

**MINUTES of the
DELAWARE ECONOMIC & FINANCIAL ADVISORY COUNCIL**

Buena Vista, December 15, 2025

Attendance:

| Member | Present |
|-------------|---------|
| K. Agne | Yes |
| P. Anderson | Yes |
| C. Baker | Yes |
| S. Bravo | Yes |
| C. Davis | No |
| L. Davis | Yes |
| J. DiPaula | No |
| C. DuVilla | Yes |
| P. Gupta | Yes |
| S. Hastings | Yes |
| M. Houghton | Yes |
| M. Jackson | Yes |
| P. Key | Yes |
| T. Lawson | Yes |
| A. Levin | Yes |
| G. Marcozzi | Yes |
| B. Maxwell | Yes |

| Member | Present |
|----------------------|---------|
| D. Mell | Yes |
| R. Miller | Yes |
| R. Mitchell | Yes |
| K. Myers | Yes |
| T. Paradee | Yes |
| C. Patibanda-Sanchez | Yes |
| B. Pettyjohn | Yes |
| C. Postles | Yes |
| P. Reese | Yes |
| T. Shopa | Yes |
| M. Smith | Yes |
| W. Smith | Yes |
| P. Swain | Yes |
| D. Tam | Yes |
| K. Williams | No |
| C. Linke Young | Yes |

Members in Attendance: 30

Members Absent: 3

Others Present: R. Ames, C. Baker, K. Baker, K. Baranski, D. Bentz, M. Brainard, A. Brown, R. Bond, T. Byrne, L. Clymer, L. Collison, J. Day, B. DiVirgilio, J. Fedele, V. Ford, D. Fraser, B. Frazee, N. Freedman, J. Finnigan, B. Fountain, J. Gillis, A. Giuttari, A. Godfrey, R. Goldsmith, B. Greenberg, C. Hall, J. Haynes, J. Heller, H. Hitchens, H. Keeley, B. Khanal, D. Killen, N. Konzelman, R. Lewis, N. Lombardo, B. Mayrack, S. Milewski, S. Minor-Brown, S. Mueller, R. Lancaster, R. Lewis, E. Nestlerode, G. Nolt, B. Phillips, R. Puffer, J. Richards, B. Riveros, D. Roose, C. Ryan, R. Scoglietti, J. Seemans, J. Smith, M. Smith, S. Snyder, S. Sokolowski, A. Starobynski, S. Stegg, S. Stowens, B. Sullivan, K. Tabeling, K. Taylor-Roberts, W. Tate, K. Thomson, S. Van Aken, L. Vella, A. Visalli, V. Watson, N. Wenigmann.

Opening Business: Mr. Levin called the meeting to order at 1:00 p.m. Mr. Levin acknowledged the addition of two new members to the Delaware Economic and Financial Advisory Council (DEFAC), Ms. Patibanda-Sanchez and Ms. Mitchell.

The minutes from the October meeting were approved as submitted.

Expenditure Forecasts:

Mr. Jackson and Mr. Lombardo presented the General Fund Expenditure forecasts.

General Fund Expenditures - Fiscal Year 2026:

Mr. Jackson reviewed the balance sheet method and the current year appropriations. The Fiscal Year (FY) 2026 spending authority is \$8,752.0 million, with expected reversions increased from \$25.0 million at the October DEFAC meeting to \$100.0 million, and encumbered funds remaining at \$60.0 million. The total forecast for FY 2026 is now \$7,218.3 million, which reflects a decrease of \$31.7 million from the October forecast.

Mr. Lombardo next reviewed the revised FY 2026 projected expenditures as compared to the October DEFAC projections. The primary driver behind the change in the forecast is the lower teacher unit count than anticipated, which primarily impacted the personnel cost projections (salaries, fringe benefits and pension). The Medicaid projection remains unchanged from the October DEFAC forecast, however, the MCO negotiations recently concluded and the impact to the FY 2026 projection is being evaluated and will be incorporated in the March forecast. The remaining categories of Capital Outlay, Contractual Services, Grants, and Supplies and Materials reflect a (\$7.6) million reduction compared to October, and this is reflective of year-to-date spending trends.

Mr. Houghton asked about the reduction to the teacher unit count. Mr. Maxwell responded that the change reflects the difference in what was projected versus actuals. He believes this difference could be due to a decrease in multi-language learners, but the Department of Education is still evaluating this. The next unit count will be in February.

A motion was made, seconded and approved to accept \$7,218.3 million as the Expenditure estimate for FY 2026.

General Fund Expenditures - Fiscal Year 2027:

Mr. Lombardo went on to review the FY 2027 expenditure forecast of \$7,495.6 million, which reflects a (\$49.0) million reduction compared to the October forecast. This is primarily driven by a decrease in personnel costs and Medicaid. The projected personnel costs have declined due to an anticipated lower salary base. The Medicaid forecast shows a decrease of (\$19.4) million which now reflects the refined door opener number.

Dr. Tam inquired about the reduction to the Medicaid number. Mr. Maxwell responded that the FY 2026 projection remains unchanged, however, the MCO negotiations were recently finalized and based on those changes, OMB was able

to reduce the FY 2027 projected Medicaid expenditures.

Mr. Reese inquired about the Health Care projections under Fringe Benefits. Mr. Maxwell responded that the SEBC is currently looking at a three-year smoothing of health care rate increases to avoid a significant increase as seen in FY 2025.

