



SCOPE: HUMBOLDT COUNTY CHARTER SCHOOL MARKET EVALUATION

Prepared for Danco Group
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HUMBOLDT COUNTY CHARTER SCHOOL MARKET EVALUATION

BACKGROUND

Danco Group is a development, construction, and property management company with communities along the northern California coast, including Humboldt County. As part of a planned community in Samoa in Humboldt County, Danco is funding development of a charter school (Samoa Beach Academy). Planned as a trades academy, the charter school will provide vocational training at the high school level, with project-based learning and academic subjects organized around trades (e.g., applied math for carpentry; history of construction, etc.).

The charter school board anticipates that the charter school will need a total enrollment of ~300 students to be viable (35-40 students per grade). The board needs to verify the feasibility of this enrollment target as part of the planning process, based on county demographics and other factors. The primary market for the school will be Eureka, with Arcata and McKinleyville as important contributing markets. There may be some demand from outlying rural areas as well.

The school's application has been submitted to the Humboldt Unified School District for review, with a decision pending in early 2021. The USD's decision may be appealed, if necessary, to the Humboldt County Office of Education. Information on the enrollment target feasibility will be used by the board to determine whether to push forward with this application process in the new year.

RESEARCH QUESTIONS

- What is the current and projected population of high school-aged students in the Humboldt County region?
- What is the typical market share of school-aged residents for charter schools in California and the rest of the country?

EXECUTIVE SUMMARY OF FINDINGS

KEY FINDINGS

Based on analysis of secondary (publicly available) information, including local demographics and school enrollment data, the following key findings emerge:

- To attain a total enrollment of ~300 students, a new secondary (9-12) charter school in Humboldt County would need to enroll approximately 3.2% of the county's youth (14-18 years) population.
- Humboldt County, like the North Coast, California and the Pacific region as a whole, has a higher than average share of students enrolled in secondary charter schools. Humboldt County charter schools current enroll 11.0% of county secondary students, versus 5.9% nationally.

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- Few of Humboldt County's current secondary charter schools, however, maintains enrollment of more than 100 students.
 - Alder Grove Charter School 2, the only county charter with more than 150 secondary students, largely serves home-schooling and independent study students.
 - Northeast Prep, with a specialized focus on the arts, has approximately 120 students after 20 years of operation.
- Trades-based charter schools are becoming increasingly popular nationwide. Several such schools are in the planning phases nationally, though few have been opened or had a chance to establish track records.
 - YouthBuild Charter School of California, a Southern California-based, multi-site trades-oriented charter school, has established a decade-long record of growing and sustained enrollment. Based in the more populous Los Angeles region, however, the school's market share, if translated to Humboldt County, would equate to a 25-student total enrollment.

