

Executive Summary

A Feasibility Study on Regionalization and Shared Services in the Watchung Hills Regional, Warren, Long Hill, Watchung, and Green Brook School Districts

Rowan School Regionalization Institute
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EXECUTIVE SUMMARY

This study outlines the potential consolidation or expansion of shared services among five New Jersey (NJ) school districts under the School Regionalization Efficiency Program (SREP), which supports public school districts and governing bodies across the state who wish to study the feasibility of school district regionalization and/or consolidation to improve efficiency and reduce costs.

The intent of this study is to examine relevant data in order to provide recommendations on the feasibility of consolidating operations to enlarge the current limited purpose, grades 9-12, regional Watchung Hills Regional School District (Watchung Hills) into one all purpose, grades pre-kindergarten (pK) to 12, regional school district. Concurrently, the study will investigate opportunities to share services more effectively and efficiently among Watchung Hills and its four constituent districts: the grades pK-8 Warren Township School District (Warren); the grades pK-8 Long Hill Township School District (Long Hill); the grades pK-8 Watchung Borough School District (Watchung); and the grades pK-8 Green Brook Township School District (Green Brook), which is not a constituent but sends its high school students to Watchung Hills on a tuition basis.

The reorganization options to be studied include:

1. All Districts Regional: Expanding the limited purpose, grades 9-12, Watchung Hills Regional into an all purpose, grades pK-12 regional school district including the municipalities of Warren Township, Long Hill Township, Watchung Borough, and Green Brook Township.
2. Current Constituents Regional: Expanding the limited purpose, grades 9-12, Watchung Hills Regional into an all purpose, grades pK-12, regional school district including the current constituent municipalities of Warren Township, Long Hill Township, and Watchung Borough with Green Brook Township entering into a revised send-receive agreement with the enlarged regional.
3. Status Quo: Maintaining the status quo with opportunities to better align educational programs and support services while reducing or controlling the costs of educating students in each district through the expansion of shared services and other efficiencies.

The Sweeney Center for Public Policy and Rowan University's College of Education formed the Rowan School Regionalization Institute to assess the new school regionalization law, make policy recommendations, and conduct regionalization studies for interested school districts. The Sweeney Center is led by Mark Magyar, who developed the new school regionalization law and has advised over three dozen districts. The Institute retained a team of expert consultants with deep experience in school administration, governance, law, finance, operations, and demographics to conduct this feasibility study. This includes: consultant and former Warren Township school board member and NJ School Boards Association Senior Manager of Field Services Kathleen Helewa; attorney and former Commissioner of Education Lucille Davy; former superintendents Scott A. Oswald and

G. Kennedy Greene; school business analysts Brian Diamante and Donna Snyder-DeVita; demographic analyst George Sundell; and transportation analyst Ray Kuehner. The study was commissioned by the Watchung Hills Regional and Watchung Borough Boards of Education with the support of the other districts to examine the feasibility of regionalization or expanded shared services across the districts.

Governance and Law

Students in grades 9-12 from Warren, Long Hill, and Watchung attend Watchung Hills as constituent districts. Green Brook is not a constituent district, but sends its grades 9-12 students to Watchung Hills on a tuition basis through a send-receive relationship.

In order to consolidate Watchung Hills and the four elementary districts into a single grades pK-12 district, the districts would have to agree to enlarge Watchung Hills. Should the respective boards of education decide to pursue creation of an enlarged regional, state law requires that the voters of each of the constituent district communities will first determine whether they support such a change. Voters would also be asked to approve the inclusion of Green Brook as a new constituent member of the expanded regional district. If approved, the voters of Green Brook would choose if they wish to join the new regional as a constituent member, or if they wish to continue their send-receive relationship on a tuition basis, as they had with the limited purpose regional. Should Green Brook opt out of consolidating itself with the enlarged regional district, and wish to continue to send its grades 9-12 students to Watchung Hills on a tuition basis, a revised send-receive agreement would need to be negotiated.

An enlarged regional district with Green Brook would have four constituent municipalities and also a nine member elected board of education (i.e., five from Warren, two from Long Hill, one from Watchung, and one from Green Brook). An enlarged regional district without Green Brook would have three constituent municipalities and a nine member board of education (i.e., five from Warren, two from Long Hill, and two from Watchung), all elected by their constituent municipalities. Under this latter configuration, representation for Green Brook on the Watchung Hills board would occur only if the number of students sent by Green Brook reaches 10% or more of the high school student population. In such a case, one seat would be added to the board for Green Brook, with that representative being selected by the Green Brook Board of Education from among its members at its annual reorganization meeting. Under this scenario, the Watchung Hills Regional Board of Education would have 10 rather than 9 members, but the Green Brook representative would have voting rights only on matters that pertain to the high school.

The Division of Local Government Services, which provided the grant that funded this study, has offered implementation grants of up to \$400,000 under the Local Efficiency Achievement Program to cover one-time costs for regionalization and shared services initiatives. Discussion among district leaders and boards of education, followed by the development and approval of specific contracts, would be necessary to design and adopt shared services between the schools in the region.

The NJ Quality Single Accountability Continuum (NJQSAC) is the NJ Department of Education's (NJDOE) monitoring and self-evaluation system for public school districts. It includes the evaluation of five key components: Instruction and Program, Fiscal Management, Governance, Operations, and Personnel. Districts that score 80% or higher in all components are designated as "high-performing".

