

FY 2026 Statewide Financial Overview

*JFC Hearing
February 4, 2025*

Responsibly managing our state budget remains a priority.

BENCHMARK SPENDING

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

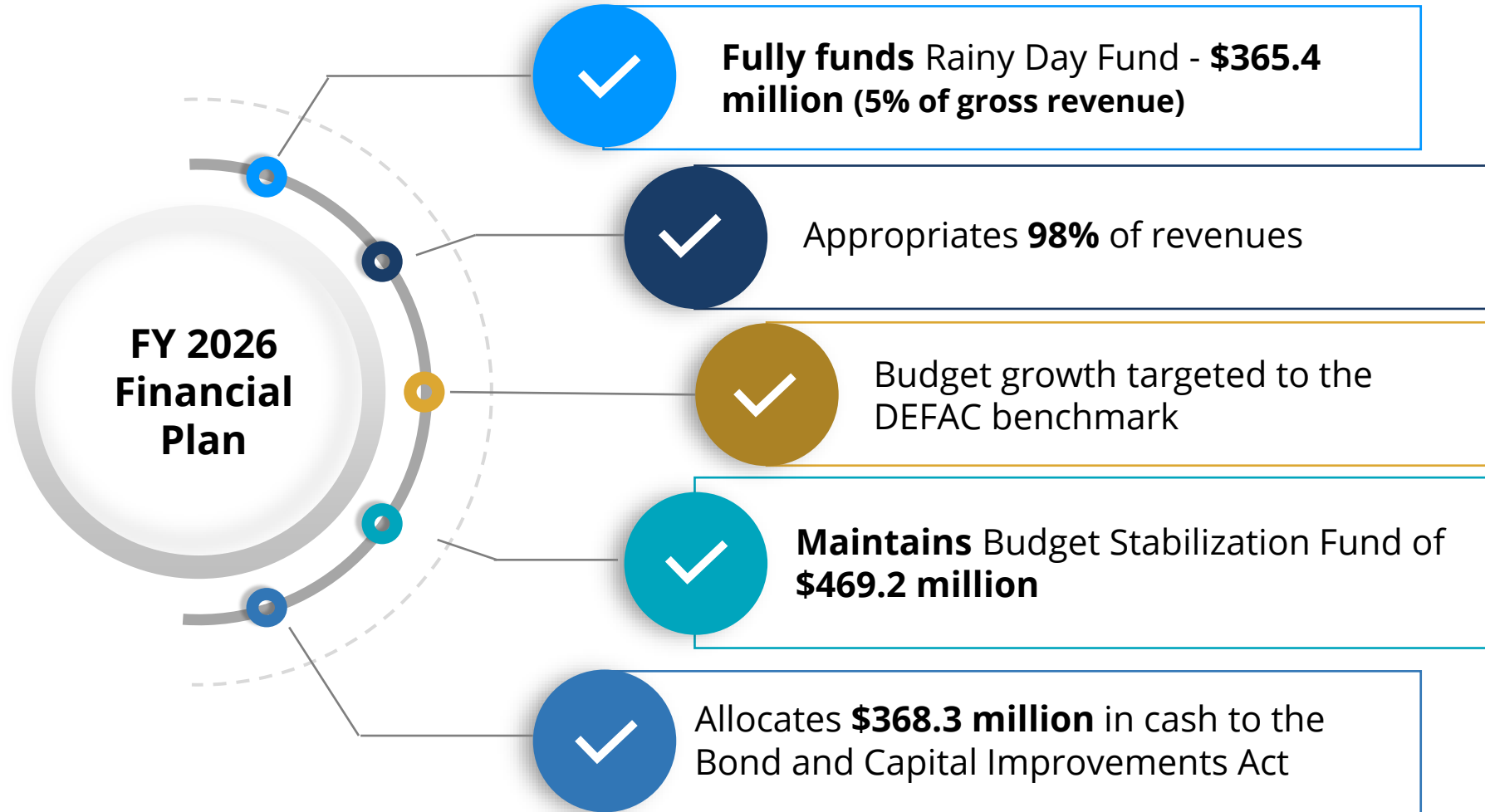
BUDGET STABILIZATION FUND

*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*

Long-term Financial Sustainability



December 2024 DEFAC Balance and Appropriations Worksheet

December-24

FY 2025 EXPENDITURES

Total Spending Authority	\$8,688.1
Less: Continuing Appropriations & Encumbrances from FY 2025	(\$1,664.7)
Less: Reversions	<u>(\$60.0)</u>
Total Expenditures	\$6,963.4

FY 2025 BALANCES

Total Expenditures	\$6,963.4
vs. FY 2025 Revenues	6,659.6
Operating Balance	(303.8)
Prior Year Cash Balance	3156.4
Less: Budget Stabilization Fund (29 Del. C. § 6533(k))	<u>(\$469.2)</u>
Cumulative Cash Balance	2,383.4
Less: Continuing Appropriations & Encumbrances from FY 2025	(1,664.7)
Less: Budgetary Reserve Account	<u>(\$348.7)</u>
Unencumbered Cash Balance 6/30	\$370.0

FY 2026 APPROPRIATION LIMITS

FY 2026 Revenue Estimate	\$6,790.1
Unencumbered Cash Balance from FY 2025	<u>\$370.0</u>
100% Appropriation Limit	\$7,160.1
98% Appropriation Limit	<u>\$7,016.8</u>
Prior 98% Appropriation Limit	\$6,814.9
Increase (Decrease) from Prior Meeting	\$201.9
October 2024 98% Appropriation Limit	\$6,814.9
Increase (Decrease) from October 2024	\$201.9