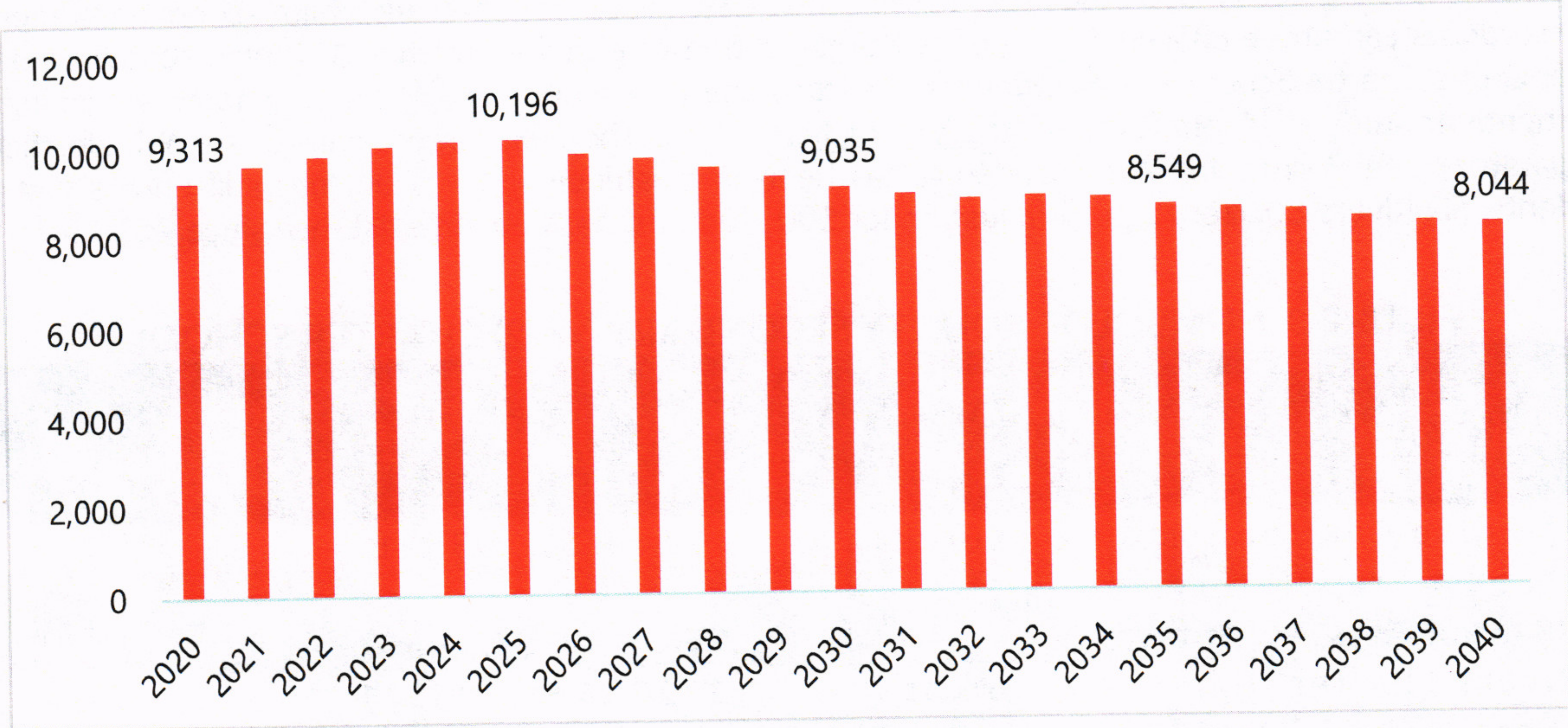
RECOMMENDATION

- Based on this analysis of publicly available information, Hanover recommends that Danco Group proceed with the planning of the proposed charter school.
 - Attaining the target enrollment of 300 students is not unrealistic, but neither will it be a "slam dunk." Enrolling 3.2% of the county's youth population is an attainable, but challenging, goal.
 - A comparable trades-oriented charter school in Southern California has successfully grown its enrollment over the past decade, but has never attained more than 0.33% of its region's student body.
 - Other secondary charter schools in Humboldt County with established track records remain appreciably below 150 students, including Northeast Prep (founded 2000; 120 current students) and Six Rivers (founded 2003; 96 current students).
- Should Danco wish to pursue further research as part of its planning process, a survey of prospective parents and students to determine the appeal of the trades-based charter school concept in the local region might be possible.
 - To determine feasibility of obtaining an adequate sample in a small local region, Hanover would need to consult with its survey panel partners.
 - It is possible that the trades-based concept could have an above-average appeal in the local region. In this case, outperforming other Humboldt County charter schools or comparable trades-based schools from other regions would be a more realistic goal.
 - Alternatively, if the concept garnered less enthusiastic response, the already challenging goal of 300 students may become less feasible.

LOCAL AREA DEMOGRAPHIC AND MARKET ANALYSIS

Projections from the California Department of Finance estimate that the high school-aged population in Humboldt County (14-18 years) will hit a peak in 2025 at around 10,200 youth, before declining gradually to around 8,000 over the following decade and half (Figure 1). As such, the current level (9,300) represents a fair approximation of the average youth population for the next two decades. Enrolling 300 of these youth in a charter school would represent just 3.2% of the county youth population.

