



# Analysis of Delaware FY 27 Budget Proposal Education Priorities Are Front and Center

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The Delaware Fiscal Year 2027 budget proposal prioritizes education spending amid concerns about student outcomes, fiscal sustainability, and policy effectiveness.

At Citizens for Delaware Schools, we offer the following analysis of the FY 2027 education budget. The budget must be finalized and signed by the governor before July 1.

## 6 Key Takeaways

### 1. Education Remains the State's Top Spending Priority

At more than \$2.5 billion, education consumes 36% of the proposed \$7 billion state budget. Despite a 75% boost in education spending over a decade, statewide academic performance has stagnated or declined and enrollment remains fairly flat..

Key investments include higher educator compensation, early literacy and preparations for support education funding reform. The proof will be if all students are performing better.

### 2. Teacher Compensation Continues to Drive Spending Growth

The combination of 3% raises, additional compensation adjustments, and a starting teacher salary of \$60,000 will create recurring costs that will become part of the state's future baseline budget.

Legislators and observers already have voiced concerns about the state budget's unsustainable pace of spending obligations (such as pensions and health care costs). There are also lingering concerns about the long-term reliability of state revenue streams like the corporate franchise tax.

Supporters argue these investments are necessary to recruit and retain quality educators. Critics may question if teacher retention is affected by student behavior and classroom disruptions than just compensation.

The key policy question is straightforward: How will lawmakers determine whether these compensation investments will recruit and retain the best teachers. How will we know?

### 3. Restoration of the 2018 Operations Cut Is Significant

Adding back \$26 million for school operations may be one of the most consequential items in the package. These funds support:

- Instructional materials
- Utilities
- Building maintenance
- Day-to-day school operations

School districts have argued for years that inflation and rising costs have eroded these budgets. Restoring these funds also raises an important question: If districts receive renewed state support for operational expenses, should they continue seeking local property tax increases to cover the same?

This issue is likely to become increasingly important as discussions continue regarding expanded local taxing authority for school districts.

### 4. Delaware Prepares Shift Toward Weighted Funding Reflecting Changing Demographics

More than half of the \$146 million one-time supplemental budget is dedicated to preparing for implementation of Delaware's education funding reform that directs additional resources toward high-needs students. Public school enrollment is essentially the same, but the makeup of students has changed dramatically in the past ten years.

#### Change in Student Population from 2015 - 2025

Low-income students	Declined 20% (-9,338)
Multi-lingual students	Increased 120% (+9,721)
Students with disabilities	Increased 42% (+7,930)

Source: Rodel 2025 Delaware Public Education At A Glance

The underlying premise is that targeted funding can improve outcomes by concentrating resources where needs are greatest. The success of this strategy will depend on how well districts invest these funds in evidence-based interventions, track progress and issue reports to the public.

## **5. Transition Away From Mandatory SAT Testing**

The one-time budget includes \$3.4 million to support Delaware's move away from mandatory 11th-grade SAT testing for all juniors. More colleges are going back to requiring SAT/ACT tests because they are the best predictors of future academic success.

Historically, universal SAT administration in Delaware has provided:

- A nationally recognized benchmark that can be compared to other states
- Consistent year-to-year comparisons in achievement
- Valuable indicators of college readiness for test-takers and their parents

The state appears prepared to invest millions in a new assessment system and making SAT optional. Since 2022, Delaware's average SAT score has declined by 40 points. Critics of the SAT argue that part of the decline is due to students who do not plan to attend college and perform poorly because those students do not view the SAT as a priority .

Accountability advocates worry that changing assessments may make it more difficult to track academic progress over time. While the SAT is primarily a college-readiness measure, it can also provide useful information about workforce and career preparedness, including for students entering skilled trades.

Prior to any change away from the SAT, policymakers should ask:

- What assessment will replace the SAT and what will that test cost to develop and implement? Will the new test be unique to Delaware?
- Will long-term trend data for those taking SATs be tracked and preserved?

## **6. Early Literacy Continues to Receive Strong Support**

The good news is that the proposed budget fully funds the early literacy initiative (\$8 million), which is one of the strongest investments in educational success. Research consistently shows that reading proficiency by third grade is one of the best predictors of future academic success.

If Delaware seeks progress in reading proficiency levels, investments in early literacy, especially using the 'science of reading' curriculum, may offer a higher return than many other spending categories.

## The Larger Context: Delaware's Fiscal State

The broader fiscal story may be the overall 6% year-over-year state budget growth. A 6% increase is well above these basic Delaware growth measures:

Population Growth	0.76% between 2024-25	US Census Bureau Quickfacts
Current Inflation Rate	4.2%	CRI, May 2026
Average Household Income Growth	4.5% from 2023 to 2024	USA Facts

The question is whether state revenues can continue growing at a similar pace. If revenue growth slows while recurring expenditures continue to rise, Delaware could eventually face pressure to raise taxes, increase fees, draw down reserves, and reduce future spending growth.

### Bottom Line

The FY 27 budget signals three major priorities for education:

- Higher educator compensation
- Increased funding for high-needs students
- Expanded early literacy initiatives

Delaware is proposing to spend more on education than ever before. As spending continues to rise, taxpayers and policymakers will increasingly ask whether these investments are translating into improved academic achievement, literacy rates, college readiness, and workforce preparation. In other words, are we getting a good return on our investment?

The most important unanswered question is what specific results Delaware expects to receive from a 4.3% increase in education spending – and how those results will be measured and communicated to parents, policymakers, advocates and taxpayers.

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