

Indianapolis Public Schools Facilities Utilization Taskforce Report



April 18, 2017

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I. Introduction

It's a new day in Indianapolis Public Schools (IPS). Since Dr. Lewis D. Ferebee joined the district as superintendent in 2013, IPS has improved academically, operationally and financially.

The tenets of this improvement are embodied in the IPS Strategic Plan 2015 and the Board of School Commissioners' Core Commitments & Beliefs:

1. All IPS students can achieve their full potential, learn at high levels and graduate prepared to succeed in school, career and life.
2. Effective teachers and great schools are the key to students' success.
3. All IPS schools must be great places to teach and great places to learn.
4. The IPS Central Administration exists solely to support the work of teachers and schools, and must be a high-performing organization.
5. IPS families and the entire Indianapolis community have a shared responsibility for student success and will benefit from this success.

IPS' successes represent these Core Commitments & Beliefs:

- **Academically, IPS:**
 - Increased graduation rates from 68.3 percent in SY2012-13 to 77 percent in SY2015-16.¹
 - Implemented the focus on the "3Es," with 95 percent of graduating seniors being employed, enlisted or enrolled in a 2- or 4-year college.²
 - Expanded the district's racial equity work to a second group of pilot schools, increasing the total number of participating schools to 18.³
 - Opened the Newcomer Program to help immigrant families assimilate to the United States.⁴
- **Operationally, IPS:**
 - Disposed of seven properties, with two additional properties pending, potentially generating \$17 million in one-time revenue and creating savings of \$700,000 annually in maintenance and utility costs.⁵
 - Streamlined warehouse processes to increase efficiencies, saving \$100,000 annually.⁶
 - Increased automation by utilizing computer software to optimize bus routes, outsourcing substitute teacher management system, and contracting fleet management and facility maintenance tasks.⁷
- **Financially, IPS:**

¹ <http://www.indystar.com/story/news/education/2017/01/12/indianas-high-school-graduation-rate-remains-stable/96497546/>

² IPS internal data

³ IPS internal data

⁴ <http://www.myips.org/newcomer>

⁵ IPS Strategic Plan 2015 2.4

⁶ IPS Strategic Plan 2015 2.6 & 2.6a

⁷ IPS Strategic Plan 2015 2.8a & 2.8.6

- Reduced administrative costs, enabling the investment of \$22.2 million in employee compensation over the last three years, while keeping benefits provided to employees as cost neutral as possible.⁸
- Reduced per-pupil spending on administrative functions by 31 percent.⁹
- Saved \$2.6 million annually through reorganization of seven divisions.¹⁰
- Implemented student-based budgeting to distribute funds to schools based on the needs of students, increasing transparency and allowing administrators to use resources strategically to boost student achievement.¹¹
- Refunded bonds to save taxpayers nearly \$18 million.¹²

While progress is evident and meaningful, significant work remains.

Facilities, both schools and administrative buildings, are one of the most expensive cost centers in the district budget. IPS currently manages nearly 70 facilities over 80 square miles. Collectively, the age of buildings, low utilization rates, inefficient utilities and increasing deferred maintenance costs are a substantial opportunity for the district to improve its operational efficiency. Given these factors, and the high cost needed to manage and maintain the facilities, the IPS Strategic Plan called for the creation of a facilities utilization committee (now called the Facilities Utilization Taskforce) to study the use of buildings in the district and make recommendations on their future.

a. Taskforce Recommendation and Findings

After reviewing facility utilization data, the Taskforce identified IPS high schools as having the greatest potential for improving operational efficiency in the district. The Taskforce recommends that the district operate four high schools beginning in SY2018-19. For SY2017-18, the district will operate seven high schools; thus, the Taskforce recommends operating three fewer high schools in SY2018-19 than it will during SY2017-18.

The Taskforce found that by rightsizing the high school facilities portfolio, IPS could save over \$4 million per year.¹³ Operating high schools under a more efficient model would allow IPS to re-invest these inefficiently allocated resources to expand upon the successes the district has achieved to date. IPS could push the dollars saved directly to students and teachers through investments in teacher compensation and direct services to students. The continued operation of too many underutilized high schools presents a significant barrier to ensuring that the greatest possible portion of district funding is allocated to classrooms.

In its considerations, the Taskforce studied the historical context of Indianapolis' population trends. Citywide population movement has contributed greatly to the decline in IPS' enrollment over the last

⁸ <http://www.wfyi.org/news/articles/ips-teachers-to-get-first-pay-raise-in-5-years>; IPS internal data

⁹ Education Resource Strategies data

¹⁰ IPS Strategic Plan 2015 2.8; IPS internal data

¹¹ IPS Strategic Plan 2015 2.1 & 2.1a

¹² <http://www.boarddocs.com/in/indps/Board.nsf/Public>

¹³ Education Resource Strategies data

four decades. The Taskforce also studied projected demographic trends and enrollment for Marion County and IPS.

Despite unprecedented growth in economic development and housing in IPS' district and Marion County, the Taskforce did not find evidence of corresponding growth in enrollment for IPS' high school population in the next decade. Specifically, due to the demographics of new residents (i.e., younger residents without children or school-age children) the research suggests that IPS should not expect to see a boost in high school enrollment in the coming decade.¹⁴

The Taskforce also studied trends in IPS' high school enrollment and public school enrollment in Marion County. Again, based on these data, there is no evidence that IPS will need to operate more than four high schools in the next 10 years (assuming stable rates of growth in Charter schools and enrollment in private schools, which the Taskforce judged to be a reasonable assumption).

Review of the historical context and consideration of projected trends leads to the Taskforce's recommendation that IPS operate only four high schools for SY2018-19. This recommendation means that IPS would no longer operate three of the high schools during SY2018-19 that it will operate during SY2017-18.

The projected \$4 million annual savings from reducing the number of high schools could be used to increase compensation for teachers and to fund implementation of the Strategic Plan initiatives required to fulfill the Board's Core Commitments & Beliefs.

b. Timeline for Discussion and Action

This report is the first in a series of analyses and public discussions. The following timeline was approved by the Board to move forward with recommendations, public engagement and action:

- **April/May 2017**
 - Board will conduct four public neighborhood meetings outside of the regular Board meeting cycle to gather community input on the Taskforce's report.
- **June 2017**
 - Administration will identify the high schools recommended for closure based on the Taskforce recommendations and other considerations.
 - Administration will propose the high school Choice/assignment model (e.g., boundary, all Choice, hybrid) for each school slated to remain open.
 - Administration will recommend academic programs to implement in high schools that are proposed to remain open.
 - Administration will identify reuse options for high school facilities slated for closure based on the Taskforce's recommendations and other considerations.
 - Board will allocate one hour of public comment on the proposals.

¹⁴ IPS has seen growth in enrollment at the elementary level and expects this growth to continue as more elementary and middle school options are added to the district's school portfolio. However, this growth will not impact the district's high school enrollment in the next 10 years and thus, is not a driving consideration for the Taskforce.

- **July 2017**
 - Board will host regularly scheduled meetings at a high school that is recommended for closure and allocate one hour of public comment.
- **August 2017**
 - Board will host regularly scheduled meeting at a high school that is recommended for closure and allocate one hour of public comment.
- **September 18, 2017**
 - Board will vote on facility closure recommendations, as well as implementation of the academic programs and Choice/assignment models for the schools remaining open.