FY 2025 BUDGET

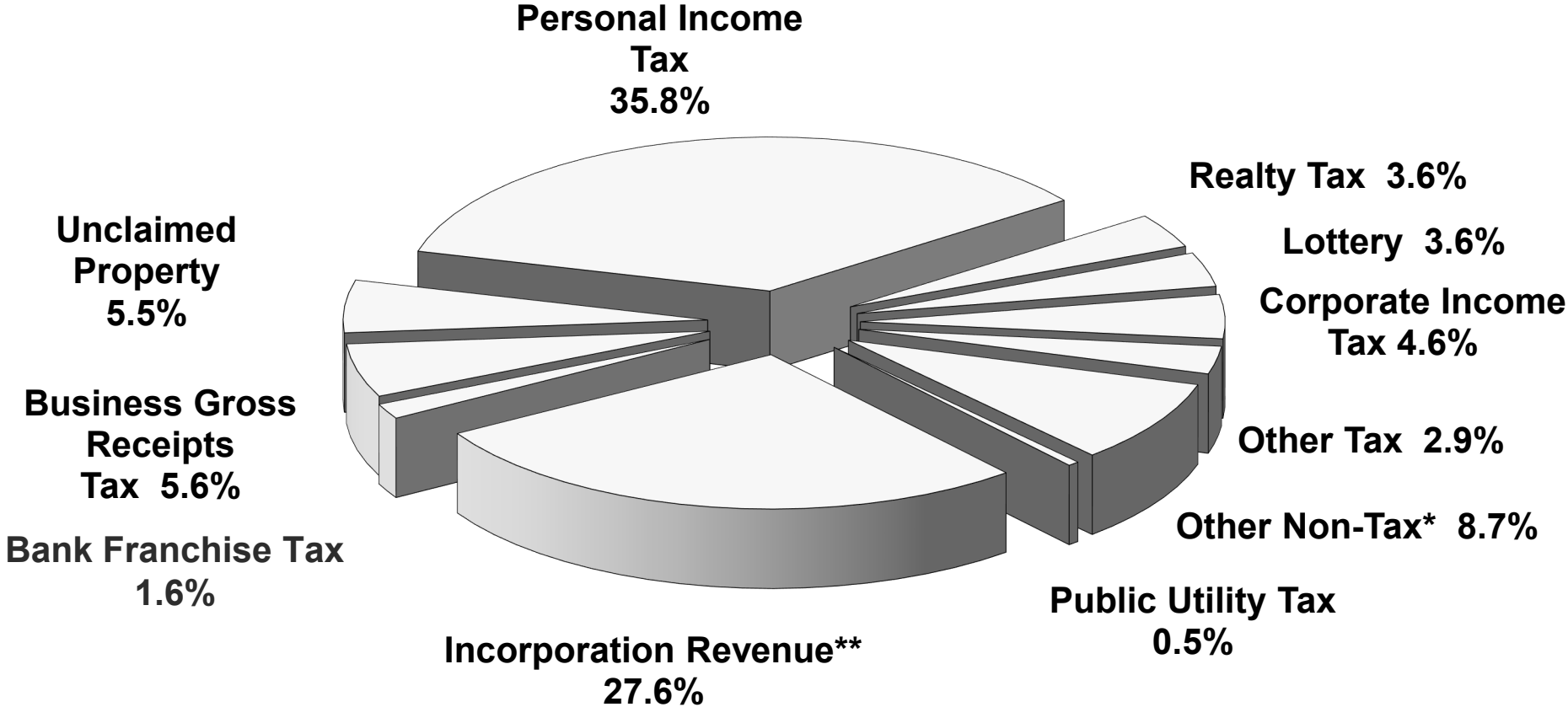
Budget	\$6,129.2
Grants (GIA Bill)	\$98.5
Supplemental	\$595.9
Cash to Bond - \$427.5	
Supplemental Bill - \$168.4	
Total Appropriations	\$6,823.6
Plus: Continuing Appropriations & Encumbrances from Prior Years	<u>\$1,864.5</u>
Total Spending Authority	\$8,688.1

FY 2025 RESERVES

2% Set Aside	\$140.5
Budget Reserve Account	\$348.7
Budget Stabilization Fund	<u>\$469.2</u>
Reserves	\$958.4
Revenue Resolution (Gross)	\$6,974.4
Reserve Ratio	13.7%



