



*Financial Overview*

# FISCAL YEAR 2024

*January 26, 2023*

**RESPONSIBLE INVESTMENT**  
**GOVERNOR CARNEY** 

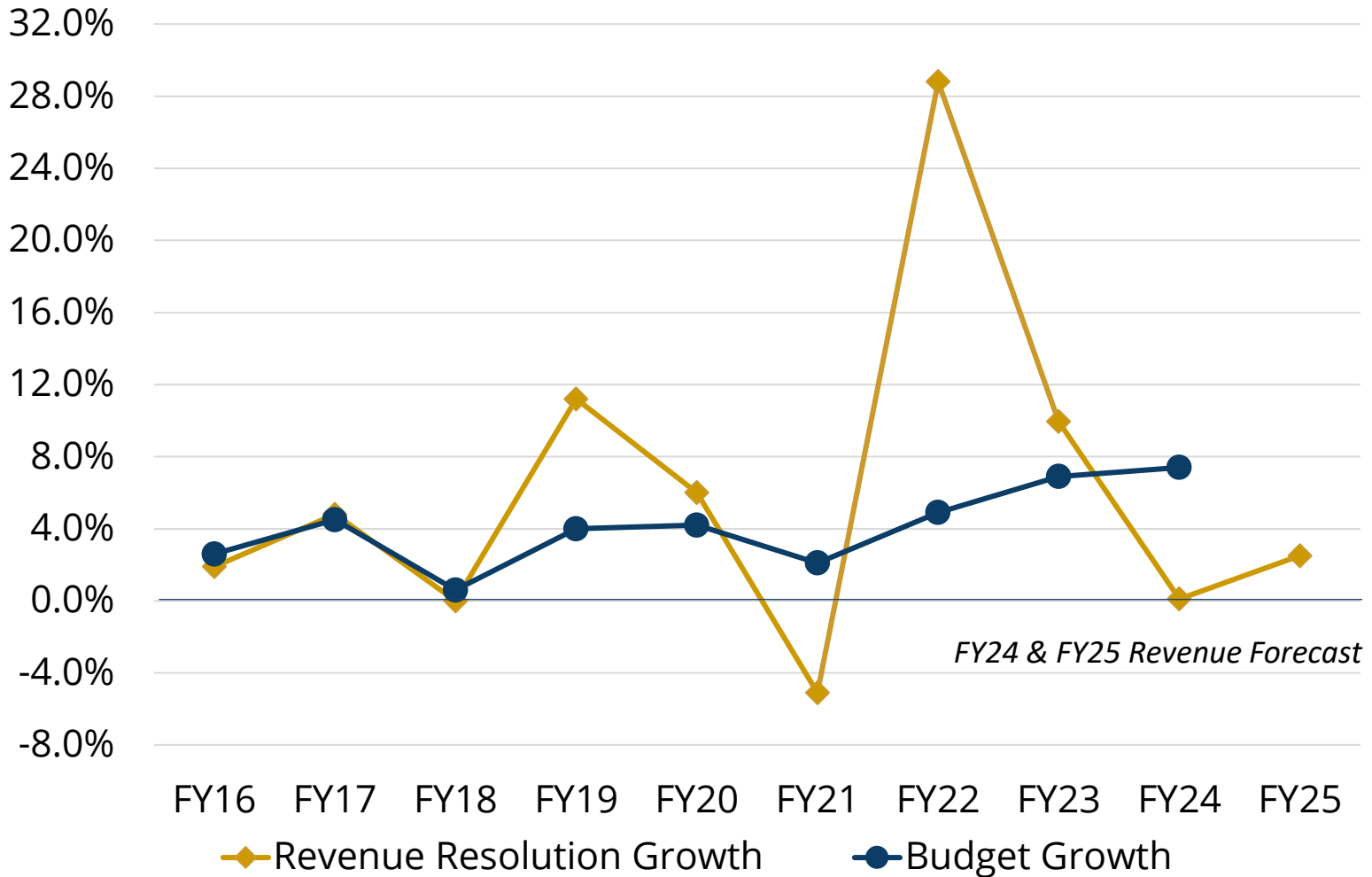
**Over the past six years, we have  
charted a responsible course.**

