

GOVERNOR'S POLICY OVERVIEW

The Minner-Carney administration's financial stewardship has placed Delaware in a strong fiscal position entering Fiscal Year 2007. By applying effective financial principles, such as aligning on-going revenues and on-going expenditures, protecting core government services, and avoiding one-time fixes, Delaware has built a solid financial base. In numerous venues, Delaware has been recognized nationally for excellence in our financial institutions.

It will be absolutely critical to maintain this solid base in the face of several issues which Delaware policy makers must address within the state's fiscal plans. These issues include the rising costs of core government services, corporate restructurings and federal budget cuts and cost shifts to states. Though the baseline economic forecast is optimistic for the state, addressing these issues by enacting short sighted, quick fixes will only serve to weaken our solid financial base and reverse the progress made during the prior years of this administration.

The proposed Fiscal Year 2007 Operating Budget totals \$3,002.8 million. This budget, in combination with the Recommended Bond and Capital Improvements Act and recommended set aside for Grants-In-Aid, will total less than the constitutionally mandated 98 percent limit on appropriations. The Governor has prudently constrained agency budget growth while targeting additional funding to areas of highest operational or policy priority.

In addition, this budget will continue to address the goals to which this Administration is firmly committed:

- ◆ Schools that set high standards and prepare children for college, work, and life;
- ◆ A Livable Delaware that strengthens communities and preserves quality of life;
- ◆ Health, safety and self-sufficiency for every Delaware family;
- ◆ Economic development that nurtures and maintains high quality jobs; and
- ◆ A state government that is well-managed.

SCHOOLS THAT SET HIGH STANDARDS AND PREPARE CHILDREN FOR COLLEGE, WORK AND LIFE

- ◆ The Governor recommends \$105,806.9 for Public Education Construction Projects including continuing to implement full-day Kindergarten statewide by 2008. This funding will allow for the completion of the Red Clay referendum projects, and provide funding for projects in the Appoquinimink, Indian River, Smyrna, Lake Forest,

Colonial and Brandywine school districts. Funding is also recommended for the Poly Tech High School and for the Sussex Technical High School.

- ◆ The Governor recommends an increase of \$3,700.0 for Phase II of full-day Kindergarten implementation. The total recommended appropriation is \$6,700.0 and will provide full funding for full-day Kindergarten in eight school districts, seven charter schools and continue the funding of one pilot classroom in four school districts.
- ◆ The Governor recommends \$632.4 for an additional ten math specialists to continue to expand this initiative to schools with a grade configuration of any grades six through eight. This recommendation will allow for a total of 32 math specialists statewide who will provide additional instruction for students to learn the necessary skill sets to achieve the Delaware mathematics standards as assessed by the DSTP.
- ◆ The Governor recommends \$600.0 in SEED Scholarship to provide funding for scholarships awarded through the SEED program.
- ◆ The Governor recommends \$8,125.0 for projected unit growth of 125 Division I, II and III units in the 2006-2007 school year and \$2,436.2 in Division funding for 31 additional Division I and 24 Division II units for the 2005-2006 school year.
- ◆ The Governor recommends \$5,375.6 in Public School Transportation to address formula changes, and an additional \$2,000.0 for potential formula adjustments. Also recommended is one-time funding of \$966.8 to purchase 18 buses.
- ◆ The Governor recommends \$300.0 in Delaware Student Testing Program (DSTP) for the development and purchase of additional test items.
- ◆ The Governor recommends \$407.5 in Early Childhood Assistance to increase the per pupil amount to close the gap with the federal funding level.
- ◆ The Governor recommends \$382.5 in Student Discipline for five new district schools, four new charter schools and four schools with configuration changes.

A LIVABLE DELAWARE THAT STRENGTHENS COMMUNITIES AND PRESERVES QUALITY OF LIFE

- ◆ The Governor recommends continued support through dedicated revenue in the amount of

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\$10,000.0 for Farmland Preservation and \$10,000.0 for Open Space.

- ◆ The Governor recommends \$3,700.0 in the Bond and Capital Improvements Act to continue the Beach Preservation Program. These funds will be used for the cost-share of the Rehoboth/Dewey Beach, Bethany/South Bethany and Fenwick Island projects.
- ◆ The Governor recommends \$3,205.0 in the Bond and Capital Improvements Act for the Conservation Cost Share Program. This program assists landowners by providing funds for the design and installation of systems that protect water supplies and natural resources while minimizing the erosion of farmland and the pollution to wildlife habitat.

