

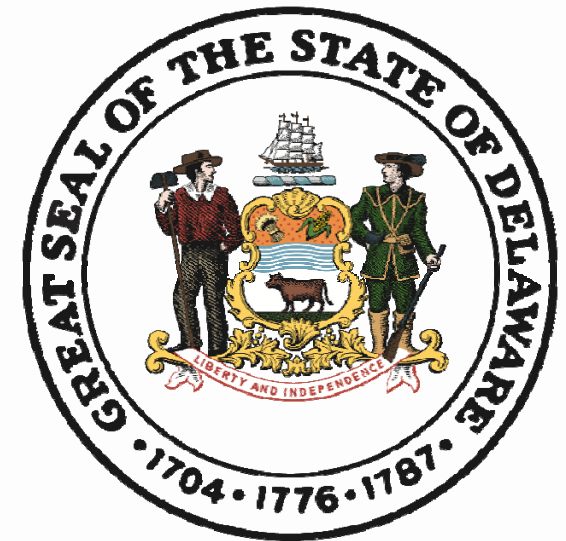
# State of Delaware

## **OFFICE OF GOVERNOR CARNEY**

### **FINANCIAL OVERVIEW**

#### **FOR FISCAL YEAR 2019**

January 25, 2018



# GOVERNOR CARNEY'S VISION FOR DELAWARE



- **Making Delaware's economy more competitive**
- **Preparing Delaware's children to succeed**
- **Lowering health care costs for Delaware families, businesses, and taxpayers**
- **Investing in our workforce**
- **Responsibly investing while keeping an eye on Delaware's future**

# OUR PROGRESS: YEAR IN REVIEW



## ☑ **Bolstered Delaware's Economy**

- Restructured Economic Development in Delaware
- Redirected resources to support small businesses and entrepreneurs
- Modernized the Coastal Zone Act
- Enhanced protections for Delawareans against cybersecurity threats

## ☑ **Strengthened Public Education**

- Created the Opportunity Grants Program
- Established the Office of Innovation and Improvement

## ☑ **Fostered a Healthier Delaware**

- Confronting Addiction in Delaware
- Authorized Health Care Spending Benchmark

## ☑ **Worked toward long-term financial sustainability**



# OUR PRIORITIES: UPCOMING YEAR



**Our budget continues investments in key areas to help us deliver**

**A STRONGER  
ECONOMY**

**A HEALTHIER  
DELAWARE**

**SAFER  
COMMUNITIES**

**BETTER SCHOOLS  
FOR ALL CHILDREN**

**A STRONG AND  
STABLE STATE  
WORKFORCE**



# HIGHLIGHTS OF GOVERNOR CARNEY'S FINANCIAL PLAN



- › Limits **operating budget growth to 3.49%**
- › Allocates surplus revenues into **one-time investments** in the bond bill in a package called **Delaware Reinvest**
- › Funds **long-term liabilities**
- › Sets aside a **federal contingency**
- › Makes fundamental investments in our **workforce, economic development, public safety, health care and education**
- › Addresses **workforce** issues across state government
- › Restores earmarked revenue for **farmland preservation and open space**

