MINUTES of the
DELAWARE ECONOMIC & FINANCIAL ADVISORY COUNCIL

Hybrid Event – June 17, 2022

Attendance:

Member	Present
P. Anderson	Yes
N. Batta	Yes
C. Bo	Yes
C. Bonini	No
S. Bravo	Yes
J. Bullock	No
L. Davis Burnham	Yes
R. Byrd	Yes
C. Cade	Yes
W. Carson	No
N. Cook	Yes
C. Davis	Yes
K. Dwyer	Yes
B. Fasy	No
R. Geisenberger	Yes
D. Gillan	Yes

Member	Present
R. Glen	Yes
G. Hindes	Yes
M. Houghton	Yes
M. Jackson	Yes
R.A. Jones	Yes
A. Lubin	Yes
M. Magarik	Yes
N. Majeski	Yes
G. Marcozzi	No
I. McConnel	No
C. Morgan	Yes
E. Ratledge	Yes
T. Shopa	No
D. Short	No
D. Sokola	Yes

Members in Attendance: 23
Members Absent: 8

Others Present: Former Rep. B. Short, A. Aka, B. Brooks, L. Clymer, J. Cole, N. Dellis, B. DiVirgilio, C. Engelsiepen, N. Freeman, C. Hall, J. Hammond, S. Hartos, D. Haw-Young, J. Haynes, A. Jenkins, J. Johnstone, K. Knight, N. Konzelman, E. Lewis, J. Maddox, M. Marlin, V. McCartan, B. Mayrack, E. Nestlerode, M. Poland, R. Puffer, D. Roose, R. Scoglietti, J. Seemans, J. Smith, S. Snyder, T. Strayer and members of the press.

Opening Business: Mr. Houghton called the meeting to order at 10:30 a.m.

The minutes from the May meeting were approved as submitted.

Expenditure Forecasts:

Mr. Ratledge and Ms. Engelsiepen presented the General Fund Expenditure forecasts.

General Fund Expenditures - Fiscal Year 2022:

Mr. Ratledge noted an FY 2022 spending authority of $6,243.9 million. He also mentioned that the recommended general fund expenditure estimate of $5,034 million for the ongoing fiscal year is 11.4% higher than the actual value for FY 2021, thanks to cash projects, but noted that the operating budget is only 4.9% higher.

Reviewing the Balance Sheet method during the Expenditure Subcommittee meeting Ms. Engelsiepen had attributed the large increase in the FY 2022 Reversions, Encumbered and Continuing estimate to the impact of cash projects with a three-year spending timeline.

Ms. Engelsiepen had also reviewed the Functional method. Comparing the FY 2022 estimates with FY 2021 actuals, she had attributed the increase in the Salaries estimate to pay policy and the impact of a one-time $1,000 bonus pay. A smaller one-time bonus awarded to retirees had led to an increase in the Pension estimate, according to Ms. Engelsiepen. Meanwhile, estimates for both Grants and Contractual Service were heavily affected by the large amount of capital cash projects.

Finally, Ms. Engelsiepen had said that the higher number of Medicaid eligibles, the enhanced Federal Medical Assistance Percentages (FMAP) and a State-Federal reconciliation payment were key factors driving the $77.6 million increase in the Medicaid estimate. She indicated that the number of Medicaid eligibles stood at 297,510 in May 2022, up from 270,984 a year earlier and 235,415 in March 2020. In addition, the number of newly eligibles was 16,083 in May 2022, as opposed to 13,436 a year earlier and 10,790 in March 2020.

At the full Council meeting, Mr. Ratledge noted the significant pressure on the Medicaid estimate exacerbated by the uncertainty surrounding the end of the COVID-19 public health emergency. He mentioned that the latter was set to expire in July but could be extended. (See Table 1a and Table 1b for complete details.)

A motion was made, seconded and approved to accept $5,034 million as the Expenditure estimate for FY 2022. The estimate represents an increase of $515 million from FY 2021 and an increase of $0.2 million from the May estimate.

General Fund Expenditures - Fiscal Year 2023:

Mr. Ratledge noted an increase in the FY 2023 estimates for Salaries, Fringe Benefits,

Pension, Debt Service, Medicaid, Contractual Services, Capital Outlay, and Supplies and Materials.

During the Subcommittee meeting Ms. Engelsiepen had attributed the increase in the FY 2023 Salaries estimate to a combination of factors, including a 27th pay and pay policy. She had partly attributed the increase in the Pension estimate to a rise in the Volunteer Firefighter pension and attributed the $295.3 million increase in the Contractual Service estimate to both cash projects and increases in provider rates. Ms. Engelsiepen had also stressed that the FY 2023 estimate remained in flux and would ultimately be determined by the Joint Finance Committee. (See Table 1c for complete details.)

