



*Financial Overview*

# FISCAL YEAR 2025

*January 25, 2024*

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

# *Responsibly managing our state budget remains a priority.*

## BENCHMARK SPENDING

*Measuring operating budget growth against a sustainable benchmark (EO#21)*

## BUDGET STABILIZATION FUND

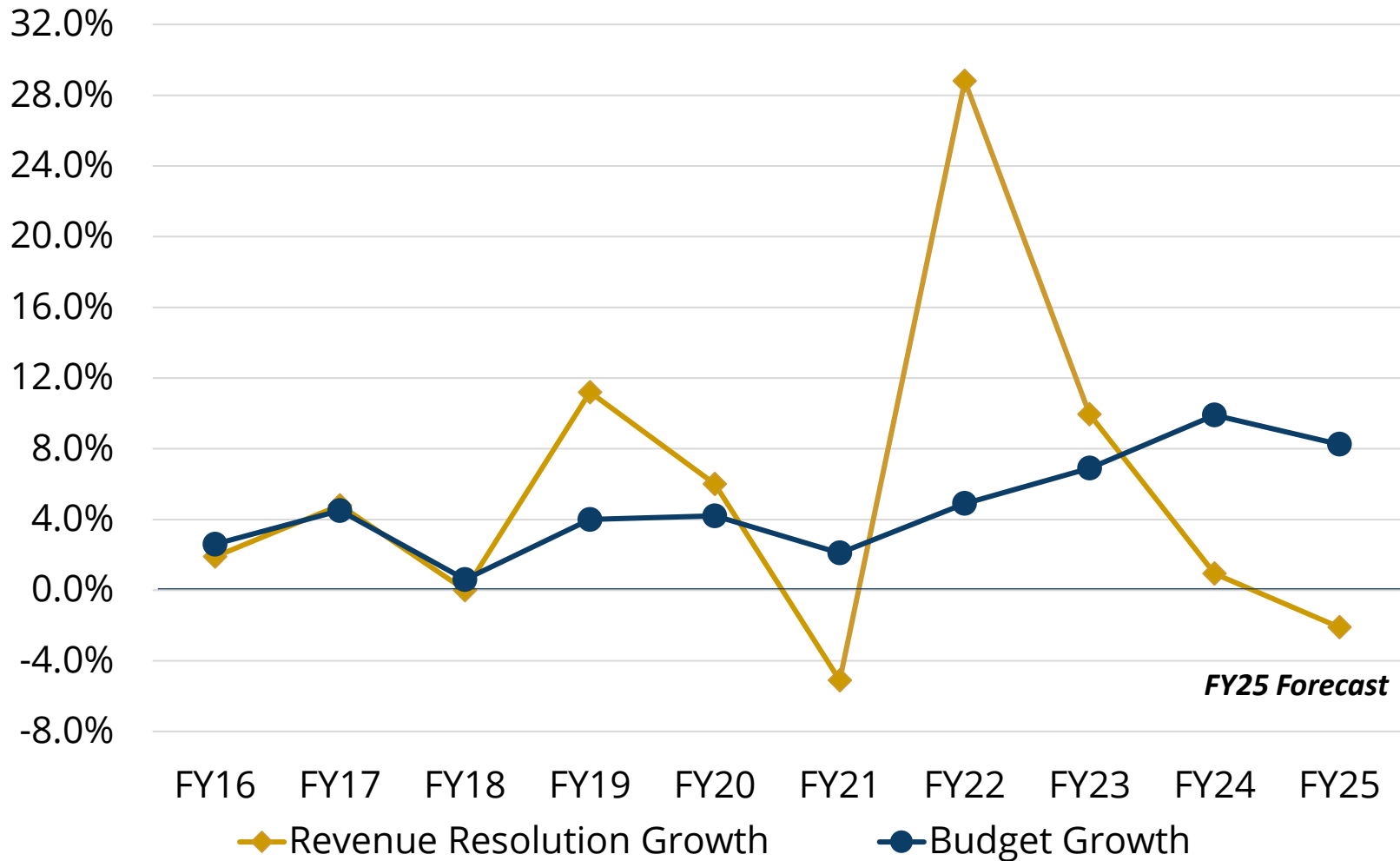
*Using extraordinary revenues to build reserves available to cover future revenue shortfalls*

