

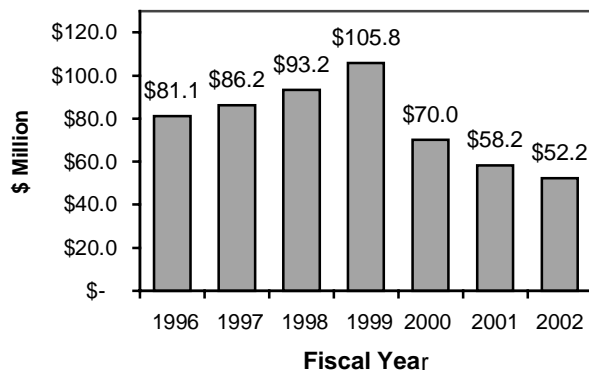
POLICY OVERVIEW

The Governor's Recommended Fiscal Year 2002 Capital Budget totals \$391.2 million. Of this total, \$210.1 million is for Non-Transportation, agency projects, and \$181.1 million for the capital program of the Department of Transportation. The Governor's Recommended Fiscal Year 2002 Capital Budget addresses key policy priorities of the Governor in the following areas:

Fiscal Responsibility

For Fiscal Year 2002, the Governor recommends the authorization of \$121.6 million in general obligation bonds. The Governor recommends the appropriation of \$52.2 million in General Funds to support capital projects.

General Obligation Bond Authorization



The Fiscal Year 2002 Capital Budget includes funding for the completion of several major capital projects. These projects include fully funding school referenda projects in the Capital and Seaford school districts; and fully funding the remaining obligations for the new Troop 2 facility.

The Governor's Recommended Fiscal Year 2002 Capital Budget dedicates resources to renovating and maintaining the state's physical plant. Over \$7.3 million has been recommended for minor capital improvements, and repair/restoration funding for projects such as Buena Vista, the William Penn Building and the New Castle County vehicle inspection lanes.

Economic Development and Job Creation

The Governor's Recommended Fiscal Year 2002 Capital Budget targets significant resources to support economic development in Delaware including:

- \$5.0 million for the final year of funding for the Biotechnology Institute. This initiative is designed to support key economic development efforts in biotechnology and the life sciences. The life sciences and biotechnology areas are expected to be major growth sectors in the Delaware economy heading into the 21st century. This initiative will provide the funds for a partnership with the private sector and institutions of higher education. Both the private sector and our institutions of higher education have already made significant commitments to positioning Delaware to become a world leader in the areas of biotechnology and life sciences.
- \$10.0 million to the Delaware Strategic Fund. 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.
- \$5.0 million for the Riverfront Development Corporation. These funds will support the ongoing revitalization of the Christina waterfront. This waterfront development project creates jobs, attracts out of state visitors and tourist dollars and promotes economic revitalization for nearby communities.
- \$4.0 million for the Delaware State University High Technology Incubator. These funds will be directed towards the completion of construction for this project designed to encourage the location and growth of high tech businesses and the development of advanced manufacturing techniques and processes.

Education

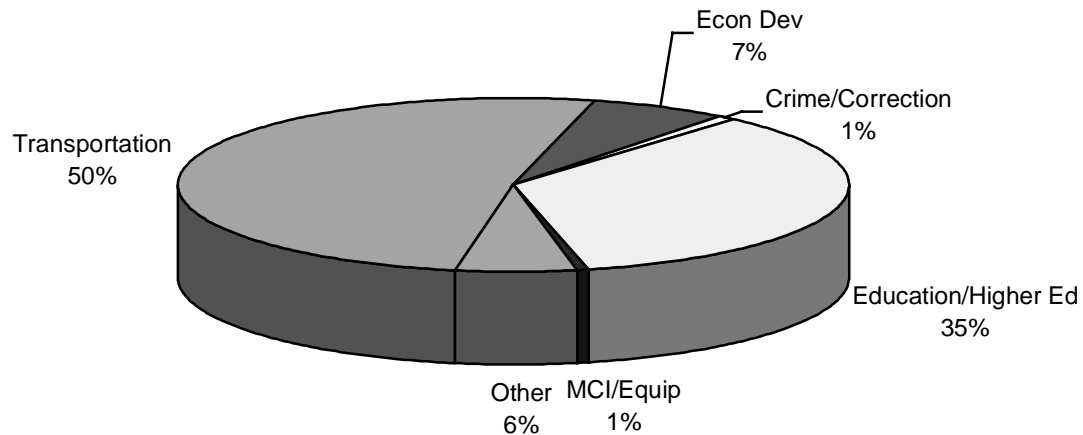
The Governor's Recommended Fiscal Year 2002 Capital Budget reinforces the state's commitment to quality education by providing funds for the following:

