



State of Delaware

Governor Matt Meyer

Fiscal Year 2027 Governor's Recommended Budget

January 29, 2026

FISCAL YEAR 2026 HIGHLIGHTS



Business Formation

More than 280,000 from January to October 2025.



Healthcare

Relieved millions in medical debt for thousands of Delawareans.



Education

More than 41,000 books delivered to more than 4,000 classrooms.



Housing

Historic investments in smart growth and affordable units.



Small Businesses

Supported entrepreneurs with millions in federal grants.



Funded SNAP

Protected benefits for more than 60,000 families.

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

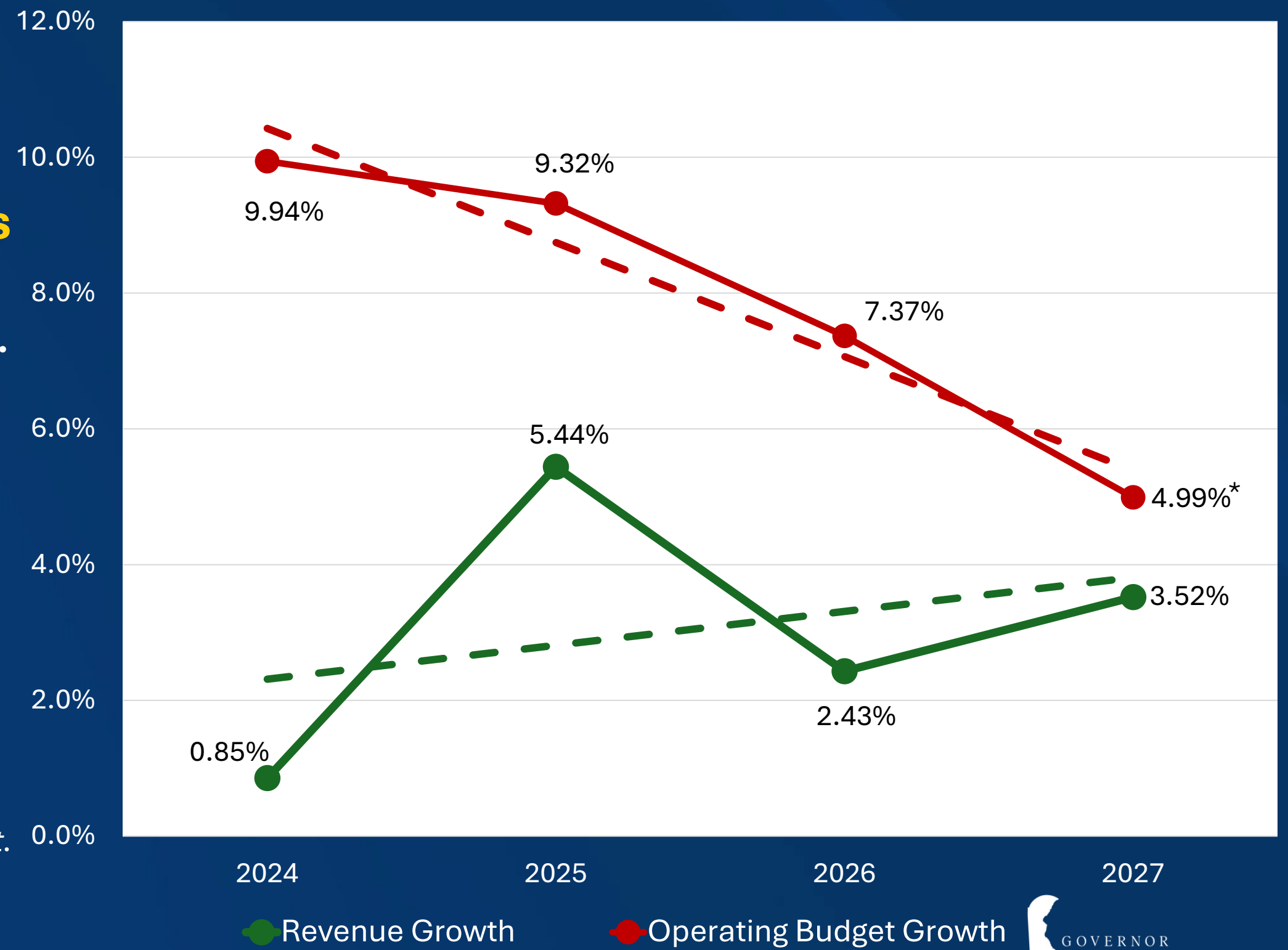
Targeted reductions to close the structural imbalance between revenues and expenditures.