II. Historical Context

a. Indianapolis

i. 1950-2010

Central Indiana as a whole, and the city of Indianapolis specifically, has grown significantly in population over the last 60 years. However, the population of the urban core declined precipitously during this timeframe, as residents moved to townships surrounding the IPS boundary and to counties surrounding Marion County.

Much of the decline in IPS' enrollment is a direct result of the population flight from Center Township. This loss of population in Center Township has dramatically reduced the number of families in the urban core and, consequently, the number of students enrolled in IPS.

From 1950-2010, the Indianapolis Metropolitan Statistical Area (MSA)¹⁵ grew from 756,281 residents to 1,756,241, an increase of 132 percent.¹⁶ During the same timespan, Marion County's population grew 63 percent, from 551,777 residents to 903,393.¹⁷ In the townships outside of Center, the population jumped from 214,556 in 1950 to 760,606 in 2010, a 255 percent increase.¹⁸

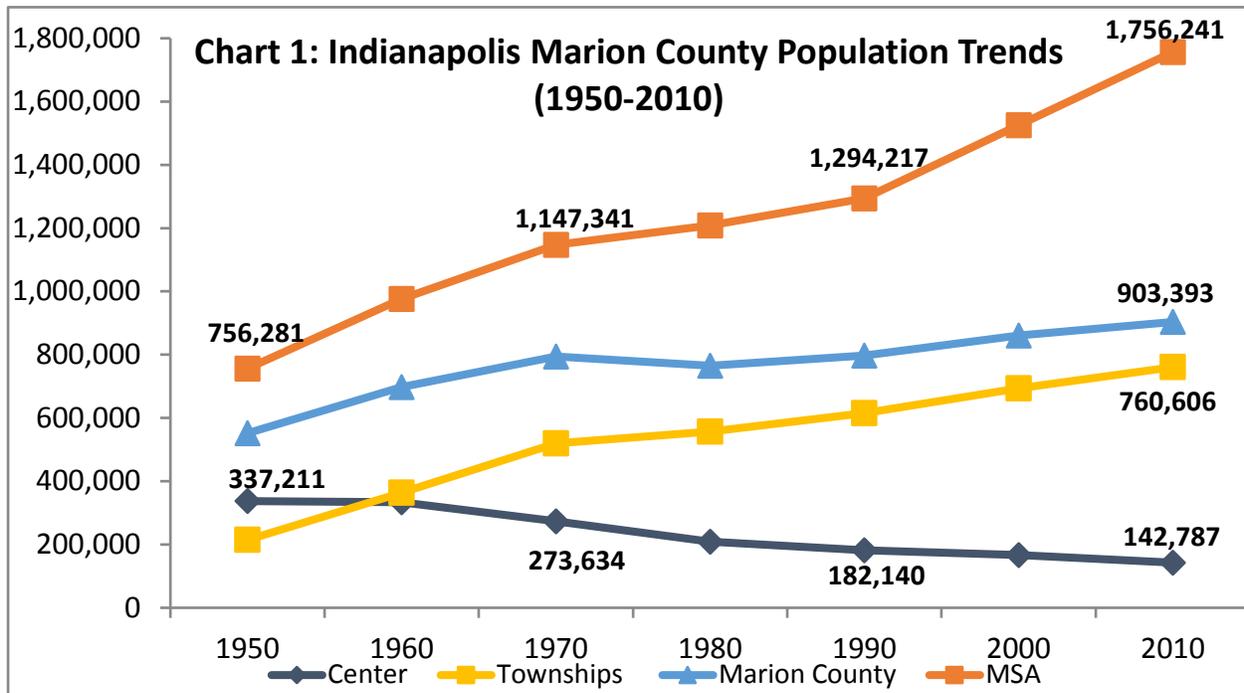
However, the story in Center Township is much different. In Center Township, the population has decreased from 337,211 residents in 1950 to 142,787 residents in 2010, a drop of 58 percent. Chart 1 displays the trend data.

¹⁵ The MSA includes Boone, Hamilton, Hancock, Hendricks, Johnson, Madison, Morgan and Shelby counties.

¹⁶ Indiana University Public Policy Institute

¹⁷ Indiana University Public Policy Institute

¹⁸ Indiana University Public Policy Institute

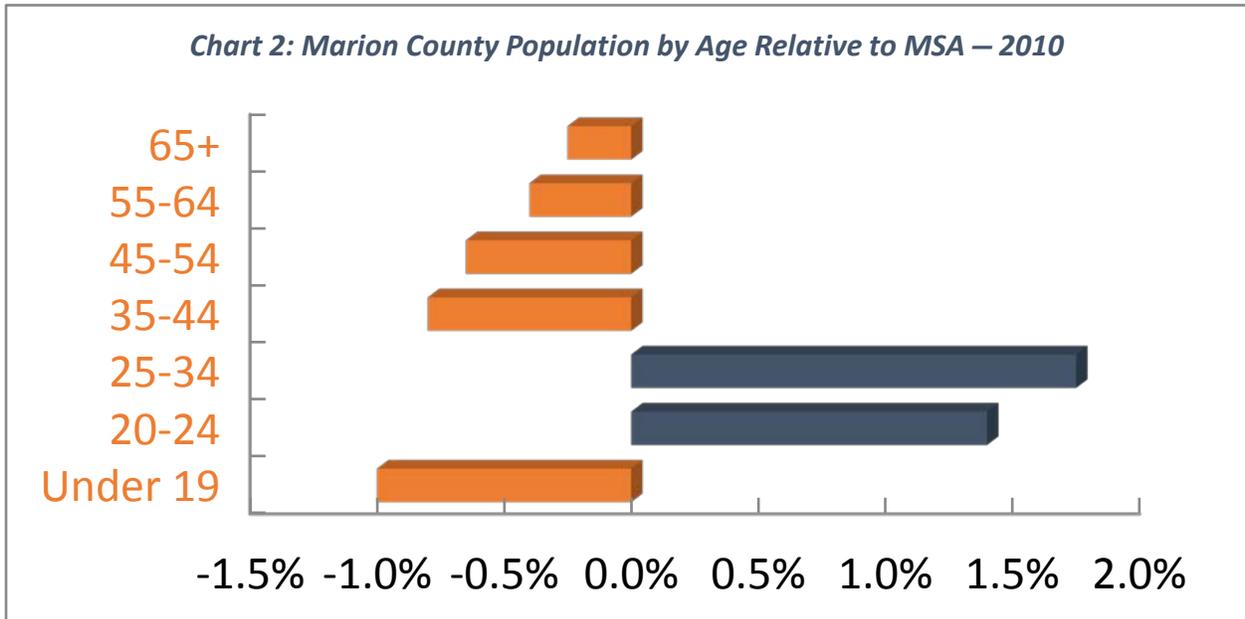


A more refined analysis of population data identifies an additional challenge that population trends present to IPS. The decline in population is challenging, but the exit of families with school-age children from Marion County relative to the broader MSA is of particular interest to the district. As Chart 2 illustrates, there is a distinct pattern of movement from Marion County to surrounding counties once residents turn 35 years old. Marion County outpaces the MSA for the proportion of residents ages 20-34, but trails the MSA for age groups most likely to have school-age children.

