New City School District Comprehensive Feasibility Study for the City of Orem

July 12, 2022

DEC Consulting Services LLC
Bases for Forecast & Assumptions

• An Orem New District is feasible assuming the same level of services;
• Orem property values projected to be financially sustainable;
• Forecast results: Current level of spending will remain unchanged, except for growth due to inflation;
• Total property tax dollars paid in Orem is not expected to change significantly over the forecasted period.
<table>
<thead>
<tr>
<th>School</th>
<th>2006 Enrollment</th>
<th>2021 Enrollment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Orem ASD</td>
<td>15,119</td>
<td>14,724</td>
</tr>
<tr>
<td>Maeser</td>
<td>161</td>
<td>625</td>
</tr>
<tr>
<td>Noah Webster</td>
<td>500</td>
<td>512</td>
</tr>
<tr>
<td>UCAS</td>
<td>332</td>
<td>639</td>
</tr>
<tr>
<td>Arches</td>
<td>0</td>
<td>103</td>
</tr>
<tr>
<td>Homeschool*</td>
<td>584</td>
<td>1,044</td>
</tr>
<tr>
<td></td>
<td>16,696</td>
<td>17,647</td>
</tr>
</tbody>
</table>

Growth          | 5.39%           |
Not attending ASD | 9.45%          | 16.56%          |

*ASD GRAMA request for 2021 (estimated for 2006)
Historic Bond Overview

• Historically, from 2002 to 2021, Orem paid 28% of the bonds.

• Impact of ASD $595 million bond:
  - Orem pays $116 million (19.44%)
  - Orem receives $79 million (13.3%)
  - Orem loses $37 million
From (2002 to 2021) $120 million of Orem taxpayer funds built schools outside of Orem ($6.3 million annually).
Scenario 3

New District Issues No Bond

Remaining District Issues $595M Bond

- New District: *Increase in taxes of 4.2%.*
- Remaining District: *Increase in taxes 15.9%.*
Scenario 4

New District issues $125M Bond
Remaining District issues $595M Bond

• New District: Increase in taxes of 17.9% (Orem).
• Remaining District: Increase in taxes 15.9% (ASD).
• New District retains 100% of $125M bond
In August 2006, ASD conducted a Seismic Vulnerability Assessment and found 10 schools in Orem had poor and very poor seismic issues.

In February 2022, the State of Utah & FEMA found that 4 Orem schools identified in the 2006 Assessment remained unsafe and un-remediated (Orem Jr. High, Sharon, Windsor, and Geneva).
Orem Test Score Decline – 2017, 2018, 2019, 2021
Test Score Analysis

Orem high school test scores are in a free-fall, indicating severe systemic issues. Since 2017, the scores for Orem high schools have dropped 11.2% (47.8% to 36.6%). ASD’s average dropped 2.3% (53.4% to 51.1%), while the Utah state average increased 7.3% (40.8% to 48.1%).

Orem junior/middle school test score decline since 2017 is also critical, dropping 8.6% (49.0% to 40.5%). ASD’s middle school scores dropped 6.8% (53.2% to 46.4%), while the Utah state average decreased 3.7% (44.9% to 41.2%).

Orem elementary school scores since 2017 have slightly increased 1.2% (45.9% to 47.1%). ASD’s elementary school average dropped 1.9% (53.9% to 52.0%), while the Utah state elementary average dropped 4.5% (48.1% to 43.5%).
Gap between salaries of ASD Teachers and Administrators

• 29 ASD District Office Administrators earn a total of $5.2 million annually.

• ASD has one of the largest disparities in Utah between average teacher salary compared to the average administrator salary. ASD average teacher salary: $54,965. ASD average administrator salary: $101,135.

• A difference of $46,170.

• Research shows a direct correlation between teachers’ salaries and student achievement.
Local Representation

• A new district will have 7 elected school board members who live in Orem and will represent local communities.
• All tax revenue will stay in Orem.
• Local representation regarding decisions within the following areas should be considered:
  • District structure and budget
  • Teacher compensation and benefits
  • Class size and student to teacher ratio
  • Capital investment (new buildings, remodels, FEMA safety, etc.)
  • Quality of education (test scores, specialty programs, etc.)