A motion was made, seconded and approved to accept \$7,495.6 million as the Expenditure estimate for FY 2027.

Revenue Forecasts:

Mr. Roose presented the General Fund Revenue forecasts.

Economic Outlook

Mr. Roose reviewed the U.S. economic outlook. He noted that the S&P Global's economic outlook remains largely unchanged from October's forecast. There were two recent rate cuts made by the Federal Government that have eased financial conditions, however, there is still concern over inflation as rate cuts are expected to pause. Job growth has averaged below 39,000 over the past five months, which is below the average of 150,000 from the prior year. Slower growth in consumer income and spending is expected to further reduce labor demand, and investment boosted by the One Big Beautiful Bill Act (OBBBA) will slow, reducing hiring of capital-intensive firms. Additionally, inflation and tariffs may lead to conservative hiring/firing decisions overall.

Mr. Roose reviewed the impact of House Bill (HB) 255 Income Tax Decoupling on projected revenue. The OBBBA was estimated to result in revenue loss of over \$400.0 million from FY 2026 to FY 2028. During a special legislative session, HB 255 was passed which decoupled Delaware from three key provisions: retroactive (tax year 2022 to tax year 2024) change to treatment of Research and Development expenditures; 100% bonus depreciation (starting in tax year 2026 for personal income tax); and special depreciation for qualified production property (also tax year 2026 for personal income tax). HB 255 is estimated to save \$328.0 million through FY 2028. Mr. M. Smith reiterated that the changes made by HB 255 do not reflect a loss for anyone, but instead it just changes the timing of tax payments.

General Fund Revenues:

Mr. Roose then turned to the general fund revenue forecast:

| FY 2026 | | | | FY 2027 | | | |
|------------------------------|---------|---------|--------|------------------------------|---------|---------|--------|
| Revenue Category | Oct-25 | Dec-25 | Change | Revenue Category | Oct-25 | Dec-25 | Change |
| Corporation Income Tax | 278.5 | 413.3 | 134.8 | Corporation Income Tax | 254.4 | 335.0 | 80.6 |
| Limited Partnerships & LLC's | 522.6 | 551.0 | 28.4 | Limited Partnerships & LLC's | 522.6 | 557.0 | 34.4 |
| Dividends and Interest | 165.5 | 188.4 | 22.9 | Personal Income Tax | 2,929.3 | 2,915.6 | (13.7) |
| Unclaimed Property Refunds | (130.0) | (150.0) | (20.0) | Gross Receipts Tax | 415.6 | 432.2 | 16.6 |
| Gross Receipts Tax | 404.4 | 420.1 | 15.7 | Lottery | 247.5 | 252.6 | 5.1 |
| Realty Transfer Tax | 262.0 | 247.9 | (14.1) | Dividends and Interest | 149.8 | 145.4 | (4.4) |
| Franchise Tax Refunds | (10.0) | (22.0) | (12.0) | Corporate Fees | 167.0 | 171.0 | 4.0 |
| Personal Income Tax | 2,813.4 | 2,821.3 | 7.9 | Insurance Taxes | 100.4 | 102.1 | 1.7 |
| Lottery | 244.0 | 248.4 | 4.4 | Bank Franchise Tax | 105.2 | 105.5 | 0.3 |
| Corporate Fees | 167.0 | 171.0 | 4.0 | | | | |
| Insurance Taxes | 82.7 | 84.2 | 1.5 | | | | |
| Other Refunds | (16.5) | (17.0) | (0.5) | | | | |
| Other Revenues | 89.3 | 89.0 | (0.3) | | | | |
| Bank Franchise Tax | 96.4 | 96.5 | 0.1 | | | | |

For a complete listing of FY 2026 and 2027 estimates, see Table 2.

Mr. Roose recommended the above changes to the revenue forecast. The most significant change is to the FY 2026 and FY 2027 revenue forecast for Corporate Income Tax. The FY 2026 forecast reflects \$134.8 million increase in FY 2026 (-8.7% growth) and \$80.6 million increase in FY 2027 (-18.9% growth) from the October forecast. These revisions solely reflect the effect of HB 255.

Another area of change was under Gross Receipts Tax, which increased by \$15.7 million for FY 2026. Mr. Roose noted that this reflects increased audit activity by the Division of Revenue. Overall growth has been strong since the pandemic, which is in part due to inflation.

For Lottery, slots (the largest component of lottery revenues), were basically flat through mid-October but play is now up 4.7%. One significant risk to the lottery forecast is prediction markets. These are technically commodities contracts which are currently regulated by the Commodity Futures Trading Commission, not by states. There are some operators in Delaware that may be moving towards this kind of opportunity. If it remains unregulated by states, this could shift sports betting revenue. iGaming has shown record revenue the last two months, which could be tied to sports betting and may go back down after football season.

Realty Transfer Tax also reflects changes from the October forecast. November and coming December collections are unusually low, which could mean that COVID-era relocations have reversed. Sussex County specifically is showing a decline of 20-30% in building permits since July.

Fiscal Year 2026 Estimate Adopted:

A motion was made, seconded and approved to accept \$6,856.9 million as the revenue estimate for FY 2026. The estimate represents an increase of \$172.8 million or 2.4% over the October FY 2026 forecast.

