BOND FEASIBILITY TRACKING STUDY

CONDUCTED FOR THE
ORANGE UNIFIED SCHOOL DISTRICT

PRESENTED BY
TIMOTHY MCLARNEY PH.D.

7/14/2016
HISTORICAL PERSPECTIVE: 2014

- Telephone survey
- Conducted March 28 to April 1, 2014
- 400 District voters likely to participate in November 2014 election, with likely June 2014 subset
- Overall margin of error of ± 4.89%
2014 SURVEY AND ELECTION DAY

<table>
<thead>
<tr>
<th>% Yes</th>
<th>Initial Ballot Test</th>
<th>Interim Ballot Test</th>
<th>Final Ballot Test</th>
<th>Measure K</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>April 2014 Survey</td>
<td>Nov 2014 Election</td>
<td></td>
<td></td>
</tr>
<tr>
<td>64.0%</td>
<td>60.2%</td>
<td>55.2%</td>
<td>54.6%</td>
<td></td>
</tr>
</tbody>
</table>
## 2014 Survey and Election Day

<table>
<thead>
<tr>
<th></th>
<th>2014 Survey Final Ballot Test</th>
<th>2014 Election Day Result</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Districtwide</td>
<td>55.2%</td>
<td>54.6%</td>
<td>-0.6%</td>
</tr>
<tr>
<td>Canyon</td>
<td>55.9%</td>
<td>54.6%</td>
<td>-1.3%</td>
</tr>
<tr>
<td>El Modena</td>
<td>56.8%</td>
<td>55.3%</td>
<td>-1.5%</td>
</tr>
<tr>
<td>Orange</td>
<td>60.3%</td>
<td>61.5%</td>
<td>+1.2%</td>
</tr>
<tr>
<td>Villa Park</td>
<td>47.6%</td>
<td>47.8%</td>
<td>+0.2%</td>
</tr>
</tbody>
</table>
HISTORICAL PERSPECTIVE: 2015 BASELINE
LIGHT PRESSURE

- Telephone survey
- Conducted December 2015
- 18 minute average
- 800 District voters (200 from each High School attendance area) likely to participate in November 2016 election, with June 2016 subset
- Overall margin of error ± 3.4%, within each attendance area approximately ± 6.9%
RECENT SURVEYS: DEC 2015

<table>
<thead>
<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Initial Ballot Test</td>
<td>68.0%</td>
<td>68.2%</td>
<td>63.8%</td>
</tr>
<tr>
<td>Interim Ballot Test</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Final Ballot Test</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
HISTORICAL PERSPECTIVE: 2016 TRACKER
HEAVY PRESSURE

- Conducted April 29th to May 11th, 2016
- Sample: 715 District voters likely to participate in November 2016 election
- Mixed-Method approach
  - Recruited via phone and email
  - Data collection via phone and online
- 12 minute average interview length
- Overall margin of error is ± 3.7%
RECENT SURVEYS: DEC ‘15 & MAY ‘16

<table>
<thead>
<tr>
<th>Survey</th>
<th>Dec 2015</th>
<th>May 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Test</td>
<td>Initial Ballot</td>
<td>Interim Ballot</td>
</tr>
<tr>
<td>Yes (%)</td>
<td>68.0%</td>
<td>65.6%</td>
</tr>
</tbody>
</table>
Conducted June 20th to July 3rd, 2016
Sample: Likely Nov 2016 voters
Three separate surveys testing three types of measures
   - 483 Districtwide bond
   - 334 Orange & El Modena (SFID bond)
   - 332 Canyon & Villa Park (SFID bond)
Mixed-Method approach
   - Recruited via phone and email
   - Data collection via phone and online
   - 15 minute average interview length
Overall margin of error
   - Districtwide ± 4.5%
   - SFIDs ± 5.3%
DISTRICTWIDE BOND ‘14-’16 SURVEYS

- Final Ballot Test is the scenario to pay attention to as it assumes some level of opposition/competition
- Surveys consistently show that OUSD voters’ support for bond depends on the election scenario
  - Light pressure: 64%
  - Heavy pressure: 54%/55%
DISTRICTWIDE VS. SFIDS
LIGHT PRESSURE

