



# **FY 2026 Budget Presentation to the Joint Finance Committee**

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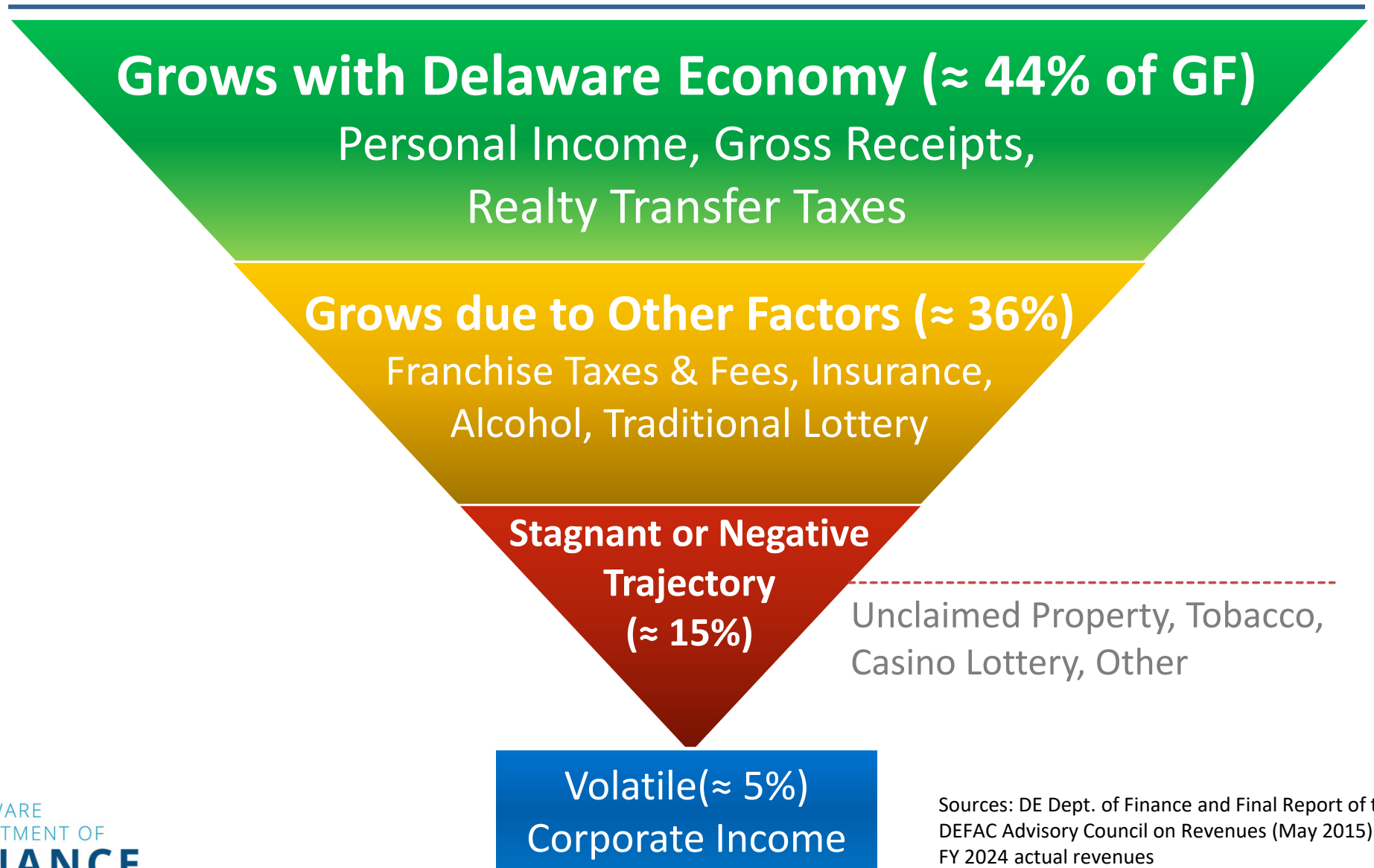
February 4, 2025

