

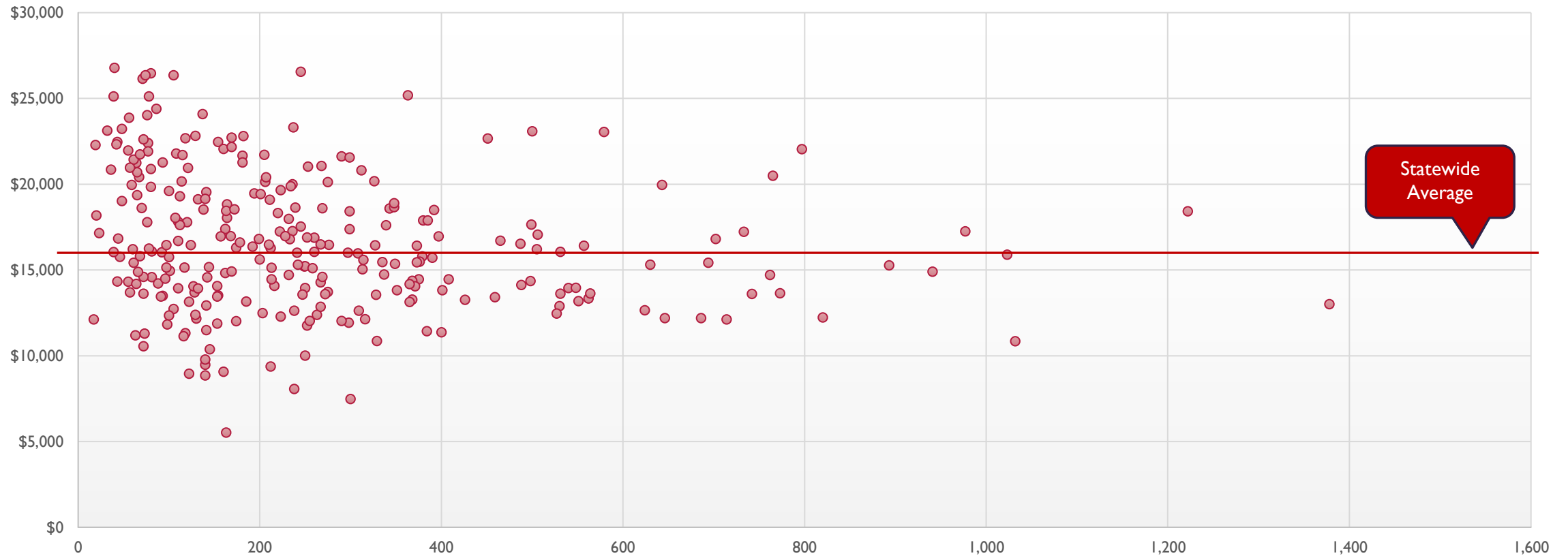
ACHIEVING SAVINGS

A SHARED-SERVICES MODEL FOR RURAL
EDUCATION



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District Size vs PPE (FY2023)

