

The Impact of School District Consolidation - *A Rural Perspective*

March 2025
Ryan Heraty, Superintendent



Essential Questions

- What are the cost drivers leading to increased spending?
- Is governance change required (or advised) to fix the funding system?



How did we get here?

Source: [News and Citizen](#)
March 2024



Anticipated Education Spending: November 30, 2023

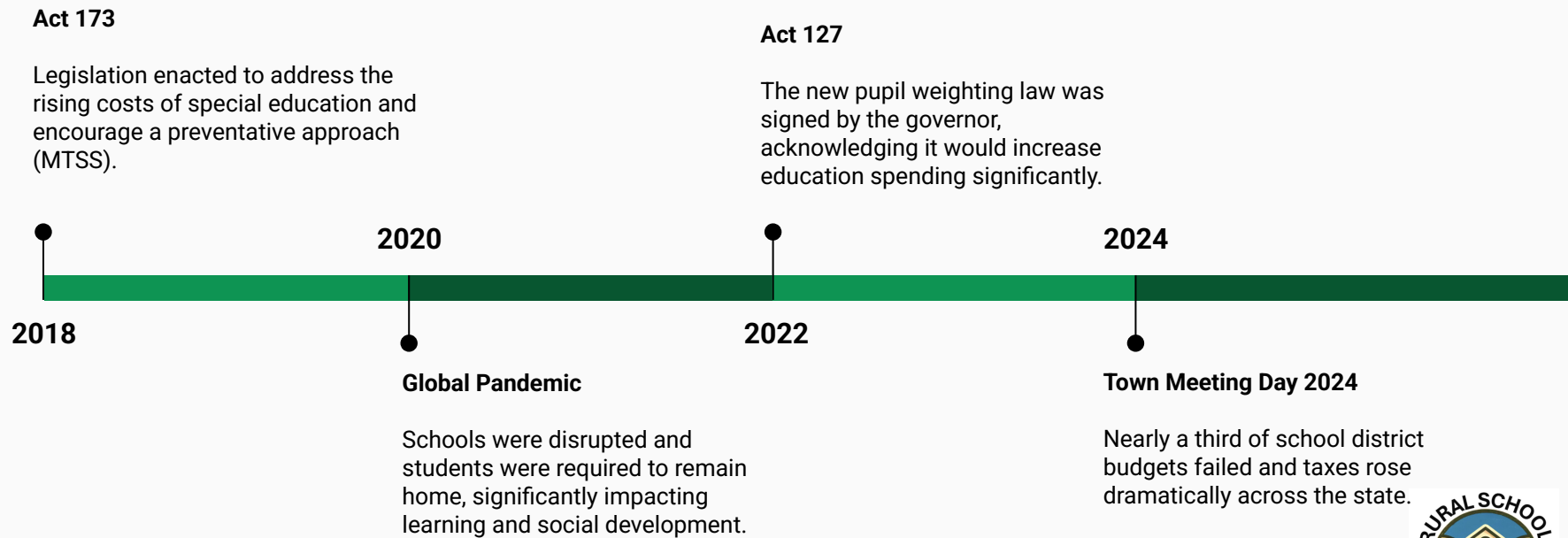
	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Ed. Spending (\$Millions)	1,371.4	1,426.2	1,482.0	1,496.6	1,576.7	1,709.7	1,915.0
Rate of Growth	1.70%	4.00%	3.91%	0.98%	5.35%	8.44%	12.01%

Key Takeaway: The implementation of Act 127 and the loss of Covid-relief dollars aligned with the largest increase in education spending in recent history.

Reference: Bolio, C. (2023, November 30). Education tax rate letter.
State of Vermont Department of Taxes.
<https://tax.vermont.gov/sites/tax/files/documents/2023%20Education%20Tax%20Rate%20Letter.pdf>



Timeline



Changes in Staffing 2020-2024

Increases in education spending from 2020-2024 were related to the following:

- a. Behavior Support
- b. Investments in early education
- c. Literacy / Math Intervention
- d. Salary increases
- e. Community-based Services

Key Takeaway: Spending increases were related to student and community needs that were exacerbated by the pandemic.



