

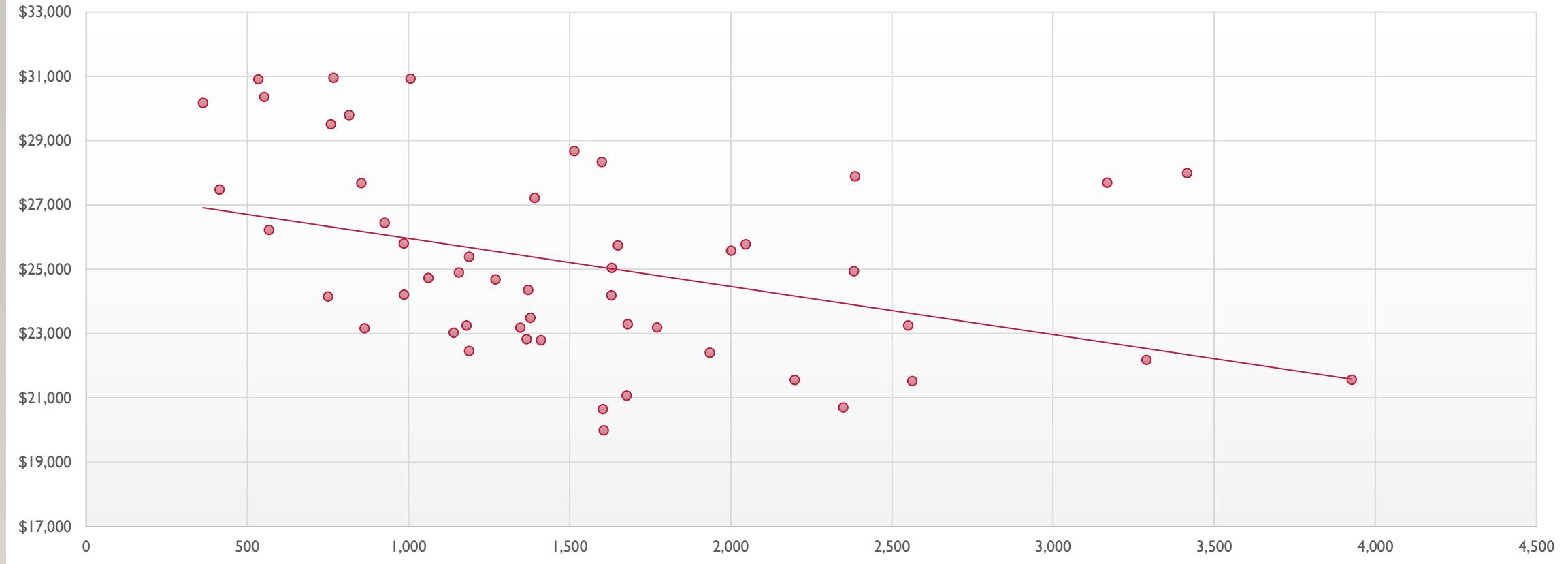
ACHIEVING SAVINGS

A SHARED-SERVICES MODEL FOR RURAL
EDUCATION



**CAMPAIGN
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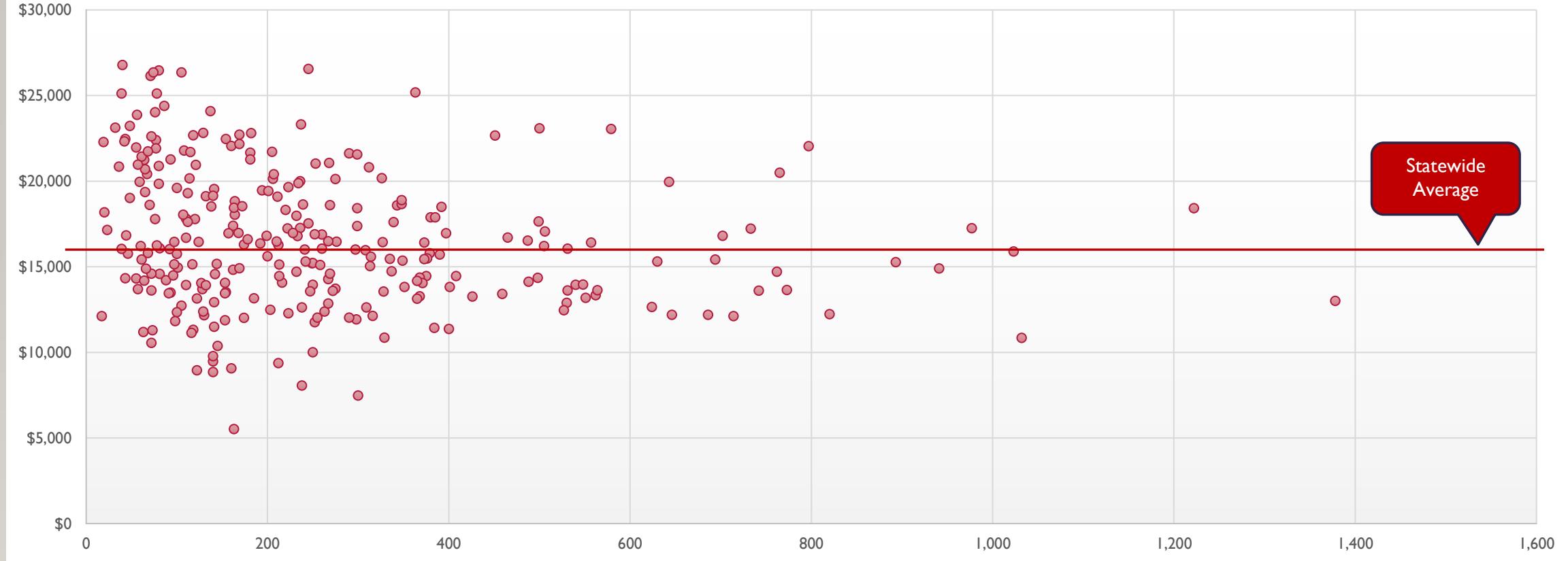
SU Size vs PPE (FY2023)



A COST FUNCTION RELATIONSHIP (SU LEVEL)

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

District Size vs PPE (FY2023)



