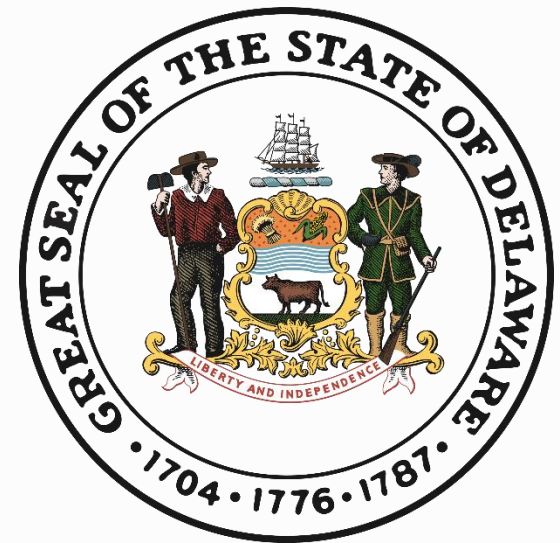


State of Delaware

GOVERNOR'S RECOMMENDED FINANCIAL PLAN

FOR FISCAL YEAR 2022

Prepared for
Delaware Health Care Commission
February 4, 2021



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

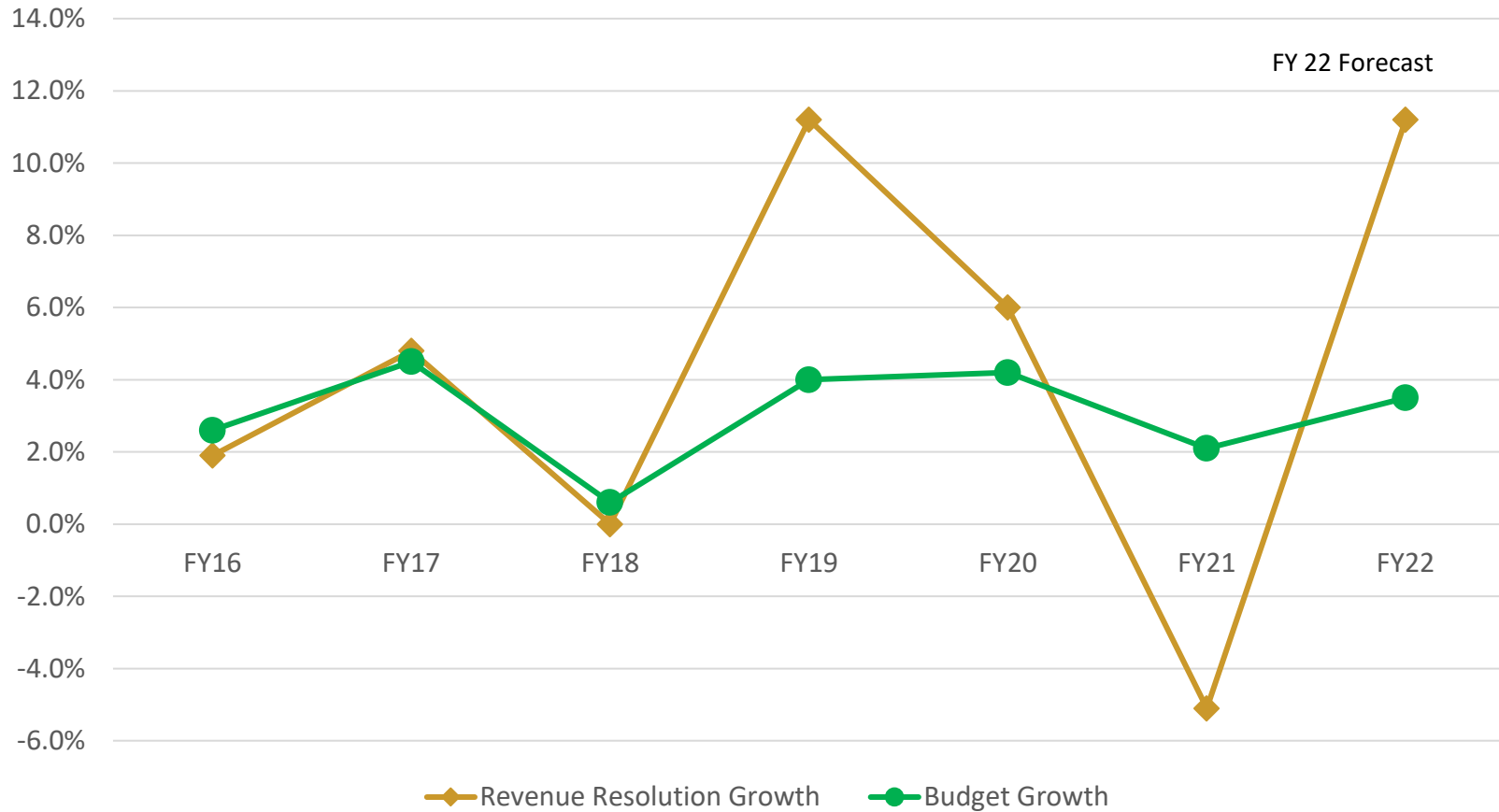
And we kept that promise.