# DOF Senior Leadership Team

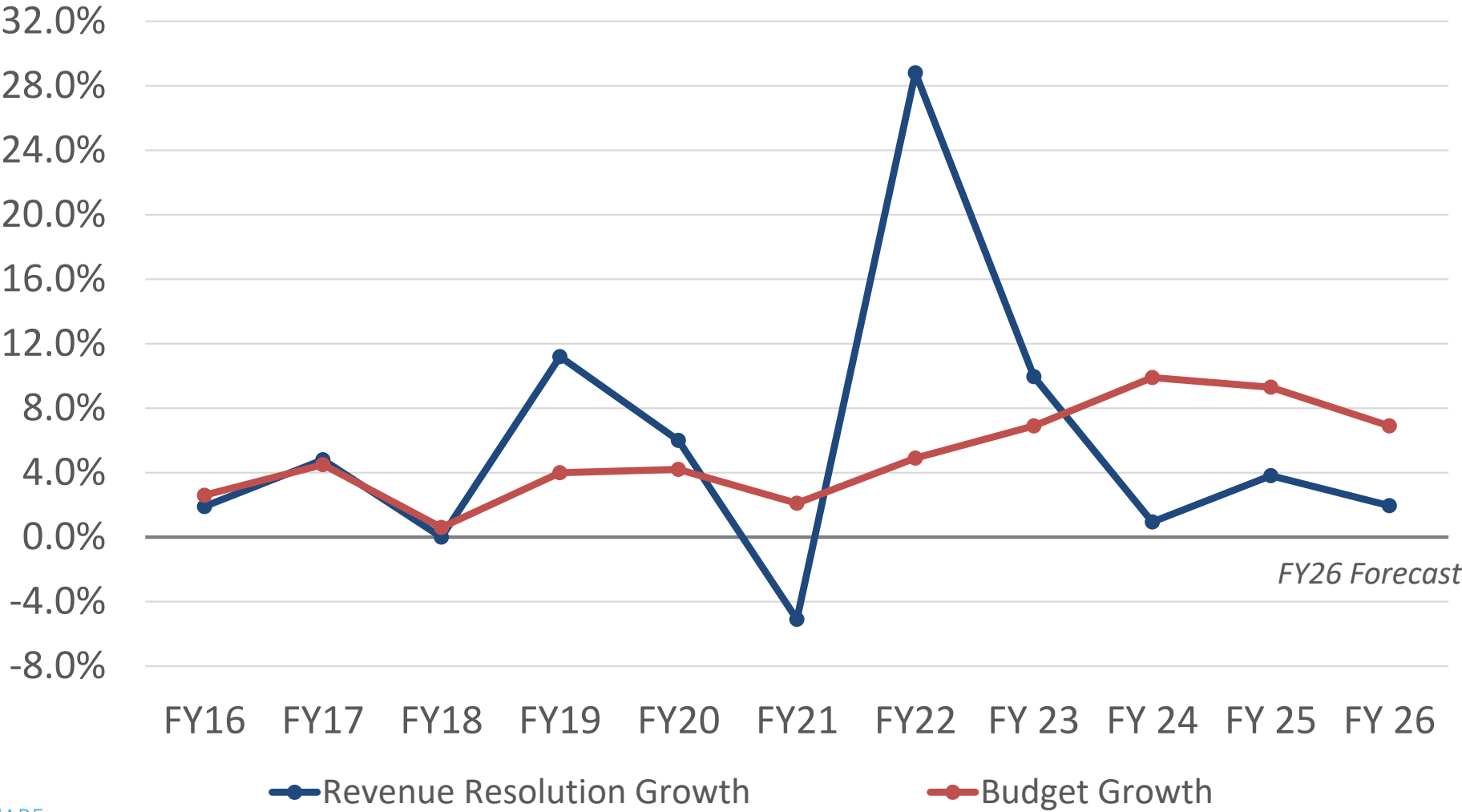


- **Michael Smith**, Secretary of Finance
- **Rebecca Goldsmith**, Deputy Secretary of Finance
- **Kyle Pritchard**, Director, Division of Accounting
- **Kathy Revel**, Director, Division of Revenue
- **Helene Keeley**, Director, State Lottery Office
- **Brenda Mayrack**, Director, Office of Unclaimed Property
- **Mike Myron**, Director, Tech. & Business Innovation (DTI)
- **David Roose**, Director of Research & Analysis
- **Joel Heller**, Director of Bond Finance
- **Charles Clark**, Executive Director of GEAR
- **Melissa Marlin**, Deputy Principal Assistant

