

BUDGET RESET

GOVERNOR CARNEY



LEARN MORE

www.de.gov/budgetreset

WHY DELAWARE NEEDS A **BUDGET RESET**

**Expected
Revenue**

\$3,906,100,000

**Expected
Expenses**

\$4,291,727,700

**Budget
Shortfall**

\$385,627,700



*March DEFAC
Available Revenue for
FY 2018 Appropriation*



*FY 2017 Level of
Appropriations plus
Cost Drivers*

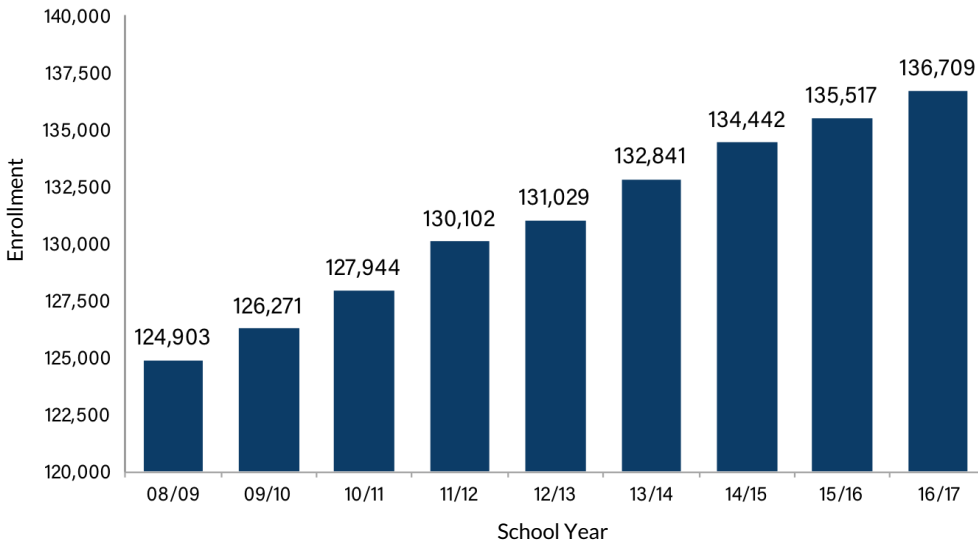
Figures reflect expected estimates at time budget plan was released.



WHAT'S DRIVING GROWTH?

