State of Delaware

OFFICE OF GOVERNOR CARNEY

FINANCIAL OVERVIEW

FOR FISCAL YEAR 2021

January 30, 2020
GOVERNOR CARNEY’S VISION FOR DELAWARE

• Investing in the new economy, new “old” jobs, and small businesses

• Giving all Delaware children an equal opportunity to succeed so that:
  ▪ Every 3rd grader will be proficient in reading
  ▪ Every 8th grader will be proficient in math
  ▪ Every child graduates from high school – college or career ready

• Safe and secure communities with improved quality of life

• Improving quality and containing costs of health care for all Delawareans, and promoting healthy living

• Making state government more efficient and effective
  ▪ Responsibly investing in state government and making sure our state is on sound financial footing so we can make investments where they are needed most
**Bolstered Delaware’s Economy**
- Record $863 million capital budget with investments in clean water, new roads and bridges, affordable housing, colleges and universities and economic development projects
- Six-year, $4.5 billion plan to fix roads and bridges statewide through 2026
- Set aside $20 million for Farmland Preservation and Open Space programs

**Invested in Schools**
- Set aside $75 million over a three-year period in Opportunity Funding for English learners, low-income students and mental health supports in schools

**Fostered a Healthier Delaware**
- Released Trauma-Informed Care Progress Report and Action Plan
- Raised the age to buy tobacco and vape products to 21
- Established a new reinsurance program lowering costs for Delaware families who get health insurance on the exchange

**Worked toward Long-Term Financial Sustainability**
- Set aside $126.3 million to ensure future budget stability
OUR PRIORITIES: 
UPCOMING YEAR

Our budget continues investments in key areas

STRENGTHENING 
OUR ECONOMY

IMPROVING OUR SCHOOLS 
FOR ALL CHILDREN

PROTECTING OUR 
QUALITY OF LIFE
✓ Establishes **operating budget growth at a level less** than the benchmark established in Executive Order 21

✓ Funds **projected expenditures** in debt service; pensions; school population growth; inmate medical and behavioral health services

✓ Builds upon Opportunity Fund investments in our schools by increasing funding for **mental health services and reading support specialists**

✓ Continues to allocate surplus revenues to **one-time investments** in the capital budget while **increasing reserves**

✓ Makes historic investments in **clean water, economic development and school construction**
Appropriates **less than 98%** of revenues

**Fully funds** Rainy Day Fund

Budget growth is **LESS** than DEFAC benchmark

Allocates $233 million to **one-time funding** in the Capital Budget

Sets aside **$161.5 million in reserve**

**FY 2021 Financial Plan**
INVESTING IN
WILMINGTON CHILDREN & FAMILIES

NEW SCHOOL BUILDING ON EAST SIDE
SCHOOL RENOVATIONS AT STUBBS AND BAYARD
DUAL GENERATION CENTER FOR FAMILIES AND STUDENTS
LEASING PALMER TO BUILD WORKFORCE TRAINING FACILITY

$50 MILLION
PREPARING FOR THE ECONOMY OF THE FUTURE

ECONOMIC DEVELOPMENT

STRATEGIC FUND
$20 MILLION

SITE READINESS
$10 MILLION

GRADUATION LAB SPACE
$10 MILLION

TRANSPORTATION INFRASTRUCTURE FUND
$10 MILLION

$50 MILLION
CLEAN WATER FOR ALL DELAWAREANS

CLEAN WATER INITIATIVE

- ESTABLISH CLEAN WATER TRUST FUND
- CLEAN WATER STATE REVOLVING FUND
- DRINKING WATER STATE REVOLVING FUND: $22.5 MILLION
- RESOURCE, CONSERVATION AND DEVELOPMENT: $5 MILLION

$50 MILLION
General Fund Operating Budget $4,629.5 M
- GF Operating Budget Growth 3.99%

Grants-in-Aid $55.1 M

Bond and Capital Improvements Act $892.8 M
- State Capital Projects $525.2 M
  - GO Bonds $240.9 M
  - Cash $233.0 M
  - Other $51.3 M
- Transportation $367.6 M

One-Time Supplemental $9.9 M

The FY 2021 Financial Plan sets aside $161.5 million over and above the constitutionally mandated set asides.
EDUCATION INVESTMENTS

- Investing in High-Needs Schools: $8 million
- Investing in Quality Education: $70.9 million
- Investing in School Infrastructure: $203.9 million
Opportunity Funding Initiative

- Second year of a three-year commitment dedicating $75 million for English learners and low-income students, and mental health supports
  - Doubles the number of elementary schools offering mental health supports