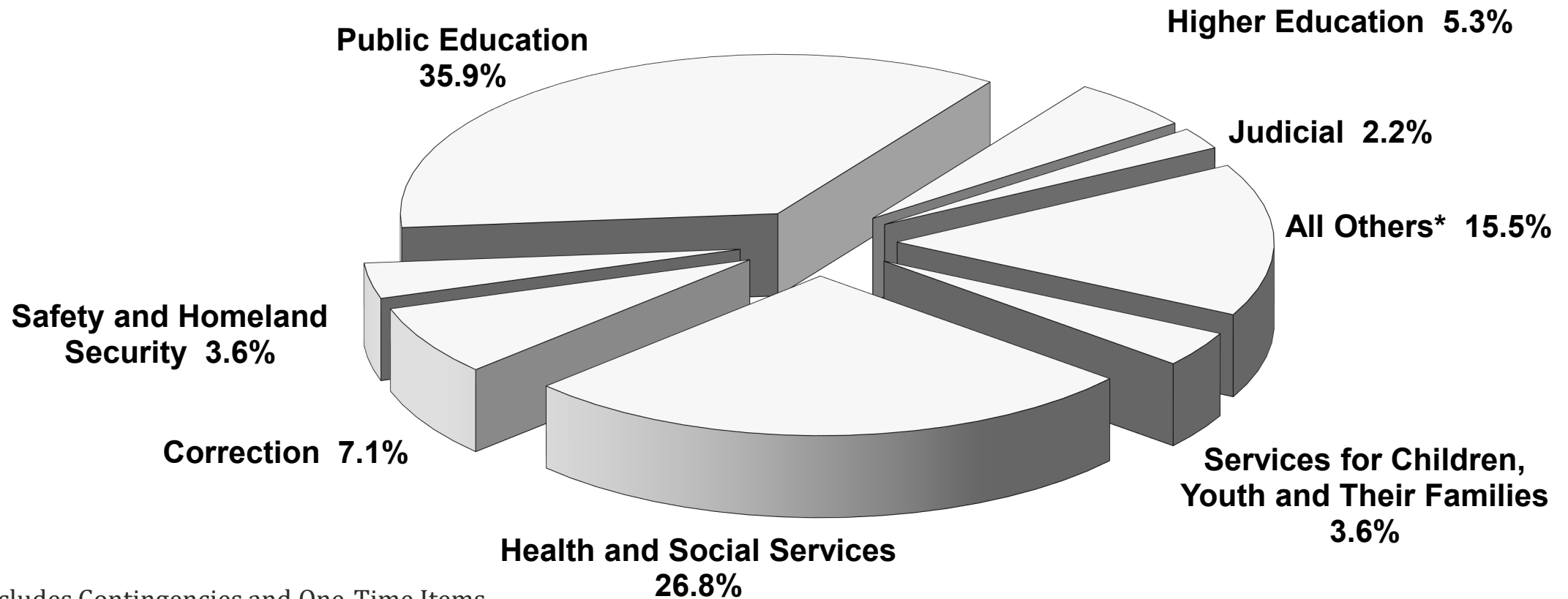
FY 2026 Sources of Funds (Net of Refunds)



* 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.

Fiscal Year 2026 GRB Financial Plan

General Fund Operating Budget *(incl. \$61.3M to OPEB)* **\$6,552.5 M ***

- GF Operating Budget Growth below 7%

Grants-in-Aid **\$78.2 M ***

Bond and Capital Improvements Act **\$1,014.8 M**

- State Capital Projects **\$759.6 M**
 - GO Bonds (5% net revenue projection) **\$339.5 M**
 - Cash **\$368.3 M ***
 - Reprogramming **\$51.8 M**
- Transportation **\$255.2 M**

One-Time Supplemental **\$17.6 M ***

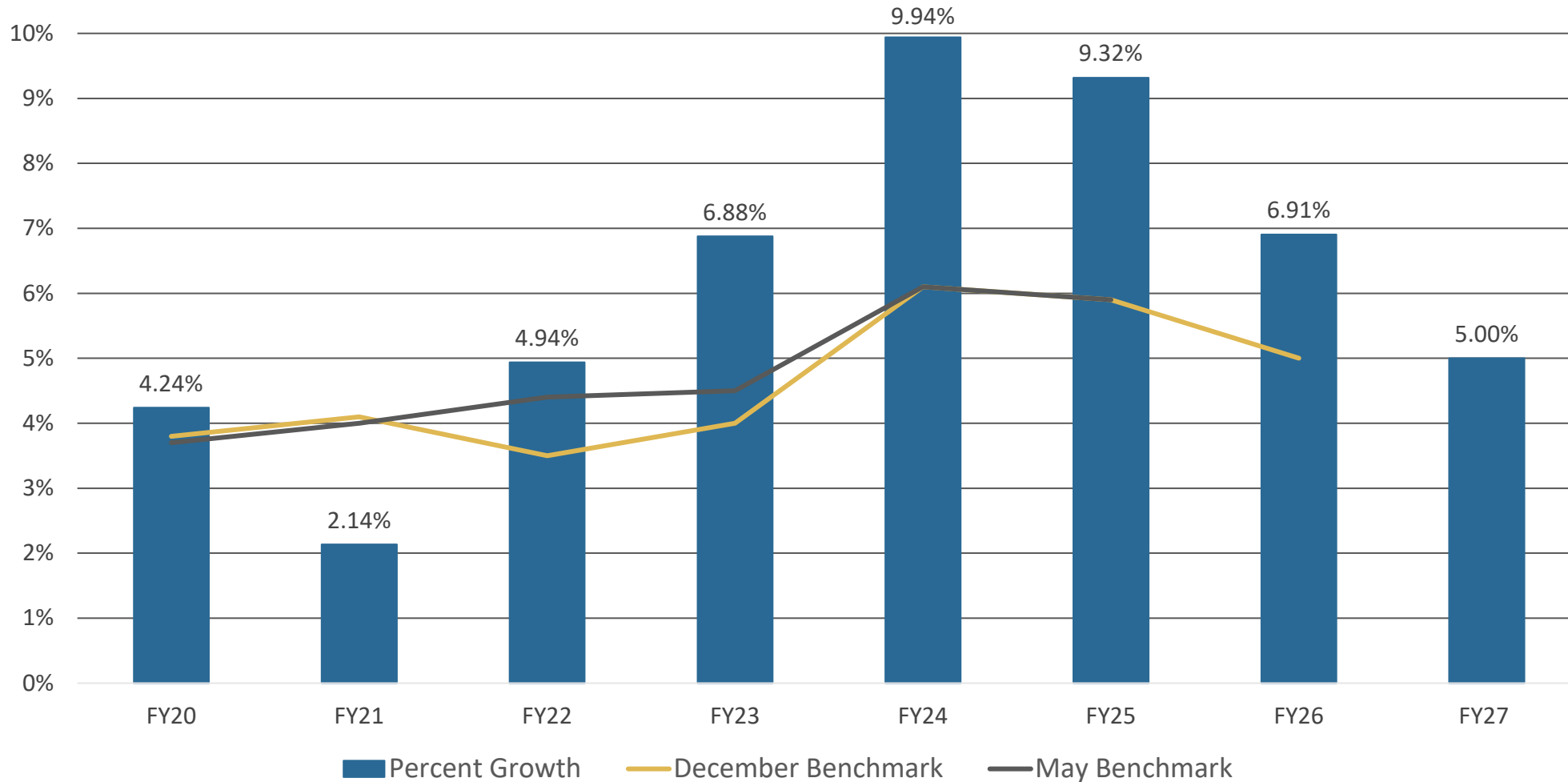
** Reflects cash appropriations of **\$7,016 million**.*