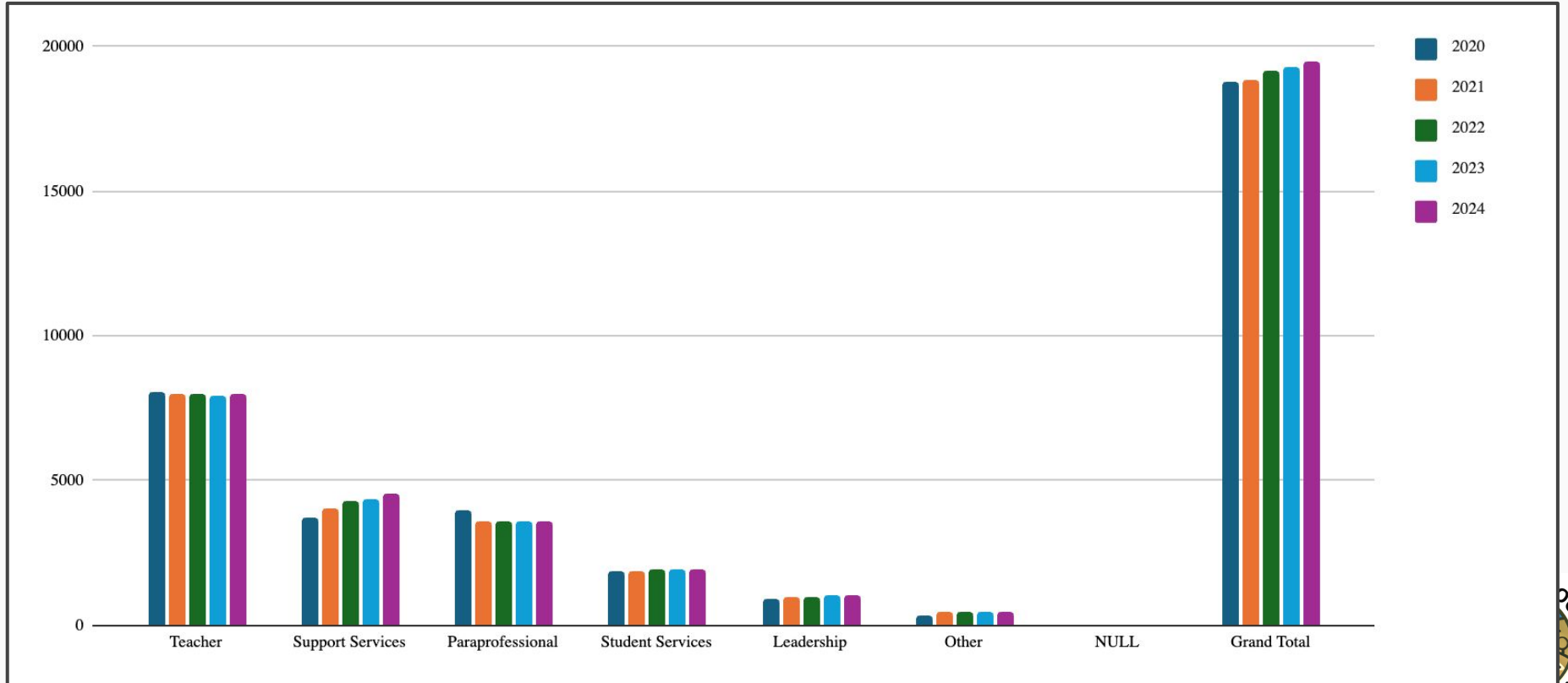
Enrollment & Staff Ratio

Column Labels ▼																
Sum of Enrollment						Sum of TOTFTE					SU Staff Ratio					
Row Labels ▼	2020	2021	2022	2023	2024	2020	2021	2022	2023	2024	2020	2021	2022	2023	2024	
Grand Total	76,003	73,788	74,402	72,091	70,810	18,773	18,846	19,156	19,269	19,507	4.05	3.92	3.88	3.74	3.63	

