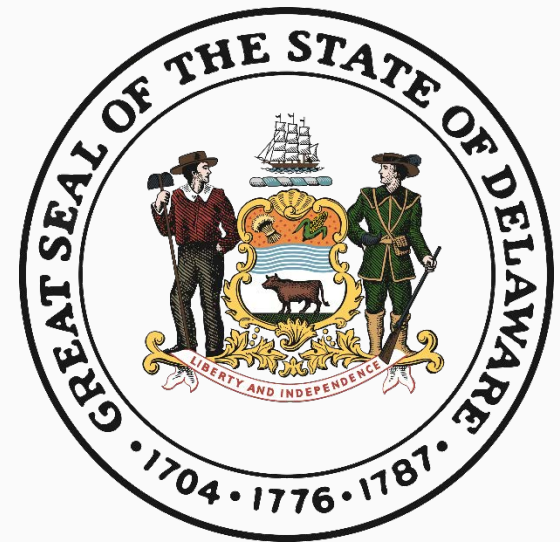


State of Delaware

OFFICE OF GOVERNOR CARNEY
FINANCIAL OVERVIEW
FOR FISCAL YEAR 2022

January 28, 2021

Embargoed until 1/28/2021
11:30 AM



*We promised to build a long-term,
sustainable budget*

And we kept that promise.

- Built up our reserves**
- Balanced budget without cutting critical services**
- Did not raise taxes on DE families or businesses**
- Did not borrow money**
- Did not lay off state employees or cut pay**
- Maintained triple A bond rating**

YEAR IN REVIEW: SUSTAINABLE FINANCES



*Directing surpluses into savings and one-time investments allowed
for continuation of essential state services*

	<u>FY 2019</u>	<u>FY 2020</u>		<u>FY 2021</u>
Available Resources	\$ 4,609.0	\$ 4,831.7	← <i>Less Resources</i> →	\$ 4,636.8
Uses				
Budget	\$ 4,270.8	\$ 4,451.9	← <i>Allows for budget growth</i> →	\$ 4,547.0
Grant in Aid	\$ 52.1	\$ 55.1		\$ 54.4
One-Time	\$ 238.2	\$ 246.3		\$ 35.4
Deposit to Reserve	\$ 47.9	\$ 78.4		\$ -