# DE Revenue Growth Prospects



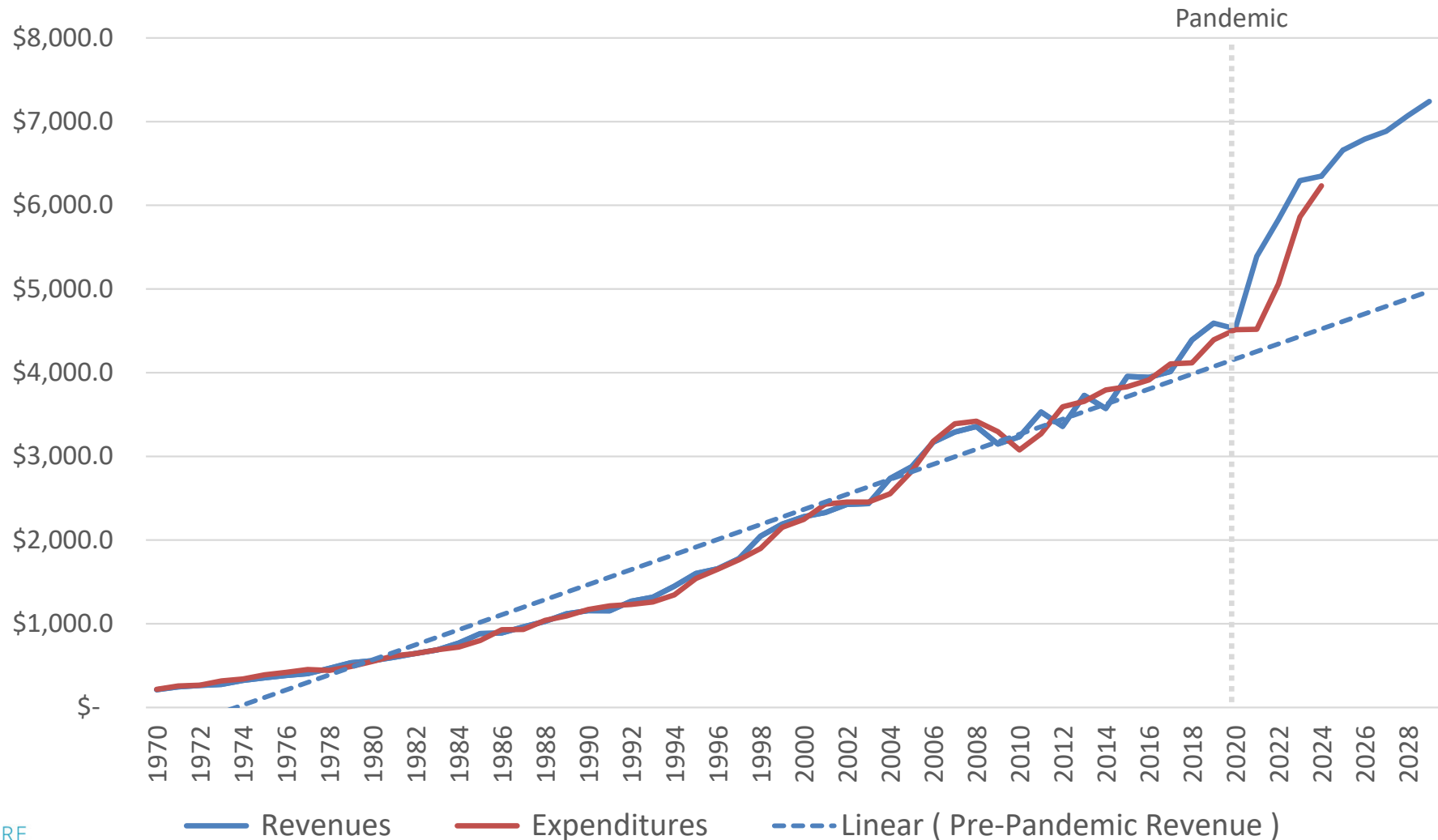
# Financial Sustainability: Benchmark Index, Budget Growth, Volatile Revenue