A motion was made, seconded and approved to accept $5,790.2 million as the Expenditure estimate for FY 2023. The estimate represents an increase of $756.2 million from FY 2022.

Revenue Forecasts:

Ms. Davis Burnham and Mr. Roose presented the General Fund Revenue forecasts.

Ms. Davis Burnham summarized the General Fund revenue forecasts while also noting that the Insurance forecast will benefit from a better dataset going forward.

Economic Outlook

Mr. Aka presented economic forecasts for the U.S. (produced by S&P Global Market Intelligence) and Delaware (developed by the Department of Finance). He began by mentioning that key S&P Global assumptions are the same as in May and pertain to the inclusion of all relief packages into the national forecast, the path of the pandemic, monetary policy, and the prices of crude oil and farm output.

Before turning to the national forecast, Mr. Aka described the CY 2022 projections from the June Blue Chip economic survey. Namely, the U.S. economic forecasts ranged from -1% (a recession) to a robust 3.4% growth rate. At 2.5%, the S&P Global forecast is the same as the average of the Blue Chip forecast. Meanwhile, the Blue Chip inflation forecast ranged from 5.8% to 8.5% with an average of 7.4%. The S&P Global forecast is slightly higher, at 7.5%. Finally, pretax corporate profit forecasts found in the survey varied from -13.7% to +11.2%. The average forecast is 3%, while the S&P Global forecast is -0.9%.

Mr. Aka also presented a chart displaying actual pretax profit growth since the 1950s, unadjusted for inflation. He said that nominal corporate pretax profits surged 25% to $2.81 trillion in calendar 2021, the largest annual increase since 1976. He mostly attributed the surge in profit to inflation and the recent strong economic performance. Ms. Davis

Burnham asked how to reconcile the negative profit forecast by S&P Global for CY 2022 with the strong annual increase of profit since the trough of 2020 displayed on the chart. Mr. Aka replied that the last data point on the chart, which showed a declined from the previous quarter, represented the first quarter of 2022.

Turning to the national forecast, Mr. Aka said U.S. GDP shrank 1.5% in the opening quarter of 2022, but Gross Domestic Income (GDI) grew 2.1%, suggesting that fundamentals of the economy remain strong. S&P Global expected 2.5% growth for the calendar year but revised the 2023-26 real GDP forecasts down owing to unexpectedly weak productivity growth in recent quarters.

Meanwhile, S&P Global forecast a gradual increase in the unemployment rate from 3.7% this year to 4.8% by 2025, as the tightening of monetary policy induces a growth recession (generally defined as a period of slow growth and declining employment).

Mr. Aka mentioned that Delaware still has 12,400 (or 2.6%) fewer jobs in April 2022 than in February 2020. The U.S. gap is only 0.5% through May. Finally, Mr. Aka noted there has been no new State personal income data release since the May DEFAC meeting. As a result, Delaware's personal income forecast this June reflects movements in the U.S. forecast.

General Fund Revenues - Fiscal Year 2022:

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

Revenue Category	May-22	Jun-22	Change
Personal Income Tax	2,327.7	2,354.8	27.1
Corporation Income Tax	352.6	375.0	22.4
Insurance Taxes	73.2	91.3	18.1
Other Revenues	66.0	73.7	7.7
Unclaimed Property Refunds	(200.0)	(210.0)	(10.0)
Other Refunds	(20.0)	(11.2)	8.8
Limited Partnerships & LLC's	433.0	427.0	(6.0)
Franchise Tax	1,294.8	1,290.0	(4.8)
CIT Refunds	(64.4)	(66.7)	(2.3)
Bank Franchise Tax	109.2	110.9	1.7
Public Utility Tax	28.5	30.0	1.5
Hospital Board and Treatment	20.0	21.0	1.0
Dividends and Interest	13.4	12.6	(0.8)
Alcoholic Beverage Tax	31.5	31.0	(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 $27.1 million.

Mr. Roose said a large share of the proposed increase in net receipts (+$63.9 million) in FY 2022 is due to an increase in final payments (+$27.5 million). He also said that through the first week of June, both the number of returns and the dollars collected exceed typical figures for the month.

Indeed, Mr. Roose pointed out the typical June sees collection of $5 million and noted that the strong performances in early June 2022 (i.e., $8.5 million through June 16 with 10 business days remaining for the month) and May warrant an increase in the estimate for final payments. He added that he believes the increase in final payments to be one-time and will not be repeated in the out-years.