## RESPONSIBLE BUDGETING

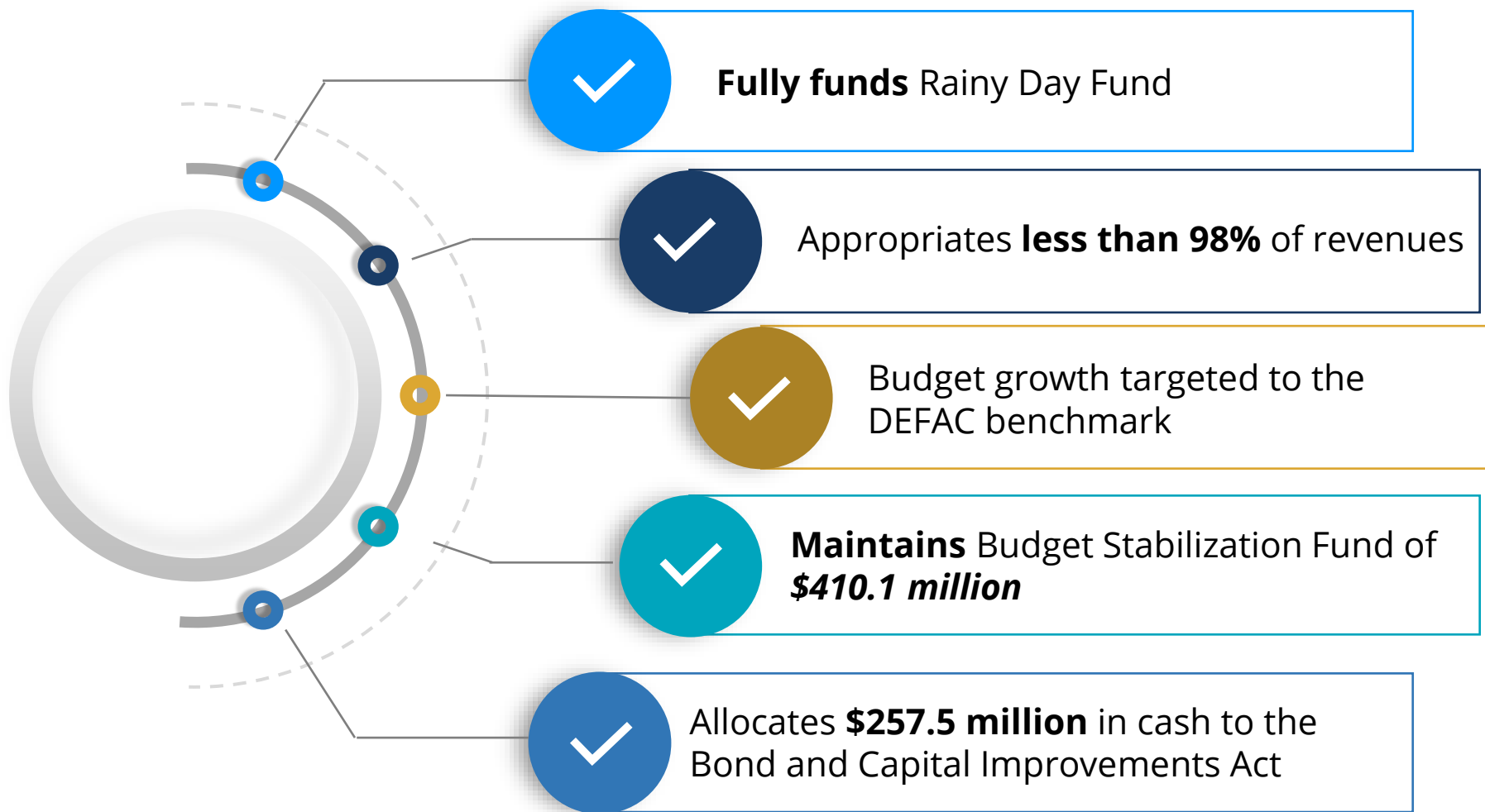
*Directing one-time revenues to one-time investments that support long-term economic growth*

