

Evaluating the Impact of School District Mergers:

*Fiscal Reallocation, Equity, and Community
Perspectives*

Acts 153 & 46

Rising education costs, declining enrollment, stagnating student achievement

How should educational governance structures be organized to enhance cost efficiency, advance student outcomes, and achieve student equity?

- 276 school districts for ~ 85,000 students (300 students per district)
- Lowest student to board member ratio in the country
- 57% increase in inflation adjusted per-pupil expenditures

Research Questions

Two competing perspectives:

1. Pre consolidation cost analyses find large efficiencies to be gained from district mergers
2. Qualitative feedback from administrators post merger indicates diseconomies of scale may be more common.

The study is guided by the following questions:

01

Can economies of scale be achieved without school consolidation?

02

How does the merger process effect student equity?

03

Do very small rural school districts benefit from mergers?
What characteristics impact their success?

Data Collection

- Merged districts were aggregated pre- and post-merger period
 - Merger treated as a discrete policy intervention
 - Education spending per pupil, Average daily membership, Tax rates
- Budget allocations
 - Detailed function, object, and project codes
 - System switch in 2020
 - Custom categories for consistency
- Interview & Surveys of school administrators

Statistical Analysis

Difference in Difference

- How to find the average fiscal impact of experiencing a district merger?

Statistical Analysis

Difference in Difference

- How to find the average increase in wages from attending college?

Sarah - \$90k

- college diploma



John - \$60k

- high school diploma



avg increase ~ \$30k

Confounding Factors

- family background
- baseline ability
- gender gap

Statistical Analysis

Difference in Difference

- How to find the average increase in wages from attending college?

