

Department of Health and Social Services

Office of the Secretary

Christen Linke Young
Cabinet Secretary

Joint Finance Committee Hearing Fiscal Year 2027 Budget

March 2, 2026



Good morning, Senator Paradee, Representative Williams, members of the Joint Finance Committee and members of the public. I'm Christen Linke Young, and it is an honor to be here today for the first time in my role as Cabinet Secretary to discuss the work of the Department of Health and Social Services and our FY2027 Governor's Recommended Budget. With me today are Deputy Cabinet Secretaries Dava Newnam and Lisa Schieffert, as well as other members of the DHSS leadership team. Over the next two days you will hear from our dedicated team of Division Directors about our work to promote health, foster self-sufficiency, and protect those with complex physical and behavioral health needs. None of this work would be possible without your past support.

Who we serve...



256,682 Medicaid beneficiaries



115,470 SNAP enrollees



18,549 children in Purchase of Care



8,101 cash assistance households



10,799 public health clinic and mobile health clients



6,034 individuals with developmental disabilities served



20,473 clients treated for substance use disorder & mental health care



22,720 aging services participants



3,409 people with visual impairments or blindness



756 health facility surveys



\$72 million in child support collections



The Department has about 3,800 employees, and a total budget of more than \$5 billion. We deploy these resources to provide health insurance to 250,000 of our neighbors, operate food, child care, and cash assistance benefits, deliver care management and direct services for thousands of Delawareans with complex physical and behavioral health needs, oversee health care facilities statewide, operate the state's child support system, and more.

Priorities that Organize Our Work

- Responding to and mitigating federal policy changes
- Excellence and innovation in services for complex populations
- Lowering the cost of health care



In this era of great need and increasing uncertainty, three key priorities organize our efforts.

First, it is critical that our Department be deliberate about the hard work we must do responding to and mitigating federal policy changes. We face unprecedented uncertainty about what federal dollars will be paid to us – and when those dollars will arrive. Of even greater consequence for Delawareans, federal policy changes often push in the opposite direction of our values as an organization. We will do everything in our power to mitigate these consequences for families and to be nimble in our response.

Second, our Department provides an array of health care and social service benefits to support people facing all sorts of challenges and complexities, from imminent homelessness to serious mental illness to caring for an aging family member. In recent years Delaware has excelled in providing services in the community to an increasing extent, but there is always more work to do. We must continue to innovate and strive for excellence, improved efficiency, and high-quality customer service in that work.

Finally, DHSS – like businesses and families across the state – struggles with high and rising health care costs. We are working hard to structurally lower the costs of achieving health and wellness, alleviating pressure on our state budget and on every Delawarean.

FY 2026 Accomplishments

- First State Food Relief Funds
- Mental health provider rates
- Birth to Three program
- Long Term Care facility inspections
- Supporting unhoused Delawareans



Before we turn to the FY2027 GRB, I want to spend a few minutes looking back on FY2026 – some key programmatic improvements, many of which were achieved through strategic investments in last year’s budget, as well as our progress on some of the Department’s performance indicators and on reducing staff vacancies.

In my first weeks in this role, in the middle of the lapse in federal appropriations, the federal government chose to delay food benefits in the SNAP program for more than 100,000 of our neighbors. With leadership from Governor Meyer and strong partnership from OMB, the dedicated team at DHSS was able to create a new program to use state dollars to support those families – helping ensure they would have food on the table at Thanksgiving.

In FY2026, DHSS has also been able to provide targeted increased funding to mental health providers in the PROMISE program.

In addition, the Birth to Three Program, serving our youngest brains, saw a 13% increase in referrals to the program from last year. This is a direct result of the increase in funding for the program in the FY 2026 budget.

The Division of Health Care Quality was able to clear an historic backlog of long-term care facility inspections this year.

