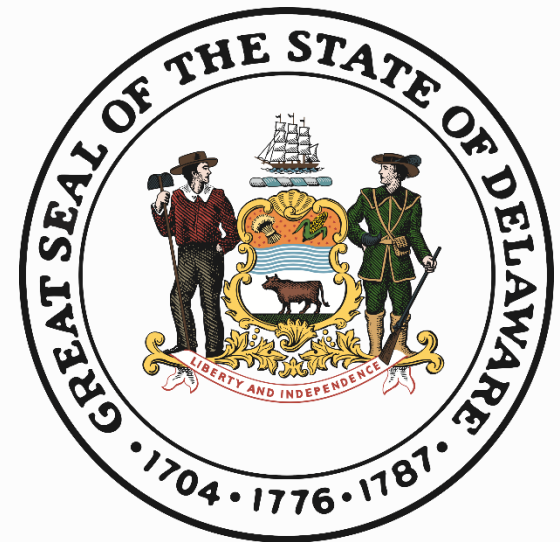


State of Delaware

**OFFICE OF GOVERNOR CARNEY**  
**FINANCIAL OVERVIEW**  
FOR FISCAL YEAR 2022

January 28, 2021



*We promised to build a long-term,  
sustainable budget*

**And we kept that promise.**

- ☑ **Built up our reserves**
- ☑ **Balanced budget without cutting critical services**
- ☑ **Did not raise taxes on DE families or businesses**
- ☑ **Did not borrow money**
- ☑ **Did not lay off state employees or cut pay**
- ☑ **Maintained triple A bond rating**

# YEAR IN REVIEW: SUSTAINABLE FINANCES



*Directing surpluses into savings and one-time investments allowed  
for continuation of essential state services*

	<u>FY 2019</u>	<u>FY 2020</u>		<u>FY 2021</u>
Available Resources	\$ 4,609.0	\$ 4,831.7	← <i>Less Resources</i> →	\$ 4,636.8
Uses				
Budget	\$ 4,270.8	\$ 4,451.9	← <i>Allows for budget growth</i> →	\$ 4,547.0
Grant in Aid	\$ 52.1	\$ 55.1		\$ 54.4
One-Time	\$ 238.2	\$ 246.3		\$ 35.4
Deposit to Reserve	\$ 47.9	\$ 78.4		\$ -

