

FY 2027 Statewide Financial Overview

Joint Capital Improvements Committee Hearing

April 27, 2026



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MEYER ADMINISTRATION PRINCIPLES

EFFICIENCY & TRANSPARENCY

Delawareans deserves a government that is transparent, accountable, and efficient.

Making government smarter and more responsive to deliver tangible results for every taxpayer dollar.

RESPONSIBLE BUDGETING

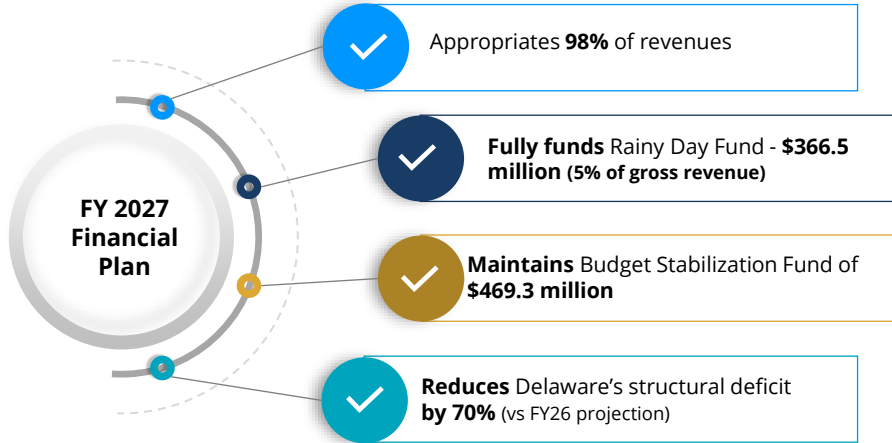
Targeted reductions to close the structural imbalance between revenues and expenditures.

Placing Delaware's finances on solid footing while protecting public services for every family and every community.



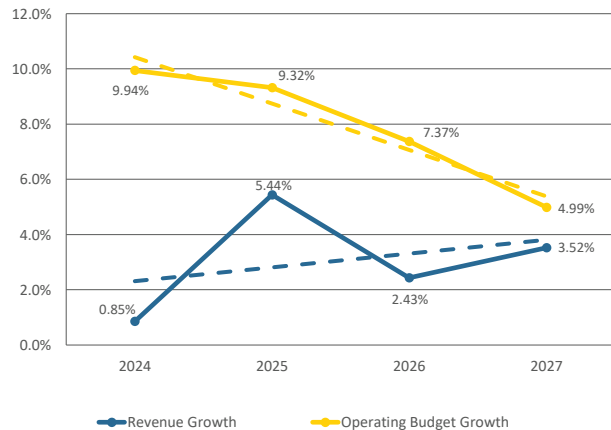
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GOVERNOR MEYER'S FISCAL YEAR 2027 FINANCIAL PLAN: RESPONSIBLE BUDGETING



REDUCING THE STRUCTURAL DEFICIT

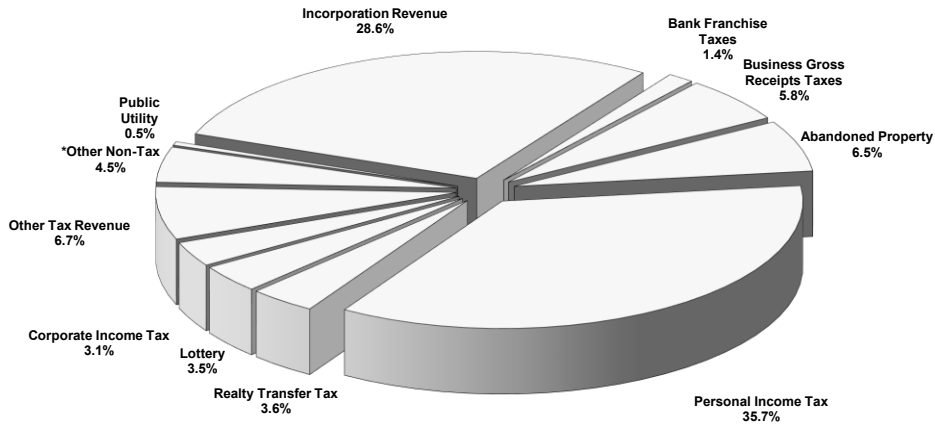
- In FY 2024, spending growth **outpaced** revenue growth by **9.1%**.
- The Governor's Recommended Budget **reduces the structural deficit by over 70%**, compared to the FY 2026 projection.
- The FY 2027 Governor's Recommended Budget keeps **operating budget growth below 5.0%***.