Mr. Roose noted that the average final payment increased nearly 50%, to $1,711, from a growing number of taxpayers. He calculated an average of about $10,000 of assumed nonwithheld income, most of which is likely coming from the top deciles of taxpayers. The large increase in final payments is not limited to Delaware and has also been seen in most U.S. states and at the federal level, according to Mr. Roose.

After considering personal income tax collections through June 16, estimates for estimated payments, refunds and withholding have been left unchanged for FY 2022. Mr. Roose noted that the FY 2024 refund estimate has been raised by $8.2 million (in absolute value) to bring net PIT in line with the model projections. He argued that a further analysis of PIT is warranted based on new returns that will be available in coming months.

During the Revenue Subcommittee meeting, Mr. Roose had indicated that 3,656 returns had been filed in the first half of June for the tax year 2019 filing season, whereas 5,512 returns have been filed for tax year 2021. He had also explained the impact of the Delaware Relief Rebates on PIT's adjusted growth rate: rebates, which have been treated as refunds for FY 2022 and amounted to $186.5 million, are the reason why net PIT is declining slightly in FY 2023 on an adjusted basis.

Corporate Income Tax (CIT) Less Refunds: Mr. Roose recommended an increase in the estimate by $20.1 million.

Mr. Roose noted the continued strong growth for both tentative and final

payments after the May DEFAC meeting. He added that first-quarter growth due in April for calendar year taxpayers points to gross CIT growth of 60% to 70%, while the model and tracking indicate growth of around 50%.

Mr. Roose stressed the volatility of corporate income taxes and added that while downside risks are small for the current fiscal year, they are significant in the out-years. Based on available information to date these out-year risks have been balanced appropriately.

Realty Transfer Tax (RTT): Mr. Roose did not recommend a change in the estimate.

Mr. Roose noted no change for FY 2022 which is based on advanced data received from the counties. He said the FY 2024 decline of 10.6% mentioned in May has been brought forward to FY 2023, based on discussions with outside experts and results from the Department of Finance's model.

Mr. Roose noted that a coming back to normal from elevated activities even with real estate price increases could result in a 10% decline in RTT. He added that there was no sign of trouble at the moment for the nonresidential real estate market.

Insurance Taxes and Fees: Mr. Roose recommended an increase in the estimate by $18.1 million.

Mr. Maddox said the FY 2022 estimate is expected at $91.3 million, followed by a higher estimate for FY 2023 and a drop in the estimate the following year. He also said that refunds will be below trend this fiscal year but expected them to be back to normal next year (i.e., $7 million to $8 million) unless there is a significant shutdown in commerce.

During the Subcommittee meeting, Mr. Maddox had explained the up-and-down nature of the insurance estimate by the fact that insurers outside of the State pay more in "foreign years" than in "domestic years." He had also mentioned that, going forward, his office will make use of better dataset for the forecasting process.

Dividends and Interest: Mr. Roose recommended a decrease in the estimate by $0.8 million.

During the Subcommittee meeting Ms. Davis had said there was no significant changes in the forecast over the budgetary period.

Net Franchise + LP/LLC: Mr. Roose recommended a decrease in the estimate

by $10.8 million.

Mr. Roose attributed the change to tracking.

Unclaimed Property Less Refunds: Mr. Roose recommended a decrease in the estimate by $10 million.

Mr. Roose said claims are higher due to more consistent staffing levels.

Other Revenues: Mr. Roose recommended an increase in the estimate by $7.7 million.

Mr. Roose said the increase is mostly due to a large increase in stale checks. The latter typically amounts to $4 - $5 million annually but will exceed $10 million in FY 2022. He indicated that the Public Accommodations Tax (PAT) has been brought down by $1 million based on tracking. Even so, PAT—one of the hardest hit sectors during the pandemic—is forecast to grow about 54% in FY 2022 while collections are expected to reach a record high.

In response to a question from Mr. Hindes, Mr. Roose defined stale checks as checks that have not been cashed within 180 days and are thus added to the general fund through the Office of the State Treasurer. Ms. Davis added that the majority of those checks are under $50. Mr. Geisenberger said the number of stale checks could be substantial next fiscal year since 88% of rebates that were sent out to Delaware residents have been cashed to date. Ms. Davis pointed out that an additional 50,000 individuals have been sent their rebates as of the morning of the meeting.