IN VERMONT, THE DATA INDICATES SCALE IS MORE
IMPORTANT AT THE SU LEVEL THAN AT THE DISTRICT LEVEL

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)?

- 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?

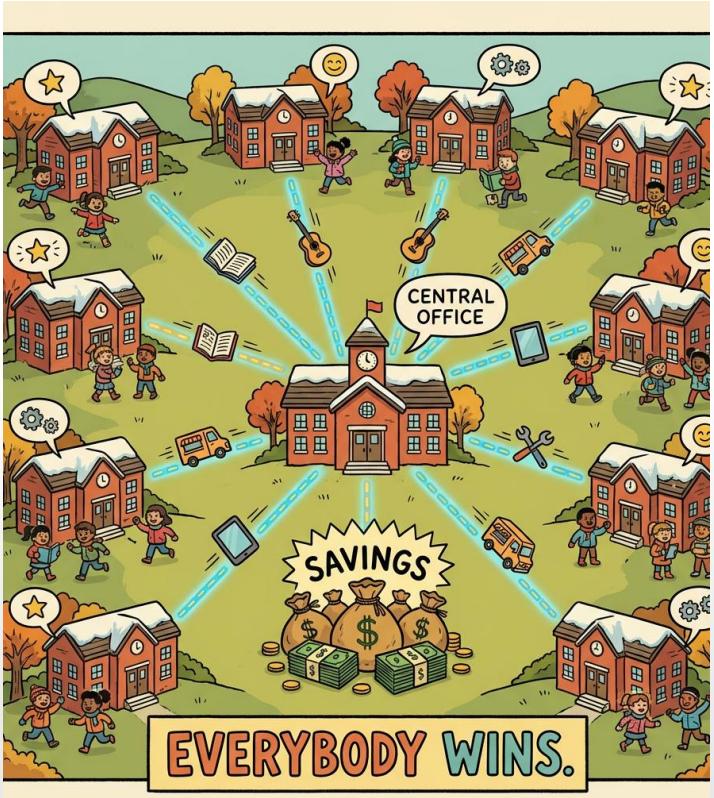
Governance

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

VERMONT'S EDUCATION SERVICE AGENCIES 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.

