



## LAMOILLE SOUTH SUPERVISORY UNION

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March 19, 2026

Good afternoon, members of the House Education Committee.

For the record, my name is Ryan Heraty, and I am the superintendent of the Lamoille South Supervisory Union, representing the towns of Elmore, Morristown, and Stowe. I also serve as the trustee for the Winooski Valley Region, and I am speaking today on behalf of the Vermont Superintendents Association. Thank you for the opportunity to testify and for your work on behalf of Vermont's children and communities.

I was asked to describe the short-term costs associated with district mergers and to provide some nuance and context for your consideration.

My testimony is grounded in the timelines and expectations in Act 73 and in financial data from the supervisory unions I will reference today. I want to be transparent that these figures rely on several reasonable assumptions, and that fully understanding the financial implications of a large-scale governance shift would require detailed modeling. For example, in estimating the cost of "leveling up" salaries, I used average teacher salaries. In reality, longevity and step placement will affect the actual cost, and each employee would need to be placed on the appropriate step to determine a precise figure. In addition, collective bargaining agreements contain other provisions with financial implications—such as paid holidays, parental leave, continuing education reimbursement, and coverage pay for other teachers—that I was not able to fully quantify in the time available.

### ***What drives merger costs?***

For today's purposes, I will focus on the tentative financial impact of merging the three supervisory unions served by the Green Mountain Technology and Career Center (GMTCC): Lamoille South, Lamoille North, and Orleans Southwest.

As you know, employee salaries and benefits account for nearly eighty percent of most district budgets, so changes in compensation will drive much of the short-term cost of consolidation.

The most immediate and significant fiscal impact would come from aligning salaries and benefits across newly merged districts.

Act 73 lays out a transition schedule in which new district boundaries would take effect on July 1, 2026, and new districts would assume full responsibility for students on July 1, 2028. That two-year window is not cost-neutral. It would require a transitional administrative structure—a superintendent, finance director, special education director, curriculum director, and various additional administrative and legal supports—to do the work of merger implementation while the existing districts continue to operate. It is estimated to have an impact of at least \$1M over a two-year period.

It should also be noted that the foundation formula modeling shared with the House recently indicated that a joint Lamoille South and Lamoille North district would see a loss of 4% in overall funding that would need to be made up with supplemental spending. All of this will add to transition costs.

***Negotiated Agreements***

Pay equity is important and educators deserve fair and competitive compensation. This is also complex when taking into account cost of living adjustments and other benefits. Creating true pay equity across districts takes careful planning and research. Based on data collected from the three supervisory unions, the current picture for teachers is as follows:

<b>Supervisory Union</b>	<b>Average Teacher Salary FY26</b>	<b>Difference from Highest</b>	<b>Number of Teachers</b>	<b>Estimated Cost to Level Up (teachers only)</b>
Lamoille South	\$80,275	Benchmark	181	N/A
Lamoille North	\$67,524	\$12,751	227	\$2,894,477
Orleans Southwest	\$60,000	\$20,275	129	\$2,615,475
<b>Total additional cost to level up teacher salaries</b>				<b>\$5,509,952</b>

In other words, equalizing teacher salaries to the Lamoille South level across these three supervisory unions is estimated to cost approximately \$5.5 million in additional annual expenditures for teachers alone.

Similar discrepancies exist among support staff. For example, the average hourly rate for a support staff member in Lamoille North is \$28.85, while in Lamoille South it is \$24.93. As staff from multiple districts come under a single governance structure, it is reasonable to expect that other staff—including administrative assistants, maintenance, food service, and technology personnel—would also see upward adjustments in pay to achieve internal equity across the new district.

These increases in wages and salaries also have long-term implications for the pension system. Because pension benefits are based in part on an employee’s highest earning years, raising salaries now increases the state’s long-term pension liabilities in a way that is not confined to the short transition period.

***Administrative Transition Costs***

That work includes merging and bargaining contracts, designing coherent new budgets, aligning curriculum and instructional systems, integrating student information and financial systems, and ensuring compliance with numerous federal and state requirements such as Title grants, Continuous Improvement Plans, and special education mandates. Because this transitional team would be layered on top of the current governance structures, we estimate that the added cost for two years of transitional administration could be upwards of \$1,000,000 for each new district.

In short, while there may be long-term goals associated with consolidation, the near-term fiscal reality is that aligning salaries and benefits and funding the transition work will create substantial, front-loaded costs. My goal today is not to argue for or against consolidation, but to ensure that, as you deliberate, the short-term costs are visible and fully considered alongside any projected long-term benefits.

As Vermont considers reform, two key questions should consistently be at the center of all conversations: *Will this improve the quality of education for our children? Will this stabilize property taxes?*

At this moment, it is unclear that creating large-scale forced mergers would achieve either of these goals.

***Cooperative Education Service Agencies (CESAs)***

The Redistricting Task Force recommended the formation of Cooperative Education Service Agencies, or CESAs, and I believe that recommendation deserves serious attention.

Unlike full district consolidation, CESAs would focus specifically on two cost drivers that place significant financial pressure on district budgets: special education and transportation. Between the three supervisory unions served by GMTCC alone, there are currently twenty-nine students outplaced into independent, specialized schools, at costs that can easily exceed \$200,000 per student annually. As noted in the recent AOE special education report, “Over the past six years, extraordinary costs have accounted for nearly half of the growth in total special education spending, despite representing only about 15% of overall expenditures.”

CESAs have the potential to reduce those costs significantly — and more importantly, to bring specialized programs closer to home and deliver services to children more quickly than the current system allows.

This approach is realistic, timely, and directly targeted at the costs that matter most. I respectfully urge the committee to examine it alongside any consolidation proposal.

Thank you again for your time and for your commitment to Vermont’s students and communities.

I am happy to answer any questions.

Ryan Heraty, Superintendent