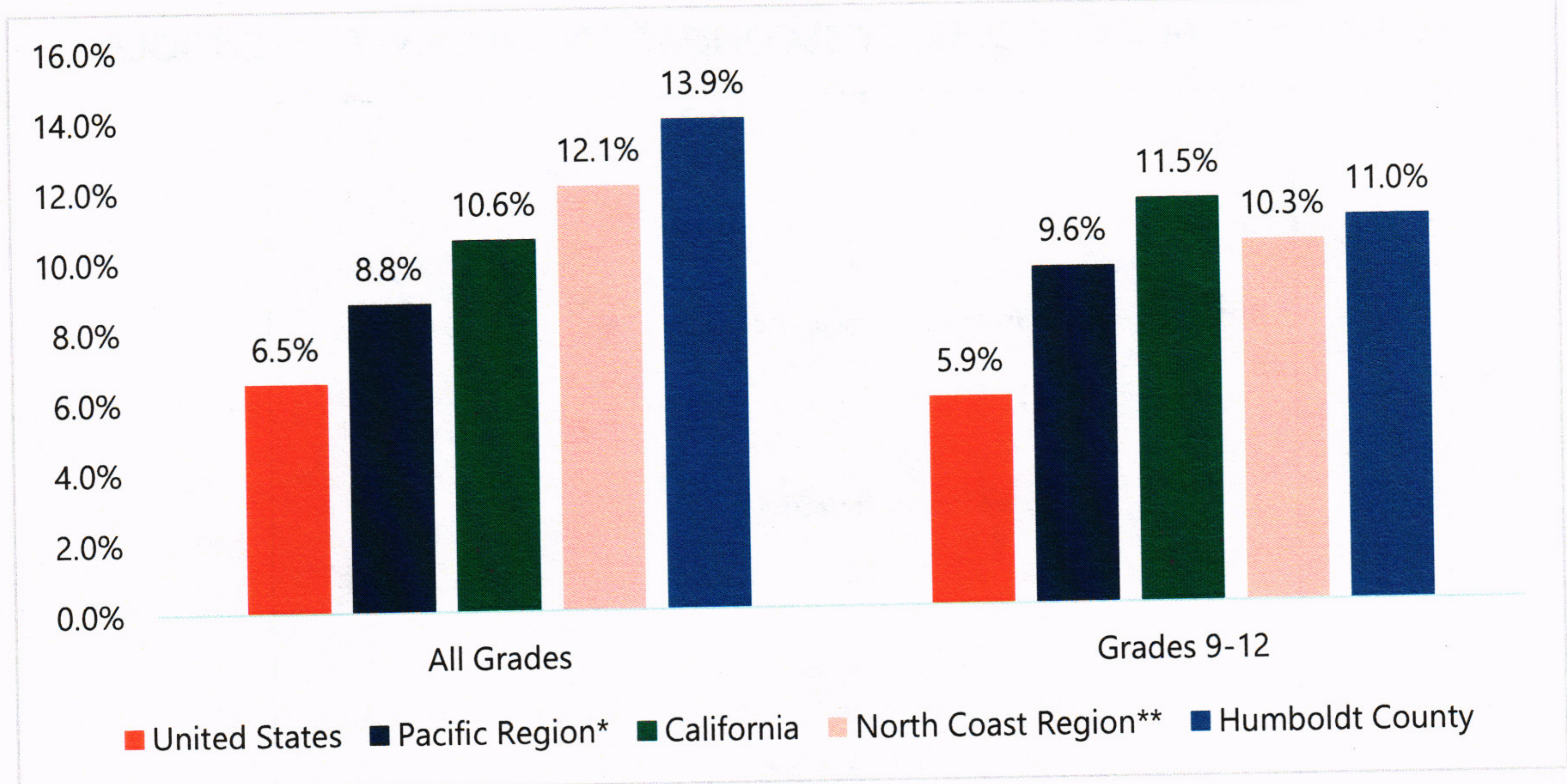
FIGURE 1: HUMBOLDT COUNTY PROJECTED POPULATION OF 14-18 YEAR OLDS



Source: P2-B County Population by Age, [California Department of Finance](#)

Nationally, around 6% of public school students are attending a charter school as of 2019 (Figure 2). This market share is appreciably higher, however, in California, the North Coast, and Humboldt County specifically. In all three areas, the share of high school students (grades 9-12) attending charter schools is over 10%.

FIGURE 2: CHARTER SCHOOL MARKET SHARE (2018-19)



Source: Common Core of Data, [National Center for Education Statistics](#)

* California, Oregon, Washington
** Humboldt, Mendocino, and Del Norte Counties

On the one hand, the relatively high market share for chart schools in the local region and wider area suggests that receptiveness to using charter schools is well established. On the other, it indicates that existing charter schools are already drawing a significant share of local students.

