

**MINUTES of the
DELAWARE ECONOMIC & FINANCIAL ADVISORY COUNCIL**

WebEx Event – March 15, 2021

Attendance:

Member	Present
N. Batta	Yes
C. Bo	Yes
C. Bonini	No
J. Bullock	Yes
L. Davis Burnham	Yes
R. Byrd	Yes
C. Cade	Yes
W. Carson	Yes
N. Cook	Yes
C. Davis	Yes
K. Dwyer	Yes
B. Fasy	Yes
R. Geisenberger	Yes
R. Glen	Yes
G. Hindes	Yes

Member	Present
J. Horty	Yes
M. Houghton	Yes
R.A. Jones	Yes
K. Lewis	Yes
A. Lubin	Yes
M. Magarik	Yes
N. Majeski	Yes
G. Marcozzi	Yes
I. McConnel	Yes
C. Morgan	Yes
E. Ratledge	Yes
T. Shopa	Yes
D. Short	Yes
D. Sokola	Yes
D. Swayze	Yes

Members in Attendance: 29
Members Absent: 1

Others Present: Rep. K. Williams, A. Aka, M. Alton, R. Armitage, S. Bravo, R. Byrd, C. Cassell-Carter, J. Cole, L. Davis, J. DeChene, B. DiVirgilio, L. Elder, C. Engelsiepen, N. Freedman, R. Goldsmith, K. Gomes, A. Gulli, V. Hensley, A. Jenkins, J. Johnstone, C. Kanefsky, M. McLaughlin, K. Knight, R. Larson, L. Lewis, Q. Ludwicki, M. Marlin, S. McNeeley, B. Motyl, S. Mullin, E. Park, B. Price, P. Redmond, D. Roose, M. Schenck, R. Scoglietti, J. Seemans, B. Short, S. Steward, T. Strayer, L. Thornton, J. Villecco, V. Watson, L. Willis and members of the press.

Opening Business: Mr. Houghton called the meeting to order at 1:34 p.m.

Mr. Houghton welcomed the following individuals as new members of DEFAC: Representative William Carson, Secretary of Transportation Nicole Majeski, OMB Director Cerron Cade, and Controller General Ruth Ann Jones.

The minutes from the December meeting were approved as submitted.

Expenditure Forecasts:

Mr. Ratledge presented the General Fund Expenditure forecasts.

General Fund Expenditures - Fiscal Year 2021:

Mr. Ratledge reviewed the Balance Sheet method and noted a FY 2021 budget of \$4,547.0 million, Cash to the Bond Bill of \$35.4 million, Grant-in-Aid of \$54.5 million, Continuing and Encumbered of \$431.3 million, and no Supplementals.

Mr. Ratledge indicated that the Encumbered estimate is unchanged in March, while the Reversions and Continuing estimates rose by \$20 million and \$46.4 million, respectively.

Reviewing the Functional method, Mr. Ratledge said estimates for Salaries, Fringe Benefits, Debt Service and Pension posted small to moderate increases over FY 2020.

Ms. Engelsiepen had indicated during the Expenditure Subcommittee meeting that the increase in Salaries and Fringe Benefits between FY 2020 and FY 2021 was due to step increases for educators and higher pay involving collective bargaining agreements. She attributed the rise in Pension to increased personnel cost and filled vacancies, and saw the increase in Debt Service as a reflection of current debt service obligation. Ms. Engelsiepen noted that changes in these estimates were minor between December and March and due to tracking.

Mr. Ratledge said the Grants estimate is expected to decline by \$33.6 million in FY 2021. Ms. Engelsiepen had previously explained that the decrease from FY 2020 can be traced to reduced cash projects in the Bond Bill. She added that the decrease in the estimate from December explains the increase in the Continuing estimate noted earlier. Ms. Engelsiepen also said that Grants could be revised by the May meeting after an analysis of large projects with no spend to date has been conducted.

Mr. Ratledge described the Medicaid estimate (up \$29.2 million from FY 2020) as uncertain. During the Expenditure Subcommittee meeting, Ms. Engelsiepen had said that the FY 2020 estimate included 6 months of enhanced Federal Medical Assistance Percentage (FMAP), while FY 2021 included 12 months of the federal match. She said the number of Medicaid eligibles stood at 264,441 in February 2021, up 12.5% from 235,111 a year earlier. Meanwhile, newly eligibles rose 16% to 12,766 during the same period.

Ms. Engelsiepen also said the Supplies and Materials estimate was tracking well and was thus left unchanged. She explained this year's reduction in Capital Outlay expenditure by the fact that FY 2020 figure included a helicopter purchase. (See Table 1a and Table 1b for complete details).

A motion was made, seconded and approved to accept \$4,586.5 million as the Expenditure estimate for FY 2021. The estimate represents an increase of \$72.6 million from FY 2020 and a reduction of \$66.4 million from the December estimate.

General Fund Expenditures - Fiscal Year 2022:

Mr. Ratledge mentioned that various assumptions have been used to derive the FY 2022 estimates. He noted that Grants (up \$87 million) and Medicaid estimates (up \$101.8 million) are seeing sizeable jumps in FY 2022.

During the Expenditure Subcommittee meeting, Ms. Engelsiepen had indicated that residual FY 2019-2020 projects were included in the Grants estimate. The latter also includes spending from the FY 2022 Bond bill, amounting to almost \$70 million. Ms. Engelsiepen attributed the increase in Medicaid to the higher number of eligibles and higher State share for that fiscal year. (See Table 1c for complete details).