*Responsibly managing our  
state budget remains a  
priority.*

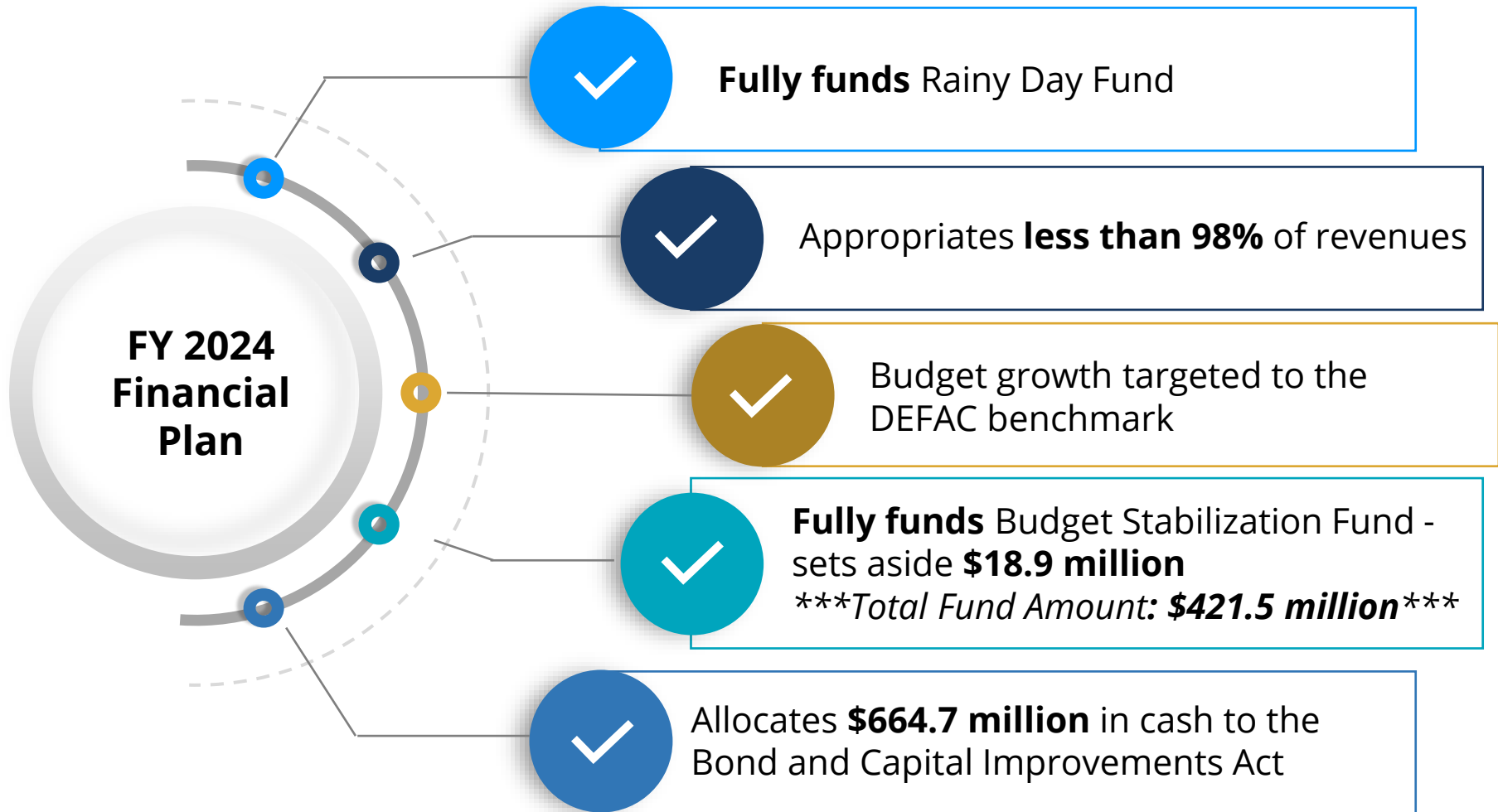
# Revenue Volatility *vs.* Benchmark Spending Stability