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

REDUCING THE STRUCTURAL DEFICIT

- In FY 2024, spending growth **outpaced** revenue growth by **9.1%**.
- Our 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.



MEYER ADMINISTRATION PRIORITIES

INVESTING IN OUR CHILDREN

Stronger classrooms today mean a stronger Delaware tomorrow. We will directly fund classrooms to improve literacy, support educators, and address students' mental health.

INVESTING IN OUR HOUSING

In Delaware, housing is a human right. We will increase affordability, speed-up construction while prioritizing smart growth, and make it easier for first-time home buyers.

INVESTING IN OUR HEALTHCARE

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

INVESTING IN OUR WORKFORCE

State employees keep Delaware running. We will raise teacher pay and increase salaries, so that we can stay competitive and attract the best and brightest workers.

INVESTING IN OUR CHILDREN

Delaware Early Childhood Care & Education Alliance:

- The State will invest in expanding high quality affordable early child education opportunities offered statewide through a childcare hub.
- Coordinating childcare investments with additional funding for Purchase of Care.

Literacy Support for Schools:

- Emergency funding for school districts and charters to help students meet their full literacy potential.
- The State will distribute the funds based on demonstrated commitment to evidence-based literacy instruction and reading pilot programs, using the same successful funding model employed during the high-dosage tutoring effort.

Implementing Delaware's New Education Funding System:

- Support the Public Education Funding Commission in overhauling Delaware's public education funding model.
- The State will invest funds to ensure that all districts and charters are prepared to implement an equitable and transparent funding model.

INVESTING IN OUR HOUSING

Targeted Rental Assistance for Those Who Need it Most:

- Ongoing support for low-income individuals who require affordable housing and support services through the State Rental Assistance Program.

Strengthening Delaware's Response to Homelessness:

- Provide low-barrier funding for homelessness services to ensure immediate support and stability to the individuals and families who need help the most.

Housing Development Fund:

- Maintain enhanced level of funding to provide homeownership counseling, emergency home repairs, down payment and settlement assistance.

Enhancing Mortgage Assistance Opportunities:

- Expand opportunities for Delawareans to become homeowners.

Downtown Development Districts:

- Support smart growth practices in existing economic districts.

INVESTING IN OUR HEALTHCARE

Targeted Medicaid Investments:

- Ensure Delawareans have access to the critical care they need to lead healthier lives.

Expanding Rural Healthcare Access:

- Through the federal Rural Healthcare Transformation Program, we will invest in Delaware's health infrastructure, including the development of Delaware's first medical school and increasing the number of mobile health units.

Investing in Delaware's Direct Service Professionals:

- Increase the reimbursement rate to support those who care for our most vulnerable.

Improving Access to Fresh and Nutritious Foods:

- Establish a SNAP 'double up bucks' food incentive program.

INVESTING IN OUR WORKFORCE

- **Increasing pay** for Delaware public educators.
- **Providing** a salary increase for all state employees.
- **Expanding** apprenticeship opportunities statewide.