*FY26 Forecast*

● Revenue Resolution Growth      ● Budget Growth

# “Unprecedented” Times



# Extraordinary Revenue Growth: Pandemic Period Trend Come to an End



Revenue Source	FY19 Actual	FY24 Actual	FY24 Annual Rate	FY25 Forecast	Pandemic Trend (FY19-FY23 Annualized)	Prior 20-Year Trend*
Corporate Income Tax	\$147.8	\$344.8	-10.2%	6.5%	27.0%	1.9%
Realty Transfer Tax	154.3	198.7	-19.4%	20.9%	12.4%	2.6%
Dividends and Interest	24.9	133.7	258.7%	23.6%	10.8%	-7.2%
Franchise & Related	1,364.4	1,986.5	-2.8%	0.5%	10.6%	3.3%
Personal Income Tax	1,527.5	2,216.9	4.9%	7.8%	8.5%	4.8%
Gross Receipts Tax	259.3	365.2	3.4%	5.7%	8.0%	4.8%
Lottery	215.8	245.9	2.6%	0.9%	2.6%	3.9%
Bank Franchise Tax	100.8	100.3	-5.2%	8.7%	1.2%	1.1%
Other	357.4	346.3	-2.9%	-3.5%	-0.1%	2.3%
Unclaimed Property	439.7	410.5	-1.2%	3.3%	-1.4%	9.7%
<b>Total General Fund</b>	<b>\$4,591.9</b>	<b>\$6,348.9</b>	<b>0.9%</b>	<b>4.9%</b>	<b>8.2%</b>	<b>3.8%</b>
<b>Total GF (ex. UP/Lottery)</b>	<b>\$3,936.4</b>	<b>\$5,692.5</b>	<b>0.9%</b>	<b>5.2%</b>	<b>9.4%</b>	<b>3.4%</b>

# Revenue Outlook Returning to Historic Trend:

## FY 2025 and FY 2026 Dec. DEFAC Estimates



Revenue Source	FY 2025	Growth	FY 2026	Growth
Personal Income Tax	\$2,389.2	7.8%	\$2,566.1	7.4%
Franchise Tax & Related	\$1,996.1	0.5%	\$2,006.1	0.5%
Unclaimed Property	\$424.0	3.3%	\$395.0	-6.6%
Gross Receipts Tax	\$386.1	5.7%	\$399.0	3.3%
Lottery	\$248.1	0.9%	\$257.2	3.7%
Corporate Income Tax	\$367.2	6.5%	\$330.3	-10.0%
Realty Transfer Tax	\$240.3	20.9%	\$259.0	7.8%
Dividends & Interest	\$165.3	23.6%	\$132.8	-19.7%
Other	\$443.3	-0.7%	\$444.6	0.3%
<b>Total General Fund</b>	<b>\$6,659.6</b>	<b>4.9%</b>	<b>\$6,790.1</b>	<b>2.0%</b>

# Responsibly Managing Our State Budget Remains a Priority



## BENCHMARK SPENDING

*Measuring operating budget growth against a sustainable benchmark (SB 270)*

## BUDGET STABILIZATION FUND

*Using extraordinary revenues to build reserves available to cover future revenue shortfalls*

