

State of Delaware
Office of the Governor
Fiscal Year 2015
Financial Overview
January 30, 2014

Moving Delaware Forward

Investments

- **Education:** Preparing students to be college and career ready
- **Public Safety:** Preventing illegal firearms and crime
- **Job Growth:** Supporting innovation and workforce development partnerships

Unleash Potential

- Expanding college opportunities for high school students
- Reducing barriers to employment and increasing re-entry services for offenders
- Aligning workers' skills with employers' needs

Quality of Life

- Investing in our transportation network
- Revitalizing our Downtowns
- Clean Water for Delaware's Future

Operating Budget Overview

December FY 2015 DEFAC Resources (@98%)	\$ 3,810,700.0
FY 2014 Appropriations	(3,823,796.0)
Funds Available	\$ (13,096.0)
FY 2015 Costs	
Personnel	(32,764.4)
1% General Salary Increase	(15,650.2)
Public Education Steps	(9,211.1)
Annualize the education paraprofessional pay plan	(1,200.0)
Projected employer pension contribution	(323.5)
Other Steps/Annualizations/Personnel	(6,379.6)
Education	(32,260.0)
Public Education - Projected growth of 220 units	(18,990.8)
Pupil transportation formula increases	(3,412.8)
Equalization formula growth	(3,204.6)
Academic Excellence growth	(2,411.4)
Teacher and Leader Development	(1,700.0)
College Access Program	(1,500.0)
Other education items	(1,040.4)
Medicaid	(23,976.0)
Debt Service	(17,000.0)

Operating Budget Overview

Health and Social Services		<u>(12,988.1)</u>
Developmental Disabilities Services new placements	(5,579.1)	
Special School Graduates		
Community-Based services for individuals with serious and persistent mental illness	(3,615.0)	
Substance Use Disorder Services	(2,000.0)	
Nurse Family Partnership	(1,300.0)	
Other health items	(494.0)	
Operations		<u>(6,880.8)</u>
Elections - Primary and General Election	(1,967.1)	
Labor - Workforce Development	(1,000.0)	
Correction - Food Service Program	(718.0)	
DSCYF - Youth aging out of foster care	(515.0)	
DSHS - School Facility Access Control	(400.0)	
DSHS - Ballistic Resistant Vests	(315.9)	
DSHS - Enhanced Firearms Investigations	(265.3)	
DSCYF - Child Well-being Assessment Tool	(250.0)	
DSCYF - Youth Re-entry Services	(250.0)	
Correction - Pre-trial supervision	(250.0)	
Other operational items	(949.5)	
Total FY 2015 Costs		\$ <u>(125,869.3)</u> 4

New Initiatives Represent Minimal Budget Growth

Substance Use Disorder Services	\$	2,000.0
Teacher and Leader Development		1,700.0
Nurse Family Partnership		1,300.0
Workforce Development		1,000.0
School Facility Access Control		400.0
Enhanced Firearms Investigations		265.3
Pre-trial Supervision		250.0
Youth Re-entry Services		250.0
Child Well-being Assessment Tool		250.0
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	\$	7,415.3

New initiatives represent 0.199% budget growth

Available Resources Insufficient to Fund FY 2015 Costs

Funds Available Surplus/(Deficit)	\$ (13.1)
FY 2015 Cost Drivers	<u>(125.9)</u>
Subtotal: Appropriation Surplus/(Deficit)	\$ (139.0)

Figures above expressed in millions.

The State of the State's Finances

Addressing the FY 2015 Gap

Subtotal: Appropriation Surplus/(Deficit)	\$	(139.0)
Reductions/Reallocations/Special Funds		33.0
Agency and Program Cuts		<u>56.5</u>
Total: Appropriation Surplus/(Deficit)	\$	(49.5)

Figures above expressed in millions.

Agency and Program Cuts

Transportation Trust Fund	\$ 39,200.0
Open Space	7,840.0
Farmland Preservation	7,840.0
Energy Efficiency Fund	1,568.0

Revenue reflected at 98%

The State of the State's Finances

Addressing the FY 2015 Gap

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Reductions/Reallocations/Special Funds		33.0
Agency and Program Cuts		<u>56.5</u>
Total: Appropriation Surplus/(Deficit)	\$	(49.5)

Figures above expressed in millions.