A motion was made, seconded and approved to accept \$4,917.7 million as the Expenditure estimate for FY 2022. The estimate represents an increase of \$331.2 million from FY 2021.

Revenue Forecasts:

Mr. Lewis and Mr. Roose presented the General Fund Revenue forecasts.

Economic Outlook

Mr. Aka presented economic forecasts for the U.S. (produced by IHS Markit (“IHS”)) and Delaware (developed by the Department of Finance). He mentioned the IHS forecast is based on several assumptions, including the recently enacted fiscal stimulus (i.e., the American Rescue Plan) and all previously enacted fiscal supports. IHS also assumes that widespread inoculation of the population will be achieved in the fall and sees no meaningful change in monetary policy until mid-2024.

Against the backdrop of falling COVID-19 infection rates, a relaxation of states’ containment measures and an acceleration of the national inoculation campaign, the infusion of a massive \$2.8 trillion of fiscal support in December and January is expected to lift the U.S. economy this calendar year by contributing roughly 2% to growth. IHS forecasts real GDP growth of 5.7% in CY 2021 and 4.1% next year, exactly matching the Blue Chip consensus forecasts for these two years. Despite the robust forecast, Mr. Aka noted that downside risks to growth remain elevated in the near term.

Regarding Delaware, he said the employment forecast has benefited from actual, benchmarked data for CY 2020. The benchmark adjustment represents a yearly re-anchoring of sample-based employment estimates to full population counts available through Unemployment Insurance tax records. As a result of the new data, the State's employment decline is now expected at 1.9% this fiscal year, compared with 3.5% at the December meeting.

Mr. Aka also showed that Delaware's job loss in March and April 2020, which amounted to 84,500 jobs, far exceeded the number of jobs created since the end of the Great Recession (58,300). He added that the State did regain 41,600 jobs through December 2020.

Mr. Roose began his presentation by describing a new program of the U.S. Census Bureau, the Household Pulse Survey, intended to provide a snapshot at how people's lives have been affected by the pandemic. The survey began last year after the onset of the pandemic, but the data described in Mr. Roose's presentation began the week after August 30th because of changes to the questionnaire in late summer.

Mr. Roose said that, despite a consistent downward trend since December, nearly 20% of U.S. and Delaware adults expect someone in their households to experience a loss in employment income in the next 4 weeks. He described the likelihood of eviction or foreclosure of households that are behind in payments as higher in March than in August.

Mr. Roose noted that the percentage of households that have difficulty paying for usual household expenses was trending upward until February. Despite the recent downtick, a third of Delaware residents are facing extremely tight household budgets. Mr. Roose suggested that a large portion of the last two stimulus payments may have been used for necessities. He added that the lack of a sales tax may have been to the benefit of Delaware because of the poor prognosis of consumer spending at the lower end of the income spectrum.

Mr. Roose noted that nearly 40% of households have an adult teleworking at least part time because of the pandemic. He concluded that a dramatic restructuring of work relationship, if sustained, would not only impact various sectors of the economy but also affect state revenues through the taxation of remotely working nonresidents by their state of residence.

General Fund Revenues - Fiscal Year 2021:

The Revenue Subcommittee recommended the following updates to December's estimates:

Revenue Category	Dec-20	Mar-21	Change
Franchise Tax	996.1	1,052.0	55.9
Personal Income Tax	1,939.9	1,981.6	41.7
Corporation Income Tax	191.8	215.8	24.0
CIT Refunds	(85.0)	(70.0)	15.0
Lottery	196.9	206.0	9.1
Realty Transfer Tax	204.9	213.3	8.4
Limited Partnerships & LLC's	373.6	379.6	6.0
Other Refunds	(19.5)	(25.3)	(5.8)
Dividends and Interest	78.8	83.6	4.8
Public Utility Tax	37.9	33.5	(4.4)
Bank Franchise Tax	68.7	72.7	4.0
Other Revenues	59.1	55.4	(3.7)
Corporate Fees	130.0	133.4	3.4
Alcoholic Beverage Tax	29.9	31.9	2.0
Hospital Board and Treatment	23.4	22.4	(1.0)
Cigarette Taxes	110.5	111.2	0.7
Insurance Taxes	88.4	88.9	0.5

For a complete listing of FY 2021 estimates, see Table 2.

Discussion of FY 2021 Estimates:

Personal Income Tax (PIT) Less Refunds: Mr. Roose recommended an increase in the estimate by \$41.7 million.

Mr. Roose said withholding is down 0.2% from mid-December through March 11th, accelerating from a larger decline of 1.2% posted between November 1st and mid-December. He indicated that the December forecast was conservative because of potential resurgence of the virus in winter and the uncertainty regarding bonuses. Mr. Roose said both risks have not materialized and that bonuses appear to be flat over last year.

Although the risks have subsided, Mr. Roose noted that a small number of significant taxpayers have not yet remitted bonus withholding payments. He said that hitting the recommended FY 2021 estimate would require a 4.8% growth in withholding for the rest of the year, which should be attainable given favorable comparisons with last year and greater availability of the vaccine.