Fiscal Year 2027 Estimate Adopted:

A motion was made, seconded and approved to accept \$6,948.5 million as the revenue estimate for FY 2027. The estimate represents an increase of \$124.6 million or 1.3% from the October FY 2026 forecast.

Balance and Appropriations Worksheet:

Mr. Roose presented the Balance and Appropriations worksheet. The Fiscal Year 2026 reversions reflect an increase from the October meeting, and with the updated revenue estimates, the 98% appropriation limit is \$7,098.0 million. This is an increase of \$365.0 million from the October meeting.

Transportation Trust Fund (TTF):

TTF—Expenditures: Ms. Giuttari presented the Transportation Trust Fund's FY 2026 expenditure forecast, which remains unchanged from the October forecast of \$1,117.8 million.

A motion was made, seconded, and approved to accept \$1,117.8 million as the FY 2026 TTF expenditure estimate (see Table 4).

TTF—Revenues: Ms. Giuttari presented the Transportation Trust Fund's revenue forecast. She recommended increasing total projected revenues for FY 2026 by \$2.0 million due to a modest increase in investment income. Ms. Giuttari did note that there is a delay in receiving the November reporting for toll roads, but DeIDOT expects to receive this information later this month. All other categories are tracking as expected. The FY 2027 revenue forecast remains unchanged.

Fiscal Year 2026 Estimates:

A motion was made, seconded, and approved to accept \$709.2 million as the FY 2026 TTF revenue estimate.

Fiscal Year 2027 Estimates:

A motion was made, seconded, and approved to accept \$741.2 million as the FY 2027 TTF revenue estimate.

Budget Benchmark Index:

Mr. Roose presented the budget benchmark index, which was put into place in 2018 and was codified two years ago. The budget benchmark is intended to ensure that state

spending stays in line with long-term economic activity. The December FY 2027 Benchmark Index is 3.9%. The benchmark index is used to calculate the benchmark appropriation and the FY 2027 extraordinary revenues or shortfalls:

Benchmark Appropriation

| | | |
|---|---|----------------|
| FY 2026 Budget | a | \$6,580.8 |
| FY 2026 Grants-in-Aid | b | 98.3 |
| Operating Spending in Bond Bill | c | 65.8 |
| OPEB Set Aside | d | 65.8 |
| FY 2027 Benchmark Appropriation | ^e (a + b) * 1.039 + c + d | 7,071.2 |
| FY 2027 98% Appropriation Limit | f | 7,098.0 |
| FY 2027 Extraordinary Revenues/(Shortfall) | f - e | 26.8 |



Healthcare Spending Benchmark:

Mr. Levin brought forward Ms. Young to review the revised Health Care Spending Benchmark as recommended by the Health Care Spending Benchmark Subcommittee (Subcommittee). The Subcommittee reconvened on December 1, 2025 and unanimously voted on a new methodology that would average expected national inflation (defined using the Subcommittee’s historic approach), and a measure of health care cost growth (defined as the 2026-2028 three-year average of Personal Health Care expenditures as recorded in the National Health Expenditure accounts by the Centers for Medicare & Medicaid Services). This new methodology results in a 2026 benchmark of 4.9%.

Mr. Maxwell expressed concern about approving a healthcare benchmark higher than our surrounding states and our own state budget benchmark.

A motion was made, seconded, and approved to accept the 4.9% healthcare benchmark (1 opposed).

Other Business:

FY 2027 Debt Limit: Mr. Roose next presented the tax-supported debt limit for FY 2027 which is calculated by taking 5% of the estimated FY 2027 revenue. The new debt limit for FY 2027 is \$347.4 million.

Fiscal Notebook and Tax Preference Report: Mr. Roose concluded his presentation by noting that the [2025 Fiscal Notebook](#) and [Tax Preference Report](#) are now available on the

Department of Finance website.

Mr. Levin announced the next (tentative) scheduled DEFAC meeting date:

- Monday, March 16th, 2026
- Monday, May 18th, 2026

Public Comment:

Mr. Roose said that no member of the public has signed up for comment.

There being no further business, Mr. Levin adjourned the meeting at 2:47 p.m.

Respectfully submitted,

Kylie Taylor-Roberts

Table 1a.

DEFAC Expenditures Forecast for General Fund Disbursements FY2026 (\$ in millions)
December 15, 2025

