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**

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**STUDENT ENROLLMENT**

<table>
<thead>
<tr>
<th>School Year</th>
<th>Enrollment</th>
</tr>
</thead>
<tbody>
<tr>
<td>08/09</td>
<td>124,903</td>
</tr>
<tr>
<td>09/10</td>
<td>126,271</td>
</tr>
<tr>
<td>10/11</td>
<td>127,944</td>
</tr>
<tr>
<td>11/12</td>
<td>130,102</td>
</tr>
<tr>
<td>12/13</td>
<td>131,029</td>
</tr>
<tr>
<td>13/14</td>
<td>132,841</td>
</tr>
<tr>
<td>14/15</td>
<td>134,442</td>
</tr>
<tr>
<td>15/16</td>
<td>135,517</td>
</tr>
<tr>
<td>16/17</td>
<td>136,709</td>
</tr>
</tbody>
</table>

2008-2009 School Year: 124,903  
2016-2017 School year: 136,709

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**EMPLOYEE COUNT**

<table>
<thead>
<tr>
<th></th>
<th>3/1/2009</th>
<th>5/1/2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cabinet Agencies except School Districts</td>
<td>14,103</td>
<td>13,296</td>
</tr>
<tr>
<td>School Districts</td>
<td>16,877</td>
<td>19,432</td>
</tr>
</tbody>
</table>

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


2009: $617.00
2016: $655.66
SOLVING THE BUDGET SHORTFALL

GOVERNOR CARNEY'S PRINCIPLES

1. Making Delaware more competitive, while promoting economic growth.

2. Using a balanced approach that cuts spending and raises revenue through shared sacrifice.


4. Containing costs through continuous improvement, while investing in key public services.
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.

VISIT: www.de.gov/budgetreset