Recent district NJQSAC results found that Watchung Hills (2023-24), Warren (2023-24), Watchung (2022-23), and Long Hill (2021-22) met or exceeded the high-performing standard in all five areas. Green Brook (2023-24) met or exceeded that standard in four of five areas and missed the standard for Instruction and Program by one point. Future NJQSAC reviews are scheduled for Watchung in 2025-26; and Watchung Hills, Warren, and Green Brook in 2026-27. Long Hill is awaiting results from its 2024-25 review and should be scheduled by NJDOE for 2027-28.

A survey prepared by the study team was taken by 372 Watchung Hills 9th grade students to learn their perspectives on how well their elementary experiences prepared them for their first year in high school in various subject areas. The results varied between students from the different sending districts and between the subject areas. The vast majority of students from all of the districts felt adequately prepared for high school in each subject area. Notable exceptions were the lower ratings by Watchung students of either a 1 or 2 out of 5 regarding their readiness for ninth-grade science (24.6%) and the frequency of middle school science experiments (26.2%).

In April 2025, members of the study team visited Watchung Hills Regional High School (HS) for an open-invitation town hall meeting. Concerns brought forth by participants included new residential building, the resulting influx in new students with changing demographics and support for multilingual learners; curriculum coordination and the hope that standardized test scores could be elevated; supporting the social-emotional needs of all students, middle school students in particular, with the possible consideration of a regional middle school; preserving the protections afforded in current collective bargaining agreements; and savings to taxpayers. Also noted were the desire for each of the schools to be able to enjoy their own unique culture, and for the educational experience for students in districts with high-quality academic programs not to be diminished in any way.

No major political issues were identified with the proposed regionalization. After reviewing this feasibility study, the districts will consider recommendations to their boards on next steps, potentially following a similar process as the recently formed Henry Hudson Regional School District.

Demography

The four municipalities which are part of Watchung Hills Regional are contiguous to Warren Township, the municipality where the high school is located. Warren Township, Watchung Borough, and Green Brook Township are located in Somerset County, while Long Hill Township is in Morris County.

Between 2018 and 2023, Warren Township and Watchung Borough experienced increases in population at 1.3% and 6.1%, respectively, while Long Hill Township (-0.6%) and Green Brook Township (-2.5%) experienced slight declines in population. Median household income has increased in all four communities, but there is a significant difference between the highest income levels and the lowest: Warren Township's median household income is currently \$189.4K (up 15%); Watchung Borough's is \$166.5K (up 8.6%); Long Hill Township's is \$165.1K (up 15.8%); and Green Brook Township's is \$218.9K (up 57.7%). Yet even as median incomes increase, there is a projected rise in the percentage of students who qualify for free and reduced meals with an estimated 16.4% total percentage of the student population predicted for 2029-30. This aligns with the actual increases of economically disadvantaged students which all four school districts have been experiencing since 2019.

The number of live births is a key data point in predicting future kindergarten enrollment. The potential for population growth in Warren and Long Hill Townships is indicated by comparing birth rates to total population. Watchung Borough and Green Brook Township's birth rates are declining. Median age has risen in three of the four municipalities, with only Warren experiencing a decline of 1.9 years.

After years of relatively stagnant or declining enrollment, all four municipalities began undergoing significant housing growth during the year this study was conducted, which presented unexpected enrollment challenges for Warren heading into this school year and will pose significant staffing and fiscal challenges in all of the districts over the next five years. While combined enrollment in the five districts declined from 5,769 in the 2019-20 school year to 5,522 in 2024-25, enrollment began climbing to 5,689 this year and is projected to grow to 6,479 by the 2029-30 school year.

That projected increase of 957 students across all of the districts would represent a 17% increase in enrollment that will fall principally on property taxpayers in the four municipalities because state aid makes up such a small percentage of overall district budgets. The fiscal challenges of continuing to provide a high-quality education to Warren, Long Hill, Watchung, and Green Brook students is a compelling argument for residents to consider full grades pK-12 regionalization or a massive expansion of coordinated shared services in an effort to control costs for taxpayers.

The estimated potential classroom availability data demonstrates that the schools in the Watchung Hills region have a wide variety in terms of physical capacities. An all purpose regional would have greater flexibility to make efficient usage of classroom space based upon a new regionalized administration's consideration of efficient use of and reconfiguration of space while preserving and elevating student outcomes. For example, there are opportunities for expanding preschool programs in an all purpose regional, as classroom availability in the enlarged district could accommodate the projected three- and four-year old universe.

Education and Program

This section of the feasibility study examined the educational impact of potentially regionalizing Watchung Hills with its current constituent members and Green Brook into a single all purpose, grades pK-12, regional school district, or a merger of all of the constituent districts while preserving the send-receive relationship with Green Brook. It analyzed curricular programs, achievement results, specialized programs, extracurricular offerings, school climate, staffing patterns, and professional development opportunities. The study examined whether regionalization or a greater degree of shared services would provide higher quality and more equitable education, produce additional benefits or challenges, and/or impact special population services. Data collection methods included analysis of public state and local documents, data provided by the districts, and in person meetings with various administrators and ninth grade teachers in multiple subject areas.