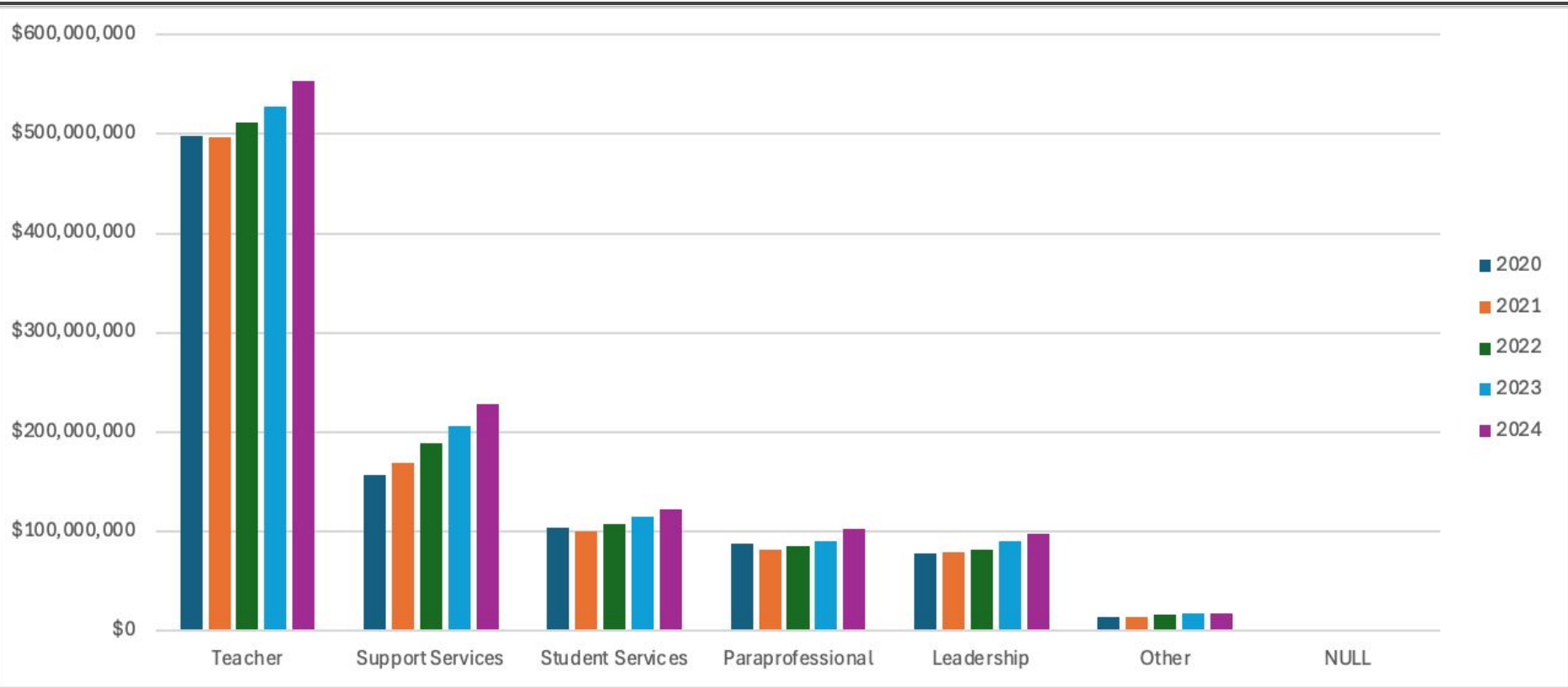
Key Takeaway: The student population is declining and FTEs are rising. A total of 734 FTEs have been added.



Increases in FTE



Salaries



Teacher

Row Labels	2020	2021	2022	2023	2024
Teacher	8,046.0	7,965.0	7,965.4	7,923.9	7,963.7
101-Preschool/PreKindergarten Teachers	200.4	208.2	223.7	244.7	357.6
102-Kindergarten Teachers	369.1	372.3	360.0	343.7	322.4
103-Elementary Teachers (Grades 1-6)	2,481.6	2,506.8	2,449.0	2,358.4	2,357.1
104-Secondary Teachers (Grades 7-12)	2,378.2	2,287.7	2,212.8	2,227.9	2,224.5
105-Career and Technical Education Teacher	258.5	245.4	249.9	255.3	259.4
106-SPED Ungraded Teachers	1,344.3	1,329.4	1,373.4	1,351.0	1,356.9
107-Itinerant Ungraded Teachers	698.7	672.2	733.3	765.7	719.2
108-Physical Educator	290.8	296.2	320.0	332.9	323.4
109-Teacher of the Deaf and Hard of Hearing	3.0	4.1	2.6	2.6	2.6
110-Intensive Special Needs Teacher	21.5	42.8	40.8	41.7	40.8

Key Takeaway: The number of Preschool / Pre-K teachers increased significantly. Kindergarten, elementary, and secondary teacher numbers decreased.



Support Services

**Key takeaway:
Intervention and
pandemic-related
positions accounted
for the significant
increase in FTEs.**

Support Services	205-School Psychologist	83	84	92	94	90
	210-Home School Coordinator	22	25	34	33	36
	211-School Registrars	52	50	50	48	61
	212-School Clerical Staff	573	574	566	568	552
	214-Behavior Specialist	88	102	135	148	159
	215-Recreation Therapeutic Specialist		3	5	3	6
	216-Physical Therapist	19	24	26	28	25
	217-Interpreter	22	41	48	48	49
	218-Mental Health Counselor	3	9	7	9	13
	219-Rehabilitation Counselor		6	6	7	10
	220-Orientation/Mobility Specialist		1	1	1	1
	222-Education Technologist	35	36	32	32	34
	223-Behavior Interventionist	165	248	279	284	310
	224-Reading Interventionist	150	190	253	286	308
	225-Math Interventionist	78	110	149	180	181
	227-School Based Clinicians	30	39	51	58	56
	311-In-service Training Staff (for non-instructional)	4	53	62	62	66
	405-School IT Support Staff	92	90	96	73	86
	503-SU/SD Clerical Staff	254	227	249	243	251
	504-Bookkeeper	65	80	91	94	85
	505-Business Managers	62	66	69	70	69
	506-Human Resource Personnel	68	76	82	84	84
	508-SU/SD IT Support Staff	145	138	141	153	154
	509-Planning/Research/Development	5	7	8	14	14
	510-SU/SD Bookkeeper	104	102	102	93	104
	603-Food Service	473	472	501	517	551
	604-Maintenance and Security	1089	1145	1144	1109	1174
	606-Facilities Acquisition and Construction	5	7	5	6	7
Support Services Total		3686	4006	4283	4343	4535

