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
LONG-TERM FINANCIAL SUSTAINABILITY

- Appropriates less than 98% of revenues
- Fully funds Rainy Day Fund
- Budget growth within DEFAC 3.5% benchmark
- Allocates $260.5 million to one-time funding in the Capital Budget
- Sets aside $131.0 million in reserve

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

- 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
- GRADUATION LAB SPACE $10 MILLION
- SITE READINESS $10 MILLION
- TRANSPORTATION INFRASTRUCTURE FUND $10 MILLION
CLEAN WATER FOR ALL DELAWAREANS

CLEAN WATER INITIATIVE

$50 MILLION

ESTABLISH CLEAN WATER TRUST FUND

CLEAN WATER STATE REVOLVING FUND

$22.5 MILLION

DRINKING 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

<table>
<thead>
<tr>
<th>Budget Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund Operating Budget</td>
<td>$4,706.0 M</td>
</tr>
<tr>
<td>• GF Operating Budget Growth 3.5%</td>
<td></td>
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<tr>
<td>Grants-in-Aid</td>
<td>$55.5 M</td>
</tr>
<tr>
<td>Bond and Capital Improvements Act</td>
<td>$894.4 M</td>
</tr>
<tr>
<td>• State Capital Projects</td>
<td>$517.3 M</td>
</tr>
<tr>
<td>• GO Bonds</td>
<td>$237.7 M</td>
</tr>
<tr>
<td>• Cash</td>
<td>$260.5 M</td>
</tr>
<tr>
<td>• Other</td>
<td>$19.0 M</td>
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<tr>
<td>• Transportation</td>
<td>$377.1 M</td>
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<tr>
<td>One-Time Supplemental</td>
<td>$35.7 M</td>
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The FY 2022 Financial Plan sets aside $131.0 million in the Budget Stabilization Fund above the constitutionally mandated set asides.
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
<table>
<thead>
<tr>
<th>Program</th>
<th>Amount</th>
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<tbody>
<tr>
<td>DMMA - Medicaid “Growth”</td>
<td>$12,500.0</td>
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<tr>
<td>DDDS - Community Placements &amp; Graduates</td>
<td>$2,016.7</td>
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<tr>
<td>DMMA - Delaware Healthy Children Program (CHIP)</td>
<td>$2,000.0</td>
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<tr>
<td>DSAAPD/DVI - Growth in Community Services</td>
<td>$1,519.0</td>
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<tr>
<td>Behavioral Health &amp; Treatment</td>
<td>$810.0</td>
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<tr>
<td>DSA&amp;MH Community Housing Supports</td>
<td>$528.0</td>
</tr>
<tr>
<td>Health Care Provider State Loan Repayment Program</td>
<td>$500.0</td>
</tr>
<tr>
<td>ASF – Opioid Impact Fund</td>
<td>$700.0</td>
</tr>
<tr>
<td>ASF – Background Check Center</td>
<td>$1,000.0</td>
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<tr>
<td>ASF to GF – School Health Centers, CHIP, Renal, etc.</td>
<td>$8,101.0</td>
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<tr>
<td><strong>GF Budget</strong></td>
<td><strong>$1,268,680,100</strong></td>
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<td>2.34% growth</td>
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</tbody>
</table>
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
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 28:** Governor Carney proposes recommended budget for FY 2022.

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.

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

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

The new fiscal year begins July 1.