Finally, I want to highlight work across DHSS to support families experiencing homelessness, including through emergency motel stays and wraparound services that connect people to employment, behavioral and physical health care services, and other benefits. In 2025, our encampment outreach staff engaged more than 3,600 unhoused people with assistance, including connections to psychiatric or addiction treatment services. During the recent winter storm, DHSS connected 340 Delawareans to motel rooms: one was a gentleman who is employed but did not have a stable place to sleep. He was worried about losing his job as the storm disrupted his routine. DHSS was able to help with a short motel stay and assistance finding a stable bed in a congregate setting. He has kept his job, and we continue to work with this client to help him achieve long-term permanence.

Performance Measures

Performance Measure Name	FY 2023 Actual	FY 2024 Actual	FY 2025 Actual	FY 2026 Budget	FY 2027 Governor's Recommended
% SNAP application timelines	91%	91%	88%	95%	95%
% Hemoglobin A1c Control for Patients with Diabetes (HbA1c Control <8%)	N/A	57%	62%	63%	65%
# all drug overdose deaths	537	527	338	330	322
% of tobacco use by Delawareans 18 years and older	18.5%	20.9%	18.5%	17.5%	17.0%



DHSS is a diverse organization, and no single set of metrics captures the full scope of our work. But I did want to share 4 impact measures that have historically appeared in the GRB that provide a sense of how we think about measuring our work.

The first is process focused – do Delawareans who apply for benefits have their applications reviewed timely and consistent with federal requirements. Generally, they do, but we are working toward continuous improvement in timeliness and accuracy.

Turning to measures of health outcomes, we are also focused on better control of blood sugar for patients with diabetes – both because it is an important health outcome in itself, and because it is an indicator of overall access to primary care and chronic disease management. We are moving – slowly – in the right direction and need to go faster.

After years of increases, we are finally seeing reductions in the number of our friends and loved ones we lose to overdose. We saw decreases last year, preliminary data indicates continued reduction this year, and we continue to work to prevent death and treat substance use disorder.

Finally, adult tobacco use continues its downward trend, consistent with our long-standing prevention efforts and investments in core public health interventions.

Vacancies

Total FTEs

As of 1/20/26	Authorized	Vacant	Percentage
OSEC	591.1	92	15.9%
DCSS	183	9	4.9%
DHCQ	73	13	17.8%
DDDS	397.4	64	16.1%
DMMA	203.5	18	8.8%
DPH	691.2	81.2	11.7%
DSS	507.7	35	6.9%
DSAMH	563.6	136	24.1%
DSAAPD	561.9	148	26.3%
DVI	65	11	16.9%
Totals	3,840.4	607.2	15.8%

Location	Vacancies
DDDS, Stockley	42
DSAMH, DPC	100
DSAAPD, DHCI	139



Let's talk a little about the state employees that do this work. Our team is large, spread across 10 Divisions of varying size. We currently have a vacancy rate of a little over 15%. This is a decrease from last year at this time, when our vacancy rate was 19%.

These vacancies are concentrated at our three 24/7 residential facilities. The ability to adequately staff our facilities and increase staffing levels when necessary is essential to maintaining flexibility. But we also need more information to better predict the right footprint for the future, so we are undertaking a staffing study at all three facilities.

Outside the facilities, we are working to rapidly reclass positions to meet modern needs, and to fill vacancies. Fully staffed, our footprint today is more than 800 positions smaller than it was 2005.

FY 2027 Governor's Recommended Budget

(\$ in Thousands)

	GF	ASF	NSF	Total
FTEs	2,906.2	81.0	852.2	3,839.4
Dollars (\$)	\$1,952,234.0	\$174,158.8	\$3,332,963.6	\$5,459,356.4



Budget Definitions:

GF – General Funds

ASF – Appropriated Special Funds

NSF – Non-Appropriated Special Funds

FTEs – Full Time Equivalent Positions

Alright, on to today's main event, our FY2027 Governor's Recommended Budget.