The data indicates that Marion County attracts young professionals and married couples; however, once families have children they are increasingly likely to exit Marion County.¹⁹ For the largest school corporation in Indiana, the shift in population away from the urban core has profound implications. IPS must react to broader demographic trends, in addition to pursuing strategies and academic offerings that could contribute to reversing the trend of families with children exiting the district and county.

¹⁹ Indiana University Public Policy Institute

Chart 2: Marion County Population by Age Relative to MSA – 2010



The graph above displays the difference between the share of each age group for Marion County as compared to the broader MSA (e.g., Marion County has a nearly 1.5 percent higher share of 20- to 24-year-olds than the MSA as a whole).²⁰

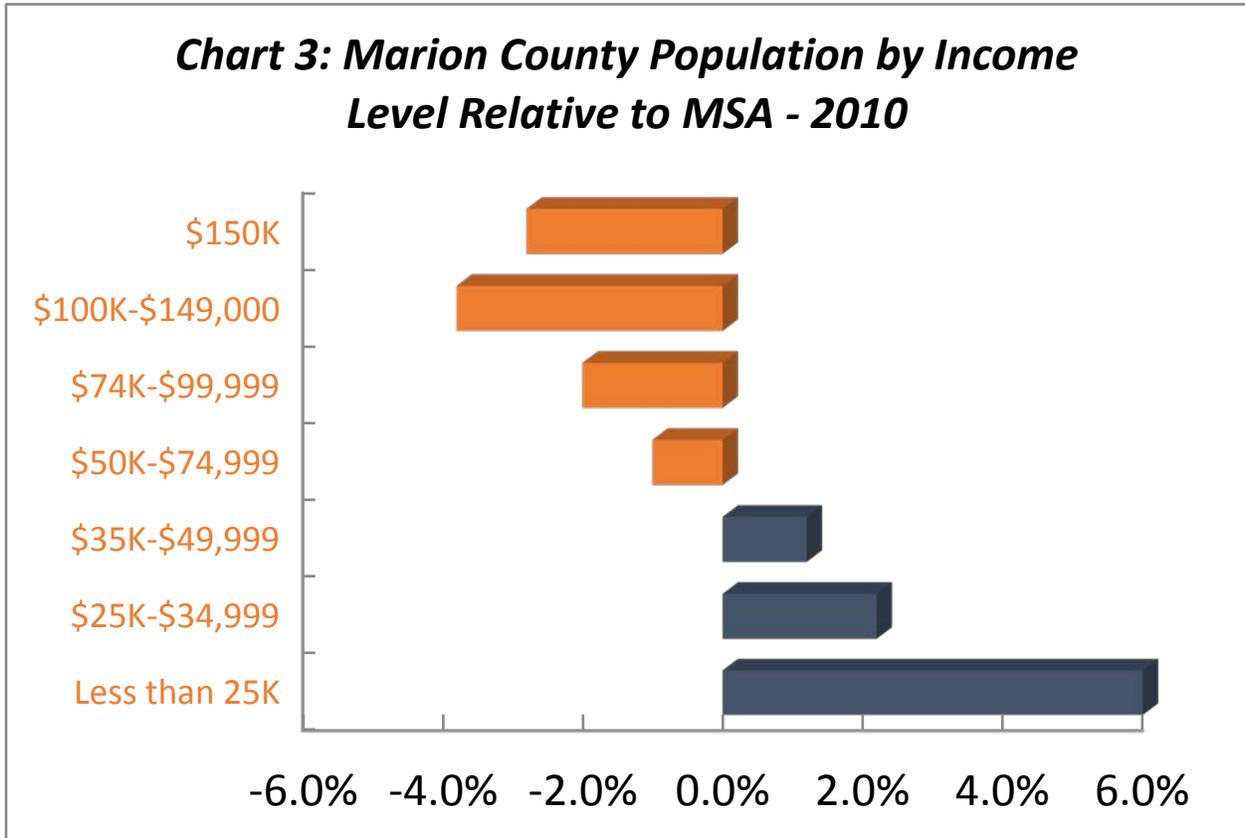
Further examination of the Marion County residents who stay compared to those who exit brings to light another acute challenge for the district and the county. Residents most likely to leave have greater earning potential than those who remain.²¹ This creates a lower property- and income-tax base to support the district and the city. Chart 3 illustrates Marion County’s smaller share of middle- and upper-income families relative to the MSA. Survey data indicates that the majority of the population leaving Marion County are middle- and upper-middle-income families who cannot afford private school and believe that public education options are better outside of Marion County.²²

²⁰ Indiana University Public Policy Institute

²¹ Indiana University Public Policy Institute

²² MIBOR surveys demonstrate public safety, lower tax rates and more affordable housing are also reasons families move out of Marion County.

Chart 3: Marion County Population by Income Level Relative to MSA - 2010



ii. 2011-Present

Since 2011, Indianapolis’ population has continued to grow steadily. From 2010-13, Indianapolis grew by an average of 7,400 residents per year.²³ In 2015, Indianapolis added 4,188 residents.²⁴ During 2016, Indianapolis added 3,171 residents.²⁵

Center Township’s population is one of the main beneficiaries of this growth trend, adding 2,319 residents from 2010-14.²⁶ Economic and housing development trends in downtown Indianapolis suggest that Center Township will continue this growth for the next several years. A more detailed analysis of development trends follows in Section VI.

²³ U.S. Census Bureau; analysis by the Indiana Business Research Center at Indiana University’s Kelley School of Business

²⁴ U.S. Census Bureau; analysis by the Indiana Business Research Center at Indiana University’s Kelley School of Business

²⁵ <http://www.indystar.com/story/news/2017/03/23/where-indiana-lost-its-population-last-year/99497342/>

²⁶ Savi.org

In spite of the recent growth in Center Township, broader and more persistent demographic trends call for action by IPS to operate a more efficient portfolio of high schools. For example, in 2016, the five fastest growing counties in Indiana were counties that border Marion County.²⁷ This expansion demonstrates the continued competition for residents in the center of the state. The broader intercounty trend – and the loss of nearly 200,000 residents in the heart of IPS’ boundary over the last 60 years – emphasizes the importance of rightsizing the IPS high school facility footprint.

IPS recognizes the essential partnership between the district and the city to keep more families in Marion County. While educational options are not the sole factor driving the exit of families from the urban core and Marion County, it is evident that growing the number of attractive educational options for families in IPS and Marion County is of essential importance if Indianapolis is to attract and retain top talent.²⁸ As the economic engine of the state, Indianapolis must be a thriving metropolis. To remain competitive nationally and globally, Indianapolis-Marion County must attract and retain a sustainable proportion of middle-class and high-income families living within the county. A diverse and ample tax base is required to fund essential services for the city and provide a world-class place to live. As the largest provider of public education in the city, IPS is an important institution to make Indianapolis thrive.