# Following Benchmark Creates Sustainable Budget Growth with Volatile Revenue

## Revenue Volatility with Stable Budget Growth



# Long-term Financial Sustainability



# Governor Carney's Recommended FY 2025 Financial Plan



**General Fund Operating Budget** **\$6,074.9 M**

- GF Operating Budget Growth below 8.25%

**Grants-in-Aid** **\$66.5 M**

**Bond and Capital Improvements Act** **\$943.7 M**

- State Capital Projects **\$614.6 M**
  - GO Bonds **\$314.6 M**
  - Cash **\$257.5 M**
  - Other **\$42.5 M**
- Transportation **\$329.1 M**

**One-Time Supplemental** *(incl. \$56.1M to OPEB)* **\$91.8 M**

*The FY 2025 Financial Plan maintains **\$410.1 million** in the Budget Stabilization Fund to manage through forecasted flat revenues in the out years.*

# 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 2025 Financial Plan



- ✓ Takes continued steps towards providing **competitive compensation** for state employees
- ✓ Moves toward a goal of **\$60,000 starting salary for new teachers** over next four years
  - *Year 1 of the Public Education Compensation Committee recommendation*
- ✓ Promotes **early childhood education** and **child care** investments
- ✓ Increases **Opportunity Funding investments for low-income students and English language learners** in our schools
- ✓ Supports **economic development, infrastructure, and safe communities** throughout the State
- ✓ Continues investments in **climate change prevention, clean water, and environmental initiatives**
- ✓ Adds nearly **\$200 million** for **health care cost inflation**



# Investing in *Public Education*

**\$2.1 billion**

*total budget for K-12 public education*

Increase of  
\$10 million for  
Opportunity  
Funding  
**\$63 million**  
*(total)*

Public  
Education  
Salary  
Increases  
**\$45.2 million**

Student  
Unit  
Growth  
**\$56.5 million**



# Investing in *Early Childhood Education*

MORE THAN

**\$135 million**

*total budget for early childhood education*

- Since 2017, **more than doubled investments** in both Purchase of Care and Early Childhood Assistance Program (ECAP)

## **Budget increases:**

### **Purchase of Care**

FY17: **\$32 million**

FY25: **\$83 million**

### **ECAP**

FY17: **\$6 million**

FY25: **\$16 million**

# Protecting Delaware's *Environment for Future Generations*



ENVIRONMENTAL & CLIMATE ACTION INITIATIVES

## \$129.6 million

Electric Vehicle  
Infrastructure and  
Clean Energy

### \$7.5 million

*Includes federal funds*

Shoreline and Waterway  
Resiliency

### \$24.7 million

*Includes \$18 million from Bipartisan  
Infrastructure Law; \$1.7 million federal  
grant funding*

Aglands Preservation  
& Open Space

### \$20 million total

Clean Water\*

### \$32.8 million

*\*Total Clean Water \$77.4 million with \$44.6 in federal  
funding; restores \$13 million for Drinking Water*

# Preparing for the *Economy of the Future*



ECONOMIC DEVELOPMENT

**\$52.5 million**

Strategic Fund, Graduation  
Lab Space, Site Readiness,  
and Transportation  
Infrastructure  
Investment Fund  
**\$32.5 million**

NIIMBL and SABRE  
**\$20 million**

**Since 2017, our economic development  
investments have helped add 32,100 jobs.**

# Investing in our *State Workforce*



## **\$122.2 million for More Competitive State Wages**

- **2% increase** across the board for state employees
- Funding **negotiated wages and step increases**

Since FY17, the average State Employee  
**annual salary has increased by 31%.**

- Historic wage **increase for public education employees:**
  - Goal of **\$60,000 starting salary for teachers** by FY28
  - Aligned with Public Education Compensation Committee recommendations
- Support of **recruitment and retention** initiatives

# Investing in our *State Workforce*



## Funding for **State Employee Health Care** and **Other Post-Retirement Employment Benefits**

- **\$93.9 million** for Group Health Insurance Plan shortfall
- **\$56.1 million** of one-time extraordinary revenues to Other Post-Employment Benefits (**OPEB**) liabilities per Senate Bill 175