| | <u>FY2021</u> | <u>FY2022</u> | <u>FY2023</u> | <u>FY2024</u> | <u>FY2025</u> | <u>FY2026</u> | |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|----------------------|
| | <u>Actual</u> | <u>Actual</u> | <u>Actual</u> | <u>Actual</u> | <u>Actual</u> | <u>Appropriations</u> | |
| Budget Act | 4,525.2 | 4,771.5 | 5,099.7 | 5,606.7 | 6,129.2 | 6,580.8 | |
| Supplementals | - | 221.1 | 378.6 | 194.6 | 168.4 | 37.6 | |
| Cash to Bond Bill | 35.4 | 692.3 | 855.5 | 753.4 | 427.5 | 368.3 | |
| Grant-in-Aid | 54.5 | 63.2 | 69.4 | 72.0 | 98.5 | 98.3 | |
| Continuing & Encumbered (from prior years) | 431.3 | 495.8 | 1,098.6 | 1,575.0 | 1,864.6 | 1,666.9 | |
| <i>Fiscal Year Spending Authority</i> | 5,046.4 | 6,243.9 | 7,501.7 | 8,201.7 | 8,688.1 | 8,752.0 | |
| <i>% increase/(decrease)</i> | <i>(0.7%)</i> | <i>23.7%</i> | <i>20.1%</i> | <i>9.3%</i> | <i>5.9%</i> | <i>0.7%</i> | |
| <u>Less:</u> | | | | | | <u>FY2026</u> | <u>FY2026</u> |
| | | | | | | <u>Oct.</u> | <u>Dec.</u> |
| Reversions to the General Fund | 53.4 | 85.8 | 67.4 | 105.0 | 95.9 | 25.0 | 100.0 |
| Continuing & Encumbered to next fiscal year | 495.8 | 1,098.6 | 1,575.0 | 1,864.6 | 1,666.9 | 1,477.0 | 1,433.6 |
| <i>Encumbered to next fiscal year</i> | <i>53.1</i> | <i>71.6</i> | <i>57.3</i> | <i>61.6</i> | <i>70.4</i> | <i>60.0</i> | <i>60.0</i> |
| <i>Continuing to next fiscal year</i> | <i>442.6</i> | <i>1,027.0</i> | <i>1,517.7</i> | <i>1,802.9</i> | <i>1,596.4</i> | <i>1,417.0</i> | <i>1,373.6</i> |
| <i>Fiscal Year Budgetary Expenditures</i> | 4,497.2 | 5,059.5 | 5,859.3 | 6,232.1 | 6,925.3 | 7,250.0 | 7,218.3 |
| <i>% increase/(decrease)</i> | <i>(0.4%)</i> | <i>12.5%</i> | <i>15.8%</i> | <i>6.4%</i> | <i>11.1%</i> | <i>4.7%</i> | <i>4.2%</i> |
| <u>Comments:</u> | <u>Actual</u> | <u>Actual</u> | <u>Actual</u> | <u>Actual</u> | <u>Actual</u> | <u>Oct.</u> | <u>Dec.</u> |
| Expenditures / Spending Authority | 89.1% | 81.0% | 78.1% | 76.0% | 79.7% | 82.8% | 82.5% |
| Total Continuing / Spending Authority | 8.8% | 7.1% | 20.2% | 22.0% | 18.4% | 16.2% | 15.7% |

Table 1b.

DEFAC Expenditures Forecast for General Fund Disbursements (\$ in millions)
December 15, 2025

| | FY2025 | FY2026 | FY2026 | | | | FY2027 | FY2027 | | | |
|---------------------------------|----------------|----------------|-----------------|-----------------|-----------------|----------------|----------------|-----------------|-----------------|-----------------|----------------|
| | <u>Actual</u> | <u>October</u> | <u>December</u> | <u>Var (\$)</u> | <u>YoY (\$)</u> | <u>YoY (%)</u> | <u>October</u> | <u>December</u> | <u>Var (\$)</u> | <u>YoY (\$)</u> | <u>YoY (%)</u> |
| Salaries | 2,068.9 | 2,220.1 | 2,202.4 | (17.7) | 133.5 | 6.5% | 2,366.7 | 2,347.8 | (18.9) | 145.4 | 6.6% |
| Fringe Benefits | <u>765.8</u> | <u>826.8</u> | <u>824.8</u> | <u>(2.0)</u> | <u>59.0</u> | <u>7.7%</u> | <u>890.1</u> | <u>887.0</u> | <u>(3.2)</u> | <u>62.2</u> | <u>7.5%</u> |
| Health Care | 587.4 | 635.9 | 634.5 | (1.4) | 47.1 | 8.0% | 686.6 | 684.1 | (2.5) | 49.6 | 7.8% |
| Other | 178.4 | 190.9 | 190.3 | (0.6) | 11.9 | 6.6% | 203.5 | 202.8 | (0.7) | 12.6 | 6.6% |
| Pension | <u>605.3</u> | <u>598.3</u> | <u>594.1</u> | <u>(4.3)</u> | <u>(11.3)</u> | <u>(1.9%)</u> | <u>644.2</u> | <u>639.6</u> | <u>(4.6)</u> | <u>45.5</u> | <u>7.7%</u> |
| Contribution | 275.8 | 294.8 | 292.5 | (2.4) | 16.7 | 6.1% | 314.3 | 311.8 | (2.5) | 19.3 | 6.6% |
| Health Care | 215.4 | 231.1 | 229.3 | (1.8) | 13.9 | 6.5% | 246.4 | 244.4 | (2.0) | 15.1 | 6.6% |
| Other | 114.2 | 72.4 | 72.3 | (0.1) | (41.8) | (36.7%) | 83.6 | 83.4 | (0.1) | 11.1 | 15.4% |
| Medicaid | 1,080.8 | 1,217.0 | 1,217.0 | 0.0 | 136.1 | 12.6% | 1,365.0 | 1,345.6 | (19.4) | 128.6 | 10.6% |
| Debt Service | 251.6 | 262.1 | 262.1 | 0.0 | 10.5 | 4.2% | 277.1 | 273.6 | (3.5) | 11.5 | 4.4% |
| Capital Outlay | 211.5 | 172.9 | 170.6 | (2.2) | (40.9) | (19.3%) | 140.2 | 139.1 | (1.2) | (31.6) | (18.5%) |
| Contractual Services | 1,002.0 | 1,028.3 | 1,031.6 | 3.3 | 29.6 | 3.0% | 978.7 | 984.4 | 5.6 | (47.3) | (4.6%) |
| Grants | 844.6 | 827.6 | 823.1 | (4.5) | (21.5) | (2.5%) | 789.6 | 788.6 | (0.9) | (34.5) | (4.2%) |
| Supplies & Materials | 94.8 | 96.8 | 92.6 | (4.2) | (2.1) | (2.3%) | 92.9 | 90.1 | (2.9) | (2.6) | (2.8%) |
| Total Expenditures | 6,925.3 | 7,250.0 | 7,218.3 | (31.7) | 293.0 | 4.2% | 7,544.6 | 7,495.6 | (49.0) | 277.3 | 3.8% |

