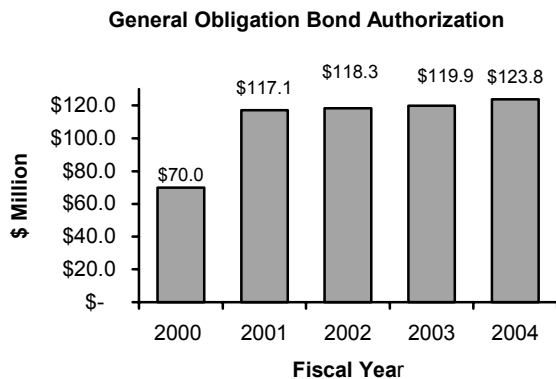


## POLICY OVERVIEW

The Governor's Recommended Fiscal Year 2004 Capital Budget totals \$392.4 million. Of this total, \$134.0 million is for non-transportation and agency projects, and \$258.3 million is for the capital program of the Department of Transportation. The Governor's Recommended Fiscal Year 2004 Capital Budget addresses key policy priorities of the Governor in the following areas:

### ***Sound Fiscal Management***

For Fiscal Year 2004, the Governor recommends the authorization of \$123.8 million in general obligation bonds. This level of funding will enable Delaware to maintain its current AAA bond rating while continuing to make progress in improving schools and protecting the investments already made in other state institutions. In light of the present fiscal conditions, the Governor has developed the Fiscal Year 2004 Recommended Capital Budget anticipating \$7.3 million in General Fund revenues to support the recommendations.



The Fiscal Year 2004 Recommended Capital Budget includes funding for the completion of several major capital construction and renovation projects in a number of school districts. These projects include fully funding school referenda projects in the Colonial and Woodbridge school districts. Funding is also recommended to complete the expansion of the Autistic School in the Christina school district and to finish the renovation of the Charlton School in the Caesar Rodney school district.

Representing a significant investment in core state facilities and infrastructure, the Fiscal Year 2004 Recommended Capital Budget includes \$3.3 million in funding for the Kent County Courthouse as well as \$6.6 million for the Phase I construction of a new vehicle inspection center at Georgetown in Sussex County. The Governor's Recommended Fiscal Year 2004 Capital Budget dedicates resources to renovating and maintaining the state's physical plant.

In Fiscal Year 2004, \$8.1 million has been recommended for minor capital improvements, maintenance and restoration and asset preservation projects throughout state agencies and institutions of higher education.

### ***Economic Development and Job Creation***

The Governor's Recommended Fiscal Year 2004 Capital Budget targets \$10.0 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.

### ***Education***

The Governor's Recommended Fiscal Year 2004 Capital Budget reinforces the state's commitment to quality education by providing funds for the following:

- \$77.6 million for Public Education projects has been recommended. This represents 58 percent of the non-transportation capital recommendations. These include completing the funding requirements for capital projects in the Colonial and Woodbridge school districts as well as providing funding for ongoing projects in the Indian River, Brandywine, Red Clay and Christina school districts. Funding is also recommended to finish the renovation of the John S. Charlton special school in the Caesar Rodney school district as well as for the expansion of the Statewide Autistic Program located in the Christina school district.
- \$3.5 million for capital projects at the University of Delaware. The allocation of \$ 3.0 million will be used for the renovation of Wolf Hall. \$500,000 will be directed to minor capital improvements and equipment.
- \$3.5 million in support of Delaware State University. \$3.0 million for the construction of a multi-purpose Sports/Wellness Complex. \$500,000 will be directed to minor capital improvements and equipment.
- \$3.5 million for capital projects at Delaware Technical and Community College. These projects include \$1.2 million for the Education and Technology Building on the Terry Campus and \$660.0 for renovations of the Jason Building at the Owens Campus. \$300.0 has been recommended for the Excellence Through

## ***POLICY OVERVIEW***

Technology Campaign, and \$1.4 million for the Collegewide Asset Preservation Program.