* Excluding one-time appropriations in the Operating Budget.



FY 2027 SOURCES OF FUNDS (NET OF REFUNDS)



* Includes Prior Year Unencumbered Cash Balance.

Note: Data based on March 2026 DEFAC projections and is inclusive of proposed revenue package and tax policy changes.



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DECEMBER 2025 DEFAC BALANCE AND APPROPRIATIONS WORKSHEET

FY 2026 EXPENDITURES	FY 2026 BALANCES	FY 2027 APPROPRIATION LIMITS																																										
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MARCH 2026 DEFAC BALANCE AND APPROPRIATIONS WORKSHEET

FY 2026 EXPENDITURES	FY 2026 BALANCES	FY 2027 APPROPRIATION LIMITS
Total Spending Authority \$8,752.0	Total Expenditures \$7,202.6	FY 2027 Revenue Estimate \$6,943.6
Less: Continuing Appropriations & Encumbrances from FY 2026 (\$1,449.4)	vs. FY 2026 Revenues 6,896.5	Unencumbered Cash Balance from FY 2026 <u>\$334.0</u>
Less: Reversions <u>(\$100.0)</u>	Operating Balance (306.1)	100% Appropriation Limit \$7,277.6
Total Expenditures \$7,202.6	Prior Year Cash Balance 2,925.3	98% Appropriation Limit \$7,132.0
	Less: Budget Stabilization Fund (29 Del. C. § 6533(k)) <u>(\$469.3)</u>	Prior 98% Appropriation Limit \$7,098.0
	Cumulative Cash Balance 2,149.9	Increase (Decrease) from Prior Meeting \$34.0
	Less: Continuing Appropriations & Encumbrances from FY 2026 (1,449.4)	October 2025 98% Appropriation Limit \$6,733.0
	Less: Budgetary Reserve Account <u>(\$366.5)</u>	Increase (Decrease) from October 2025 \$399.0
	Unencumbered Cash Balance 6/30 \$334.0	

FY 2026 BUDGET	
Budget \$6,580.8	
Grants \$98.3	
Supplemental \$406.0	
Total Appropriations \$7,085.1	
Plus: Continuing Appropriations & Encumbrances from Prior Years <u>\$1,666.9</u>	
Total Spending Authority \$8,752.0	



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FISCAL YEAR 2027 COST DRIVERS

Category	\$524.5 M
Medicaid	\$ 188.0 M
Personnel Costs / Collective Bargaining	117.5 M
Student Unit Count	40.6 M
Purchase of Care	37.2 M
Corrections Medical/Pharmaceutical Contracts	36.2 M
Employee/Retiree Healthcare	31.0 M
Health and Social Services Program Growth	20.1 M
Technology	15.1 M
Debt Service	11.5 M
SNAP – Federal Administrative Cost-share	10.1 M
Annualization of Legislation	8.1 M
Other Cost Drivers	9.1 M



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CLOSING THE GAP WITH A BALANCED FINANCIAL PLAN

FY 2027 Cost Drivers (8.0% Growth over FY 2026)		\$ (524.5) M
FY 2027 Available Resources		
December DEFAC FY 2027 Resources at 98%	\$ 7,098.0 M	
Less: FY 2026 Appropriations	7,085.1 M	12.9 M
Starting Appropriation Surplus / (Deficit)		\$ (511.6) M
Solutions to Close the Gap		
Critical Evaluation of Cost Drivers	\$ 107.8 M	
Reductions/Reallocations/Switch Funds	131.0 M	
Reductions of One-Times & Cash to Capital / Reprogramming	168.7 M	
Proposed Revenue Package at 98%	146.9 M	554.4 M
FY 2027 Strategic Investments		(42.8) M
Total: Appropriation Surplus / (Deficit)		\$ 0.0 M



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GRB PROPOSED REVENUE PACKAGE

