

GALLATIN GATEWAY SCHOOL DISTRICT

**POPULATION AND ENROLLMENT FORECASTS,
2020-21 THROUGH 2029-30**

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EXECUTIVE SUMMARY

1. The resident total fertility rate for the Gallatin Gateway School District over the life of the forecasts is below replacement level. (1.61 vs. the replacement level of 2.1)
2. Most in-migration to the district continues to occur in the 0-to-9 and 25-to-44 year old age groups.
3. The local 18-to-24 year old population continues to leave the district, going to college or moving to other urbanized areas. This population group accounts for the largest segment of the district's out migration flow and will increase steadily over the next 10 years. The second largest migration outflow is in the 70+ age groups.
4. The primary factors causing the district's enrollment to stay roughly stable over the next 10 years is the increase in empty nest households, the increasing number of elderly housing units turning over coupled with a sustained rate of in migration of young families.
5. Changes in year-to-year enrollment over the next five years will primarily be due to small cohorts entering and moving through the school system in conjunction with larger cohorts leaving the system.
6. The elementary enrollment will slowly increase after the 2024-25 school year.
7. The median age of the district's population will increase from 44.4 in 2010 to 44.8 in 2030.
8. Even if the district continues to have some amount of annual new housing unit construction over the next 10 years, the rate, magnitude and price of existing home sales will become the increasingly dominant factor affecting the amount of population and enrollment change.
9. Total district enrollment is forecasted to decrease by 9 students, or -5.2%, between 2019-20 and 2024-25. Total enrollment will increase by 15 students, or 9.2%, from 2024-25 to 2029-30.

INTRODUCTION

By demographic principle, distinctions are made between projections and forecasts. A projection extrapolates the past (and present) into the future with little or no attempt to take into account any factors that may impact the extrapolation (e.g., changes in fertility rates, housing patterns or migration patterns) while a forecast results when a projection is modified by reasoning to take into account the aforementioned factors.

To maximize the use of this study as a planning tool, the ultimate goal is not simply to project the past into the future, but rather to assess various factors' impact on the future. The future population and enrollment change of each school district is influenced by a variety of factors. Not all factors will influence the entire school district at the same level. Some may affect different areas at dissimilar magnitudes and rates causing changes at varying points of time within the same district.

The forecaster's judgment, based on a thorough and intimate study of the district, has been used to modify the demographic trends and factors to more accurately predict likely changes. Therefore, strictly speaking, this study is a forecast, not a projection; and the amount of modification of the demographic trends varies between different areas of the district as well as within the timeframe of the forecast.

To calculate population forecasts of any type, particularly for smaller populations such as a school district, realistic suppositions must be made as to

what the future will bring in terms of age specific fertility rates and residents' demographic behavior at certain points of the life course. The demographic history of the school district and its interplay with the social and economic history of the area is the starting point and basis of most of these suppositions particularly on key factors such as the age structure of the area. The unique nature of each district's and attendance area's demographic composition and rate of change over time must be assessed and understood to be factors throughout the life of the forecast series. Moreover, no two populations, particularly at the school district and attendance area level, have exactly the same characteristics.

The manifest purpose of these forecasts is to ascertain the demographic factors that will ultimately influence the enrollment levels in the district's schools. There are of course, other non-demographic factors that affect enrollment levels over time. These factors include, but are not limited to transfer policies within the district; student transfers to and from neighboring districts; placement of "special programs" within school facilities that may serve students from outside the attendance area; state or federal mandates that dictate the movement of students from one facility to another (No Child Left Behind was an excellent example of this factor); the development of charter schools in the district; the prevalence of home schooling in the area; and the dynamics of local private schools.

Unless the district specifically requests the calculation of forecasts that

reflect the effects of changes in these non-demographic factors, their influences are held constant for the life of the forecasts. Again, the main function of these forecasts is to determine what impact demographic changes will have on future enrollment. It is quite possible to calculate special “scenario” forecasts to measure the impact of school policy modifications as well as planned economic and financial changes. However, in this case the results of these population and enrollment forecast are meant to represent the most likely scenario for changes over the next 10 years in the district and its attendance areas.