YEAR IN REVIEW: COVID-19 RESPONSE



CARES Act Funds:
\$965 million
allocated to date

**\$238
million**

*Unemployment
Trust Fund*

**\$178
million**

*DE Relief Grants
for Small
Businesses*

**\$135
million**

*Child Care
Assistance
Program*

**\$132
million**

*Testing &
Contact Tracing
Programs*

83% spent supporting Delaware businesses



OUR PRIORITIES: FISCAL YEAR 2022



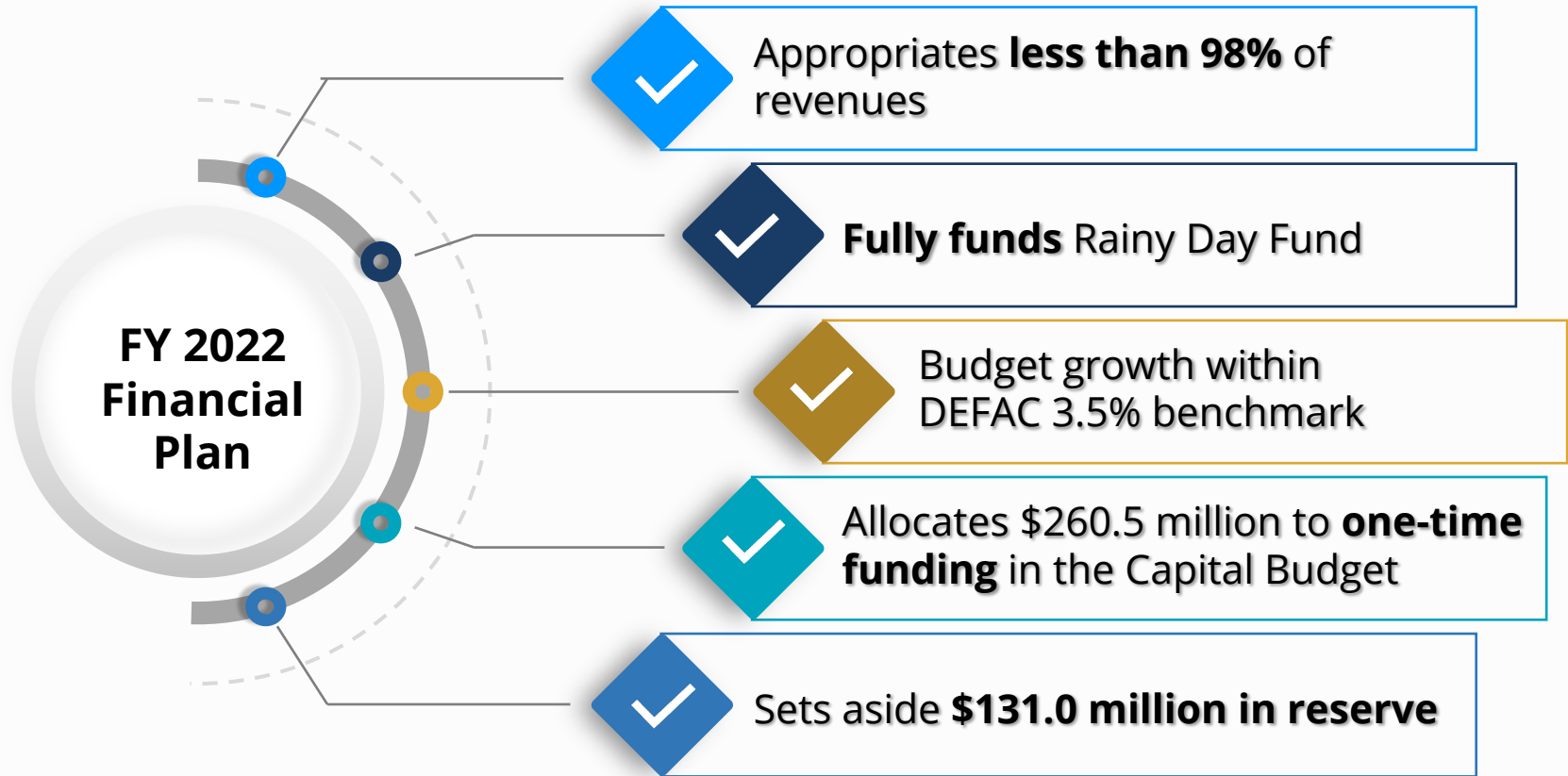
Our budget continues investments in key areas