DEFAC General Fund Revenue Worksheet

| December-25 DEFAC Meeting | FY 2025 A Actual Collections | FY 2026 | | | | |
|--------------------------------|---------------------------------------|----------------------|--------------------|----------------------|--------------------|------------------------------|
| | | B DEFAC Oct-25 | C % B over A | D DEFAC Dec-25 | E % D over A | F \$ Increase D over B |
| Revenue Category | | | | | | |
| Personal Income Tax | 2,718.2 | 2,813.4 | 3.5% | 2,821.3 | 3.8% | 7.9 |
| Less: Refunds | <u>(335.0)</u> | <u>(288.5)</u> | -13.9% | <u>(288.5)</u> | -13.9% | 0.0 |
| PIT Less Refunds | 2,383.2 | 2,524.9 | 5.9% | 2,532.8 | 6.3% | 7.9 |
| Franchise Tax | 1,324.4 | 1,328.9 | 0.3% | 1,328.9 | 0.3% | 0.0 |
| Limited Partnerships & LLC's | 522.1 | 522.6 | 0.1% | 551.0 | 5.5% | 28.4 |
| Subtotal Franchise + LP/LLC | 1,846.5 | 1,851.5 | 0.3% | 1,879.9 | 1.8% | 28.4 |
| Less: Refunds | <u>(20.2)</u> | <u>(10.0)</u> | -50.5% | <u>(22.0)</u> | 9.0% | <u>(12.0)</u> |
| Net Franchise + LP/LLC | 1,826.3 | 1,841.5 | 0.8% | 1,857.9 | 1.7% | 16.4 |
| Business Entity Fees | 171.4 | 167.0 | -2.6% | 171.0 | -0.2% | 4.0 |
| Uniform Commercial Code | 32.5 | 30.0 | -7.7% | 30.0 | -7.7% | 0.0 |
| Unclaimed Property | 554.0 | 554.0 | 0.0% | 554.0 | 0.0% | 0.0 |
| Less: Refunds | <u>(128.0)</u> | <u>(130.0)</u> | 1.5% | <u>(150.0)</u> | 17.2% | <u>(20.0)</u> |
| Unclaimed Prop Less Refunds | 426.0 | 424.0 | -0.5% | 404.0 | -5.2% | <u>(20.0)</u> |
| Gross Receipts Tax | 388.5 | 404.4 | 4.1% | 420.1 | 8.1% | 15.7 |
| Lottery | 230.0 | 244.0 | 6.1% | 248.4 | 8.0% | 4.4 |
| Corporation Income Tax | 452.5 | 278.5 | -38.4% | 413.3 | -8.7% | 134.8 |
| Less: Refunds | <u>(81.1)</u> | <u>(80.0)</u> | -1.3% | <u>(80.0)</u> | -1.3% | <u>0.0</u> |
| CIT Less Refunds | 371.4 | 198.5 | -46.6% | 333.3 | -10.3% | 134.8 |
| Realty Transfer Tax | 235.8 | 262.0 | 11.1% | 247.9 | 5.1% | (14.1) |
| Cigarette Taxes | 87.5 | 82.4 | -5.8% | 82.4 | -5.8% | 0.0 |
| Bank Franchise Tax | 114.8 | 96.4 | -16.0% | 96.5 | -15.9% | 0.1 |
| Insurance Taxes and Fees | 100.3 | 82.7 | -17.6% | 84.2 | -16.1% | 1.5 |
| Hospital Board and Treatment | 23.5 | 21.4 | -8.9% | 21.4 | -8.9% | 0.0 |
| Public Utility Tax | 36.0 | 35.2 | -2.2% | 35.2 | -2.2% | 0.0 |
| Alcoholic Beverage Tax | 31.5 | 31.4 | -0.3% | 31.4 | -0.3% | 0.0 |
| Dividends and Interest | 165.5 | 165.5 | 0.0% | 188.4 | 13.8% | 22.9 |
| Other Revenues | 82.2 | 89.3 | 8.7% | 89.0 | 8.3% | (0.3) |
| Less: Other Refunds | <u>(12.2)</u> | <u>(16.5)</u> | 35.7% | <u>(17.0)</u> | 39.8% | <u>(0.5)</u> |
| Net Receipts | 6,694.3 | 6,684.1 | -0.2% | 6,856.9 | 2.4% | 172.8 |