The first part of the report will examine the assumptions made in calculating the population forecasts for the Gallatin Gateway School District. Since the results of the population forecasts drive the subsequent enrollment forecasts, the assumptions listed in this section are paramount to understanding the area’s demographic dynamics. The remainder of the report is an explanation and analysis of the district's population forecasts and how they will shape the district's grade level enrollment forecasts.

DATA

The data used for the forecasts come from a variety of sources. The Gallatin Gateway School District provided enrollments by grade for the school years 2014-2015 to 2019-20. Birth and death data for the years 2010 through 2018 were obtained from the Montana Department of Health. The net migration values were calculated using Internal Revenue Service migration reports for the

years 2010 through 2017. The data used for the calculation of migration models came from the United States Bureau of the Census, 2005 to 2010, and the models were designed using demographic and economic factors. The base age-sex population counts used are from the results of the 2010 Census.

The Census Bureau Continues to releasing annual estimates of demographic variables at the block group and tract level from the American Community Survey (ACS). There has been wide scale reporting of these results in the national, state and local media. However, due to the methodological problems the Census Bureau is experiencing with their estimates derived from ACS data, particularly in areas with a population of less than 60,000, the results of the ACS are not used in these forecasts. For example, given the sampling framework used by the Census Bureau, each year only 21 of the over 700 current households in the district would have been included. For comparison 90 households in the district were included in the sample for the long form questionnaire in the 2000 Census. As a result of this small sample size, the ACS survey result from the last 5 years must be aggregated to produce the tract and block group estimates.

To develop the population forecast models, past migration patterns, current age specific fertility patterns, the magnitude and dynamics of the gross migration, the age specific mortality trends, the distribution of the population by age and sex, the rate and type of existing housing unit sales, and future housing unit construction are considered

to be primary variables. In addition, the change in household size relative to the age structure of the forecast area was addressed. While there was a slight drop in the average household size in the Gallatin Gateway School District as well as most other areas of the state during the previous 20 years, the rate of this decline has been forecasted to slow over the next ten years.

ASSUMPTIONS

For these forecasts, the mortality probabilities are held constant at the levels calculated for the year 2019. While the number of deaths in an area are impacted by and will change given the proportion of the local population over age 65, in the absence of an extraordinary event such as a natural disaster or a breakthrough in the treatment of heart disease, death rates rarely move rapidly in any direction, particularly at the school district level. Thus, significant changes are not foreseen in district's mortality rates between now and the year 2029. Any increases forecasted in the number of deaths will be due primarily to the general aging of the district's population and specifically to the increase in the number of residents aged 65 and older.

Similarly, fertility rates are assumed to stay fairly constant for the life of the forecasts. Like mortality rates, age specific fertility rates rarely change quickly or dramatically, particularly in small areas. Even with the recently reported rise in the fertility rates of the United States, overall fertility rates have

stayed within a 15% range for most of the last 40 years. In fact, the vast majority of year to year change in an area's number of births is due to changes in the number of women in child bearing ages (particularly ages 20-34) rather than any fluctuation in an area's fertility rate.

The resident total fertility rate (TFR), the average number of births a woman will have while living in the school district during her lifetime, is estimated to be 1.61 for the total district for the ten years of the population forecasts. A TFR of 2.1 births per woman is considered to be the theoretical "replacement level" of fertility necessary for a population to remain constant in the absence of in-migration. Therefore, in the absence of net in migration, fertility alone would be insufficient to maintain the current level of population and enrollment within the Gallatin Gateway School District over the course of the forecast period.

