



State of Delaware

Governor Matt Meyer

Fiscal Year 2026 Budget Adjustments

March 27, 2025

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.

MEYER ADMINISTRATION PRINCIPLES

EFFICIENCY & TRANSPARENCY

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

This budget makes government smarter and more responsive, delivering tangible results for every taxpayer dollar.

TAX FAIRNESS

The wealthiest Delawareans will pay their fair share.

No Delawarean who has taxable income under \$134,667 annually will pay a penny more in income taxes.

INVESTING IN OUR WORKFORCE

- **Increasing pay** for Delaware public educators.
- **Providing** a salary increase for all state employees.
- **Providing** increased healthcare funding for all state employees.
- **Taking additional steps** to make sure compensation of public employees continues to be competitive.

INVEST IN THE CLASSROOM

Literacy support for schools:

- Emergency funding for school districts and charters with large numbers of students who are failing to 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.

Classroom support for teachers:

- The State will invest \$3 million - and seek an additional \$3 million in private donations - to provide direct-to-classroom assistance to educators, as they work to lift student literacy rates.
- Educators will have the power to select from a diverse range of literacy materials. This model has proven successful in ensuring resources quickly reach the students they are designed to help.

National leadership on Artificial Intelligence:

- Delaware has long been on the cutting edge of career/technical education programs.
- To maintain this leadership, we are launching a statewide effort to expand training in Artificial Intelligence, building on the groundbreaking work from the Delaware Council on Educational Technology.
 - EXAMPLE: Using AI to help educators support students facing dyslexia and other learning challenges.

AFFORDABLE HOUSING

ISSUE	APPROACH
HOUSING COSTS	<p>PROBLEM: 50,000 Delawareans are rent-burdened, meaning they pay more than 30% of their income for housing.</p> <p>PLAN: We will work to streamline vouchers and increase funding for State Rental Assistance Programming (SRAP).</p>
LOW SUPPLY	<p>PROBLEM: Delaware currently has a shortage of 19,400 affordable rental units for households between 0 and 50% AMI. We will need another 24,400 affordable housing units for households up to 100% AMI by 2030 to keep up with growth.</p> <p>PLAN: We will incentivize the construction of housing that is affordable, specifically for families, seniors, veterans, and working Delawareans.</p>
HOMELESSNESS	<p>PROBLEM: The 2024 Point In Time (PIT) count showed a 9% increase in number of people experiencing homelessness.</p> <p>PLAN: We will build a coordinated response system to reduce homelessness and end child homelessness in our state.</p>

AFFORDABLE HOUSING

ISSUE	APPROACH
BARRIERS TO HOMEOWNERSHIP	<p>PROBLEM: Homeownership rates are declining, and young Delawareans fear they will never own a home.</p> <p>PLAN: We will extend funding for DSHA programs that provide low-interest loans and downpayment assistance to qualified buyers that help working families bridge the gap to homeownership.</p>
COMMUNITY DEVELOPMENT PRESSURES	<p>PROBLEM: Suburban migration has reshaped cities and urban communities.</p> <p>PLAN: We will fund Downtown Development Districts (DDD) across Delaware to promote sustainable multi-use urban development. We will also encourage the development of vacant or underutilized land in existing neighborhoods, and reimagining old spaces.</p>
BARRIERS TO CONSTRUCTION	<p>PROBLEM: The current permitting process for affordable housing development in Delaware is outdated and cumbersome.</p> <p>PLAN: Executive Order #4 – Streamlining the permitting process and creating a one-stop shop for affordable housing construction.</p>

HEALTHCARE FOR ALL DELAWAREANS

- **With targeted Medicaid investments**, we will ensure Delawareans have access to the critical care they need to lead healthier lives.
- **We will begin a medical school analysis**, a strategic step toward addressing healthcare worker shortages and improving healthcare outcomes. Delaware is one of four states without a medical school.
- **By establishing the Delaware Council on Farm and Food Policy through Executive Order #5**, we will bring healthier foods and better nutrition directly to our communities.
 - **\$250,000 to launch** a new round of the First State Food System Grant Program, as part of the Delaware Grocery Initiative and led by the Division of Small Business and the Delaware Council on Farm & Food Policy

EFFICIENCY AND TRANSPARENCY

- **With GEAR and new executive orders**, we are streamlining processes and increasing transparency, so government works effectively for all Delawareans.
- **Executive Order #3** – Committing to a Good Government that is Ethical, Transparent, and Effective
- **By investing in Shovel-Ready Infrastructure Planning and using statewide space and land inventories**, we are proactively managing our resources—ensuring government efficiency is not just a promise, but a measurable reality.