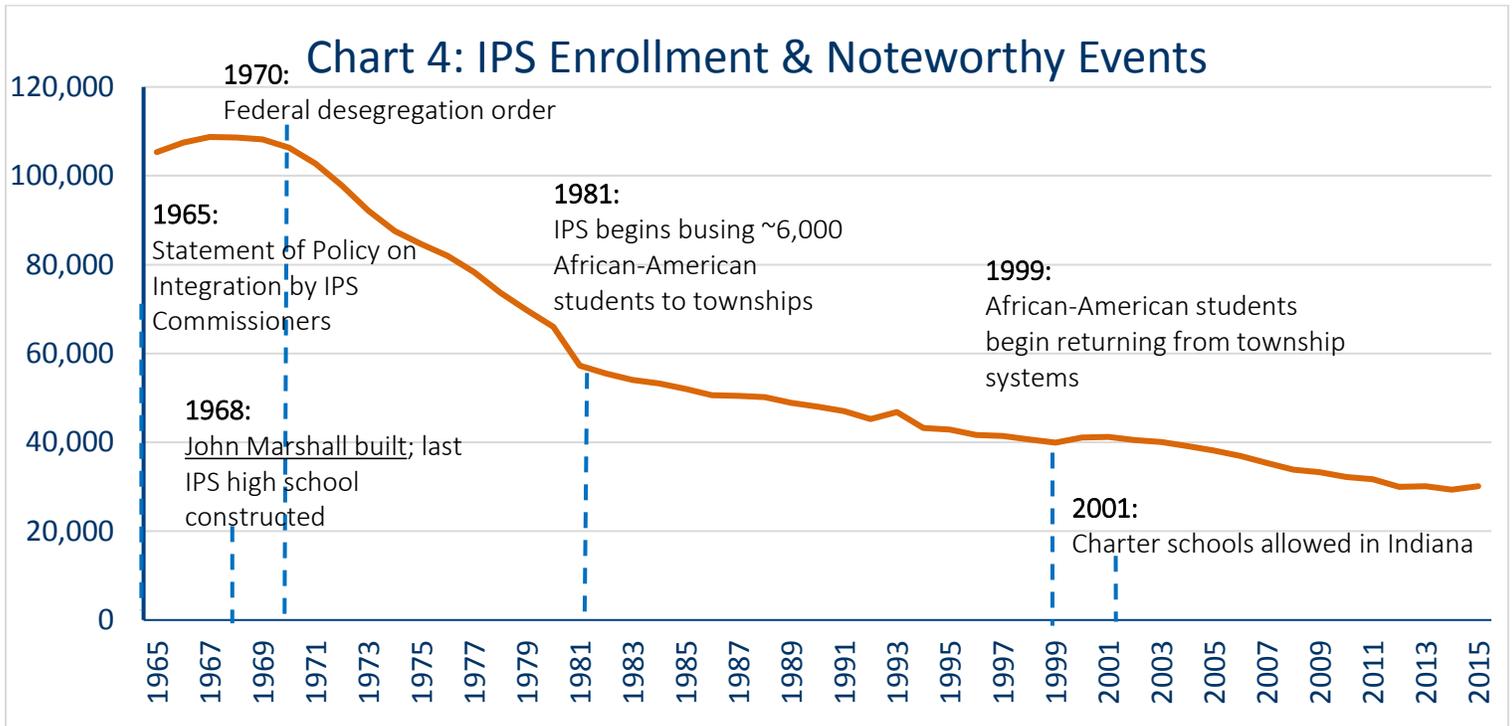
b. IPS

IPS experienced its peak enrollment of nearly 109,000 students in 1967. Over the next 50 years, a myriad of factors contributed to sustained decreases in student enrollment, resulting in the district’s current enrollment of 30,000 students. Throughout the half century, IPS has significantly reduced its portfolio of elementary and middle school buildings, but has closed only one of the 10 high schools that operated during peak enrollment in 1967. The district also opened an 11th high school, the last high school built by IPS, in 1968. Since the peak high school facility footprint in 1968, the district has closed only one facility.

IPS enrollment has followed the same trend of population decline as Center Township. IPS lost 42,574 students from just before the federal desegregation order in 1970 until IPS began busing in 1981, a decrease of 40 percent in student enrollment. Throughout the 1980s and 1990s, IPS lost an additional 25,000 students, again tracking with the decline in Center Township’s overall population loss. As Chart 4 shows, in the 2000s, the growth of Charter school options and the dramatic population increase in surrounding counties drove IPS enrollment down further, by almost 10,000 students.

²⁷ <http://www.indystar.com/story/news/2017/03/23/where-indiana-lost-its-population-last-year/99497342/>

²⁸ MIBOR surveys demonstrate public safety, lower tax rates and more affordable housing are also reasons families move out of Marion County.

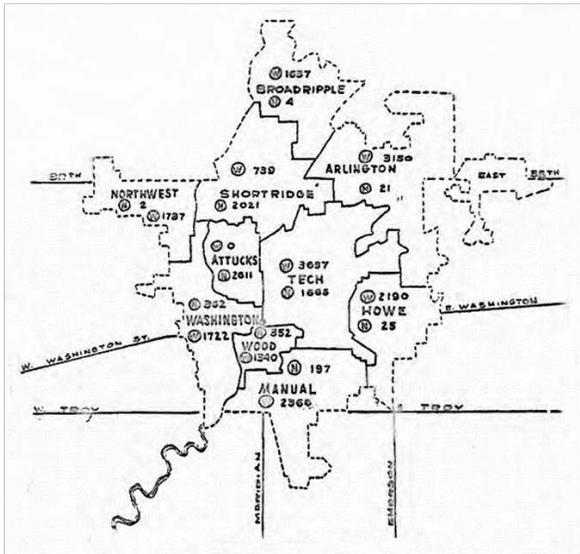


At the high school level, IPS has experienced a proportional decline in enrollment, but the district has not closed high school buildings proportionally to enrollment loss.²⁹ In fact, during SY2017-18 there will be only two fewer IPS-operated high schools than during the peak year of 1968. (Harry E. Wood High School was closed in 1978 and John Marshall will operate as a middle school, beginning SY2017-2018.)

In SY1968-69, IPS had 26,107 high school students in 11 buildings, an average of 2,373 high school students per building.

²⁹ For reference, since SY1968-69, IPS has lost 78% of high school students and 65% of non-high school students; however, the district only operates 30% fewer high school buildings and 53% fewer non-high school buildings since SY1968-69. Thus, high schools in IPS have disproportionately remained open at a higher percentage than necessary.

IPS High School Enrollment Snapshot: 1968–69



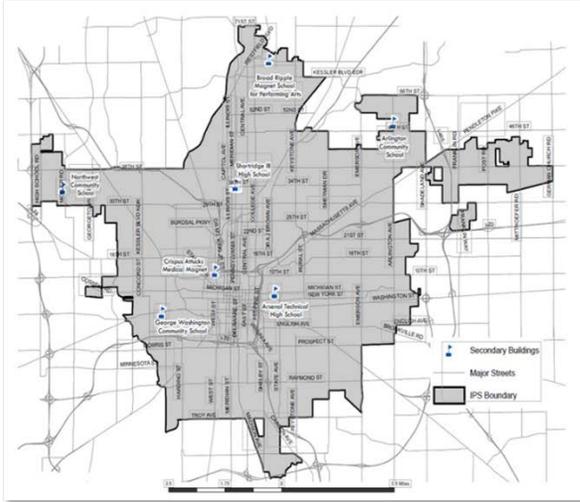
IPS High Schools			
School	Built	Enrollment	
1	Arlington	1961	2,768
2	Arsenal Tech	1912	5,190
3	Broad Ripple	1923	1,813
4	C. Attucks	1929	2,235
5	E. Manual	1953	2,329
6	G. Washington	1927	2,186
7	H.E. Wood	1953	1,495
8	John Marshall	1968	1,434
9	Northwest	1963	2,497
10	Shortridge	1927	1,765
11	T.C. Howe	1937	2,395
Total SY 1968-69			26,107

However, for SY2017-18, IPS is projected to have only 5,352 high school students, but will still operate seven separate high schools.^{30, 31} This is an average of only 763 students per building and a total utilization rate of 37 percent across IPS-operated high school facilities. At 60 percent, Arsenal Tech will have the highest utilization rate among the high schools, but George Washington will operate with a mere 23 percent utilization rate.

