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Delaware Governor Jack A. Markell
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Governor Signs Balanced Fiscal Year 2017 Budget that invests in Delaware's Future Prosperity

Dover, DE – Early this morning, Governor Jack Markell signed a balanced Fiscal Year 2017 budget funding programs that build on the progress to increase Delawareans' opportunities to make the most of their talents. The budget reflects changes realized and reinforced by the Administration and the General Assembly over eight years, helping the state achieve the fastest job growth in the region while raising the quality of life for all Delawareans.

"By continuing our focus on the areas that have the greatest impact on our future prosperity, like education and job training, research and innovation, we'll make sure our state continues to become a prosperous place to live, work, and raise a family," Governor Markell said.

2017 Operating and Capital Budget and 2016 Legislative Session Highlights

Fiscal Responsibility

The Fiscal Year 2017 Operating Budget, Bond and Capital Improvements and Grants-in-Aid bills hold true to the Administration's commitment to fiscal responsibility by only appropriating 98 percent of anticipated revenue and fully funding the Rainy Day Fund, commitments that have helped Delaware **maintain its coveted Triple-A bond rating**.

- The Fiscal Year 2017 Operating Budget represents 4.49% growth over Fiscal Year 2016, with the vast majority of that growth earmarked for increases in Medicaid (\$63.1 million), state employee and retiree healthcare (\$33.3 million), state employee salaries (\$20.3 million), and school employee step and pay plan increases and unit count obligations (\$26.0 million).

- Average annual budget growth during the Markell administration (2009-2016) has been negative, and the lowest in the last 40 years, when adjusting for inflation and population growth.
- As of June 1, there are 733 fewer state employees working in the Governor's executive branch agencies compared to March 2009. More than 1,100 positions have been eliminated, and a further 35 were eliminated in the Fiscal Year 2017 Operating Budget.

"While our collective efforts to develop a responsible and balanced spending plan for Fiscal Year 2017 should be celebrated, this year's budget was especially challenging. Growing costs in some areas, particularly in health care, are unsustainable and I'm hopeful that proposals we have made will set the stage for reforms because without change, we cannot afford other key investments."

Economic Development

"We are well positioned to continue to create jobs and grow Delaware's economy," Markell said. "We have built on our progress this year by making our tax code more sensible for businesses large and small, supporting research and innovation, and continued focus on economic development in our downtowns. This will put Delaware in a stronger position to retain jobs and encourage employment growth in the years to come."

- Bipartisan **Delaware Competes Act (HB 235)** changes the way corporate income tax is calculated to ensure companies are incentivized to hire and expand in the state, and to modify filing requirements that were overly burdensome to small businesses.
- **The Commitment to Innovation Act (SB 200)** includes provisions to expand the state research and development tax credit and incentivize companies to establish headquarters in Delaware.
- The Fiscal Year 2017 Bond and Capital Improvements Act includes \$8.3 million to support the Downtown Development Districts program, which the Governor proposed, and the General Assembly passed, in 2014. Since then, \$14 million in grant funding has been allocated through the program which, in turn, is leveraging more than \$290 million of private investment in the current districts. It also includes:
 - \$4.5 million to support the redevelopment of the former NVF and Ft. DuPont sites
 - \$10.0 million for the Delaware Strategic Fund
 - \$15.8 million to support investment and growth at the Port of Wilmington
- **House Bill 327**, proposed in the Governor's 2016 State of the State Address, will permit the use of online crowdfunding platforms, allowing Delaware residents to invest in Delaware start-ups and small businesses, expanding the potential pool of investment

capital for small businesses while also giving Delawareans the chance to be early stage investors in these ventures.

In addition to legislation and budget items, during the past year the Administration's **TechHire initiative** expanded through a new coding school at Delaware Tech, the innovative **Pathways to Prosperity** program experienced continued growth, enrolling 2,500 students this past school year and on track to doubling the size of the program to 5,000 this coming fall, and a partnership with McKinsey Social Initiative's **Generation USA Youth Employment Program was established** to provide workforce training to disadvantaged Delawareans in a variety of in-demand fields.

Education

"Students of all ages will have more access to great educational opportunities because of investments in high-quality early learning, innovative programs like world language immersion, and greater chances to earn college credit and workplace experience before graduation," said Markell. "And, for the first time, we have recognized that our educators deserve to be paid more for taking on additional leadership responsibilities while remaining in the classroom, rather than only by becoming administrators."

- Governor Markell applauded passage of **Senate Joint Resolution 17 and Senate Bill 300**, which supports continued efforts by the Wilmington Education Improvement Commission to improve educational opportunities for many of our most vulnerable students and their families, including ongoing consideration of the difficult process of redrawing district boundaries in a way that makes sense for all families.