<table>
<thead>
<tr>
<th></th>
<th>Initial Ballot Test</th>
<th>Interim Ballot Test</th>
<th>Final Ballot Test</th>
</tr>
</thead>
<tbody>
<tr>
<td>District Wide</td>
<td>70.4%</td>
<td>70.4%</td>
<td>63.8%</td>
</tr>
<tr>
<td>Canyon &amp; Villa Park</td>
<td>70.4%</td>
<td>66.3%</td>
<td>63.4%</td>
</tr>
<tr>
<td>Orange &amp; El Modena</td>
<td>65.5%</td>
<td>62.6%</td>
<td>60.7%</td>
</tr>
</tbody>
</table>

% Yes
TAX THRESHOLD

<table>
<thead>
<tr>
<th>Tax Threshold</th>
<th>Definitely Yes</th>
<th>Probably Yes</th>
<th>Probably No</th>
<th>Definitely No</th>
<th>Not Sure</th>
</tr>
</thead>
<tbody>
<tr>
<td>$39 per $100k</td>
<td>26.6</td>
<td>52%</td>
<td>25.3</td>
<td>13.4</td>
<td>39%</td>
</tr>
<tr>
<td>$34 per $100k</td>
<td>30.9</td>
<td>54%</td>
<td>23.0</td>
<td>14.9</td>
<td>38%</td>
</tr>
<tr>
<td>$29 per $100k</td>
<td>33.7</td>
<td>59%</td>
<td>25.8</td>
<td>11.4</td>
<td>34%</td>
</tr>
<tr>
<td>$25 per $100k</td>
<td>36.8</td>
<td>62%</td>
<td>25.0</td>
<td>10.2</td>
<td>32%</td>
</tr>
</tbody>
</table>
SUPPORT AVERAGE OF $132 PER YEAR

- Definitely yes: 39.2%
- Probably yes: 23.6%
- Probably no: 8.0%
- Definitely no: 23.3%
- Not sure: 5.7%
- Prefer not to answer: 0.2%

63% of respondents support the average of $132 per year.
CONCLUSIONS & RECOMMENDATIONS

- OUSD voters’ support for a school bond fluctuates substantially depending on the election scenario
  - Light competition/opposition: support is comfortably above the 55% threshold (~64%)
  - Heavy competition/opposition: support is on the bubble (54%/55%)
- Better to plan/prepare for the heavy pressure scenario than hope for light pressure
CONCLUSIONS & RECOMMENDATIONS

- The latest survey results do not provide a compelling argument for choosing the SFID route over a districtwide approach
  - In a side-by-side test, support for districtwide bond was slightly better when compared to the two SFID bonds in a light pressure scenario
  - Orange & El Modena voters aren’t as receptive to an SFID bond, so it’s not the ‘safe bet’ option we thought it might be

- External factors are also important to consider
  - Easier to communicate/coordinate regarding a single bond
  - No need to split campaign committees, fundraising, messaging
  - If have two SFID’s on the ballot, could lead to some confusion
CONCLUSIONS & RECOMMENDATIONS

- Voter support for the bond depends on the tax rate and the election scenario
  - Light pressure: 54% @ $34 per $100K
  - Heavy pressure: 47% @ $34 per $100K
- Support increases substantially when voters are informed of annual total cost of the measure for the typical home owner
- Reality is that the tax rate will be less a factor in the outcome of the election than the effectiveness of outreach/communications/campaign and the amount of teamwork/unity exhibited in support of the bond.
INITIAL BALLOT TEST (DISTRICT-WIDE)

In order to:

- Repair and modernize aging high school classrooms, labs and school facilities including deteriorated roofs, plumbing, and electrical systems
- Complete earthquake safety retrofits
- Improve campus safety and security
- And upgrade career-training facilities, science labs, libraries, and technology that support student achievement in math, science, engineering and skilled trades

Shall the Orange Unified School District issue 340 million dollars in bonds at legal interest rates, with independent citizen oversight, no money for administrators’ salaries, and all money locally-controlled? If the election were held today, would you vote yes or no on this measure?
INITIAL BALLOT TEST (SFID EXAMPLE)

In order to:

- Repair and modernize aging classrooms, labs and facilities at Canyon and Villa Park High Schools including deteriorated roofs, plumbing, and electrical systems
- Improve campus safety and security
- And upgrade career-training facilities, science labs, libraries, and technology that support student achievement in math, science, engineering and skilled trades