# YEAR IN REVIEW: COVID-19 RESPONSE



CARES Act Funds:  
**\$965 million**  
*allocated to date*

**\$238  
million**

*Unemployment  
Trust Fund*

**\$178  
million**

*DE Relief Grants  
for Small  
Businesses*

**\$135  
million**

*Child Care  
Assistance  
Program*

**\$132  
million**

*Testing &  
Contact Tracing  
Programs*

***83% spent supporting Delaware businesses***

# OUR PRIORITIES: FISCAL YEAR 2022



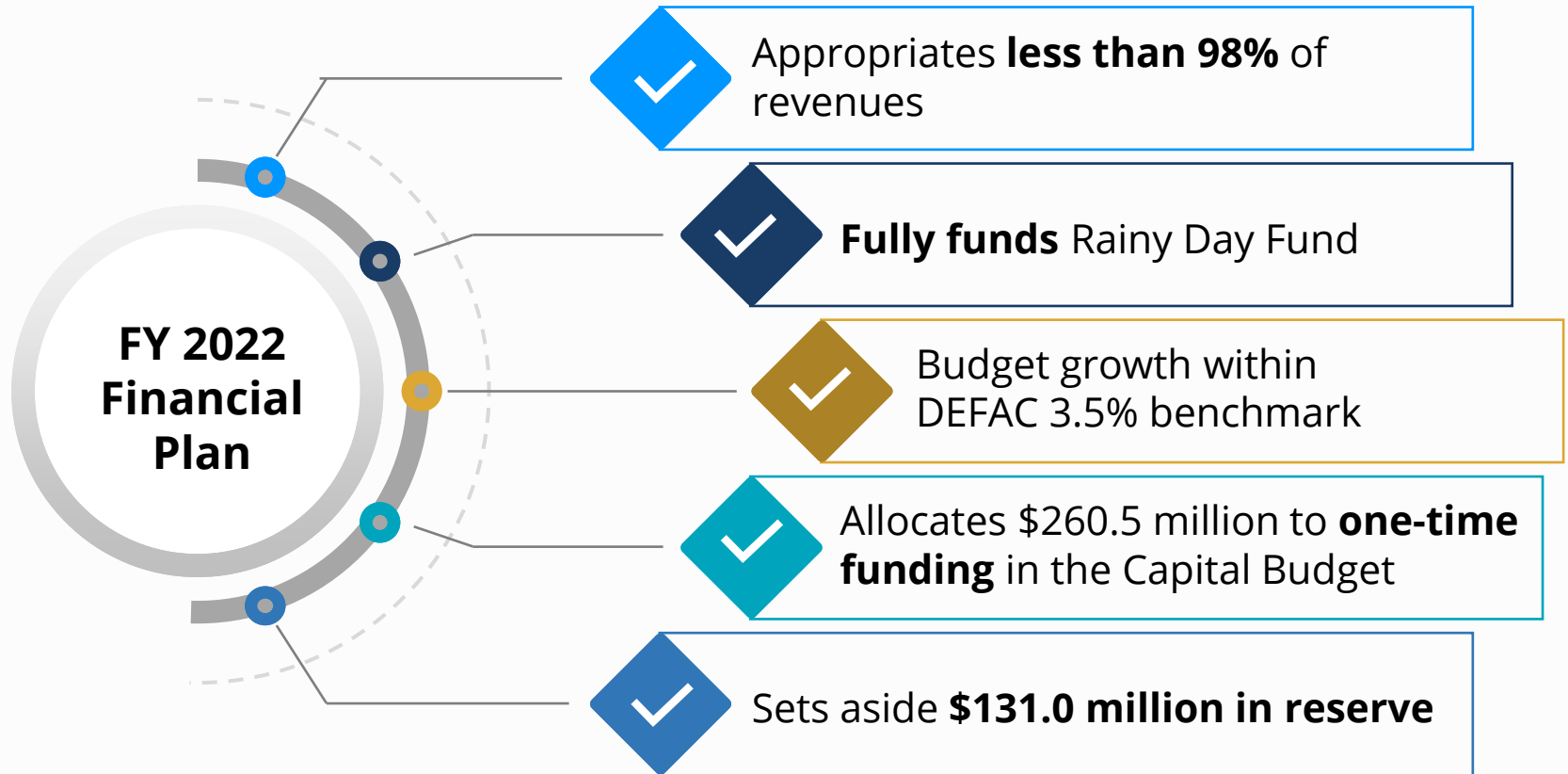
Our budget continues investments in key areas

