

State of Delaware
Office of the Governor
Fiscal Year 2013
Financial Overview
January 26, 2012

Today's Presentation

- **Budgeting Values and Fiscal Principles.**
- **Operating Budget Overview:**
 - Balanced budget.
 - Maintaining core services and an efficient state government.
 - Investments in Classroom Resources.
- **Capital Budget Overview:**
 - Jobs and Infrastructure.
- **Department of Transportation Overview.**

Budget Principles

Invest in Priorities:

- Job Growth.
- Stronger Schools.
- Efficient Government.

Keep Core Commitments:

- Public Safety.
- Healthcare.
- K-12 and Higher Education.

Ensure Fiscal Responsibility:

- Only appropriated 98% of revenue.
- Fully funded Rainy Day Fund.
- Adhered to three-part debt limit.
- Maintained AAA-bond rating.

Governing Efficiently

- Cut over 1,000 state employee positions.
- Enacted state employee health and pension reform.
 - *Over \$480 million in savings over a 15-year period.*
- Reduced state agency printing and advertising expenses.
- Cut state's energy costs through electricity reverse auction.
 - *Estimated 18% savings while meeting EO 18 goal of 35% renewables.*
- Reduced size of state fleet by 20% (895 vehicles).
- Maintained AAA-bond rating to hold down borrowing costs.
- Reduced costs by renegotiating state leases.
 - *Total savings through FY 2013 of \$5.2 million.*

Holding the Line on Position Growth

The recommended budget contains 1,071.3 fewer state agency FTEs compared to the FY 2009 budget.

As of January 15, 2012, there are 528 fewer state employees working in Governor's executive branch agencies* full-time positions compared to March 2009.

These reductions were achieved despite adding over 100 positions for critical initiatives, including:

- Implementation of table games
- Reforms associated with patient safety and protection
- Opening of the Blue Wing at the Veterans Home
- E911 emergency dispatch
- DMV Improved Response Time

*Does not include Other Elective and Legal.

FY 2013 Recommended Financial Plan

Invests in
classroom
resources.

Responsibly funds
the increased
demand for
services.

Targets resources
toward jobs and
infrastructure.



**The Governor's FY 2013 Recommended Financial
Plan is supported without the need for increased
or additional taxes.**

Investing in Classroom Resources

Stronger schools are critical to long-term economic success, bringing businesses to Delaware and improving the quality of life for generations to come.

- \$27.4 million to maintain critical district and charter school building staff previously funded through federal Education Jobs Act funds.
- \$8.7 million to fully fund a projected growth of 111 units for school year 2012 – 2013.
- \$8.8 million to fund salary steps for school and Delaware Tech employees and \$750,000 to fund salary increase for paraprofessionals.
- \$1.5 million to support grants to low-achieving non-Title I schools in accordance with No Child Left Behind waiver provisions.

FY 2013 Recommended Operating Budget

Keeping Core Commitments

- \$14.0 million to annualize the FY 2012 pay policy.
- \$5.9 million to annualize the FY 2012 post-retirement pension increase.
- \$6.5 million to fully fund the actuarially projected employer contribution for state employee pensions.
- \$1.6 million to fund Delaware State Police step increases.

FY 2013 Recommended Operating Budget

Meeting the Growing Demand for Services

- \$21.7 million in DHSS to fund increased Medicaid costs.
- \$6.8 million in DHSS to annualize and fund additional community placements and special school graduates in the Division of Developmental Disabilities Services.
- \$3.5 million to further the State's commitment to early childhood education, which is in addition to the \$22.0 million from FY 2012.
- \$1.5 million in DSHA for the State Rental Assistance Program to assist low-income individuals who require affordable housing and supportive services to live safely and independently in the community.
 - *Within the first five months of the program, 129 applications have been received and 88 SRAP vouchers have been approved.*
- \$2.8 million in DHSS, DSCYF and DOC to sustain critical services provided to Delawareans by nonprofit providers.
- \$920,000 in DSCYF to meet the demand in Prevention and Behavioral Health Services for inpatient and outpatient treatment.

FY 2013 Recommended Operating Budget


Meeting the Growing Demand for Services

- \$750,000 in DSCYF to support and enhance investigations.
- \$400,000 in DSHS to fund the development of school safety plans.
- \$300,000 in Judicial to meet the demand for civil attorneys in Family Court.
- \$700,000 to fund the 2nd year Inspire Scholarship Program.
 - *The program will support an estimated 500 total students with \$1.4 million total.*
- \$220,000 to fund growth in the Student Excellence Equals Degree (SEED) Scholarship Program.
 - *The program will support an estimated 1,650 total students with \$4.6 million total.*
- \$200,600 in DHSS for speech pathology services in the Birth to Three Program.

