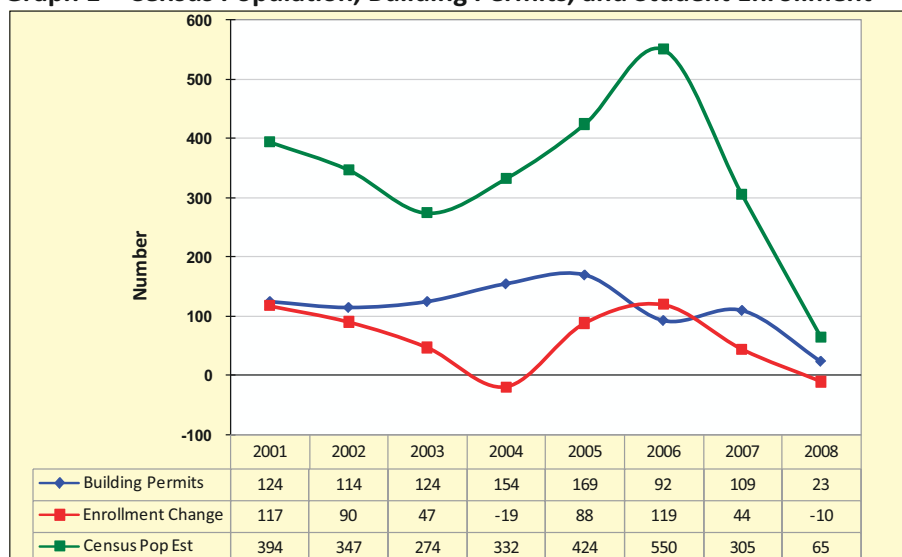
There are some regional issues that are also impacting the potential for development which correlates to the propensity for external student growth. Some of the issues that are being monitored and are factored into the forecast model:

- Soft housing inventory
- Changing mortgage interest rate and the impact of subprime loans
- Housing market similarity between Kearney and Liberty
- New residential construction drastically lower than 2007

The relevance of this preliminary housing analysis of Kearney and Liberty is to determine the strength or weakness of the housing market, as well as the likelihood that people will choose to reside in the Kearney community. Currently, there are 193 homes for sale in the Kearney School District with a sale price range between \$63,000 and \$2,200,000. Last year, there were 212 homes for sale in Kearney School District with a sale price range between \$37,500 and \$1,800,000. In 2006 there were 211 homes for sale. Currently, there are 461 homes for sale in the Liberty School District with a sale price range between \$35,000 and \$1,350,000. Last year, there were 648 homes for sale in the Liberty School District with a price range between \$44,900 and \$1,295,000. In 2006 there were 772 homes for sale. These historical statistics clearly demonstrate a wide diversity of housing choices, but more importantly reveals the softness of the market and how closely Kearney and Liberty are related in housing price range. This means both markets are competing for similar demographics. Additionally, the housing softness would appear to be constant in the Kearney School District, while it has drastically decreased in the Liberty School District. The cost of transportation and closer proximity to employment and service centers will likely influence people to consider Liberty over Kearney. A more comprehensive housing analysis would be required to statistically validate this hypothesis. This type of study will require Clay County releasing additional digital data for the entire county.

A new trend has started where the departing senior classes will be larger than the incoming kindergarten classes. In order for the district to have an increase with its enrollment, it will take more growth at each grade to offset this natural decrease. Typically, the grades between 1st and 10th grade have seen grade to grade increases from one year to the next year, but this is not expected to be the norm over the next few years.

Graph 1 – Census Population, Building Permits, and Student Enrollment

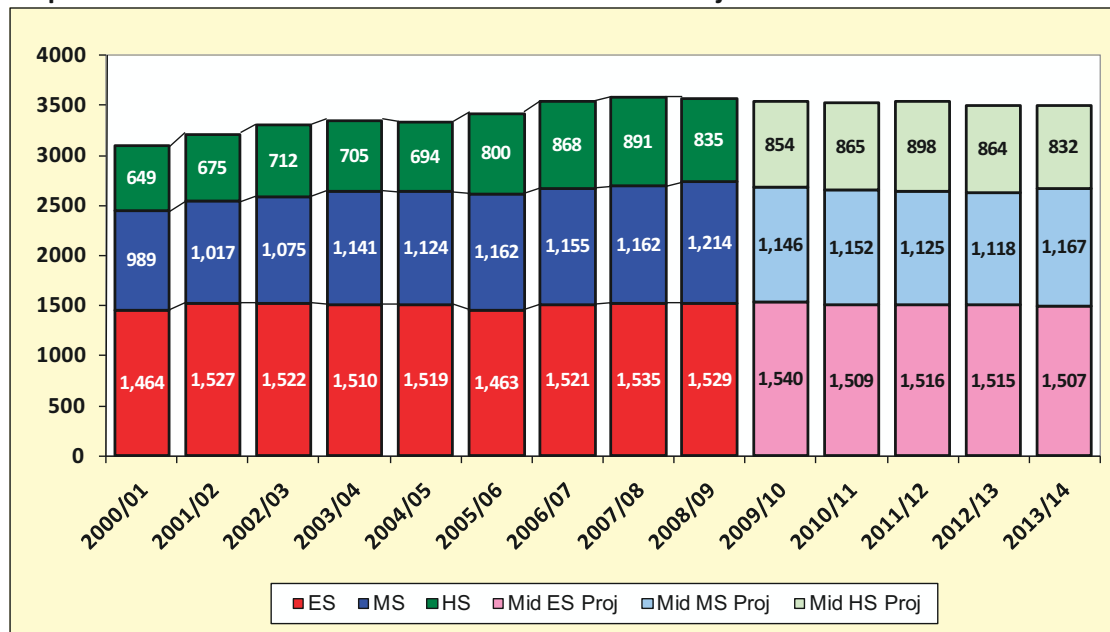


Source: Census Bureau, Clay County, City of Kearney, Kearney School District, and RSP & Associates