**REBUILDING  
OUR ECONOMY**

**INVESTING  
IN OUR SCHOOLS**

**STRENGTHENING  
OUR COMMUNITIES**

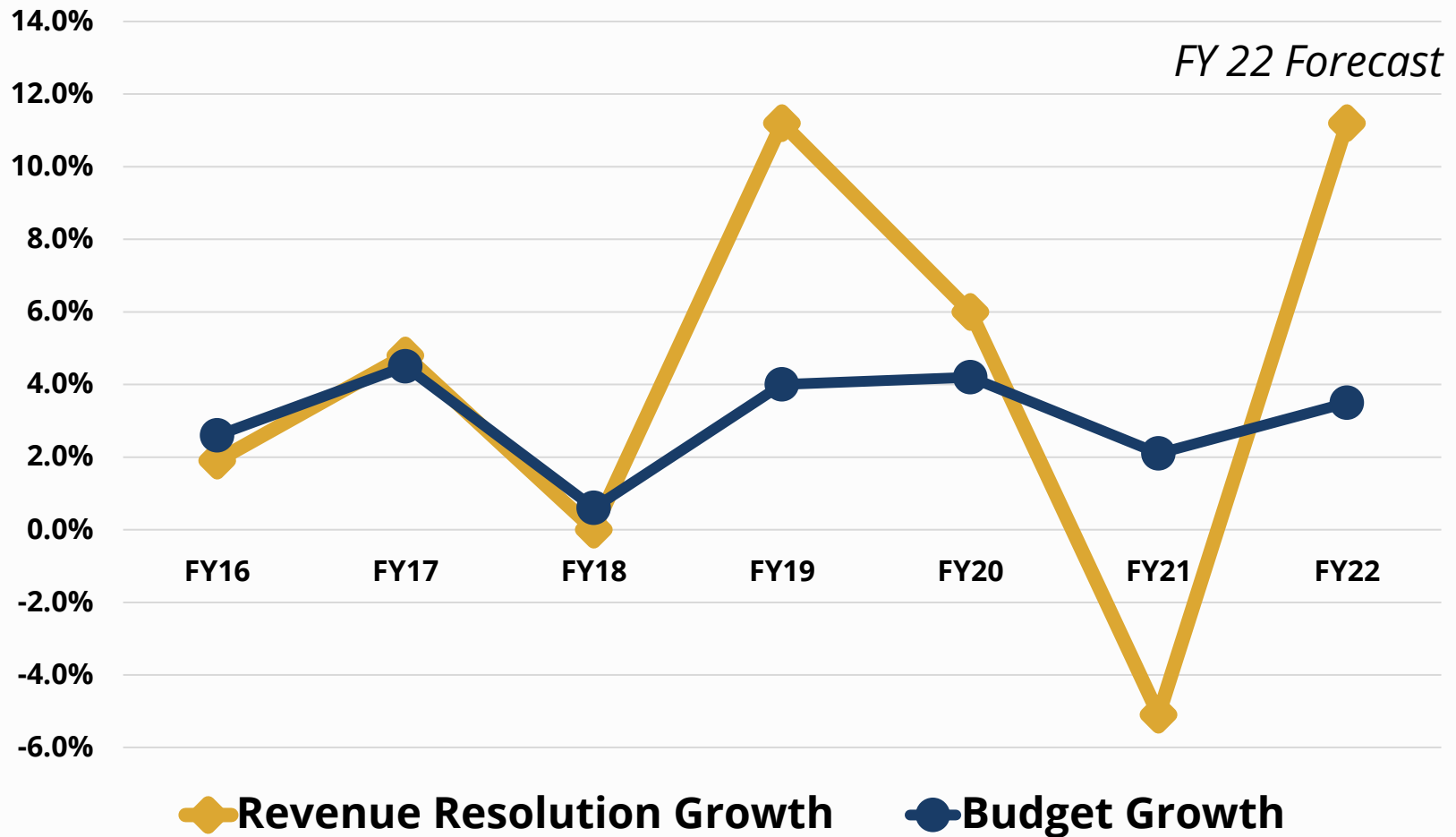
# LONG-TERM FINANCIAL SUSTAINABILITY



# REVENUE VOLATILITY vs. BENCHMARK SPENDING STABILITY



Revenue Volatility with Stable Budget Growth



# HIGHLIGHTS OF GOVERNOR CARNEY'S FY 2022 FINANCIAL PLAN



- ✓ Further dedicates significant State funding to address the **ongoing pandemic**
- ✓ Substantially increases Opportunity Fund investments in our schools for **mental health services and supports for English learners and low - income students**
- ✓ Makes historic investments in **clean water, economic development and school construction**, including fulfilling our commitment to **Wilmington schools**
- ✓ Takes the next steps to provide secure facilities for the **Family Court in Kent and Sussex Counties**
- ✓ Provides **tax relief** for low-income residents and those who lost their jobs as a result of the ongoing pandemic