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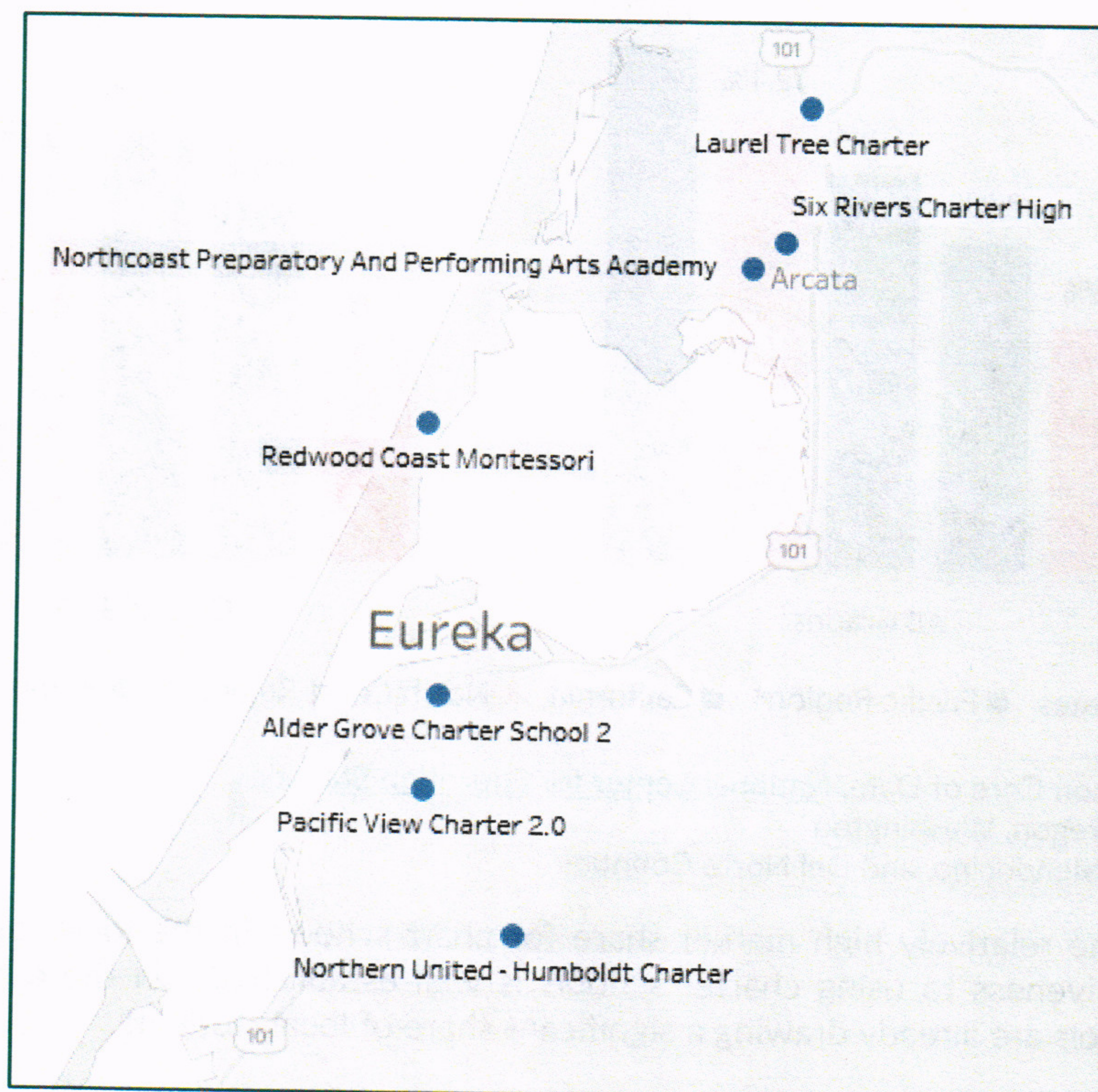
Humboldt County currently hosts seven different secondary (grades 9-12) charter schools (Figure 3), with enrollment totaling nearly 600 students. These schools suggest that achieving a high school enrollment of 300 students can prove challenging. The only organization to enroll more than 150 high school students, Alder Grove Charter School 2, is an independent study charter school primarily serving home-schooling and independent study students (as is Pacific View Charter 2.0). The next largest charter school, Northcoast Preparatory and Performing Arts Academy, has been in existence since 2000, but still enrolls just 120 students. Six Rivers Charter High, with just under 100 students, has been in existence since 2003.