The graph on the previous page charts the estimated census population change, the number of building permits, and the enrollment change the District has experienced since 2000. Census data is only available through 2007, so the 2008 data is an estimate. If the Census followed building permit trends, it is likely the Census curve would more closely follow the building permit trends. The enrollment change also does not always follow the building permit trends. Additionally, it is clear that all three variables are converging, which is likely a factor that the type of household and the number of residential permits are beginning to have a more equal statistical correlation to enrollment trends.

Future residential growth patterns of the community will likely continue on different fronts. It appears the east side of Kearney in the short term is slowing down, while on the west side, particularly around Dogwood Elementary has the perception of where to build. Some of the hot developments around Dogwood include Cedarwood, Westwood Village, and Oakwood Estates. It is anticipated that over the next couple of years there will be between 20 and 50 new single-family residential permits. If the economy rebounds another enrollment increase may happen beginning in 2012/13.

Graph 2 – Past Student Enrollment and Future Student Projections



Source: Kearney School District and RSP & Associates

This graph depicts the past, current, and future grade level enrollments for the Kearney School District. Basically, because of the housing slowdown, the projections have again been significantly lowered from last year's forecast so that by 2012/13 the outlook has resulted in 187 fewer students at the elementary level, at the middle 14 more students and at high school level 18 fewer students for a total of 132 fewer students at the midpoint 2008/09 forecast. The change in projecting on variables isolated at each grade should make for a more statistically accurate forecast.

Growth is expected to continue, but there are several watch areas to include; any affordable housing development in Holt, older area of Kearney enrollment decreases, and development on the west side of town occurring south of 92 Hwy. Most of the new development trends are going to be tied to having a better home price than the Liberty area and perceived value of living in a small town community.

Kearney School District Enrollment Projections 2009/10 through 2013/14

School	Type	Capacity	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Dogwood Elementary Capacity 528 K to 5	Low						437	381	360	331	307
	Mid	528	417	465	475	471	461	429	434	433	441
	High						486	477	508	535	574
Hawthorne Elementary Capacity 418 K to 5	Low						322	302	286	272	246
	Mid	418	211	239	239	336	340	338	336	338	325
	High						359	374	387	403	404
Holt Elementary Closed in 2008/09	Low						0	0	0	0	0
	Mid	0	168	157	146	0	0	0	0	0	0
	High						0	0	0	0	0
Kearney Elementary Capacity 418 K to 5	Low						289	279	263	257	244
	Mid	418	307	299	314	290	305	310	309	317	318
	High						321	341	355	377	393
Southview Elementary Capacity 528 K to 5	Low						409	385	367	337	313
	Mid	528	360	351	361	432	433	432	437	427	422
	High						457	479	506	518	532
Kearney Middle School Capacity 800 6 to 7	Low						531	536	538	516	553
	Mid	800	0	287	570	577	542	555	561	542	585
	High		537 (6-7)	558 (6-7)	600 (6-7)		552	574	585	569	618
Kearney Junior High Capacity 900 8 to 9	Low						597	584	540	545	547
	Mid	900	857	876	592	637	604	597	563	576	582
	High		587 (8-9)	604 (8-9)	563 (8-9)		611	609	586	607	617
Kearney High Capacity 1,100 10 to 12	Low						846	846	869	826	783
	Mid	1,100	1,105	874	891	835	854	865	898	864	832
	High		693 (10-12)	800 (10-12)			863	884	928	902	881
ELEMENTARY TOTAL Capacity 1,892 K to 5	Low						1,457	1,347	1,277	1,197	1,109
	Mid	1,892	1,463	1,511	1,535	1,529	1,539	1,509	1,516	1,515	1,506
	High						1,623	1,671	1,756	1,833	1,904
MIDDLE TOTAL Capacity 1,700 6 to 9	Low						1,128	1,120	1,079	1,060	1,100
	Mid	1,700	857	1,163	1,162	1,214	1,146	1,152	1,125	1,118	1,167
	High						1,163	1,183	1,171	1,176	1,235
HIGH TOTAL Capacity 1,100 10 to 12	Low						846	846	869	826	783
	Mid	1,100	1,105	874	891	835	854	865	898	864	832
	High						863	884	928	902	881
DISTRICT TOTALS Capacity 4,956 K to 12	Low						3,431	3,314	3,224	3,083	2,992
	Mid	4,692	3,425	3,548	3,588	3,578	3,539	3,526	3,539	3,497	3,505
	High						3,649	3,738	3,854	3,912	4,019

Source: RSP & Associates, LLC - December 2008

Note 1: Student Projections are based on the residence of the student.

Note 2: The Enrollment Model is based on a Headcount of students by Planning Area

Note 3: Transfers between Elementary Facilities are factored into the Projections



Over Program Capacity