• Making Delaware’s economy more competitive

• Preparing Delaware’s children to succeed

• Lowering health care costs for Delaware families, businesses, and taxpayers

• Investing in our workforce

• Responsibly investing while keeping an eye on Delaware’s future
✓ Bolstered Delaware’s Economy
  • Restructured Economic Development in Delaware
  • Redirected resources to support small businesses and entrepreneurs
  • Modernized the Coastal Zone Act
  • Enhanced protections for Delawareans against cybersecurity threats

✓ Strengthened Public Education
  • Created the Opportunity Grants Program
  • Established the Office of Innovation and Improvement

✓ Fostered a Healthier Delaware
  • Confronting Addiction in Delaware
  • Authorized Health Care Spending Benchmark

✓ Worked toward long-term financial sustainability
OUR PRIORITIES: UPCOMING YEAR

Our budget continues investments in key areas to help us deliver

A STRONGER ECONOMY
A HEALTHIER DELAWARE
SAFER COMMUNITIES
BETTER SCHOOLS FOR ALL CHILDREN
A STRONG AND STABLE STATE WORKFORCE
HIGHLIGHTS OF GOVERNOR CARNEY’S FINANCIAL PLAN

› Limits **operating budget growth to 3.49%**
› Allocates surplus revenues into **one-time investments** in the bond bill in a package called **Delaware Reinvest**
› Funds **long-term liabilities**
› Sets aside a **federal contingency**
› Makes fundamental investments in our **workforce, economic development, public safety, health care and education**
› Addresses **workforce** issues across state government
› Restores earmarked revenue for **farmland preservation and open space**
**GOVERNOR’S RECOMMENDED FY 2019 RESOURCES**

**Resources** ($ millions)

- DEFAC FY 2019 Projected Revenue: $4,316.4
- Less Recommended Adjustments: (4.5)
- Net FY 2019 Revenue: $4,311.9
- FY 2018 Unencumbered Cash: $170.2
- Total available for appropriation: $4,482.1
- TOTAL AVAILABLE FOR APPROPRIATION @ 98%: $4,392.5
• **General Fund Operating Budget** ........$4,250.4 M
  - GF Operating Budget Growth 3.49%

• **Bond and Capital Improvements Act** .....$677.5 M
  - State Capital Projects .............. $356.6 M
    - G.O. Bonds ............. $215.6 M
    - Cash ..................... $100.4 M
    - Other ..................... $40.6 M
  - Transportation Authorizations . . $320.9 M

• **Grants-In-Aid** ........................................ $41.7 M
BUDGET SUSTAINABILITY: CONSIDERING FUTURE FISCAL YEARS

2017 revenue package provides resources for FY 2018 and FY 2019

* DEFAC Estimates - December, 2017
** DEFAC Estimates - September, 2017
DELAWARE FY 2019
REVENUE FORECAST

Revenue (Net of Refunds)

- Personal Income Tax: 32.4%
- Public Utility: 0.9%
- Realty Tax: 3.4%
- Lottery: 4.7%
- Corp. Income Tax: 2.3%
- Other Tax Revenue: 5.0%
- Other Non-Tax*: 6.8%
- Bank Franchise Taxes: 2.1%
- Business Gross Receipts Taxes: 5.7%
- Abandoned Property: 8.7%
- Incorporation Revenue**: 28.0%
- Personal Income Tax
- Other Non-Tax*
- Public Utility
- Realty Tax
- Lottery
- Corp. Income Tax
- Other Tax Revenue
- Bank Franchise Taxes
- Business Gross Receipts Taxes
- Abandoned Property
- Incorporation Revenue**

*Includes Prior Year Unencumbered Cash Balance
**Includes Corporate Franchise Taxes, Business Entity Fees, and Limited Partnerships & Limited Liability Corporations
GOVERNOR’S RECOMMENDED FY 2019 OPERATING BUDGET