DEFAC General Fund Revenue Worksheet

| December-25 DEFAC Meeting | FY 2027 | | | | | FY 2028 | | | | |
|--------------------------------|----------------------|--------------------|----------------------|--------------------|------------------------------|----------------------|--------------------|----------------------|--------------------|------------------------------|
| | G DEFAC Oct-25 | H % G over B | I DEFAC Dec-25 | J % I over D | K \$ Increase I over G | L DEFAC Oct-25 | M % L over G | N DEFAC Dec-25 | O % N over I | P \$ Increase N over L |
| Revenue Category | | | | | | | | | | |
| Personal Income Tax | 2,929.3 | 4.1% | 2,915.6 | 3.3% | (13.7) | 3,122.7 | 6.6% | 3,100.0 | 6.3% | (22.7) |
| Less: Refunds | <u>(267.3)</u> | -7.3% | <u>(267.3)</u> | -7.3% | <u>0.0</u> | <u>(268.9)</u> | 0.6% | <u>(268.9)</u> | 0.6% | <u>0.0</u> |
| PIT Less Refunds | 2,662.0 | 5.4% | 2,648.3 | 4.6% | (13.7) | 2,853.8 | 7.2% | 2,831.1 | 6.9% | (22.7) |
| Franchise Tax | 1,328.9 | 0.0% | 1,328.9 | 0.0% | 0.0 | 1,328.9 | 0.0% | 1,328.9 | 0.0% | 0.0 |
| Limited Partnerships & LLC's | 522.6 | 0.0% | <u>557.0</u> | 1.1% | 34.4 | <u>522.6</u> | 0.0% | <u>557.0</u> | 0.0% | 34.4 |
| Subtotal Franchise + LP/LLC | 1,851.5 | 0.0% | 1,885.9 | 0.3% | 34.4 | 1,851.5 | 0.0% | 1,885.9 | 0.0% | 34.4 |
| Less: Refunds | <u>(10.0)</u> | 0.0% | <u>(10.0)</u> | -54.5% | <u>0.0</u> | <u>(10.0)</u> | 0.0% | <u>(10.0)</u> | 0.0% | <u>0.0</u> |
| Net Franchise + LP/LLC | 1,841.5 | 0.0% | 1,875.9 | 1.0% | 34.4 | 1,841.5 | 0.0% | 1,875.9 | 0.0% | 34.4 |
| Business Entity Fees | 167.0 | 0.0% | 171.0 | 0.0% | 4.0 | 167.0 | 0.0% | 171.0 | 0.0% | 4.0 |
| Uniform Commercial Code | 30.0 | 0.0% | 30.0 | 0.0% | 0.0 | 30.0 | 0.0% | 30.0 | 0.0% | 0.0 |
| Unclaimed Property | 554.0 | 0.0% | 554.0 | 0.0% | 0.0 | 525.0 | -5.2% | 525.0 | -5.2% | 0.0 |
| Less: Refunds | <u>(130.0)</u> | 0.0% | <u>(130.0)</u> | -13.3% | <u>0.0</u> | <u>(130.0)</u> | 0.0% | <u>(130.0)</u> | 0.0% | <u>0.0</u> |
| Unclaimed Prop Less Refunds | 424.0 | 0.0% | 424.0 | 5.0% | 0.0 | 395.0 | -6.8% | 395.0 | -6.8% | 0.0 |
| Gross Receipts Tax | 415.6 | 2.8% | 432.2 | 2.9% | 16.6 | 432.6 | 4.1% | 450.0 | 4.1% | 17.4 |
| Lottery | 247.5 | 1.4% | 252.6 | 1.7% | 5.1 | 251.1 | 1.5% | 256.4 | 1.5% | 5.3 |
| Corporation Income Tax | 254.4 | -8.7% | 335.0 | -18.9% | 80.6 | 283.8 | 11.6% | 362.4 | 8.2% | 78.6 |
| Less: Refunds | <u>(79.8)</u> | -0.3% | <u>(79.8)</u> | -0.3% | <u>0.0</u> | <u>(80.0)</u> | 0.3% | <u>(80.0)</u> | 0.3% | <u>0.0</u> |
| CIT Less Refunds | 174.6 | -12.0% | 255.2 | -23.4% | 80.6 | 203.8 | 16.7% | 282.4 | 10.7% | 78.6 |
| Realty Transfer Tax | 267.5 | 2.1% | 267.5 | 7.9% | 0.0 | 278.2 | 4.0% | 278.2 | 4.0% | 0.0 |
| Cigarette Taxes | 78.3 | -5.0% | 78.3 | -5.0% | 0.0 | 74.4 | (0.0) | 74.4 | -5.0% | 0.0 |
| Bank Franchise Tax | 105.2 | 9.1% | 105.5 | 9.3% | 0.3 | 107.3 | 2.0% | 107.5 | 1.9% | 0.2 |
| Insurance Taxes and Fees | 100.4 | 21.4% | 102.1 | 21.3% | 1.7 | 90.8 | -9.6% | 92.8 | -9.1% | 2.0 |
| Hospital Board and Treatment | 21.4 | 0.0% | 21.4 | 0.0% | 0.0 | 21.0 | -1.9% | 21.0 | -1.9% | 0.0 |
| Public Utility Tax | 33.3 | -5.4% | 33.3 | -5.4% | 0.0 | 32.6 | -2.1% | 32.6 | -2.1% | 0.0 |
| Alcoholic Beverage Tax | 31.4 | 0.0% | 31.4 | 0.0% | 0.0 | 31.4 | 0.0% | 31.4 | 0.0% | 0.0 |
| Dividends and Interest | 149.8 | -9.5% | 145.4 | -22.8% | (4.4) | 134.2 | -10.4% | 134.1 | -7.8% | (0.1) |
| Other Revenues | 90.6 | 1.5% | 90.6 | 1.8% | 0.0 | 92.1 | 1.7% | 92.1 | 1.7% | 0.0 |
| Less: Other Refunds | <u>(16.2)</u> | -1.8% | <u>(16.2)</u> | -4.7% | 0.0 | <u>(16.9)</u> | 4.3% | <u>(16.9)</u> | 4.3% | <u>0.0</u> |
| Net Receipts | 6,823.9 | 2.1% | 6,948.5 | 1.3% | 124.6 | 7,019.9 | 2.9% | 7,139.0 | 2.7% | 119.1 |

