



## *Financial Overview*

# FISCAL YEAR 2023

*January 27, 2022*

**RESPONSIBLE INVESTMENT**  
**GOVERNOR CARNEY** 

**States received historic  
federal resources to fight  
the COVID-19 pandemic.**

*We are putting those  
funds to work for  
Delawareans.*

*Federal Resources for*  
**COVID-19 Recovery  
&  
Rebuilding Our  
Economy**

*Coronavirus Aid, Relief, and  
Economic Security Act*

**CARES Act**

**American Rescue  
Plan Act**

**Bipartisan  
Infrastructure Law**

# FEDERAL RELIEF

*Key Investments and Commitments*

## COVID-19 RELIEF: CARES ACT FUNDS

**\$229  
million**

Unemployment  
Trust Fund

**\$193  
million**

Relief for  
Small Businesses

**\$196  
million**

Testing and  
Contact Tracing  
Programs

**\$140  
million**

Child Care  
Assistance  
Program

*Funds are fully distributed*

# FEDERAL RELIEF

## *Key Investments and Commitments*

### AMERICAN RESCUE PLAN ACT

**\$355  
million**

Statewide  
Technology &  
Capital Upgrades

**\$135  
million**

Housing  
Development &  
Emergency Housing

**\$121  
million**

DE Hospitals and  
Health Care Facilities

**\$112.5  
million**

Community  
Investment Recovery  
Fund (Nonprofits)

**\$107  
million**

Higher Education  
(University of Delaware,  
Delaware State University,  
Delaware Tech)