This analysis examines the instructional time and materials differences among the four elementary districts whose students attend Watchung Hills Regional HS. Significant instructional variations exist in the core subjects of English language arts (ELA), Mathematics (Math), Science, and Social Studies. For instance in ELA, none of the four elementary districts use common programs in grades K-8, and they further differ in supplementary materials and instructional time. Math instruction shows similar disparities, although Warren and Long Hill will be using iReady for their students as of September 2025. Math instructional times vary by as much as 80 minutes daily for the same grade level across districts. Science and Social Studies also demonstrate considerable differences in both content and time allocation. Several of the grades pK-8 districts use curricula that have been developed in-house across all of the above-mentioned subject areas. There are differences in World Language offerings between the high school and the elementary districts. For example, all five districts offer Spanish but only Watchung Hills and Warren offer Mandarin Chinese, and the high school is the only one that offers Italian. Four of the districts offer French with Green Brook being the exception. Variations in the student learning experience between the districts extend to other content areas, such as physical education, art, music, and technology/STEAM education.

The disparities in curricula, instructional time, and assessment tools result in students having significantly different educational experiences before entering high school. This analysis suggests that aligning programs, assessment tools, and instructional time across districts could lead to more consistent student skills, better informed instruction at the higher grade levels, and a more cohesive educational experience overall. This alignment has the potential to benefit both students and educators by creating a more standardized and effective approach to education across the districts.

Whether regionalization occurs or not, the creation of a central regional curriculum office or a shared director of curriculum for grades pK-12 could provide cohesive direction, support, and coordination for curriculum and instructional practices across the region, potentially leading to elevated student achievement and stronger preparation for high school. Such coordination could increase efficiency by eliminating any duplicative efforts where they may or could occur, which could help districts both financially and academically, while potentially preserving important instructional support systems.

The study also examines standardized assessment results across the districts, focusing on the NJ Student Learning Assessments (NJSLA) for ELA and Math. Watchung Hills data shows the high school consistently exceeds the state average in all areas, with the exception of Algebra I, which may be attributed to advanced students taking Algebra I in middle school, with less mathematically-inclined students taking it in ninth grade. Likewise, the elementary and middle school data from Warren, Long Hill, Watchung, and Green Brook show performance which is consistently higher than the state average. It is important to note that although exceeding the state averages is commendable, the school districts of the Watchung Hills region historically focus on elevating their own year-over-year results. Test scores have been increasing since the State's return to NJSLA testing after the years of the COVID-19 pandemic when the assessments were suspended. Most NJSLA scores in the region have not yet returned to pre-pandemic levels, although Black and Hispanic students have achieved notably higher success in post-pandemic years. There are areas of variability across the subjects and different grade levels. In sum, even with some areas for continual improvement, the overall picture in the Watchung Hills region is one of achievement and a commitment to academic success.

NJDOE data indicate that students are largely demonstrating typical growth in grades 4-8 in ELA and in grades 4-7 in Math across multiple years. No other elementary grade levels are subject to growth measurement. When comparing growth across the grades pK-8 districts, results are mixed with each district outpacing the others in at least one of the four years in ELA, and Warren outpacing the others in Math for three of four years during which those assessments were made between 2016-17 and 2022-23. Each of the elementary districts met the federal accountability standard for student growth in ELA and Math during each of the years studied, with the sole exception of Watchung having fallen one point shy in Math during the 2017-18 school year.

Even among these high-performing schools and districts, the range of student growth scores in the region provides an opportunity for district leaders working within a regional setting to examine the programs and instructional practices that are yielding the highest levels of student growth demonstrated in core subjects, and to infuse those practices throughout a larger district that would serve more children than the four grades pK-8 districts do individually. By combining district- and building-level supervisory staff and reassigning responsibilities closely aligned to areas of expertise, a regional school district also has the ability to better serve and provide targeted support to the teachers preparing students to meet or exceed academic standards and leave high school being college and career ready.

The four- and five-year graduation rates at Watchung Hills exceed the state averages for all subgroups. Most graduates attend postsecondary schools within sixteen months of graduation with the majority of students opting for four-year rather than two-year institutions. Watchung Hills surpasses the state average of graduates attending any institution of higher education by an average of eighteen percentage points.

Not unlike school districts across the State, absenteeism has risen in each of the five districts since the onset of the COVID-19 pandemic in 2019-20. Chronic absenteeism has been linked generally to

higher dropout rates. In each of the districts in this study, chronic absenteeism remains higher than pre-pandemic levels. Incidents of violence, vandalism, bullying, and substance offenses tend to increase as students move into schools that serve the higher grade levels, as do in-school or out-of-school suspensions. Among the grades pK-8 districts, Green Brook has a lower percentage of such incidents than its peer districts in the region. Recognizing that school climate profoundly impacts attendance and discipline, regionalization could provide the capacity to identify and initiate best practices for climate and culture initiatives in a larger all purpose regional that smaller districts might struggle to provide independently, thereby benefiting all students and positively impacting the future of the children throughout the region.