## RESPONSIBLE BUDGETING

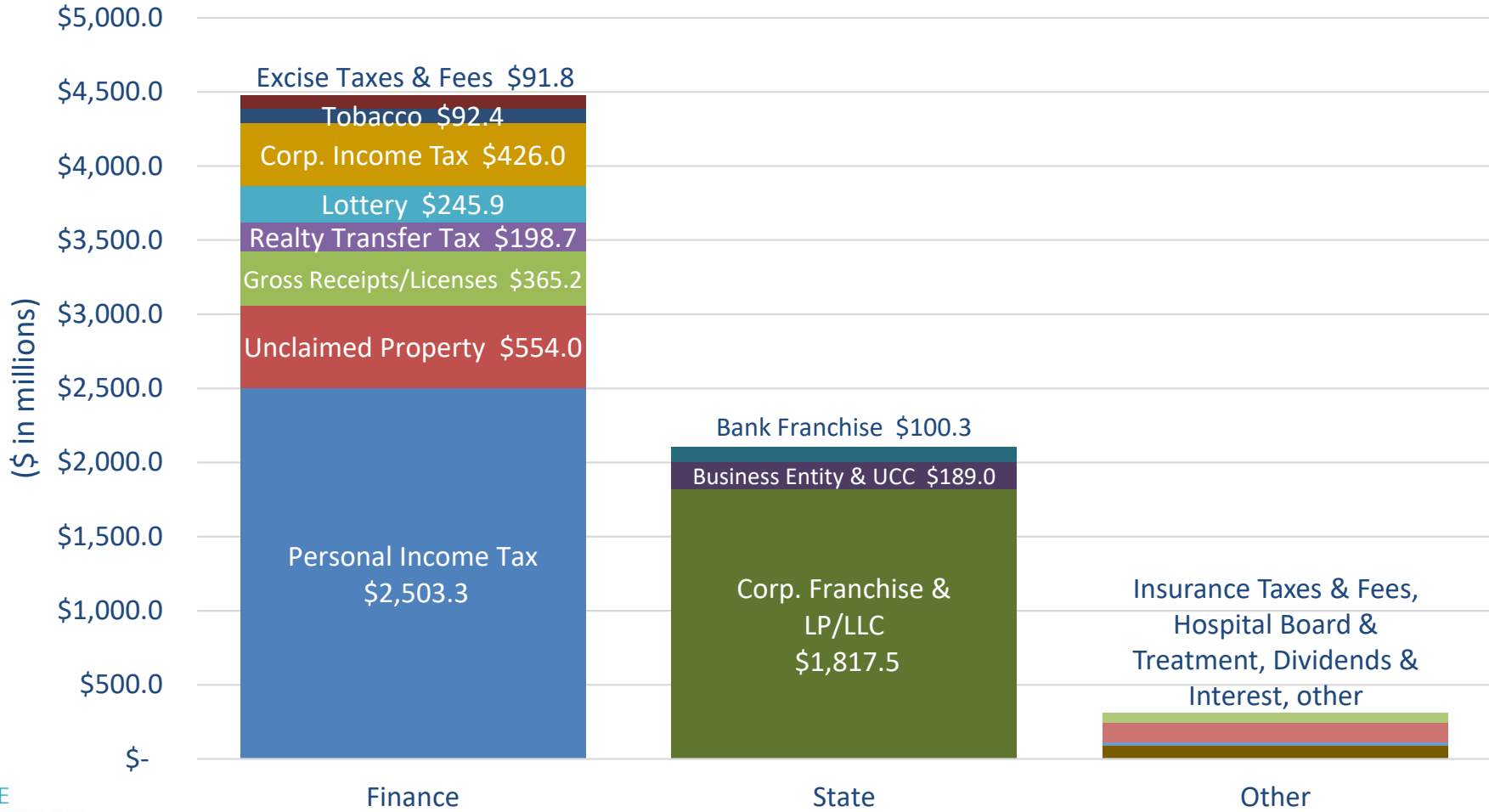
*Directing one-time revenues to one-time investments that support long-term economic growth*



**DOF Mission:** Promote Delaware's fiscal health fairly and efficiently by forecasting, generating, collecting and accounting for funds that are essential for state government services.



**DOF collects 65% of the State's Gross General Fund Revenues**



# DOF Agencies



## OFFICE OF THE SECRETARY

Boards (15 incl. DEFAC, Port, GEAR, Pension, etc.)

Bond Finance

Research & Analysis (Tax Policy)

