RESPONSIBLE INVESTMENT
GOVERNOR CARNEY

State of Delaware

OFFICE OF GOVERNOR CARNEY FINANCIAL OVERVIEW

FOR FISCAL YEAR 2022

January 28, 2021

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

	FY 2019	FY 2020		FY 2021
Available Resources	$ 4,609.0	$ 4,831.7	← *Less Resources* →	$ 4,636.8
Uses				
Budget	$ 4,270.8	$ 4,451.9	← *Allows for budget growth* →	$ 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	$178 million	$135 million	$132 million
Unemployment Trust Fund	*DE Relief Grants for Small Businesses*	*Child Care Assistance Program*	*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

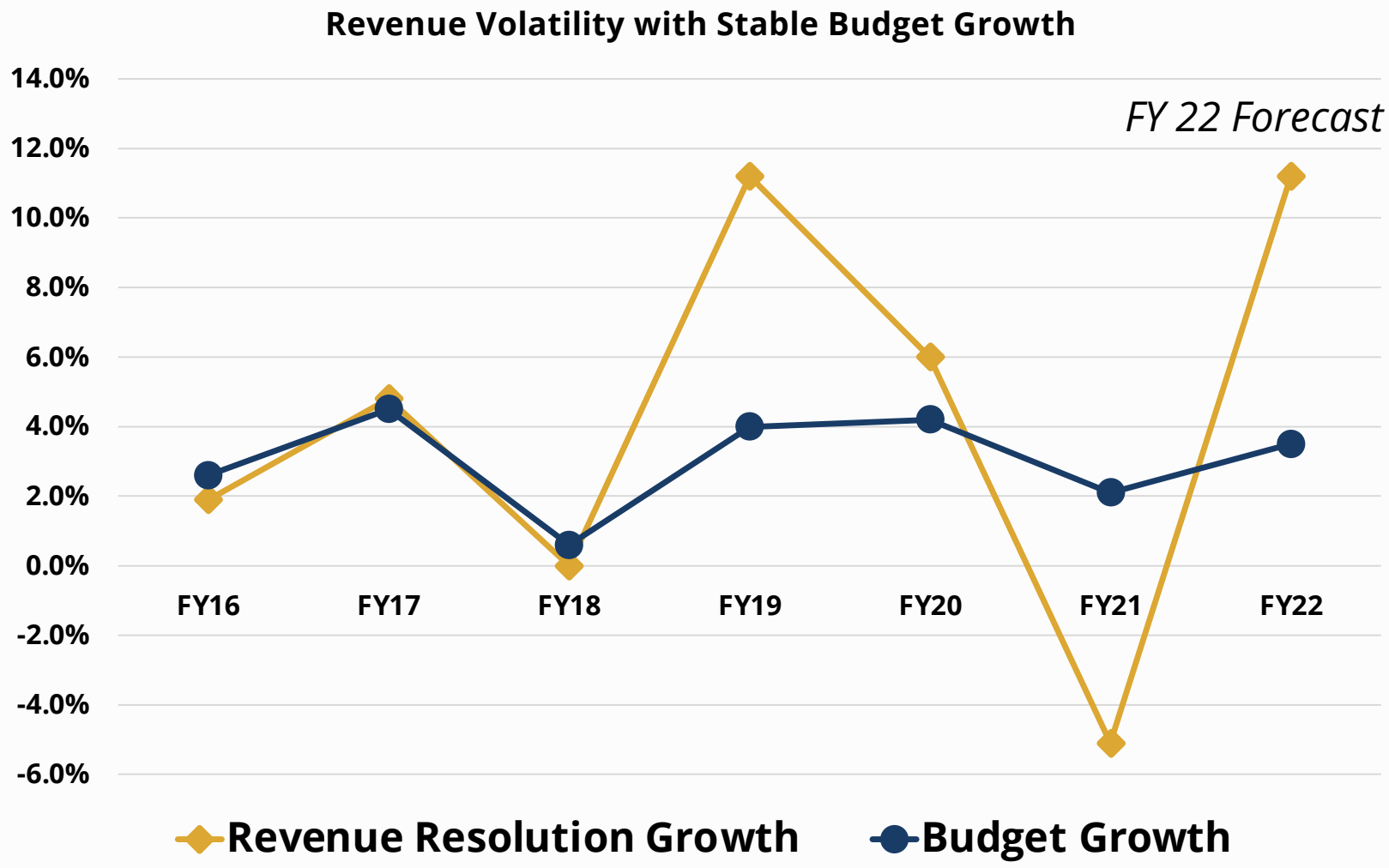
STRENGTHENING
OUR COMMUNITIES

LONG-TERM
FINANCIAL SUSTAINABILITY

FY 2022 Financial Plan

- 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**

REVENUE VOLATILITY vs. **BENCHMARK SPENDING STABILITY**



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

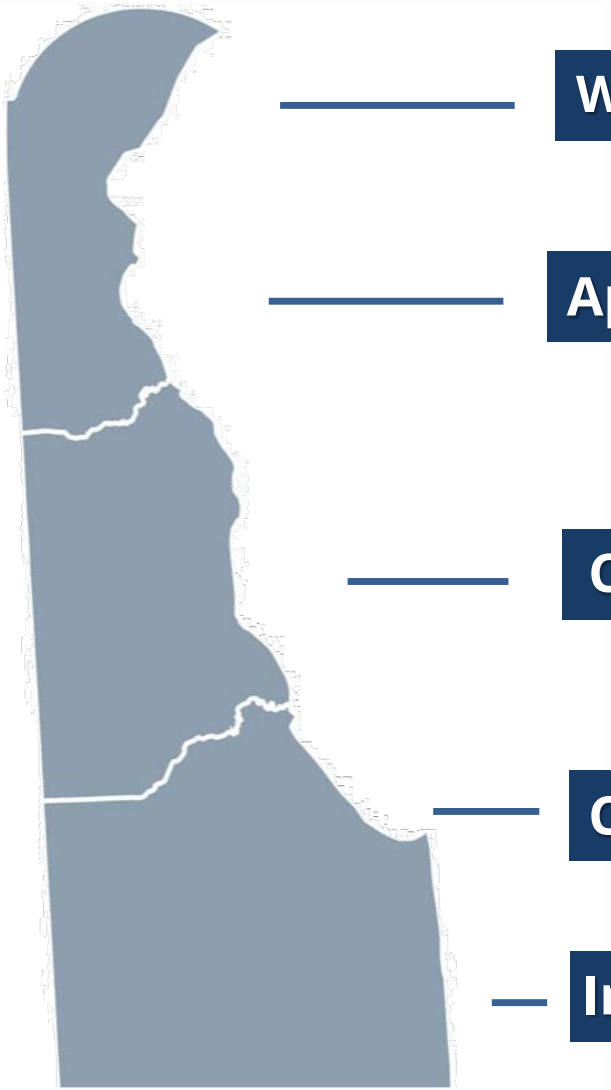
Individuals

- 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

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.*

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 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

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

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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, 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 -