**\$100  
million**

COVID-19 Response  
and Mitigation

**\$50  
million**

Workforce  
Development &  
Pathways 2.0

*Funds have been allocated to comply with strict  
U.S. Treasury requirements*

# FEDERAL RELIEF

*Key Investments and Commitments*

## BIPARTISAN INFRASTRUCTURE LAW

**\$1.2  
billion**

Federal Highway  
Funds

**\$355  
million**

Clean Water and  
Drinking Water

**\$225  
million**

Bridge  
Replacements  
and Repairs

**\$220  
million**

Public Transit  
Improvements

**\$100  
million**

Broadband  
Infrastructure

*Awaiting guidelines and distribution of  
funds from federal government*

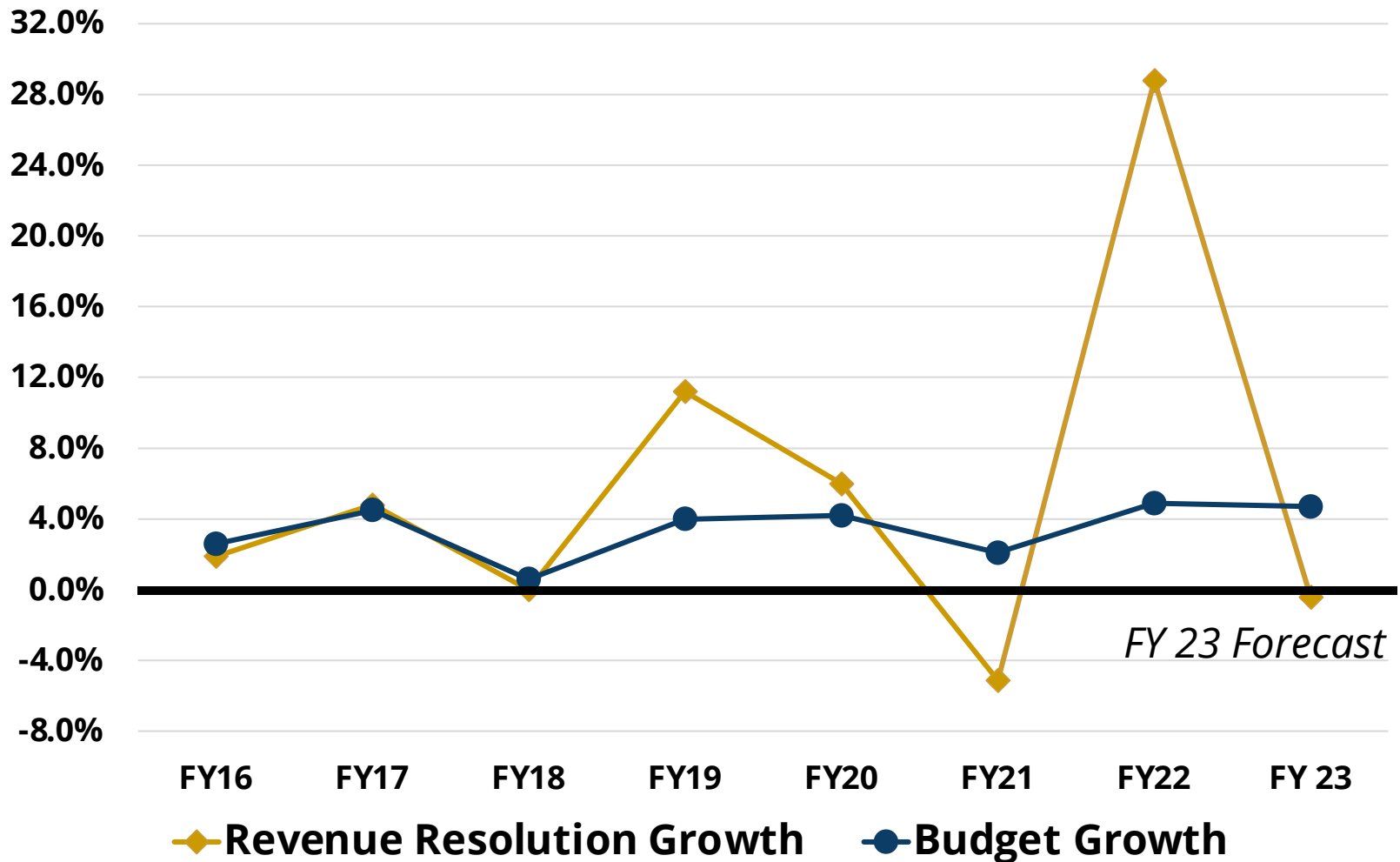
**We made it through the worst of  
the pandemic without cutting  
services or raising taxes.**