# Department Priorities

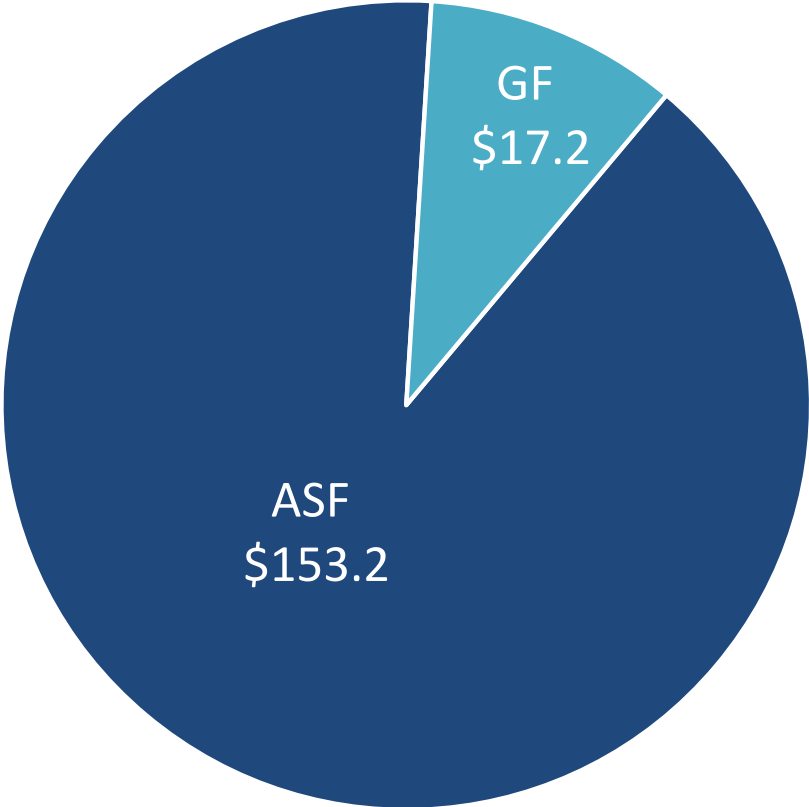


- **Accounting** – Streamlining financial processes and control systems to reduce overhead and improve transparency
- **Revenue** – Modernizing DE’s revenue collections systems
- **Lottery** – Driving sales growth to support the General Fund in partnership with the State’s casino, equine and retail industries
- **Unclaimed Property** – Providing fair, efficient and predictable holder compliance and owner claims services
- **Secretary’s Office** – Improving the State’s financial position
  - Bond finance
  - Revenue forecasting and policy analysis
  - GEAR (Government Efficiency & Accountability Review)

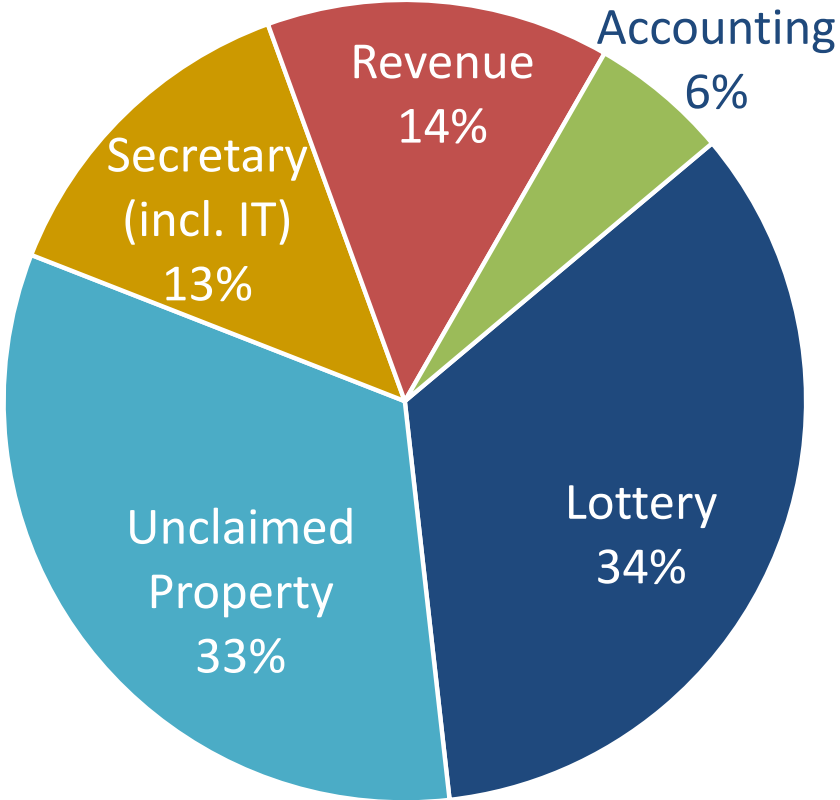
# DOF Budget Structure FY 2026 GRB



By Fund (\$ in millions)