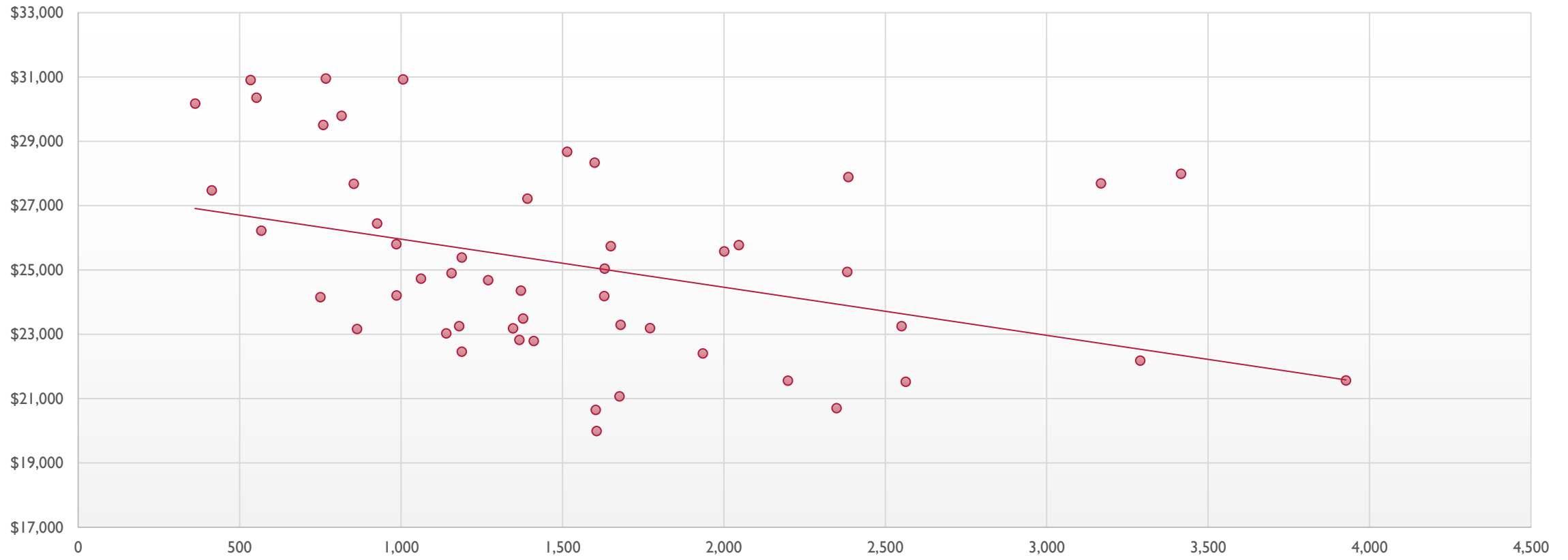


$R = 0.04$

THE DATA INDICATES SCALE DOES NOT YIELD SAVINGS AT THE DISTRICT LEVEL

Source: CFV – [Education Outcomes & Spending 2024](#)

SU Size vs PPE (FY2023)



$R = 0.16$

HOWEVER, PER PUPIL COST DOES SHOW A
RELATIONSHIP TO SUPERVISORY UNION SIZE

Source: CFV – [Education Outcomes & Spending 2024](#)

VERMONT'S SUPERVISORY UNIONS TODAY

- Vermont has 52 supervisory unions (SUs) supporting 119 school districts.
- Many SUs are small, around 1600 students on average.
- Current geographic footprint is roughly 185 square miles per SU.

WHAT IS AN EDUCATION SERVICE AGENCY (ESA)?

NOTE: The National Center for Education Statistics classifies Vermont's Supervisory Unions as ESAs.

- Boards of Cooperative Education Services (BOCES) – New York
- Regional School Units (RSUs) – Maine
- Intermediate Units (IUs) – Pennsylvania
- ESA / Regional ESA (RESA) – Massachusetts, Rhode Island, North Carolina, etc...

WHAT IS THE DIFFERENCE BETWEEN AN ESA AND A SUPERVISORY UNION?

Governance



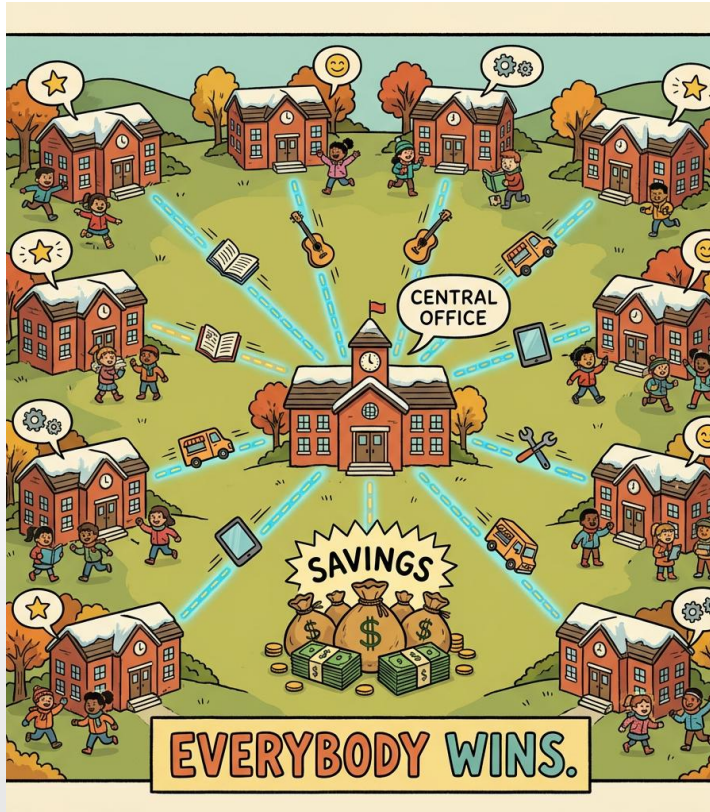
Scope of services



Efficiencies of scale

WHAT SERVICES COULD AN ESA PROVIDE?