Turning to estimated payments, Mr. Roose said growth was essentially flat in the first half of tax year 2020 after accounting for delayed payments. Growth has picked up as third-quarter payments due in September were up 18% and fourth-quarter payments increased by 25%. According to Mr. Roose, making the appropriate adjustments leads to an estimate that is well ahead of the

December estimate. As a result, he recommended an upward adjustment to the estimate of \$30 million. He added that hitting the recommended FY 2021 estimate would require 15.5% growth for the rest of the year, which is achievable based on the strong economic outlook and tracking.

Mr. Roose said estimated payments could benefit from strong capital gains that are expected in the near term. He showed a graph displaying a weak but linear relationship between growth in realized capital gains and growth in the S&P 500 index. After explaining the weak relationship by changes in tax laws and real estate developments, Mr. Roose said the stock market sell-off of last spring could lead to substantially stronger-than-expected realized capital gains this year.

Mr. Roose noted that final payments have been reduced by \$18.8 million this fiscal year to account for House Bill 65, which exempted unemployment benefits from personal income tax for tax year 2020. He said that FY 2021 includes about \$109 million due to deferred due dates, and that the adjusted growth rate for Net PIT stands at 0.6% in the current fiscal year because of weak withholding growth before rising to 4.4% next year as withholding recovers.

Mr. Roose mentioned two significant risks to the PIT forecast: remote work and deductibility of expenses from forgiven Payroll Protection Program (PPP) loans. He said the Department of Finance will track nonresidents who file for both tax years 2019 and 2020 to determine the extent of wage reduction. Regarding PPP loans, a recent guidance issued by the IRS reversed a previous guidance and now makes expenses resulting from forgiven PPP loans deductible by taxpayers.

Mr. Roose said the latest guidance has introduced a large uncertainty in the PIT and CIT forecasts. He added the risk associated with PPP loans could be limited since many businesses are not profitable and net operating losses that are carried back are capped at \$30,000 per year.

Corporate Franchise Tax (CFT): Mr. Roose recommended an increase in the estimate by \$55.9 million.

Mr. Knight had previously indicated during the Revenue Subcommittee meeting that the March 1st collections came in stronger than expected, and that the December estimate was conservative due to uncertainty over another COVID-19 surge. He noted the net increase in new corporations in 2020 and stressed that the growth of existing companies, which is driven by the economy and the department of State's compliance verification measures, is the main driver of CFT growth.

Corporate Income Tax (CIT) Less Refunds: Mr. Roose recommended an increase in the estimate by \$39 million.

Mr. Roose attributed the increase to the positive economic outlook, strong tracking, and results of the Department of Finance's forecasting model. He also indicated that an average collection of \$90 million has been consistently received over the remaining of the year during FY 2016 -19.

Meanwhile, refunds have been reduced by \$15 million based on claims to date, lower-than-expected R&D and New Economy Jobs credits, and no filing by taxpayers that can claim overpayments made in past years. As with PIT, the deductibility of PPP expenses is also an issue for CIT. Mr. Roose noted that FY 2021 estimate includes \$23.3 million due to deferred due dates.

Lottery: Mr. Roose recommended an increase in the estimate by \$9.1 million.

Mr. Roose said the winter surge of the virus was not as bad as expected, helping the revenue category. In addition, closure of Pennsylvania casinos and availability of huge jackpots in January have further boosted revenue.

Cigarette: Mr. Roose recommended an increase in the estimate by \$0.7 million.

Mr. Roose attributed the increase to the near doubling of the cigarette tax rate in neighboring state Maryland, which was effective on March 14. He said an analysis of prior increases in neighboring states along with demographic analysis suggest an increase in the cigarette tax estimates for both FY 2021 and FY 2022.

Hospital Board and Treatment: Mr. Roose recommended a reduction in the estimate by \$1 million.

Mr. Roose attributed the reduction in the estimate to reduced caseloads.

Public Utility Tax (PUT): Mr. Roose recommended a decrease in the estimate by \$4.4 million.

Mr. Roose said the surprisingly large reduction was due to a significant decrease in non-residential utility usage and relatively warm winter. The lower non-residential utility usage is not offset by residential usage, which is exempt from the PUT tax. Mr. Roose noted that continuation of remote work may have an impact on the revenue category.

Dividends and Interest: Mr. Roose recommended an increase in the estimate by \$4.8 million.

During the Revenue Subcommittee meeting, Ms. Davis had attributed the increase to the recent uptick in interest rates that has caused an acceleration in the timing of receipts.

Other Revenues: Mr. Roose recommended a decrease in the estimate by \$3.7 million.

Mr. Roose attributed the reduction to a decrease in Legal Fees revenue on the back of less court traffic.

Other changes were attributed to tracking.

FY 2021 Estimate Adopted:

A motion was made, seconded and approved to accept \$5,059.9 million as the revenue estimate for FY 2021. The estimate represents an increase of \$160.6 million from the December estimate.

General Fund Revenues - Fiscal Year 2022:

The Revenue Subcommittee recommended the following updates to December's estimates:

Revenue Category	Dec-20	Mar-21	Change
Franchise Tax	996.1	1,052.0	55.9
Personal Income Tax	1,894.5	1,938.6	44.1
Corporation Income Tax	162.3	189.3	27.0
CIT Refunds	(80.0)	(70.0)	10.0
Realty Transfer Tax	184.9	193.3	8.4
Limited Partnerships & LLC's	373.6	379.6	6.0
Cigarette Taxes	106.4	112.4	6.0
Dividends and Interest	33.9	28.6	(5.3)
Other Revenues	63.3	59.5	(3.8)
Bank Franchise Tax	87.9	85.7	(2.2)
Lottery	213.6	215.6	2.0
Hospital Board and Treatment	23.7	22.7	(1.0)
Insurance Taxes	76.0	76.5	0.5
Corporate Fees	132.9	133.4	0.5

For a complete listing of FY 2022 estimates, see Table 2.