*The FY 2026 Financial Plan maintains **\$469.2 million** in the Budget Stabilization Fund.*

FY 2025 to 2026 GRB Comparison

	Fiscal Year 2025	Fiscal Year 2026 GRB	Variance	% Change
Budget Act	\$6,129,215,800	\$6,552,513,600	\$423,297,800	6.9%
Grants-in-Aid	\$98,498,026	\$78,186,292	\$(20,311,734)	(20.6%)
Supplemental Act	\$168,362,517	\$17,561,900	\$(150,800,617)	(89.6%)
Cash to Bond Bill	\$427,464,897	\$368,340,039	\$(59,124,858)	(13.8%)
	\$6,823,541,241	\$7,016,601,831		

Operating Budget Growth vs. Benchmark Index



6.34% average budget growth FY20 to FY26 GRB
Benchmark Index calculation for FY2026 is 5.0%



Budget Benchmark Index Components

(based on SB 270 calculated by Dept of Finance)

December 2023

FY	Income Deflator	Population	Annual	
2024	2.4%	1.9%	1.2%	2.8%
2023	9.5%	4.8%	1.5%	7.9%
2022	4.8%	8.0%	1.3%	7.1%
FY25 Benchmark Index: 5.9%				

May 2024

FY	Income Deflator	Population	Annual	
2024	2.6%	1.8%	1.2%	2.8%
2023	9.6%	4.8%	1.5%	7.9%
2022	4.8%	8.0%	1.3%	7.1%
FY25 Benchmark Index: 5.9%				

December 2024

FY	Income Deflator	Population	Annual	
2025	4.1%	2.8%	0.9%	3.9%
2024	4.9%	0.7%	1.1%	3.3%
2023	10.1%	4.0%	1.4%	7.8%
FY26 Benchmark Index: 5.0%				

