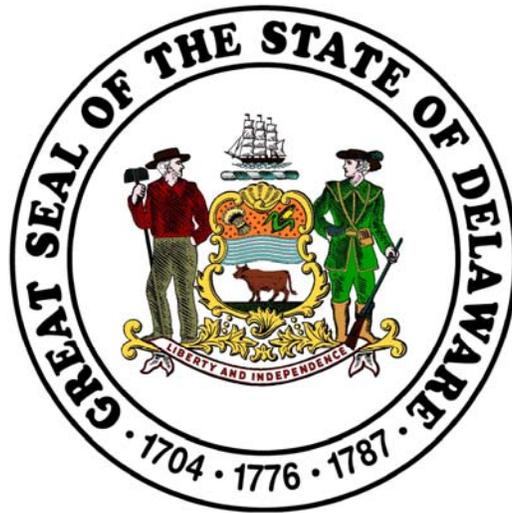


# Delaware

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*Office of the Governor*



## **Policy and Financial Overview**

*Fiscal Year 2009*

*Governor Ruth Ann Minner*

To My Fellow Delawareans:

The Fiscal Year 2009 financial plan was carefully crafted in a time of significant economic challenges facing the State of Delaware and the nation. Since I unveiled my recommended financial plan in January 2008, state revenue estimates declined more than \$500 million between Fiscal Year 2008 and Fiscal Year 2010. As such, my Administration and the General Assembly worked diligently to find strategic ways to reduce the deficits by reducing the base budget, implementing a hiring freeze and complement reduction, incorporating innovation in our operations and maximizing federal resources. For Fiscal Year 2008, we worked tirelessly in less than five months to reduce the deficit through a combination of reversions and budget cuts worth more than \$138 million.

For Fiscal Year 2009, the challenge was equally daunting. Through the collective efforts of the members of my Administration, as well as members of the legislature's Joint Finance Committee and Bond Bill Committee, we were able to successfully balance the Fiscal Year 2009 financial plan. We identified reductions and reprogramming opportunities, as well as revenue enhancements totaling approximately \$100.0 million, to present a balanced and fiscally responsible financial plan for Fiscal Year 2009.

The Fiscal Year 2009 financial plan is within the constitutionally mandated 98 percent level of appropriations and ensures core state government services are provided to all Delawareans. The operating budget of \$3,362.9 million represents an increase of 2.35 percent over the Fiscal Year 2008 Operating Budget. This plan is in keeping with the tradition of fiscal responsibility that Delaware has maintained for decades by funding critical core government services like quality schools, comprehensive health and wellness programs, and aggressive economic development initiatives.

The spending plan highlighted in this document continues to support my vision for Delaware and builds on the successes we have achieved during my Administration. Though we have endured many years of lean budgets, we have nonetheless managed to make significant improvements in the lives of all Delawareans. I am confident that we have built a strong foundation for the future of Delaware, and I am honored to have been a part of this progress.

Sincerely,

A handwritten signature in cursive script that reads "Ruth Ann Minner".