Discussion of FY 2022 Estimates:

Personal Income Tax (PIT) Less Refunds: Mr. Roose recommended an increase in the estimate by \$44.1 million.

Mr. Roose said the FY 2021 increase in withholding is expected to flow through to FY 2022. He also mentioned that final payments have been reduced by \$6 million in FY 2022 to account for House Bill 65.

Cigarette: Mr. Roose recommended an increase in the estimate by \$6 million.

Mr. Roose attributed the increase to the near doubling of the cigarette tax rate in Maryland.

Dividends and Interest: Mr. Roose recommended a decrease in the estimate by \$5.3 million.

During the Revenue Subcommittee meeting, Ms. Davis said the FY 2022 and FY 2023 estimates are sensitive to increased interest rate expectations, resulting in a reduction in both the market value of the portfolio and amount of forecast realized gains for those years.

While noting that realized gains continue to be a significant portion of the estimate, she stressed that the forecasting of the timing and amount of any realized gains or losses could lead to significant shifts between fiscal years.

Corporate Franchise Tax (CFT): Mr. Roose recommended an increase in the estimate by \$55.9 million.

During the Revenue Subcommittee meeting, Mr. Knight had mentioned that FY 2022 growth was held flat given the historic growth currently seen in the revenue stream.

Other changes reflected the carrying forward of changes made in FY 2021.

FY 2022 Estimate Adopted:

A motion was made, seconded and approved to accept \$4,913.5 million as the revenue estimate for FY 2022. The estimate represents an increase of \$148.1 million from the December estimate.

Balance and Appropriations Worksheet: Mr. Roose presented the Balance and Appropriations worksheet. The result of this exercise is attached as Table 3.

Transportation Trust Fund (TTF):

TTF -- Expenditures: Mr. Motyl presented the Transportation Trust Fund's expenditure forecast.

State Operations Expenditure: There was no change from the December estimate of \$313.2 million.

State Capital Expenditure: There was no change from the December estimate of \$376.7 million.

Mr. Motyl said the increased expenditure in the Road System category (on the back of accelerated paving and bridge work) was offset by a corresponding decrease in spending within the Transit category (due to project delays).

Federal Capital Expenditure: There was no change from the December estimate of \$285.3 million.

U.S. 301 Capital Expenditure: There was no change from the December estimate of \$33.0 million.

A motion was made, seconded, and approved to accept \$1,008.2 million as the FY 2021 TTF expenditure estimate. The estimate is unchanged from the December estimate (See Table 4.)

TTF -- Revenues: Mr. Motyl presented the Transportation Trust Fund's revenue forecast.

FY 2021 Estimates:

The following changes were made from the December estimates.

Toll Road Revenues: There was no change from the December estimate of \$172.0 million.

Motor Fuel Tax Administration: Decreased from \$137.6 million in December to \$132.6 million.

Mr. Motyl explained the lower revenue estimate by a reduction in consumption on the back of slight traffic improvement and rising fuel prices.

Division of Motor Vehicles: Decreased from \$222.4 million in December to \$220.4 million.

Mr. Motyl said both Document Fees and Registration Fees are doing well due to strong vehicle sales. He added the Other DMV Revenue group is doing poorly since it is not directly related to vehicle sales.

Other Transportation Revenues: There was no change from the December estimate of \$17.0 million.

U.S. 301 Revenues: There was no change from the December estimate of \$21.0 million.

A motion was made, seconded, and approved to accept \$563.0 million as the FY 2021 TTF revenue estimate. The estimate represents a decrease of \$7 million from the December estimate.

FY 2022 Estimates:

The following changes were made from the December estimates.

Toll Road Revenues: There was no change from the December estimate of \$185.7 million.

Motor Fuel Tax Administration: Decreased from \$144.7 million to \$139.7 million.

Division of Motor Vehicles: There was no change from the December estimate of \$228.2 million.

Other Transportation Revenues: There was no change from the December estimate of \$17.5 million.

U.S. 301 Revenues: There was no change from the December estimate of \$23.4 million.

A motion was made, seconded, and approved to accept \$594.5 million as the FY 2022 TTF revenue estimate. The estimate represents a decrease of \$5.0 million from the December estimate (See Table 5.)

FY 2020-22 General Fund Forecast: Mr. Roose showed that for the 3 years spanning FY 2020 to FY 2022, the forecast made in March 2021 is \$23.8 million lower than the one

made in December 2019, prior to the pandemic.

Mr. Geisenberger said, at \$14.5 billion, the three-year totals were basically the same in March 2021 and December 2019. He noted that income-based tax revenues are significantly down over the period but are offset by categories such as Corporate Franchise Tax, Realty Transfer Tax and Unclaimed Property that are doing well.

Mr. Roose added that the share of General Fund revenue is different now than in December 2019. As a result, should the personal income tax not bounce back strongly, this may result in different expectations for revenue growth going forward.

Mr. Houghton noted the State continues to rely disproportionately on volatile revenue streams such as Unclaimed Property. He argued that the exportation of the State revenue sources beyond domestic personal income and business income tax is dangerous. Mr. Houghton said there were discussions in the past of recalibration of individual tax stream to rebalance the overall portfolio but expressed doubt such recalibration would take place in the near term.