³⁰ In SY2017-18, IPS operates John Marshall as a high school. For SY2017-18, John Marshall will become a middle school. The school's 360 high school students will attend Arlington and are included in the count above for Arlington. The Taskforce will make final recommendations for the John Marshall building to the Board.

³¹ IPS still owns Howe High School (475 high school students) and Manual High School (774 7th- 12th-grade students), but both of these schools are operated by Charter Schools USA under the state's Turnaround Academies. The Taskforce will account for these schools in its analysis. Turnaround Academies are discussed further in Section V.

IPS Secondary Schools SY 2017–18



IPS High Schools			Projected* 2017–18 Enrollment
School	Capacity		
1	Arlington	2,175	690
2	Arsenal Tech	3,000	1,808
3	Broad Ripple	2,400	666
4	Crispus Attucks	1,375	699
5	George Washington	1,900	403
6	Northwest	2,125	739
7	Shortridge	1,475	347
8	Marshall*		
9	T.C. Howe*		
10	Manual*		
Total		14,450	5,352*
		37%	

The stark reality is that IPS could serve its entire high school population in 2.10 high schools, but the district will still operate seven during the next school year. Over the last 53 years, IPS has lost nearly 20,000 students but there are only two fewer district-operated high schools.

The dramatic decrease in high school enrollment without a corresponding reduction in high school facilities creates an opportunity for IPS to redirect resources to teachers and classrooms by operating a high school facility portfolio proportional to the district’s current and projected enrollment.

III. Taskforce and Current Challenges

Based on the historical context of Indianapolis’ population and IPS’ enrollment, the IPS Strategic Plan directed the facilities utilization committee to “recommend strategic opportunities for supporting programmatic needs and student achievement.”³² The Taskforce’s mission is to assist the Board and administration in analyzing multiple factors, from both internal and external forces, to make recommendations which will rightsize facilities and free inefficiently allocated funding so it can be invested in IPS students, teachers and strategic initiatives.

The Taskforce is comprised of 16 members, eight internal IPS staff and eight external community members. Combined, the Taskforce has 223 years of relevant professional experience. Members of the Taskforce are:

³² IPS Strategic Plan 2015 2.4

IPS Members	External Members
David Rosenberg, Operations	Jeff Bennett, Mayor's Office
Tricia Frye, Planning	Adrienne Slash, Leadership Indianapolis
Paul Riley, Facilities	Mark Sausser, Faegre Baker Daniels
Doug Kowalski, Risk Management	Ezra Burdix, DTM Real Estate
Weston Young, Finance	Nate Lichti, Illinois Facilities Fund (IFF)
Greg Newlin, Academics	Bill Taft, Local Initiatives Support Corporation (LISC) Indianapolis
LaTonya Keaton, Finance	Brad Bobich, Cornerstone (CEI) Engineering
Joe Gramelspacher, Superintendent's Office	Maury Plambeck, Indianapolis Neighborhood Resource Center

The Taskforce began meeting in September 2016 and set forth guiding principles by which its work would be directed, including:

- Ensuring the best possible learning environment for all students.
- Maximizing the use of the district's high school facilities.
- Safeguarding taxpayer dollars by reducing operations, utilities, insurance and overhead costs to push more funding to classrooms.
- Creating opportunities to co-locate facilities and sell unnecessary buildings.
- Developing a reuse plan for any building no longer needed by the district.
- Accounting for costs associated with transportation, IT, food service and other building operations.

Throughout Taskforce meetings, the team also identified several considerations the members would have to contemplate during review and analysis of the IPS high school building portfolio. Since there is not a single high school building that can resolve the district's issues, the Taskforce has sought to balance each of the following considerations to ensure that Taskforce recommendations are in the best interests of IPS students and families, the district, and the Indianapolis community as a whole.

The factors considered by the Taskforce include, but are not limited to:

- Academic models.
- Building utilization rates.
- Deferred maintenance.
- Utility and operational costs.
- Transportation costs and length of bus routes.
- Available parking.
- Athletic facilities.
- Reuse of buildings.
- Outstanding bonds.
- Proximity to other districts and Charter schools.

The Taskforce relied on district academic leadership to gain an understanding of how additional resources unlocked by operating a more efficient facilities portfolio could contribute to stronger academic opportunities for students.

Powerful examples of improved academic programs for students were presented by IPS Special Education and Career & Technical Education teams. Some of the instructional benefits identified include:

- An improved ratio of high school support team members per building (high school support staff assist with intentional scheduling and provide direct services to students in schools).
- More funding per school for intervention, along with more afterschool and weekend tutoring opportunities.
- The ability for teachers to teach more classes and have additional time for prep, in-depth interactions with students and professional development.
- More course offerings at each school, especially Honors and AP courses.
- An increased ability to improve the teaching talent pool due to increased staffing availability.

With respect to school operations, the Taskforce and district leaders identified several opportunities to spend resources more strategically by reducing the number of high schools in operation, including:

- Lower utility costs due to fewer buildings.
- Less time to complete maintenance projects due to more targeted personnel and resources.
- Lower transportation costs due to fewer buildings and routes.
- Increased safety because each school will have more personnel and fewer empty hallways.
- Additional flexibility to garner rent from Charter schools³³, consolidate functions or sell underutilized assets.

To create the forthcoming analysis and recommendations, the Taskforce has relied on the guiding principles presented above, has weighed multiple considerations, and has considered the academic and operational opportunities that would result from the savings generated by various recommendations.

The Taskforce has also explored several external forces that impact IPS management of district facilities now and in the future. The historical data demonstrates how Indianapolis population trends have reduced IPS enrollment. However, Taskforce recommendations will also contemplate the future direction of the district and city. Specifically, the group assessed the current economic and housing boom taking place in Indianapolis and how it could affect the historic population trends discussed in Section II. Section IV articulates some of the external forces shaping the Taskforce's thinking about the future of the city and district. Section V analyzes the impact of other districts, Charter schools, private schools and Turnaround Academies (often referred to colloquially as "takeover schools") located within and surrounding IPS boundaries. The Taskforce sought to anticipate the impact other school options could have on IPS enrollment in the future.

IV. Housing and Development Trends

³³ IPS currently collects \$880,000 per year through Charter school rental payments.

Downtown Indianapolis, as well as the entire city, is experiencing unprecedented investment in economic development and housing.³⁴ From 2010-15, Indianapolis received \$3.6 billion in new investment, with an additional \$2.5 billion slated through 2020.³⁵ This investment in the city is exciting and should benefit the district’s enrollment and property tax revenues.