New education investments enacted this year include:

- The Fiscal Year 2017 Operating Budget includes \$9.4 million in new funding to continue projects that support access to high-quality early learning programs for low-income children and improve early learning opportunities for families throughout Delaware. Through a shared commitment to investing in early childhood education, since 2011 the number of low-income kids who attend the most highly rated early childhood education programs has risen from just 5% to 70%.
- The Fiscal Year 2017 Operating Budget includes \$1 million in new funding to pilot opportunities for educators to earn more for taking on leadership responsibilities without leaving the classroom for administrative positions and provides stipends for educators who aren't receiving compensation for their National Board Certification.
- The Fiscal Year 2017 Bond and Capital Improvements Act includes \$76.4 million to fund public education construction projects throughout the state.

- The Fiscal Year 2017 Operating Budget invests \$26 million in new funding for teacher compensation and schools to maintain the Administration’s commitment to targeted class sizes and quality education.

Public Safety and Criminal Justice Reform

“Public safety is our highest priority and is vital to creating opportunities in communities statewide,” Markell said. “We remain vigilant in cracking down on criminals who threaten that safety, but we recognize that lengthy mandatory sentences, especially for drug offenses that did not include an act of physical violence, don’t make us safer and are massively expensive. Delaware has done much in recent years to protect the public by keeping guns out of the wrong hands, and we should all be proud that we took another common sense step this year by closing a loophole that allows people to purchase firearms without passing a background check.”

- **Senate Bill 163** eliminates mandatory minimum life sentences, provides additional discretion to judges in imposing sentences for repeat offenders, and provides a mechanism for those convicted under the existing habitual offender law to petition the court for a sentence modification.
- **House Bill 325** extends from three to 25 days the amount of time for a background check to be completed before a gun buyer may complete his or her purchase. It will not affect the vast majority of purchases since more than 91 percent of background checks are completed within minutes or, at most, hours. The three-day limit has become known as the “Charleston Loophole” after last year’s mass shooting in which nine people were murdered in a Charleston, S.C. church. The suspected gunman purchased the firearm used in the killings through the delayed transaction loophole after a background check took longer than three days. It was later determined that the sale should have been denied.
- **Senate Bill 242**, which ensures that individuals aren’t prevented from exercising their fundamental right to vote by removing the financial bar to restoration of voting rights for people convicted of felonies who have completed their sentence. Delaware had been one of only three states that required payment of financial obligations before restoration of voting rights, and the only state with a statutory bar to restoration of voting rights until full payment was made.
- The Fiscal Year 2017 Bond and Capital Improvements Act includes \$6.35 million to fund a modern communication system for public safety agencies and emergency responders.

Civil Rights

“Thanks to the committed leadership of civil rights icons, civic leaders, and ordinary Delawareans, our state today is a place of acceptance and tolerance, but we can’t avoid the

legacy of our long struggle with issues around race and we can't avoid the enduring impact of historic discrimination," Governor Markell said. "Accepting the responsibility of tearing down barriers that face so many of our neighbors as a result of abhorrent laws and practices carried out against African-Americans is an important step toward creating equality of opportunity and the society we dream of for us and for our children."

- **House Joint Resolution 10** apologizes for Delaware's historic role in slavery, acknowledges its painful and lasting legacy, and commits to embracing a future free of racial bias, prejudice, and discrimination. Governor Markell joined legislators, civil rights and civic leaders, educators, and community members to sign the resolution in a commemorative marking of Black History Month.

Quality of Life

"We realize the full potential of our state's high quality of life and strengthen Delaware's communities by encouraging homeownership, investing in accessible public facilities, and connect residents and visitors with opportunities to enjoy our abundant natural resources," Governor Markell said.

- The Fiscal Year 2017 Bond and Capital Improvements Act includes more than \$20 million to invest in a variety of projects that will strengthen neighborhoods and improve the quality of life:
 - \$6.0 million to replenish the State Housing Authority's Housing Development Fund
 - \$10.7 million to continue the Markell Administration's historic support of public library construction in all three counties, a record for any administration in state history
 - \$3.5 million to support the rehabilitation of state park facilities
 - \$2.5 million to build on record construction of new public trails and pathways during this Administration

Social Services/Healthcare

"We have an obligation to act to protect vulnerable Delawareans and we're doing that by increasing opportunities for those with disabilities and mental illness to meet their full potential through employment and independent living, and by expanding efforts to intervene with those who are struggling in the drug abuse epidemic or are at risk of contracting communicable diseases," Governor Markell said.

- The state's 2017 Operating Budget includes new funding \$4.8 million for the Division of Developmental Disabilities Services to support 75 additional residential placements and 140 additional special school graduates and \$250,000 for community-based services for individuals with serious and persistent mental illness.

- Senate Bill 259 authorizes the Division of Public Health to expand the existing Syringe Exchange Program statewide. This program helps reduce the sharing of potentially infected needles, educates participants about the dangers of contracting HIV or hepatitis through needle-sharing practices, and provides HIV and other communicable disease testing to support the state's larger efforts to address opioid addiction and HIV transmission.

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