Access to early childhood education establishes a firm footing for academic success throughout a child's lifetime. It is a growing demand across the State, in part due to new focus and funding opportunities from the NJDOE. All four of the grades pK-8 districts in the region offer preschool for general and special education students. Warren sought but did not receive the preschool expansion aid grant in the past school year, and space constraints in Watchung prevent their programs from expanding. A fully regionalized school district could address issues of space for preschool via the greater flexibility a larger district can offer, and also ensure consistent program quality by consolidating oversight efforts in one common office. For instance, an early childhood supervisor supported by the preschool expansion aid could oversee and focus upon that specific program and its direct connection to grades K-3 programming to ensure smooth transitions and aligned curricula.

Special education is an area with great potential for joint action. Consolidating child study team staff within one larger district or through a shared services initiative may provide greater levels of expertise to meet the unique needs of students. It may also provide opportunities for greater alignment in terms of eligibility criteria and determinations. The percentage of total enrollment by classified students ranges from 13.2% to 19.7%, and there are noteworthy disparities among the percentages of students with specific classifications.

The elementary special education directors noted that they have made successful efforts over the past several years in reducing out-of-district placements by developing in-house programs to meet student needs in a less restrictive environment. Their in-district placement rates of between 94% to 96% reflect that success and are noticeably higher than the high school rate of 82.7%, which likely resulted from the previously higher elementary numbers. To put it into a financial context, 30 students being placed out-of-district costs Watchung Hills over \$3.5 million in tuition and \$1.6 million for 27 transportation routes.

It should be expected that as these children move on from elementary school that the in-district high school percentage should rise concurrently. To ensure this continuity, it is recommended that placements continue to be a regular dialogue among all of the directors. It was noted that high school case managers are invited to 8th grade IEP meetings, which is a positive sign. Since many of these meetings happen later in the year when time is short to develop appropriate high school programs, consideration should be given to having high school staff attend IEP meetings for 7th, and

perhaps even 6th, grade students. This can allow for development of high school programming to meet educational needs in-district well in advance of the arrival of those students.

Just as the opportunity exists to take advantage of additional special education expertise and resources in a consolidated department of a single all purpose regional, students who benefit from extra support via multi-tiered systems of support would benefit from such an arrangement as well. Common screeners and support mechanisms, regular and consistent progress monitoring, and aligned professional development to support these learners throughout a larger district, while still being able to address individual needs in a small school environment, enriches the educational experience for students and aims to reduce the rate of classification.

The percentage of multilingual learners for whom English is not their primary language has traditionally been low in the Watchung Hills region, though it has been increasing over the last few years. Currently, Watchung has the highest percentage at 6.4% and Long Hill has the lowest at 3.5%. Students are supported by different methods in each of the districts. Student achievement data for multilingual learners is limited in its public reporting in some districts due to the few numbers of students who qualify for these services. The data that is available shows sharp test score declines after the pandemic, as was the case statewide. Warren's NJSLA scores in ELA and Math for this subgroup were on an upward trajectory in 2021-22 and 2022-23, but Long Hill and Green Brook have experienced declines. Data for multilingual learners at Watchung Hills is not available for the post-pandemic years, but it is notable that in 2018-19, the students were achieving below the state average in both English and Math, and lagged behind Warren during the same year by 55 and 48 percentage points respectively. As stated for other student subgroups, an all purpose regional could present an opportunity for common programming and support that could elevate the academic performance of all multilingual learners across the region.

Support for gifted students is offered at each of the schools, though little overlap exists among those programs. As students identified as gifted progress through middle school and into high school, they will have had completely different experiences, which raises questions of equity among these learners. Further collaboration through regionalization or shared services would help to ensure that students received similar and equitable levels of services prior to high school, where they will likely enroll in advanced coursework.

All of the districts in this region offer popular extracurricular activities for their students including sports. Watchung Hills has long and rightly prided itself on the number of diverse extra curricular opportunities offered to its students. There are multiple options offered by the elementary districts as well. Clubs and activities differ from district to district, and in some instances from school to school within the same district. Maintaining or expanding the number of students available to take part in specialized activities, such as clubs, instrumental music, theatre, or athletic teams enhance not only the student experience, but also the quality of those programs and better prepare middle school students for high school athletic competitions and fine arts performances and programming.

The largest portion of any school district's budget comprises costs attributed to supporting its staff through salaries and benefits. This would continue to be the case should an enlargement of the regional district take place. Extensive research has shown the significant impact educational personnel have on student learning experiences and success.

Projecting staffing needs for newly consolidated districts is nuanced and based on a great deal of context, such as recognizing the high level of multi-tasking that personnel, especially administrators, perform in smaller districts. It is notable that in the Watchung Hills region, there is a minimal amount of shared services in place currently, which may exacerbate that fact for these districts. Should an expanded all purpose district be formed, several supervisory positions could be shared within the current configuration.

Importantly, a fully regionalized district would have only one superintendent and one business administrator. This would discontinue the replication of administrative duties which must be performed by each of the five different school districts, replication which requires both time and money draining resources from other productive uses. It should be noted that in a fully regionalized district, other administrative positions may need to be created, such as assistant superintendent or directors of different areas of operation to ensure optimal functionality of the enlarged district. The opportunities for efficiency will be more available by combining some positions on district office position rosters even with school-level staff remaining relatively constant.