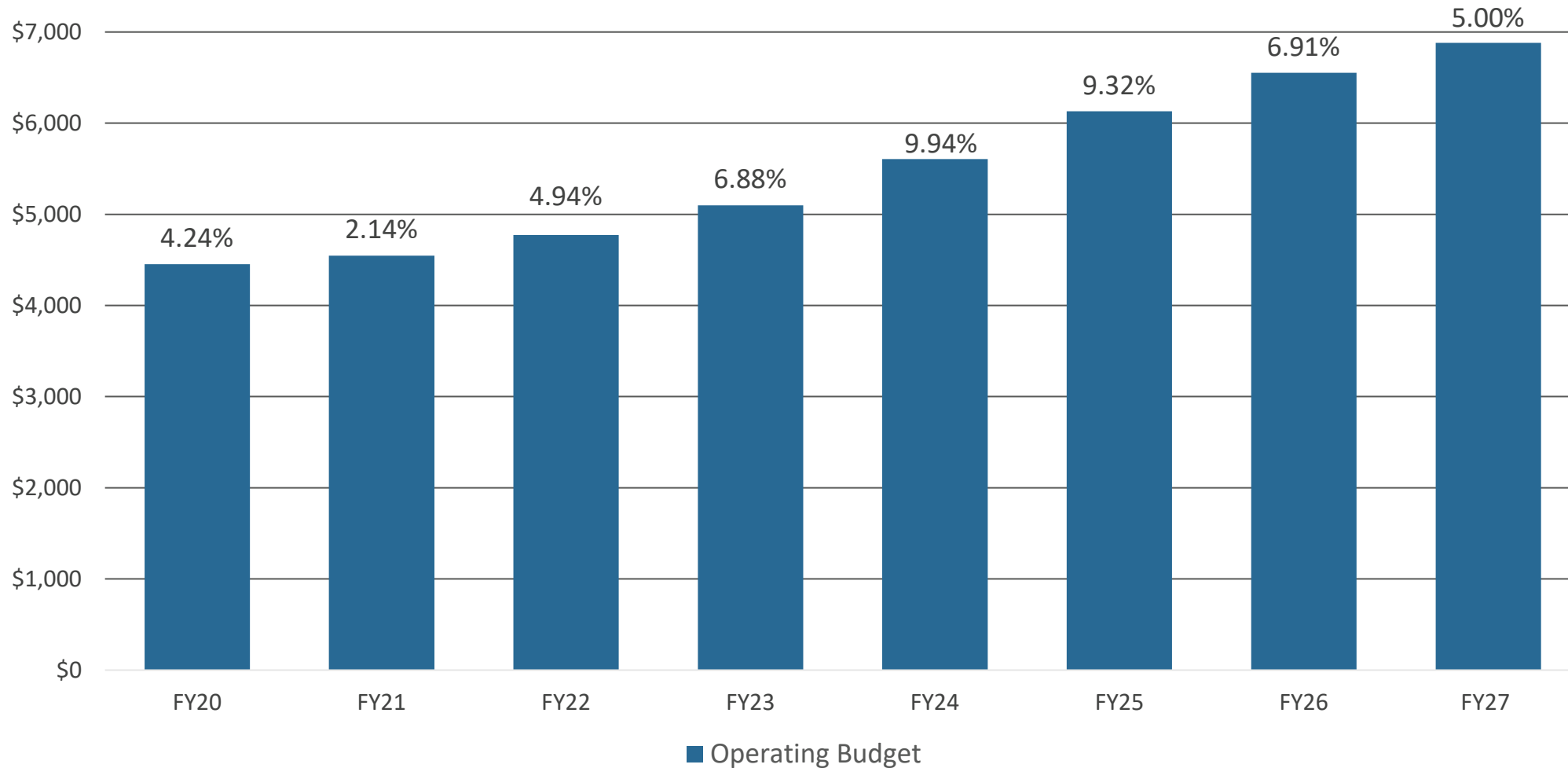
Most likely to change

Might change

Not likely to change



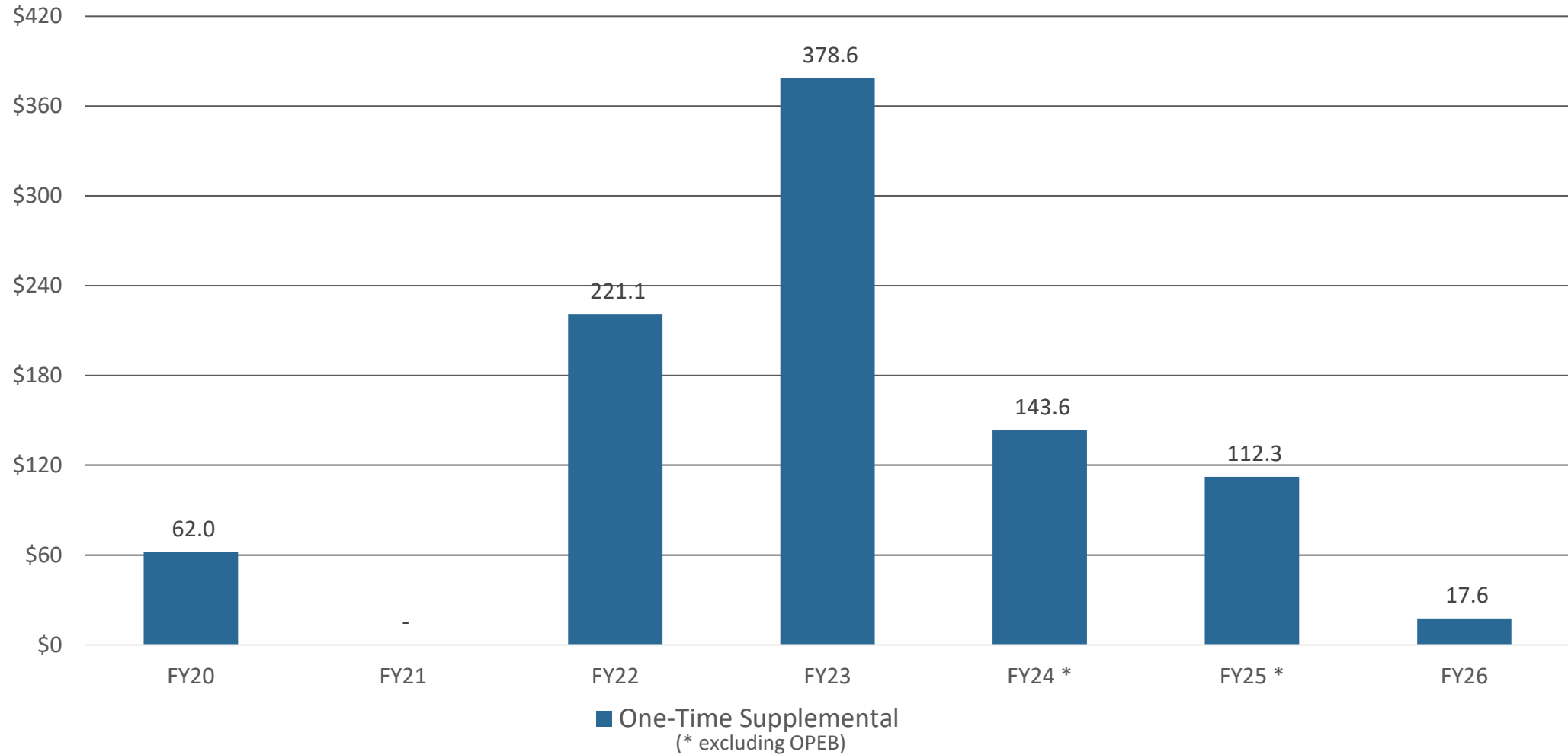
Operating Budget Growth



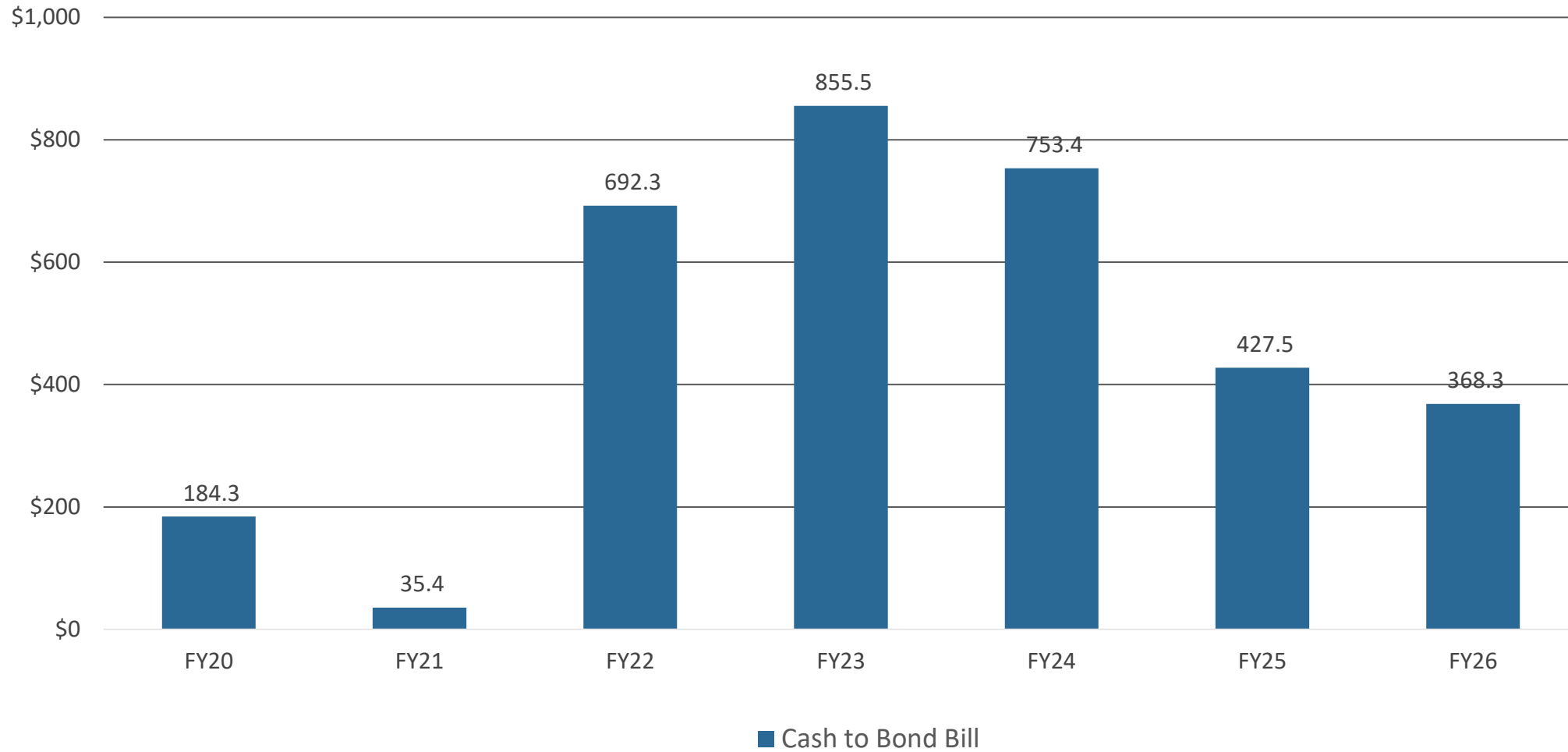
*6.34% average budget growth FY20 to FY26 GRB
Benchmark Index calculation for FY2026 is 5.0%*



Supplemental Budget Bill



Cash to Bond Bill



Dec 2024 DEFAC: FY26 GRB at 6.9%; FY27-28 at 5% Operating Growth

	Actuals 2024	Projected 2025	Projected 2026	Projected 2027	Projected 2028
Resources					
Carry-over	745,392,100	552,892,100	369,956,300	151,669,511	163,098,983
Net DEFAC FY Revenue *	6,348,900,000	6,659,600,000	6,790,100,000	6,885,500,000	6,996,700,000
Total Resources @ 100%	7,094,292,100	7,212,492,100	7,160,056,300	7,037,169,511	7,159,798,983
Total Resources @ 98%	6,952,406,258	7,068,242,258	7,016,855,174	6,896,426,121	7,016,603,003
Budget Stabilization Use			-	325,999,407	143,200,593
Appropriations					
Operating Budget	(5,606,716,700)	(6,129,215,800)	(6,552,513,558)	(6,880,139,236)	(7,224,146,198)
Grant-In-Aid	(71,992,624)	(98,498,026)	(78,186,292)	(79,286,292)	(80,386,292)
