

GOVERNOR'S BUDGET OVERVIEW

Through the bipartisan leadership and cooperation of the Governor and General Assembly, Delaware has remained financially solid throughout one of the most difficult economic periods in our state's history. As a result of responsible fiscal management, focusing on maintaining core services, fully funding our reserves, and reducing the size of the state government workforce, Delaware has maintained its triple-A bond rating.

The Delaware economy is expected to continue to show modest but sustained growth over the Fiscal Year 2012 - Fiscal Year 2013 biennium. Economic factors, including Delaware personal income and wages, are forecast to show mild growth consistent with the current national economic recovery. However, continued sluggishness in employment and in the real estate sector will continue to dampen further economic recovery for the State.

Governor's Recommended Budget

The Governor's proposed Fiscal Year 2013 Operating Budget totals \$3,544.5 million. This budget, in combination with the Recommended Bond and Capital Improvements Act of \$448.0 million and recommended set aside for Grants-in-Aid of \$40.2 million, is within the constitutionally mandated 98 percent limit on appropriations. This financial plan is presented without additional or increased taxes or fees.

The proposed budget maintains the commitment to core government services while providing targeted investments in the Governor's priorities of job growth, stronger schools, early childhood education and government efficiency.

Government Efficiency

The proposed budget represents an increase of just 1.03 percent over the Fiscal Year 2012 operating budget and continues to hold the line on agency personnel growth. The recommended budget contains 1,071.3 fewer state agency FTEs compared to the Fiscal Year 2009 budget.

Preserving Jobs

The Recommended Bond and Capital Improvement Act contains several funding initiatives designed to enhance Delaware's economy and generating jobs. These include:

- \$30.0 million for the Delaware Strategic Fund. The Delaware Strategic Fund represents the primary funding source used by the Delaware Economic Development Office to provide customized financial assistance to businesses. Recent projects supported through Strategic Fund resources include grants and loans to Amazon, Bloom Energy, Johnson Controls, PBF, Capital One, Pioneer Hi-Bred and Hawker Beechcraft.
- \$1.0 million for the fifth year of funding for the Experimental Program to Stimulate Competitive

Research (EPSCOR). These state matching funds leverage \$3.0 million in federal funds.

- \$1.0 million for Fraunhofer Center for Molecular Biotechnology (CMB) Vaccine Development. Funding is intended to create high-tech, high-impact jobs, spin-off businesses, new partnerships and alliances and enable CMB to leverage its unique technologies in the biotech marketplace.
- \$1.0 million in state match for the fourth year of a five year commitment to the IDeA Network of Biomedical Research Excellence (INBRE) program. This program is designed to build a statewide infrastructure in facilities for research into cancer, neuroscience and cardiovascular diseases.
- \$2.35 million for the Riverfront Development Corporation.

Education

The Governor's Recommended Operating and Capital Budgets reaffirm the Governor's commitment to education through the following:

- \$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.
- \$3.5 million to further the State's commitment to early childhood education, which is in addition to the \$22.0 million appropriated in Fiscal Year 2012.
- \$1.1 million to develop additional measures for student growth to be included in DPAS II educator performance assessment system.
- \$1.5 million to support grants to low-achieving non-Title I schools in accordance with No Child Left Behind waiver provisions.
- \$8.8 million to fund salary steps for school and Delaware Tech employees and \$750,000 to fund salary increase for paraprofessionals.
- \$0.9 million for growth in the Inspire and SEED scholarship programs.
- \$116.1 million for Public Education capital projects. Included is Minor Capital Improvements funding and funding for projects in the Capital, Laurel, Red Clay, Woodbridge, Seaford, New Castle County VoTech, Polytech and Sussex VoTech districts.
- \$9.0 million for capital projects at Delaware State University, Delaware Technical and Community College and the University of Delaware.