Finance and Operations

The analysis in this section examines the financial implications of expanding the limited purpose Watchung Hills into an all purpose, grades pK-12, regional school district versus remaining in the status quo configuration with greater shared services arrangements. Two scenarios for the expansion of the regional district are considered: one including Watchung Hills and all of the grades pK-8 districts (all districts regional); and another joining Watchung Hills with its current constituents of Warren, Long Hill, and Watchung with Green Brook sending students to the high school on a tuition basis as it currently does (current constituents regional).

Budgetary costs per pupil for each district in the Watchung Hills region are compared in this report to their state peers. Watchung and Long Hill exhibit per pupil spending below the state median. The budgets of all districts in this study prioritize classroom instruction, exceeding state medians in direct spending on students, with percentages ranging from 79.6% in Warren to 74.7% in Watchung Hills. Primary attention and commitment to students are demonstrated in each district budget. Whereas spending which directly impacts students is generally viewed favorably by taxpayers, lower spending on administration is often raised by the public as an area to realize potential efficiencies. It is notable that all of the districts are close to the state median of 10% on administrative spending, ranging from 11.2% in Long Hill to 8.3% in Warren.

The study identifies potential cost savings from consolidating audit processes, professional services, and administrative staffing in both the all districts and current constituents regionalization scenarios.

Projected cost savings, which are not all-inclusive, are estimated at approximately \$2.7 million in the all districts scenario and \$2.0 million in the current constituents scenario. In both cases, all existing educational programs are expected to be maintained. The majority of specified savings come from consolidating administrative personnel, including superintendents, business administrators, and various director and assistant positions. In each scenario, however, some of that savings would be partially offset by salary guide adjustments and necessary investments in new positions and restructuring to serve the enlarged regionalized district optimally. The assumptions underlying the cost projections are supported by the study's Education and Program domain as well as the Shared Services section.

It is important to note that these cost savings do not include the potential financial efficiencies and educational benefits that could occur from consolidating and coordinating operations such as curriculum and textbook purchases, in-district special education programs, student transportation, technology infrastructure, central office functions, unified contract negotiations, and the potential for self-funded health insurance that may be viable in a regionalized district. Each of these would require further exploration and consideration by a regional board of education and administration or joint actions by the districts as currently structured.

To estimate state aid, the consultants implemented a model approximating the formula in the School Funding Reform Act. The model reflects the demographic, enrollment, property valuation, and aggregate income trends of each participating district. Beginning in FY 2026, several methodology changes were introduced by the State, including caps on annual aid increases and decreases (6% and 3%, respectively). These caps, while enacted through temporary budget language, are assumed by the consultants to continue through the study period due to their stabilizing effect on the State's overall budget and K-12 formula aid obligations.

Under these assumptions, the model projects that regionalization would result in modest annual state aid benefits relative to the status quo of approximately \$82,000 in both scenarios. However, if the State removes the aid caps and returns to full formula funding, remaining as separate districts would yield higher total aid. Under an uncapped aid paradigm, the separate districts would receive \$119,000 - \$124,000 more in aggregate state aid annually than the enlarged regional district. These modest state aid impacts from regionalization are minimal compared to total operating budgets.

NJ law requires regional districts to allocate costs based on either equalized property valuation, student enrollment, or any combination of both methods. These approaches represent fundamentally different philosophies about fairness and community responsibility. Equalized valuation-based apportionment distributes costs based on community wealth, benefiting Long Hill and Green Brook since their property wealth is lower relative to their student population. Conversely, enrollment-based apportionment allocates costs according to service usage, benefiting Warren and Watchung since they have fewer students relative to their property wealth.

For the all districts scenario, the model identified an optimal ratio of 77% EPV to 23% ENR. In the current constituents scenario, an optimal ratio of 97% EPV to 3% ENR was identified. However,

while optimal in that each ratio allocates the tax levy impacts as equitably as possible to all communities, there is no combination of standard apportionment parameters that produces universal tax benefits to all communities in either regionalization configuration. Warren, Long Hill, and Green Brook would stand to see reductions in tax liability in an enlarged regional relative to the status quo while Watchung would see tax increases.

An alternative approach is provided through P.L.2021, c.40, which permits a board of education to establish a transitional methodology, not to exceed ten years, of the apportionment method adopted by the voters provided that the methodology is agreed to by all participating districts. A possible transitional methodology has been developed with the goal of keeping tax impacts positive for all districts for the first five years of the regional's operation and then provide a gradual phase-in towards formulaic apportionment under the optimal weights of 77% EPV and 23% ENR. This approach gives each community ample time to plan for the long-term distribution of tax responsibility while immediately realizing the educational and programmatic benefits of regionalization in the short-term. A similar transitional method could be developed for the current constituents configuration.

When school districts merge into a regional, state law requires that the debt and other financial obligations of the individual districts become the shared responsibility of the new regional. Rather than viewing existing debt in isolation, communities should consider both the immediate and shared benefits of recently improved facilities and the long-term capital needs across all buildings that the regional district will ultimately need to address.

Four of the five districts in this study have bonded, long-term debt currently.¹ Additionally, Watchung also has an arbitrage rebate of \$323,724 payable as of June 30, 2024. According to the NJ audit program, “A school district may not be required to remit arbitrage rebate payments until several years into the future, but it still must recognize a liability for rebateable arbitrage as soon as it is both probable and measurable that a liability has been incurred.” Also of note, Watchung Hills added a four-year lease purchase of \$640,000 in July 2024 for technology equipment, classroom furniture, building security, and athletic improvements.

