FY 2027
Statewide Financial Overview

State Employee Benefits Committee

October 28, 2025

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MEYER ADMINISTRATION PRIORITIES

INVEST IN THE CLASSROOM

Invest directly in Delaware's classrooms to improve literacy, support educators, and address students' mental health - because stronger classrooms today will build a stronger Delaware tomorrow.

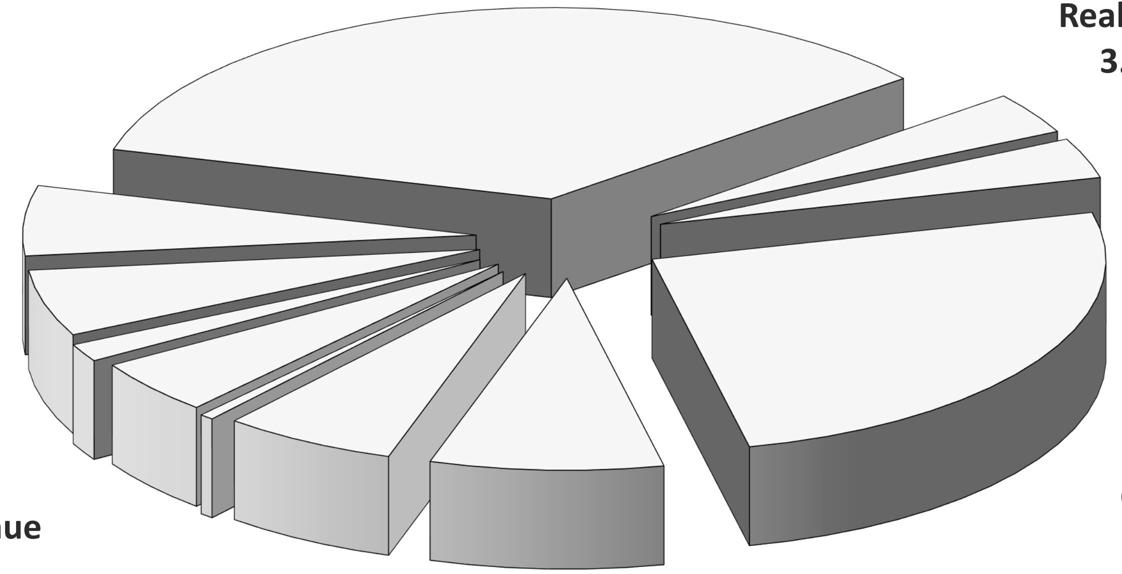
AFFORDABLE HOUSING

Delaware is dedicated to addressing our housing crisis head-on, prioritizing solutions that increase affordability, accessibility, and homeownership opportunities for families across our state.

HEALTHCARE FOR ALL

Every Delawarean deserves access to affordable, quality healthcare.
We will expand access, tackle costs, and promote healthier communities throughout Delaware.