Leadership

Row Labels	2020	2021	2022	2023	2024
Leadership	923.5	968.1	975.5	1,008.7	1,026.2
221-Athletic Directors	61.4	68.7	62.6	60.4	64.8
302-PreK Coordinator	14.2	14.4	19.1	18.4	18.1
304-EEE Directors	25.1	26.9	23.5	26.7	27.9
305-ESL Coordinator	9.8	10.9	13.9	23.8	23.6
306-Work Study/Work Based Learning Coordinator	37.3	37.9	32.0	41.8	39.4
309-Special Education Directors	95.1	95.9	94.5	99.4	100.8
310-CTE Education/Adult Education Director	17.2	53.0	44.0	43.4	29.8
401-Principals	309.0	310.9	318.5	313.4	327.9
402-Assistant Principals	118.2	103.9	112.5	116.0	128.3
403-Department Heads	102.3	119.1	125.1	127.4	128.2
404-School IT Director/Manager	24.2	16.3	14.8	15.5	9.7
501-Superintendents	52.9	52.4	52.8	53.8	53.3
502-Assistant Superintendents	17.6	11.5	12.3	13.5	18.0
507-SU/SD IT Director/Manager	39.3	46.3	50.0	55.2	56.6

Key Takeaway: The number of Adult education / CTE Positions increased significantly.



Other

Row Labels	2020	2021	2022	2023	2024
Other	302.1	468.4	435.3	468.5	427.1
312-Consulting Teacher	150.2	138.0	165.1	171.1	163.5
601-Enterprise Operations	57.7	95.7	55.2	75.0	95.4
602-Community Services Operations	94.2	234.8	215.0	222.4	168.2

Key Takeaway: Significant positions were dedicated to community services.



Summary of Cost Drivers

- Increases in FTE (Over 700 Positions have been added to the system)
 - Preschool
 - Support Services (Behavior, Math, Literacy)
 - Community Services (Coordinators, Interpreters, Adult Education)
 - Food Service
- Salary Increases (\$941M in 2020 to \$1.1B in 2024)
- Tax capacity gained through Act 127 and the absorption of one-time ESSER funds.
- Health Insurance Premium Increases
- Infrastructure Needs



Consolidation: What does the research say?

Cost of Consolidation - What does the research say? (Gordon & Knight, 2008)

- Consolidation has no effect on pupil-teacher ratio, enrollments, or dropout rates.
- Overall spending increased as a result of consolidation.

"Although we lack detailed quality data on student outcomes, these findings suggest an absence of efficiency gains from either whole-grade sharing or consolidation" (Gordon & Knight, 2008).

The Effects of School District Consolidation on Educational Cost and Quality

Nora Gordon
*University of California, San Diego
National Bureau of Economic Research*

Brian Knight
*Brown University
National Bureau of Economic Research*

Public Finance Review
Volume 36 Number 4
July 2008 408-430
© 2008 Sage Publications
10.1177/1091142107305219
<http://pfr.sagepub.com>
hosted at
<http://online.sagepub.com>

Gordon, N., & Knight, B. (2008). The Effects of School District Consolidation on Educational Cost and Quality. *Public Finance Review*, 36(4), 408-430. <https://doi.org/10.1177/1091142107305219> (Original work published 2008)

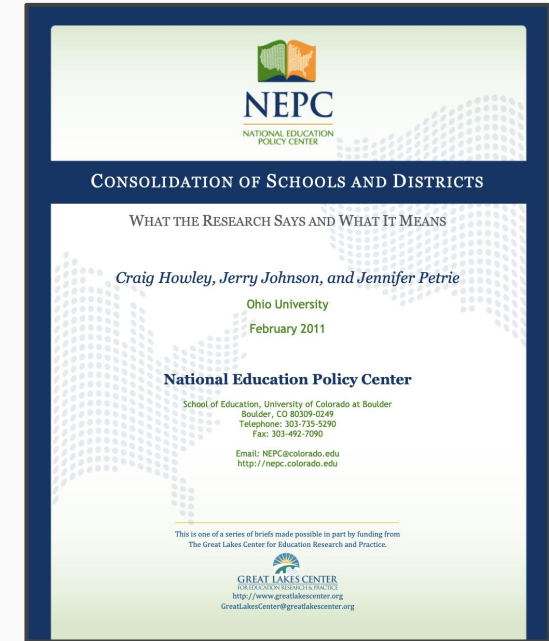


Cost of Consolidation (National Education Policy Center, 2011)