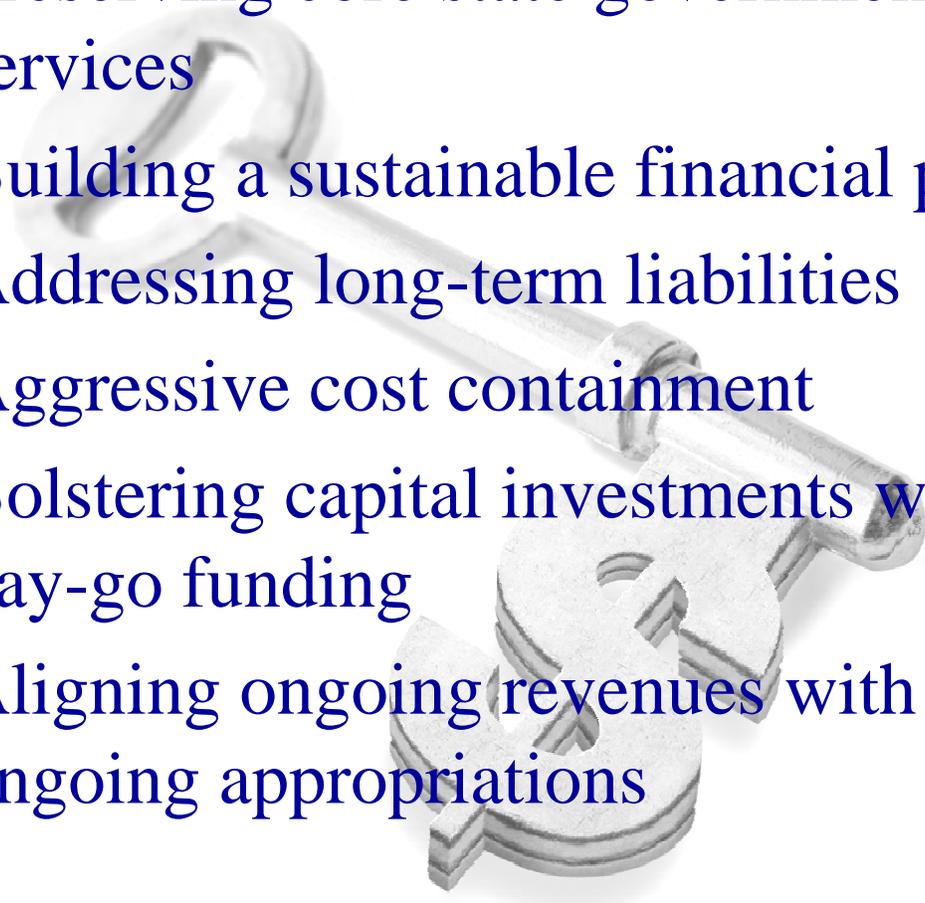
Ruth Ann Minner  
Governor

# Commitment to Key Financial Management Principles

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*Delaware's AAA Bond rating has been maintained during the Minner Administration by adhering to the following key financial principles:*

- Preserving core state government services
- Building a sustainable financial plan
- Addressing long-term liabilities
- Aggressive cost containment
- Bolstering capital investments with pay-go funding
- Aligning ongoing revenues with ongoing appropriations



# Fiscal Year 2009

## *Financial Overview*

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***General Fund Budget*** .....\$3,362.9 M

***Bond & Capital Improvements Act*** ....\$601.8 M

- Transportation Trust Fund.....\$268.6 M

- State Capital Projects..... \$333.2 M

*G.O. Bonds (\$172.5 M)*

*General Funds (\$83.4 M)*

*Other (\$77.3 M)*

***Grant-In-Aid***.....\$45.2 M

Totals may not add due to rounding

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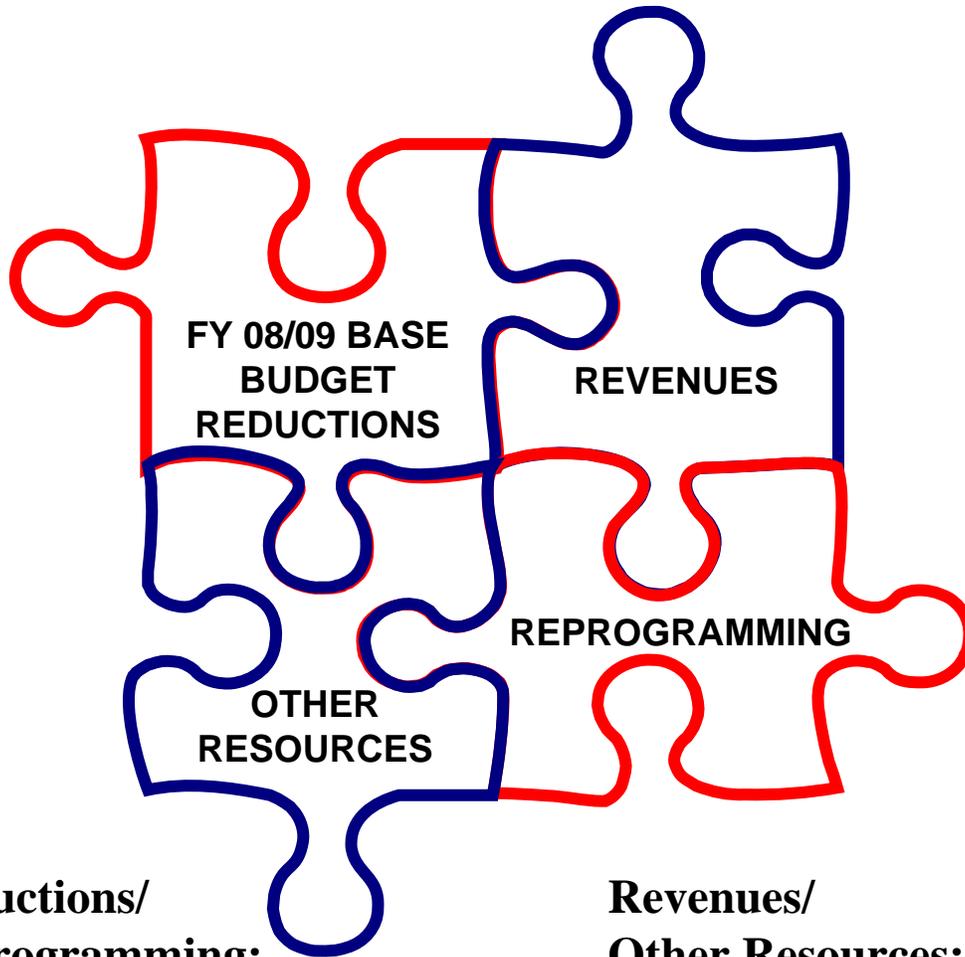
### **Responsible Budgeting:**