*Responsibly managing our  
state budget is more  
important than ever.*

# Revenue Volatility *vs.* Benchmark Spending Stability



*Revenue Volatility with Stable Budget Growth*

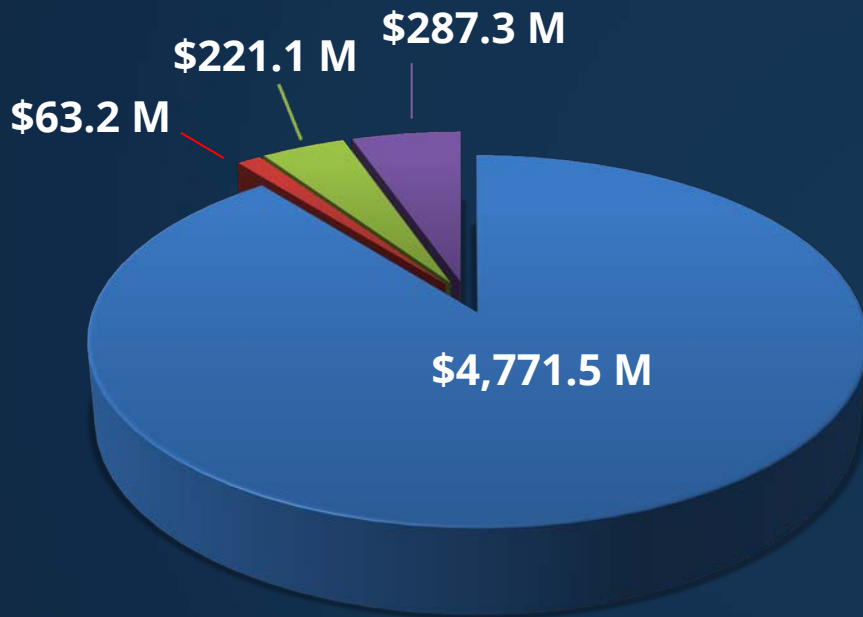




# Year in Review: Sustainable Finances

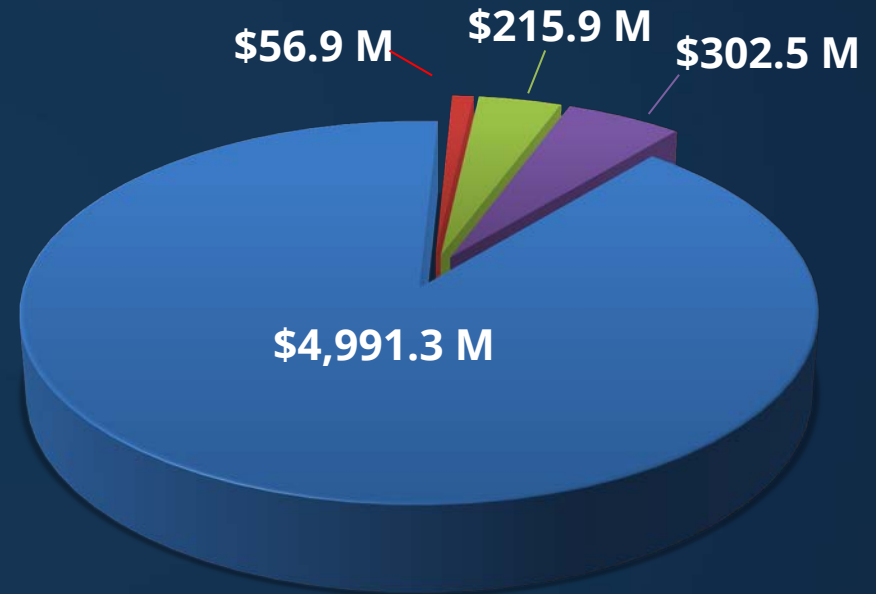


FY 2022



■ Budget ■ GIA ■ One-Time ■ Savings

FY 2023



■ Budget ■ GIA ■ One-Time ■ Savings

**\*\*\*Budget Stabilization Fund is Fully Funded\*\*\***

# Providing Targeted *Tax Relief and Incentives*



## *Individuals*

- Exempts 2021 unemployment insurance (UI) benefits from State personal income taxes - **\$25.2 million** over 2 years
- Doubles the Volunteer Firefighter Tax Credit - **\$1.8 million**
- Extends military pension exclusions to attract highly skilled, young military retirees to Delaware's workforce - **\$1.5 million**
- Promotes College and "ABLE" Plan Savings - **\$667,000**

## *Employers*

- Continues to protect UI contributory employers from COVID-related claim costs - **\$11.4 million**
- Saves an estimated **6,000** new employers, **mostly small businesses**, from pandemic-related rate increases.

# Governor Carney's Recommended FY 2023 Financial Plan



<b>General Fund Operating Budget</b>	<b>\$4,991.3 M</b>
• GF Operating Budget Growth 4.6%	
<b>Grants-in-Aid</b>	<b>\$56.9 M</b>
<b>Bond and Capital Improvements Act</b>	<b>\$1,184.4 M</b>
• State Capital Projects	\$868.7 M
• GO Bonds	\$274.6 M
• Cash	\$591.6 M
• Other	\$2.5 M
• Transportation	\$315.7 M
<b>One-Time Supplemental</b>	<b>\$215.9 M</b>

*The FY 2023 Financial Plan sets aside **\$15.2 million** into the Budget Stabilization Fund, which would result in a total amount over and above the constitutionally mandated set asides - **\$302.5 million***