“Research on the effects of contemporary consolidation suggests that new consolidation is likely to result in neither greater efficiency nor better instructional outcomes—especially when it results from state policy that implements large-scale **forced** consolidation.”

“Even when consolidation does produce a wider menu of educational experiences for students, evidence suggests that large school and district size **negatively** affects desirable academic outcomes.”

“A sizable body of research investigating school size has consistently found larger size to be associated with reduced rates of student participation in co-curricular and extracurricular activities, more dangerous school environments, lower graduation rates, lower achievement levels for impoverished students, and larger achievement gaps related to poverty, race, and gender.”



Howley, C., Johnson, J., & Petrie, J. (2011). Consolidation of Schools and Districts: What the Research Says and What It Means. National education policy center.



Cost of Consolidation (McGee, Mills, & Goldstein, 2022)

School district consolidation does not appear to have had a large measurable impact, either positive or negative, on students' math and ELA performance. (McGee, Mills, & Goldstein, 2022)

The Effect of School District Consolidation on Student Achievement: Evidence From Arkansas

**Josh B. McGee
Jonathan N. Mills
Jessica S. Goldstein**

University of Arkansas

School district consolidation is one of the most widespread education reforms of the last century, but surprisingly little research has directly investigated its effectiveness. To examine the impact of consolidation on student achievement, this study takes advantage of a policy that requires the consolidation of all Arkansas school districts with enrollment of fewer than 350 students for two consecutive school years. Using a regression discontinuity model, we find that consolidation has either null or small positive impacts on student achievement in math and English Language Arts (ELA). We do not find evidence that consolidation in Arkansas results in positive economies of scale, either by reducing overall cost or by allowing for a greater share of resources to be spent in the classroom.

Keywords: *achievement, economics of education, educational policy, policy, restructuring, rural education, econometric analysis, quasi-experimental analysis, regression discontinuity, consolidation, district size*

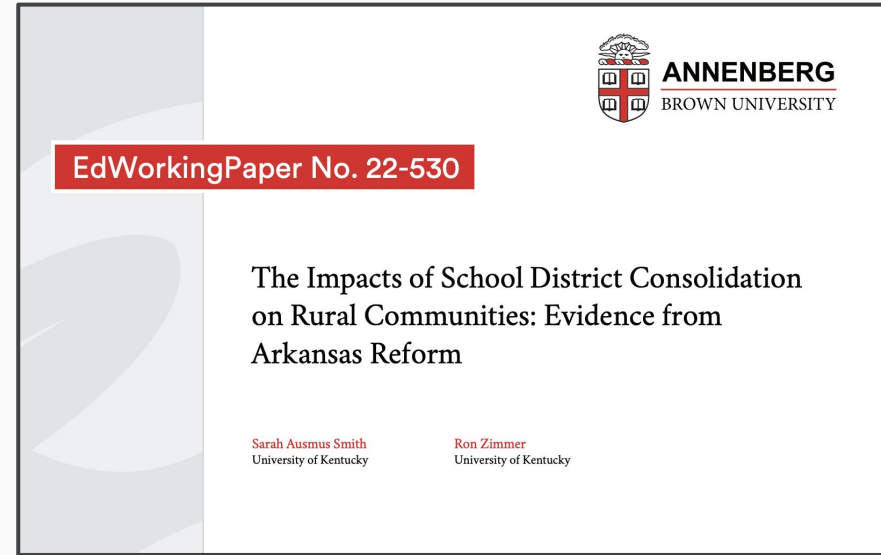
McGee, J. B., Mills, J. N., & Goldstein, J. S. (2022). The Effect of School District Consolidation on Student Achievement: Evidence From Arkansas. *Educational Evaluation and Policy Analysis*, 45(3), 482-495.
<https://doi.org/10.3102/01623737221133394> (Original work published 2023)



How Consolidation Impacts Communities (McGee, Mills, & Goldstein, 2022)

- This recent study explores how consolidation impacts rural communities.
 - 13-15% reduction in population
 - Decreased property values
 - Historically marginalized populations were disproportionately impacted.

When districts are forced to consolidate, it signals the removal of residential amenities leading to loss of population and housing values.