# PROVIDING TAX RELIEF TO THOSE MOST IMPACTED



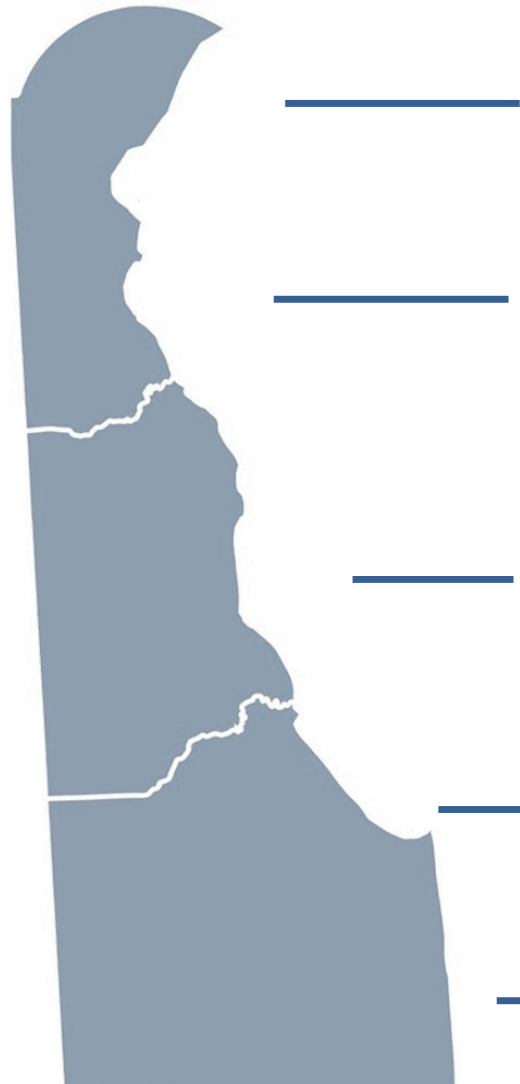
## Individuals

- Exempts 2020 **unemployment insurance** (UI) benefits from State personal income taxes (\$25 million over 2 years)
- Creates a state **Refundable Earned Income Tax Credit** (EITC) (\$4.5 million)

## Employers

- Dedicates Coronavirus Relief Funds to **replenish the UI Trust Fund**, protecting employers from future tax increases (~ \$225 million to date)
- Exempts UI contributory employers from 2020 COVID-related claims costs (\$21 million)
- Saves an estimated 2,000 new employers from pandemic related rate increases

# INVESTING IN STATEWIDE SCHOOL INFRASTRUCTURE



**Wilmington Education Initiatives: \$70 million**

**Appoquinimink: \$31.4 million**

**Capital: \$34.2 million**

**Cape Henlopen: \$14.2 million**

**Indian River: \$34.6 million**

# PREPARING FOR THE ECONOMY OF THE FUTURE



## ECONOMIC DEVELOPMENT **\$50 MILLION**

STRATEGIC FUND  
**\$20 MILLION**

SITE READINESS  
**\$10 MILLION**

GRADUATION  
LAB SPACE  
**\$10 MILLION**

TRANSPORTATION  
INFRASTRUCTURE FUND  
**\$10 MILLION**

# **CLEAN WATER FOR ALL DELAWAREANS**



## **CLEAN WATER INITIATIVE \$50 MILLION**

**ESTABLISH CLEAN  
WATER TRUST FUND**

**DRINKING WATER STATE  
REVOLVING FUND  
\$22.5 MILLION**

**CLEAN WATER STATE  
REVOLVING FUND  
\$22.5 MILLION**

**RESOURCE, CONSERVATION  
AND DEVELOPMENT  
\$5 MILLION**



# INVESTING IN DOWNSTATE JUDICIAL FACILITIES



**\$50 MILLION**

**NEW  
KENT & SUSSEX  
FAMILY COURT FACILITIES**

# GOVERNOR CARNEY'S RECOMMENDED FY 2022 FINANCIAL PLAN



## General Fund Operating Budget

**\$4,706.0 M**

- GF Operating Budget Growth 3.5%

## Grants-in-Aid

**\$55.5 M**

## Bond and Capital Improvements Act

**\$894.4 M**

- State Capital Projects \$517.3 M
  - GO Bonds \$237.7 M
  - Cash \$260.5 M
  - Other \$19.0 M
- Transportation \$377.1 M

## One-Time Supplemental

**\$35.7 M**

*The FY 2022 Financial Plan sets aside **\$131.0 million** in the Budget Stabilization Fund above the constitutionally mandated set asides.*

# OPPORTUNITY FUNDING

- **\$10 million** increase in funding for **low-income students, English learners and mental health supports**
- **\$60 million annually by 2025** - More than **doubles Opportunity Funding** for public schools across our state

# EDUCATION INVESTMENTS

- Double funding for **Early Childhood Assistance Program**
  - *Expanding access to high-quality early education programs for disadvantaged children by FY24*
- Equalize **K-3 special education funding** by FY24



# EDUCATION INVESTMENTS: HIGH-QUALITY EDUCATION



## County Ombudsperson

- **\$1 million** to provide intervention regarding disparate discipline, access to school programs, and otherwise unfair treatment of students

## Maintain Expansion of Mental Health Supports

- **\$3 million** to replace expiring federal funding for mental health supports initiated in FY 21

## Investing in Schools

- **\$19.9 million** - Current year growth and projected school year 2020 – 2021 enrollment growth

## Investing in Educators

- **\$22.4 million** - Salary increase and steps for teachers and paraprofessionals

