

GOVERNOR'S POLICY OVERVIEW

Governor Minner's Fiscal Year 2008 Recommended Operating Budget is presented during a time of continued population growth and increasing demands for government services. Policy makers in Delaware are faced with tough choices as federal budget cuts continue, transportation demands outpace available revenues and the revenue impact of Pennsylvania and potentially Maryland slots are recognized. For Delaware, this time of uncertainty is balanced by the Minner - Carney administration's responsible budgeting practices which have provided a cushion that allows the State to successfully adjust during times of transition.

This budget reflects the Governor's commitment to consistently apply key financial principles, such as preserving essential government services, building a sustainable financial plan, addressing future liabilities, maintaining reserves and utilizing aggressive cost containment. Through the use of these guiding principles, Delaware has built a solid financial base that has been recognized nationally for excellence including the consistent reaffirmation of the State's AAA bond rating. It will be absolutely critical to maintain this solid base in the face of the State's constantly evolving financial picture.

The proposed Fiscal Year 2008 Operating Budget totals \$3,248.7 million, an increase of 4.73 percent over the Fiscal Year 2007 Operating Budget. This budget, in combination with the Recommended Capital Budget and recommended set aside for Grants-In-Aid, is within the constitutionally mandated 98 percent limit on appropriations. This budget targets additional funding to areas of highest operational or policy priority, while continuing to exercise fiscal restraint.

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 \$98,181.1 for public education construction projects. A Referenda Contingency is included in this funding.
- ◆ The Governor recommends \$5,971.2 for the expansion of the full-day Kindergarten program. The appropriation will provide full funding for full-day Kindergarten in eleven school districts, eight charter schools and continue the funding of pilot classrooms in two additional school districts.
- ◆ The Governor recommends \$702.3 for an additional ten Math Specialists to complete this initiative. This recommendation will allow for a total of 42 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 an additional \$1,000.0 in SEED Scholarship funding to provide college scholarships to eligible students graduating from Delaware high schools.
- ◆ The Governor recommends \$9,646.5 for projected unit growth of 125 Division I, II and III units in the 2007-2008 school year.
- ◆ The Governor recommends \$2,640.0 in the Academic Excellence Block Grant to address projected unit growth.
- ◆ The Governor recommends \$3,450.0 in Public School Transportation to address formula changes.
- ◆ The Governor recommends a total of \$3,885.8 in support of Department of Education and Vision 2015 initiatives. Funding includes, but is not limited to seed funding for a virtual school, early childhood success funding and funding to address the growing population of Limited English Proficient (LEP) students.
- ◆ The Governor recommends \$250.0 for 4th Grade Challenge Fitness Grants to ensure each fourth grade student has a baseline assessment of their fitness levels to assist them and their parents in making healthy lifestyle choices.

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A LIVABLE DELAWARE THAT STRENGTHENS COMMUNITIES AND PRESERVES QUALITY OF LIFE

- ◆ The Governor recommends continued support through dedicated revenue in the amount of \$10,000.0 for Farmland Preservation and \$10,000.0 for Open Space.
- ◆ The Governor recommends \$5,037.5 in the Capital Budget to continue the Beach Preservation Program. These funds will be used for the cost-share of the Bethany/South Bethany project.
- ◆ The Governor recommends \$1,000.0 in the Capital Budget for the Forestland Preservation Program. This program will protect and enhance Delaware's remaining forested lands and provide wildlife habitat, preserve open space, and protect air and water quality.
- ◆ The Governor recommends \$1,000.0 in the Capital Budget for the Dam Emergency Planning Fund. These funds will be used to develop Emergency Action Plans (EAP), which consist of an engineering inspection, dam break analysis, inundation map, emergency action plan and an operations and maintenance plan.

HEALTH, SAFETY AND SELF-SUFFICIENCY FOR EVERY DELAWARE FAMILY

- ◆ The Governor recommends the creation of the Delaware Healthy Life Fund to be funded by increasing the Cigarette Tax by \$0.45 per pack. This increase will raise the tax for a pack of cigarettes in Delaware to \$1.00. This recommended increase is projected to generate an additional \$42,000.0 which is proposed to support programs focusing on the health needs of Delaware's most at-risk population as well as improving the State's comprehensive system of health services. The Delaware Healthy Life Fund will support the following health initiatives:
 - \$5,000.0 is recommended for Uninsured/Underinsured initiatives;
 - \$223.7 is recommended to create a Medicaid Buy-In Program to assist individuals with disabilities by allowing them to work without losing health benefits;
 - \$1,138.4 is recommended to expand the Delaware Healthy Children Program (CHIP) to an additional 975 families;