**REBUILDING
OUR ECONOMY**

**INVESTING
IN OUR SCHOOLS**

**STRENGTHENING
OUR COMMUNITIES**

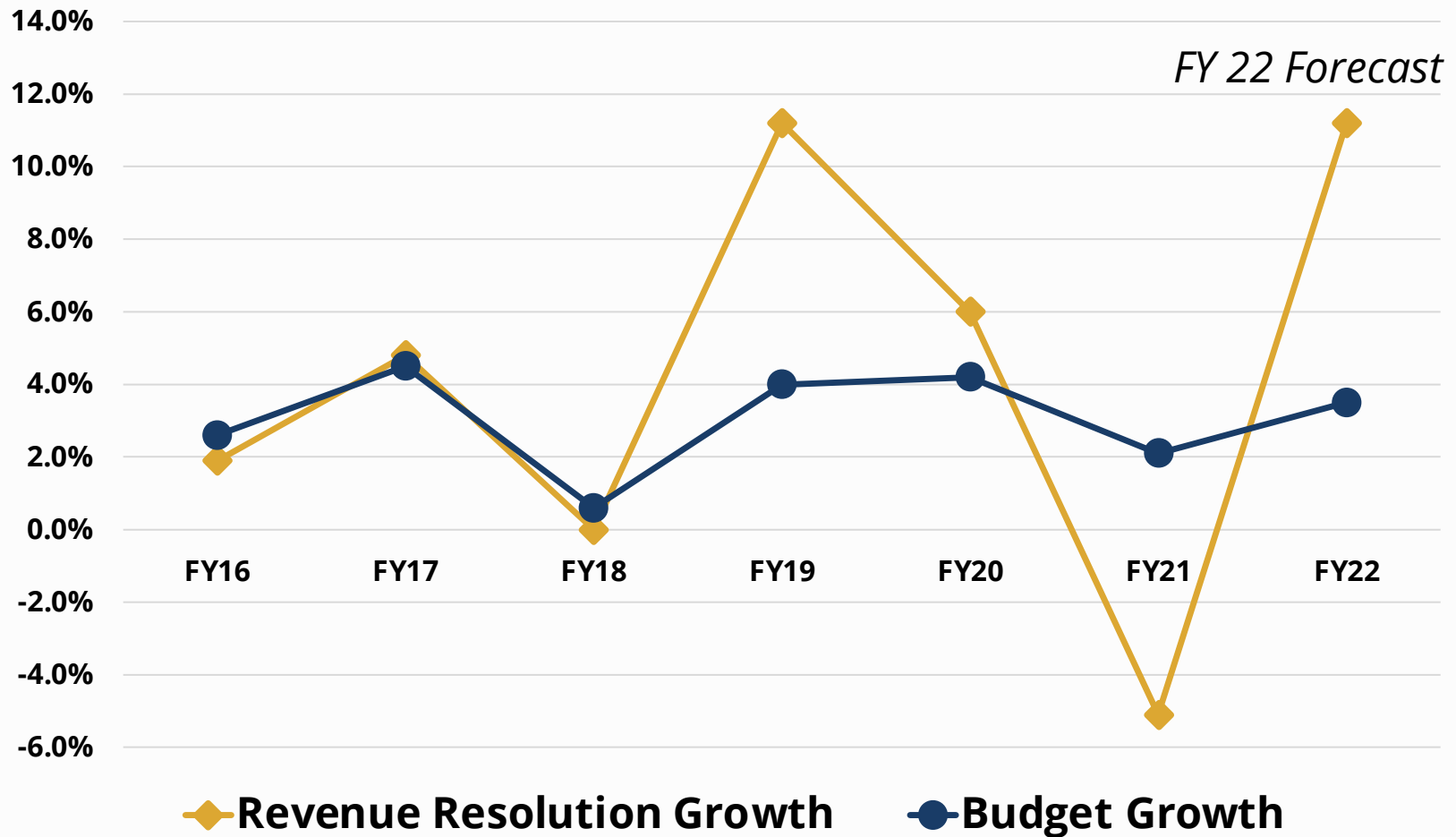
LONG-TERM FINANCIAL SUSTAINABILITY



REVENUE VOLATILITY vs. BENCHMARK SPENDING STABILITY



Revenue Volatility with Stable Budget Growth



HIGHLIGHTS OF GOVERNOR CARNEY'S FY 2022 FINANCIAL PLAN



- ✓ Further dedicates significant State funding to address the **ongoing pandemic**
- ✓ Substantially increases Opportunity Fund investments in our schools for **mental health services and supports for English learners and low - income students**
- ✓ Makes historic investments in **clean water, economic development and school construction**, including fulfilling our commitment to **Wilmington schools**
- ✓ Takes the next steps to provide secure facilities for the **Family Court in Kent and Sussex Counties**
- ✓ Provides **tax relief** for low-income residents and those who lost their jobs as a result of the ongoing pandemic

PROVIDING TAX RELIEF TO THOSE MOST IMPACTED



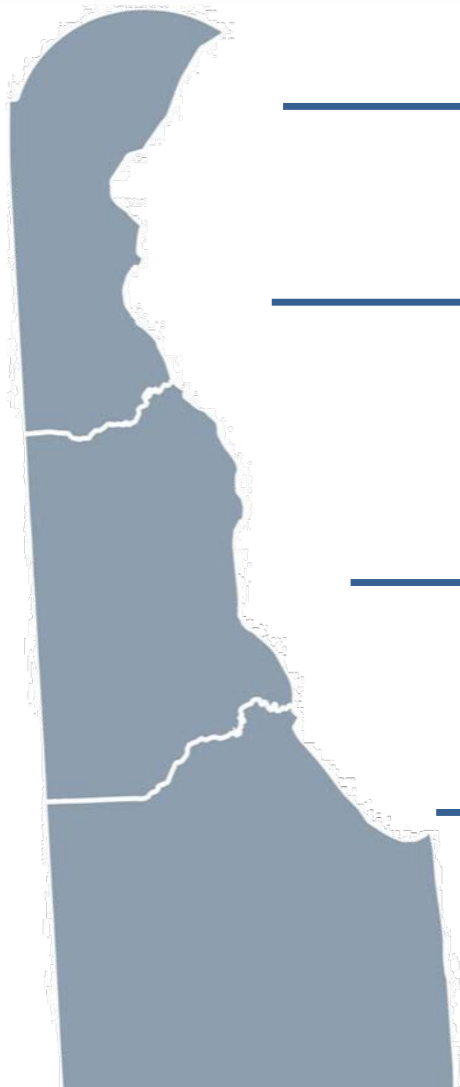
Individuals

- Exempts 2020 **unemployment insurance** (UI) benefits from State personal income taxes (\$25 million over 2 years)
- Creates a state **Refundable Earned Income Tax Credit** (EITC) (\$4.5 million)

Employers

- Dedicates Coronavirus Relief Funds to **replenish the UI Trust Fund**, protecting employers from future tax increases (~ \$225 million to date)
- Exempts UI contributory employers from 2020 COVID-related claims costs (\$21 million)
- Saves an estimated 2,000 new employers from pandemic related rate increases

