



The Township of Byram
10 Mansfield Drive
Stanhope, New Jersey 07874

973-347-2500

www.byramtwp.org

TO: Mayor and Council and all Residents of Byram Township
FROM: Joseph W. Sabatini, Township Manager
DATE: December 19, 2025
RE: PRELIMINARY VIEW (ESTIMATED) 2026 Municipal Budget

Disclaimer:

The attached budget details provide an initial overview of the 2026 Budget. Certain items remain outstanding and will require additional discussion with the Mayor and Council. These matters may affect the final budget plan as well as the projected tax levy.

As noted below, several cost drivers in this budget plan are primarily responsible for the rise in expenditures.

Departmental Budgets:

The 2026 Budget Process began in July with Department Heads submitting their budgets by August. Each budget started from zero, and detailed justifications were required for all sub-account requests rather than relying on previous years' allocations.

Salary and wage figures reflect contractual obligations, including scheduled step increases, longevity adjustments, and planned salary enhancements, as well as all anticipated staffing changes. In total, salary and wages across all departments amount to \$4,050,150, representing an increase of \$51,100 or 1.28% compared to 2025.

The total operational expenses for all departments amount to \$1,760,190, representing a reduction of \$10,014. These figures might be adjusted slightly before the budget is presented for approval.

Overall, the Township's operating budget is increasing \$41,086 or .71%. This includes all the Township's municipal departments.

Other Categories of Expenses:

The following categories of other expenses are driving the increase of the 2025 budget and each category as a percentage increase exceeds the annual Cost of Living Cap Adjustment (COLA - 2.5%) for calendar year 2025.

- Group Insurance/Medicare Reimbursements:
 - o Increase of \$630,043/42.01%
 - o Reference detailed memo regarding the 2026 State Health Benefits Increase:
<https://www.byramtwp.org/useruploads/files/11142025%20Insurance%20Increase.pdf>

- Byram Township is part of the State Health Benefits Program (SHBP), which approved a 36.2% rate increase for 2026—over 32% for medical costs and more than 62% for prescription drug premiums.
 - The 2026 group insurance line item includes changes in staffing (two new police officers), changes in employee census and plan selection, as well as a reduction in the number of employees waiving coverage.
- Workers Compensation/General Liability are increasing 11.1% or a total of \$34,566
 - Garbage/Recycling:
 - Increase of \$22,000/2.12%
 - Annual Garbage/Recycling Contract increase of \$12,000.
 - The SCMUA tipping fees for solid waste increased from \$107 to \$110 per ton for 2026 requiring an increase of \$10,00 in disposal cost.

Pensions will decrease by \$60,403 in 2026, mainly due to a \$60,406 reduction in the Police & Fire Retirement System (PFRS) payment.

The draft three-year capital improvement program and 2026 Capital Budget were completed and reviewed with the Township Council on December 16, 2026. For more information, see the memo at: <https://www.byramtwp.org/useruploads/files/12092025%20Capital%20Budget%20Message%202026.pdf>

Summary of Estimated Revenues:

Municipal Operations and the Capital Improvement Program are supported by a variety of revenues. These sources include miscellaneous revenues generated by municipal operations, fund balance, and current property taxes.

Miscellaneous revenues are the revenues that are generated by fees & permits, municipal court, interest on investments, interest and costs on taxes, receipts from delinquent taxes, grants, and State Aid. The forecast of these revenues is based upon the performance of each category in the previous year. State statute prevents the Township from anticipating more than what was realized in the prior year.

The following assumptions have been made regarding Miscellaneous Revenues. When the 2024 calendar year is closed out, the anticipated miscellaneous revenues will be reviewed for any final adjustments.

- Fees and Permits – no change
- Municipal Court – no change
- Interest on Costs on Taxes –no change.
- Interest on Investments – no change. (Note: Anticipating \$500,000)
- State Aid (Energy Receipts Tax) - no change.
- State Aid (Garden State Preservation Trust) – reduced \$9,702
- Receipts from Delinquent Taxes – no change.

Once the 2025 calendar year is closed and the unaudited fund balance is available, we can complete a thorough evaluation of fund balance for the 2026 budget and beyond. Currently, we are anticipating \$1,885,000.

Increased dependency on the use of fund balance to support operations will need to be assessed for sustainability. There needs to be a focus on the potential reduction of anticipated revenues, particularly interest income, as this will have a negative impact on the regeneration of fund balance.

As presented, this budget plan has property taxes totaling \$10,191,984. This is a 7.54% or \$714,563 increase of the tax levy.

Summary:

The single biggest pressure on the budget this year is employee and retiree health insurance. Byram participates in the State Health Benefits Program (SHBP), and for plan year 2026 the SHBP approved significant premium increases across medical and prescription coverage.

To cushion this one-year spike, we are planning to recommend to use a measured portion of the Township’s fund balance to soften the 2026 tax increase. This lets us absorb more of the shock now while keeping essential services on track.

- It will be recommended to use fund balance prudently—enough to ease the increase, but not so much that we compromise fiscal stability.
- Fund balance is not a permanent fix. It’s a bridge to protect residents in 2026 while the Township works on longer-term solutions.

Because health-insurance costs are recurring, we’ll need to address the structural side of benefits for 2027 and beyond. Throughout 2026 we will continue evaluating options and cost-containment strategies and reporting back publicly as decisions are made.

The budget will be discussed at upcoming public meetings and welcome your input. Thank you for your continued support as we navigate these pressures responsibly and transparently.

Respectfully Submitted,



Joseph W. Sabatini, Township Manager