Budget Benchmark Index: Mr. Roose said a significant change in the Delaware personal income forecast (from 2.6% in December to 7.4% in March) has led to a large increase in the benchmark index from 3.5% to 4.3%. He added the index can still change in May.

Mr. Roose attributed the large growth of personal income to transfer payments, which accounted for 4.4 percentage points of the 4.6% growth posted in FY 2020 and are expected to account for 5.6 percentage points of the estimated 7.4% increase for FY 2021. He noted the contribution of transfer payments to FY 2021 personal income growth is the largest since 1950.

Mr. Roose said one could argue that such large transfers do not reflect underlying economic activity and thus should not affect the benchmark index. On the other hand, one could argue for their inclusion in the index since the demand for government goods and services increases when personal income grows.

Mr. Roose reminded members that DEFAC does have the responsibility to periodically review and make any recommendations regarding the components and weightings of the benchmark index. Mr. Houghton asked for a short background presentation on the index at the May meeting. He noted that at this point he did not think one should restructure the composition of the index.

Other Business:

Mr. Houghton announced the next scheduled DEFAC meeting dates:

- Monday, May 17, 2021
- Friday, June 18, 2021

There being no further business, Mr. Houghton adjourned the meeting at 2:38 p.m.

Respectfully submitted,

Arsene Aka

Table 1b.

DEFAC Expenditures Forecast for General Fund Disbursements FY2021 (\$ in millions)																			
March 15, 2021																			
	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2021	Difference	% change	Annual Avg.		FY2021 YTD	% spent	% of	% of	% of	% of		
	Actual	Actual	Actual	Actual	Actual	Dec	Mar	'21 vs. '20	'21 vs. '20	2020 vs. '15		(actual 02/28/21)	(actual 02/28/21)	FY2020	FY2019 total	FY2018 total	FY2017 total	FY2016 total	
Salaries	1,361.8	1,402.9	1,421.1	1,499.9	1,558.6	1,589.9	1,591.6	33.0	2.1%	3.17%		1,136.2	36.2%	34.5%	34.1%	34.5%	34.2%	34.8%	
Fringe Benefits	453.7	480.5	479.6	494.4	506.1	517.2	516.1	10.0	2.0%	2.61%		351.4	11.2%	11.2%	11.3%	11.6%	11.7%	11.6%	
Health Care	334.1	359.0	357.9	362.6	369.0	375.9	375.3	6.3	1.7%	2.35%		250.9	8.0%	8.2%	8.3%	8.7%	8.7%	8.5%	
Other	119.6	121.5	121.7	131.8	137.1	141.3	140.8	3.7	2.7%	3.32%		100.5	3.2%	3.0%	3.0%	3.0%	3.0%	3.1%	
Pension	297.3	317.7	316.7	360.8	360.1	375.4	373.4	13.3	3.7%	4.66%		271.1	8.6%	8.0%	8.2%	7.7%	7.7%	7.6%	
Contribution	150.6	152.4	167.6	201.5	205.0	219.7	218.5	13.5	6.6%	7.73%		158.6	5.1%	4.5%	4.6%	4.1%	3.7%	3.8%	
Health Care	105.0	130.2	136.0	145.4	145.9	149.8	149.0	3.1	2.1%	7.25%		108.2	3.4%	3.2%	3.3%	3.3%	3.2%	2.7%	
Other	41.7	35.1	13.1	13.9	9.2	5.9	5.9	(3.3)	-36.2%	-32.46%		4.3	0.1%	0.2%	0.3%	0.3%	0.9%	1.1%	
Debt Service	169.4	179.0	187.2	183.9	184.1	186.0	186.0	1.9	1.0%	1.89%		145.7	4.6%	4.1%	4.2%	4.5%	4.4%	4.3%	
Grants	349.6	365.7	362.9	445.2	507.1	509.4	473.5	(33.6)	-6.6%	6.26%		296.3	9.4%	11.2%	10.1%	8.8%	8.9%	8.9%	
Medicaid	689.1	739.7	750.2	733.4	702.0	749.8	731.2	29.2	4.2%	1.19%		476.9	15.2%	15.6%	16.7%	18.2%	18.0%	17.6%	
Contractual Services	513.6	537.6	526.1	589.0	600.5	651.0	640.5	40.0	6.7%	4.52%		405.1	12.9%	13.3%	13.4%	12.8%	13.1%	13.1%	
Supplies & Materials	66.9	68.7	61.9	69.3	64.7	56.4	56.4	(8.3)	-12.8%	-3.36%		40.0	1.3%	1.4%	1.6%	1.5%	1.7%	1.7%	
Capital Outlay	12.3	14.3	12.4	18.5	30.6	17.8	17.8	(12.8)	-41.8%	7.67%		14.1	0.4%	0.7%	0.4%	0.3%	0.3%	0.3%	
FY Budgetary Expenditures	3,913.7	4,106.1	4,118.1	4,394.3	4,513.9	4,652.9	4,586.5	72.6	1.6%	3.22%		3136.8	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	
Comments:																			