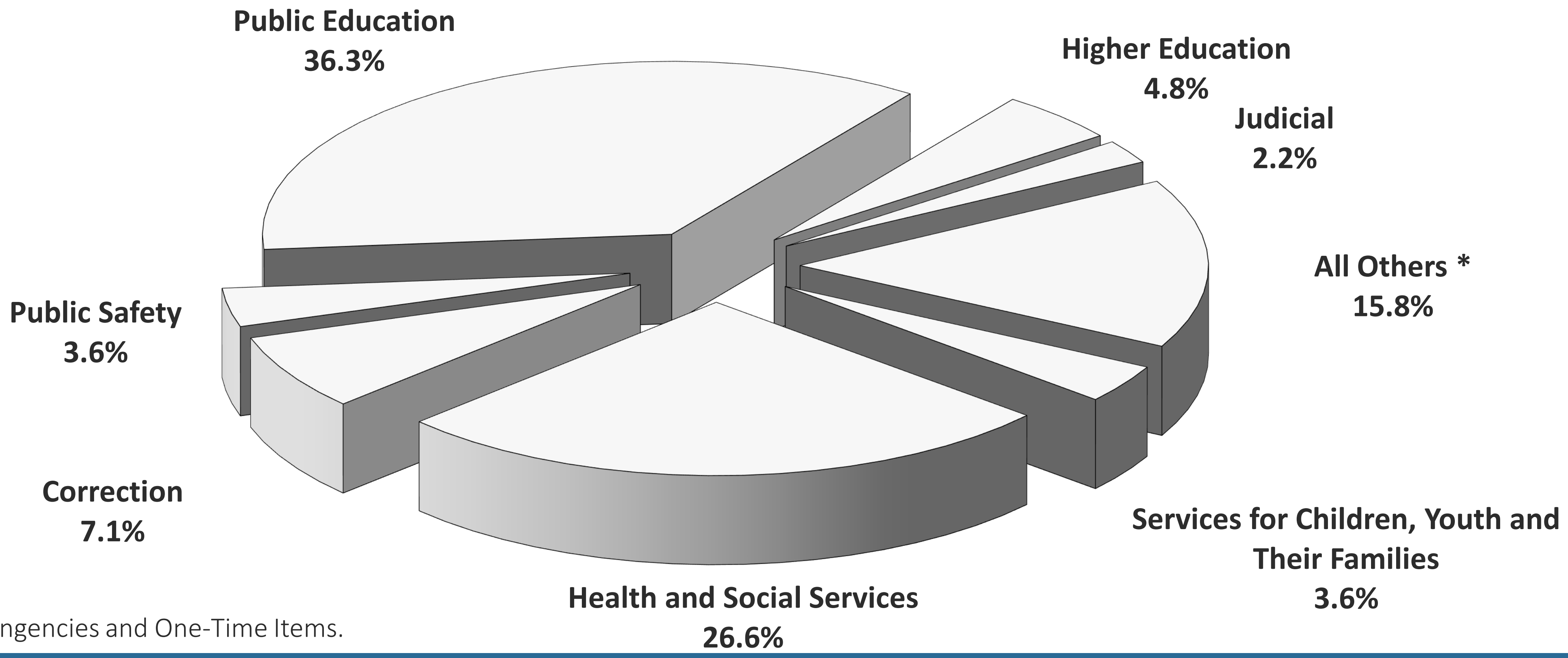
FY 2026 SOURCES OF FUNDS
(Net of Refunds)



* Includes Prior Year Unencumbered Cash Balance.

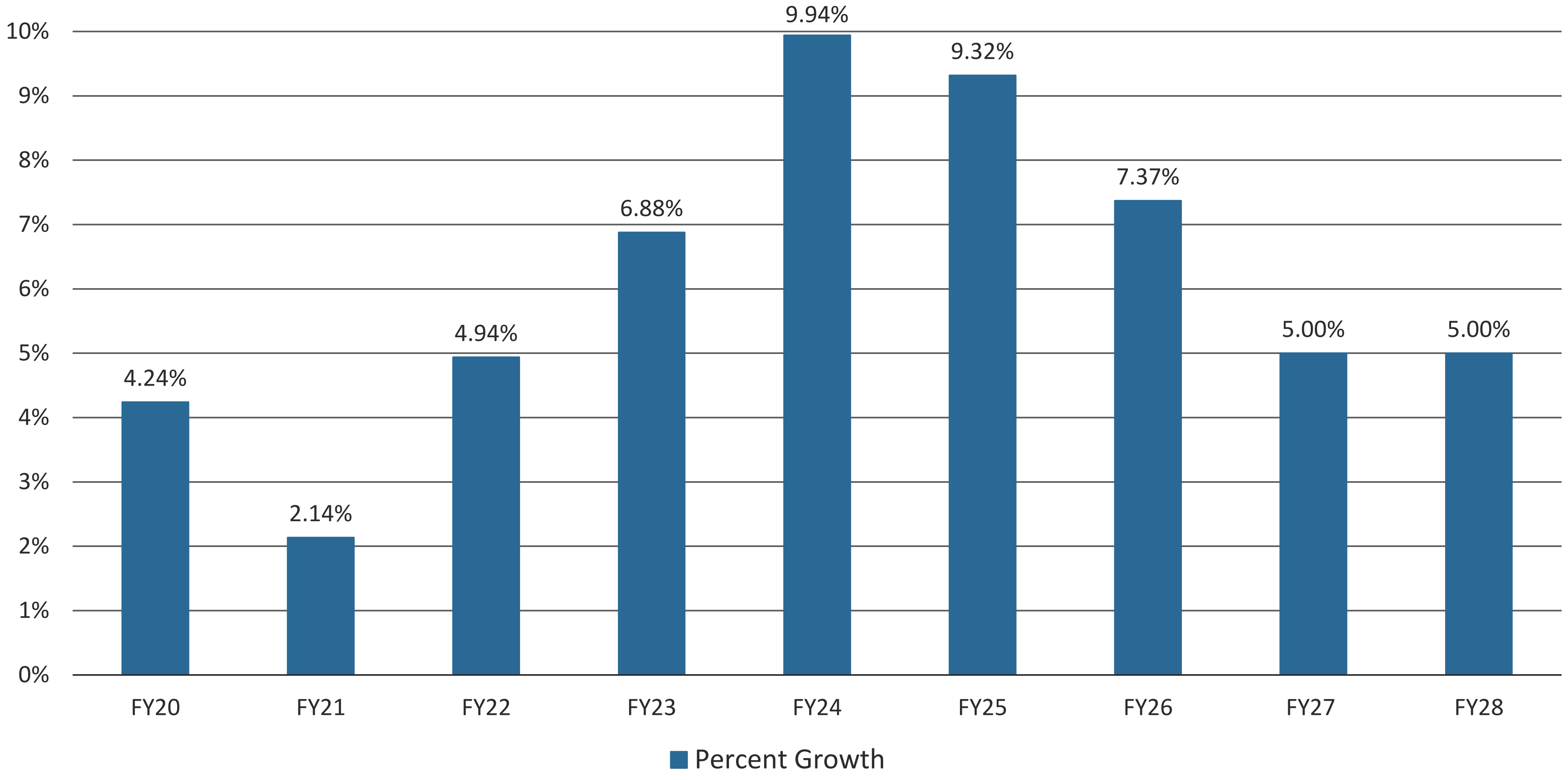
** Includes Corporate Franchise Taxes, Business Entity Fees and Limited Partnerships and Limited Liability Companies.