TAX FAIRNESS

- The wealthiest Delawareans will pay their fair share.
- We are reducing income taxes for 92% of Delaware taxpayers.
 - This means every Delawarean with taxable income under \$134,667 will see no increase to their personal income taxes.
- We are updating Delaware's tax code to include three new tax brackets:
 - \$125,000
 - \$250,000
 - \$500,000

FEDERAL UNCERTAINTY

- One in every three dollars spent by the State comes from federal funding.
- Every federal cut shifts the financial burden to the State, forcing us to choose between reducing benefits or covering the costs.
- The Continuing Resolution passed in March 2025 eliminated \$21 billion in planned federal expenditures to states.
- We expect additional funding reductions to critical programs nationwide, affecting Delaware in the following areas: Education, Food Assistance, Coastal Protection, Renewable Energy, Public Health, Housing, and Transportation.
- There are also proposed claw backs of up to \$4.5 trillion in federal funding to programs for nutrition, as well as Medicaid.

INVEST IN THE CLASSROOM

- **\$8.0 million:** Early Literacy Emergency
- **\$75.5 million:** Supporting Education Professionals Compensation
 - Public Education Compensation Commission
 - Educator Step Increases
- **Supporting Education Finance Reform**
 - Public Education Funding Commission
 - Equitable Funding Formula for Delaware schools
- **\$3.0 million:** To Leverage Private Contributions for Direct Support in the Classroom

INVEST IN THE CLASSROOM

- **\$3.8 million:** Additional investment for low-income and multilingual learner students, bringing the total resources to **\$66.8 million**
- **\$20.2 million:** Continued support for **Wilmington Learning Collaborative and Redding Consortium**
- **\$8.4 million:** Additional funding for **mental health services** for elementary, middle and high school students, bringing the total resources for mental health to **\$67.7 million**
- **\$500,000:** To get cell phones out of our classrooms
- **\$150,000:** Career and technical education programs on Artificial Intelligence

AFFORDABLE HOUSING

- **Total: \$35.5 million**
 - **\$19.0 million:** Housing Development Fund
 - **\$ 5.5 million:** Downtown Development Districts
 - **\$ 6.0 million:** State Rental Assistance Program
 - **\$ 3.0 million:** Workforce Housing Program
 - **\$ 2.0 million:** Strong Neighborhoods

HEALTHCARE FOR ALL DELAWAREANS

- **\$85.5 million:** Medicaid
- **\$61.3 million:** Other Post-Employment Benefits
- **\$27.5 million:** Group Health Insurance Premiums
- **\$1.5 million:** Smart Food
- **\$250,000:** Medical School Feasibility Study
- **\$1.15 million:** Division of Substance Abuse and Mental Health rate increase for mental health professionals (effective 1/1/26)



APPROPRIATED SPECIAL FUND AUTHORITY

- **\$3.5 million:** Recruitment and Retention of Department of Justice employees (contingent upon legislation)
- **\$1.7 million:** Medicaid state share rate increase for mental health professionals (effective 1/1/26)
- **\$10 million:** Medicaid Skilled Nursing Facilities directed payment and rate increase (effective 1/1/26)
- **\$5.8 million:** Authority associated with continuity of operations for DNREC (contingent upon legislation)

EFFICIENCY AND TRANSPARENCY

- **\$1.95 million:** DHSS Electronic Health Records system to efficiently process reimbursements
- **\$500,000:** Government Performance Review Focused on Improving the Delivery of Services to Citizens
- **\$100,000:** Creating greater efficiencies within the state's business permitting process and shortening the duration of the process
- **\$200,000:** Investing in Shovel-Ready Infrastructure Planning
 - Pilot to identify areas with planned state, local, and private infrastructure capacity that are equipped to accommodate growth and development to meet transportation, housing, and economic development priorities.