Table 2. DEFAC General Fund Revenue Worksheet

March-21 DEFAC Meeting	FY 2020	FY 2021				
	A Actual Collections	B DEFAC Dec-20	C % B over A	D DEFAC Mar-21	E % D over A	F \$ Increase D over B
Revenue Category						
Personal Income Tax	1,666.2	1,939.9	16.4%	1,981.6	18.9%	41.7
Less: Refunds	<u>(194.0)</u>	<u>(249.2)</u>	28.4%	<u>(249.2)</u>	28.4%	0.0
PIT Less Refunds	1,472.1	1,690.7	14.8%	1,732.4	17.7%	41.7
Franchise Tax	957.7	996.1	4.0%	1,052.0	9.8%	55.9
Limited Partnerships & LLC's	345.1	373.6	8.3%	379.6	10.0%	6.0
Subtotal Franchise + LP/LLC	1,302.8	1,369.7	5.1%	1,431.6	9.9%	61.9
Less: Refunds	<u>(12.0)</u>	<u>(10.0)</u>	-16.9%	<u>(10.0)</u>	-16.9%	<u>0.0</u>
Net Franchise + LP/LLC	1,290.7	1,359.7	5.3%	1,421.6	10.1%	61.9
Business Entity Fees	127.0	130.0	2.3%	133.4	5.0%	3.4
Uniform Commercial Code	25.6	25.6	0.0%	25.6	0.0%	0.0
Unclaimed Property	554.0	554.0	0.0%	554.0	0.0%	0.0
Less: Refunds	(109.8)	(110.0)	0.2%	(110.0)	0.2%	0.0
Unclaimed Prop Less Refunds	444.2	444.0	0.0%	444.0	0.0%	0.0
Gross Receipts Tax	253.8	263.5	3.8%	263.5	3.8%	0.0
Lottery	177.4	196.9	11.0%	206.0	16.1%	9.1
Corporation Income Tax	160.0	191.8	19.9%	215.8	34.9%	24.0
Less: Refunds	<u>(43.5)</u>	<u>(85.0)</u>	95.4%	<u>(70.0)</u>	60.9%	<u>15.0</u>
CIT Less Refunds	116.5	106.8	-8.3%	145.8	25.2%	39.0
Realty Transfer Tax	166.2	204.9	23.3%	213.3	28.4%	8.4
Cigarette Taxes	119.2	110.5	-7.3%	111.2	-6.7%	0.7
Bank Franchise Tax	80.9	68.7	-15.1%	72.7	-10.1%	4.0
Insurance Taxes and Fees	76.4	88.4	15.7%	88.9	16.4%	0.5
Hospital Board and Treatment	26.3	23.4	-11.1%	22.4	-14.9%	(1.0)
Public Utility Tax	35.8	37.9	6.0%	33.5	-6.3%	(4.4)
Alcoholic Beverage Tax	25.2	29.9	18.6%	31.9	26.6%	2.0
Dividends and Interest	47.1	78.8	67.3%	83.6	77.4%	4.8
Other Revenues	61.4	59.1	-3.8%	55.4	-9.8%	(3.7)
Less: Other Refunds	<u>(20.0)</u>	<u>(19.5)</u>	-2.5%	<u>(25.3)</u>	26.5%	(5.8)
Net Receipts	4,525.8	4,899.3	8.3%	5,059.9	11.8%	160.6