OUR BUDGET CONTINUES INVESTMENTS IN KEY AREAS

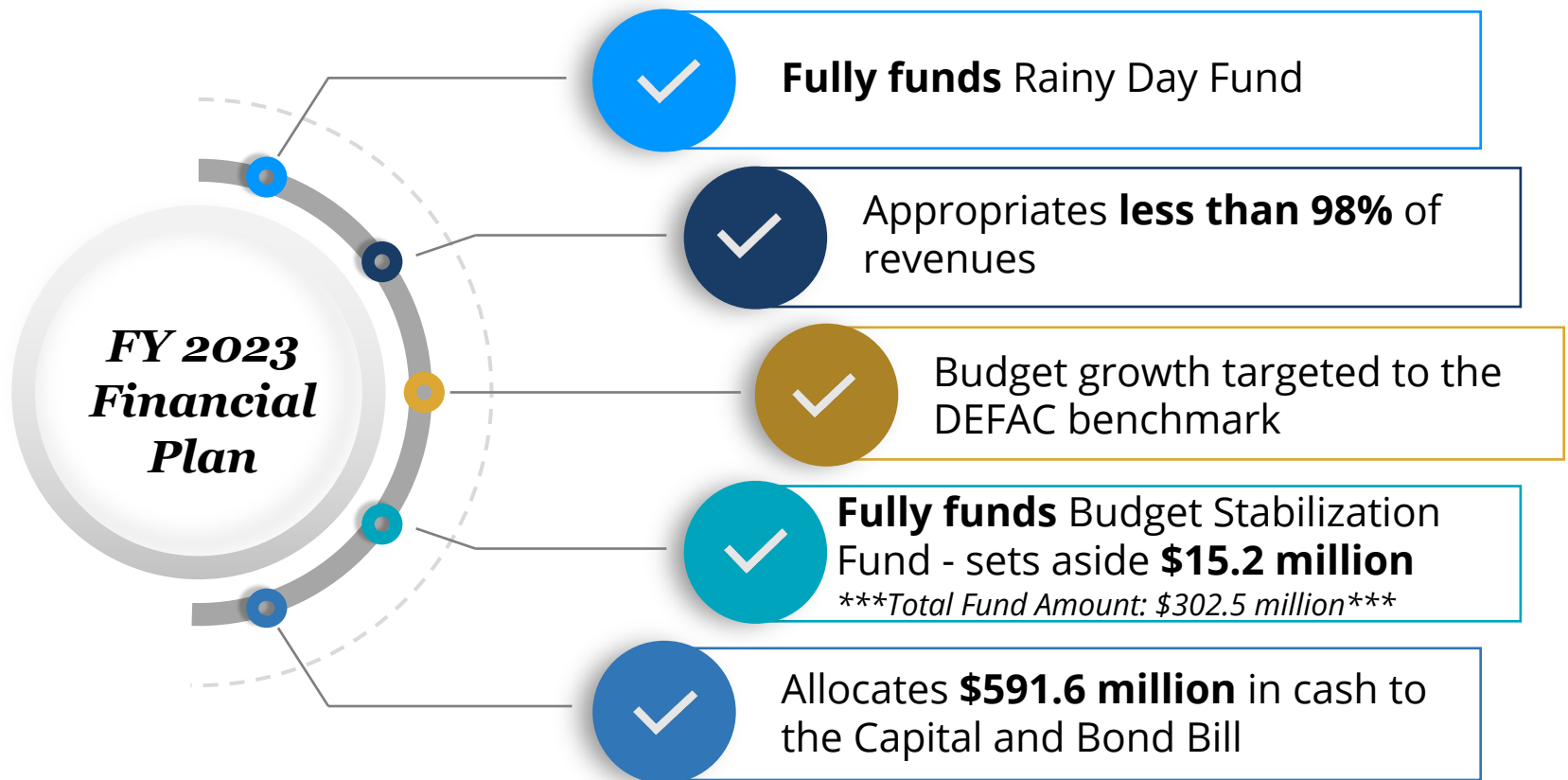
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**Strengthening our**  
*economy*

**Expanding**  
*opportunity*

**Supporting**  
*families & workforce*

# Long-term Financial Sustainability



# *Highlights of Governor Carney's* **FY 2023 Financial Plan**



- ✓ Takes continued steps towards providing **compensation and pay equity** for state employees.
- ✓ Increases **Opportunity Funding investments** in our schools for **low-income students and English language learners**.
- ✓ Continues investments in **clean water, economic development** and fulfills our commitments to **new school construction in all 3 counties**.
- ✓ Continues to fund secure and modern spaces for **Kent and Sussex County courthouses**.