Table 3

Balance and Appropriations Worksheet

December-25

FY 2026 EXPENDITURES

| | |
|---|------------------|
| Total Spending Authority | \$8,752.0 |
| Less: Continuing Appropriations & Encumbrances from FY 2026 | (\$1,433.6) |
| Less: Reversions | <u>(\$100.0)</u> |
| Total Expenditures | \$7,218.3 |

FY 2026 BALANCES

| | |
|---|------------------|
| Total Expenditures | \$7,218.3 |
| vs. FY 2026 Revenues | 6,856.9 |
| Operating Balance | (361.4) |
| Prior Year Cash Balance | 2,925.3 |
| Less: Budget Stabilization Fund (29 Del. C. § 6533(k)) | <u>(\$469.3)</u> |
| Cumulative Cash Balance | 2,094.6 |
| Less: Continuing Appropriations & Encumbrances from FY 2026 | (1,433.6) |
| Less: Budgetary Reserve Account | <u>(\$366.5)</u> |
| Unencumbered Cash Balance 6/30 | \$294.4 |

FY 2027 APPROPRIATION LIMITS

| | |
|--|------------------|
| FY 2027 Revenue Estimate | \$6,948.5 |
| Unencumbered Cash Balance from FY 2026 | <u>\$294.4</u> |
| 100% Appropriation Limit | \$7,242.9 |
| 98% Appropriation Limit | <u>\$7,098.0</u> |
| Prior 98% Appropriation Limit | \$6,733.0 |
| Increase (Decrease) from Prior Meeting | \$365.0 |
| October 2025 98% Appropriation Limit | \$6,733.0 |
| Increase (Decrease) from October 2025 | \$365.0 |

FY 2026 BUDGET

| | |
|---|------------------|
| Budget | \$6,580.8 |
| Grants | \$98.3 |
| Supplemental | \$406.0 |
| Total Appropriations | \$7,085.1 |
| Plus: Continuing Appropriations & Encumbrances from Prior Years | <u>\$1,666.9</u> |
| Total Spending Authority | \$8,752.0 |

FY 2026 RESERVES

| | |
|----------------------------|----------------|
| 2% Set Aside | \$144.6 |
| Budget Reserve Account | \$366.5 |
| Budget Stabilization Fund | <u>\$469.3</u> |
| Reserves | \$980.4 |
| Revenue Resolution (Gross) | \$7,330.9 |
| Reserve Ratio | 13.4% |

Table 4

| Delaware Department of Transportation FY 2026 Expenditures, Through November 30, 2025 | | | | | | | | | 42% |
|--|------------------|------------------|-------------------------|-------------------------------|--------------------------------|--------------------------------|---|------------------------|----------------|
| | FY2024 Actual | FY2025 Actual | FY2026 Appropriation | OCTOBER FY2026 Forecast | DECEMBER FY2026 Forecast | \$ difference Oct to Dec | \$ difference Forecast V. FY2025 Actual | FY2026 YTD Spend | % spent YTD |
| Operations | | | <u>w/o US301</u> | | | | | | |
| Debt Service | 82.2 | 91.6 | 91.5 | 91.5 | 91.5 | 0.0 | (0.1) | 74.9 | 82% |
| Personnel Costs | 117.3 | 129.3 | 133.8 | 133.8 | 133.8 | 0.0 | 4.5 | 57.7 | 43% |
| Operations/Capital Outlay | 82.1 | 90.2 | 95.6 | 95.6 | 95.6 | 0.0 | 5.4 | 40.6 | 42% |
| Transit Operations (DTC) | <u>98.2</u> | <u>118.4</u> | <u>120.6</u> | <u>120.6</u> | <u>120.6</u> | 0.0 | 2.2 | <u>60.2</u> | 50% |
| Total Expenditures - Operations | 379.8 | 429.5 | 441.5 | 441.5 | 441.5 | 0.0 | 12.0 | 233.4 | 53% |
| State Capital | | | | | | | | | |
| Road System | 258.1 | 213.8 | 189.0 | 189.0 | 189.0 | 0.0 | (24.8) | 61.1 | 32% |
| Grants & Allocations | 35.5 | 37.0 | 38.7 | 38.7 | 38.7 | 0.0 | 1.7 | 11.7 | 30% |
| Support Systems | 51.9 | 67.1 | 36.5 | 36.5 | 36.5 | 0.0 | (30.6) | 9.0 | 25% |
| Transit | <u>14.3</u> | <u>8.2</u> | <u>13.8</u> | <u>13.8</u> | <u>13.8</u> | 0.0 | 5.6 | <u>5.1</u> | 37% |
| State Capital | 359.8 | 326.1 | 278.0 | 278.0 | 278.0 | 0.0 | (48.1) | 86.9 | 31% |
| Federal Capital | | | | | | | | | |
| Federal Capital | 331.6 | 373.9 | 375.0 | 375.0 | 375.0 | 0.0 | 1.1 | 188.0 | 50% |
| Total Expenditures - Capital | 691.4 | 700.0 | 653.0 | 653.0 | 653.0 | 0.0 | (47.0) | 274.9 | 42% |
| TOTAL EXPENDITURES | 1,071.2 | 1,129.5 | 1,094.5 | 1,094.5 | 1,094.5 | 0.0 | (35.0) | 508.3 | 46% |