- 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**

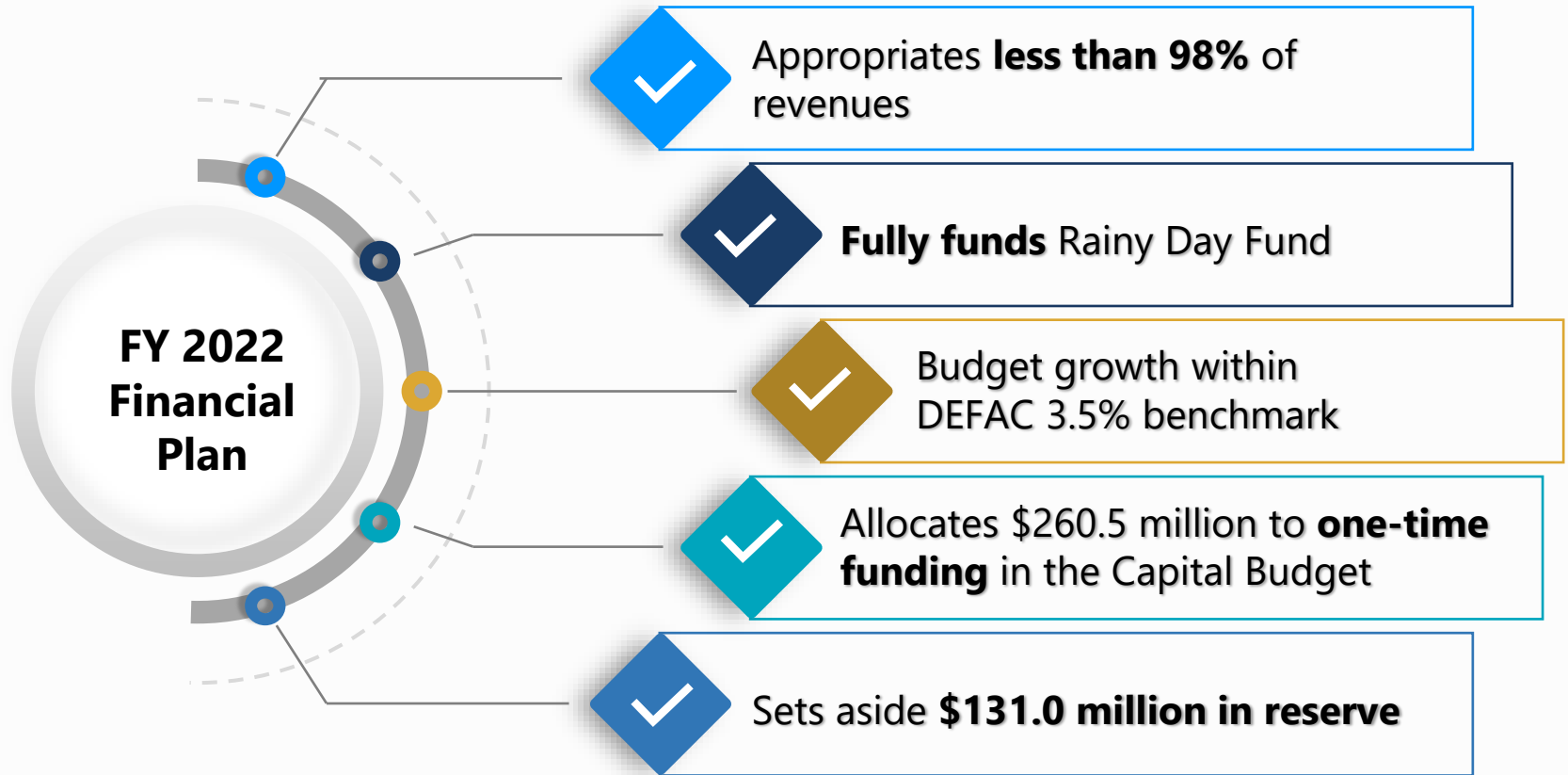
REVENUE VOLATILITY vs. BENCHMARK SPENDING STABILITY