# Preparing for the *Economy of the Future*



ECONOMIC DEVELOPMENT

## **\$60 MILLION**

**Strategic Fund  
\$30 million**

**Site Readiness  
\$10 million**

**Graduation Lab  
Space  
\$10 million**

**Transportation  
Infrastructure Fund  
\$10 million**



# **Environmental Justice** *for all Delawareans*



ENVIRONMENTAL INITIATIVES

## **\$404.7 MILLION**

**Aglands Preservation  
and Open Space**  
**\$30 million**

**Shoreline and  
Waterway Resiliency**  
**\$7.5 million**

**Clean Water**  
**\$367.2 million**

*(\$12.2M state Clean Water Trust Fund and \$355M federal)*



# Investing in *Delaware's Children & Families*



FY23 AND FORWARD FUNDING SCHOOL PROJECTS

## **\$339.9 MILLION**

**New Castle County**  
**\$82.4 million**

**Kent County**  
**\$89.9 million**

**Sussex County**  
**\$122.8 million**

**Statewide  
Market Pressure**  
**\$25 million**

**Wilmington Learning Collaborative  
and Redding Consortium**  
**\$19.8 million**

# WILMINGTON LEARNING COLLABORATIVE

- **\$7 million**  
to support the  
**Wilmington  
Learning Collaborative**
- **\$12.8 million**  
to implement  
**Redding Consortium**  
recommendations



# Investing in *Statewide School Infrastructure*



**Northern New Castle: \$50.6 M**

- **\$14.9 million** – Christina
- **\$33 million** – NCC Vo Tech
- **\$2.7 million** – Colonial

**Appoquinimink: \$23.1 M**

**Smyrna: \$19.9 M**

**Capital: \$56.1 M**

**Caesar Rodney: \$11.0 M**

**Milford: \$37.4 M**

**Cape Henlopen: \$2.4 M**

**Sussex Tech: \$32.5 M**

**Indian River: \$47.1 M**





## OPPORTUNITY FUNDING

- **\$4.5 million** increase in funding for **low-income students and English learner students**
- Continues goal to **more than double** the Opportunity Fund to **\$60 million** annually by 2025



## *Maintain Expansion of Mental Health Supports*

- **\$20.6 million** to support **mental health service units** for elementary schools.  
*(HB 100 - operating budget and one-time funding)*

# Education:

## *Supporting Higher Education*



### *Investing in Higher Education*

- **\$45 million - Deferred maintenance, capital improvements and technology upgrades** at UD, DSU, and DTCC
- **\$15 million - Higher Education Economic Development Investment Fund**
- **Increases for Scholarships:**
  - **\$1.3 million** – Increase for **First State PROMISE Scholarship** at UD
  - **\$1.6 million** – Increase for **SEED+** for DTCC and UD
  - **\$1.4 million** – Increase for **INSPIRE** for DSU
- **\$921,000 - Compensation stabilization plan** (phase two) to reduce faculty and staff turnover at DTCC
- **\$100,000** – Supports the **Bachelor of Education** program at DTCC

***\$107 million (ARPA funding) for higher education to support pandemic-related projects funded***

# *Investing in* **Safety and Security**



## *Providing Transparency in Policing*

- **\$7.6 million** for the development and deployment of body worn cameras.
- **\$390,000** to support in-car camera program for law enforcement vehicles.

## *Security in Correctional Facilities*

- **\$11.6 million** for security, safety and infrastructure improvements at Department of Correction facilities.

# Supporting Delaware Families



## *Supporting Families*

- **\$1.4 million** to support **extended post-partum Medicaid coverage**.
- **\$1.5 million** for the development of a **therapeutic foster care program**.
- **\$996,000** to support the growth of the **Delaware Healthy Children Insurance Program (CHIP)**.
- **\$3.7 million** increase to support **expungement programs**.
- **\$735,000** expansion of **crisis beds** in Kent and Sussex counties (*Department of Services for Children, Youth and Their Families*).