Sarah 1 - \$90k

- college diploma



avg increase ~ \$30k

Two Sarah's

- identical across all characteristics
- different education

Sarah 2 - \$60k

- high school diploma



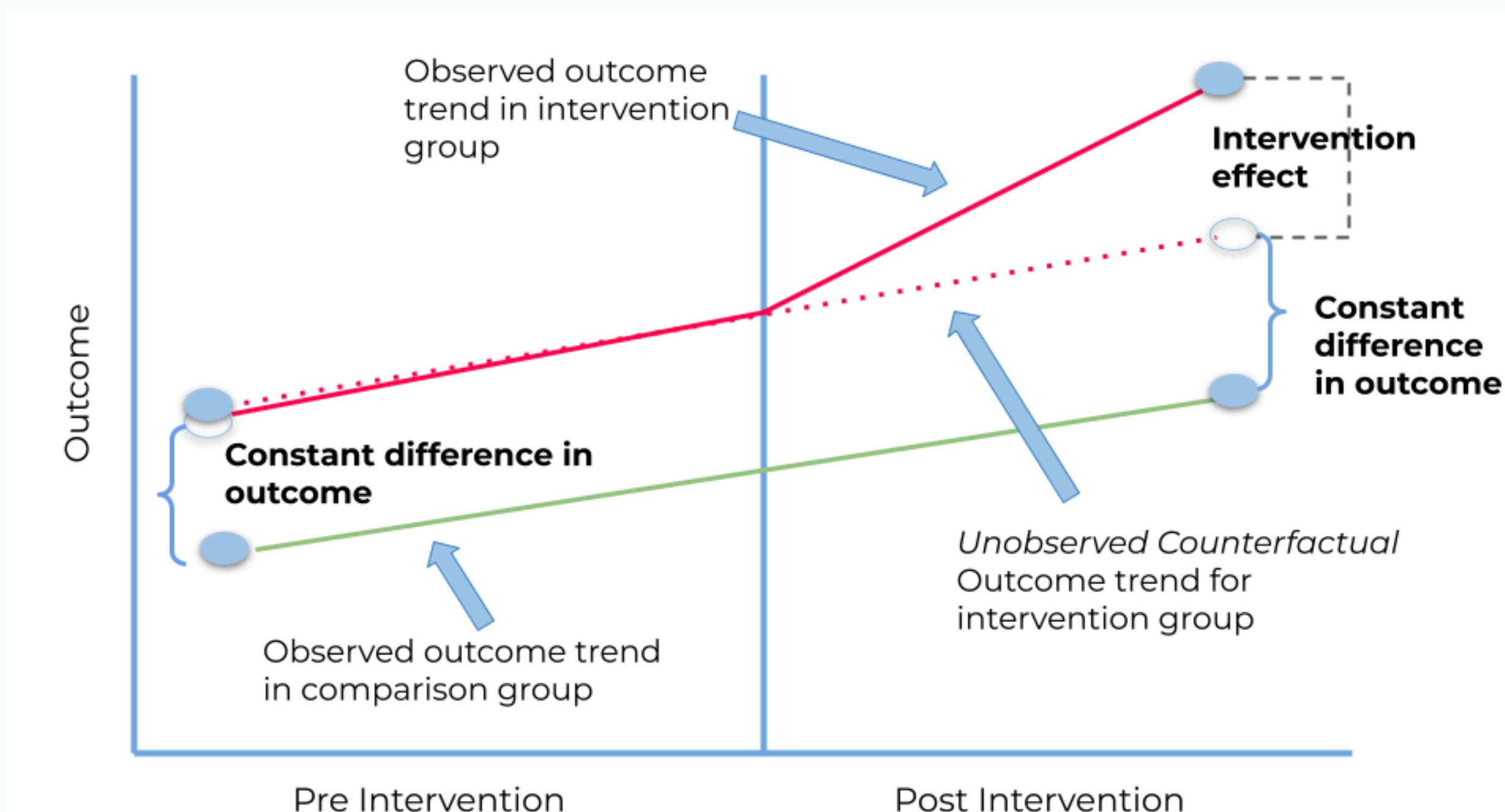
Statistical Analysis

Difference in Difference

- How to find the average fiscal impact of experiencing a district merger?

Vermont Benefits

- Racially homogenous
- Mostly rural
- Forced mergers



Statistical Analysis

Difference in Difference