1% Cash to OPEB (effective FY2024)	(50,997,200)	(56,067,167)	<i>Incl Operating</i>	<i>Incl Operating</i>	<i>Incl Operating</i>
One-Time Supplemental Bill	(143,563,078)	(112,295,350)	(17,561,900)	-	-
1% Cash to Capital Projects In Bond Bill	(50,997,122)	(56,067,167)	(61,292,158)	(65,525,136)	(68,801,392)
Cash to Capital **	(702,420,000)	(371,397,730)	(307,047,881)	(197,474,864)	(194,198,608)
Total Appropriations	(6,626,686,724)	(6,823,541,240)	(7,016,601,789)	(7,222,425,528)	(7,567,532,490)
Appropriation SURPLUS/(DEFICIT) vs 98% Limit	325,719,534	244,701,018	253,385	0	(407,728,893)
Additional Sources					
Cumulative Budget Stabilization Fund Balance	410,100,000	469,200,000	469,200,000	143,200,593	(0)
Budget Stabilization Fund Deposits/(Uses)				(325,999,407)	(143,200,593)
Additional Information					
Abandoned Property Revenue Forecast	554,000,000	554,000,000	525,000,000	500,000,000	500,000,000
Reversions	105,047,409	60,000,000	25,000,000	25,000,000	25,000,000
Revenue Growth	0.9%	4.9%	2.0%	1.4%	1.6%
Operating Budget Growth	9.9%	9.3%	6.9%	5.0%	5.0%