However, given the demographic trends explained in Section II, it is unlikely that IPS will need to operate more than four high schools based on development activity. Strong elementary options will be imperative for continued growth in IPS student enrollment, but the Taskforce recommends rightsizing the portfolio of high school buildings now, since these facilities are not projected to be needed to serve the IPS high school student population in the coming decade.

a. Demographics

To expand on the broader regional trends discussed in Section II, analyses of Center Township and Downtown Indianapolis trends indicate that new residents to downtown are younger, earn more and have higher educational attainment than the current Center Township resident.

	Current Population³⁶	New Residents³⁷
Annual household income	\$27,718	\$90,000
% between ages 18 and 35	32%	70%
% with bachelor’s degree or higher	6.9%	50%

b. Rental Units

The downtown residential real-estate market continues to grow rapidly. The number of Class A & B apartments has increased 61 percent in the last five years.³⁸ By the end of 2018, an additional 3,348 units will be added to the market, and 57 percent of new residential development will occur within the Mile Square.³⁹

Demand for these rental units also continues to outpace the supply on the market. According to Downtown Indy, Inc., in the last five years “vacancy rates for downtown multifamily units have remained around 4 percent, despite increasing rental rates.”⁴⁰ The new rental units on the market and those soon to be completed will continue to draw even more residents to downtown who are younger, earn more and have higher educational attainment.

³⁴ Downtown Indy, Inc., defines ‘downtown’ as the Regional Center of Indianapolis, approximately 6.5 square miles in the heart of the city. This geography is believed to be useful for analysis of the IPS district.

³⁵ Downtown Indy, Inc., State of Downtown, 2016 Community Report

³⁶ Savi.org

³⁷ Downtown Indy, Inc., State of Downtown, 2016 Community Report

³⁸ Tikijian Associates Multihousing Investment Advisors; Downtown Indy, Inc.

³⁹ Tikijian Associates Multihousing Investment Advisors; Downtown Indy, Inc.

⁴⁰ Downtown Indy, Inc., State of Downtown, 2016 Community Report

c. Homeownership

Demand for homeownership in downtown is also growing, but it does not match the demand for rental units. In downtown, a total of 285 houses and condos were sold in 2015, the highest number since before the recession.⁴¹ Further, the average sale price for downtown single-family homes and condominiums has risen 37 percent since 2011.⁴² The average sale price for a single-family home is approximately \$315,000. For a condo, it's \$340,000.⁴³

As demand in downtown homeownership continues to increase, prices for single-family homes and condos will continue to rise, again attracting the higher income earner to Center Township and surrounding areas.

d. Development

Economic and business development in downtown Indianapolis continues to increase. In 2015, new and existing Indianapolis businesses invested \$106 million in growing operations downtown.⁴⁴ This investment retained 1,454 jobs and added 2,275 new jobs to downtown.⁴⁵

Office space continues to expand rapidly as well. In 2015, downtown Indianapolis had 12 million square feet of office space.⁴⁶ Downtown also boasts 51,777 square feet of co-working and entrepreneur space, with seven additional projects in the works.

Several large-scale projects are set to be completed in downtown over the next three years, continuing to reshape the demographic landscape of Center Township. These developments will add billions of dollars in investment, millions of square feet in retail space, and thousands of new residential units to the area. These projects include the GM Stamping Plant, 16 Tech, 360 Market Tower, Penrose on Mass, Bottleworks, Stadium Village and Central Greens. This growth will certainly have implications for IPS enrollment and property tax revenues.

e. Research on Shifting Demographics

As detailed above, Indianapolis, and downtown specifically, is showing strong population growth and substantial demographic change. Based on the projects under development and projected higher rents, developers will continue to market to a younger, high-income individual, attracting even more of these residents downtown.

While there are benefits for IPS in the form of additional property taxes and development due to the greater number of high-income downtown residents, it is unlikely, based on this new demographic, that IPS will need to operate more than four high schools in the next 10 years.

⁴¹ Downtown Indy, Inc., State of Downtown, 2016 Community Report

⁴² Downtown Indy, Inc., State of Downtown, 2016 Community Report

⁴³ Metropolitan Indianapolis Board of Realtors (MIBOR)

⁴⁴ Indy Chamber

⁴⁵ Indy Chamber

⁴⁶ CB Richard Ellis (CBRE), based on fourth-quarter market reports

First, as discussed in Section II, Marion County gains in the 18- to 35-year-old bracket compared to the MSA. However, empirical data has shown that as these residents age out of the bracket, get married and have children, these families tend to leave Marion County. While many higher income earners are choosing to move downtown, the data shows that many of these are in rental units, which suggests that these residents are more likely than property owners to move sooner. Therefore, the growth in residential development doesn't necessarily counter the age-level demographic trends articulated in Section II.

Second, research in comparable cities experiencing similar shifting urban demographics has shown that the trend generally doesn't increase public school district enrollment. In fact, there are research findings that show this demographic shift could have a negative impact on public school enrollment. For example, in Washington D.C., several public schools have been forced to close in areas where demographic shifts resemble the current pattern in downtown Indianapolis.⁴⁷ In Washington D.C. "even successful public schools find it difficult to draw in the wealthier ... population."⁴⁸ In San Francisco, a report noted that "many if not most urban institutions are 'left to flounder,' remaining segregated ... even [as the demographic shift] changes other aspects of the neighborhoods around them."⁴⁹

There could be several reasons for this, but most theorize that new residents "tend to send their kids outside of the local system, often to private or charter schools, [and this] tends to have a neutral or even negative effect on neighborhood schools, at least in the short term."⁵⁰ Further, according to a University of Chicago researcher, "it's often middle- and higher-income students that are most likely to take advantage of resources like selective enrollment," thus leaving low-income students in the most socio-economically segregated schools.⁵¹

The reports do indicate that public schools can compete more with Charter and private schools by becoming magnet schools. Thus, given the robust Choice programs being implemented in IPS' elementary and middle schools, the district expects to see continued growth in overall enrollment.

However, given the patterns evident in other cities, the Taskforce believes the downtown development boom is unlikely to create the need, within the next decade, for the seven high school facilities IPS will operate for SY2017-18.

f. Conclusion

Thus, despite the unprecedented economic and housing boom in downtown, it is unlikely IPS will need to operate more than four high schools over the next 10 years due to the investment being made.

The district does expect elementary enrollment to continue to grow as a result of expanded program offerings. However, the Taskforce does not believe the district should maintain the existing high school

⁴⁷ U.S. News, "How Gentrification Is Leaving Public Schools Behind"

⁴⁸ U.S. News, "How Gentrification Is Leaving Public Schools Behind"

⁴⁹ The Atlantic, "Can Schools Integrate When Neighborhoods Do?"

⁵⁰ The Atlantic, "When Neighborhoods Gentrify, Why Aren't Their Public Schools Improving?"

⁵¹ U.S. News, "How Gentrification Is Leaving Public Schools Behind"

facility portfolio due to the projected expansion in elementary enrollment. Maintaining operation or ownership of so many high school facilities would require inefficient resource allocations and reduce opportunities for strategic investment in academic programs.