INVESTING IN STATEWIDE SCHOOL INFRASTRUCTURE



Wilmington Education Initiatives: \$70 million

Appoquinimink: \$31.4 million

Capital: \$34.2 million

Cape Henlopen: \$14.2 million

Indian River: \$34.6 million

PREPARING FOR THE ECONOMY OF THE FUTURE



ECONOMIC DEVELOPMENT **\$50 MILLION**

STRATEGIC FUND
\$20 MILLION

SITE READINESS
\$10 MILLION

GRADUATION
LAB SPACE
\$10 MILLION

TRANSPORTATION
INFRASTRUCTURE FUND
\$10 MILLION

CLEAN WATER FOR ALL DELAWAREANS



CLEAN WATER INITIATIVE \$50 MILLION

**ESTABLISH CLEAN
WATER TRUST FUND**

**DRINKING WATER STATE
REVOLVING FUND
\$22.5 MILLION**

**CLEAN WATER STATE
REVOLVING FUND
\$22.5 MILLION**

**RESOURCE, CONSERVATION
AND DEVELOPMENT
\$5 MILLION**

INVESTING IN DOWNSTATE JUDICIAL FACILITIES



\$50 MILLION

**NEW
KENT & SUSSEX
FAMILY COURT FACILITIES**

In Loving Memory of
Chief
HARVEY A. GREGG, JR.
28 Years of Dedicated Service
February 18, 1973 - April 3, 2004

GOVERNOR CARNEY'S RECOMMENDED FY 2022 FINANCIAL PLAN



General Fund Operating Budget			\$4,706.0 M
<ul style="list-style-type: none"> GF Operating Budget Growth 3.5% 			
Grants-in-Aid			\$55.5 M
Bond and Capital Improvements Act			\$894.4 M
<ul style="list-style-type: none"> State Capital Projects 		\$517.3 M	
<ul style="list-style-type: none"> <ul style="list-style-type: none"> GO Bonds 		\$237.7 M	
<ul style="list-style-type: none"> <ul style="list-style-type: none"> Cash 		\$260.5 M	
<ul style="list-style-type: none"> <ul style="list-style-type: none"> Other 		\$19.0 M	
<ul style="list-style-type: none"> Transportation 		\$377.1 M	
One-Time Supplemental			\$35.7 M

*The FY 2022 Financial Plan sets aside **\$131.0 million** in the Budget Stabilization Fund above the constitutionally mandated set asides.*

OPPORTUNITY FUNDING

- **\$10 million** increase in funding for **low-income students, English learners and mental health supports**
- **\$60 million annually by 2025** - More than **doubles Opportunity Funding** for public schools across our state

EDUCATION INVESTMENTS

- Double funding for **Early Childhood Assistance Program**
 - *Expanding access to high-quality early education programs for disadvantaged children for FY 24*
- Full funding for **K-3 basic special education** starting in FY 23

EDUCATION INVESTMENTS: HIGH-QUALITY EDUCATION



County Ombudsperson

- **\$750, 000** to provide intervention regarding disparate discipline, access to school programs, and otherwise unfair treatment of students

Maintain Expansion of Mental Health Supports

- **\$3 million** to replace expiring federal funding for mental health supports initiated in FY 21

Investing in Schools

- **\$19.9 million** - Current year growth and projected school year 2020 – 2021 enrollment growth

Investing in Educators

- **\$22.4 million** - Salary increase and steps for teachers and paraprofessionals

EDUCATION: SUPPORTING HIGHER EDUCATION



- **\$30 million** – Funding for **deferred maintenance, capital improvements and technology upgrades** at the University of Delaware, Delaware State University and Delaware Technical Community College
- **\$15 million** – Funding for the **Higher Education Economic Development Investment Fund** to improve job growth and economic development
- **\$1.1 million** – Expansion of University of Delaware **scholarship funds for resident students**
- **\$752,200** – Funding to expand **Social Work** and other programs at Delaware State University
- **\$1 million** – **Career Pathways** program at Delaware Technical Community College
- **\$769,500** – Funding for first phase of a **compensation stabilization plan** to reduce faculty and staff turnover at Delaware Technical Community College

INVESTING IN THE HEALTH OF DELAWAREANS



Providing health care for low-income Delawareans

- **\$12.5 million** – State share of the Medicaid program
- **\$2 million** – Additional funding for the Children's Health Insurance Program (CHIP) due to reductions in federal funding

Helping those afflicted by substance use

- **\$810,000** – Funding to expand the Delaware Treatment Referral Network, withdrawal management services and syringe distribution