By Function (GF & SF)



# Governor's Recommended Budget Fiscal Year 2026



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## **GF – Increase \$1,478.7 (9.4%)**

- *\$330.3 – FSF expansion packs; door opener*
- *\$920.5 – FY 2025 personnel contingency*
- *\$213.9 – Secure End User Service (SEUS) contingency*
- *\$14.0 – Division of Accounting lease increase*
  - *0.1% discretionary increase*

# Governor's Recommended Budget Fiscal Year 2026



## ASF – Increase \$3,283.7 (2.2%)

- *\$803.9 and 9.0 FTEs – DOA compliance task force*
- *\$115.1 and 1.0 FTE – DOA leadership role for Financial Systems team*
- *\$81.3 and 1.0 FTE – DOA payroll compliance support*
- *\$470.0 – DTI personnel chargebacks*
- *\$318.3 – DOR business analyst team*
- *\$420.0 and 5.0 FTEs – Tax auditors for enhanced fraud review and improved processing*
- *\$440.0 – DOR Public Services*
- *\$636.1 – FY25 ASF pay policy, maintenance reviews for State Accountants, OTABI software increase, DOA laptop replacement, DOA new employee supplies*

# DOA Compliance Task Force

\$803.9 + 9.0 FTEs



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- Dedicated team to provide onsite, direct assistance to agencies on an emergency or as-needed basis
  - Recommended in July 2024 DOL/DOF report on theft in Division of Unemployment Insurance as well as unrelated disclaimer of opinion on the UI Trust Fund
  - 9.0 FTEs: 1.0 Deputy Principal Assistant, 7.0 State Accountants, 1.0 Trainer/Educator
  - ASF revenue: P-card rebate

# DOR Business Analyst Team

\$318.3 ASF



- Long-term and ongoing support for digital tax administration and continuous improvement
- Functional expertise in forms, audit, collections, portal and processing
- Focus on efficiency, reporting and IT processes to streamline services supporting approximately \$3.7 billion in revenue collections
- No new positions required; reclassifying 4 existing vacancies
- ASF revenue: delinquent tax collections



# Performance Measures



Measure	FY24 Actual	FY25 Budget	FY26 GRB	Notes
GEAR: Trained GEAR field team members (cumulative)	118	154	190	Representing 23 state organizations; 20 more completing fall CIP program
GEAR: Estimated return on investment of GEAR projects over the project lifespan (cumulative)	\$98m	\$115m	\$130m	150+ projects; 65% GEAR Field Team projects, 35% GEAR Enterprise Services Delivery Team
DOA: Internal control reviews completed	317	90	90	Policy and process reviews vs. transaction reviews
DOR: Days to process Personal Income Tax refunds without exception	8	9	9	Evaluation of opportunities to improve automation of processing is ongoing
DOR: Days to process Personal Income Tax refunds with exception	72	45	45	Enhanced fraud and filing error identification resulted in savings of nearly \$50 million last year
DOR: Automated call waiting time (seconds)	290	150	75	Impacted by staff turnover and high call volumes

# Vacant Positions

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- Long-term vacancies:
  - 7 positions vacant for 3+ years (6 ASF + 1 GF)
  - 3 have been filled, 2 in the reclassification process, 1 on hold for IRAS implementation, 1 on hold pending IRAS implementation
- Other vacancies:
  - Hard to fill positions (accountants, economic analysts)
  - Vacancies held for reclassification as we develop the DOR business analyst team and restructure long-term IT support and operating needs

# Meyer Administration Values

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## Integrity

*Actions speak louder than words - actions build trust. We will lead with transparency and accountability to ensure every decision serves the public good.*

## Efficiency

*Government should work smarter, not harder. We will eliminate waste, streamline services, and prioritize execution over excuses.*

## Collaboration

*Lasting change requires teamwork. We will break down silos, build strong partnerships, and deliver solutions that work.*



DELAWARE  
DEPARTMENT OF  
**FINANCE**

**Thank you!**

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