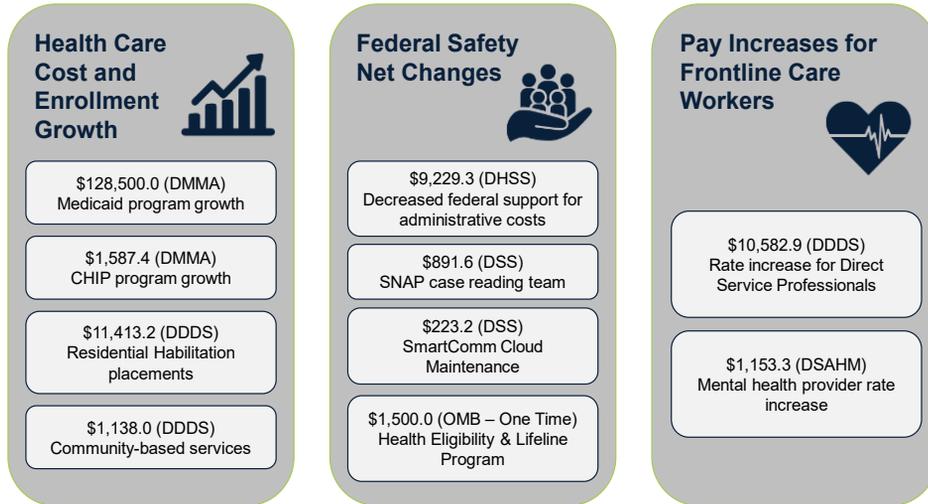
For the coming fiscal year, our budget reflects a total of \$5.46 billion .

This includes \$1.95 billion in General Fund resources, an increase of about \$200 million compared to last fiscal year, as we will discuss. These increases reflect five things:

1. Health care cost growth and enrollment growth in high-cost eligibility categories in the Medicaid program
2. Response to federal changes in our core safety net programs
3. Targeted pay increases for frontline care workers
4. A significant new investment in child care and other support for low-income families
5. Lease escalators and switch funding

Outside the General Fund, the GRB reflects \$174 million in ASF dollars, and more than \$3 billion in NSF resources, largely federal funding of the Medicaid program and a collection of more than 100 federal grants.

FY 2027 Governor's Recommended Budget



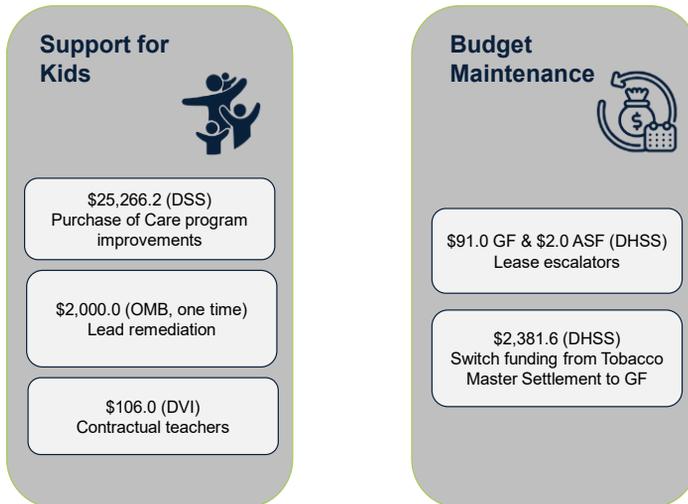
To dive in a little deeper on our \$200 million in General Fund increases, the most significant portion is about \$128 million in growth in the core Medicaid program. Some of this reflects increased unit cost of services, but primarily we see increased enrollment in our high-cost eligibility categories (like seniors in nursing homes). We also see some growth in DDDS programs.

We also have major investments associated with federal changes. The federal government has reduced support for SNAP administrative costs, now paying only 25% instead of 50%, increasing state costs by \$9 million. We are also making targeted investments in technology to lower our SNAP error rates, ensure Delawareans are receiving timely and informative benefit notices, and prepare for federal work requirements in Medicaid. Federal policy changes affecting childless adults required us to end SNAP benefits for more than 4,000 of our neighbors this month, with more to come each month after. Tens of thousands of people are at risk of losing Medicaid in calendar year 2027 based on failure to document compliance with work requirements. Our team is working to reduce that number to the greatest extent possible.