- For Public Education projects, \$124.0 million has been recommended. These include completing the funding requirements for capital projects in the Capital and Seaford school districts as well as providing funding for ongoing projects in the Appoquinimink, Colonial, Caesar Rodney, Indian River, Cape Henlopen and Smyrna school districts. A referendum contingency of \$24.0 million has also been recommended for those projects that will go to referendum in the second half of Fiscal Year 2001.

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- \$5.5 million for capital projects at the University of Delaware. These projects include \$3.0 million for the renovation of Wolf Hall, and \$2.5 million for DuPont Hall expansion.
- \$5.5 million in support of Delaware State University. \$1.5 million of these funds will be directed toward the completion of a new Administration building and \$2.5 million for the construction of a Multi-purpose Sports/Wellness Complex. \$1.0 million will be directed to minor capital improvements and equipment and \$500.0 for the construction of a new Information Technology Building.
- \$5.5 million for capital projects at Delaware Technical and Community College. These projects include \$1.8 million to complete the Education and Technology Building on the Terry Campus, \$2.2 million for renovations of the Jason Building at the Owens Campus and \$200.0 for the Administrative Information system project. \$300.0 has been recommended for the Excellence Through Technology Campaign, \$50.0 for planning for the Stanton Campus Expansion and \$950.0 for the renovation and associated equipment at the Stanton and Wilmington campuses.
- Over \$5.3 million for matching contributions in support of local library projects under the Library Construction Act. These library projects include funds for the Dover, Newark, Wilmington Institute, Smyrna, Delaware City, Milton, Seaford, Frankford, Harrington and South Coastal Public Libraries and for the Robert Parker Library at Wesley College. Funds are matched dollar for dollar as per amendments to the Library Construction Act contained in the Fiscal Year 1999 Capital Improvements Act.

FY 2002 Capital Budget by Program Area



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Protecting Delaware's Environment

The Governor has recommended funding for projects contributing to protecting our environment including:

- \$2.3 million for the Conservation Cost Share program. The Conservation Cost Share program provides financial assistance to Delawareans employing best practices in the management of animal waste products, thereby reducing nutrient runoff.
- \$1.0 million for Beach Preservation and Replenishment.

In addition, the Governor's Recommended Fiscal Year 2002 Capital Budget includes \$1.0 million for state park funding, in addition to \$500.0 in dedicated funding for Fort Delaware State Park and Wilmington parks. These funds are in addition to the over \$900,000 per year in interest earnings from the Parks Endowment Fund.

Fighting Crime/Enhancing Public Safety

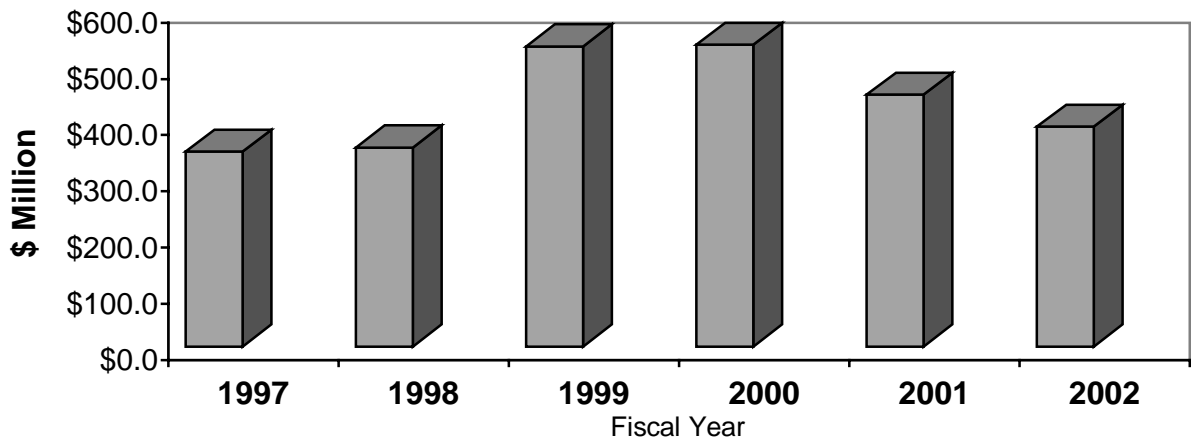
The Governor's Recommended Fiscal Year 2002 Capital Budget includes targeted funding including:

- \$2.5 million for equipment for the New Castle County Courthouse at Fifth and King streets in Wilmington. Part of these funds will be used to secure new innovations in courtroom technology to ensure the complex will provide a court center that will serve Delaware well into the 21st Century.
- \$1.8 million to complete the construction of a 77-bed juvenile detention facility to be located on the grounds of the Stevenson House in Milford.
- \$1,000.0 for support of the programs offered by the Boys and Girls Clubs of Delaware.

Strengthening Families

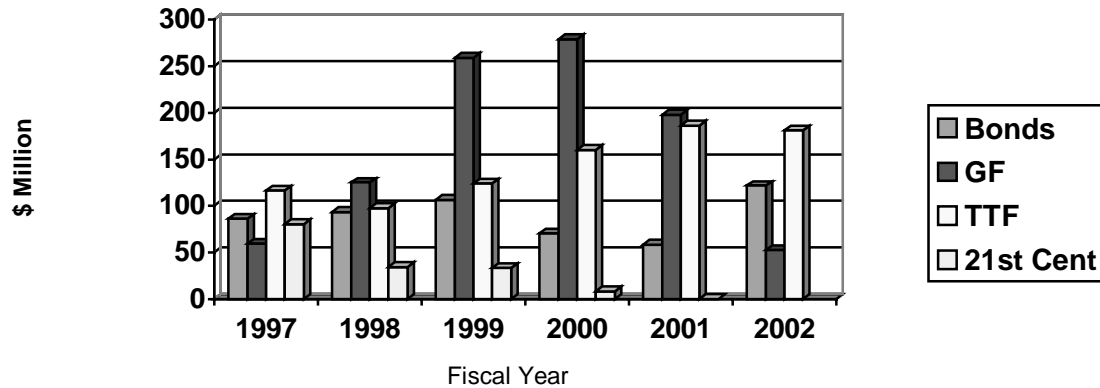
The Governor has recommended \$1,000.0 to support the renovation of transitional housing at the Central Branch YMCA.

Capital Budget Authorization



POLICY OVERVIEW

Capital Budget Revenue Sources



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 Fiscal Year 2002 DEFAC revenue estimates, the maximum amount that could be authorized is \$121.6 million.

General Funds

A total of \$52.2 million of General Funds is recommended to support the Fiscal Year 2002 Governor's Recommended Capital Budget.

Deauthorization of General Obligation Bonds

Between 1964 and 1982, the General Assembly appropriated funds to guarantee loans made by commercial lenders to Delaware businesses. The loans were in the form of industrial revenue bonds. As these borrowers pay off the principal of their loans, the State can reduce the amount it must hold by the same amount. In Fiscal Year 2001, borrowers will have paid \$165.0 in principal to banks, thus allowing the State to reduce its guarantees by this amount in Fiscal Year 2002.

First State Improvement Fund

It is recommended that \$60.0 in interest from remaining programmed First State Improvement Fund be dedicated to support the Fiscal Year 2002 Capital Budget.

Health Facilities Subsidy Fund/Reversions and Reprogramming

It is recommended that \$150.0 be transferred from the State Treasurer's Bond Reversion accounts to support Fiscal Year 2002 capital projects.

Stripper Well Funds

As a result of a court settlement in 1986, \$2.0 billion of oil overcharge revenue was directed to be distributed to states, and Delaware's share has totaled \$9.0 million. These funds are dedicated to projects with payback periods of one to fifteen years. For Fiscal Year 2002, \$300,000 of these funds is recommended to be dedicated toward eligible projects.

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 2002, total Transportation Trust Fund revenues supporting the department's Financial Investments Program are estimated to be \$181.1 million.