Table 1: Data Characteristics for Merged and Non-Merged Districts

	Merged		Non-Merged	
	Mean (SD)	Median	Mean (SD)	Median
ADM	297.32 (213.645)	228.99	521.48 (709.45)	285.34
Income	37.87 (6.58)	36.8	36.39 (8.9)	33.79
Spending per Pupil	13.12 (1.08)	13.31	13.12 (1.45)	12.87
Growth in Spending Per Pupil	.03 (.007)	.03	.03 (.015)	.03

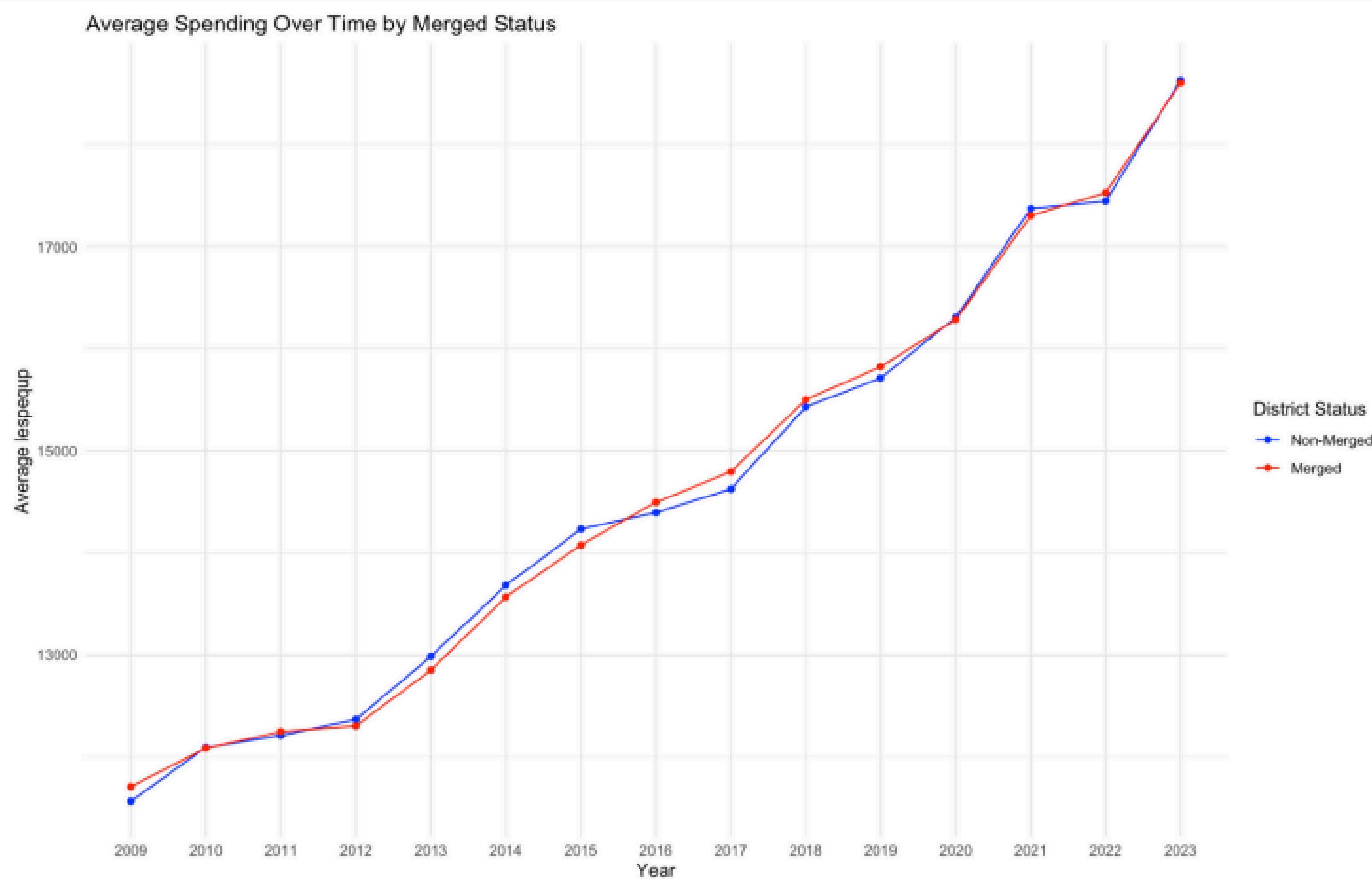
Table 2: Data Characteristics for Merged and Non-Merged Districts Excluding Districts more than 1,000 ADM