# GOVERNOR'S RECOMMENDED FY 2019 RESOURCES



## Resources (\$ millions)

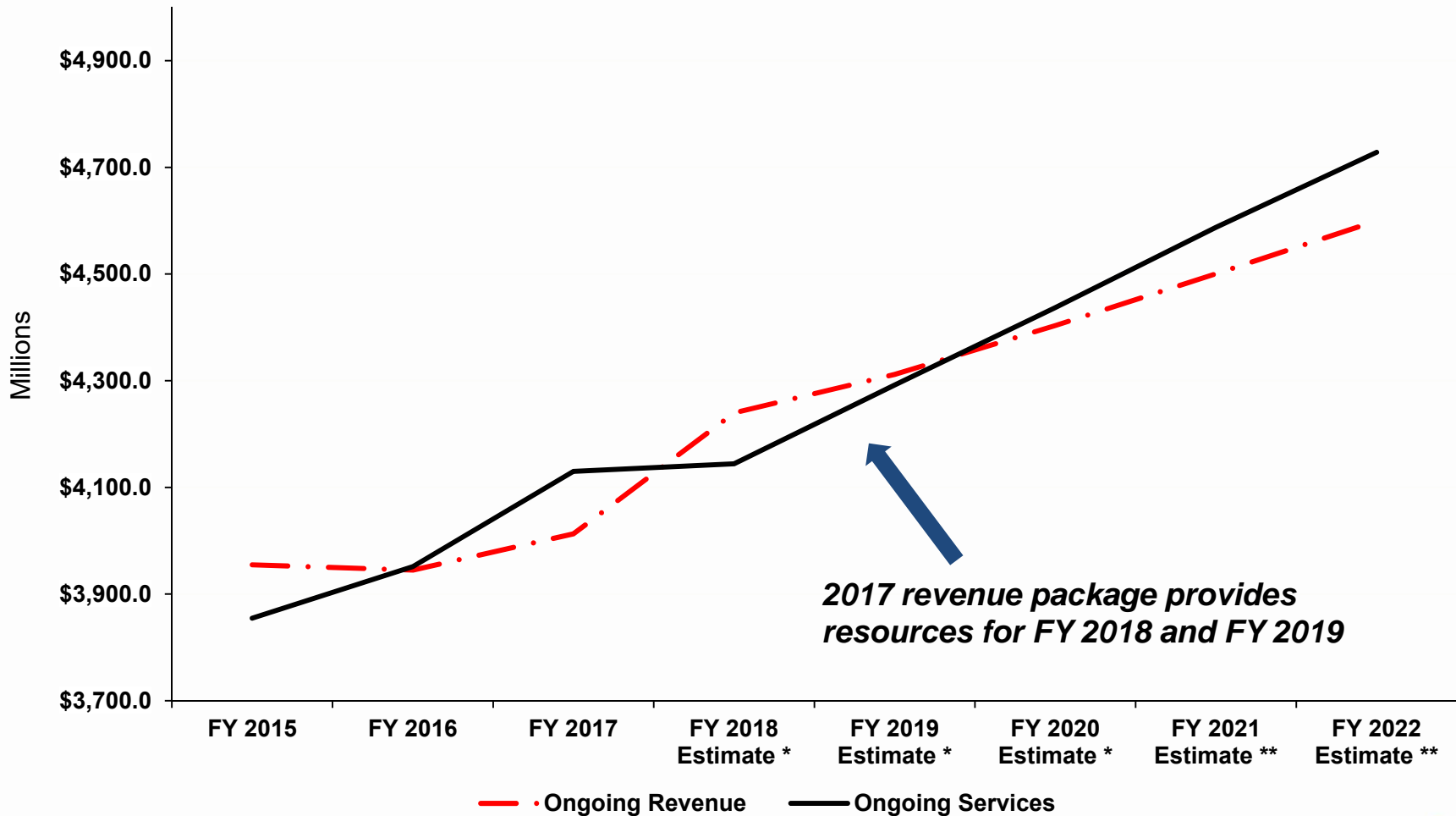
DEFAC FY 2019 Projected Revenue	\$ 4,316.4
Less Recommended Adjustments	<u>(4.5)</u>
Net FY 2019 Revenue	\$ 4,311.9
FY 2018 Unencumbered Cash	<u>170.2</u>
Total available for appropriation	\$ 4,482.1
<b>TOTAL AVAILABLE FOR APPROPRIATION</b>	<b>\$ 4,392.5</b>
@ 98%	