FIGURE 3: HUMBOLDT COUNTY SECONDARY (9-12) CHARTER SCHOOLS

Charter School	City	Address	Grades 9-12 Enrollment (2018-19)
Alder Grove Charter School 2	Eureka	714 F St., 95501	172
Northcoast Preparatory And Performing Arts Academy	Arcata	1761 11th St., 95521	120
Six Rivers Charter High	Arcata	1720 M St., 95521	96
Northern United - Humboldt Charter	Eureka	2020 Campton Rd., 95503	91
Pacific View Charter 2.0	Eureka	2937 Moore Avenue, 95501	47
Laurel Tree Charter	Arcata	4555 Valley W. Blvd., 95521	40
Redwood Coast Montessori	Manila	1611 Peninsula Dr., 95521	12
Total			578

Source: Common Core of Data, [National Center for Education Statistics](#)

FIGURE 4: HUMBOLDT COUNTY SECONDARY (9-12) CHARTER SCHOOLS



Source: Common Core of Data, [National Center for Education Statistics](#)

TRADES-BASED CHARTER SCHOOLS

Given the proposed charter school's niche focus on trades and vocational training, its enrollment draw may differ from the other types of charter schools currently in Humboldt County (conventional, arts-based, independent study, etc.). The experience of similar schools nationally or in California can provide a benchmark.

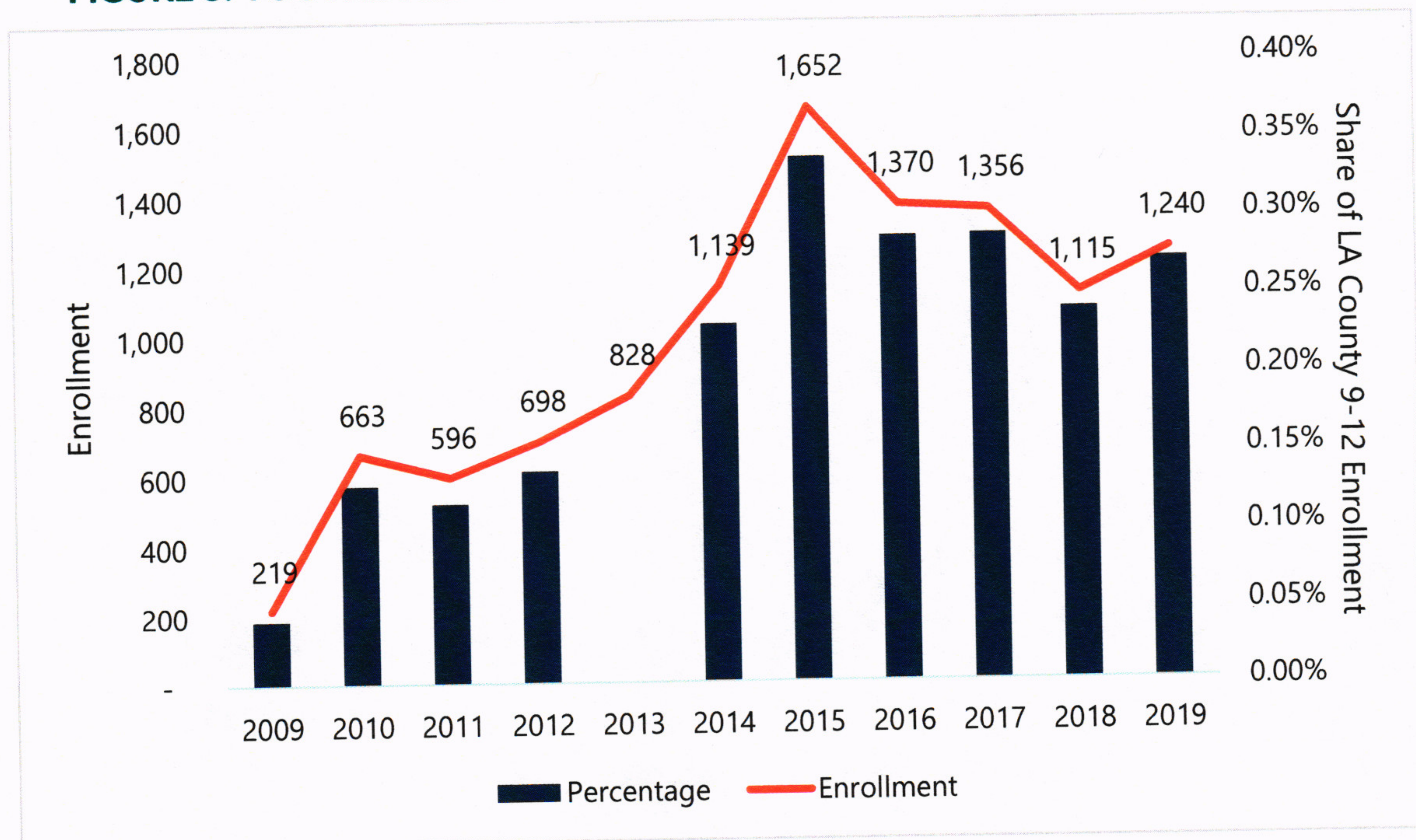
However, many schools following this model are either in the planning stages or only recently opened to students. The most established example, YouthBuild Charter School of California (founded 2008), provides some insight, but differs appreciably from the proposed charter school in two ways: 1) it is based in a populous urban region (Southern California) and 2) it operates in partnership with a national organization (YouthBuild).