- Administrative leadership (superintendents, CFO, HR, legal counsel)
- Business and financial services (payroll, benefit admin, AR/AP, budget planning, compliance)
- Procurement (textbooks, supplies, technology, utilities, and other vendors)
- IT services (helpdesk, websites, cybersecurity, data systems, etc.)
- Facilities, maintenance and capital planning
- Curriculum and program development
- Professional development
- Special education
- Transportation



REPLACING SU_s WITH ESA_s AT SCALE

A MODEL BASED AROUND CTE CENTERS

WHY NOT DISTRICT CONSOLIDATION?

District consolidation, as a cost-control measure, is disfavored for several reasons:

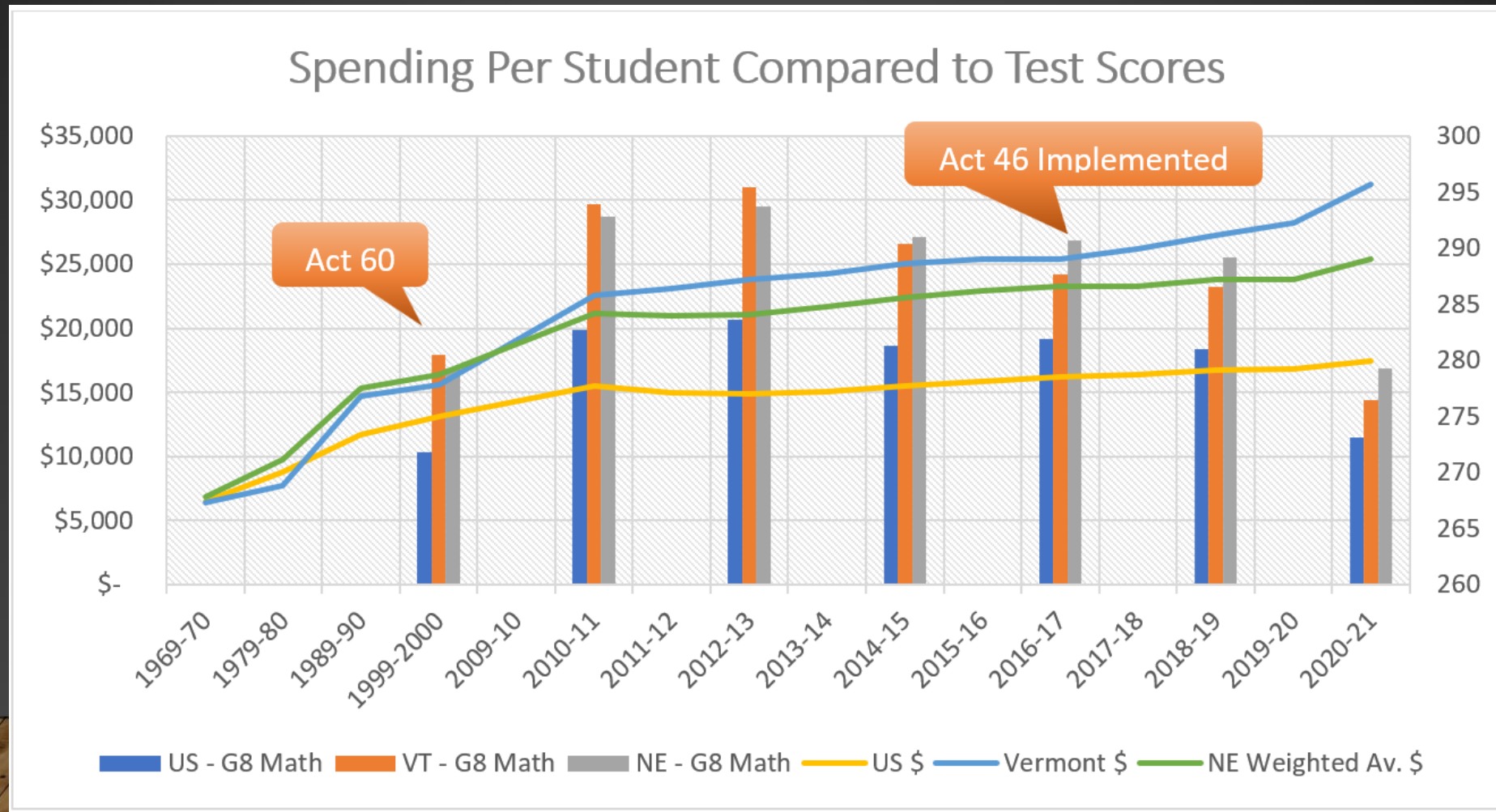
- Risk of breaking community ties and engagement.
- Regression analysis does not show that larger districts perform better in VT.
- Increased costs from contract buy-out/level-ups and support services totaled almost \$1,500 per student. Wiping out much of the administrative savings from Act 46.
- National literature shows mixed results from district consolidation, mostly cautions against assuming it will save money.