Adj Growth Rate

5.3%

Table 2. DEFACT General Fund Revenue Worksheet

March-21 DEFACT Meeting	FY 2022					FY 2023				
	G DEFACT Dec-20	H % G over B	I DEFACT Mar-21	J % I over D	K \$ Increase I over G	L DEFACT Dec-20	M % L over G	N DEFACT Mar-21	O % L over I	P \$ Increase N over L
Revenue Category										
Personal Income Tax	1,894.5	-2.3%	1,938.6	-2.2%	44.1	1,970.2	4.0%	2,003.8	3.4%	33.6
Less: Refunds	<u>(251.9)</u>	1.1%	<u>(251.9)</u>	1.1%	<u>0.0</u>	<u>(254.4)</u>	1.0%	<u>(254.4)</u>	1.0%	<u>0.0</u>
PIT Less Refunds	1,642.6	-2.8%	1,686.7	-2.6%	44.1	1,715.8	4.5%	1,749.4	3.7%	33.6
Franchise Tax	996.1	0.0%	1,052.0	0.0%	55.9	1,018.0	2.2%	1,018.0	-3.2%	0.0
Limited Partnerships & LLC's	373.6	0.0%	379.6	0.0%	6.0	392.3	5.0%	392.3	3.3%	0.0
Subtotal Franchise + LP/LLC	1,369.7	0.0%	1,431.6	0.0%	61.9	1,410.3	3.0%	1,410.3	-1.5%	0.0
Less: Refunds	<u>(10.0)</u>	0.0%	<u>(10.0)</u>	0.0%	<u>0.0</u>	<u>(10.0)</u>	0.0%	<u>(10.0)</u>	0.0%	<u>0.0</u>
Net Franchise + LP/LLC	1,359.7	0.0%	1,421.6	0.0%	61.9	1,400.3	3.0%	1,400.3	-1.5%	0.0
Business Entity Fees	132.9	2.2%	133.4	0.0%	0.5	135.8	2.2%	135.8	1.8%	0.0
Uniform Commercial Code	26.2	2.3%	26.2	2.3%	0.0	26.7	1.9%	26.7	1.9%	0.0
Unclaimed Property	525.0	-5.2%	525.0	-5.2%	0.0	500.0	-4.8%	500.0	-4.8%	0.0
Less: Refunds	<u>(110.0)</u>	0.0%	<u>(110.0)</u>	0.0%	<u>0.0</u>	<u>(110.0)</u>	0.0%	<u>(110.0)</u>	0.0%	<u>0.0</u>
Unclaimed Prop Less Refunds	415.0	-6.5%	415.0	-6.5%	0.0	390.0	-6.0%	390.0	-6.0%	0.0
Gross Receipts Tax	276.4	4.9%	276.4	4.9%	0.0	291.0	5.3%	291.0	5.3%	0.0
Lottery	213.6	8.5%	215.6	4.7%	2.0	217.6	1.9%	217.6	0.9%	0.0
Corporation Income Tax	162.3	-15.4%	189.3	-12.3%	27.0	163.1	0.5%	190.2	0.5%	27.1
Less: Refunds	<u>(80.0)</u>	-5.9%	<u>(70.0)</u>	0.0%	<u>10.0</u>	<u>(80.0)</u>	0.0%	<u>(70.0)</u>	0.0%	<u>10.0</u>
CIT Less Refunds	82.3	-22.9%	119.3	-18.2%	37.0	83.1	1.0%	120.2	0.8%	37.1
Realty Transfer Tax	184.9	-9.8%	193.3	-9.4%	8.4	175.7	-5.0%	183.6	-5.0%	7.9
Cigarette Taxes	106.4	-3.7%	112.4	1.1%	6.0	102.4	-3.8%	108.3	-3.6%	5.9
Bank Franchise Tax	87.9	27.9%	85.7	17.9%	(2.2)	89.6	1.9%	87.5	2.1%	(2.1)
Insurance Taxes and Fees	76.0	-14.0%	76.5	-13.9%	0.5	88.1	15.9%	88.6	15.8%	0.5
Hospital Board and Treatment	23.7	1.3%	22.7	1.3%	(1.0)	23.9	0.8%	22.9	0.9%	(1.0)
Public Utility Tax	32.0	-15.6%	32.0	-4.5%	0.0	30.8	-3.8%	30.8	-3.8%	0.0
Alcoholic Beverage Tax	27.9	-6.7%	27.9	-12.5%	0.0	28.3	NA	28.3	1.5%	0.0
Dividends and Interest	33.9	-57.0%	28.6	-65.8%	(5.3)	34.5	1.8%	31.6	10.5%	(2.9)
Other Revenues	63.3	7.1%	59.5	7.4%	(3.8)	64.2	1.4%	61.3	3.0%	(2.9)
Less: Other Refunds	<u>(19.3)</u>	-1.0%	<u>(19.3)</u>	-23.7%	0.0	<u>(19.4)</u>	0.5%	<u>(19.4)</u>	0.5%	0.0
Net Receipts	4,765.4	-2.7%	4,913.5	-2.9%	148.1	4,878.4	2.4%	4,954.5	0.8%	76.1

Adj Growth Rate

1.8%

0.0%

Table 3. Balance and Appropriations Worksheet

March-21

FY 2021 EXPENDITURES

Total Spending Authority	\$5,068.2
Less: Continuing Appropriations & Encumbrances from FY 2021	(\$441.7)
Less: Reversions	<u>(\$40.0)</u>
Total Expenditures	\$4,586.5

FY 2021 BALANCES

Total Expenditures	\$4,586.5
vs. FY 2021 Revenues	5,059.9
Operating Balance	473.4
Prior Year Cash Balance	959.4
Less: Budget Stabilization Fund (82 Del Law c 64; HB 225, Section 77)*	<u>(\$63.1)</u>
Cumulative Cash Balance	1,369.7
Less: Continuing Appropriations & Encumbrances from FY 2021	(441.7)
Less: Budgetary Reserve Account	<u>(\$252.4)</u>
Unencumbered Cash Balance 6/30	\$675.6

FY 2022 APPROPRIATION LIMITS

FY 2022 Revenue Estimate	\$4,913.5
Unencumbered Cash Balance from FY 2021	<u>\$675.6</u>
100% Appropriation Limit	\$5,589.1
98% Appropriation Limit	<u>\$5,477.3</u>
Prior 98% Appropriation Limit	\$5,155.2
Increase (Decrease) from Prior Meeting	\$322.1
Oct. 2020 98% Appropriation Limit	\$4,952.8
Increase (Decrease) from October 2020	\$524.5

FY 2021 BUDGET

Budget	\$4,547.0
Grants	\$54.5
Supplemental	\$35.4
Total Appropriations	\$4,636.9
Plus: Continuing Appropriations & Encumbrances from Prior Years	<u>\$431.3</u>
Total Spending Authority	\$5,068.2

Table 4.

