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**Vermont House Education Committee**  
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**Education Service Agencies (ESAs):**  
**History, Governance, Finance, and Impact**

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**Introduction**

Good morning. My name is Joan Wade, and I am the Executive Director of the Association of Educational Service Agencies (AESAs), a position I have held for the past ten years. Prior to that, I served for fifteen years as the Administrator of a Cooperative Educational Service Agency (CESA) in Wisconsin. I have also served in the Wisconsin State Assembly, including time on the Education Committee.

Thank you for the opportunity to provide testimony on Education Service Agencies, often referred to nationally as ESAs. These agencies operate under approximately twenty different names across the country, including: Educational Service Districts (ESDs), Intermediate Units (IUs), Area Education Agencies (AEAs), Education Service Centers (ESCs), Boards of Cooperative Educational Services (BOCES), or Cooperative Educational Service Agencies (CESAs). While their names differ, they share a common purpose: to help local school districts operate more efficiently, expand access to expertise, and implement state priorities in a cost-effective and equitable manner.

My testimony today is intended to provide factual context to support Vermont's discussion. I will focus on four areas:

1. The national and historical use of Education Service Agencies
2. Governance models commonly used by states
3. Funding structures and financial considerations
4. The types of services ESAs provide and the efficiencies they create, particularly for rural schools and communities

I am not here to advocate for a specific legislative outcome, but rather to share what states across the country have learned from decades of experience with regional education service models.

## **1. National and Historical Context of Education Service Agencies**

Education Service Agencies are not a new concept. The earliest regional service models were created in response to a persistent challenge in American public education: many local school districts, particularly small and rural districts, do not have the scale or resources to independently provide specialized services, comply with increasing regulatory requirements, or implement statewide initiatives effectively. In many states, public education was historically organized through county-level education offices, which later evolved into more formal regional service structures.

Over time, states developed regional ESAs to serve as an intermediary layer between local education agencies (LEAs), or school districts, and state education agencies (SEAs). Today, ESAs operate in 44 states, serving as shared-services infrastructure for public education. While their statutory authority, funding mechanisms, and governance structures vary, their underlying purpose remains consistent nationwide.

Historically, ESAs emerged to:

- Reduce duplication of services across districts
- Pool resources for high-cost, low-incidence needs, particularly in special education
- Provide equitable access to expertise regardless of district size or geography
- Improve consistency in implementing state and federal requirements
- Provide professional development to educators & educational leaders

Importantly, ESAs were designed to support local districts, not replace them. In most states, ESAs do not operate schools, although some states permit ESAs to operate alternative schools, magnet schools, or serve as charter authorizers. ESAs provide regional capacity that individual districts can draw upon as needed.

## **2. Governance Models Used Across States**

States use a variety of governance models for Education Service Agencies, often reflecting local history, political culture, and geography. There is no single national model, but several common approaches.

### **Regional Board Composition**

ESA governing boards may include:

- School district superintendents, serving by virtue of their position
- Local school board members, appointed or elected to represent districts at the regional level
- Mixed boards, combining superintendents and school board members
- Publicly elected boards, chosen by voters within the service region

Each model has trade-offs. Superintendent-led boards often emphasize operational alignment and responsiveness to district needs. Boards that include local school board members may emphasize district priorities and community representation. Publicly elected boards can enhance visibility and public accountability but may also introduce additional election costs and complexity and may become partisan.

## Voluntary vs. Mandatory Participation

Another key governance distinction among states is whether district participation in a particular ESA (or its services) is voluntary or required.

- Voluntary models allow districts to opt into which ESA they purchase services from and which services the district wants to purchase. These are often fee-for-service structures.
- Mandatory or universal participation models are typically paired with baseline state funding and focus on ensuring equitable access to services statewide. States will mandate which ESA a district will be a member of and what services they district will use or purchase.

Many states began with voluntary participation and expanded over time as districts recognized the value and cost savings of shared services. Others adopted statewide participation to ensure consistent access, particularly in rural or geographically isolated areas.

What is consistent across models is that ESAs are structured to support, not dictate, district operations.

## 3. Funding Structures and Financial Considerations

One of the most common questions legislators raise is how ESAs are funded and what it costs to start and operate them.

### Common Funding Models

States generally use one of three funding approaches:

- **State-funded baseline models**, where ESAs receive direct appropriations to provide core services to all districts. These funds may come from general purpose revenue or flow through the state department of education.
- **Entrepreneurial or fee-for-service models**, where districts purchase services based on need. In these models, ESAs operate much like a business, investing in staff and services that districts value and choose to purchase.
- **Blended or hybrid models**, which combine some state support for baseline services with fee-based entrepreneurial services.
- **ESA has taxing authority**, one state gives the ESAs authority to levy a local property tax for some services.