Providing services in the community for the most vulnerable

- **\$3.5 million** – Funding for community supports for aging and those with disabilities

Supporting our health care workers

- **\$500,000** – Create the Health Care Provider State Loan Repayment Program

INVESTING IN SAFETY AND SECURITY



Comprehensive response to the Pandemic

- **\$30 million** – One time funding to support testing, contact tracing, AND vaccination to fight against COVID-19
- **\$3 million** – Matches \$8 million in federal funds for an expansion of the Public Health laboratory
- Target remaining **CARES Act funding** to those areas requiring continued support

Providing transparency in policing

- **\$3.6 million** in one-time and contingency funding for the development and deployment of body cameras

Quality Forensic Services

- **\$482,800** in increased staffing and operating costs for the Division of Forensic Services

WORKFORCE INVESTMENTS

- **\$22.7 million - \$500 increase** across the board for state employees
 - *Includes funding to phase in a **gradual movement** to a minimum wage for state employees of \$15/hour.*
- **\$14.5 million – Salary steps** for Education, Higher Education and state agencies

HIGHLIGHTS: GOVERNOR CARNEY'S FY 2022 CAPITAL BUDGET



Improving Schools for All Delaware Children

\$185 million – School construction and renovation

\$15 million – School building deferred maintenance

\$30 million – Higher Education campus improvements



Investing in Small Businesses & Infrastructure

\$20 million – Strategic Fund investments to support jobs in DE

\$2 million – Delaware Prosperity Partnership

\$8 million – Research Collaboration

\$10 million – Graduation Lab Space

\$15 million – Higher Education Economic Development Fund

\$10 million – Transportation Infrastructure Investment Fund

\$10 million – Site Readiness Fund

HIGHLIGHTS: GOVERNOR CARNEY'S FY 2022 CAPITAL BUDGET



Building Strong Communities

\$4 million – Strong Neighborhoods

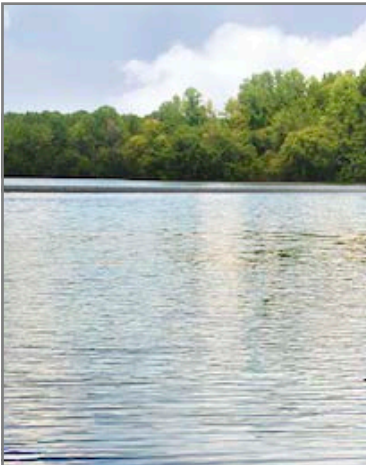
\$6 million – Affordable Housing

\$5.5 million – Downtown Development Districts

\$8 million – Preserving Historical and Recreational sites

\$2.75 million – Libraries

\$1 million – Purpose Built Communities



Protecting Natural Resources for Future Generations

\$50 million – Clean Water Trust Fund

\$10 million – Open Space

\$10 million – Farmland Preservation

\$5 million – Beach Preservation

\$2.9 million – Cover Crop Program

\$1.7 million – Conservation Cost Share

\$500,000 – Delaware Bayshore

HIGHLIGHTS: GOVERNOR CARNEY'S FY 2022 CAPITAL BUDGET



Safe and Stable Communities

\$50 million – Kent/Sussex Family Court facilities

\$8.3 million – Public safety communications

\$3.5 million – Troop 6 (Prices Corner)

\$3 million – Public Health laboratory renovations/expansion

\$2.1 million – Howard R. Young Correctional Center infirmary renovations

\$1.5 million – Volunteer Fire Service Revolving Loan Fund



Investing in State facilities

\$34.9 million – State agency minor capital improvements and deferred maintenance

\$6.7 million – Herman Holloway Campus improvements

\$1.3 million – Fire Training/Fire School improvements

\$800,000 – Carvel State Office building mechanical upgrades

GOVERNOR CARNEY'S RECOMMENDED FY 2022 FINANCIAL PLAN



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FY 2022 BUDGET PROCESS



July -
December

Governor Carney and cabinet members developed the FY 2022 budget draft.

Delaware Economic and Financial Advisory Council (DEFAC) met in September and December to **project revenue**. DEFAC will update their projections in March, April, May and June.

January

January 28: Governor Carney proposes recommended budget for FY 2022.

February -
March

Joint Finance Committee (JFC) Hearings Committee members consider Governor Carney's recommended operating budget and hold hearings to discuss budget items with agencies and advocates.

April -
May

Mark-up: JFC reviews budget proposals.

June 30

The **General Assembly passes** appropriation bills, and the **Governor signs** by June 30.

The **new fiscal year begins July 1**.



Office of the Governor
JOHN CARNEY

- End of Presentation -