We are spending nearly  
**\$2 BILLION** on **HEALTH CARE:**

**Medicaid and insurance plans  
for state employees and retirees**

- *Increasing by ~**\$200 million** from FY24 to FY25*
- *Nearly **40% of operating budget growth***
- *State's share of Medicaid alone is **\$1 BILLION***

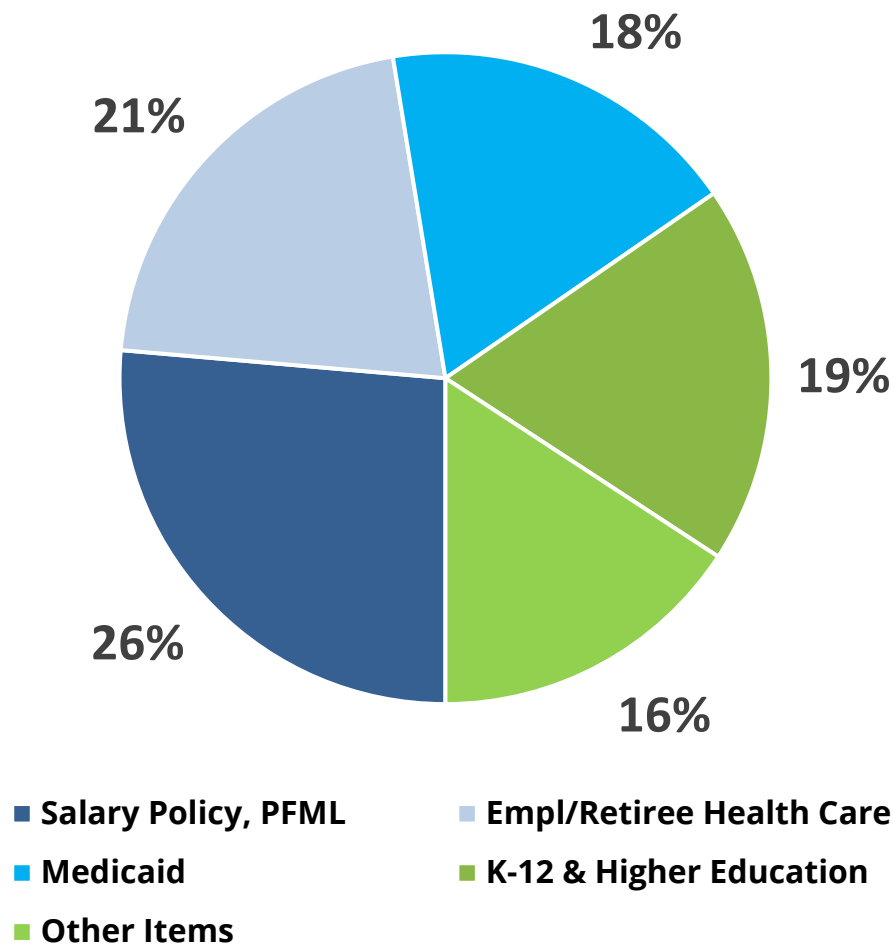
# Impact of *Personnel and Health Care Costs*



**Nearly 65% of the total**  
FY25 General Fund  
Governor's Recommended  
Budget **growth** is **salary**  
**policy and health-**  
**related costs.**

- **Salary Policy** **\$222.0**
  - *Salary Policy & PFML* = \$123.5
  - *Empl/Retiree Health* = \$98.5
- **Health Care Cost**
- **Medicaid** **\$84.2**
- **K-12 & Higher Education** **\$88.1**
- **Other Items** **\$73.9**

FY25 GRB General Fund Growth





**Health care spending will crowd  
out other investments in**

*public schools, affordable  
housing, childcare,  
and raises for state employees  
and state retirees.*



# Education:

## *Early Childhood Development*



- **Purchase of Care expansion of family eligibility** to 200% of the Federal Poverty Level - **\$6.1 million**
  - Expands access to subsidized care for **over 600 new children**
- Increase of **\$3.5 million** for a total of \$15.7 million in **Early Childhood Assistance Program (ECAP)**
  - Adds 200+ seats for early care and education of infants, toddlers, 3-year-old and 4-year-old children