Blended models have become the most common nationally, as they balance statewide equity with local control and responsiveness.

### Start-Up and Operating Costs

ESAs are often misunderstood as creating new administrative layers. In practice, they are typically funded by reallocating existing expenditures, consolidating duplicated functions, and leveraging economies of scale.

Start-up costs vary depending on state and district expectations but tend to be modest because:

- ESAs often use existing facilities or shared office space, including K–12 school buildings or higher education institutions
- In some cases, staff are transferred from district-level positions into shared regional roles
- Services are often phased in over time based on regional need

Over the long term, states consistently find that ESAs reduce costs through cooperative purchasing, shared staffing for specialized positions, reduced administrative duplication, and improved grant acquisition and management.

#### **4. Services Provided by Education Service Agencies**

The scope of ESA services varies by state and local needs, but common service areas include:

- **Special education services**, including low-incidence and high-cost supports, allowing districts to meet legal and instructional obligations without duplicating expensive positions
- **Professional development and instructional coaching**, supporting consistent implementation of state standards and initiatives
- **Technology infrastructure, cybersecurity, and data systems**, reducing risk and improving system reliability
- **Human resources, payroll, and financial services**, freeing district leaders to focus on teaching and learning
- **Cooperative purchasing and contract management**, lowering costs through economies of scale
- **Compliance, reporting, and accountability support**, helping districts navigate increasingly complex requirements
- **Crisis response and mental health coordination**, providing rapid, regional support during emergencies
- **Career and Technical Education (CTE) and career pathway development**, particularly valuable in rural regions

These services allow districts to access expertise that would otherwise be unaffordable or unavailable, particularly in small and rural districts.

#### **Examples of ESA Services in Practice (Selected States)**

Across the country, Education Service Agencies tailor their services to state priorities, geography, and district needs. A few examples illustrate how these services function in practice:

- **Wisconsin:** Cooperative Educational Service Agencies (CESAs) provide shared special education staff, instructional support, and business services to districts statewide. Through cooperative purchasing—most notably for health insurance—CESAs have documented **more than \$50 million in savings** for participating school districts while maintaining high employee satisfaction.

- **Iowa:** Area Education Agencies (AEAs) deliver regional special education leadership, instructional media services, and professional development. AEAs also coordinate large-scale cooperative purchasing, with districts reporting **20–25% savings** on commonly purchased instructional and operational items.
- **Pennsylvania:** Intermediate Units operate regional special education programs, professional development, and compliance services, allowing districts—particularly smaller ones—to meet federal and state requirements efficiently without duplicating specialized staff.
- **Texas:** The state’s 20 Education Service Centers provide statewide professional development, technology integration, data systems support, and implementation assistance for state initiatives, reducing administrative burden and supporting consistent implementation across urban and rural districts.

## 5. Efficiency, Equity, and Rural Sustainability

One of the most significant benefits of ESAs is their impact on rural sustainability.

ESAs do not have the authority to close schools or make decisions about district consolidation. However, they often play a critical role in helping small schools remain viable by:

- Reducing district administrative burden through shared leadership and business services
- Sharing specialized staff across districts, such as teachers for students who are deaf or hard of hearing, visually impaired, or requiring speech and language services
- Supporting compliance without requiring new local hires, including areas such as Medicare reimbursement and student information systems
- Lowering operating costs through cooperative purchasing

National studies and state examples consistently show that ESAs improve efficiency while expanding access to services. In multiple states, documented savings from cooperative purchasing, shared staffing, and centralized services total tens or hundreds of millions of dollars annually.

Just as importantly, ESAs support equity by ensuring that students in rural or under-resourced districts have access to comparable services as students in larger systems.

## Considerations for Vermont

As Vermont considers its next steps, several considerations may be helpful:

- Governance structures should reflect Vermont’s size, geography, and traditions
- Funding models should balance equity with local flexibility
- Clear accountability and reporting expectations help build public trust
- Phased implementation allows districts and regions to adapt over time

Many states have found value in beginning by piloting services and expanding thoughtfully based on demonstrated outcomes and local district needs.

## **Conclusion**

Education Service Agencies are an important part of the educational landscape in a majority of states. They improve efficiency, equity, and capacity in public education systems. While no two states implement ESAs in exactly the same way, national experience demonstrates that these agencies can help states stretch limited resources, support rural communities, and strengthen local school districts.

Thank you for the opportunity to share this information. I would be happy to respond to questions.