## Revenue Volatility with Stable Budget Growth



# Long-term Financial Sustainability



# *Providing Middle Class Tax Relief for Working Delawareans*



- Increase the Standard Deduction by 75% to **\$5,700 (\$11,400 joint)** effective Tax Year 2024.
- Increase the refundable **Earned Income Tax Credit (EITC)** to **7.5%** of the federal credit, effective Tax Year 2023.

**FY 2024: \$24.9M**

**FY 2025: \$55.7M**

## ***Tax Simplification:***

- Almost **50,000 tax filers** switch to standard deduction.
- Nearly **20,000 tax filers** have net liability reduced to \$0 or receive EITC refunds.
- More than **80% of residents** benefitting have DE Adjusted Gross Income below \$75,000.

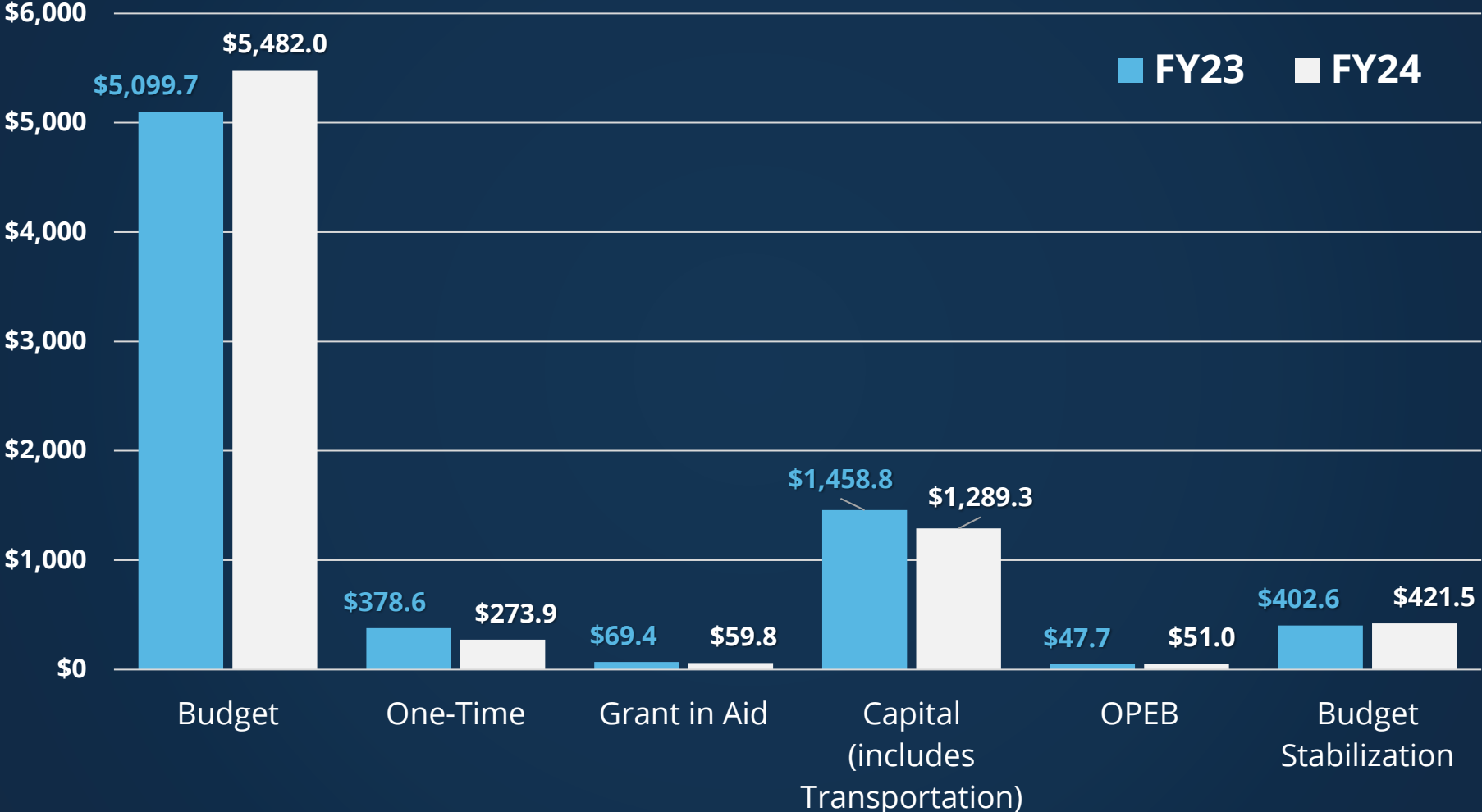
# Governor Carney's Recommended FY 2024 Financial Plan