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](#)

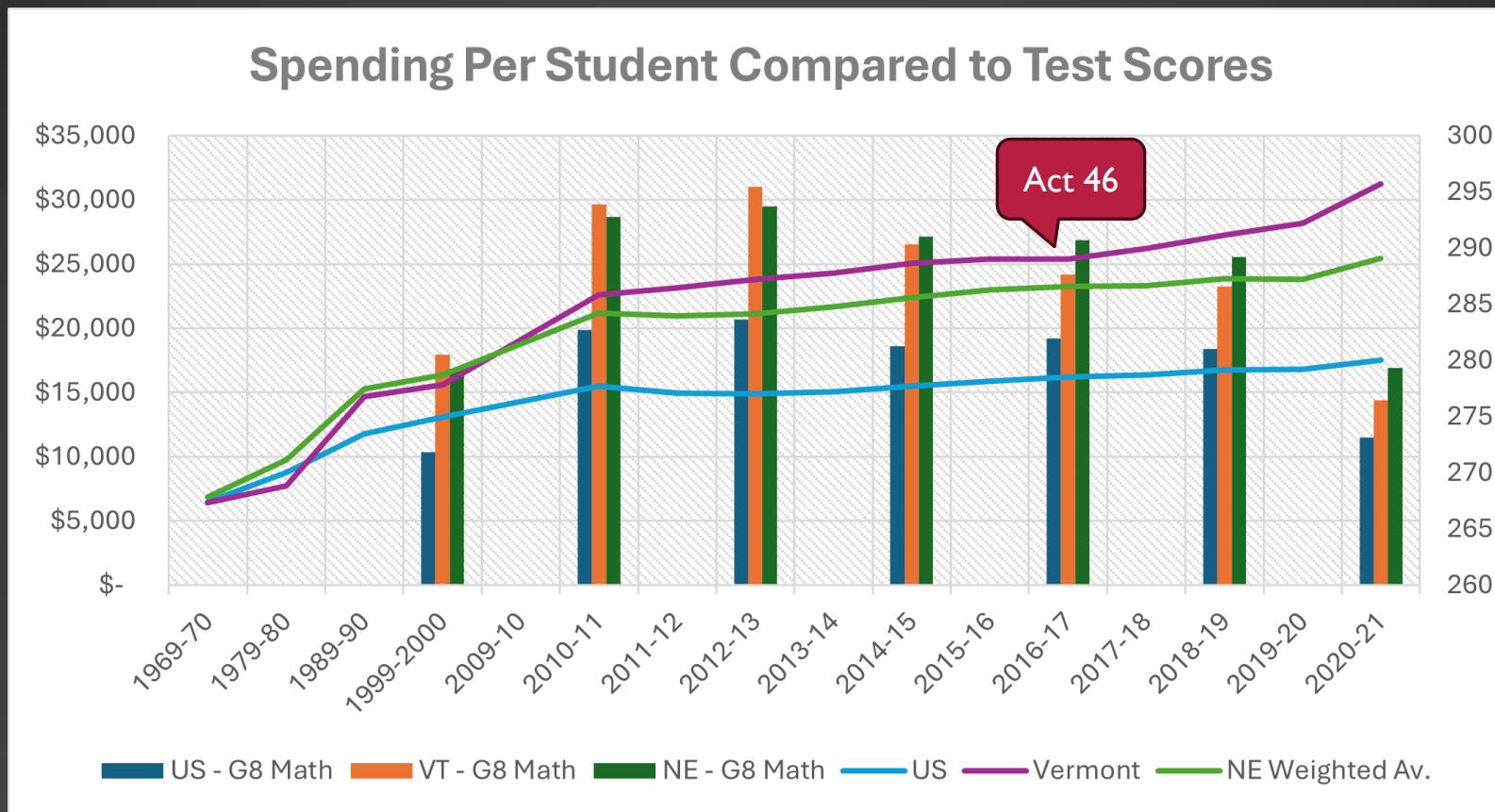
COST SAVINGS: MODEL II

- 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 HAPPENED DURING ACT 46?

Source: National Center for Education Statistics – Digest of Education Statistics



WHY NOT DISTRICT CONSOLIDATION?

- 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.
- Only 4% of spending can be explained by district size, whereas 16% can be explained by SU size.
- Risk of breaking community ties and engagement.

WHY NOT DISTRICT CONSOLIDATION?

- “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)



Maintain
Connection



Expand
Opportunities



Achieve Scale



Generate Savings

WE CAN

CHART A BETTER FUTURE

QUESTIONS?

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