Shall School Facilities Improvement District Number 2 of the Orange Unified School District issue 170 million dollars in bonds at legal interest rates, with independent citizen oversight, no money for administrators' salaries, and all money locally-controlled? If the election were held today, would you vote yes or no on this measure?
POSITIVE ARGUMENTS

- HS built 40-60 yrs ago NEVER been renovated, need essential repairs, improvements to meet today’s higher academic standards
  - Very convincing: 56.9%
  - Somewhat convincing: 20.7%

- Protecting schools, quality of life a wise investment even with no children
  - Very convincing: 45.5%
  - Somewhat convincing: 29.3%

- Money raised will stay local to repair, improve high schools, cannot be taken away
  - Very convincing: 42.2%
  - Somewhat convincing: 31.4%

- District will be eligible to receive millions in State matching money that is also on Nov ballot
  - Very convincing: 35.2%
  - Somewhat convincing: 37.7%

- Measure will ensure schools are eligible to receive fair share of State matching money that is also in Nov ballot
  - Very convincing: 44.9%
  - Somewhat convincing: 25.1%
NEGATIVE ARGUMENTS

Including interest, bond will be over $630 million in debt with higher taxes for next 30 yrs

One of largest school bond ever proposed in OC, taxes & cost to living already too high

District can't be trusted with tax, money will be mismanaged

% Respondents

<table>
<thead>
<tr>
<th>Argument</th>
<th>Very convincing</th>
<th>Somewhat convincing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Including interest, bond will be over $630 million in debt with higher taxes for next 30 yrs</td>
<td>29.3</td>
<td>33.8</td>
</tr>
<tr>
<td>One of largest school bond ever proposed in OC, taxes &amp; cost to living already too high</td>
<td>27.5</td>
<td>30.7</td>
</tr>
<tr>
<td>District can't be trusted with tax, money will be mismanaged</td>
<td>26.7</td>
<td>28.0</td>
</tr>
</tbody>
</table>
FINAL BALLOT TEST

% Respondents

<table>
<thead>
<tr>
<th>District Wide</th>
<th>Canyon &amp; Villa Park</th>
<th>Orange &amp; El Modena</th>
</tr>
</thead>
<tbody>
<tr>
<td>7.2</td>
<td>3.5</td>
<td>5.5</td>
</tr>
<tr>
<td>18.9</td>
<td>22.2</td>
<td>22.8</td>
</tr>
<tr>
<td>29%</td>
<td>33%</td>
<td>33%</td>
</tr>
<tr>
<td>9.7</td>
<td>10.5</td>
<td>10.1</td>
</tr>
<tr>
<td>64%</td>
<td>63%</td>
<td>61%</td>
</tr>
<tr>
<td>36.6</td>
<td>38.3</td>
<td>35.7</td>
</tr>
</tbody>
</table>

- Prefer not to answer
- Not sure
- Definitely no
- Probably no
- Probably yes
- Definitely yes
PHONE VS. WEB SURVEY SUPPORT AT FINAL BALLOT TEST

<table>
<thead>
<tr>
<th></th>
<th>District Wide</th>
<th>Canyon &amp; Villa Park</th>
<th>Orange &amp; El Modena</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phone % Yes</td>
<td>59.9%</td>
<td>60.2%</td>
<td>59.0%</td>
</tr>
<tr>
<td>Web % Yes</td>
<td>67.5%</td>
<td>67.5%</td>
<td>63.0%</td>
</tr>
</tbody>
</table>
PHONE VS. WEB SURVEY
% OF VOTERS AGE 65+

<table>
<thead>
<tr>
<th>District</th>
<th>Phone</th>
<th>Web</th>
</tr>
</thead>
<tbody>
<tr>
<td>District Wide</td>
<td>38.4%</td>
<td>17.4%</td>
</tr>
<tr>
<td>Canyon &amp; Villa Park</td>
<td>37.2%</td>
<td>19.6%</td>
</tr>
<tr>
<td>Orange &amp; El Modena</td>
<td>32.4%</td>
<td>25.8%</td>
</tr>
</tbody>
</table>
PROP 51, $9 BIL STATEWIDE EDUCATION BOND FOR K-12 & COMMUNITY COLLEGES

- Definitely yes: 35.3%
- Probably yes: 32.9%
- Probably no: 6.9%
- Definitely no: 16.0%
- Not sure: 8.8%

23%