General Fund Budget

- Public Education: 34.6%
- Health and Social Services: 28.1%
- Safety & Homeland Security: 7.7%
- Services for Children, Youth and Their Families: 4.1%
- Higher Education: 5.6%
- Judicial: 2.3%
- Correction: 7.7%
- All Others *: 14.4%

*Includes One-Time Items
<table>
<thead>
<tr>
<th>Amount</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>$20.9M</td>
<td>to invest in our classrooms to fund enrollment growth</td>
</tr>
<tr>
<td>$8.8M</td>
<td>to provide quality child care for more children</td>
</tr>
<tr>
<td>$7.1M</td>
<td>to provide students with transportation to &amp; from school</td>
</tr>
<tr>
<td>$3.0M</td>
<td>for fair &amp; efficient elections open to all qualified voters</td>
</tr>
<tr>
<td>$2.8M</td>
<td>for inmate medical &amp; pharmacy costs</td>
</tr>
<tr>
<td>$17.2M</td>
<td>to fund state employee pensions</td>
</tr>
</tbody>
</table>
EFFICIENT GOVERNMENT: SAVINGS OPPORTUNITIES

- $5.4 million – Reducing the cost of state government operations:
  - $2.0 million: Reducing reliance on contractual employees
  - $1.5 million: Savings resulting from energy procurement
  - $1.4 million: Reducing Fleet Services rate
  - $500,000: Savings from Department of Education reorganization
  - Ongoing commitment to improve operations through the Government Efficiency and Accountability Review Board (GEAR) – created by Executive Order #4.

- $6.0 million – Medicaid

- $2.3 million – Debt Service
OUR PRIORITIES: UPCOMING YEAR

Our budget continues investments in key areas to help us deliver

- **A STRONGER ECONOMY**
- **A HEALTHIER DELAWARE**
- **SAFER COMMUNITIES**
- **BETTER SCHOOLS FOR ALL CHILDREN**
- **A STRONG AND STABLE STATE WORKFORCE**
EDUCATION: BETTER SCHOOLS FOR ALL DELAWARE STUDENTS

• Investing in Educators
  ▪ $20.9 million – Fully fund new enrollment for 2018 – 2019
    • Majority of funding toward growth in special education
  ▪ $10.2 million – Fully fund annual steps for educators
  ▪ 2% increase for public school educators

• Investing in Early Learning
  ▪ $3.8 million – Funding STARS enrollment growth to serve more children
    • Total funding of $29.5 million for STARS

• Investing in Higher Education
  ▪ $1.1 million – Funding for SEED/Inspire program growth and expansion of the Inspire Scholarships to ensure access to college for qualifying Delaware students
**EDUCATION: INVESTING IN HIGH NEEDS AREAS**

- **Targeted Investments in High Needs Schools**
  - **$6.0 million** – Opportunity Grants – targeted investments into schools with 60% poverty level or 20% English Language Learners students
  - **$1.0 million** – Middle school math coaches

- **City of Wilmington Education Initiative**
  - **$1.5 million** – School-based wellness centers, professional development for educators in five Christina School District schools located in the City of Wilmington.
  - **$15 million** – Capital investments to modernize two Wilmington schools in the Christina District, which will significantly enhance the learning environment and overall educational experience in these facilities.
WORKFORCE: INVESTMENTS IN OUR PEOPLE

• **Investing in State Employees**
  - **$1,000 pay increase** for State Employees
  - **Steps and 2% increase** for public school educators
  - Support for **12 week paid parental leave**

• **Recruiting and Retaining Quality Employees**
  - Compensation study
  - Recruitment and retention flexibility

• **Investing in our Workplaces**
  - **$2.8 million** for Carvel State Office Building improvements and renovations
  - **$5.0 million** to address deferred maintenance backlog in state facilities
WORKFORCE: INVESTMENTS IN HIGH NEEDS AREAS