Smith, S. A., & Zimmer, R. (2022). The impacts of school district consolidation on rural communities: Evidence from Arkansas reform. Annenberg Brown University EdWorking Paper.



Cost of Consolidation (Duncombe and Yinger, 2007)

- This study is referenced often and reviews New York rural district consolidation
- State incentives were used to promote **voluntary** consolidation
- Transportation, labor relations, and capital improvement were noted as items that offset savings

We do not find economies of size in capital spending. Moreover, we find that consolidation results in large adjustment costs in capital spending, costs that grow throughout our sample period.

Duncombe, W., & Yinger, J. (2007). Does school district consolidation cut costs?. Education Finance and Policy, 2(4), 341-375.

Potential Sources of Diseconomies of Size

The existence of economies of size in education has been challenged by recent studies on the effects of large schools on student performance (Fowler and Walberg 1991; Lee and Smith 1997). This research focuses on schools rather than districts and on production rather than cost functions. The distinction between school and district size is important in urban districts, but in rural areas the sizes of the district and the high school are highly correlated. These studies claim that the potential cost savings from consolidation are seldom realized and that larger schools have a learning environment that hurts student performance. The research on effective schools provides additional evidence that moderate-sized schools are more successful than large schools at retaining students through high school (Figlio and Stone 1999; Witte 1996).

Five potential sources of diseconomies of scale have been cited in this literature (Guthrie 1979; Howley 1996; Lee and Smith 1997).

1. *Higher transportation costs:* One potential source of higher costs for larger districts is transportation. To the extent that consolidating districts make use of larger schools, average transportation distance must increase, as must travel time for students (Kenny 1982).
2. *Labor relations effects:* According to Tholkes (1991, p. 510), "The labor relations scale effect, caused by seniority hiring within certification areas and by change in comparison groups for collective negotiations, could be a major source of diseconomies of scale." The potential monopsony power of large districts may be counteracted by the increased likelihood of an active teachers' union because larger districts are easier to organize. Stronger unions may also prevent staff layoffs and thereby eliminate a major source of cost savings from consolidation.
3. *Lower staff motivation and effort:* Administrators and teachers may have a more positive attitude toward work in smaller schools, which tend to involve less formalization of rules and procedures, that is, more flexibility

EDUCATION FINANCE AND POLICY



Lamoille County: A Case Study

Cost of Leveling Up Contracts

Example: If a new district was created around the Green Mountain Tech Center, it would be composed of Lamoille North, Lamoille South, and Orleans South. Most likely, this would result in the leveling up of contracts to be equal to the highest paying salary schedule. Below is what that would look like in additional costs for **teachers only**:

Supervisory Union	Salary (Master's, Step 10)	Difference	# of Teachers	# of Students	FY25 Pupil Spending LTWADM	FY25 Pupil Spending LTADM	Cost to Level Up (teachers only - excludes other staff)
Lamoille South	\$73,681	-	130	1,519	\$14,395	\$21,033	-
Lamoille North	\$64,205	\$9,476	204	1,727	\$14,589	\$24,086	\$1,933,104
Orleans South	\$65,376	\$8,305	93	1,031	\$14,092	\$24,917	\$772,365
Total							\$2,705,469

Key Takeaway: Consolidation will improve teacher pay equity but **increase** taxes.

Districts Operating at “Scale”

Column 1	High School Size	High School Student:Teacher	SU Student to Staff Ratio 2024	# SU LTADM	FY25 Ed Spending	FY25 Actual Ed. Spending Per pupil
Barre	622	11:1	4.2	2,211.69	\$40,871,402	\$18,479.72
Colchester	716	13:1	4.4	2,321.49	\$46,177,952	\$19,891.51
South Burlington	817	11:1	4.0	2,575.08	\$51,601,834	\$20,038.92
EMUU	270	12:1	4.4	772.21	\$15,523,902	\$20,103.21
Champlain Valley	1291	14:1	4.2	4,125.77	\$86,112,815	\$20,871.94
Essex	1253	11:1	3.9	3,621.30	\$76,570,171	\$21,144.39
Stowe	220	11:1	4.4	746.00	\$16,428,823	\$22,022.55
Harwood	558	9:1	4.1	1,785.42	\$40,376,282	\$22,614.44
Hartford	505	10:1	3.6	1,308.49	\$29,849,518	\$22,812.19
Maple Run	892	11:1	3.9	2,398.54	\$57,207,352	\$23,850.91
Lamoille North	495	10:1	3.1	1,726.61	\$41,587,398	\$24,086.16
Burlington	991	13:1	3.9	3,437.94	\$94,424,438	\$27,465.41

Key Takeaway: Assumed “Scale” for high schools does not equal efficiency.