All of the districts in the region have short term debt. Short term debt is a multi-year obligation authorized by the school district, but budgeted for in the annual budget process. Energy savings and improvement plans and subscription-based information technology arrangements are two short term debts that the districts in this region utilize and were considered significant enough to be included in the study. The latter are an area to be explored for sharing services, and regionalization may lead to savings due to economies of scale.

The consultants examined the districts’ collective bargaining agreements in light of potential regionalization. According to state law, the salary guide and terms and conditions of employment of the largest constituent school district shall apply in full after three years following the formation of the regional district or until a successor agreement is negotiated with the majority representative of

¹ Warren does not currently have any debt.

the new school district, whichever occurs first. The salary guide and terms and conditions of employment that will apply are based upon the terms and conditions of employment of the largest constituent district made up of the identical grade levels. In the event that there is no constituent district made up of only the identical grade levels, the salary guide and terms and conditions of employment that will apply are based upon the terms and conditions of employment of the largest constituent district containing the identical grade levels. This means that Warren's agreement would govern all grades pK-8 staff and Watchung Hills would govern all grades 9-12 staff if a successor agreement were not completed within three years of the regionalization. A successor agreement would need to be negotiated between the new board of education and the new association representatives.

This report compares the main employment agreements between the districts, which demonstrate variations in areas such as recognition clauses, grievance processes, school calendars, working conditions, service requirements, leaves of absence, tuition reimbursement, and insurance coverages. This information is provided to serve as a basis to aid the negotiations process should the districts decide to form an all purpose regional district, or to be used simply as points for comparison and synthesis in future negotiations.

In addition to a basic review of steps and salary levels that would require attention to bring the guides into alignment, consultants estimated the financial implications of aligning teacher salary guides. Due to data availability, a complete simulation was only possible for Green Brook. Green Brook's results were then scaled to estimate impacts for Long Hill and Watchung. This scaling was based on relative staffing and salary guide structure similarities. The analysis yields a total cost of \$525,000 in the all districts scenario and \$377,000 for the current constituents scenario. These estimated costs were included in the broader cost savings calculations described earlier in this study.

One of the driving forces for this study was to examine best practices in shared services for the districts of the Watchung Hills region to consider. This report finds that most of the districts in this study participate in some shared services, but the practice is not extensive and sharing of personnel is minimal. Opportunities exist across the region for shared central office director roles in areas such as transportation, special services, curriculum, and professional development. There are also opportunities for sharing non-administrative personnel. School counselors are in high demand and sharing counselors who can serve schools throughout the region would allow for a continuity of care for students in the region while reducing costs to the individual districts. The development of expanded shared services initiatives can also be a positive critical step in building working relationships and cooperation among districts that provides impetus toward later regionalization. However, it behooves districts to strive to keep administrative turnover to a minimum, as instability in important roles creates fertile ground for errors and suboptimal functioning of key district operations and student support. It can be very challenging in practice for an individual to work for more than one district, each having its own culture, leadership, and board of education, to name a few factors. An enlarged all purpose, grades pK-12, regional district would negate those concerns.

It should be noted that if regionalization occurs, the formation of a well staffed, grades pK-12, regional administrative office with some school level staffing would result in many business office operations being done by a single district instead of five, four in the current constituents scenario. More personnel and time for these functions would allow for more robust exploration of grants, alternative funding, purchasing cooperatives, and other money saving options. Expertise in one hub would also likely result in more accurate and timely reports issued from that office. A novel approach towards shared services in the absence of full regionalization would be for the districts to explore the formation of a regional administrative office which could accomplish all of the above for the districts which participate. Outside of consolidating or sharing personnel, a joint curriculum office or consortium, as is in place for the school districts of the Northern Valley region of Bergen County, would be an endeavor worthy of investigation.

Transportation packaging and tiering is well thought out and efficient in all five districts. Four of the five districts are below state averages for cost per package with Watchung Hills notably so. Green Brook has an especially high cost per package that is substantially above state averages. Rebidding this transportation contract could potentially result in lower costs. Across the region, the addition of a single transportation supervisor would provide for a regular evaluation of bus stops, routes, and tiering to enhance and improve busing efficiency. Should regionalization occur, the enlarged all purpose district may also want to consider purchasing some of its own vehicles and hiring at least some of its own drivers to mitigate having all transportation in the hands of an external contractor.

Since Green Brook is not currently a constituent district of Watchung Hills but rather sends its students to the high school on a tuition basis, and because two of the configuration scenarios which are being examined preserve this arrangement, this report details the complex process of determining and adjusting tuition rates in send-receive relationships. It is noted that Green Brook and Watchung Hills deviate from the standard practice of setting tuition rates, having cooperatively entered into contracts which set tuition rates for three consecutive school years at a time. The analysis examines the rates set by those contracts compared to the formula that the State uses to reconcile tuition rates between sending and receiving districts. In the event that an all purpose regional were to be formed including Green Brook, tuition would no longer be an issue going forward. However, the enlarged regional would need to resolve two years of tuition reconciliation with Green Brook. This report identifies two possibilities: (a) the new regional absorbs the reconciliation; or (b) the tax levy is adjusted for the first two years as a final reconciliation for the municipalities that are involved. Should the status quo model prevail, tuition between Green Brook and Watchung Hills would continue to be governed by the agreement currently in place through 2027.