Revenue Volatility with Stable Budget Growth



LONG-TERM FINANCIAL SUSTAINABILITY

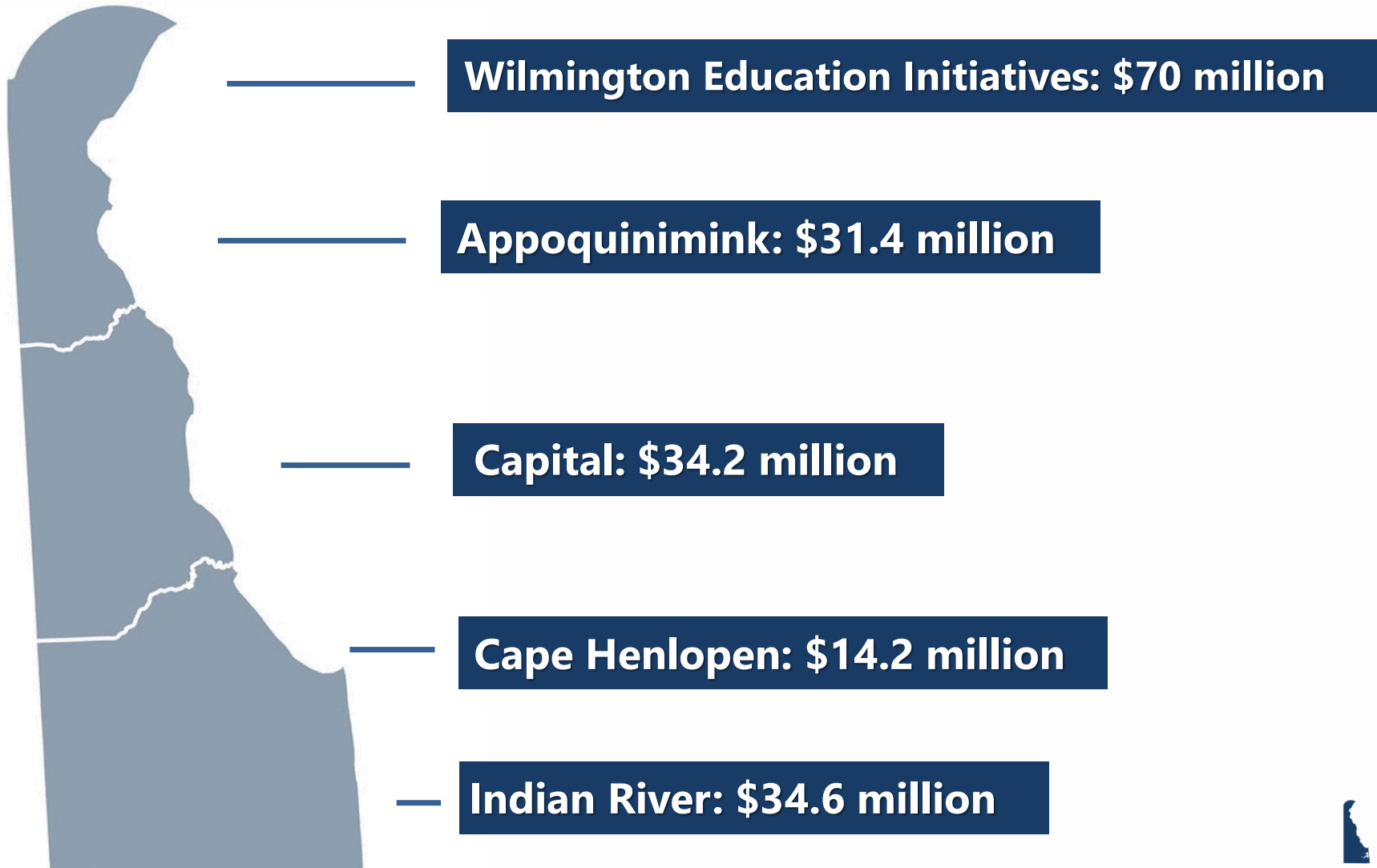


HIGHLIGHTS OF GOVERNOR CARNEY'S FY 2022 FINANCIAL PLAN



- ✓ 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. Grows Early Childhood Assistance Program. Full funding for K-3 basic special education in FY23**
- ✓ 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

INVESTING IN STATEWIDE SCHOOL INFRASTRUCTURE



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
<ul style="list-style-type: none"> GF Operating Budget Growth 3.5% 			
Grants-in-Aid			\$55.5 M
Bond and Capital Improvements Act			\$894.4 M
<ul style="list-style-type: none"> State Capital Projects 		\$517.3 M	
<ul style="list-style-type: none"> <ul style="list-style-type: none"> GO Bonds 		\$237.7 M	
<ul style="list-style-type: none"> <ul style="list-style-type: none"> Cash 		\$260.5 M	
<ul style="list-style-type: none"> <ul style="list-style-type: none"> Other 		\$19.0 M	
<ul style="list-style-type: none"> 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.*

INVESTING IN 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

DEPARTMENT OF HEALTH AND SOCIAL SERVICES

(\$ thousands)

DMMA - Medicaid "Growth"	\$12,500.0
DDDS - Community Placements & Graduates	\$2,016.7
DMMA - Delaware Healthy Children Program (CHIP)	\$2,000.0
DSAAPD/DVI - Growth in Community Services	\$1,519.0
Behavioral Health & Treatment	\$810.0