Claims around District Consolidation

1. **Lower administrative overhead** at the district level, both by reducing the number of districts with separate central offices and having districts that operate at an efficient scale
2. **Improved staffing efficiencies** by being able to share staff across schools in a district and achieving evidence-based class sizes
3. Potential **reduced costs in purchasing and centralized service contracts** and fees
4. **Increased equity** between districts in terms of student need and community property wealth



Claim #1 - Lower District Overhead

Claim: Consolidating school districts will result in lower administrative overhead at the district level, both by reducing the number of districts with separate central offices and having districts that operate at an efficient scale.

Reality: Central offices account **5% of the education fund**. Creating larger districts does not save money. It is a policy lever to close schools and remove local control.



Claim #2 - Improved Staffing Efficiencies

Claim: Consolidation will result in improved staffing efficiencies by being able to share staff across schools in a district and achieving evidence-based class sizes.

Reality: The evidence-based model is not appropriate for Vermont. Finding staff willing to travel long distances or work across several schools is extremely challenging and lowers quality (e.g., shared nurse). Lamoille County is 464 square miles. This cannot be compared to an urban area such as Fort Lauderdale, Florida which is 38 square miles.



Claim #3 - Reduced Purchasing Costs

Claim: Consolidation will result in potential reduced costs in purchasing and centralized service contracts and fees.

Reality: State-negotiated healthcare has drastically **increased** the cost of insurance across the state. Statewide contracts for student information and finance systems can be secured without consolidation.



Claim #4 - Increased Equity

Claim: Consolidation will produce increased equity between districts in terms of student need and community property wealth.

Reality: Merging districts does not guarantee improved equity; rather it can result in more stress put on the most vulnerable students (e.g., additional travel, less after-school options). Research indicates that consolidation can result in:

- Increase expenditures (Cox, 2012)
- Lower property values (Brasington, 2004; Smith & Zimmer, 2022)
- Lower average attendance (Jones, Toma & Zimmer, 2008)
- Decrease parent engagement (Duyar & Collins, 2008)
- Add more bureaucracy (Borland & Howsen, 1992; Eberts, 1990;)
- Decrease civic participation (Sell and Leistritz, 1997)
- Declines in student achievement (Cooley & Floyd, 2013)



Key Takeaway: The assumption that district consolidation will lead to savings is inaccurate.

Potential Risks

- Community frustration / anger / loss of trust (see Act 46)
- Significant disruption to learning
- Increased tax burden leading to layoffs and school closures
- Less parent/family engagement
- Less civic involvement
- More bureaucracy



What is the solution?

- ❑ Multi-year plan designed to increase transparency and accountability
- ❑ A foundation formula that is based on successful schools and utilizes professional judgement panels
- ❑ Protecting taxpayers with predictable increases based on inflation or local decision-making



Steps for Stabilization Year 1

- Comprehensive reports issued for each district
 - Spending
 - Student Performance
 - Facilities
 - FTE Ratios / Class Size
 - Quality Indicators
 - Areas for cost containment
- A non-partisan commission is established to determine the new foundation amount for each district.
- Modeling is conducted for one statewide tax rate that funds the initial foundation amounts.
- A revenue stream is identified for school construction / consolidation (e.g., cannabis, online gambling, short-term rentals, local options tax)
- Focus on significant cost drivers / obstacles (e.g., healthcare, housing)



Steps for Stabilization Year 2

- The new commission reviews each district and sets a foundation level of spending based on current levels of spending, student weights, and recommended areas for cost-containment.
- Districts may be given required actions to maintain funding based on education quality standards (e.g., increase class size).
- Districts plan and create new budgets for FY27 based on a new foundation.
- Districts vote on any additional funding put forward above the base. The excess spending threshold allows this to stay in compliance with the Brigham Decision.
- Incentives are applied for school consolidation tied to facilities improvements or construction. Incentives are targeted at consolidating inefficient schools.



Steps for Stabilization Year 3

- New budgets go into effect
- Inflationary Index is applied for future years.
- Taxes are stabilized
- Districts are provided with appropriate and predictable resources
- School construction incentives support inefficient school districts.
- Agency of Education focuses on providing robust and transparent data
- Cycle is established for continued review of foundation budget (e.g., every 3-5 years)



Important Questions to Answer

- What uniform tax rate would fund a foundation equal to current spending? How will this impact current towns?
- Would allowing local options taxes to be used for capital improvements reduce strain on the education fund?
- Do Vermonters want district consolidation?



Further Reading - Recent Policy Brief

While the rationale to improve education in Vermont is sound, the plan's projected outcomes are not supported by quality research. It is therefore highly unlikely that the Governor's Transformative Education Plan will reduce education costs or strengthen schools and communities.