MAINTAINING CRITICAL SERVICES

- **\$4.2 million:** Paramedic state cost share increase from 30% to 35%
- **\$1.6 million:** 3% increase to GIA non-profit organizations
- **\$21.9 million:** Creation of a federal contingency fund to offset potential federal funding reductions

REVENUE PROPOSALS

- **Personal Income Tax Increase**
 - 2026 impact: \$16.54 million
 - 2027 impact: \$35.2 million
- **Cigarette Tax - \$0.50 per pack increase**
 - 2026 impact: \$8 million
 - 2027 impact: \$11.5 million
- **Other Tobacco Products**
 - 2026 impact: \$5 million
 - 2027 impact: \$7.2 million

UPDATING AGENCY FEES

- **\$6.68 million:** Department of Natural Resources and Environmental Control for the modernization of fee structures
- **\$107 million:** Delaware Department of Transportation to raise additional revenue to improve safety, maintain a state of good repair, provide new multi-modal connections, deliver routes identified in the DART Reimagined Plan, address frequently flooded roads, and modernize DMV mainframe system and tolling equipment.

FISCAL YEAR 2026 BUDGET RESET

General Fund Operating Budget <i>(incl. \$61.3M to OPEB)</i>		\$6,581.1 M *
Grants-in-Aid		\$82.8 M *
Bond and Capital Improvements Act		\$937.9 M
• State Capital Projects		\$682.7 M
• GO Bonds (5% net revenue projection)	\$339.5 M	
• Cash	\$291.4 M	*
• Reprogramming	\$51.8 M	
• Transportation		\$255.2 M
One-Time Supplemental		\$59.9 M *

* Reflects cash appropriations of \$7,015.2 million, includes proposed PIT, Cigarette Tax, and Other Tobacco Products.
 The FY 2026 Financial Plan maintains \$469.2 million in the Budget Stabilization Fund.



MARCH 2025 DEFAC - FY26 RESET AT 7.4%; FY27-28 AT 5% OPERATING GROWTH

	Actuals 2024	Projected 2025 March DEFAC	Projected 2026 March DEFAC	Projected 2027 March DEFAC	Projected 2028 October DEFAC
Resources					
Carry-over	745,392,100	552,992,100	367,956,300	121,902,926	94,275,680
Net DEFAC FY Revenue	6,348,900,000	6,632,600,000	6,760,900,000	6,840,600,000	6,996,700,000
Proposed Revenue - PIT, Cigarette, Other Tobacco			29,540,000	53,900,000	53,900,000
Total Resources @ 100%	7,094,292,100	7,185,592,100	7,158,396,300	7,016,402,926	7,144,875,680
Total Resources @ 98%	6,952,406,258	7,041,880,258	7,015,228,374	6,876,074,867	7,001,978,166
Budget Stabilization Use			-	380,969,488	121,126,746
Appropriations					
Operating Budget	(5,606,716,700)	(6,129,215,800)	(6,581,106,458)	(6,910,161,781)	(7,255,669,870)
Grant-In-Aid	(71,992,624)	(98,498,026)	(82,782,575)	(83,882,575)	(84,982,575)
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)	(59,914,802)	-	-
1% Cash to Capital Projects In Bond Bill	(50,997,122)	(56,067,167)	(61,292,158)	(65,811,065)	(69,101,618)
Cash to Capital *	(702,420,000)	(371,397,730)	(230,132,381)	(197,188,935)	(193,898,382)
Total Appropriations	(6,626,686,724)	(6,823,541,240)	(7,015,228,374)	(7,257,044,356)	(7,603,652,445)
Appropriation SURPLUS/(DEFICIT) vs 98% Limit	325,719,534	218,339,018	0	0	(480,547,532)
Additional Sources					
Cumulative Budget Stabilization Fund Balance	410,100,000	469,200,000	469,200,000	88,230,512	0
Budget Stabilization Fund Deposits/(Uses)				(380,969,488)	(88,230,512)
Additional Information					
Abandoned Property Revenue Forecast	554,000,000	554,000,000	554,000,000	500,000,000	500,000,000
Reversions	105,047,409	85,000,000	25,000,000	25,000,000	25,000,000
Revenue Growth	0.9%	4.5%	1.9%	1.2%	2.3%
Operating Budget Growth	9.9%	9.3%	7.4%	5.0%	5.0%

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

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.