DSA&MH Community Housing Supports	\$528.0
Health Care Provider State Loan Repayment Program	\$500.0

<i>ASF – Opioid Impact Fund</i>	<i>\$700.0</i>
<i>ASF – Background Check Center</i>	<i>\$1,000.0</i>
<i>ASF to GF – School Health Centers, CHIP, Renal, etc.</i>	<i>\$8,101.0</i>

GF Budget: \$1,268,680,100

2.34% growth

COVID 19 RESPONSE

Coronavirus Relief Fund - \$965 M allocated including:

\$238 M – Unemployment Insurance Trust Fund

\$200 M – DE Relief Grants for Small Businesses,
Non-Profits, Poultry Growers

\$135 M – Child Care Assistance Program

\$132 M – Testing and Contact Tracing Programs

\$100 M – Health Care Relief Grants Program

\$80 M – DPH / DEMA Pandemic Expenses

\$48 M – Higher Education Relief Grant Program

ADDITIONAL INVESTMENTS IN HEALTH

- **Pandemic Response**
 - Targeted use of **CARES Act** and any new Federal funding
 - **\$30 million State reserve** (testing, contact tracing, vaccination delivery, etc.)
- **No premium increase** for state employee health care
- **\$8.7 million** Correctional medical and behavioral health
- **Bond and Capital Improvements Act**
 - **\$3.0 M** Public Health Lab expansion (\$8M fed match)
 - **\$6.7 M** Herman Holloway Campus Improvements
 - **\$10.5 M** DHSS Minor Capital / Maint./ Restorations
 - **\$2.1 M** HR Young Correctional Infirmary Expansion/Renovation

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**.