A close examination of data for the Gallatin Gateway School District has shown the age specific pattern of net migration will be nearly constant throughout the life of the forecasts. While the number of in and out migrants has changed in past years for the Gallatin Gateway School District (and will change again over the next 10 years), the basic age pattern of the migrants has stayed nearly the same over the last 30 years. Based on the analysis of data it is safe to assume this age specific migration trend will remain unchanged into the future. This pattern of migration shows most of the local out-migration occurring in the 18-to-24 year old age group as young adults leave the area to go to college or move to other urbanized areas. The second group of out-migrants is those

householders aged 70 and older who are downsizing their residences. Most of the local in-migration occurs in the 0-to-9 and 30-44 age groups (the bulk of the which come from areas within 75 miles of the Gallatin Gateway School District) primarily consisting of younger adults and their children.

As Gallatin County is not currently contemplating any major expansions or contractions, the forecasts also assume that the current economic, political, social, and environmental factors, as well as the transportation and public works infrastructure of the Gallatin Gateway School District will remain the same through the year 2029. Below is a list of assumptions and issues that are specific to the Gallatin Gateway School District. These issues have been used to modify the population forecast models to more accurately predict the impact of these factors on each area's population change.

Specifically, the forecasts for the Gallatin Gateway School District assume that throughout the study period:

- a. The national, state or regional economy does not go into deep recession at any time during the 10 years of the forecasts; (Deep recession is defined as four consecutive quarters where the GDP contracts greater than 1% per quarter)
- b. Interest rates have come off their historic low and will not fluctuate more than one percentage point in the short term; the interest rate for a 30-year fixed home mortgage stays below 5.0%;

- c. The rate of mortgage approval stays at 2015-2019 levels and lenders do not return to "sub-prime" mortgage practices;
- d. There are no additional restrictions placed on home mortgage lenders or additional bankruptcies of major credit providers;
- e. The rate of housing foreclosures does not exceed 125% of the 2015-2019 average of Gallatin County for any year in the forecasts;
- f. All currently planned, fully platted, and approved housing units are built out and completed by 2028. All housing units constructed are occupied by 2029;
- g. The average annual unemployment rate for the Bozeman Micropolitan Area will remain below 7.0% for the 10 years of the forecasts;
- h. The state of Montana does not change any of its current laws regarding Charter Schools, school vouchers or inter district transfer;
- i. The rate of students transferring into and out of the Gallatin Gateway School District will remain at the 2019-20 level for the next 10 years;
- j. The inflation rate for gasoline will stay below 5% per year for the 10 years of the forecasts;
- k. There will be no building moratorium within the district;

- l. Businesses within the Greater Bozeman Micropolitan Area and the Gallatin Gateway School District area will remain viable;
- m. The number of existing home sales in the district that are a result of “distress sales” (homes worth less than the current mortgage value) will not exceed 20% of total homes sales in the district for any given year;
- n. Housing turnover rates (sale of existing homes in the district) will remain at their current levels. The majority of existing home sales are made by home owners over the age of 60;
- o. The district has at least 25 existing home sales annually over the next 10 years (this does not include the sale of vacation homes or rentals);
- p. There are no natural disasters in the area;
- q. Private school and home school attendance rates will remain constant;
- r. The rate of foreclosures for commercial property remains at the 2015-2019 average for Gallatin County;

If a major employer in the district or in the Greater Bozeman Micropolitan Area (particularly in the western suburban area) closes, reduces or expands its operations, the population forecasts would need to be adjusted to reflect the changes brought about by the change in economic and employment conditions. The same holds true for any

type of natural disaster, major change in the local infrastructure (e.g., highway construction, water and sewer expansion, changes in zoning regulations etc.), a further economic downturn, any additional weakness in the housing market or any instance or situation that causes rapid and dramatic population changes that could not be foreseen at the time the forecasts were calculated.

The high proportion of high school graduates from the Gallatin Gateway School District that attend college or move to urban areas outside of the district for employment is a significant demographic factor. Their departure is a major reason for the extremely high out-migration in the 18 to 24 age group, and was taken into account when calculating these forecasts. The out-migration of graduating high school seniors is expected to continue over the period of the forecasts and the rate of out-migration has been forecasted to remain the same over the life of the forecast series.