In addition, the GRB reflects targeted rate increases for providers. Thousands of Delawareans make their living providing care to our seniors and loved ones with disabilities so that they can live and age with dignity. These workers deserve dignity and respect for the work they do. That's why we are supporting rate and wage increases for a variety of different care workers, including Direct Support Professionals, mental health providers, and skilled nursing facilities.



FY 2027 Governor's Recommended Budget



The GRB also reflects a significant investment in the Purchase of Care program. Federal rulemaking from 2024 required DHSS to make changes to the way child care providers are paid in Purchase of Care, which are scheduled to go into effect April 1, 2026, and would cost the state more than \$20 million in FY2027. However, the federal government has proposed – but not yet finalized – reversing the 2024 policy. We remain prepared to implement the payment change on April 1st if required to do so. If not, we are prepared and eager to use the resources to serve more children in Purchase of Care.

The GRB further invests in Delaware children through a \$2 million one-time investment in lead remediation.

Finally, DHSS's budget reflects lease escalators and switch funding for 5 programs to move resources to the General Fund that had previously been supported by the waning Tobacco Master Settlement Fund.

You'll hear from our Divisions over the next two days about all of this work. Before we move on, I do want to say a few words about the two divisions you won't hear from directly. Ted Mermigos leads our Division of Child Support Services, which works with thousands of families and disperses more than \$70 million in payments each year; this year they've achieved new highs in our rate of paternity establishment which will translate to additional federal performance-based funding. And the Division for the Visually Impaired, led by Deb Talley, continues to support children and adults across the state and the GRB reflects increased contracting costs for teachers working with blind students.

Targeted Reductions

- \$4.4 million in reductions across Divisions from achieving efficiencies in business functions
- No impact on services delivered
- Examples include contracts, supplies, and Fleet:
 - \$15,000 at OSEC in reduced Fleet costs
 - \$2 million at OSEC, DSAMH, DDDS, and DSAAPD in reduced contractual costs
 - \$200,000 at DSAMH & DDDS in reduced Supply costs



The GRB makes targeted reductions in DHSS spending on business functions, which reflect improved efficiency. These reductions are focused on supplies, Fleet, and contracting lines, and will not impact service delivery. Across the Department, these reductions total \$4.4 Million as reflected in the GRB.

Other Projects in FY2027

- Supporting access to healthy food in SNAP
- Projects to reduce health care spending
- Rural Health Transformation
 - Growing Delaware's health care workforce
 - Expanding access to care
 - Managing and preventing chronic disease
 - Preparing the health care system for the future



I want to close by briefly noting a few projects that will be important for us in the year ahead that we have not otherwise discussed. First, we are repurposing \$1.5 million in FY2026 funding to support a new Double Up Food Bucks program in SNAP, where beneficiaries who purchase healthy foods receive a small increase in their SNAP benefits.

Second, we are working across the Department on efforts to lower health care spending. This includes preparing to apply to the federal government to participate in the CMS AHEAD model, under which hospitals take on more responsibility for managing the total cost of health care services – an approach which reflects the direction we need to go as a state regardless of whether we partner with Medicare in AHEAD or not. We are also implementing SB 213, and pursuing a variety of other projects in collaboration with the Department of Insurance and Department of Human Resources.

Finally, we are working hard to implement the Rural Health Transformation Program, which is allowing us to invest in tools we need across the state to build the health care system Delawareans deserve. We are creating the state's first ever 4-year medical school, while also enhancing the non-physician health care workforce, expanding non-traditional access points, better managing chronic disease, and spurring innovation in payment and care delivery. I and the entire rural health team look forward to continuing to discuss this work with you in the months and years ahead.

THANK YOU



It is truly an honor to be a part of the DHSS family. The integrity, professionalism, and, above all, commitment to mission reflected in the employees of this organization are an inspiration for me and an incalculably valuable resource to the people of Delaware. I also appreciate the partnership of so many others through the state – Delaware clinicians and health care providers, non-profit organizations and other partners, the families we serve, and you and your colleagues in the General Assembly. Thank you for your time today, and I look forward to taking your questions.