FY 2026 OPERATING APPROPRIATIONS



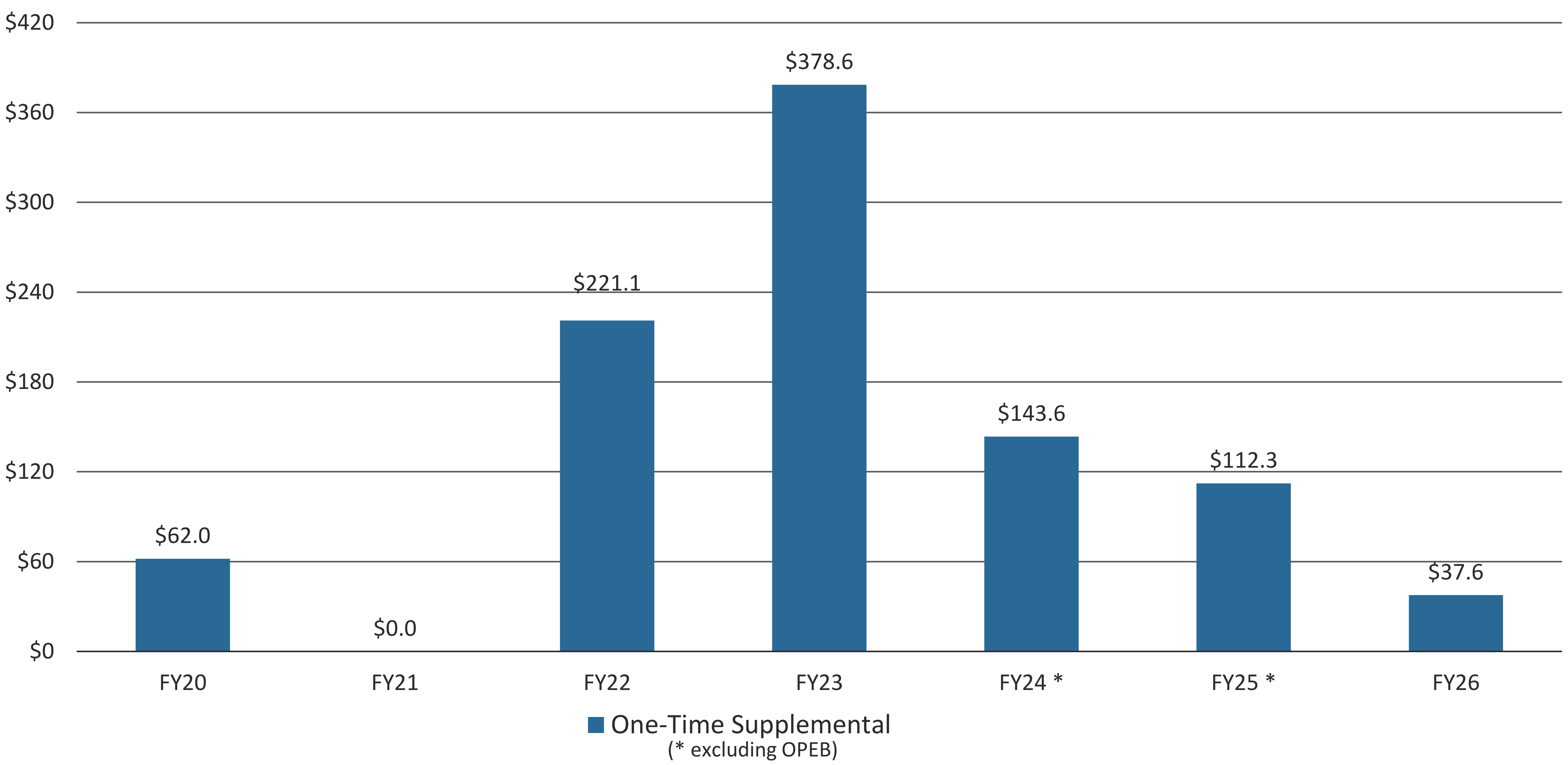
* Includes Contingencies and One-Time Items.