FY 2013 Recommended Capital Budget



Spurs job
creation and
economic growth.



Meets agency core needs and
provides continued funding
for ongoing state projects.

\$30.0 million for Strategic Fund Recommended.

Previous Strategic Fund Investments:

- Amazon
- Mountaire Farms
- Baltimore Aircoil
- Nanticoke Hospital
- Compact Membrane Systems
- Coastal/Fordham Brewing
- Johnson Controls
- Pioneer Hi-Bred Intl.
- White Optics
- PBF
- Pinnacle Foods
- Bloom Energy

FY 2013 Recommended Capital Budget Education



\$116.1 million for Public Education projects.

- Funding for Minor Capital Improvements.
- Funding for major capital projects in the Capital, Laurel, Red Clay, Woodbridge, Seaford, NCC Vo-Tech, Polytech and Sussex Vo-Tech districts.



\$9.0 million for Higher Education projects.

- Funding for projects at Delaware State University, Delaware Technical and Community College and the University of Delaware.

FY 2013 Recommended Capital Budget

Quality of Life



\$4.0 million (in addition to \$4.0 million in the operating budget) for DSHA's Housing Development Fund.

Between FY 2010 and FY 2012, \$35.0 million was dedicated to this fund, leveraging over \$100 million in federal and private funds and retaining or creating an estimated 952 jobs.



\$1.3 million for Clean Water State Revolving Fund, which leverages \$6.5 million in federal funds.



\$1.9 million for the Drinking Water State Revolving Fund, which leverages \$9.3 million in federal funds.

FY 2013 Recommended Capital Budget

Quality of Life



\$13.3 million for Statewide Trails and Pathways.



\$2.6 million for libraries, including Delmar, Duck Creek, Frankford, Lewes, Rt. 9/13 Community and Wilmington libraries.

Since FY 2010, \$18.5 million has been dedicated to library construction.



\$2.1 million for redevelopment of strategic sites, including NVF and Fort DuPont.

FY 2013 Recommended Capital Budget

Ensuring Public Safety

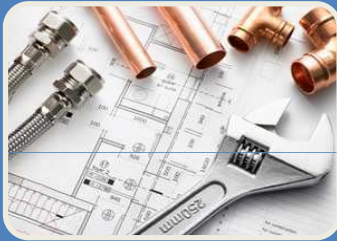


\$6.6 million for new Troop 3 in Camden and \$1.6 million for land purchase and design of the new Troop 7 in Lewes.



\$2.5 million for the Delaware National Guard's new armory in Dagsboro which will be used as match for an additional \$7.5 million in federal funds.

FY 2013 Recommended Capital Budget Infrastructure



\$16.8 million in agency Minor Capital Improvements and Equipment (MCI) and Maintenance and Restoration funds.



\$9.9 million for infrastructure improvements at the Howard R. Young Correctional Facility.

TEAM DeIDOT

- **T**ransparent
 - Real Estate Acquisition Safeguards
- **E**fficient
 - Natural Disaster Response
 - Highway-Speed EZ Pass Lanes
- **A**ccountable
 - Dashboard (performance measures, service levels, customer satisfaction)
- **M**easured
 - Improved Customer Service
 - DMV (wait time improvements, 8 year driver license)
 - DTC (arrival times, electronic route information)
 - Performance Measures



Transportation Trust Fund 2011 Task Force Report

Task Force Report

- Explored revenue and capital cost assumptions for the TTF.
- TTF could not meet the unfunded demand for future projects.
- Recommendations included:
 - Increase existing revenue and find new sources of revenue.
 - Shift costs of operations to the General Fund.
- TTF was headed for a crisis if DelDOT continued to do business as usual.

Path Forward – A New Way of Doing Business

- Determine want vs. need.
- Delaware's infrastructure is in good condition.
- Measured approach needed to evaluate all projects.
- Managing debt service, while maintaining a state of good repair.
- Work with Bond Bill Committee and other key stakeholders.

DelDOT's Budget Goals

A New Way of Doing Business

Robust

- Maintain a robust capital plan that will create jobs, while meeting the growing transportation needs of the state.

Realistic

- More closely aligning agency staff and financial resources with our capital program and operational needs.