<b>General Fund Operating Budget</b>		<b>\$5,482.0 M</b>
• GF Operating Budget Growth 7.4%		
<b>Grants-in-Aid</b>		<b>\$59.8 M</b>
<b>Bond and Capital Improvements Act</b>		<b>\$1,289.3 M</b>
• State Capital Projects		\$967.0 M
• GO Bonds	\$251.6 M	
• Cash	\$664.7 M	
• Other	\$50.7 M	
• Transportation		\$322.3 M
<b>One-Time Supplemental</b> <i>(incl. \$51M to OPEB)</i>		<b>\$324.9 M</b>

*The FY 2024 Financial Plan sets aside **\$18.9 million** into the Budget Stabilization Fund, which would result in a total amount over and above the constitutionally mandated set asides **\$421.5 million***

# *Year in Review:* Sustainable Finances



*\*\*\*Budget Stabilization Fund is Fully Funded\*\*\**

# OUR BUDGET CONTINUES INVESTMENTS IN KEY AREAS

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*Strengthening  
our  
economy*



*Investing in  
public  
schools*



*Supporting  
families &  
workforce*



*Protecting  
our  
environment*



# *Highlights of Governor Carney's* **FY 2024 Financial Plan**



- ✓ Takes continued steps towards providing **compensation and pay equity** for state employees, including increases for our classroom teachers
- ✓ Increases **Opportunity Funding investments** in our schools for **low-income students and English learners**
- ✓ Invests in the creation of **affordable housing** programs and incentives
- ✓ Supports **economic development and infrastructure** throughout the State
- ✓ Continues investments in **clean water and other environmental initiatives**

# Investing in *Public Education*



**9% raise**  
for teachers

**3% raise**  
for public  
education workers

Increase of \$15 million  
to Opportunity  
Funding  
**\$53 million**

Wilmington Learning  
Collaborative  
**\$10 million**

# Investing in *Early Childhood Education*



Increase Purchase  
of Care Rates  
**\$10 million**

**Expanding  
eligibility** for  
Purchase of Care

Double funding for  
Early Childhood  
Assistance Program  
(ECAP)  
**\$12 million**

Lowering preschool  
special education  
student-teacher ratios  
*(House Bill 33)*

# Protecting Delaware's *Environment*



## ENVIRONMENTAL INITIATIVES

# \$53.7 million

Aglands Preservation

**\$10 million**

Shoreline and Waterway  
Resiliency

**\$7.5 million**

Open Space

**\$10 million**

Clean Water\*

**\$26.2 million**

*\*Total Clean Water includes \$53.4 million in federal funding\**

# Preparing for the *Economy of the Future*



ECONOMIC DEVELOPMENT

## \$50 million

Strategic Fund  
**\$25 million**

Site Readiness  
**\$10 million**

Graduation Lab Space  
**\$10 million**

Transportation Infrastructure  
Investment Fund  
**\$5 million**

# Investing in our *State Workforce*



## **\$147.9 million** for State Wages

- Additional year of **historic pay policy**: 3% to 9% increase with lowest wage workers receiving the highest percentage
- **Historic wage increase for teachers**: Total 9% aligned with ongoing work of Public Education Compensation Committee
- Support of **recruitment and retention** initiatives
- Establishes **\$15 minimum wage** for merit full-time state employees
- Funding **negotiated wages and step increases**