# *Supporting Delaware* **Workers**



## *Supporting Health Care Workers*

- **\$500,000** to increase funding for the **Health Care provider State loan repayment program.**
- **\$300,000** to permanently fund the **mental health services loan forgiveness program.**

## *Supporting Child Care Providers & Workers*

- **\$11.5 million** in increased support for **child care providers and workers.**



# Investing in our *State Workforce*



COMPENSATION AND PAY EQUITY

## **\$88.7 MILLION**

**Moving toward  
\$15 Minimum  
Wage**

**Increase to  
Merit Pay Scales  
or 2% Pay Increase**

**Funding Current  
Negotiated Wages  
and Steps**

**One-time  
\$500 Bonus  
for State Retirees**

# Highlights: Governor Carney's FY 2023 Capital Budget



## *Improving Schools for Delaware Students*

**\$305.2 million** - School Construction and Renovation

**\$45.0 million** - Higher Education Campus Improvements

**\$15.0 million** - School Building Deferred Maintenance



## *Small Businesses & Infrastructure*

**\$30.0 million** - Strategic Fund Investments to Support Jobs in DE

**\$15.0 million** - Higher Education Economic Development Fund

**\$10.0 million** - Site Readiness Fund

**\$10.0 million** - Graduation Lab Space

**\$10.0 million** - Transportation Infrastructure Investment Fund

**\$6.5 million** - Riverfront Development Corporation

**\$3.8 million** - Research Collaboration

# Highlights: Governor Carney's FY 2023 Capital Budget



## ***Building Strong Communities***

**\$26.8 million** - Libraries

**\$6.0 million** - Affordable Housing

**\$5.5 million** - Downtown Development Districts

**\$4.0 million** - Strong Neighborhoods

**\$21.0 million** - Preserving Historical and Recreational Sites



## ***Protecting Natural Resources for Future Generations***

**\$12.2 million** - Clean Water Trust Fund (+ \$355M *federal funding*)

**\$30.0 million** - Aglands Preservation and Open Space

**\$7.5 million** - Shoreline and Waterway Resiliency

**\$3.2 million** - Cover Crop Program

**\$1.7 million** - Conservation Cost Share

**\$500,000** - Delaware Bayshore

# Highlights: Governor Carney's FY 2023 Capital Budget



## *Safe and Stable Communities*

**\$80.0 million** - Kent/Sussex Family Court Facilities

**\$21.8 million** - New DSP Troops 4 and 6

**\$12.0 million** - Customs House

**\$8.8 million** - Public Safety Communications and Equipment

**\$3.2 million** - New James T. Vaughn Intake Facility

**\$3.0 million** - Baylor Women's Correctional Institute renovations

**\$2.5 million** - Howard R. Young Correctional Center renovations

**\$1.3 million** - Leonard L. Williams Justice Center improvements



## *Building a Strong Foundation for Our State*

**\$35.4 million** - State agency minor capital improvements and deferred maintenance

**\$10.5 million** - Carvel State Office Building renovations

**\$6.0 million** - Delaware Hospital for the Chronically Ill

**\$5.1 million** - Jesse Cooper Building improvements

**\$3.5 million** - Cleveland White Building renovations

**\$1.0 million** - Herman Holloway Campus improvements

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# FY 2023

## *Budget Process*



*July -  
December*

**Governor Carney and cabinet members** developed the FY 2023 budget draft.

**Delaware Economic and Financial Advisory Council (DEFAC)** met in October and December to **project revenue**. DEFAC will update their projections in March, May and June.

*January*

**January 27:** Governor Carney proposes recommended budget for FY 2023.

*February -  
March*

**Joint Finance Committee (JFC) and Bond Bill Committee 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** the budget and bond bills, and the **Governor signs** the bills by June 30.

The **new fiscal year begins July 1**.



- *End of Presentation* -