	Merged		Non-Merged	
	Mean (SD)	Median	Mean (SD)	Median
ADM	297.32 (213.645)	228.99	267.8 (220.85)	221.48
Income	37.87 (6.58)	36.8	35.99 (8.7)	33.83
Spending per Pupil	13.12 (1.08)	13.31	13.18 (1.51)	12.92
Growth in Spending Per Pupil	.03 (.007)	.03	.03 (.016)	.03

Parallel Trends

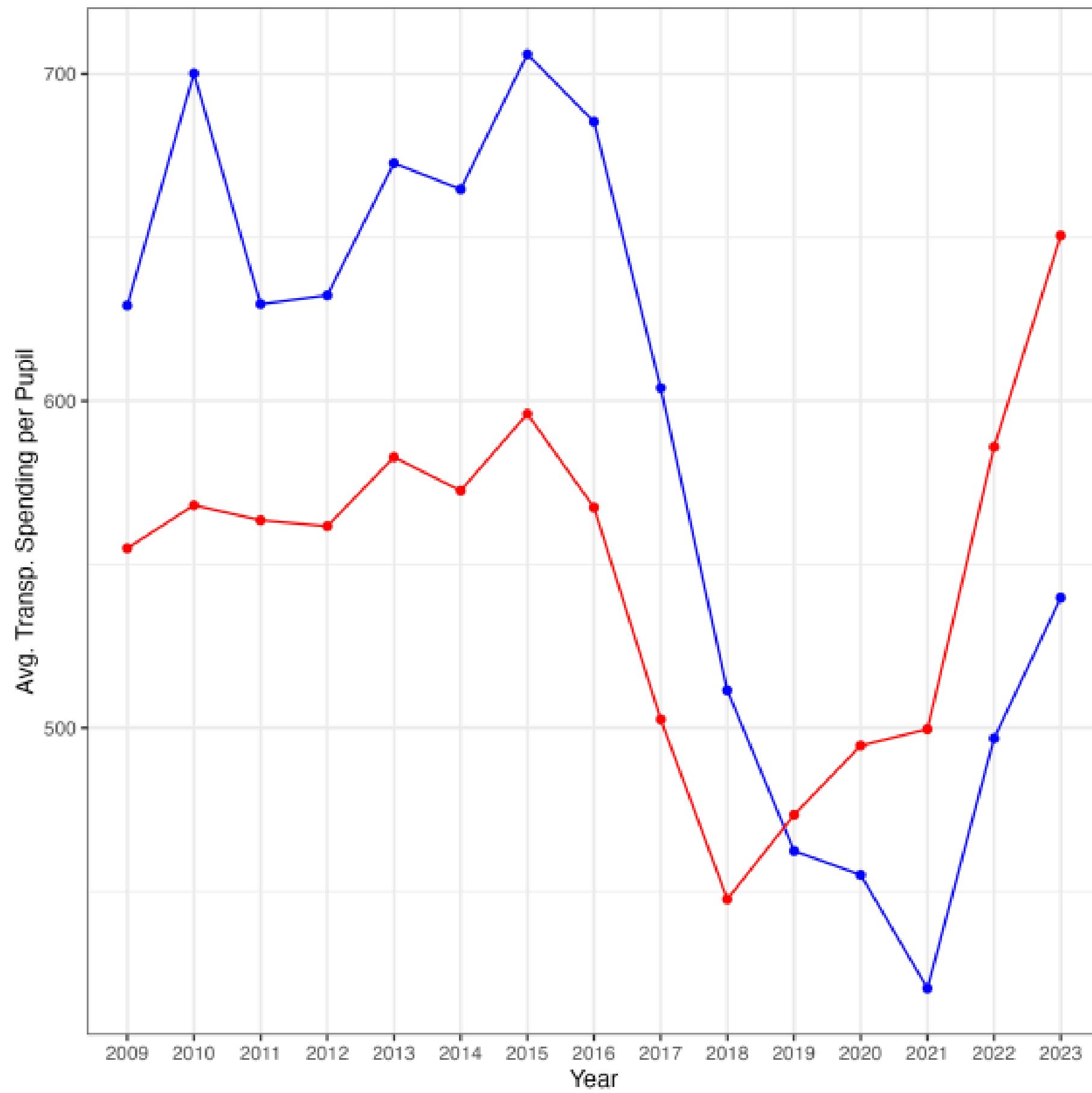
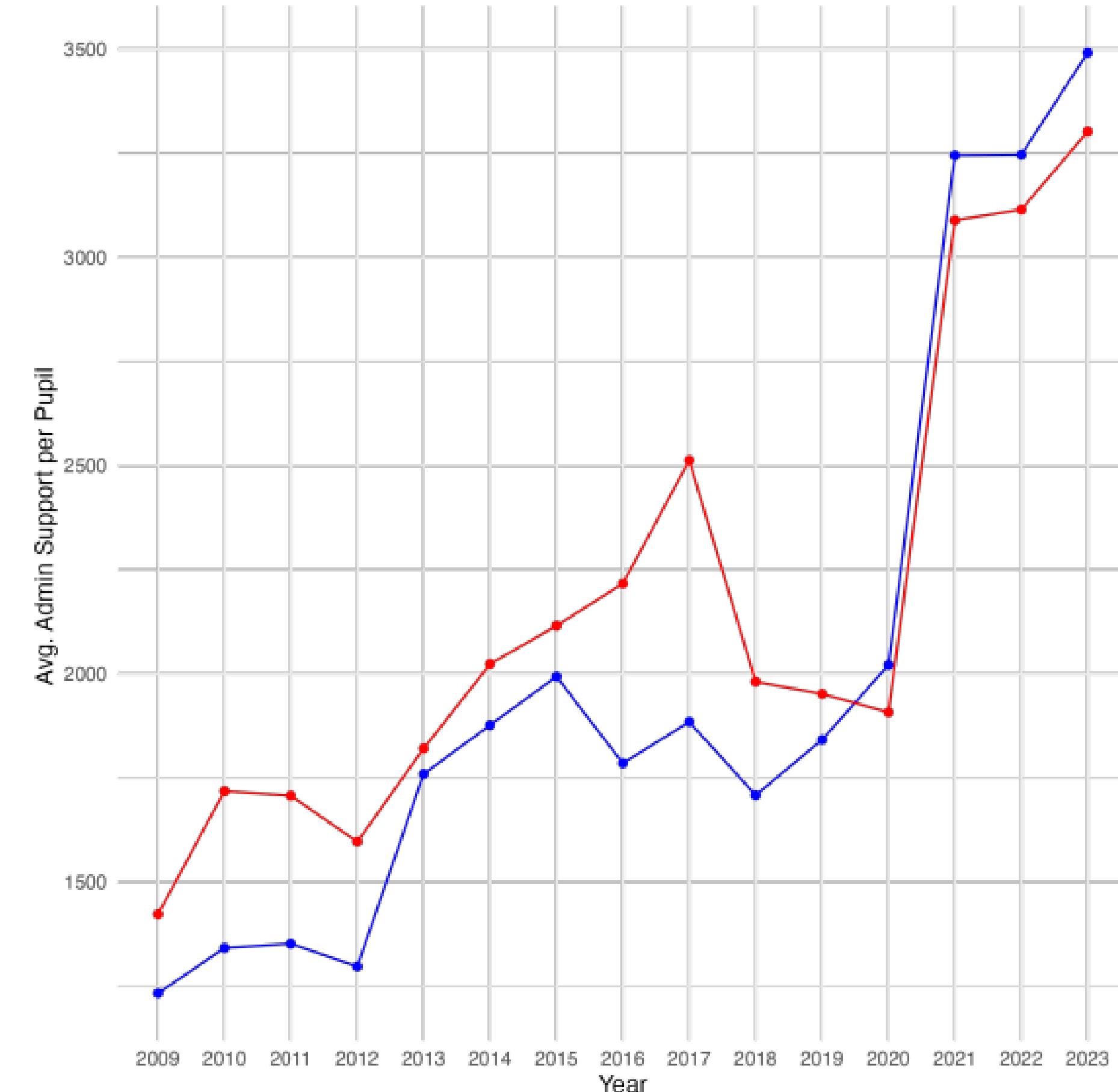
In the absence of treatment, the difference between 'treatment' and 'control' groups is constant over time.

