

POLICY OVERVIEW

The Governor's Recommended Fiscal Year 2009 Capital Budget totals \$473.3 million. Of this total, \$239.6 million is for Public Education and agency projects, and \$233.7 million is for the capital program of the Department of Transportation. The Governor's Recommended Fiscal Year 2009 Capital Budget addresses key policy priorities of the Governor in the following areas:

Education

The Recommended Fiscal Year 2009 Capital Budget reinforces the Governor's commitment to quality education by providing funds for the following:

- \$132.7 million for ongoing public education projects in the Appoquinimink, Brandywine, Cape Henlopen, Capital, Caesar Rodney, Colonial, Lake Forest, Milford, Smyrna and Sussex Technical school districts and the Sterck School for the Deaf.
- \$4.0 million for renovations of Alison Hall and \$500,000 to assist in the construction of a new Undergraduate Science Facility at the University of Delaware.
- \$4.5 million for Minor Capital Improvements and Equipment at Delaware State University.
- \$4.5 million for capital projects at Delaware Technical & Community College. These projects include \$1.5 million for the Collegewide Asset Preservation program, \$1.3 million for campus improvements at the Stanton/Wilmington Campus, \$650,000 each for campus improvements at the Owens and Terry campuses and \$400,000 for the Excellence Through Technology Campaign.

Protecting Delaware's Environment

The Governor has recommended funding for projects contributing to protecting the environment. These projects contribute to the foundation of the Livable Delaware agenda of the Governor. Projects include:

- Continued dedication of earmarked revenue totaling \$20.0 million to the Farmland Preservation program and the Open Space program.
- \$3.2 million for Conservation Cost Share projects to support best practices in the management of soil nutrients for urban and rural landowners.
- \$2.2 million for Beach Preservation and Replenishment.

- \$1.0 million for the Clean Water State Grant Match. Funding for this grant match is recommended through the Twenty-First Century Fund and leverages an additional \$5.0 million in federal funding to improve water treatment facilities statewide.

Health, Safety and Self-Sufficiency for Every Delaware Family

The Recommended Fiscal Year 2009 Capital Budget supports the safety and security of Delawareans through investments in emergency response, housing preservation and health care. These investments include:

- \$5.0 million for housing preservation. These funds will be used to preserve the supply of low-income housing units for families in need.
- \$4.5 million to complete the enhancements to the State's 800 MHz emergency radio communication system.
- \$8.5 million to support libraries throughout the State.
- \$1.0 million for planning of the new psychiatric facility at the Herman Holloway Campus of the Department of Health and Social Services.

Economic Development, Job Creation and Retention

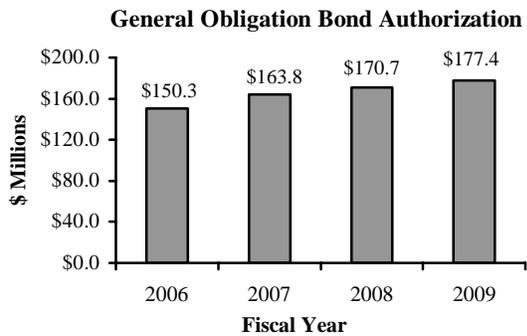
In the Fiscal Year 2009 Recommended Capital Budget, the Governor is recommending:

- \$8.0 million to the Delaware Strategic Fund to support economic development in Delaware. The Strategic Fund is the primary economic development tool of the Delaware Economic Development Office and provides a flexible funding mechanism for attracting new jobs and retaining existing jobs.
- \$2.0 million for the fifth year of funding for New Economy Initiative programs. This initiative focuses on expanding Delaware's research base in biotechnology and life sciences and supports the initiation of a regional infrastructure investment plan.
- \$2.0 million for continued support for the Diamond State Port Corporation.
- \$1.0 million to the Fraunhofer Center for Molecular Biology for support in the development of new vaccines. This investment represents the third year of a five-year commitment toward this effort.

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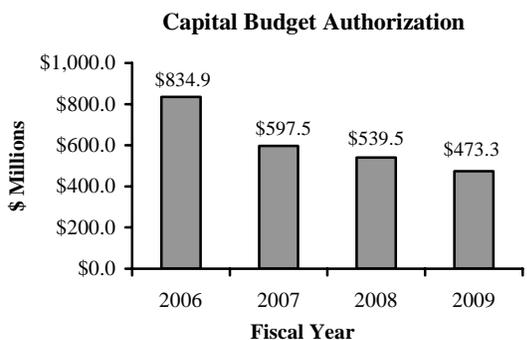
Sound Fiscal Management

For Fiscal Year 2009, the Governor recommends the authorization of \$177.4 million in general obligation bonds and \$55.6 million in General Funds. The Delaware Constitution limits the issuance of general obligation long-term debt to capital purposes and Delaware traditionally amortizes this debt rapidly. In past years Delaware has supplemented this authorization with significant “pay-go” cash, thereby limiting new debt authorizations. This sound financial management practice has been an important factor in maintaining Delaware’s AAA bond rating.

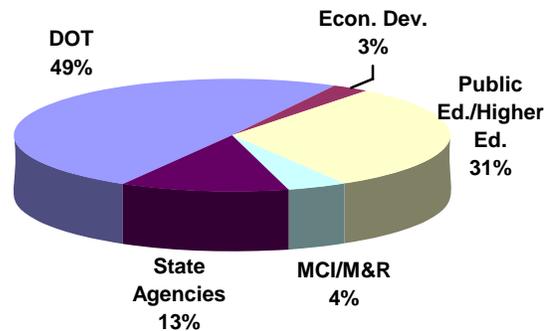


Additional Fiscal Year 2009 Capital Budget Highlights

- \$21.0 million for minor capital improvements, maintenance and renovation to State facilities.
- \$9.0 million for the Kent County Courthouse Complex.
- \$3.7 million for the continued development of the ERP Financials Reengineering Project.



FY 2009 Capital Budget by Program Area



POLICY OVERVIEW

DESCRIPTION OF FUNDING SOURCES

General Obligation Bonds

Title 29, §7422(b), Delaware Code, restricts the authorization of tax supported debt to five percent of the estimated General Fund revenue for that fiscal year. Based on the current estimates for Fiscal Year 2009 DEFAC revenue estimates plus Governor's Recommended adjustments, the maximum amount that could be authorized is \$177.4 million.

Reversions and Reprogrammings

A total of \$6.6 million of reprogramming is recommended to support the Fiscal Year 2009 Governor's Recommended Capital Budget.

General Funds

A total of \$55.6 million in General Funds are recommended to support the Fiscal Year 2009 Governor's Recommended Capital Budget.

Transportation Trust Fund

The Transportation Trust Fund (TTF) was created by the General Assembly in June 1987 as a dedicated funding mechanism for the Department of Transportation.

For Fiscal Year 2009, total TTF authorization supporting the Department's Financial Investments Program are estimated to be \$233.7 million.

Capital Budget Revenue Sources