# EDUCATION: SUPPORTING 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
- **\$15 million** – Funding for the **Higher Education Economic Development Investment Fund** to improve job growth and economic development
- **\$1.1 million** – Expansion of University of Delaware **scholarship funds for resident students**
- **\$752,200** – Funding to expand **Social Work** and other programs at Delaware State University
- **\$1 million** – **Career Pathways** program at Delaware Technical Community College
- **\$769,500** – Funding for first phase of a **compensation stabilization plan** to reduce faculty and staff turnover at Delaware Technical Community College

# INVESTING IN THE HEALTH OF DELAWAREANS



## Providing health care for low-income Delawareans

- **\$12.5 million** – State share of the Medicaid program
- **\$2 million** – Additional funding for the Children's Health Insurance Program (CHIP) due to reductions in federal funding

## Helping those afflicted by substance use

- **\$810,000** – Funding to expand the Delaware Treatment Referral Network, withdrawal management services and syringe distribution

## Providing services in the community for the most vulnerable

- **\$3.5 million** – Funding for community supports for aging and those with disabilities

## Supporting our health care workers

- **\$500,000** – Create the Health Care Provider State Loan Repayment Program

# INVESTING IN SAFETY AND SECURITY



## Comprehensive response to the pandemic

- **\$30 million** – One time funding to support testing, contact tracing, AND vaccination to fight against COVID-19
- **\$3 million** – Matches \$8 million in federal funds for an expansion of the Public Health laboratory
- Target remaining **CARES Act funding** to those areas requiring continued support

## Providing transparency in policing

- **\$3.6 million** in one-time and contingency funding for the development and deployment of body cameras

## Quality Forensic Services

- **\$482,800** in increased staffing and operating costs for the Division of Forensic Services

# WORKFORCE INVESTMENTS

- **\$22.7 million - \$500 increase** across the board for state employees
  - *Includes funding to phase in a **gradual movement** to a minimum wage for state employees of \$15/hour.*
- **\$14.5 million – Salary steps** for Education, Higher Education and state agencies

# HIGHLIGHTS: GOVERNOR CARNEY'S FY 2022 CAPITAL BUDGET



## Improving Schools for All Delaware Children

**\$185 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

**\$8 million** – Research Collaboration

**\$10 million** – Graduation Lab Space

**\$15 million** – Higher Education Economic Development Fund

**\$10 million** – Transportation Infrastructure Investment Fund

**\$10 million** – Site Readiness Fund

# HIGHLIGHTS: GOVERNOR CARNEY'S FY 2022 CAPITAL BUDGET



## Building Strong Communities

**\$4 million** – Strong Neighborhoods

**\$6 million** – Affordable Housing

**\$5.5 million** – Downtown Development Districts

**\$8 million** – Preserving Historical and Recreational sites

**\$2.75 million** – Libraries

**\$1 million** – Purpose Built Communities



## 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 2022 CAPITAL BUDGET



## Safe and Stable Communities

**\$50 million** – Kent/Sussex Family Court facilities

**\$8.3 million** – Public safety communications

**\$3.5 million** – Troop 6 (Prices Corner)

**\$3 million** – Public Health laboratory renovations/expansion

**\$2.1 million** – Howard R. Young Correctional Center infirmary renovations

**\$1.5 million** – Volunteer Fire Service Revolving Loan Fund



## Investing in State facilities

**\$34.9 million** – State agency minor capital improvements and deferred maintenance

**\$6.7 million** – Herman Holloway Campus improvements

**\$1.3 million** – Fire Training/Fire School improvements

**\$800,000** – Carvel State Office building mechanical upgrades



# GOVERNOR CARNEY'S RECOMMENDED FY 2022 FINANCIAL PLAN



**General Fund Operating Budget** **\$4,706.0 M**

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# FY 2022 BUDGET PROCESS



July -  
December

**Governor Carney and cabinet members** developed the FY 2022 budget draft.

**Delaware Economic and Financial Advisory Council (DEFAC)** met in September and December to **project revenue**. DEFAC will update their projections in March, May and June.

January

**January 28:** Governor Carney proposes recommended budget for FY 2022.

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.

June 30

The **General Assembly passes** appropriation bills, and the **Governor signs** by June 30.

The **new fiscal year begins July 1**.



# Office of the Governor **JOHN CARNEY**

*- End of Presentation -*

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