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

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		
<i>December DEFAC FY 2027 Resources at 98%</i>	\$ 7,098.0 M	
<i>Less: FY 2026 Appropriations</i>	<u>7,085.1 M</u>	<u>12.9 M</u>
Starting Appropriation Surplus / (Deficit)	\$	(511.6) M

Solutions to Close the Gap

<i>Critical Evaluation of Cost Drivers</i>	\$ 107.8 M	
<i>Reductions/Reallocations/Switch Funds</i>	131.0 M	
<i>Reductions of One-Times & Cash to Capital / Reprogramming</i>	168.7 M	
<i>Proposed Revenue Package at 98%</i>	<u>146.9 M</u>	<u>554.4 M</u>
FY 2027 Strategic Investments		<u>(42.8) M</u>
Total: Appropriation Surplus / (Deficit)	\$	0.0 M

INVESTING IN OUR CHILDREN

- **\$25.3 million:** Purchase of Care
- **\$9.9 million:** Student Unit Growth
- **\$8.0 million:** Delaware Early Childhood Care & Education Alliance
- **\$8.0 million:** Maintain support for Literacy Emergency Fund
- **\$3.0 million:** Teacher-Driven Projects - *Your Voice, Your Choice*
- **\$2.8 million:** Education funding reform - start-up & implementation

INVESTING IN OUR HOUSING

- **\$19.0 million:** Housing Development Fund
- **\$10.0 million:** Downtown Development Districts
- **\$4.0 million:** Strong Neighborhoods
- **\$1.5 million:** Workforce Housing Program
- **\$1.0 million:** Homelessness Response & Stabilization

INVESTING IN OUR HEALTHCARE

- **\$139.0 million:** Medicaid
 - Direct Service, Skilled Nursing, & Mental Health rate increases
 - Biomarker coverage
- **\$34.2 million:** Correction System Medical and Pharmacy Contracts
- **\$12.6 million:** Community & Residential Rehabilitation Services
- **\$10.1 million:** SNAP – Federal Administrative Cost-share
- **\$2.0 million:** Lead Remediation
- **\$1.5 million:** Food Access & Nutrition Program
- **\$1.5 million:** Health Eligibility & Lifeline Program

INVESTING IN OUR WORKFORCE

- **\$68.9 million:** Supporting Education Professionals Compensation
 - Year 3 of Public Education Compensation Commission recommendations
 - Educator Step Increases
- **\$21.7 million:** 2% Salary Increase for State Employees
- **\$31.5 million:** Collective Bargaining Agreements (Existing and Anticipated Contracts)
- **\$1.5 million:** Apprenticeships & workforce training

INVESTING IN SAFE & STABLE COMMUNITIES

- **\$5.0 million:** Hardship waivers of fines and fees for defendants least able to pay them (contingent on legislation)
- **\$2.9 million:** Officer Body Camera Program
- **\$1.5 million:** State Police investigation systems, vehicles, and equipment
- **\$1.0 million:** Local government beautification initiative

TARGETED BUDGET REDUCTIONS & REPROGRAMMING

- **(\$168.7 million):** Reductions of One-Times and reductions/reprogramming of Cash to Capital
- **(\$65.2 million):** Statewide budget savings through responsible budgeting, efficiencies, and targeted reductions
- **(\$65.8 million):** Utilize Escheat-Special Fund to maintain Other Post-Employment Benefits contribution

Governor Meyer's FY 2027 Capital Budget Highlights

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

Governor Meyer's FY 2027 Capital Budget Highlights

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

Governor Meyer's FY 2027 Capital Budget Highlights

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

Governor Meyer's FY 2027 Capital Budget Highlights

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

Governor Meyer's FY 2027 Capital Budget Highlights

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

Governor Meyer's FY 2027 Capital Budget Highlights

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

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

FISCAL YEAR 2027 RECOMMENDED BUDGET

General Fund Operating Budget (*incl. \$29.0M in One-Times*) **\$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 (*5% net revenue projection*) **\$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, Formation Fees, Escheat, Film Tax Credit.*

The FY 2027 Financial Plan maintains \$469.3 million in the Budget Stabilization Fund.

FISCAL YEAR 2027 INVESTMENTS



Lights, Camera, Action

Film tax credit to ignite the creative economy



Transforming Healthcare

Largest competitive grant awarded in Delaware's history



Bright Beginnings for Delawareans

Delaware Early Childhood Care & Education Alliance



A Place to Call Home

Homelessness response and affordable housing investments



Driving Growth on Main Street

Neighborhood Small Business Lending and EDGE 2.0 Grants



Poverty is Not a Crime

Hardship waivers for court fines and fees

Thank You!
