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

<table>
<thead>
<tr>
<th></th>
<th>FY 2019</th>
<th>FY 2020</th>
<th>FY 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Available Resources</strong></td>
<td>$ 4,609.0</td>
<td>$ 4,831.7</td>
<td>$ 4,636.8</td>
</tr>
<tr>
<td><strong>Uses</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Budget</strong></td>
<td>$ 4,270.8</td>
<td>$ 4,451.9</td>
<td>$ 4,547.0</td>
</tr>
<tr>
<td><strong>Grant in Aid</strong></td>
<td>$ 52.1</td>
<td>$ 55.1</td>
<td>$ 54.4</td>
</tr>
<tr>
<td><strong>One-Time</strong></td>
<td>$ 238.2</td>
<td>$ 246.3</td>
<td>$ 35.4</td>
</tr>
<tr>
<td><strong>Deposit to Reserve</strong></td>
<td>$ 47.9</td>
<td>$ 78.4</td>
<td>-</td>
</tr>
</tbody>
</table>
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 budget continues investments in key areas

**OUR PRIORITIES: FISCAL YEAR 2022**

- REBUILDING OUR ECONOMY
- INVESTING IN OUR SCHOOLS
- STRENGTHENING OUR COMMUNITIES
LONG-TERM FINANCIAL SUSTAINABILITY

- Appropriates less than 98% of revenues
- Fully funds Rainy Day Fund
- Budget growth within DEFAC 3.5% benchmark
- Allocates $260.5 million to one-time funding in the Capital Budget
- Sets aside $131.0 million in reserve

FY 2022 Financial Plan
Revenue Volatility with Stable Budget Growth

FY 22 Forecast

Revenue Resolution Growth vs. Benchmark Spending Stability

FY16 FY17 FY18 FY19 FY20 FY21 FY22

-6.0% -4.0% -2.0% 0.0% 2.0% 4.0% 6.0% 8.0% 10.0% 12.0% 14.0%

Revenue Resolution Growth

Budget Growth
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
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
<table>
<thead>
<tr>
<th><strong>CLEAN WATER INITIATIVE</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>$50 MILLION</strong></td>
</tr>
<tr>
<td><strong>ESTABLISH CLEAN WATER TRUST FUND</strong></td>
</tr>
<tr>
<td><strong>CLEAN WATER STATE REVOLVING FUND</strong></td>
</tr>
<tr>
<td><strong>$22.5 MILLION</strong></td>
</tr>
<tr>
<td><strong>DRINKING WATER STATE REVOLVING FUND</strong></td>
</tr>
<tr>
<td><strong>$22.5 MILLION</strong></td>
</tr>
<tr>
<td><strong>RESOURCE, CONSERVATION AND DEVELOPMENT</strong></td>
</tr>
<tr>
<td><strong>$5 MILLION</strong></td>
</tr>
</tbody>
</table>
INVESTING IN DOWNSTATE JUDICIAL FACILITIES

$50 MILLION

NEW KENT & SUSSEX FAMILY COURT FACILITIES
GOVERNOR CARNEY’S RECOMMENDED FY 2022 FINANCIAL PLAN

### General Fund Operating Budget
- GF Operating Budget Growth 3.5%

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund Operating Budget</td>
<td>$4,706.0 M</td>
</tr>
</tbody>
</table>

### Grants-in-Aid

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants-in-Aid</td>
<td>$55.5 M</td>
</tr>
</tbody>
</table>

### Bond and Capital Improvements Act
- State Capital Projects $517.3 M
- GO Bonds $237.7 M
- Cash $260.5 M
- Other $19.0 M
- Transportation $377.1 M

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bond and Capital Improvements Act</td>
<td>$894.4 M</td>
</tr>
</tbody>
</table>

### One-Time Supplemental

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>One-Time Supplemental</td>
<td>$35.7 M</td>
</tr>
</tbody>
</table>

The FY 2022 Financial Plan sets aside **$131.0 million** in the Budget Stabilization Fund above the constitutionally mandated set asides.
• **$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 by FY24

• Equalize K-3 special education funding by FY24
EDUCATION INVESTMENTS:
HIGH-QUALITY EDUCATION

County Ombudsperson

- $1 million 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
$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
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

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

Improving Schools for All Delaware Children

$185 million – School construction and renovation
$15 million – School building deferred maintenance
$30 million – Higher Education campus improvements
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

General Fund Operating Budget $4,706.0 M
  • GF Operating Budget Growth 3.5%

Grants-in-Aid $55.5 M

Bond and Capital Improvements Act $894.4 M
  • State Capital Projects $517.3 M
    • GO Bonds $237.7 M
    • Cash $260.5 M
    • Other $19.0 M
  • 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.
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, May and June.

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

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.

Mark-up: JFC reviews budget proposals.

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

The new fiscal year begins July 1.
- End of Presentation -