| | OCTOBER FY2026 Forecast | DECEMBER FY2026 Forecast | \$ difference Oct to Dec | FY2026 YTD Spend | % spent YTD |
|--------------|-------------------------------|--------------------------------|--------------------------------|------------------------|----------------|
| DelDOT | 1,094.5 | 1,094.5 | \$ - | \$ 508.3 | 46% |
| US301 | 23.3 | 23.3 | \$ - | \$ 1.8 | 8% |
| TOTAL | 1,117.8 | 1,117.8 | \$ - | \$ 510.1 | 46% |

Table 5

| DELAWARE DEPARTMENT OF TRANSPORTATION Transportation Trust Fund Revenues | | | | | | | | | |
|---|-------------|-------------|---------------|------------------------|----------------------|-----------------|------------------------|----------------------|-----------------|
| | FY24 | FY25 | % Chg. | Fiscal 2026 | | | Fiscal 2027 | | |
| | | | | 10/20/2025 Approved | 12/15/2025 Recomm | % Chg. FY 25 | 10/20/2025 Approved | 12/15/2025 Recomm | % Chg. FY 26 |
| <u>TOLL ROAD REVENUES:</u> | | | | | | | | | |
| I95 Newark Plaza | \$133.5 | \$121.7 | -8.9% | \$154.7 | \$154.7 | 27.1% | \$164.2 | \$164.2 | 6.1% |
| Route 1 Toll Road | 61.1 | 59.0 | -3.4% | \$86.9 | \$86.9 | 47.3% | \$98.4 | \$98.4 | 13.3% |
| Concessions | <u>2.4</u> | <u>2.2</u> | <u>-8.8%</u> | <u>\$2.4</u> | <u>\$2.4</u> | <u>3.2%</u> | <u>\$2.5</u> | <u>\$2.5</u> | <u>4.2%</u> |
| Total Toll Road Revenues | 197.0 | 182.9 | -7.2% | \$244.0 | \$244.0 | 33.4% | \$265.1 | \$265.1 | 8.7% |
| MOTOR FUEL TAX ADMIN. | 137.4 | 135.0 | -1.7% | \$129.7 | \$129.7 | (3.9%) | \$127.1 | \$127.1 | (2.0%) |
| <u>DIVISION OF MOTOR VEHICLES</u> | | | | | | | | | |
| Motor Vehicle Document Fees | 149.1 | 162.4 | 8.9% | \$171.7 | \$171.7 | 5.7% | \$188.5 | \$188.5 | 9.8% |
| Motor Vehicle Registration Fees | 61.0 | 62.3 | 2.2% | \$63.1 | \$63.1 | 1.2% | \$64.0 | \$64.0 | 1.4% |
| Other DMV Revenues | 40.2 | 43.2 | 7.4% | \$42.9 | \$42.9 | -0.7% | \$43.3 | \$43.3 | 0.9% |
| Alternative Fuel Vehicle Fees | <u>0.0</u> | <u>0.0</u> | <u>0.0%</u> | <u>\$2.6</u> | <u>\$2.6</u> | <u>0.0%</u> | <u>\$4.1</u> | <u>\$4.1</u> | <u>55.9%</u> |
| Total DMV Revenues | 250.3 | 267.9 | 7.0% | \$280.3 | \$280.3 | 4.6% | \$299.9 | \$299.9 | 7.0% |
| <u>OTHER TRANSPORTATION REV.</u> | | | | | | | | | |
| Other Transportation Rev | 9.1 | 10.2 | 12.4% | \$15.2 | \$15.2 | 48.6% | \$9.3 | \$9.3 | -38.8% |
| Investment Income(Net) | <u>19.5</u> | <u>10.8</u> | <u>-44.8%</u> | <u>\$5.0</u> | <u>\$7.0</u> | <u>-33.6%</u> | <u>\$5.0</u> | <u>\$5.0</u> | <u>-28.6%</u> |
| Total Other Transp. Revenue | 28.6 | 21.0 | -26.6% | \$20.2 | \$22.2 | 5.7% | \$14.3 | \$14.3 | -35.6% |
| GRAND TOTAL | \$613.3 | \$606.8 | -1.1% | \$674.2 | \$676.2 | 11.4% | \$706.4 | \$706.4 | 4.5% |
| | FY24 | FY25 | % Chg. | Fiscal 2026 | | | Fiscal 2027 | | |
| US301 Revenues | \$ 25.4 | \$ 27.7 | 9.1% | \$ 33.0 | \$ 33.0 | 19.2% | \$ 34.8 | \$ 34.8 | 5.2% |
| TOTAL | \$ 638.7 | \$ 634.5 | -0.7% | \$ 707.2 | \$ 709.2 | 11.8% | \$ 741.2 | \$ 741.2 | 4.5% |