- \$3,000.0 is recommended to continue the creation of the Delaware Health Information Network (DHIN) to improve the exchange of clinical information within Delaware's medical community;
 - \$1,000.0 is recommended to support recommendations of the Governor's Task Force on Health Disparities;
 - \$2,747.3 is recommended for Delaware Technical & Community College's Two Year Nursing Expansion Program;
 - \$500.0 is recommended for the Delaware State University and the University of Delaware Four Year Nursing Expansion Programs; and
 - \$28,390.6 is recommended for rising caseloads associated with Medicaid.
- ◆ The Governor recommends an additional \$9,915.1 for the Medicaid program for a total of \$38,305.7 to cover increasing health care costs and a client base that is projected to reach over 151,000 persons during Fiscal Year 2008.
 - ◆ The Governor recommends \$3,693.2 ASF to provide funding for a comprehensive list of cancer treatment initiatives as covered in the Cancer Council Recommendations.
 - ◆ The Governor recommends \$1,919.2 for Infant Mortality Task Force Recommendations. This funding will be used to create a statewide education campaign and to increase access to care.
 - ◆ The Governor recommends \$4,016.0 in Child Care for anticipated program growth in Social Services. Also recommended is \$550.0 to annualize the Child Care rate increases from Fiscal Year 2007.
 - ◆ The Governor recommends \$4,801.5 to fund additional special population placements, community residential placements and special school graduates in Developmental Disabilities Services.
 - ◆ The Governor recommends \$9,951.9 for projected operating costs of the recently constructed Veterans Home.
 - ◆ The Governor recommends \$12,700.0 in the Capital Budget for enhancements to the State's 800 MHz emergency radio communication system.
 - ◆ The Governor recommends \$465.2 and 5.0 FTEs Trooper and 1.0 NSF FTE Trooper. This funding will expand the complement of troopers by an additional six to increase the authorized strength of the State Police to 661 troopers.

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- ◆ The Governor recommends \$3,750.0 for infrastructure requirements in Juvenile Justice programming to address the growing population of youth in special placements. An additional \$277.4 is recommended for the preservation of services through the Comprehensive Aftercare Program in Kent and Sussex counties.
- ◆ The Governor recommends \$75.0 for the implementation of a pilot prison re-entry program in New Castle County which will be modeled after the existing program in Sussex County.

ECONOMIC DEVELOPMENT THAT NURTURES AND MAINTAINS HIGH QUALITY JOBS

- ◆ The Governor recommends \$12.0 million to the Delaware Strategic Fund. This fund provides a flexible funding mechanism for attracting new jobs and retaining existing jobs in Delaware.
- ◆ The Governor recommends \$5.0 million in the Capital Budget for the fourth year of 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. Fourth year funding will focus on fast-growing, small businesses in various technology fields.
- ◆ The Governor recommends \$3.0 million for the Diamond State Port Corporation and \$2.0 million for the Riverfront Development Corporation.
- ◆ The Governor recommends \$1.0 million for the Fraunhofer Center for Molecular Biotechnology for vaccine development efforts. These funds represent the second year of a five year commitment and are projected to leverage a total of \$10.0 million in private funding.

A STATE GOVERNMENT THAT IS WELL-MANAGED

- ◆ The Governor recommends a total allocation of \$40.1 million to cover the future liability associated with Other Post Employment Benefits (OPEB) for retirees of the State of Delaware. The goal of this funding is to fully fund the liability within six years.

- ◆ The Governor recommends \$20.0 million in the Capital Budget to continue the implementation of ERP Project to replace the Delaware Financial Management System (DFMS) and the Department of Transportation's BACIS accounting system and to upgrade and add functionality to the Payroll/Human Resource Statewide Technology (PHRST) system. The implementation of this system will provide one financial management system statewide and integrate with PHRST system.
- ◆ The Governor recommends \$19,285.4 in the Capital Budget 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.
- ◆ The Governor recommends \$6.5 million for the creation of a new State Employee Workforce, Education and Training Center.
- ◆ The Governor recommends the implementation of a statewide pilot Shared Savings Program modeled after the successful program operating at the Delaware Department of Transportation. This program creates incentives for employees to participate in the development of cost effective and efficient strategies for improving state government.