Increasing Access to Pre-K

- $2 million to provide 155 new quality child care seats
- $3 million for Early Childhood Assistance Program capacity building
  - Goal: increase access by 50% in three years
EDUCATION INVESTMENTS:
QUALITY EDUCATION

Investing in Educators

• $29.3 million - 2% pay increase and steps for educators
• $500,000 - Governor’s Performance Academy and Delaware Performance Appraisal System Pilot II increases

Investing in Schools

• $36.5 million - Current year growth and projected school year 2020 – 2021 enrollment growth

Connecting Schools

• $4.6 million - School Technology Infrastructure
SCHOOL CONSTRUCTION AND RENOVATION

- Brandywine: $1.6 million
- Wilmington Education Initiatives: $50 million
- Appoquinimink: $59.5 million
- Capital: $20.7 million
- Cape Henlopen: $35.7 million
- Indian River: $16.2 million
Investing in Higher Education

- **$30 million** - Funding for *deferred maintenance, capital improvements and technology upgrades* at the University of Delaware, Delaware State University and Delaware Technical Community College

- **$20 million** - Third year funding for the Higher Education Economic Development Investment Fund to improve job growth and economic development in the State

- **$2.5 million** - Expansion of University of Delaware scholarship funds for resident students

- **$1.3 million** - Funding to match Cooperative Extension, Research and Forestry grants and other programs at Delaware State University

- **$1.5 million** - Funding for first phase of a compensation stabilization plan to reduce faculty and staff turnover at Delaware Technical Community College
WORKFORCE: INVESTMENTS IN OUR PEOPLE

State Workers

- **2% across the board increase** for state employees
- Continued support of **Paid Parental Leave**
  - *More than 200 state employees* have been able to spend twelve weeks at home with their new children

Workplaces

- $17.5 million for new **Kent & Sussex Family Court** facilities
- $7.5 million for **Deferred Maintenance for state buildings**
- $3.5 million for renovations to the **Cleveland White building** on the DSCYF campus
- $2.8 million for **Carvel State Office building** improvements
HIGHLIGHTS: GOVERNOR CARNEY’S FY 2021 CAPITAL BUDGET

Improving Schools for All Delaware Children

$183.7 million – School construction and renovation
$15 million – School building deferred maintenance
$30 million – Higher Education campus improvements

Investing in Small Businesses & Infrastructure

$20 million – Strategic Fund investments to support jobs in DE
$2 million – Delaware Prosperity Partnership
$9.6 million – Research Collaboration
$10 million – Graduation Lab Space
$20 million – Higher Education Economic Development Fund
$10 million – Transportation Infrastructure Investment Fund
$10 million – Site Readiness Fund
HIGHLIGHTS: GOVERNOR CARNEY’S FY 2021 CAPITAL BUDGET

Building Strong Communities

$8 million – Strong Neighborhoods
$6 million – Affordable Housing
$5.6 million – Downtown Development Districts
$8.6 million – Preserving Historical and Recreational sites
$4.2 million – Libraries
$4 million – Increase to Municipal Street Aid

Protecting Natural Resources for Future Generations

$50 million – Clean Water Trust Fund
$10 million – Open Space
$10 million – Farmland Preservation
$5 million – Beach Preservation
$2.9 million – Cover Crop Program
$1.7 million – Conservation Cost Share
$500,000 – Delaware Bayshore
HIGHLIGHTS: GOVERNOR CARNEY’S
FY 2021 CAPITAL BUDGET

Building Strong Foundation for Our State

$46.3 million – State agency minor capital improvements and deferred maintenance

$4.7 million – Herman Holloway Campus improvements

$3.5 million – Cleveland White Building renovations

$2 million – Veterans Home improvements

Safe and Stable Communities

$17.5 million – Kent/Sussex Family Court facilities

$8.3 million – Public safety communications

$4 million – Security cameras at Department of Correction facilities

$2 million – Vaughn Correctional Center sprinklers
The FY 2021 Financial Plan sets aside **$161.5 million** over and above the constitutionally mandated set asides.
Governor Carney and cabinet members developed the FY 2021 budget draft. Delaware Economic and Financial Advisory Council (DEFAC) met in September and December to project revenue. DEFAC will update their projections in March, April, May and June.

January 30: Governor Carney proposes recommended budget for FY 2021.

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

Mark-up: JFC reviews budget proposals.

The General Assembly passes the budget and bond bills, and the Governor signs the bills by June 30.

The new fiscal year begins July 1.
End of Presentation