Finally, all demographic trends (i.e., births, deaths, and migration) are assumed to be linear in nature and annualized over the forecast period. For example, if 1,000 births are forecasted for a 5-year period, an equal number, or proportion of the births are assumed to occur every year, 200 per year. Actual year-to-year variations do and will occur, but overall year to year trends are expected to be constant.

METHODOLOGY

The population forecasts presented in this report are the result of using the Cohort-Component Method of population forecasting (Siegel, and Swanson, 2004: 561-601) (Smith et. al. 2004). As stated in the **INTRODUCTION**, the difference between a projection and a forecast is in the use of explicit judgment based upon the unique features of the area under study. Strictly speaking, a cohort projection refers to the future population that would result if a mathematical extrapolation of historical trends. Conversely, a cohort-component forecast refers to the future population that is expected because of a studied and purposeful selection of the components of change (i.e., births, deaths, and migration) and forecast models are developed to measure the impact of these changes in each specific geographic area.

Five sets of data are required to generate population and enrollment forecasts. These five data sets are:

- a. a base-year population (here, the 2010 Census population for the Gallatin Gateway School District);
- b. a set of age-specific fertility rates for the district to be used over the forecast period;
- c. a set of age-specific survival (mortality) rates for the district;
- d. a set of age-specific migration rates for the district; and;

- e. the historical enrollment figures by grade.

The most significant and difficult aspect of producing enrollment forecasts is the generation of the population forecasts in which the school age population (and enrollment) is embedded. In turn, the most challenging aspect of generating the population forecasts is found in deriving the rates of change in fertility, mortality, and migration. From the standpoint of demographic analysis, the Gallatin Gateway School District is classified as a “small area” population (as compared to the population of the state of Montana or to that of the United States). Small area population forecasts are more complicated to calculate because local variations in fertility, mortality, and migration may be more irregular than those at the regional, state or national scale. Especially challenging is the forecast of the migration rates for local areas, because changes in the area's socioeconomic characteristics can quickly change from past and current patterns (Peters and Larkin, 2002.)

The population forecasts for Gallatin Gateway School District were calculated using a cohort-component method with the populations divided into male and female groups by five-year age cohorts that range from 0-to-4 years of age to 85 years of age and older (85+). Age- and sex-specific fertility, mortality, and migration models were constructed to specifically reflect the unique demographic characteristics of the Gallatin Gateway School District.

The enrollment forecasts were calculated using a modified average survivorship method. Average survivor

rates (i.e., the proportion of students who progress from one grade level to the next given the average amount of net migration for that grade level) over the previous five years of year-to-year enrollment data were calculated for grades two through twelve. This procedure is used to identify specific grades where there are large numbers of students changing facilities for non-demographic factors, such as private school transfers or enrollment in special programs.

The survivorship rates were modified or adjusted to reflect the average rate of forecasted in and out migration of 5-to-9, 10-to-14 and 15-to-17-year-old cohorts to each of the attendance centers in Gallatin Gateway School District for the period 2010 to 2015. These survivorship rates then were adjusted to reflect the forecasted changes in age-specific migration the district should experience over the next five years. These modified survivorship rates were used to project the enrollment of grades 2 through 12 for the period 2015 to 2020. The survivorship rates were adjusted again for the 2020 to 2025 and the 2025-2030 time periods to reflect the predicted changes in the amount of age-specific migration in the district for the periods.

The forecasted enrollments for kindergarten and first grade are derived from the 5-to-9 year old population of the age-sex population forecast at the elementary attendance center district level. This procedure allows the changes in the incoming grade sizes to be factors of forecasted population change and not an extrapolation of previous class sizes. Given the potentially large amount of variation in Kindergarten enrollment due

to parental choice, changes in the state's minimum age requirement, and differing district policies on allowing children to start Kindergarten early, first grade enrollment is deemed to be a more accurate and reliable starting point for the forecasts (McKibben, 1996). The level of the accuracy for both the population and enrollment forecasts at the school district level is estimated to be $\pm 2.0\%$ for the life of the forecasts.