NATIONAL LITERATURE PAINTS A CAUTIONARY PICTURE

- “As the size of the consolidated district increases past 3,200 students, costs are expected to rise, not fall.” – University of Texas study
- “Although larger schools can be more cost effective in some budget categories, these savings are often offset by diseconomies of scale, defined as the financial disadvantages associated with the increased size of an organization.” – Streifel et al in a 50-state review of consolidations
- “Overall, consolidation is likely to lower the costs of two 300-pupil districts by over 20 percent, to lower the costs of two 900-pupil districts by 7 to 9 percent, and to have little, if any, impact on the costs of two 1,500-pupil districts.” – Duncombe & Yinger (Syracuse University, 2001)

WHAT HAPPENED DURING ACT 46?

Source: National Center for Education Statistics – [Digest of Education Statistics](#)

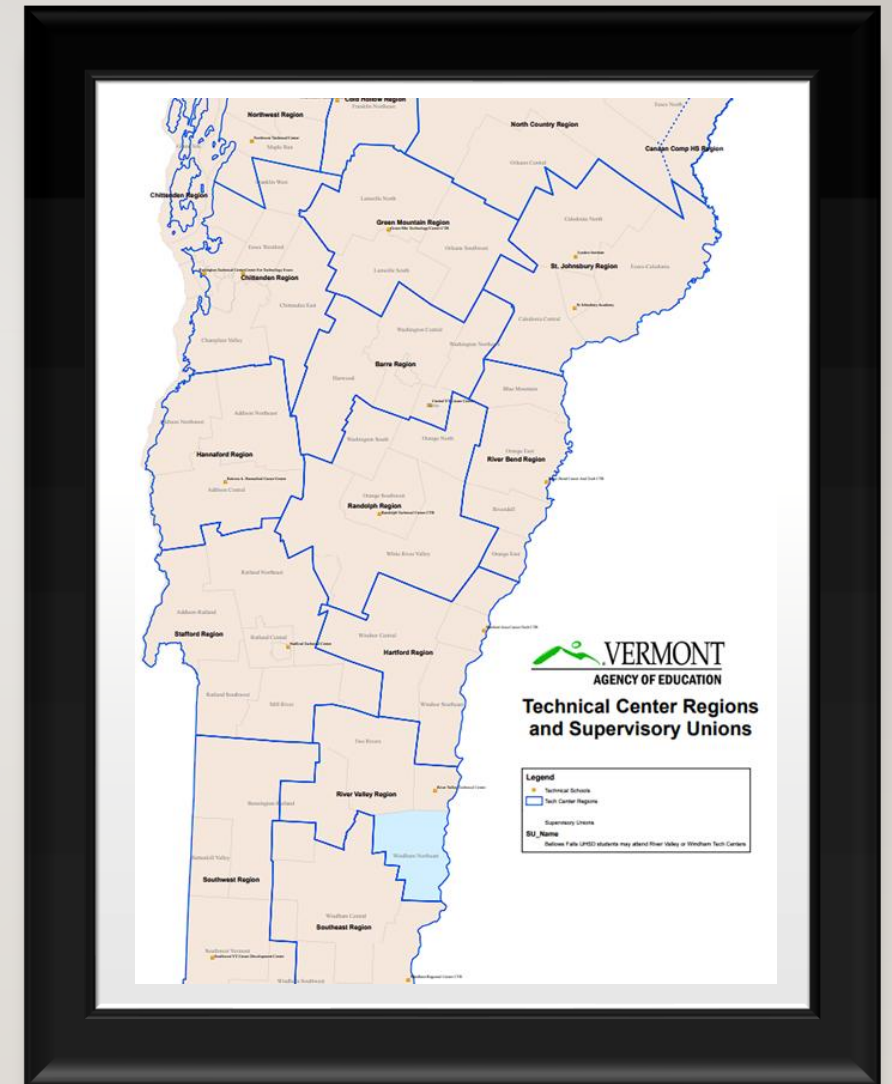


A VISION FOR VERMONT'S EDUCATION SERVICE AGENCIES OF TOMORROW

- 15 ESAs (based around CTE Centers) replace 52 SUs in supporting 100+ school districts.
- ESAs achieve scale in critical administrative and business functions while maintaining community connections.
- Opportunities through language, art, AP and CTE programming are expanded.
- The strengthened connection to CTE creates a thriving post-secondary education and workforce training pipeline.
- These new structures are of moderate size, 5300 students on average.
- The new geographic footprint expands to 642 square miles per ESA.

VISUALIZATION

START WITH TECH CENTER REGIONS



COST SAVINGS: MODEL I

- Based on savings found in other states where districts shared services.
- Broken down to specific categories to estimate granularly based on 2022 expenditures.
- \$133M in savings from SU replacement.
- \$200M in savings from pushing additional services up to ESA level.
- **\$333M in total estimated savings** (2022 dollars)

Source: CFV – [Finding Savings Through Shared Services](#)

COST SAVINGS: MODEL II

- Leveraged the categorical savings/spending found in the Miller report.
- Assumes that migrating to ESAs bypasses the diseconomies of scale found in Act 46.
- Applying the per student savings on administration and contracted services found in the report yields **\$291 million in savings** when adjusted for FY2026 student population and adjusting to FY2026 dollars.