The Taskforce considered recent growth in Charter and Innovation school options at the high school level and concluded that a reduced IPS facilities footprint would not prevent adequate growth of popular high school options or development of new academic models (e.g., IPS Career Academies, Purdue Polytechnic High School, Herron High School, Tindley Schools).

V. School Enrollment Trends

Projecting population growth based on economic and housing development is an important analysis, but it is difficult to forecast with a high level of accuracy given the number of social, political and economic variables involved. In light of this reality, the Taskforce also considered the impact on IPS enrollment from other school operators including township, Charter, private schools and Turnaround Academies. Given the profound impact of other operators on enrollment from 2001 to the stabilization of enrollment around SY2014-15, the Taskforce believes that understanding enrollment trends across operators is critical to projecting the future for IPS.

a. Public High School Projections (Non-Charter)

i. Marion County

During the last five years, the population of high schools in Marion County's 11 townships has remained stable, gaining less than 1,000 students. In SY2012-13, Marion County had 34,479 high school students. In SY2016-17, there were 35,473 high school students across the 11 Marion County public school districts.⁵²

High school enrollment in the county is expected to grow over the next five years due to the larger population of 10- to 14-year-olds in comparison to current high school students ages 15-19. As of 2014, Marion County had 58,769 15- to 19-year-olds and 61,249 10- to 14-year-olds.⁵³

ii. IPS

The story is the opposite in IPS. The population of high school students is expected to continue to decrease in the next five years because there are fewer 10- to 14-year-olds who would matriculate to an IPS high school.

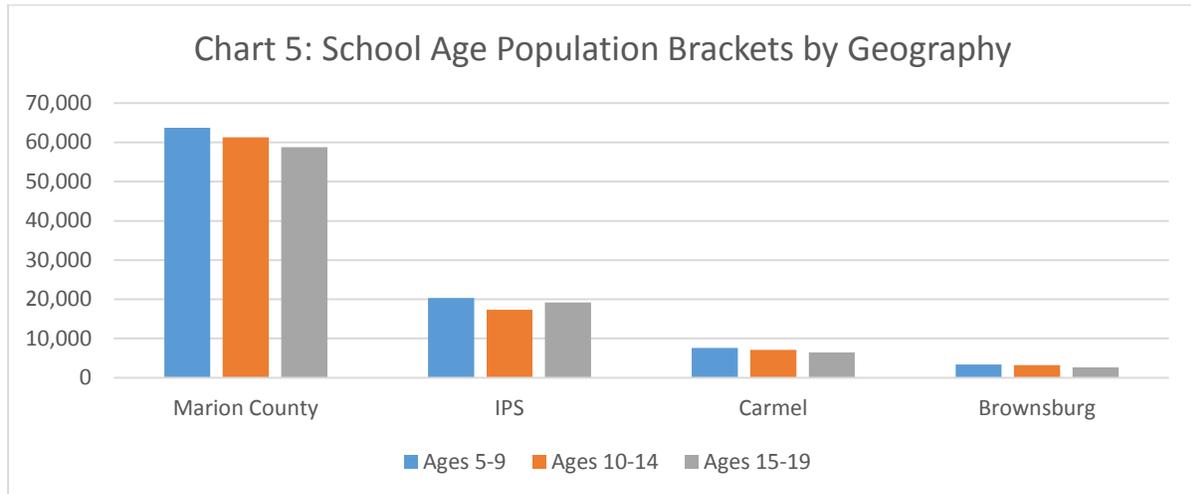
⁵² Savi.org

⁵³ Savi.org

As of 2014, there were 19,158 residents 15-19 years old in IPS’ boundary, but almost 2,000 fewer children in the 10- to 14-year-old age group.⁵⁴ Thus, there will be 10 percent fewer high school age young people in the IPS boundary in the next five years.

Projected high school enrollment for IPS is trending in the opposite direction of surrounding districts in the area. In Marion County, only IPS and Washington Township had fewer students in the 10- to 14-year-old cohort than they did in the 15- to 19-year-old bracket. The remaining Marion County districts⁵⁵ had more children ages 10-14 in their townships than students ages 15-19.⁵⁶ These school districts can expect to see growth at the high school level in the next five years. In comparison, further declines in high school age population are likely in IPS.

When comparing IPS to districts outside of Marion County, the contrast in enrollment trends is even more pronounced. Carmel, Hamilton Southeastern and Brownsburg have increases in population among ages 10-14 and 15-19 – and even growth from ages 5-9 and ages 10-14.⁵⁷ Thus, these districts are poised to continue to grow as these children become high school age.



In considering the long-term needs for high school facilities in the district, the Taskforce identified the trend toward Innovation and Charter high school models within the district. The pipeline of Innovation and Charter operators appears poised for growth and is intended to be responsive to community demand and generally serve smaller student populations who would struggle to effectively utilize an existing high school facility. Therefore, the Taskforce believes it is appropriate to pursue the proposed reduction in the large high school facilities IPS owns.

⁵⁴ Savi.org

⁵⁵ Beech Grove, Decatur, Franklin, Lawrence, Perry, Pike, Warren and Speedway

⁵⁶ Savi.org

⁵⁷ Savi.org

1. Turnaround Academies

Turnaround Academies are schools managed through an outside operator by order of the Indiana State Board of Education (INSBOE). The two IPS high schools being operated under the Turnaround Academy Model are Thomas Carr Howe (Howe) and Emmerich Manual (Manual). The schools are operated by Charter Schools USA (CSUSA) through a turnaround academy management agreement between IPS, INSBOE and CSUSA. CSUSA's contract at Howe terminates at the end of SY2017-18; the management agreement for Manual terminates at the end of SY2019-20. Under the Turnaround Academy Model, IPS retains ownership of the school real estate, but does not provide academic or other services at the facilities.

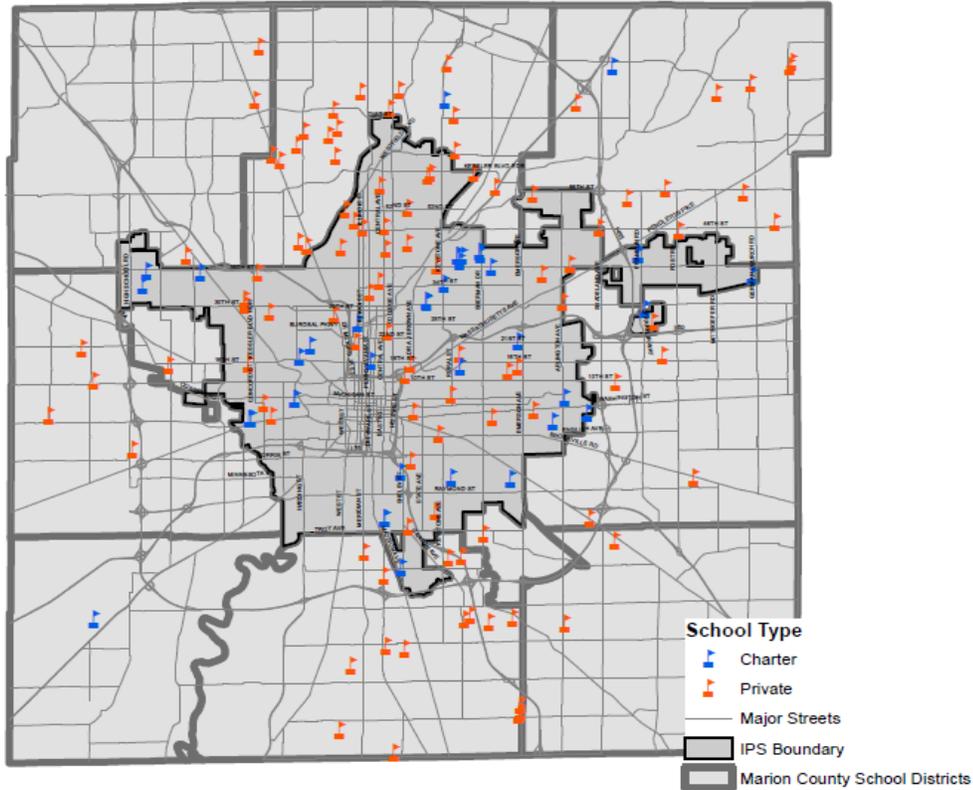
The Taskforce continues to analyze the impact that Turnaround Academies could have on IPS' facilities planning and utilization strategies. Should Turnaround Academies return to IPS operations, the district would serve a greater number of high school students than suggested in Section II and will have two additional properties that were not considered in the prior analyses.