OPERATING BUDGET GROWTH

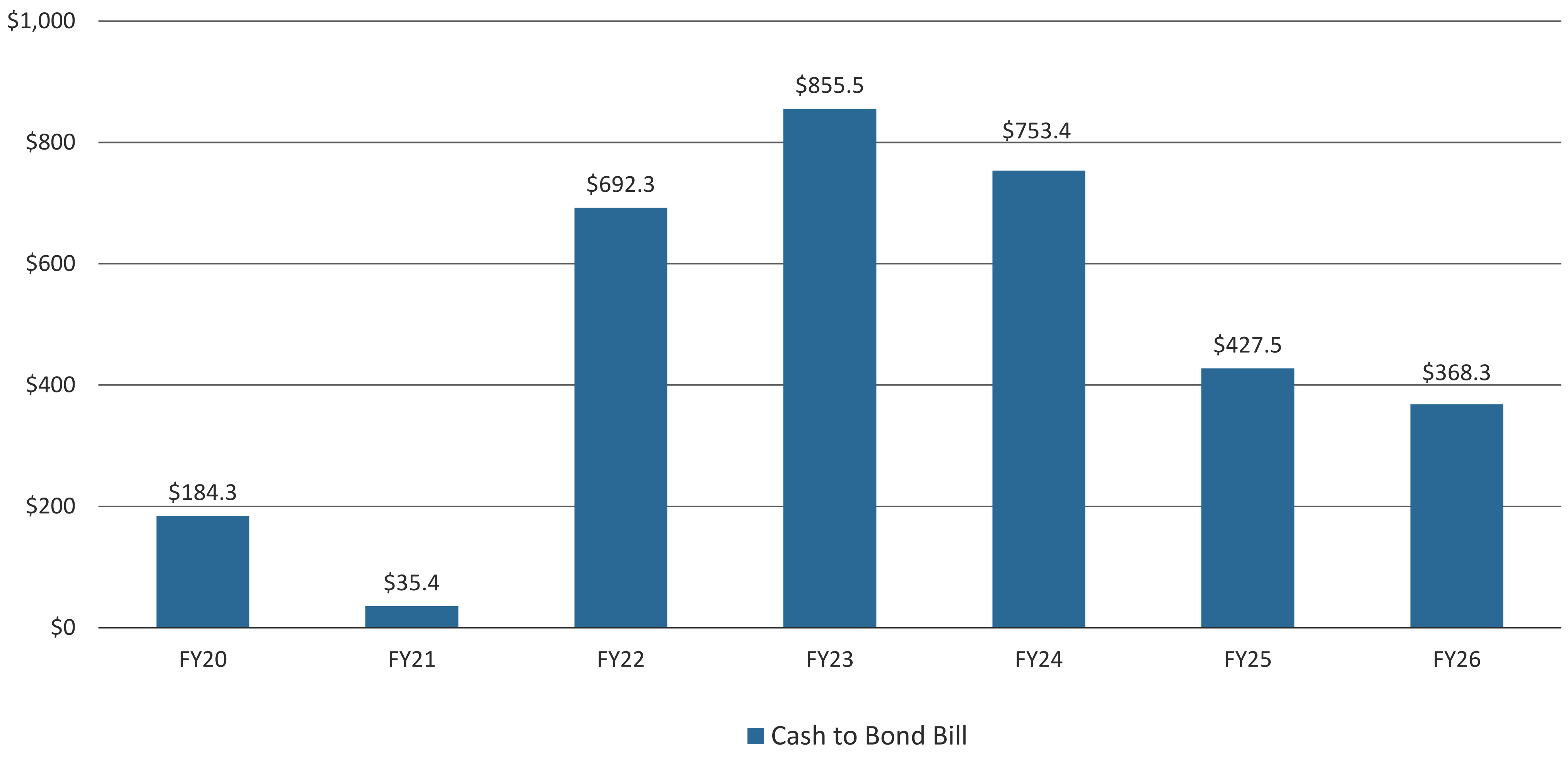


6.4% average budget growth FY20 to FY26

SUPPLEMENTAL BUDGET BILL



CASH TO BOND BILL



FINANCIAL OVERVIEW

	Actuals 2024	Actuals 2025	*Projected* 2026 October DEFAC	*Projected* 2027 October DEFAC
Resources				
Carry-over	745,392,100	552,992,100	440,456,300	46,627,681
Net DEFAC FY Revenue	6,348,900,000	6,694,300,000	6,684,100,000	6,823,900,000
Total Resources @ 100%	7,094,292,100	7,247,292,100	7,124,556,300	6,870,527,681
Total Resources @ 98%	**6,952,406,258**	**7,102,346,258**	**6,982,065,174**	**6,733,117,127**
Budget Stabilization Use				
Appropriations				
Operating Budget	(5,606,716,700)	(6,129,215,800)	(6,580,847,000)	(6,909,889,350)
Grant-In-Aid	(71,992,624)	(98,498,026)	(98,283,625)	(85,605,915)
1% Cash to OPEB (effective FY2024)	(50,997,200)	(56,067,167)	*Incl Operating*	*Incl Operating*
One-Time Supplemental Bill	(143,563,078)	(112,295,350)	(37,632,955)	-
1% Cash to Capital Projects In Bond Bill	(50,997,122)	(56,067,167)	(61,292,158)	(65,808,470)
Cash to Capital	(702,420,000)	(371,397,730)	(307,047,881)	(197,191,530)
Total Appropriations	**(6,626,686,724)**	**(6,823,541,240)**	**(7,085,103,619)**	**(7,258,495,265)**
Appropriation SURPLUS/(DEFICIT) vs 98% Limit	**325,719,534**	**278,805,018**	**(103,038,445)**	**(525,378,138)**
Revenue Growth	0.9%	5.4%	-0.2%	2.1%
Operating Budget Growth	9.9%	9.3%	7.4%	5.0%

FY 2027 DOOR OPENERS

Total Door Openers $537.7M (8% budget growth)

- Medicaid
- Education Enrollment Growth
- Correctional Medical/Pharmaceutical Contract
- Collective Bargaining
- Public Education Compensation Committee
- Employee/Retiree Group Health Insurance
- Purchase of Care (Child Care)
- Annualization of Legislation

REVENUE IMPACT H.R. 1 (OBBBA)

Delaware is a rolling conformity state and will impact two categories of revenue:

1. Full expensing of domestic research and experimental expenditures in the tax year incurred.
2. Full expensing (AKA Bonus Depreciation) of
   a. Certain business property
   b. Qualified production property