• Department of Correction
  - $10.1 million – Correctional Officer salaries, Year 2
  - $3.6 million – Career ladder for Correctional Officers
  - $1.0 million – Year 2 staffing at Baylor Women's Correctional Institution

  ▪ Independent Review Recommendations:
    - $2.3 million – Operating Budget
      ▪ Staff training relief
      ▪ Court/Security transportation
      ▪ Probation & Parole pretrial supervision
      ▪ Cognitive Behavioral Therapy for offenders

    - $1.75 million – Capital Budget
      ▪ Security Equipment
      ▪ Cameras
      ▪ Ballistic vests
• Department of Services for Children, Youth & Their Families

  ▪ **$2.6 million** – Adding **30 new casework staff** in the Division of Family Services to bolster child welfare investigations and child abuse and neglect hotline investigations

  ▪ **$2.0 million** – Adding **29 new staff members** in the Division of Youth Rehabilitative Services to meet staffing needs of the Department’s six secure facilities while reducing mandatory overtime
HEALTH: INVESTING IN DELAWAREANS

• Attacking drug use epidemic
  ▪ $1.4 million – More resources for substance use treatment
    • *Total federal and State funding of $23.7 million for substance abuse treatment and prevention*

• Helping those born with substance addiction
  ▪ $285,000 – Resources for substance exposed infants

• Assisting seniors with maintaining their health
  ▪ $2.0 million – Prescription assistance for Delaware seniors

• Health Care Spending Benchmark
  ▪ Establishing a goal to lower health care costs for Delaware families, businesses, and taxpayers
One-time and bond funding toward investments in Delaware’s infrastructure, economy and communities

$12.5 million
Strategic Fund

$2.0 million
Prosperity Partnership

$9.6 million
Research Collaboration

$19.5 million
Higher Education Capital

$391.1 million
DelDOT Road Systems (federal, state, other)
One-time and bond funding toward investments in Delaware’s infrastructure, economy and communities

**Environment**

- **$20.0 million** Open Space and Farmland Preservation
- **$6.0 million** Clean Water/Drinking Water
- **$4.2 million** Shoreline and Waterway Management
Strong Communities

<table>
<thead>
<tr>
<th>Funding</th>
<th>Amount</th>
<th>Project</th>
</tr>
</thead>
<tbody>
<tr>
<td>$8.0 million</td>
<td>Affordable Housing/ Strong Neighborhoods</td>
<td></td>
</tr>
<tr>
<td>$8.5 million</td>
<td>Downtown Development Districts</td>
<td></td>
</tr>
<tr>
<td>$135.6 million</td>
<td>School Construction</td>
<td></td>
</tr>
<tr>
<td>$6.7 million</td>
<td>Library Construction</td>
<td></td>
</tr>
</tbody>
</table>

One-time and bond funding toward investments in Delaware’s infrastructure, economy and communities.
GOVERNOR’S RECOMMENDED FY 2019
FINANCIAL PACKAGE

• General Fund Operating Budget........$4,250.4 M
  ▪ GF Operating Budget Growth 3.49%

• Bond and Capital Improvements Act.....$677.5 M
  ▪ State Capital Projects ................. $356.6 M
    – G.O. Bonds ............... $215.6 M
    – Cash ................... $100.4 M
    – Other ................... $40.6 M
  ▪ Transportation Authorizations ........$ 320.9 M

• Grants-In-Aid ...........................................$41.7 M
GOVERNOR’S RECOMMENDED FY 2019
FINANCIAL PACKAGE

July - December

- Governor Carney and cabinet members developed the FY 2019 budget draft.
- Delaware Economic and Financial Advisory Council (DEFAC) met in September and December to project revenue.

January


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.
- Bond and Capital Improvement Act aka "Bond Bill“ Hearings

June 30

- The General Assembly must pass the budget and bond bills, and the Governor must sign the bills by June 30.
- The new fiscal year begins July 1.