The analysis also briefly mentions the potential for shared services in special education programs, though it does not provide a detailed financial analysis of special education tuition due to the variable nature of these needs and populations.

The State allows various types of reserve accounts, each legally restricted for specific purposes, and sometimes capped. Reserve accounts are a method of budgeting for certain types of future expenses.

The districts in this study use five types of reserves: capital, unemployment, tuition, maintenance and emergency; but none of the five districts uses all five types of reserve accounts. All of the districts in this study use capital and unemployment reserves. Unemployment reserves cover benefit costs. Capital reserves are restricted by state statute and must be included in the certified budget. Warren's capital reserves are the highest among all of the reserve balances at just over \$6.9 million; however, the March 2025 referendum used most of this and only \$1 million is expected to be retained.

Tuition reserves are for districts in send-receive relationships, capped at 10% of estimated tuition costs; so only Green Brook and Watchung Hills need to use tuition reserves. Warren, Long Hill, Green Brook, and Watchung Hills use maintenance reserves, which are capped at 4% of the school facilities' replacement cost. Warren and Long Hill use emergency reserves, which may not exceed \$250,000 or one percent of the district's general fund budget up to a maximum of \$1,000,000, whichever is greater. As school budgets tighten, the use of emergency reserve accounts to address unanticipated expenditures from the general fund are starting to become more common.

INTRODUCTION

Study Purpose

The School Regionalization Efficiency Program (SREP) supports public school districts and governing bodies across the State of New Jersey (NJ) that wish to study the feasibility of school district regionalization or consolidation. NJ Public Law 2021, Chapter 402 (P.L.2021, c.402), the legislative act that created the SREP, was signed into law by Governor Murphy on January 18, 2022, after passing both houses of the State Legislature. It created a grant program within the Division of Local Government Services in the Department of Community Affairs, the purpose of which is to provide for the reimbursement of eligible costs associated with conducting feasibility studies that support the creation of meaningful and implementable plans to form or expand regional school districts.

In order to be eligible for a grant, applicant boards of education or certain municipal governing bodies are required to meet criteria, namely that the proposed regionalization:

- does not increase or exacerbate the segregation of students enrolled in the school districts seeking to consolidate or, as applicable, in the school districts from which a school district is seeking to withdraw by racial, socio-economic, ability, or English language learner status;
- to the maximum extent practicable, will lead to the establishment of a limited purpose or all purpose regional school district;
- consolidates school districts that are in close geographic proximity to each other. School districts need not be immediately contiguous as long as the consolidation and any geographic separation is not so large as to contradict the potential for improved efficiency and cost savings;
- possesses the potential for improved efficiency and cost savings;
- possesses the potential to advance an enhanced learning environment for participating districts;
- coordinates curriculum across schools and grades throughout the proposed limited purpose or all purpose regional school district; and
- reflects a documented commitment from the participating districts to make good faith efforts to implement the recommendations of the feasibility study that promote efficiency and quality of education.²

² P.L.2021, c.402

The intent of this study is to examine relevant data in order to provide recommendations on the feasibility of consolidating operations to enlarge the current limited purpose, grades 9-12, Watchung Hills Regional School District (Watchung Hills) into one all purpose, grades pre-kindergarten (pK) to 12, regional school district. Concurrently, the study will investigate opportunities to share services more effectively and efficiently among Watchung Hills and its four constituent districts: the grades pK-8 Warren Township School District (Warren); the grades pK-8 Long Hill Township School District (Long Hill); the grades pK-8 Watchung Borough School District (Watchung); and the grades pK-8 Green Brook Township School District (Green Brook), which is not a constituent but sends its high school students to Watchung Hills on a tuition basis.

The study will analyze district operations in the following areas, which make up the four major domains of this project: Governance and Law; Demography; Education and Program; and Finance and Operations. Each of these considerations must be studied to understand the overall impact of the potential formation of an all purpose, regional school district. The Governance and Law domain focuses on an examination of school district profiles; constitutional, statutory, and case law; election process and board composition; state monitoring status; stakeholder input; transition features; and potential political issues. The Demography domain looks at municipal profiles; housing starts; enrollment history and projections; disaggregated enrollments; potential school facility capacities, and the racial and other impacts of regionalization. The Education and Program domain examines the curriculum and instructional factors, performance measures, special programs, extracurricular programs, and school and district staffing. The Finance and Operations domain explores operating expenses, school aid and local tax levy projections, borrowing margin and debt allocation, collective bargaining agreements, shared services, contracted services, tuition, and reserves.