Delaware Department of Transportation FY 2021 Expenditures, Through February 28, 2021										
	FY2019 Actual	FY2020 Actual	FY2021 Appropriation	OCTOBER FY2021 Forecast	DECEMBER FY2020 Forecast	MARCH FY2021 Forecast	\$ difference March to December	\$ difference Forecast V. FY2020 Actual	FY2021 YTD Spend	67% % spent YTD
Operations			<u>w/o US301</u>							
Debt Service	94.5	91.5	95.2	93.6	93.6	93.6	0.0	2.1	82.7	88%
Personnel Costs	96.9	102.3	103.1	103.1	103.1	103.1	0.0	0.8	70.8	69%
Operations/Capital Outlay	64.4	59.7	69.9	69.9	69.9	69.9	0.0	10.2	43.1	62%
Transit Operations (DTC)	<u>93.2</u>	<u>94.8</u>	<u>46.6</u>	<u>46.6</u>	<u>46.6</u>	<u>46.6</u>	<u>0.0</u>	<u>(48.2)</u>	<u>31.1</u>	<u>67%</u>
Total Expenditures - Operations	349.0	348.3	314.8	313.2	313.2	313.2	0.0	(35.1)	227.7	73%
State Capital										
Road System	202.6	254.8	249.7	249.7	249.7	256.1	6.4	1.3	180.1	70%
Grants & Allocations	30.6	37.4	35.2	35.2	35.2	35.2	0.0	(2.2)	23.5	67%
Support Systems	51.0	53.9	52.2	52.2	52.2	52.2	0.0	(1.7)	30.6	59%
Transit	<u>28.0</u>	<u>28.7</u>	<u>39.6</u>	<u>39.6</u>	<u>39.6</u>	<u>33.2</u>	<u>(6.4)</u>	<u>4.5</u>	<u>17.5</u>	<u>53%</u>
State Capital	312.2	374.8	376.7	376.7	376.7	376.7	0.0	1.9	251.7	67%
Federal Capital										
Federal Capital	215.7	278.5	285.3	285.3	285.3	285.3	0.0	6.8	199.9	70%
Total Expenditures - Capital	527.9	653.3	662.0	662.0	662.0	662.0	0.0	8.7	451.6	68%
TOTAL EXPENDITURES	876.9	1,001.6	976.8	975.2	975.2	975.2	0.0	(26.4)	679.3	70%

	OCTOBER FY2021 Forecast	DECEMBER FY2020 Forecast	MARCH FY2021 Forecast	\$ difference December March	FY2021 YTD Spend	% spent YTD
DeIDOT	975.2	975.2	975.2	\$ -	\$ 679.3	70%
US301	33.0	33.0	33.0	\$ -	\$ 11.4	35%
TOTAL	1,008.2	1,008.2	1,008.2	\$ -	\$ 690.7	69%

DELAWARE DEPARTMENT OF TRANSPORTATION
Transportation Trust Fund Revenues

	FY19	FY20	% Chg.	Fiscal 2021			Fiscal 2022		
				12/21/2020 Approved	3/15/2021 Recomm	% Chg. FY 20	12/21/2020 Approved	3/15/2021 Recomm	% Chg. FY 21
<u>TOLL ROAD REVENUES:</u>									
I95 Newark Plaza	\$134.9	\$114.3	-15.3%	\$114.1	\$114.1	-0.2%	\$124.3	\$124.3	8.9%
Route 1 Toll Road	62.5	54.2	-13.3%	\$56.4	\$56.4	4.0%	\$59.6	\$59.6	5.7%
Concessions	<u>2.4</u>	<u>1.9</u>	<u>-20.8%</u>	<u>\$1.5</u>	<u>\$1.5</u>	<u>0.0%</u>	<u>\$1.8</u>	<u>\$1.8</u>	<u>0.0%</u>
Total Toll Road Revenues	199.8	170.4	-14.7%	\$172.0	\$172.0	0.9%	\$185.7	\$185.7	8.0%
MOTOR FUEL TAX ADMIN.	144.7	138.7	-4.1%	\$137.6	\$132.6	(4.4%)	\$144.7	\$139.7	5.4%
<u>DIVISION OF MOTOR VEHICLES</u>									
Motor Vehicle Document Fees	119.8	113.6	-5.2%	\$122.0	\$122.0	7.4%	\$124.2	\$124.2	1.8%
Motor Vehicle Registration Fees	58.1	53.8	-7.4%	\$58.4	\$58.4	8.5%	\$60.0	\$60.0	2.7%
Other DMV Revenues	<u>40.9</u>	<u>39.4</u>	<u>-3.7%</u>	<u>\$42.0</u>	\$40.0	<u>1.6%</u>	<u>\$44.0</u>	<u>\$44.0</u>	<u>10.0%</u>
Total DMV Revenues	218.8	206.8	-5.5%	\$222.4	\$220.4	6.6%	\$228.2	\$228.2	3.5%
<u>OTHER TRANSPORTATION REV.</u>									
Other Transportation Rev	12.6	11.2	-11.1%	\$12.0	\$12.0	6.3%	\$12.5	\$12.5	4.2%
Investment Income(Net)	<u>5.5</u>	<u>5.9</u>	<u>7.3%</u>	<u>\$5.0</u>	<u>\$5.0</u>	<u>-15.5%</u>	<u>\$5.0</u>	<u>\$5.0</u>	<u>0.0%</u>
Total Other Transp. Revenue	18.1	17.1	-5.5%	\$17.0	\$17.0	-0.6%	\$17.5	\$17.5	2.9%
GRAND TOTAL	\$581.4	\$533.0	-8.3%	\$549.0	\$542.0	1.7%	\$576.1	\$571.1	5.4%
					(\$7.0)			(\$5.0)	
	FY19	FY20	% Chg.	Fiscal 2021			Fiscal 2022		
US301 Revenues	\$ 7.0	\$ 25.8	268.6%	\$ 21.0	\$ 21.0	0.00%	\$ 23.4	\$ 23.4	0.00%
TOTAL	\$ 588.4	\$ 558.8	-5.0%	\$ 570.0	\$ 563.0	0.8%	\$ 599.5	\$ 594.5	5.6%