# Investing in our *State Workforce*



## **\$194.2 million** for State Employee Healthcare and Other Post-Retirement Employment Benefits

- Invests **\$143.2 million** for Group Health Insurance Plan shortfall
- Invests **\$51 million** of one-time extraordinary revenues to Other Post-Employment Benefits (**OPEB**) liabilities in accordance with Executive Order Number 52

# Education:

## *Early Childhood Development*



- **Purchase of Care rate increase** in early childhood education to 100% of the 75<sup>th</sup> percentile of the 2021 Market Rate - **\$10.3 million**
- An **\$8 million** award for the federal **Preschool Development Grant**
- Increase of **\$6.1 million** for a total of \$12.2 million in **Early Childhood Assistance Program (ECAP)** to expand early care and education for 3- and 4-year-old children
- **\$3.9 million** to implement modified basic special education student-teacher unit ratios for preschool students (HB 33)



# Education:

## *Supporting Higher Education*



### Investing in Higher Education

- **\$60 million** – **Deferred maintenance, capital improvements and technology upgrades** at UD, DSU, and DTCC
- **\$1.5 million** – Supporting the **Joint Engineering Program** between DSU and UD to promote engineers within the State
- **\$932,000** – Year 3 of the **DTCC Compensation Stabilization Plan** to reduce faculty and staff turnover
- **Increases for Scholarships:**
  - **\$1.4 million** – Increase for **First State PROMISE Scholarship** at UD
    - Total Scholarship Amount: \$16,542,800
  - **\$4.0 million** – Increase for **SEED+** for DTCC and UD
    - Total Amount: \$14,165,700
  - **\$1.7 million** – Increase to **INSPIRE** for DSU
    - Total Amount: \$8,584,800

# Education:

## *Supporting K-12*



- Continued **Opportunity Funding** investment for low-income and English learner students of **\$15 million** – Total investment: **\$53 million**
- **\$30 million** for mental health services for elementary and middle school students (HB 100, HB 300)
- **\$2 million** to support the recommendations of the FSCC including funding for the **Governor's Summer Fellowship Program** and a **Statewide Mentoring Coordinator** position
- An increase of **\$3 million** to the Wilmington Learning Collaborative to improve education in the city

# A Healthy State: *Environment & Agriculture*



- **\$5.1 million – Cover Crop Investment** to support climate smart initiatives and improve water quality
- **\$619,500 – Tree for Every Delawarean (TEDI) Program** which has the goal of reaching 1 million trees planted with a coordinated statewide approach
- **\$600,000 – Ensuring the maintenance of water quality and reducing contaminants (e.g. PFAS) through the Statewide Groundwater Monitoring Network**
- **\$2.9 million – Supports Lead Assessment and Remediation**
- Funding to protect our waterways and keep them clean:
  - **\$18 million – Clean Water State Revolving Fund**
  - **\$1.7 million – Conservation Cost Share**



**\$101.5 million**  
**Delaware's Largest**  
**Investment**  
**for Housing**

# Safe & Affordable Housing



## \$31.5 Million for Housing Initiatives

- **Catalyst Fund** – Provides construction loans for the redevelopment of vacant/blighted properties
- **Accelerator Fund** – Creates an incentive to market rate developers with planned construction projects in exchange for affordable rental unit set asides
- **Market Pressure Relief Fund** – Supports owners of affordable multifamily rental properties dealing with construction cost increases due to supply chain and inflation
- **Preservation Fund** – Supports existing affordable housing units through repairs, rehabilitation, and financial restructuring