*FY2025 - FY2027 reflects December 2024 Net DEFAC Revenue projections; FY2028 reflects October 2024 Net DEFAC Revenue projection.

** FY2027 and FY2028 Cash to Capital includes: Economic Development/Research, MCI, Maintenance and Restoration, Roof Replacements, and Deferred Maintenance (including Higher Ed).



Door Openers Fiscal Year 2026

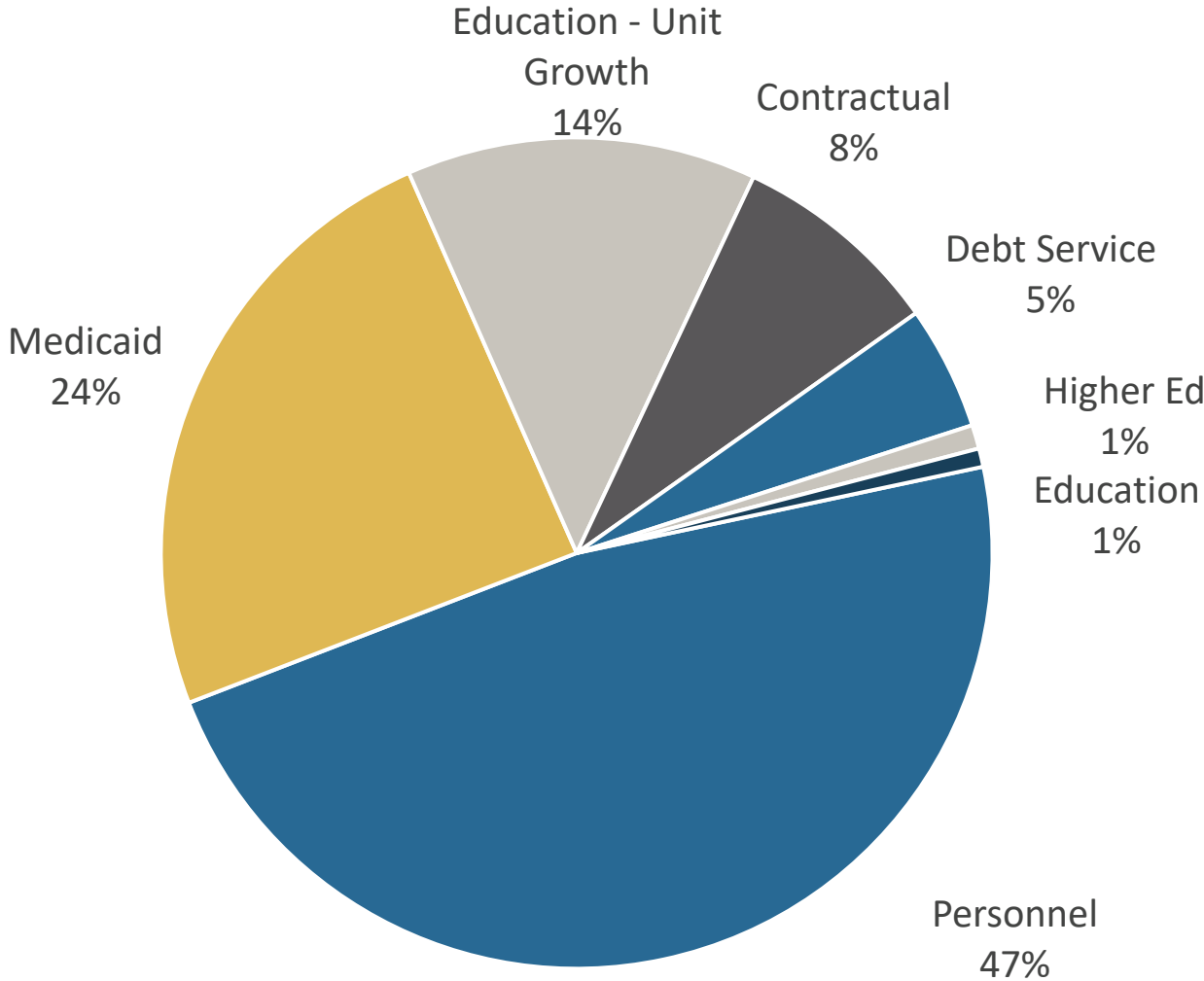
Total Door Openers (5.8%)	\$354,601.8
Medicaid Growth	85,509.1
PECC and Education Steps	75,544.9
OPEB 1% Contribution	61,292.2
Education Enrollment Growth *	26,969.6
Student Unit Count Growth (225 Units)	21,981.9
CBA Negotiated Wages, Steps and OECs	20,720.7
Debt Service	17,000.0
Annualization of FY25 Legislation and Positions	10,618.5
Community and Special School Graduate Placements	9,153.8
Maintenance for New Courthouses and Facilities	3,430.7
SEED/SEED+ and Inspire	3,269.0
Birth-to-Three Program Referral Growth	2,227.2
Annualization of Direct Support Professional Rate Increase	1,131.3
Other Door Openers (lease escalators, insurance, Senior/Vets tax credit, legal contingency, etc.)	15,752.9

* Education enrollment growth impacts: Opportunity Funds, Academic Excellence, Cafeteria Funding, Public Transportation, etc.