Responsible

- Managing the agency's future indebtedness, while achieving savings in our borrowing costs.

DelDOT's Budget Goals

A New Way of Doing Business

Management of Core Infrastructure (maintain state of good repair)

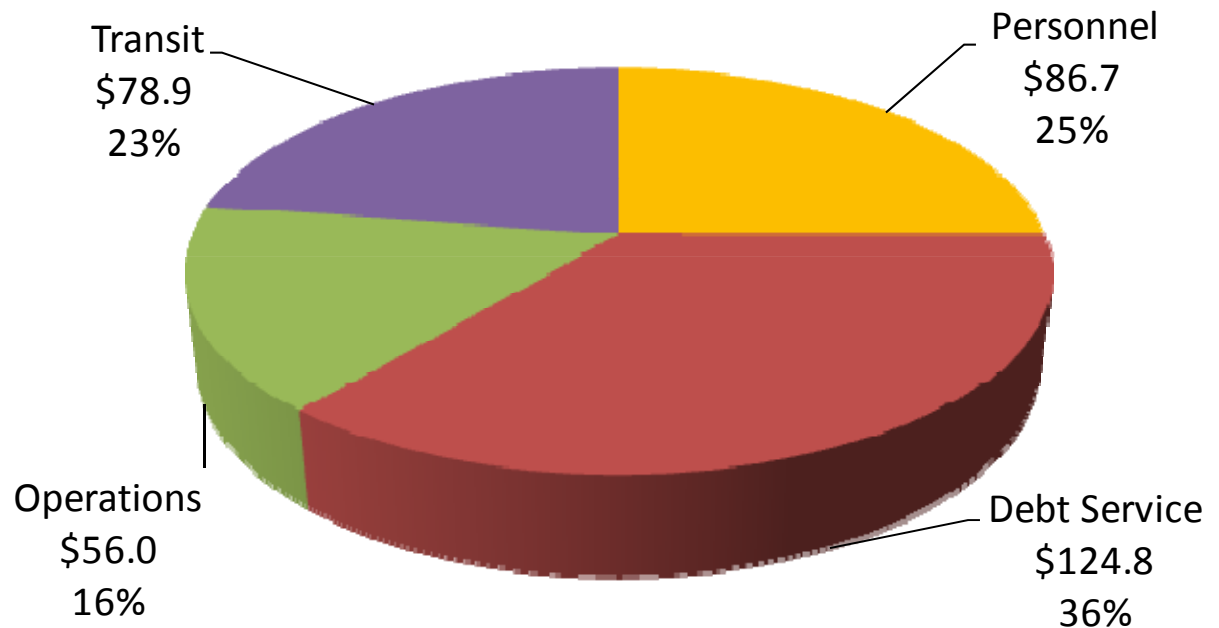
- Pavement and Rehabilitation
 - *Pavements – 89% Fair or better condition Statewide (99.8% on Interstate)*
- Bridge Maintenance & Preservation
 - *Bridges – 94% in Fair or better condition Statewide (100% on Interstate)*
- Vehicles, Equipment & Facilities
 - *Maintain vehicle and equipment to extend useful life.*
 - *(96.4% Good Condition, 88% within useful Life Cycle, 12%-15% average annual replacement)*

Prioritization Process for Projects

- Investing tax dollars wisely.
- Creating a matrix to evaluate projects on:
 - Safety
 - Economic Development
 - Capacity/Congestion
 - Environmental Impact
 - Asset Preservation
 - Quality of Life