# GOVERNOR'S RECOMMENDED FY 2019 FINANCIAL PACKAGE



- **General Fund Operating Budget.....\$4,250.4 M**
  - GF Operating Budget Growth 3.49%
- **Bond and Capital Improvements Act.....\$677.5 M**
  - State Capital Projects . . . . . \$356.6 M
    - G.O. Bonds . . . . . \$215.6 M
    - Cash . . . . . \$100.4 M
    - Other. . . . . \$40.6 M
  - Transportation Authorizations . . \$ 320.9 M
- **Grants-In-Aid .....\$41.7 M**

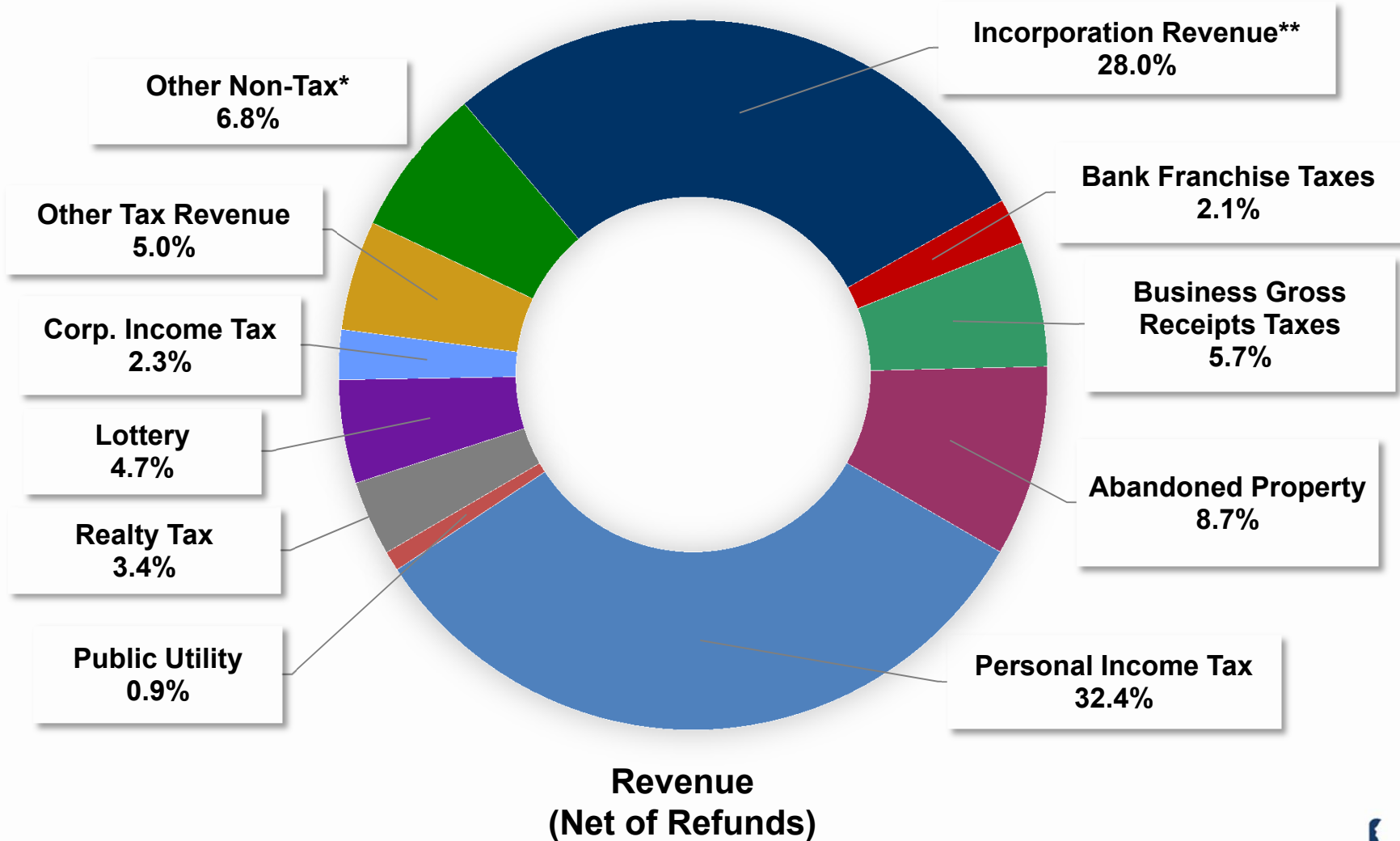
# BUDGET SUSTAINABILITY: CONSIDERING FUTURE FISCAL YEARS



\* DEFAC Estimates - December, 2017  
 \*\* DEFAC Estimates - September, 2017



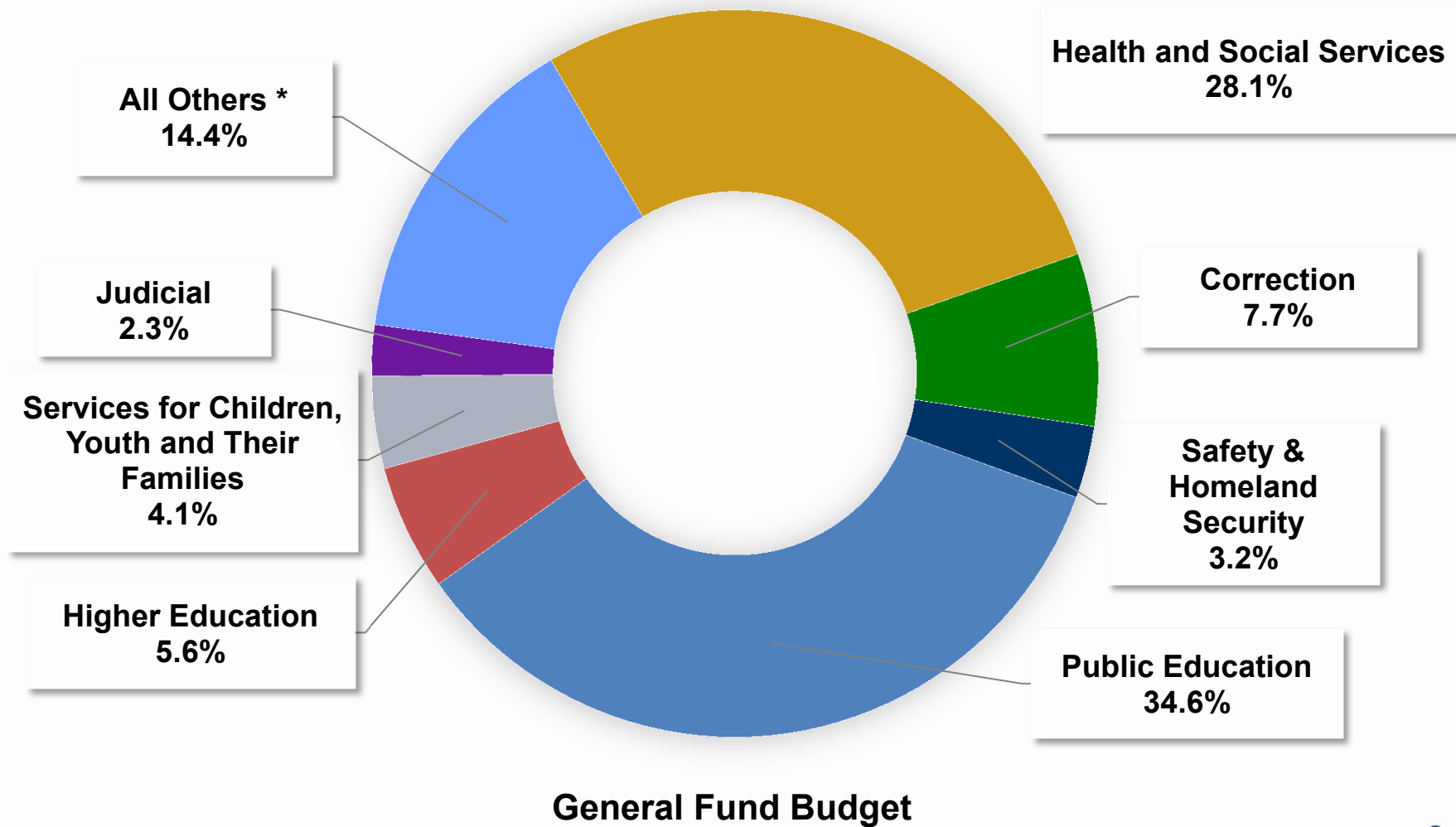
# DELAWARE FY 2019 REVENUE FORECAST



\*Includes Prior Year Unencumbered Cash Balance

\*\*Includes Corporate Franchise Taxes, Business Entity Fees, and Limited Partnerships & Limited Liability Corporations

# GOVERNOR'S RECOMMENDED FY 2019 OPERATING BUDGET



\*Includes One-Time Items

# DOOR OPENERS



**\$20.9M**

to invest in our classrooms to fund enrollment growth

**\$8.8M**

to provide quality child care for more children

**\$7.1M**

to provide students with transportation to & from school