#### **The Cornerstone of the Minner Administration**

- Align ongoing expenditures with ongoing revenues
  - Appropriate only to 98% of revenue
  - Maintain the Rainy Day Fund
  - Preserve benefits for most vulnerable including children, elderly and disabled
  - Drive down mandated costs
  - Limit discretionary/non-essential spending
  - Preserve core state government services
  - Only use Tobacco Funds for health care related purposes
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# Piecing it Together: Strategy to Construct FY 2009 Financial Plan

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## **Reductions/ Reprogramming:**

- Base Budget Cuts
- Reducing Government Workforce Without Layoffs
- County and City Government Contributions
- Debt Affordability Study
- Property Reassessment Study/Report
- Provider Tax Analysis/Report

## **Revenues/ Other Resources:**

- Gross Receipts Tax
- Corporate Package
- Lottery Package
- Speed Up Insurance Tax Payment
- Reduce Dormancy For Securities

# Operating and Capital Budget Highlights *Fiscal Year 2009*

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## **IMPROVING EDUCATION**

- Public Education Construction/Renovation/MCI - \$132.8 million
- K-12 School Construction Prioritization Fund - \$75.0 million (one-time)
- Public Education Enrollment Growth - \$11.1 million
- Full-day Kindergarten Implementation - \$4.8 million
- SEED Scholarships - \$689,000
- Higher Education - \$15.0 million

## **STRENGTHENING DELAWARE FAMILIES**

- Medicaid - \$35.6 million
- Medicaid Buy-In - \$475,100 ASF (10/1/2008 Start Date)
- Cancer Council Recommendations - \$16.1 million (all funds)
- Energy Assistance Program - \$750,000

## **IMPROVING ACCESS TO CRITICAL RESOURCES**

- Housing Development Fund - \$5.0 million
- Delaware Emergency Mortgage Assistance Program (DEMAP) - \$500,000
- Supporting Libraries - \$10.5 million

## **PROTECTING DELAWARE'S ENVIRONMENT**

- Beach Preservation - \$2.2 million
- Conservation Cost Share - \$3.2 million

## **ECONOMIC DEVELOPMENT AND JOB CREATION**

- Strategic Fund - \$10.0 million
- New Economy Initiative, Year V - \$1.0 million
- Diamond State Port Corporation - \$4.0 million
- Riverfront Development Corporation - \$2.0 million
- Fraunhofer Vaccine Development - \$1.0 million

## **INVESTMENTS IN STATE INFRASTRUCTURE**

- EFP Financials - \$3.7 million
- 800 MHz System - \$4.5 million
- Delaware Health Information Network - \$1.5 million

# Strategic Investments that build a foundation for the future

## Improving Public Education

- Reading specialists in every public elementary school and math specialists in every public middle school
- Full-day kindergarten in 12 districts and 9 charter schools
- SEED Scholarships for Delaware students



## Making Delaware Healthier

- Cancer Council Recommendations
- Infant Mortality Task Force Recommendations
- Tobacco Prevention efforts



## Creating a Livable Delaware

- Open space, farmland and forestland preservation



## Ensuring the Safety of Delawareans

- Trooper Expansion
- 800 MHz Enhancements



## Creating and Retaining Quality Jobs

- New Economy Initiatives



## Managing State Government Well

- 8 years of balanced budgets
- Controlling mandated costs
- Funding long-term liabilities today