Door Openers Fiscal Year 2026

\$354,601.8



Discretionary Growth Fiscal Year 2026

Discretionary Growth Included (1.1%)

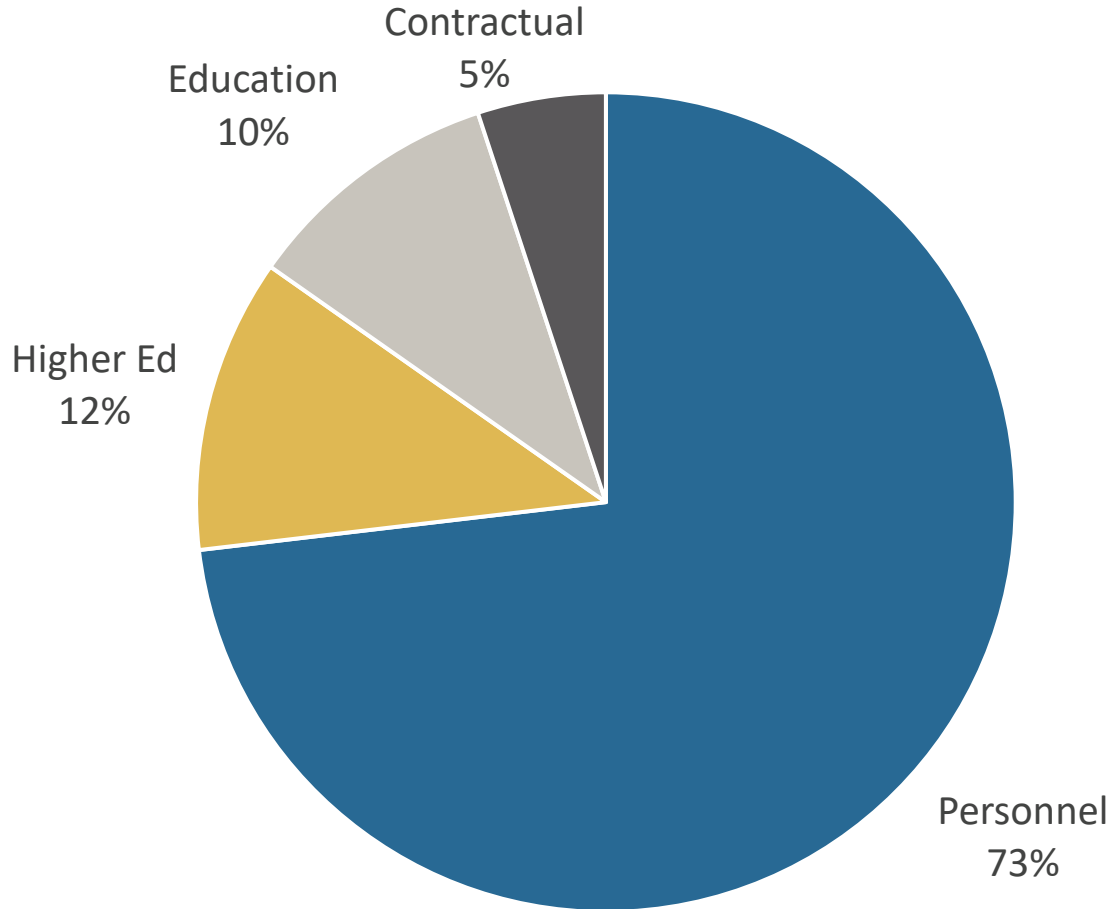
\$68,696.0

Salary Policy at 2%, Collective Bargaining Placeholder, Maintenance Reviews	43,926.7
HB 200 High School Mental Health – Block Grant	5,000.0
DSU Campus Operations	5,000.0
Judicial Switch Fund from ASF to GF (JP & Family Courts ASF Deficits)	2,477.6
SEED Expansion Contingency	2,450.0
Attorney Matrix	2,000.0
Smart Food Program	1,485.0
Public Education Division II Other Costs (Unit) Increase	1,100.0
Judicial Chancery Magistrates & New Family Court Judges	1,050.8
DTCC Seaford Lease	519.9
Other Discretionary Items (Maintenance and technology agreements, DOL auditor, grant reductions, etc.)	3,686.0



Discretionary Growth Fiscal Year 2026

\$68,696.0



The Budget Process

February

Joint Finance Committee (JFC): Committee members consider Governor Carney's recommended operating budget and hold hearings to discuss budget items with agencies and advocates.

February -
March

Finance Team meets with Governor weekly to draft budget reset.

March

DEFAC on March 17; **Governor Meyer** releases reset of the proposed operating, capital, and one-time bill.

March -
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 by June 30.
The **new fiscal year begins July 1.**

Meyer Administration Values

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.

A photograph of a business meeting. In the foreground, a person's hands are clasped together, holding a pen. The background shows other participants at a table with documents, a laptop, and a notebook. The image has a blue and yellow color overlay.

Questions?