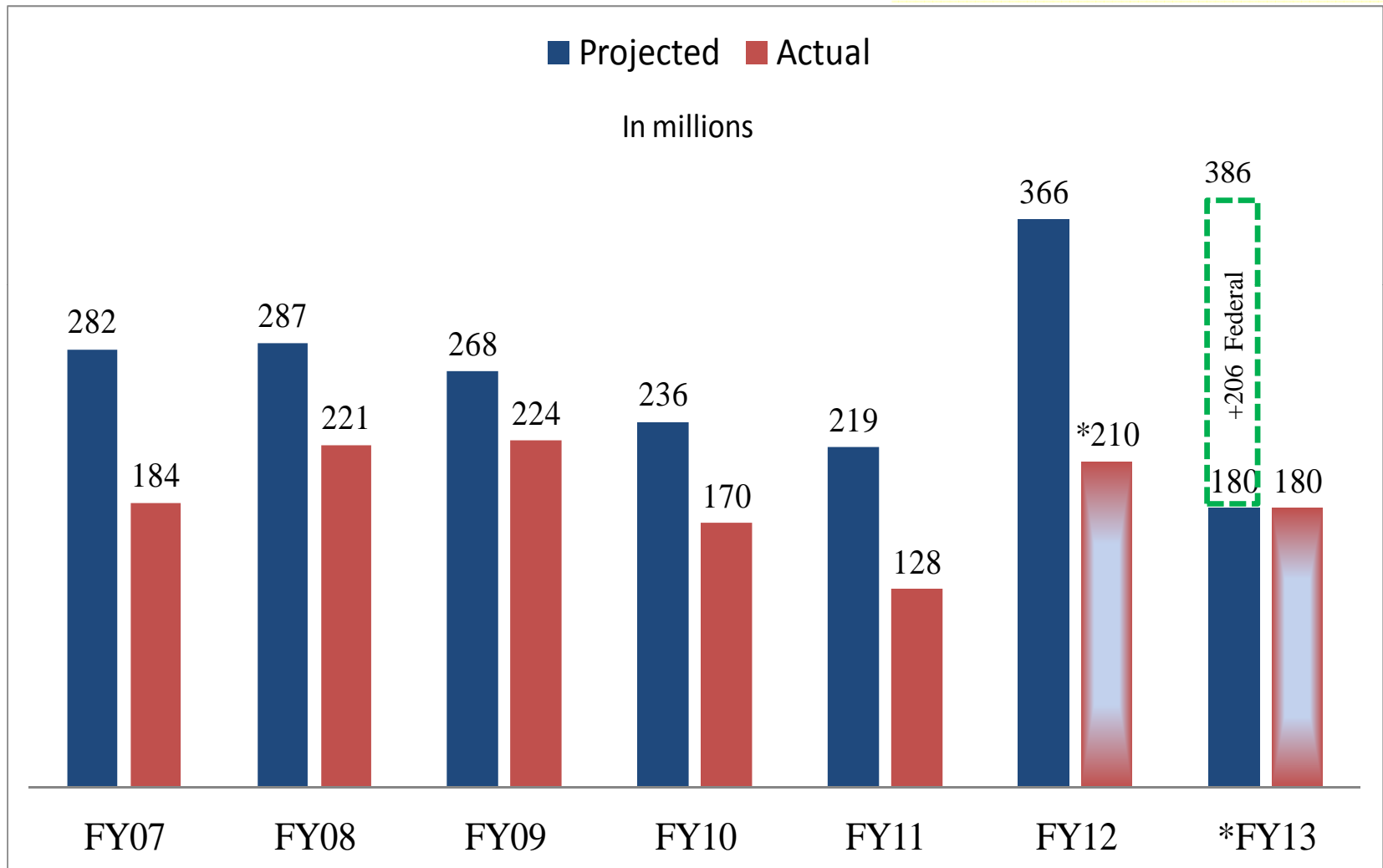
FY 2013 Transportation Trust Fund Recommended Budget

Total TTF Operating Budget:
\$346.4 million



Total TTF Capital Budget: \$180.9 million

DelDOT's State Capital Spend



*Anticipated

Example of Major Projects (State and Federal Funding)

- I-95 & US 202
- SR1 & I-95 Interchange
- Elkton Road
- US 301 Maryland State Line to SR 1 (ROW)
- Washington Street
- West Dover Connector (Design)
- Carter Road, Smyrna
- SR 1/SR 30 Grade Separation
- US 13, Seaford Intersection Improvements
- SR 26, Atlantic Avenue
- Safety Projects Statewide
- Bike/Ped paths Statewide



FY 2013 Recommended Financial Plan

General Fund Operating Budget	\$3,544.5 million
Transportation Trust Fund Budget	\$346.4 million
Grants-in-Aid	\$40.2 million
Bond and Capital Improvements Act	\$448.0 million
- State Capital Projects.....	\$234.9 million
- Transportation Projects.....	\$213.1 million

- *FY 2013 total General Fund appropriations are \$42.6 million less than FY 2012.*
- *FY 2013 General Fund Operating Budget is 1.025% greater than the FY 2012 Operating Budget.*

Summary

- ✓ Fiscally responsible plan supported without increased or additional taxes.
- ✓ Investments in infrastructure and jobs to help bolster Delaware economic recovery.
- ✓ Keeping core commitments while meeting the growing demand for services.



End of Presentation