**+ \$60 million in ARPA funding**

**Total Housing Investment: \$101.5 million\***

*\*\$10 million from Capital Budget Housing Initiatives*

# *Safe & Affordable Housing*



## Supporting Housing Policy

- Supports the **Landlord Mitigation Fund** for participating landlords for certain claims for reimbursement
- Funding to support a **tenant's right to representation** in eviction proceedings
- Supports allowing a tenant to bring an **action of rent escrow** when dangerous conditions and defects exist

# Highlights: Governor Carney's FY 2024 Capital Budget



## *Improving Schools for Delaware Students*

**\$191.7 million** - School Construction and Renovation (Includes a new Leach School, Bush School and market pressure)

**\$60.0 million** - Higher Education Campus Improvements

**\$15.0 million** - School Building Deferred Maintenance (MCI)

**\$10.1 million** - School Safety (*\$1M from Operating Budget*)



## *Small Businesses & Infrastructure*

**\$25.0 million** - Strategic Fund Investments to Support Jobs in DE

**\$10.0 million** - Site Readiness Fund

**\$10.0 million** - Graduation Lab Space

**\$10.3 million** - Research Collaborations

**\$5.0 million** - Transportation Infrastructure Investment Fund

**\$20.0 million** - Suburban Roads/Subdivision Street Pavement

**\$6.5 million** - Riverfront Development Corporation

# Highlights: Governor Carney's FY 2024 Capital Budget



## *Building Strong Communities*

**\$11.6 million** - Preserving Historical and Recreational Sites

**\$16.6 million** - Libraries

**\$6.0 million** - Affordable Housing

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

**\$4.0 million** - Strong Neighborhoods



## *Protecting Natural Resources for Future Generations*

**\$26.2 million** - Clean Water & Drinking Water Trust Fund

**\$10.0 million** - Farmland Preservation (RTT)

**\$10.0 million** - Open Space (RTT)

**\$7.5 million** - Shorelines and Waterways

**\$5.1 million** - Cover Crop Program

**\$1.7 million** - Conservation Cost Share

**\$500,000** - Delaware Bayshore



# Highlights: Governor Carney's FY 2024 Capital Budget



## *Safe and Stable Communities*

**\$34.3 million** - Kent/Sussex Family Court Facilities

**\$21.0 million** - New DSP Troop 4

**\$21.0 million** - Customs House

**\$16.3 million** - Statewide DOC Facility Generator Replacements

**\$12.3 million** - Baylor Women's Correctional Infirmary Expansion

**\$5.1 million** - Howard R. Young Correctional Center Renovations

**\$4.5 million** - New James T. Vaughn Intake Facility

**\$1.5 million** - Leonard L. Williams Justice Center Improvements



## *Building a Strong Foundation for Our State*

**\$50.6 million** - State agency minor capital improvements and deferred maintenance

**\$33.0 million** - Delaware Hospital for the Chronically Ill

**\$30.0 million** - Carvel State Office Building upgrades

**\$7.0 million** - Cleveland White Building renovations

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**States continue to  
receive historic federal  
investments to rebuild  
our economies.**

*We are putting those  
funds to work for  
Delawareans.*

# INVESTING *in* DELAWARE

**\$342  
million**

Statewide  
Technology &  
Broadband

**\$105  
million**

Housing  
Development &  
Emergency Housing

**\$133  
million**

DE Hospitals and  
Health Care

**\$72\*  
million**

Capital Projects  
Fund  
(Nonprofits)

*\*Awaiting U.S. Treasury approval*

**\$105  
million**

Higher Education  
(University of Delaware,  
Delaware State University,  
Delaware Tech)