- Over \$1.7 million of state funds has been reallocated to capital projects at the Harrington, Laurel and Woodlawn Public libraries.

### ***Protecting Delaware's Environment***

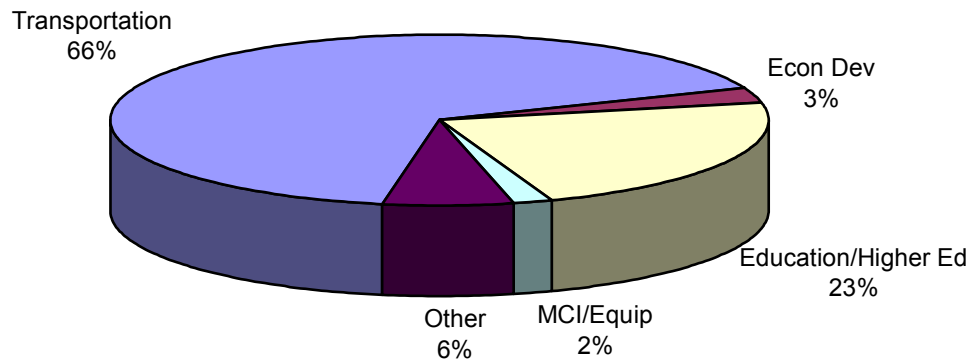
The Governor has recommended funding for projects contributing to protecting our environment including:

- \$2.3 million for the Conservation Cost Share program. The Conservation Cost Share program provides financial assistance to Delawareans

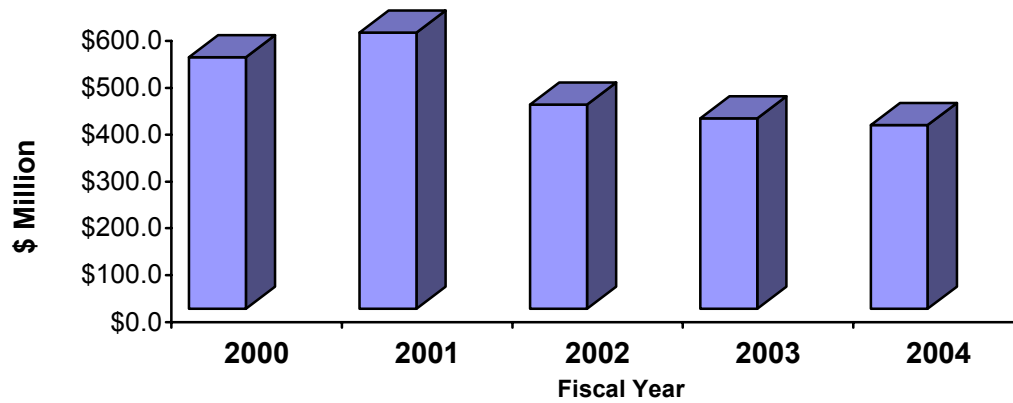
employing best practices in the management of animal waste products, thereby reducing nutrient runoff.

- \$1.0 million for Beach Preservation and Replenishment.
- \$1.0 million for replacement dams for Records and Chipman ponds. These investments will improve the public safety for those in the area of these water control structures.

### **FY 2004 Capital Budget by Program Area**



### **Capital Budget Authorization**



## 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 2004 DEFAC revenue estimates plus Governor's Recommended adjustments, the maximum amount that could be authorized is \$123.8 million.

#### **General Funds**

A total of \$7.3 million in General Funds are recommended to support the Fiscal Year 2004 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 2003, borrowers will have paid \$180,000 in principal to banks, thus allowing the State to reduce its guarantees by this amount in Fiscal Year 2004.

#### **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 2004, total Transportation Trust Fund revenues supporting the department's Financial

Investments Program are estimated to be \$258.3 million.

#### **21st Century Fund Interest**

The Twenty-First Century Fund was created as a result of the settlement of the Delaware v. New York abandoned property case. Interest of the available balances in the amount of \$1.0 million is recommended to support the Fiscal Year 2004 Capital Budget

### Capital Budget Revenue Sources