YOUTHBUILD CHARTER SCHOOL OF CALIFORNIA

YouthBuild Charter School of California [uses](#) project-based, interdisciplinary training to give students vocational and leadership skills. With 17 [school sites](#) around four Southern California counties and in Fresno, YCSC has been in operation since 2008.

Over that time, enrollment grew steadily from an initial cohort of just over 200 students to reach a peak of over 1,600 students in 2015, before plateauing at around 1,200 students currently (Figure 5). This enrollment, however, represents a substantially smaller fraction of the total student population in Southern California than would an enrollment of ~300 students in Humboldt County. As a share of high school enrollments in Los Angeles County alone, YCSC's enrollment peaked 0.33% in 2015, and now sits around 0.25% of enrollments. A comparable market share for a Humboldt County charter school would be around 25 students.

FIGURE 5: YOUTHBUILD CHARTER SCHOOL OF CALIFORNIA ENROLLMENTS



Source: Common Core of Data, [National Center for Education Statistics](#)
Market share data unavailable for 2013

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YouthBuild follows a somewhat unconventional [model](#), in that students are typically older (16-24 years) and must enroll in a partnering YouthBuild program ([YouthBuild](#) is a national youth service program). The Fresno [program](#) operates strictly as a dropout recovery program for students past high school age (18-29 years).

OTHER TRADES-BASED CHARTER SCHOOLS

- Centerpoint Academy of Agriculture and Skilled Trades (Rosboro, AR): [Authorized](#) in late 2019 and opening to students in August 2020, this charter school is [operating](#) as a “conversion” charter within the existing Centerpoint High School. The school has a focus on agriculture but also on skilled trades such as welding, plumbing, or electrical work. Approximately 50% of the school district’s 322 students (K-12) [have expressed](#) an interest in an agricultural/trades-oriented education, and the school has received a \$1.25 million state grant to fund operations.
- Building Trades School (Lansing, MI): [Planned to open](#) in fall 2021, this charter school will be sponsored by the [Dildilian Foundation](#), a foundation sponsored by local businessman Greg Dildilian. The foundation [plans to purchase](#) a number of dilapidated homes, turning these into the classroom for charter school students to learn building trades while renovating the properties.
- Midland Innovation and Technology Charter School (Midland, PA): Originally [slated](#) to open in fall 2020, this charter school is currently [on schedule](#) to open in fall 2021. Devoted to preparing students for licensure or associate’s-level education in specific occupations, the school’s current focus areas include petrochemicals, transportation and logistics, and aviation technology, among others.

ABOUT HANOVER RESEARCH

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- Win/Loss Analysis

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- Product Concept Testing
- Product Portfolio Rationalization
- Qualitative Message Testing

Price Optimization

- Pricing Data Analysis
- Price Sensitivity Survey
- Win/Loss Analysis

Consumer Journey

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- Path to Purchase Analysis
- Satisfaction & Loyalty Tracking

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- Market Trends
- Value Chain Analysis
- Competitor Profiling

M&A Opportunity Evaluation

- Target Identification
- Target Prioritization
- Target Profiles

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- Territory Potential Analysis
- Prospect Scoring Model

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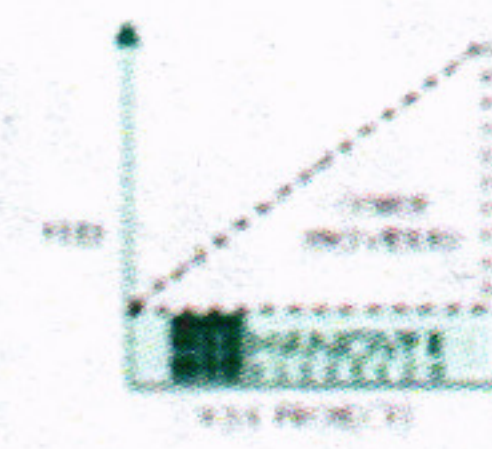
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