

POLICY DEVELOPMENT

Fiscal Year 2026 Budget Outlook

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Delaware Health Care Commission

FY 2026 Budget Outlook

Rick Geisenberger, Secretary of Finance

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FY 2025 Budget Review – Health

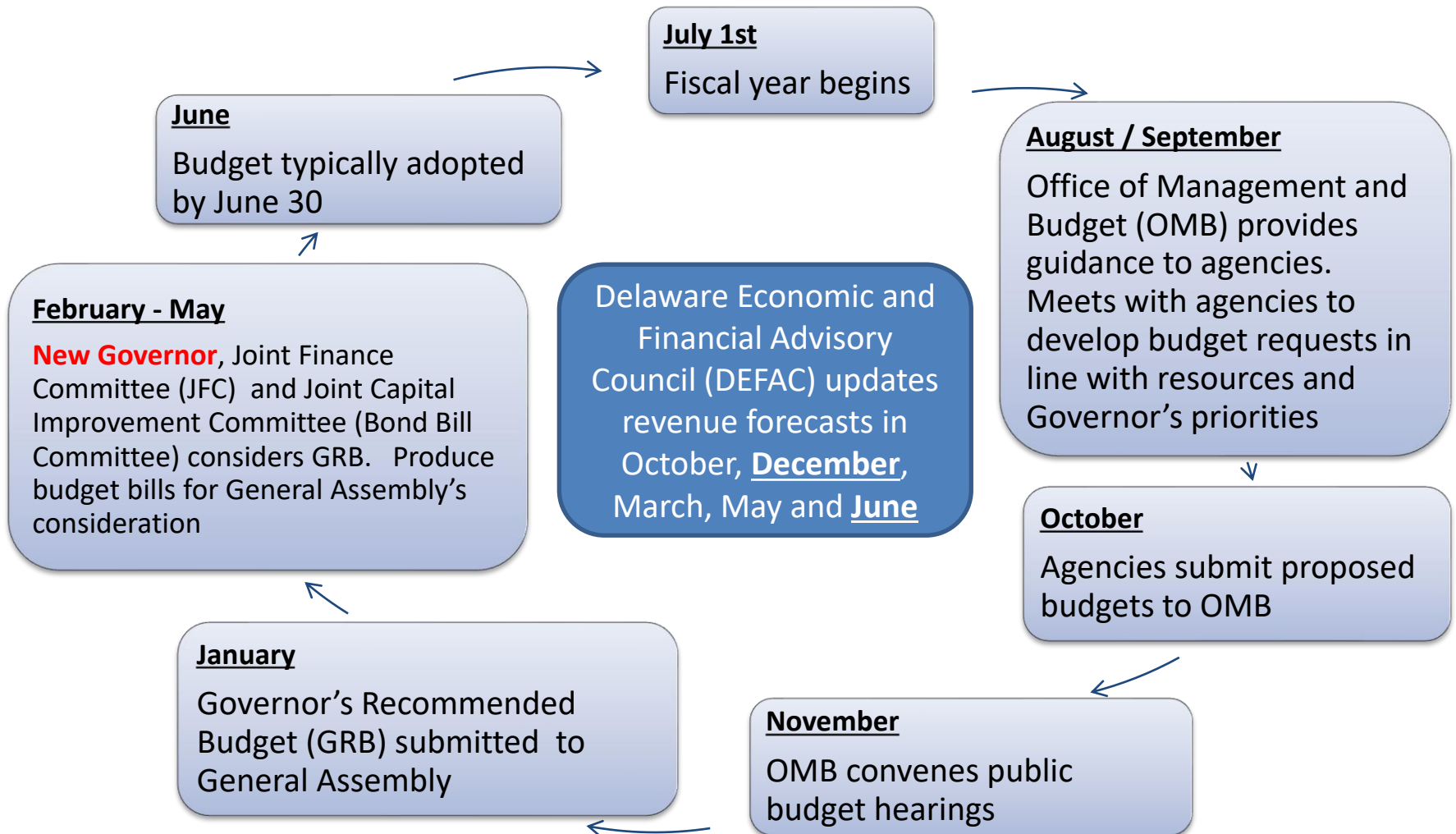
DHSS General Fund Budget Growth (+9.3%)

- \$99.6M – Medicaid (\$10.4M one-time)
- \$7.9M – DDDS state match and community services
- \$2.3M -- DAAD contractual services for growth in aging population
- \$1.9M – DSAMH substance use disorder services
- \$1.1M – DDDS minimum wage contract increase
- \$0.5M – DSAMH community housing supports

Other Appropriations

- \$133.6M – State employee healthcare
- \$17.3 – Mental health supports for students
- \$6.1M – Purchase of Care eligibility expansion and POC rate
- \$3.5M – Additional 200 seats for ECAP early care
- \$1.2M -- DTCC nursing program

Delaware Annual Budget Cycle



FY 2026 Financial Overview

- **General Fund Revenues Remain Structurally Volatile**

- FY 17 + 1.7% / + \$68M *Weak corporate income and franchise tax*
- FY 18 + 9.5% / +\$380M *Strong economic growth/RTT & CFT tax increases*
- FY 19 + 4.5% / +\$199M *Moderate economic growth & CFT increase tail*
- FY 20 - 1.4% / - \$66M *COVID (Lottery/GRT/Excise taxes/Tax Date deferral)*
- FY 21 +19.0% / +\$865M *Tax deferral tail, big cap gains, IPO & realty sales*
- FY 22 +8.2% / +\$440M *Across the board extraordinary growth w/ rebate offset*
- FY 23 +8.0% / +\$465M *Rebate ends, Strong CFT & CIT, declining RTT*
- FY 24 +0.9% / + \$54M *Rising interest rates with declining CFT, CIT and RTT*
- FY 25 +1.3% / + \$80M **Forecast** – Mixed rebound; No CFT or CIT rebound
- FY 26 +2.3% / + \$149M **Forecast** – Modest rebound

- **Typical Door Openers Remain Elevated**

- Required Personnel Costs (e.g., Salaries, Steps, Collective bargaining, Healthcare)
- Medicaid ????
- Schools (PEC recommendations, Enrollment, Special needs)
- Liabilities (Pension plan, Debt service, Retiree healthcare)

FY 2026 Financial Overview (cont.)

- Despite projected low revenue growth, barring a major economic surprise, the State remains well positioned to sustainably fund door openers. But new programs may be difficult to fund.
 - Significant one-time spending from FY22-FY25 not mandatory in FY26
 - FY 2025 -- \$427m Cash to Bond Bill / \$112M ‘One-time’ Supplemental (ex. OPEB)
 - Strong budgetary reserves available
 - Revenues may outperform due to continuing extraordinary federal/state supports
 - ARPA, Inflation Reduction Act, Large DE “bond bills”, falling interest rates
 - Revenues may underperform due to ongoing factors
 - Less interest income, elevated consumer debt, global instability, uncertainty over federal fiscal policy (taxes, spending, elections)
 - Advisory budget benchmark index falling with lower inflation

Benchmark Index Components

(calculated based on SB 270)

December 2023

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

May 2024

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

August 2024

***Subject to Change**

FY	Income Deflator	Population	Annual
2025	5.0%	2.6%	4.2%
2024	2.4%	1.8%	2.7%
2023	9.6%	4.8%	8.0%
Benchmark Index: 5.0%*			

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Questions ?