Source: CFV – [Finding Savings Through Shared Services](#)

WHAT DOES GOVERNANCE LOOK LIKE?

- The new ESA boards would function much the same way that SUs function today, except with expanded scope and a focus on shared services.
 - Boards would be appointed by the member district boards.
 - ESA budgets would be allocated back to member districts proportionately.
- ESAs would be responsible for operating CTE centers going forward and funding would be built into the ESA budget.
- The roles and responsibilities of school leaders would adapt.

More details in: [A Pathway to Viable Education Transformation](#)

WHAT DOES GOVERNANCE LOOK LIKE?

For school leaders and school boards

- School boards focus on spending decisions, school leadership, and outcomes.
- Principals are empowered to work with school boards as leaders of their school.
- Focus shifts from setting policies to ensuring outcomes.
- Principals are held accountable by school boards.
- School boards are held accountable by the Agency of Education.

WHAT DOES GOVERNANCE LOOK LIKE?

For ESAs, Superintendents, and CTE Centers

- ESA board focuses on providing services to their member districts.
- Superintendent plays a supporting role for Principals, not a management role. Instead, they focus on efficiencies, service expansion, programming cohesion, and vertical integration.
- CTE leaders focus on workforce program alignment and working with Superintendents and ESA boards to create pathways into CTE for lower grade levels.

WHAT DOES GOVERNANCE LOOK LIKE?

For the Agency, the State Board of Education, and the Legislature

- The Education Quality Standards are re-written to include measurable KPIs by the Legislature and the State Board of Education.
- The Agency of Education matures into the oversight role we see in other states, holding districts and principals accountable for student outcomes.
- The Legislature ensures that ESAs have the tools to support districts and that AOE has the tools to ensure positive outcomes.
- AOE ensures timely and transparency reporting of student performance data that is available to policymakers and the public.



WE CAN

CHART A BETTER FUTURE

QUESTIONS?

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