The Act makes the two categories above retroactive for tax year 2025. It also provides retroactivity for category one back to tax year 2022 for small businesses.

EXPENDITURE IMPACT H.R. 1 (OBBBA)

SNAP

- Increase State administrative cost share to 75% (versus prior 50%) - $9.2M
- Error rate cost share effective October 1, 2027 ranges from 5-15% of benefit costs
  - Current error rate of 11% = 15% cost share
  - Hiring a contractual case reading team $891,600
  - Federal National Accuracy Clearinghouse Compliance - system interface $2.1M

Medicaid

- Increases frequency of eligibility redeterminations, from annual to every six months.
  - Technology update for new Medicaid employment, education, and training application requirements - $789,500
- Imposes work requirements for certain Medicaid enrollees ages 19 – 64
  - Must work or engage 80 hours a month volunteer/education with exemptions for caregivers (children under 14) and those medically unable

BUDGET PROCESS

September	**Target Briefings:** OMB meets with agencies to discuss door openers and emerging issues for the next budget cycle.
October	**FY 2027 Budget submissions are due.**
November	**OMB Public Hearings:** OMB meets with agencies to discuss budget submissions and hear public comment.
January	**Governor's Recommended Budget:** Governor Meyer releases his recommended budget.
February - March	**Joint Finance Committee (JFC):** Committee members consider Governor Meyer's recommended operating budget and hold hearings to discuss budget items with agencies and advocates.
April	**Bond Bill Committee Hearings:** Committee members consider recommended capital budget and hold hearings to discuss budget items with agencies and advocates.
May	**Mark-up:** JFC reviews budget proposals.
June	**Mark-up:** Bond Bill Committee reviews budget proposals. JFC drafts GIA. The **General Assembly passes** the budget and bond bills, and the **Governor signs** the bills. The **new fiscal year begins July 1.**

Questions?

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