Average Spending Over Time by Merged Status



Parallel Trends

In the absence of treatment, the difference between 'treatment' and 'control' groups is constant over time.



Quantitative Results

- No evidence that district mergers led to significant savings in per pupil spending **OR** slowing of its growth rate
- Specific budgetary allocations were altered:
 - decrease of \$386.87 and \$2,168.6 per pupil on administrative support and contracted services
 - increase of \$1,212.12, \$87.65, \$166.14, \$374.27 per pupil on salary and benefits, materials, transportation, and teacher and student support spending
- Absent reallocation, savings represent 6.5% of the average budget for merged districts in 2024

Interview Results

Table 12: Perceived Benefits and Drawbacks from the Merger Process

Question	No	Common Reasons for No	Yes	Common Reasons for Yes
Did the merger provide financial benefits?	9	spending additional dollars to maintain separate Central Offices, transporting shared services, budgets are no longer robust, diseconomies of scale	9	sharing of resources, able to hire full time personnel, unified curriculum and materials, lowered contracted services
Was local control a concern in towns prior to merging?	18	voters feared loss of school, community, and board power	0	
Have attitudes shifted?	7	still animosity between towns, voters see no evidence of merger benefits	11	schools didn't close, voters begrudgingly accept, voters believe it has been beneficial
Has the merger created equity?	8	merger didn't change anything, less board power and board relationships	10	increased community focus, better personnel and materials
Do you support mergers?	3	no direction or clarity from the state, excess costs, no evidence for merger benefits	15	small schools with large budgets aren't sustainable, helps struggling districts, saves money

Interview Results

- Highlights a shift towards greater student equity and more holistic, district-wide educational strategies
 - shifted verbiage
 - equitable curriculum and resources
 - shared tax burden of special ed and capital construction costs
- Mixed reception to these benefits
 - emphasis on positive impact on equity
 - concerns over weakened community connections
 - increased logistical costs

Interview Results

- Half report financial benefits, half saw no fiscal improvements
- Loss of local control a concern, however many cite it diminished overtime
- Reduced influence of individual districts under a merged board led to decreases in personal connections and community ties (and larger budgets)
- Varied principal responses from same district
- Challenging transitory phase

Conclusions

- Outcomes vary widely across districts, driven more by implementation than structure
- Neutral aggregate savings, potential for reallocation (+ for high need districts)
- Continued data analysis and stronger policy consensus is imperative
- **Lack of evidence that mergers will largely mitigate education finance problem**

Conclusions

Incentivized Organic Mergers

- **Pros**
 - preserves local control
 - reduces political backlash
 - allows districts to tailor mergers to local needs and relationships
 - larger community by in?
- **Cons**
 - No statewide consensus on goals or success metrics
 - Inconsistent implementation across districts
 - Limited or neutral savings
 - Risk of prolonged confusion and delayed impact

Conclusions

State-Guided Mergers with Clear Oversight

- **Pros**

- Enables measurable, actionable objectives
- More consistent implementation, predictable?
- Facilitates post-merger evaluation and accountability
- Aligns consolidation with statewide funding realities

- **Cons**

- High political and community resistance
- Greater bureaucratic complexity, upfront capacity
- Poor design could amplify inequities or inefficiencies

Limitations & Policy Risks

- Aggregation may mask effects on the most financially vulnerable districts
- Limited data on school closures during the merger period
- Outcomes not examined: student achievement, quantitative equity, teacher and student experiences
- Mergers without clear goals risk becoming a policy scapegoat, and marginal voters are aware
- What do we mean by equity?
- Without clear, targeted, and data-driven policies, sweeping overhauls carry substantial risk

Questions?