Realigning Business Taxes

Incorporation Proposals

Increase annual tax on Limited Liability Companies, Limited Partnerships and General Partnerships from \$250 to \$300

- Raises \$33.0 million

Increase minimum annual Corporation Franchise Tax from \$75 to \$175

- Raises \$18.0 million

Revenue Impact: \$51.0 million

A Balanced Plan

Subtotal: Appropriation Surplus/(Deficit)	\$	(49.5)
Incorporation Revenue (@98%)		50.0
Total: Appropriation Surplus/(Deficit)	\$	0.5
Grants-in-Aid		(0.5)
Total:	\$	0.0

Figures above expressed in millions.

FY 2015 Recommended Capital Budget

Economic Development

Spurs job creation, retention
and economic growth.

Meets agency core needs and
provides continued funding
for ongoing state projects.

\$22.2 million for Strategic Fund Recommended.

Previous Strategic Fund Investments:

- Springleaf General Services Corp.
- Mountaire Farms of Delaware, Inc.
- ILC Grayling
- Amplified Geochemical Imaging
- Amazon
- Incyte Corp.
- Handy Tube Corp.
- Uzin Utz AG
- Kraft Foods Group
- Miller Metal Fabrication
- SevOne Corp.
- GE Aviation
- Ashland
- Atlantis Industries

FY 2015 Recommended Capital Budget

Economic Development



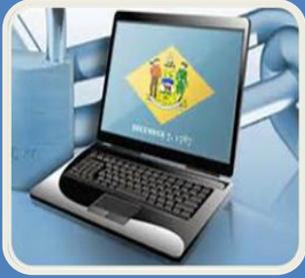
\$10.0 million for a container crane and infrastructure improvements at the Diamond State Port Corporation.



\$3.1 million for the Riverfront Development Corporation.

FY 2015 Recommended Capital Budget

Economic Development



\$3.0 million to assist in the planning and design of the Delaware Cyber Initiative.



\$2.0 million for the Federal Research and Development Matching Grant Program.

FY 2015 Recommended Capital Budget

Education



\$92.6 million for Public Education projects.

- Funding for Minor Capital Improvements.
- Funding for major capital projects in the Capital, Laurel, Red Clay, Woodbridge, Cape Henlopen, Milford, Lake Forest, Smyrna, Indian River, NCC Vo-Tech and Polytech districts.

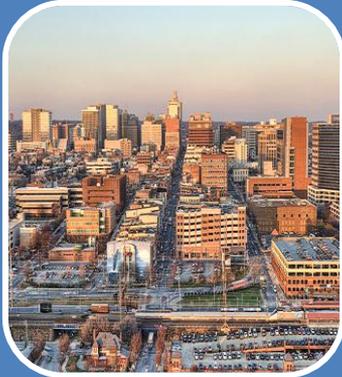


\$16.5 million for Higher Education projects.

- Funding for projects at Delaware State University, Delaware Technical and Community College and the University of Delaware.

FY 2015 Recommended Capital Budget

Quality of Life



\$7.0 million to promote rehabilitation and construction in designated Downtown Development Districts.



\$6.0 million (in addition to \$4.0 million in the operating budget) for DSHA's Housing Development Fund.

Between FY 2009 and FY 2013, \$46.8 million was dedicated to this fund, leveraging over \$172.2 million in federal and private funds and retaining or creating an estimated 1,387 jobs.

FY 2015 Recommended Capital Budget

Quality of Life



\$4.2 million for libraries, including Delmar, Lewes, Route 9/13 and Harrington.

Since FY 2010, \$24.6 million has been dedicated to library construction.



\$2.9 million for redevelopment of strategic sites, including NVF and Fort DuPont.



\$2.7 million for Statewide Trails and Pathways.

FY 2015 Recommended Capital Budget

Ensuring Public Safety



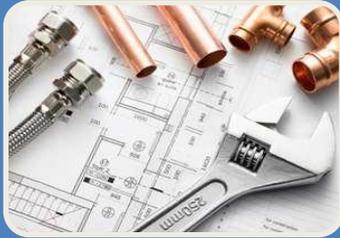
\$3.0 million for new Troop 3 in Camden.



\$1.7 million for the renovations to the Delaware National Guard's 198th Readiness Center in Newport.

FY 2015 Recommended Capital Budget

Infrastructure



\$25.0 million in agency Minor Capital Improvements and Equipment and Maintenance and Restoration funds.



\$14.8 million for statewide facility improvements.

FY 2015 Recommended Financial Plan

General Fund Operating Budget	\$3,829.7 million
Transportation Trust Fund Budget	\$342.2 million
Grants-in-Aid	\$45.2 million
Bond and Capital Improvements Act	\$460.9 million
- State Capital Projects.....	\$253.5 million
- Transportation Projects.....	\$207.4 million

FY 2015 Operating Budget reflects 3.0% growth

End of Presentation