**\$50  
million**

COVID-19  
Response and  
Mitigation

**\$50  
million**

Workforce  
Development &  
Pathways 2.0

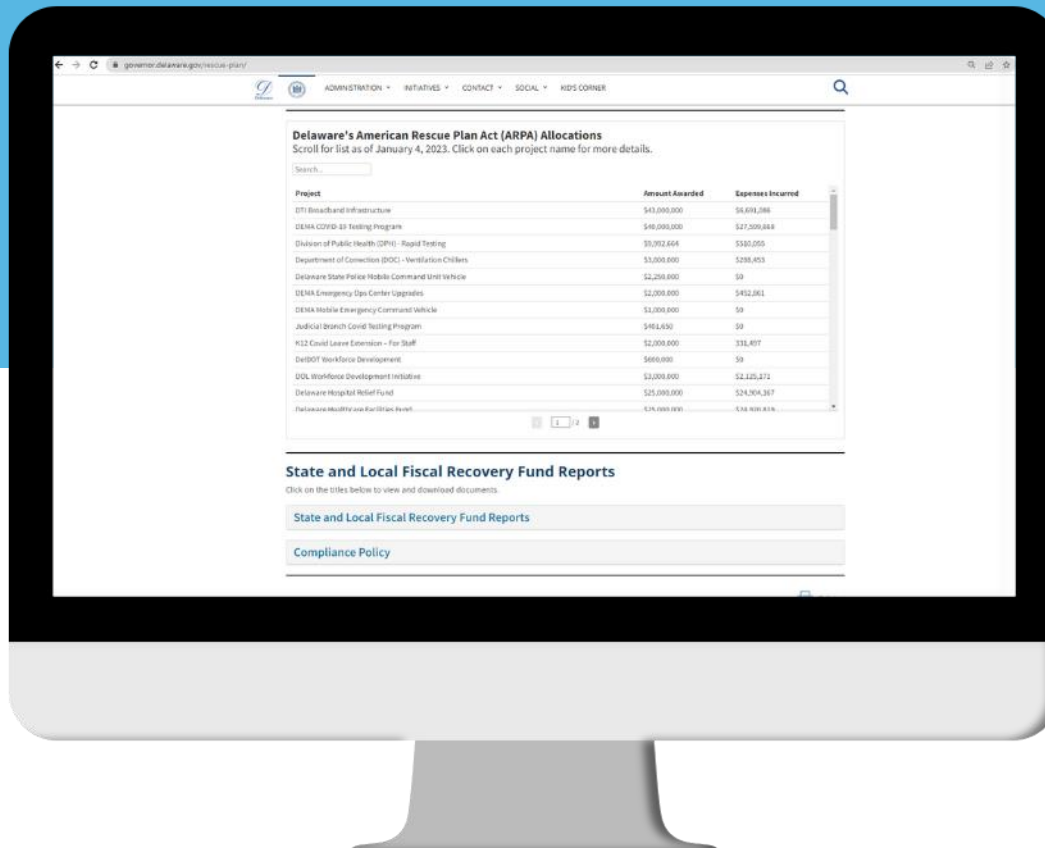
**\$40  
million**

Delaware  
Libraries

*For More Information: [de.gov/rescueplan](https://de.gov/rescueplan)*

# For More Information: **AMERICAN RESCUE PLAN ACT**

*Allocations and spending by project reported at  
[de.gov/rescueplan](https://de.gov/rescueplan)*



# INVESTING *in* DELAWARE'S INFRASTRUCTURE

*As of October 25, 2022 - Includes announced funding affecting Delaware to federal agencies and other organizations, not just Delaware state government*