**\$3.0M**

for fair & efficient elections open to all qualified voters

**\$2.8M**

for inmate medical & pharmacy costs

**\$17.2M**

to fund state employee pensions

# EFFICIENT GOVERNMENT: SAVINGS OPPORTUNITIES



- **\$5.4 million – Reducing the cost of state government operations:**
  - **\$2.0 million:** Reducing reliance on contractual employees
  - **\$1.5 million:** Savings resulting from energy procurement
  - **\$1.4 million:** Reducing Fleet Services rate
  - **\$500,000:** Savings from Department of Education reorganization
  - Ongoing commitment to improve operations through the **Government Efficiency and Accountability Review Board (GEAR)** – created by *Executive Order #4*.
- **\$6.0 million – Medicaid**
- **\$2.3 million – Debt Service**

# OUR PRIORITIES: UPCOMING YEAR



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# EDUCATION: BETTER SCHOOLS FOR ALL DELAWARE STUDENTS



- **Investing in Educators**
  - **\$20.9 million** – Fully fund new enrollment for 2018 – 2019
    - *Majority of funding toward growth in special education*
  - **\$10.2 million** – Fully fund annual steps for educators
  - **2% increase** for public school educators
- **Investing in Early Learning**
  - **\$3.8 million** – Funding STARS enrollment growth to serve more children
    - *Total funding of \$29.5 million for STARS*
- **Investing in Higher Education**
  - **\$1.1 million** – Funding for SEED/Inspire program growth and expansion of the Inspire Scholarships to ensure access to college for qualifying Delaware students

# EDUCATION: INVESTING IN HIGH NEEDS AREAS



- **Targeted Investments in High Needs Schools**
  - **\$6.0 million** – Opportunity Grants – targeted investments into schools with 60% poverty level or 20% English Language Learners students
  - **\$1.0 million** – Middle school math coaches
  
- **City of Wilmington Education Initiative**
  - **\$1.5 million** – School-based wellness centers, professional development for educators in five Christina School District schools located in the City of Wilmington.
  - **\$15 million** – Capital investments to modernize two Wilmington schools in the Christina District, which will significantly enhance the learning environment and overall educational experience in these facilities.