Consolidation Options

The boards of education of Watchung Hills, Warren, Long Hill, Watchung, and Green Brook have expressed an interest in examining the feasibility of reorganizing their school districts or seeking ways in which to expand shared services across their schools and districts. The options being studied include:

1. All Districts Regional pK-12: Expanding the limited purpose, grades 9-12, Watchung Hills Regional into an all purpose, grades pK-12 regional school district including the municipalities of Warren Township, Long Hill Township, Watchung Borough, and Green Brook Township;
2. Current Constituent Regional pK-12: Expanding the limited purpose, grades 9-12, Watchung Hills Regional into an all purpose, grades pK-12, regional school district including the current constituent municipalities of Warren Township, Long Hill Township, and Watchung Borough with Green Brook Township entering into a revised send-receive agreement with the enlarged regional; and

3. Status Quo: Maintaining the status quo with opportunities to better align educational programs and support services while reducing or controlling the costs of educating students in each district through the expansion of shared services and other efficiencies.

This study examines the potential impacts of regionalization as outlined above. Any referendum or vote to regionalize that does not include the options as designed for this study would completely change the analysis and findings produced herein.

Consultant Backgrounds

The Sweeney Center for Public Policy and the Rowan University College of Education formed the Rowan School Regionalization Institute to assess the impact of the school regionalization law,³ make recommendations on policies to advance regionalization, and conduct feasibility studies for interested districts. As the lead agency, the Watchung Hills Regional Board of Education retained the Institute to prepare this study to address the requirements of its SREP grant.

The Rowan University School Regionalization Institute is led by Director Mark Magyar, MLIR, who developed the new regionalization law as policy director for the NJ Senate Majority Office. He has met with superintendents and board members from dozens of school districts to advise them on regionalization issues. The Institute retained the following expert consultants to collaborate on this study:

Kathleen Helewa, consultant with KHEC LLC, which serves boards of education, charter school boards of trustees, and public school districts statewide on matters of governance. She has lived in Warren Township for 25 years, and served as a member of its board of education until 2016, when she resigned to work for the NJ School Boards Association until 2023. Ms. Helewa served as the lead investigator of the study.

Scott A. Oswald, Ed.D., adjunct professor in the Colleges of Education at Stockton and Rowan Universities. He is a former shared superintendent of schools in Collingswood and Oaklyn (Camden County), past executive committee member of the NJ Association of School Administrators, and past president of the Camden County Association of School Administrators. Dr. Oswald served as the co-project manager and focused on the Education & Program domain.

Donna Snyder-DeVita, M.A., consultant with The Diamante Group LLC. She was the Sussex County representative to the NJ Association of School Business Officials board, chaired its education committee, and served on many other statewide committees. She served as a NJ school business official for many years with demonstrated expertise in all areas of school business management. Ms. Snyder-DeVita served as the co-project manager and focused on the Finance & Operations domain.

³ P.L.2021, c.402

Lucille Davy, Esq., attorney, certified K-12 mathematics teacher, and former NJ Commissioner of Education. She developed school regionalization initiatives both as Commissioner and as co-chair of the Legislature's Economic and Fiscal Policy Workgroup. Ms. Davy focused on the Governance & Law and Education & Program domains.

Brian Diamante, president and chief executive officer of The Diamante Group LLC, a school data services provider. He is the senior director of data and research at NJPCSA and has over a decade of education finance experience. Mr. Diamante focused on the Finance & Operations domain.

G. Kennedy Greene, Ed.D., adjunct associate professor in the Department of Education Policy and Social Analysis at Teachers College, Columbia University. He is a former superintendent of schools in Newton (Sussex County) and past president of the NJ Association of School Administrators. Dr. Greene served as editor of the study.

Ray Kuehner, school transportation consultant. He is a former school transportation supervisor and past president of the NJ School Transportation Supervisors Association. Mr. Kuehner focused on the Finance & Operations domain.

George Sundell, CEO of Sundance Associates. The firm provides services including facilities planning, demographic analysis, redistricting, community relations and participation programs, and grant writing to public school systems throughout NJ. Mr. Sundell focused on the Demography domain.

Arisahi Mora Lázaro, Rowan University assistant, served as a data researcher.

APPENDIX

Watchung Hills Shared Services/Regionalization Feasibility Study Advisory Committee

Dr. Elizabeth Jewett, Superintendent, WHRHS
Dr. Julie Glazer, Superintendent, Watchung
Robert Morrison, Chair WHRHS BOE, Warren
William Scholts, Business Administrator, WHRHS
Tim Stys, former Business Administrator, WHRHS
Karen Bishop-Johnson, Business Administrator, Watchung
Michael Birnberg, WHRHS BOE President, Watchung
Jennifer Agugliaro, Watchung BOE President, Watchung
Manny Gonzales, Watchung BOE, Watchung
Mohamad Freij, Watchung BOE, Watchung
Janine Potter, WHRHS BOE, Green Brook
Lori Falzarano-Rozmerski, WHRHS BOE, Long Hill
Susan Ober, former WHRHS BOE, Long Hill
Heather Trumpore, WHRHS BOE, Warren
Ann Butler, Long Hill BOE, Long Hill
Patricia Zohn, Warren BOE President, Warren
Todd Weinstein, Warren BOE, Warren
Natalie Feuchtbaum, former Warren BOE, Warren
Jim Benscoter, Deputy Mayor, Green Brook
Guy Piserchia, Mayor, Long Hill
Vanessa Kian, Committee Person, Warren
George Lazo, former Committee Person, Warren
Ronald Jubin, Mayor, Watchung
Christine Ead, Council President, Watchung