Given the challenges articulated in Sections II, III and V, and in consideration of the relatively small population of students served in the Turnaround Academies, the Taskforce would not recommend that the buildings be operated as high schools if they're returned to IPS control. Howe currently serves 629 7th- to 12th-graders, 445 of whom would be in high school when CSUSA's contract to operate the school terminates at the end of SY2017-18. It is difficult to predict what the INSBOE may conclude about further intervention for the students currently at Howe when CSUSA's contract terminates. Therefore, the Taskforce accounted for up to 445 high school students returning to the district beginning in SY2018-19. The recommendation to operate only four IPS high school facilities is not materially impacted by these additional students.

Data shows that there would be sufficient capacity in four IPS buildings to accommodate these students without approaching overutilization. Should it come to pass that either or both of the facilities appear poised to return to IPS operations, the Taskforce recommends that the district explore alternative uses for the properties.

b. Charter and Private School Operators

Within the IPS boundary, almost 40 percent of school-age children attend a Charter or private school compared to Marion County as a whole, where only 24 percent of children attend a Charter or private school. The map below identifies the Charter and private schools operating in Marion County and shows the concentration of private and Charter operators in the IPS district. The implications of these facts are explored in this section.



i. Charter Schools

The concentration of Charter schools in IPS' boundary gives families many public school provider options in addition to those available through IPS. Of the 53,029 school-age children within the boundary, 12,509 attend a Charter school.⁵⁸ None of the data the Taskforce reviewed suggests that the proportion of school-age children attending Charter schools within the IPS boundary will diminish in the coming years.

In fact, recent developments at the high school level suggest that the number of Charter school options for high school students will increase in the near term.

Purdue Polytechnic High School will open in SY2017-18, serving its first class of 125 ninth-grade students. The school will welcome an additional ninth-grade class each year until it operates as a Grade

⁵⁸ Savi.org

9-12 high school serving 500 students. Additionally, Herron High School will open a second campus in the Riverside neighborhood beginning in SY2017-18. Riverside High School will initially serve 175 students per grade, growing to an enrollment of 600 students beginning in SY2020-21. The seats available in those two new high schools represent more than 20 percent of IPS' current high school enrollment.

The significant additional capacity in the Charter sector seems to suggest further consolidation than is recommended in this report. However, the Taskforce considered the district's Innovation schools strategy to confirm the recommendation that the district can efficiently operate four high schools.

Purdue Polytechnic will operate as an Innovation Network school and Herron has expressed interest in exploring a partnership. The Innovation model allows IPS to partner with school operators in ways that benefit students and families in Indianapolis. For example, in the past, IPS has provided Charter schools access to its unused or underutilized facilities (e.g., KIPP and Enlace Academy). While a reuse recommendation is beyond the scope of this report, the Taskforce encourages the Board to consider how the IPS Innovation school model aligns with the eventual disposition or reuse of high school facilities the district no longer operates.

ii. Private Schools

IPS also has a significant number of private school operators within the district. Of the 19,644 school-age children in Marion County who attend a private school, 7,891 come from IPS' boundary, comprising 40 percent of all private school students in the county.⁵⁹

Of those 7,891 students: 3,436 are in Grades 9-12, 1,407 are in Grades 6-8, and 3,048 are in Grades K-5.⁶⁰ This data suggests that private school enrollment will likely remain stable and the proportion of students within the district boundary who are currently attending private school at the high school level is unlikely to change. Given the nature of Indiana's Choice Scholarship ("voucher") program, which provides public tuition assistance for families wishing to enroll their children in private schools, the Taskforce considered the following data.

According to the Indiana Department of Education's Choice Scholarship Report, private school vouchers in Indiana grew by just 5 percent in the last year, representing a much slower rate than previous year-over-year growth. It appears that the proportion of students attending private schools through voucher funding is beginning to plateau and is unlikely to have a material effect on the Taskforce's recommendations for IPS high school facilities.

Since the Indiana General Assembly continues to broaden eligibility requirements, allowing more students to attend private school — including families living well above the poverty line — the potential risk to IPS enrollment is minimal. Because the likely impact on IPS enrollment will be negative or negligible, consideration of the private school landscape in the city does not alter the Taskforce's recommendation.

⁵⁹ Savi.org

⁶⁰ Savi.org

VI. Conclusion

The Taskforce considered as many variables as possible in assessing the current facilities needed to serve IPS high school students, including external influences that might change IPS high school enrollment patterns in the coming years. Careful consideration of demographic data, development patterns and the landscape of school operators in and around the IPS district affirms the Taskforce's recommendation that IPS operate only four high schools beginning in SY2018-19.

While the district could comfortably serve the current high school student population in only three high schools, the Taskforce believes that operating only three schools would not provide adequate flexibility to adjust to unforeseen enrollment shifts and would constrain the district's ability to pursue strategic savings in transportation services for high schools. Similarly, the operation of five high schools would significantly limit the district's ability to ensure efficient stewardship of tax dollars for capital projects and transportation. Operating four high schools will still allow the district adequate capacity to adjust to any fluctuations in population that can be reasonably expected. It will also free resources that can be redirected to support the district's strategic direction.

Based on the research and data presented in this report and considered by the Taskforce, IPS does not project a significant increase in high school enrollment in the next 10 years that would require IPS to operate more than four buildings. The district expects to see growth in the early elementary grades, but the projected growth will not affect high school buildings for at least a decade.

Furthermore, the Taskforce was cognizant of the growth in Charter and Innovation schools at the secondary level when considering how the high school landscape might adjust to changing enrollment in the future. The recent pattern of Charter and Innovation high school expansion suggests that enrollment demand for traditional IPS high schools is unlikely to grow, even if the high school-age population in the district increases more than projected.

Finally, operating only four high schools will provide IPS with the flexibility to maximize its real-estate portfolio by consolidating administrative and operating functions into facilities no longer serving as high schools, which allows for the disposition of high-valued assets that are not essential to the district's core business of teaching and learning.

IPS is projected to save \$4 million annually by rightsizing facilities and operating only four high schools, and it is poised to reinvest these savings into academic programs, teacher compensation and support services for students.