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Appendix A: Supplemental Tables

Table 1: Forecasted District Population Change, 2010 to 2020

	2010	2015	2010-2015 Change	2020	2015-2020 Change	2010-2020 Change
District Total	1,565	1,610	2.9%	1,630	1.2%	4.2%

Table 2: Household Characteristics for District, 2010 Census

	HH w/ Pop Under 18	% HH w/ Pop Under 18	Total Households	Household Population	Persons Per Household
District Total	128	19.3%	664	1,565	2.38

Table 3: Householder Characteristics for District, 2010 Census

	Percentage of Householders aged 35-54	Percentage of Householders aged 65+	Percentage of Householders who own homes
District Total	41.9%	20.6%	73.3%

Table 4: Percentage of Households that are Single Person Households and Single Person Households that are over age 65 for District, 2010 Census

	Percentage of Single Person Households	Percentage of Single Person Households and are 65+
District Total	25.6%	7.8%

Table 5: Elementary Enrollment (K-6), 2019, 2024, 2029

	2019	2024	2019-2024 Change	2029	2024-2029 Change	2019-2029 Change
District Total	122	121	-0.8%	138	14.0%	13.1%

Table 6: Age Under One to Age Ten Population Counts, by Year of Age, For District: 2010 Census

	Under 1 year	1 year	2 years	3 years	4 years	5 years	6 years	7 years	8 years	9 years	10 years
District Total	16	13	16	19	18	17	19	25	16	18	23

Table 7: Comparison of District Resident Enrollment by Grade with 2010 Census Counts by Age, 2010-2019

2010 Census	Under 1 year	1 year	2 years	3 years	4 years	5 years	6 years	7 years	8 years	9 years	10 years	11 years	12 years	13 years
Gallatin Gateway School District Total	16	13	16	19	18	17	19	25	16	18	23	21	22	17
2019 Enrollment	17	20	20	27	23									
	106.3%	153.8%	125.0%	142.1%	127.8%									
2018 Enrollment	14	23	19	27	23	9								
	87.5%	176.9%	118.8%	142.1%	127.8%	52.9%								
2017 Enrollment	15	22	17	22	20	5	12							
	93.8%	169.2%	106.3%	115.8%	111.1%	29.4%	63.2%							
2016 Enrollment	14	19	17	22	25	4	13	16						
	87.5%	146.2%	106.3%	115.8%	138.9%	23.5%	68.4%	64.0%						
2015 Enrollment	13	19	16	22	23	7	14	19	16					
	81.3%	146.2%	100.0%	115.8%	127.8%	41.2%	73.7%	76.0%	100.0%					

Grade 1 in RED

Appendix B: Population Forecasts

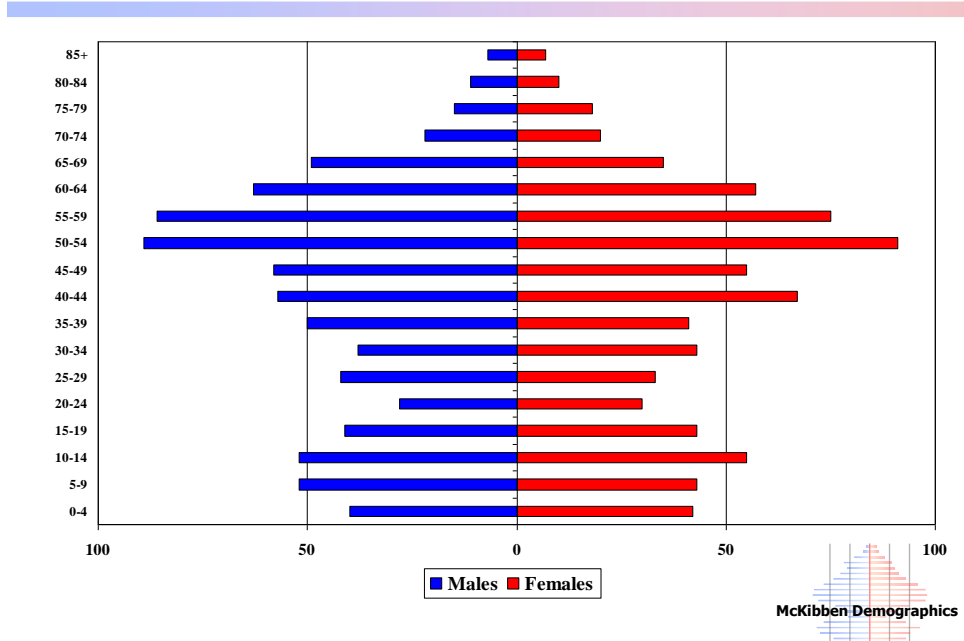
Gallatin Gateway School District Total Population