### Purchase of Care

FY17: **\$32 million**

FY25: **\$83 million**

### ECAP

FY17: **\$6 million**

FY25: **\$16 million**

# Education: *Supporting K-12*



- **\$10 million** - Opportunity Funding growth investment for **low-income and English learner students**
  - **Total investment: \$63 million**
- **\$20.2 million** - Continued funding for Wilmington Learning Collaborative and Redding Consortium
- **\$17.3 million** - Mental health services for **elementary, middle and high school students**
- **\$3 million** - Statewide Literacy Coaches

# Education:

## *Investing in Higher Education*



- **\$30.0 million** – **Deferred maintenance, capital improvements and technology upgrades** at UD, DSU, and DTCC
- **\$1.4 million** – Supporting the **Joint Engineering Program** between DSU and UD to promote diverse engineers within the State
- **\$982,300** – Year 4 of the **DTCC Compensation Stabilization Plan** to reduce faculty and staff turnover
- **Scholarships for Delaware Students:**
  - **\$2.5 million** – Increase for **First State PROMISE Scholarship** at UD
  - **\$3.4 million** – Increase for **SEED+** for DTCC and UD
  - **\$2.1 million** – Increase to **INSPIRE** for DSU

***6,478 students supported in 22-23 Academic Year***

# A Healthier State: *Environment & Agriculture*



- **\$32.8 million – Clean Water Trust and State Revolving Funds** to protect water sources and public health
- **\$4.0 million – Cover Crop Investment** to support climate smart initiatives and improve water quality
- **\$3.5 million – Supports Lead Assessment and Remediation**
- **\$3.2 million – Conservation Cost Share** to expand water quality improvements and protect human health
- **\$2.0 million – Agricultural Production Insurance Assistance Program (HB 87)** providing support for eligible producers

# Highlights: Governor Carney's FY 2025 Capital Budget



## *Improving Schools for Delaware Students*

**\$169.5 million** - School Construction and Renovation  
(Includes new schools statewide and market pressure)

**\$30.0 million** - Higher Education Campus Improvements

**\$18.3 million** - School Building Deferred Maintenance (MCI)

**\$9.1 million** - School Safety and Security

## *Investing in Small Business & Infrastructure*

**\$25.3 million** - Research Collaborations

**\$12.5 million** - Strategic Fund Investments to Support Jobs in DE

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

**\$10.0 million** - Suburban Roads/Subdivision Street Pavement

**\$5.0 million** - Graduation Lab Space

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

**\$4.0 million** - Riverfront Development Corporation



# Highlights: Governor Carney's FY 2025 Capital Budget



## *Building Strong Communities*



**\$6.5 million** - Libraries

**\$6 million** - Affordable Housing

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

**\$4.0 million** - Strong Neighborhoods

**\$2.8 million** - Preserving Historical and Recreational Sites

## *Protecting Natural Resources for Future Generations*



**\$32.8 million** - Clean Water Trust

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

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

**\$5.0 million** - Shorelines and Waterways

**\$4.0 million** - Electric Vehicle Infrastructure (*Transportation Trust Fund*)

**\$4.0 million** - Cover Crop Program

**\$3.2 million** - Conservation Cost Share

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

# Highlights: Governor Carney's FY 2025 Capital Budget



## *Ensuring Safe and Stable Communities*

**\$25 million** - Kent/Sussex Family Court Facilities

**\$26 million** - New DSP Troop 4

**\$17.7 million** - Statewide Correctional Facility and Safety Improvements

**\$20 million** - Leonard L. Williams Justice Center Improvements

**\$10 million** - Customs House



## *Building a Strong Foundation for Our State*

**\$37.3 million** - State agency minor capital improvements and deferred maintenance

**\$22 million** - Emily P. Bissell/Forensic Science facility construction

**\$12 million** - Statewide Park improvements (including Killens Pond, Lums Pond, and Fenwick Island State Parks)

**\$6 million** - Carvel State Office Building upgrades

# Governor Carney's Recommended FY 2025 Financial Plan



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# FY 2025 BUDGET PROCESS



July -  
December

**Governor Carney and cabinet members** developed the FY 2025 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 25:** Governor Carney proposes FY 2025 recommended budget.

January -  
February

**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

**Bond Bill Committee Hearings:** Committee members consider Governor Carney's recommended capital budget and hold hearings.

**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* -