EDUCATION

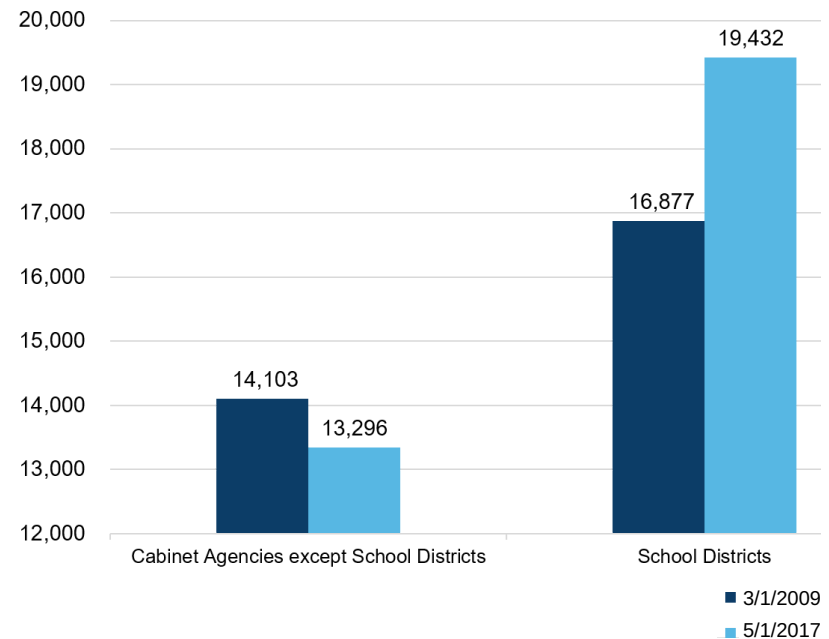
STUDENT ENROLLMENT



2008-2009 School Year: 124,903

2016-2017 School year: 136,709

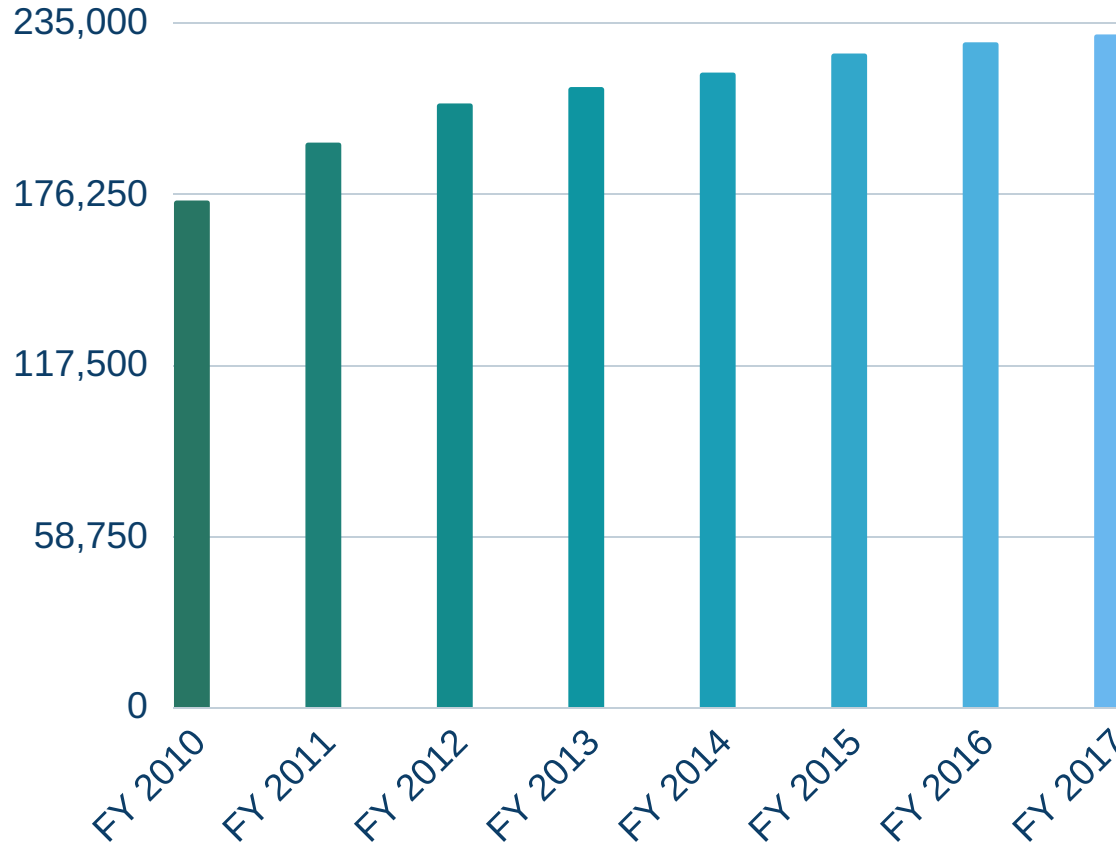
EMPLOYEE COUNT



Executive branch employment is down since 2009, but school district personnel has steadily grown with student enrollment, driving up costs.

WHAT'S DRIVING GROWTH? MEDICAID

MONTHLY AVERAGE OF
MEDICAID RECIPIENTS



AVERAGE MONTHLY COSTS
PER MEDICAID RECIPIENT

2009: \$617.00

2016: \$655.66



SOLVING THE BUDGET SHORTFALL

GOVERNOR CARNEY'S PRINCIPLES



MAKING DELAWARE MORE COMPETITIVE, WHILE PROMOTING ECONOMIC GROWTH.



USING A BALANCED APPROACH THAT CUTS SPENDING AND RAISES REVENUE THROUGH SHARED SACRIFICE.



BUILDING A LONG-TERM, SUSTAINABLE FINANCIAL PLAN.



CONTAINING COSTS THROUGH CONTINUOUS IMPROVEMENT, WHILE INVESTING IN KEY PUBLIC SERVICES.

SOLVING THE BUDGET SHORTFALL

SHARED SACRIFICE

4.5% total reduction to state agency discretionary funds.

List of reductions available at de.gov/budgetreset

Major Proposals

Education

- Reduce school district funding while allowing districts additional flexibility to raise local property taxes.

Health Care

- Begin to address high cost of employee health care and eliminate double state share for state employees.

Open Space/Farmland Preservation

- Eliminate funding until resources become available.

Making Government More Efficient

- Long-term commitment to study cost savings through Government Efficiency and Accountability Review Board (GEAR).

SOLVING THE BUDGET SHORTFALL

REVENUE PLAN

-
- ✓ MORE RESPONSIVE TO ECONOMY
 - ✓ REMAIN COMPETITIVE
 - ✓ REDUCE VOLATILITY
 - ✓ EQUITABLY DISTRIBUTE COSTS
-

CORPORATE FRANCHISE TAX PROPOSAL

- Adjust tax levels for corporations and fees to reflect inflation.

PERSONAL INCOME TAX PROPOSAL

- Raise rates across-the-board, while eliminating itemized deductions.
- Increase standard deduction to \$5,000 per individual.

TOBACCO & RELATED PRODUCTS TAX PROPOSAL

- Increase tax on harmful tobacco products and tax e-cigarettes.

*Draws upon recommendations of the bipartisan
"DEFAC Advisory Council on Revenues."*

BUDGET RESET TIMELINE

January

- Governor Markell submitted recommended budget (HB 25) to the General Assembly before Governor Carney took office.
- Governor Carney began meeting with constituents at Community Conversations to discuss the budget shortfall.

February - March

- **Joint Finance Committee (JFC) Hearings and Bond Bill Hearings:** Committee members consider Governor Markell's recommended budget and hold hearing to discuss budget items with agencies and advocates.
- **March 23:** Governor Carney released his budget framework.

April - May

- **Mark-up:** JFC reviews budget proposals.
- **Bond and Capital Improvement Act aka "Bond Bill":** The bill that allocates money for capital projects throughout the state, such as school renovation and building maintenance.

June 30

- The budget passes the General Assembly and is signed by Governor Carney as the new fiscal year begins on July 1.