- **\$81.0 million:** Modernizing business formation fees
- **\$60.0 million:** Increasing Escheat Cap
 - Raise from \$554.0M to \$614.0M
- **\$18.9 million:** Increasing the Tobacco Tax:
 - Cigarette tax to \$3.60 per pack
 - Other Tobacco Products rate to 40% of wholesale
 - Vapor products to \$0.10 per mL
 - Moist Snuff to \$1.23 per oz
- **(\$10.0 million):** Establish a State Film Tax Credit



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FISCAL YEAR 2027 GRB FINANCIAL PLAN

General Fund Operating Budget <i>(incl. \$29.0M in One-Times)</i>	\$6,938.3 M *
Grants-in-Aid	\$85.5 M *
Bond and Capital Improvements Act	\$934.4 M
• State Capital Projects	\$656.6 M
• GO Bonds <i>(5% net revenue projection)</i>	\$354.9 M
• Cash	\$221.2 M *
• Reprogramming	\$1.6 M
• Special Funds	\$78.9 M
• Transportation	\$277.8 M

* Reflects cash appropriations of \$7,245.0 million, includes proposed Tobacco Tax, Business Formation Fees, Escheat, Film Tax Credit. The FY 2027 Financial Plan maintains \$469.3 million in the Budget Stabilization Fund.



PRIORITIES FOR CAPITAL INVESTMENT

<p style="background-color: #0056b3; color: white; padding: 5px; display: inline-block;">IMPROVING SCHOOLS FOR DELAWARE STUDENTS</p>	<p style="background-color: #0056b3; color: white; padding: 5px; display: inline-block;">ENSURING SAFE AND STABLE COMMUNITIES</p>
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<p style="background-color: #0056b3; color: white; padding: 5px; display: inline-block;">MODERNIZING STATE GOVERNMENT OPERATIONS</p>	<p style="background-color: #0056b3; color: white; padding: 5px; display: inline-block;">INFRASTRUCTURE INVESTMENTS</p>



IMPROVING SCHOOLS FOR DELAWARE STUDENTS

- **\$157.4 million:** School Construction and Renovation
- **\$49.5 million:** Higher Education Campus Improvements
- **\$10.0 million:** Delaware State University Stadium
- **\$30.2 million:** School Building Deferred Maintenance (MCI)
- **\$9.3 million:** K-12 Network Infrastructure
- **\$9.1 million:** School Safety and Security



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ENSURING SAFE AND STABLE COMMUNITIES

- **\$21.8 million:** Leonard L. Williams Justice Center Improvements
- **\$13.5 million:** Old Kent & Sussex Family Courthouses
- **\$7.5 million:** DNG Bethany Beach & Cheswold Facilities
- **\$4.5 million:** Justice of the Peace Court Facilities
- **\$4.0 million:** Correction Facility Renovations



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GROWING DELAWARE'S ECONOMY

- **\$13.0 million:** Site Readiness Fund
- **\$10.9 million:** Research and Innovation Initiatives
- **\$9.8 million:** Riverfront Development Corporation
- **\$7.5 million:** Delaware Strategic Fund
- **\$2.5 million:** Neighborhood Small Business Lending Pilot
- **\$2.4 million:** Delaware Prosperity Partnership
- **\$1.0 million:** Delaware Coastal Airport



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PRESERVING DELAWARE'S ENVIRONMENT

- **\$10.0 million:** Shoreline and Waterway Management
- **\$8.0 million:** Drinking Water State Revolving Fund
- **\$5.7 million:** Clean Water State Revolving Fund
- **\$7.0 million:** Park Facilities & Infrastructure Improvements
- **\$5.0 million:** Resource, Conservation & Development
- **\$3.8 million:** Cover Crop Program
- **\$1.7 million:** Conservation Cost Share



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MODERNIZING STATE GOVERNMENT OPERATIONS

- **\$60.0 million:** Forensic Science Building
- **\$18.0 million:** ERP Modernization
- **\$9.3 million:** Health and Social Services systems upgrades
- **\$2.7 million:** Safety and Homeland Security systems upgrades
- **\$1.0 million:** 800 MHz Radio Shelter and Tower Replacement



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INFRASTRUCTURE INVESTMENTS

- **\$90.6 million:** Statewide Facilities Improvements/Maintenance
- **\$20.0 million:** Community Transportation Fund
- **\$5.0 million:** Transportation Infrastructure Investment Fund
- **\$2.6 million:** Library Renovations
- **\$1.0 million:** Statewide Trails & Pathways



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Questions?

mb OFFICE OF
management
+ budget