HEALTH, SAFETY AND SELF-SUFFICIENCY FOR EVERY DELAWARE FAMILY

- ◆ The Governor recommends \$59,354.0 for the Medicaid program to cover increasing health care costs and a client base that is projected to reach over 146,000 persons during Fiscal Year 2007. Client growth is also the basis for a \$736.5 recommendation for the Delaware Healthy Children Program in Medicaid and Medical Assistance.
- ◆ The Governor recommends \$12,525.0 (all funds) to cover the loss of Federal Fiscal Relief funding in Public Health and provide funding for a comprehensive list of cancer treatment initiatives as covered in the Cancer Council Recommendations.
- ◆ The Governor recommends \$2,000.0 for Infant Mortality Task Force Recommendations. This funding will include creating the Center for Excellence in Maternal and Child Health and Epidemiology within the Division of Public Health and implementing comprehensive case management services to pregnant women and their infants.
- ◆ The Governor recommends \$2,657.1 in Child Care for anticipated program growth in Social Services. Also recommended is \$1,166.7 to annualize the Child Care rate increases from Fiscal Year 2006.
- ◆ The Governor recommends \$2,829.5 to fund additional special population placements, community residential placements and special school graduates in Developmental Disabilities Services. Also recommended is \$400.0 for a new group home for individuals with special behaviors.
- ◆ The Governor recommends \$1,300.0 for the increasing costs of medications and \$564.4 for

Community Continuum of Care Program placements in Substance Abuse and Mental Health.

- ◆ The Governor recommends \$5,598.2 in the Bond and Capital Improvements Act for Critical Deferred Maintenance at the Delaware Psychiatric Hospital for electrical, plumbing and roofing repairs to the hospital infrastructure.
- ◆ The Governor recommends \$19,825.5 in the Bond and Capital Improvements Act for the completion of a new, 82,745 square foot Stockley Medical Center with a capacity of 45 beds.
- ◆ The Governor recommends \$13,700.0 in the Bond and Capital Improvements Act for enhancements to the state's 800 MHz emergency radio communication system.
- ◆ The Governor recommends \$676.0 and \$106.4 ASF and 6.0 FTE Troopers and 2.0 ASF FTE Troopers. This funding will annualize 16.0 FTE Troopers added during Fiscal Year 2006 and expand the complement of troopers by an additional eight, including increasing the number of troopers for Sussex County. This recommendation will also increase the authorized strength of the State Police to 655 troopers.
- ◆ The Governor recommends \$615.6 for technology enhancements to bring the entire State Police computer network to the next generation of computers and provide technology for statewide law enforcement agencies to meet federal security standards.
- ◆ The Governor recommends \$2,500.0 in the Bond and Capital Improvements Act for the Automated Fingerprint Identification System (AFIS). This funding will provide local law enforcement agencies with the latest fingerprint retrieval technology.

ECONOMIC DEVELOPMENT THAT NURTURES AND MAINTAINS HIGH QUALITY JOBS

- ◆ The Governor recommends \$10.0 million in the Bond and Capital Improvements Act for the third year funding for New Economy Initiative programs. The New Economy Initiative focuses on both the diversification of Delaware's economy and the fostering of a vibrant entrepreneurial culture in Delaware's business community. Third year funding will further spur new investments in existing facilities; support clean energy and fuel cell research; and invest in research and development.

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- ◆ The Governor recommends \$1.0 million for the Fraunhofer Center for Molecular Biotechnology for vaccine development efforts. These funds represent the first year of a five year commitment and are projected to leverage significant private funding as well.
- ◆ The Governor recommends \$10.0 million to the Delaware Strategic Fund, \$7.0 million to the Diamond State Port Corporation and \$5.0 million to the Riverfront Development Corporation.

A STATE GOVERNMENT THAT IS WELL-MANAGED

- ◆ The Governor recommends \$15,100.0 in the Bond and Capital Improvements Act to continue the implementation of ERP Financials to replace the Delaware Financial Management System (DFMS) and the Department of Transportation's BACIS accounting system. The implementation of this system will provide one financial management system statewide.
- ◆ The Governor is recommending \$16,035.4 in the Bond and Capital Improvements Act for minor capital improvements, equipment purchases and maintenance and restoration of state facilities. These funds are intended to maintain state-owned facilities in a safe condition and improve the functionality of buildings, grounds and building systems.