**\$509  
million**

Roads and Bridges

**\$63  
million**

Drinking Water and  
Wastewater

**\$57  
million**

Climate Resilience, Clean  
Energy & Electric Vehicle  
Infrastructure

**\$52  
million**

Ports and Waterways

**\$42  
million**

Public Transit

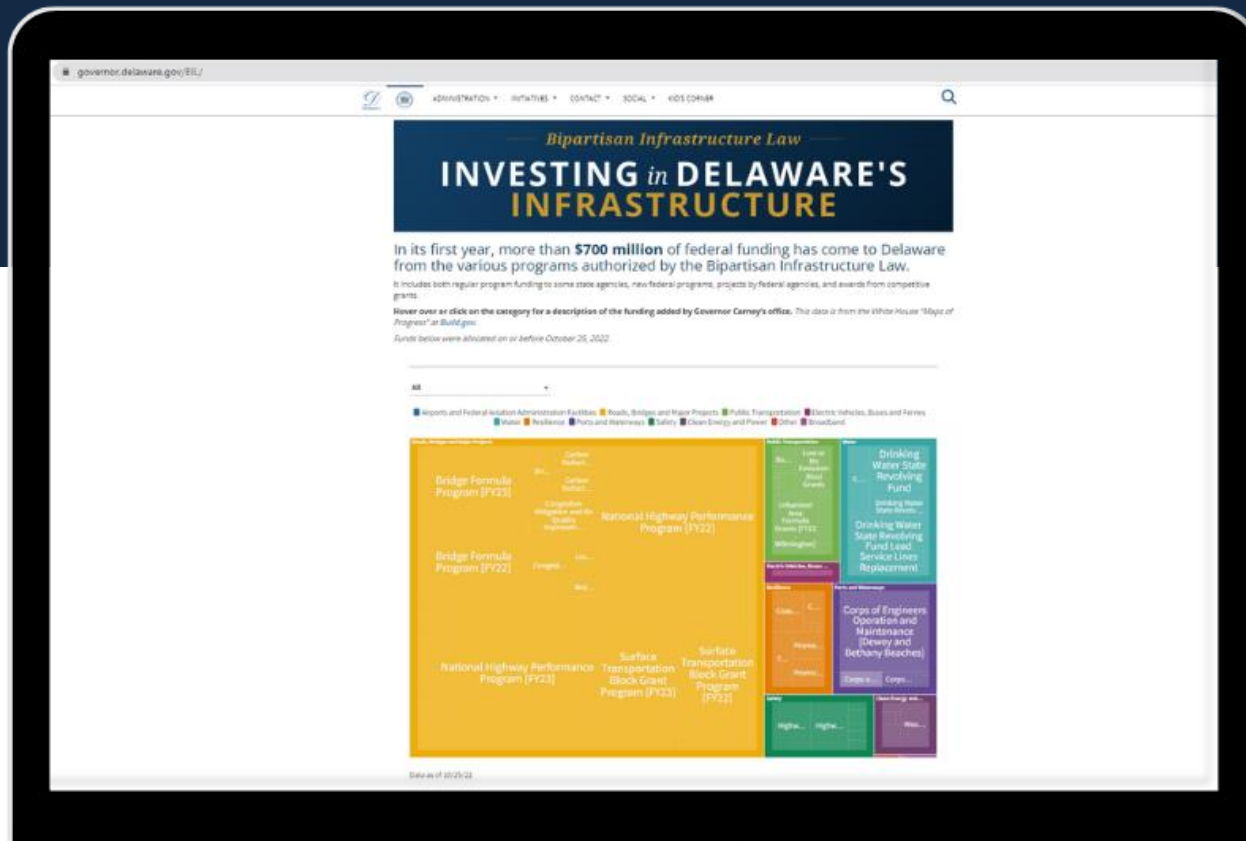
**\$31  
million**

Highway Safety

*For More Information: [de.gov/infrastructure](https://de.gov/infrastructure)*

# For More Information: **BIPARTISAN INFRASTRUCTURE LAW**

*First year of federal allocations and awards by  
BIL program reported at  
[de.gov/BIL](https://de.gov/BIL)*



# FY 2024 BUDGET PROCESS



July -  
December

**Governor Carney and cabinet members** developed the FY 2024 budget draft.

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

January

**January 26:** Governor Carney proposes FY 2024 recommended budget.

February -  
March

**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.

April - May

**Mark-up:** JFC reviews budget proposals.

June 30

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* -