Sutherland, Daniella Hall, "The Five District Problem: A Research and Policy Brief for the Governor's Transformative Education Plan" (2025). College of Education and Social Services Faculty Publications. 39.

<https://scholarworks.uvm.edu/cessfac/39>

The Five District Problem

A Research and Policy Brief for the Governor's Transformative Education School Governance Plan

By Daniella Sutherland

Associate Professor of Educational Leadership and Policy Studies, University of Vermont

In the interest of saving money, improving equality, and improving educational outcomes, Governor Scott has proposed a Transformative Education Plan. The proposal is multi-faceted plan intended to change virtually all aspects of Vermont's education system. While the rationale to improve education in Vermont is sound, the plan's projected outcomes are not supported by quality research. It is therefore highly unlikely that the Governor's Transformative Education Plan will reduce education costs or strengthen schools and communities.

This research and policy brief specifically addresses the [School Governance Proposal](#), which proposes consolidating Vermont's 52 Supervisory Unions into 5 regional districts. The purpose of this brief is to review the elements of the Governance Proposal using empirical research, to ensure proposed reforms are educationally, organizationally, and economically sound.

The brief focuses on four problems with the School Governance Proposal:

1. **School Closure:** The plan will require schools to close but provides no guidance on how schools will be identified or how affected communities will be supported through school closure.
2. **Education Costs:** The plan is highly unlikely to produce estimated cost savings, because consolidation will increase transportation costs, increase personnel costs, and increased infrastructure costs.
3. **School Choice:** School choice combined with consolidation *increases* educational expenses and *decreases* educational efficiencies.
4. **Local Control:** The proposed regional school boards, paired with school advisory boards, will *decrease* representation and local control, increase conflict and confusion for schools, and may *increase* outside influence in elections.

Each of these potential problems are summarized using empirical research conducted in Vermont, or directly transferable to Vermont's unique educational context. The brief also includes hyperlinks to white papers, policy briefs, government documents, and news articles to further explain each issue. It concludes with recommendations to improve the Governor's Transformative Education Plan to ensure reforms are truly beneficial for students, schools, and communities.



References

- Cooley, D. A., & Floyd, K. A. (2013). Small rural school district consolidation in Texas: An analysis of its impact on cost and student achievement. *Administrative Issues Journal*, 3(1), 7.
- Cox, B. (2010). A decade of results: a case for school district consolidation?. *Education*, 131(1).
- Borland, M. V., & Howsen, R. M. (2003). An examination of the effect of elementary school size on student academic achievement. *International Review of Education*, 49, 463-474.
- Brasington, D. M. (2004). House prices and the structure of local government: An application of spatial statistics. *The Journal of Real Estate Finance and Economics*, 29, 211-231.
- Duncombe, W., & Yinger, J. (2007). Does school district consolidation cut costs?. *Education Finance and Policy*, 2(4), 341-375.
- Duyar, I., & Collins, D. (2008). The effect of consolidation on extracurricular activity participation. *Academic Leadership: The Online Journal (2003-2012)*, 6(3), 19.
- Eberts, R. W., Schwartz, E. K., & Stone, J. A. (1990). School reform, school size, and student achievement. *Economic review*, 26(2), 2-15.
- Gordon, N., & Knight, B. (2008). The Effects of School District Consolidation on Educational Cost and Quality. *Public Finance Review*, 36(4), 408-430. <https://doi.org/10.1177/1091142107305219> (Original work published 2008)
- Howley, C., Johnson, J., & Petrie, J. (2011). Consolidation of Schools and Districts: What the Research Says and What It Means. National education policy center.
- Jones, J. T., Toma, E. F., & Zimmer, R. W. (2008). School attendance and district and school size. *Economics of Education Review*, 27(2), 140-148.
- McGee, J. B., Mills, J. N., & Goldstein, J. S. (2022). The Effect of School District Consolidation on Student Achievement: Evidence From Arkansas. *Educational Evaluation and Policy Analysis*, 45(3), 482-495. <https://doi.org/10.3102/01623737221133394> (Original work published 2023)
- Smith, S. A., & Zimmer, R. (2022). The impacts of school district consolidation on rural communities: Evidence from Arkansas reform. Annenberg Brown University EdWorking Paper.
- Sutherland, Daniella Hall, "The Five District Problem: A Research and Policy Brief for the Governor's Transformative Education Plan" (2025). College of Education and Social Services Faculty Publications. 39. <https://scholarworks.uvm.edu/cessfac/39>



Data Resources

[AOE FTE Reports](#)

[SPED Personnel Shortage Reports:](#)

[Lamoille North Contract:](#)

[Lamoille South Contract:](#)

[Orleans South Contract:](#)