	2010	2015	2020	2025	2030
0-4	82	80	90	100	90
5-9	95	100	100	100	110
10-14	107	100	100	100	100
15-19	84	100	90	80	90
20-24	58	60	70	70	60
25-29	75	70	70	80	70
30-34	81	90	80	80	100
35-39	91	90	90	100	100
40-44	124	90	100	110	100
45-49	113	130	90	100	100
50-54	180	110	130	90	90
55-59	161	180	110	120	90
60-64	120	150	160	100	110
65-69	84	100	130	150	100
70-74	42	70	90	120	110
75-79	33	40	70	80	100
80-84	21	30	30	60	60
85+	14	20	30	30	50
Total	1,565	1,610	1,630	1,670	1,630
Median Age	44.4	46.0	46.4	45.8	44.8
Births	60	60	60	60	60
Deaths	50	70	80	90	90
Natural Increase	10	-10	-20	-30	-30
Net Migration	30	30	30	30	30
Change	40	20	10	0	0

Differences between period Totals may not equal Change due to rounding.

Appendix C: Population Pyramids

Gallatin Gateway - Total Population – 2010 Census



Appendix D: Enrollment Forecasts

Gallatin Gateway School District Total Enrollment

	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
K	18	20	11	16	14	14	15	15	16	17	18	19	20	19
1	14	17	19	13	17	15	15	16	16	17	18	19	20	21
2	19	15	19	18	14	18	16	16	17	16	17	18	19	20
3	17	22	14	18	19	15	19	17	17	18	17	18	19	20
4	22	17	23	17	19	20	16	20	18	18	19	18	19	20
5	25	22	19	20	18	20	21	17	21	19	19	20	19	20
6	4	20	27	20	19	17	19	20	16	20	18	18	19	18
Total K-6	119	133	132	122	120	119	121	121	121	125	126	130	135	138
7	13	5	23	27	21	20	18	20	21	17	21	19	19	20
8	16	12	9	23	28	22	21	19	21	22	18	22	20	20
Total: 7-8	29	17	32	50	49	42	39	39	42	39	39	41	39	40
Total K-8	148	150	164	172	169	161	160	160	163	164	165	171	174	178
Total: K-8	148	150	164	172	169	161	160	160	163	164	165	171	174	178
Change		2	14	8	-3	-8	-1	0	3	1	1	6	3	4
% Change		1.4%	9.3%	4.9%	-1.7%	-4.7%	-0.6%	0.0%	1.9%	0.6%	0.6%	3.6%	1.8%	2.3%
Total: K-6	119	133	132	122	120	119	121	121	121	125	126	130	135	138
Change		14	-1	-10	-2	-1	2	0	0	4	1	4	5	3
% Change		11.8%	-0.8%	-7.6%	-1.6%	-0.8%	1.7%	0.0%	0.0%	3.3%	0.8%	3.2%	3.8%	2.2%
Total: 7-8	29	17	32	50	49	42	39	39	42	39	39	41	39	40
Change		-12	15	18	-1	-7	-3	0	3	-3	0	2	-2	1
% Change		-41%	88.2%	56.3%	-2.0%	-14%	-7.1%	0.0%	7.7%	-7.1%	0.0%	5.1%	-4.9%	2.6%

Blue cells are historical data; Red numbers are current enrollment; Orange cells are forecasted enrollment.