# WORKFORCE: INVESTMENTS IN OUR PEOPLE



- **Investing in State Employees**
  - **\$1,000 pay increase** for State Employees
  - **Steps and 2% increase** for public school educators
  - Support for **12 week paid parental leave**
- **Recruiting and Retaining Quality Employees**
  - Compensation study
  - Recruitment and retention flexibility
- **Investing in our Workplaces**
  - **\$2.8 million** Carvel State Office Building improvements and renovations
  - **\$5.0 million** to address deferred maintenance backlog in state facilities



# WORKFORCE: INVESTMENTS IN HIGH NEEDS AREAS



- **Department of Correction**

- **\$10.1 million** – Correctional Officer salaries, Year 2
- **\$3.6 million** – Career ladder for Correctional Officers
- **\$1.0 million** – Year 2 staffing at Baylor Women's Correctional Institution

- **Independent Review Recommendations:**

- **\$2.3 million – Operating Budget**

- Staff training relief
- Court/Security transportation
- Probation & Parole pretrial supervision
- Cognitive Behavioral Therapy for offenders

- **\$1.75 million – Capital Budget**

- Security Equipment
- Cameras
- Ballistic vests

# WORKFORCE: INVESTMENTS IN HIGH NEEDS AREAS



- **Department of Services for Children, Youth & Their Families**
  - **\$2.6 million** – Adding **30 new casework staff** in the Division of Family Services to bolster child welfare investigations and child abuse and neglect hotline investigations
  - **\$2.0 million** – Adding **29 new staff members** in the Division of Youth Rehabilitative Services to meet staffing needs of the Department's six secure facilities while reducing mandatory overtime

# HEALTH: INVESTING IN DELAWAREANS



- **Attacking drug use epidemic**
  - **\$1.4 million** – More resources for substance use treatment
    - *Total federal and State funding of \$23.7 million for substance abuse treatment and prevention*
- **Helping those born with substance addiction**
  - **\$285,000** – Resources for substance exposed infants
- **Assisting seniors with maintaining their health**
  - **\$2.0 million** – Prescription assistance for Delaware seniors
- **Health Care Spending Benchmark**
  - Establishing a goal to lower health care costs for Delaware families, businesses, and taxpayers

# DELAWARE REINVEST



One-time and bond funding toward investments in Delaware's infrastructure, economy and communities

## Economic Development

**\$12.5  
million**

Strategic  
Fund

**\$2.0  
million**

Prosperity  
Partnership

**\$9.6  
million**

Research  
Collaboration

**\$19.5  
million**

Higher  
Education  
Capital

**\$391.1  
million**

DeIDOT Road  
Systems  
(federal, state, other)

# DELAWARE REINVEST



One-time and bond funding toward investments in Delaware's infrastructure, economy and communities

## Environment

**\$20.0 million**

Open Space  
and Farmland  
Preservation

**\$6.0 million**

Clean Water/  
Drinking Water

**\$4.2 million**

Shoreline and  
Waterway  
Management

# DELAWARE REINVEST



One-time and bond funding toward investments in Delaware's infrastructure, economy and communities

## Strong Communities

<b>\$8.0 million</b> Affordable Housing/ Strong Neighborhoods	<b>\$8.5 million</b> Downtown Development Districts	<b>\$135.6 million</b> School Construction	<b>\$6.7 million</b> Library Construction
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# GOVERNOR'S RECOMMENDED FY 2019 FINANCIAL PACKAGE



July -  
December

- **Governor Carney and cabinet members** developed the FY 2019 budget draft.
- **Delaware Economic and Financial Advisory Council (DEFAC)** met in September and December to **project revenue**.

January

- **January 25:** Governor Carney proposes recommended budget for FY 2019.

February –  
March

- **Joint Finance Committee (JFC) Hearings** : Committee members consider Governor Carney's recommended operating budget and hold hearings to discuss budget items with agencies and advocates.

April -  
May

- **Mark-up:** JFC reviews budget proposals.
- **Bond and Capital Improvement Act aka "Bond Bill" Hearings**

June 30

- The **General Assembly must pass** the budget and bond bills, and the **Governor must sign** the bills by June 30.
- The **new fiscal year begins July 1**.







Office of the Governor  
**JOHN CARNEY**

*- End of Presentation -*

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