Responding to Mr. Houghton, Ms. Davis said the limit of 180 days for stale checks is statutorily determined. Mr. Houghton noted the mismatch between what auditors in unclaimed property use as benchmark (30-90 days) and the statutory and regulatory framework. Mr. Roose said some grants from the American Rescue Plan Act and other grants from earlier period could have been stale in the beginning of the fiscal year but recognized in June. Mr. Geisenberger provided perspective by noting that the amount of stale checks is miniscule when compared to the $12 billion worth of checks sent out by the State every year.

Other changes were attributed to tracking.

FY 2022 Estimate Adopted:

A motion was made, seconded and approved to accept $5,782.7 million as the

revenue estimate for FY 2022. The estimate represents an increase of $63.9 million from the May estimate. The adjusted growth rate is 16%.

General Fund Revenues - Fiscal Year 2023:

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

Revenue Category	May-22	Jun-22	Change
Realty Transfer Tax	302.0	277.2	(24.8)
Corporation Income Tax	253.2	269.3	16.1
Insurance Taxes	80.7	94.7	14.0
Gross Receipts Tax	351.1	357.6	6.5
Dividends and Interest	52.1	55.1	3.0
Other Revenues	66.4	68.3	1.9
Public Utility Tax	26.5	27.9	1.4
Cigarette Taxes	108.4	107.3	(1.1)
Hospital Board and Treatment	20.2	21.2	1.0
Alcoholic Beverage Tax	31.9	31.4	(0.5)
Bank Franchise Tax	98.7	98.6	(0.1)

For a complete listing of FY 2023 estimates, see Table 2.

Discussion of FY 2023 Estimates:

Gross Receipts Tax: Mr. Roose recommended an increase in the estimate by $6.5 million.

Mr. Roose attributed the increase in the estimate for both FY 2023 and FY 2024 to a higher inflation forecast.

Cigarette Taxes: Mr. Roose recommended a decrease in the estimate by $1.1 million.

Mr. Roose attributed the reduction in the estimate for both FY 2023 and FY 2024 to higher-than-previously thought decline in trend. He pointed out that a proposed FDA ban of flavored tobacco products would lead to a sharp decline in revenues, as menthol cigarettes represent over one-third of the market. Should the ban take place there could be immediate revenue loss of $15 to $20 million, according to Mr. Roose.

Other changes reflected the carrying forward of changes made in FY 2022.

FY 2023 Estimate Adopted:

A motion was made, seconded and approved to accept $5,814.5 million as the revenue estimate for FY 2023. The estimate represents an increase of $17.4 million from the May estimate. The adjusted growth rate is -1.8%.

Mr. Geisenberger said declines have been built into the FY 2023 estimates although the forecasts do not assume the steep declines that occur during recessions. Ms. Davis said the forecasts look realistic given the economic environment.

Mr. Roose mentioned a slight decrease in growth for the FY 2024 revenue forecast. He also showed a chart displaying FY 2022 and FY 2023 combined revisions since June 2021. Mr. Roose noted that a significant increase in Realty Transfer Tax forecast was made in October, followed by increase in Corporate Income Tax forecast in December. The month of March saw a large increase in Franchise Tax estimate, followed in May by an increase in the Personal Income Tax forecast. Mr. Roose said the chart did not account for the rebates.

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

Mr. Houghton asked why the Rainy Day and Budget Stabilization funds could not be combined. Mr. Geisenberger answered that the Budget Stabilization Fund exists in epilogue language and in an Executive Order, while the Rainy Day Fund exists in the Constitution.

Transportation Trust Fund (TTF):

TTF -- Expenditures: Ms. Haw-Young presented the Transportation Trust Fund's expenditure forecast.

State Operations Expenditure: There was no change from the May estimate of $325 million.

State Capital Expenditure: There was no change from the May estimate of $323.2 million.

Federal Capital Expenditure: There was no change from the May estimate of $260.7 million.

U.S. 301 Capital Expenditure: There was no change from the May estimate of

$27.1 million.

A motion was made, seconded, and approved to accept $936 million as the FY 2022 TTF expenditure estimate. The estimate is unchanged from the May estimate (See Table 4.)

TTF -- Revenues: Ms. Haw-Young presented the Transportation Trust Fund's revenue forecast.

FY 2022 Estimates:

The following changes were made from the May estimates.

Toll Road Revenues: Increased from $200.2 million in May to $204.7 million.

Ms. Haw-Young said traffic counts on I-95, which are back to pre-COVID levels, have exceeded expectations. She also said that tolls are up and traffic on Route 1 is back to pre-COVID level.

Motor Fuel Tax Administration: There was no change from the May estimate of $136.4 million.

Division of Motor Vehicles: Decreased from $250.1 million in May to $241.1 million.

Ms. Haw-Young said protocols put into place during COVID-19 are negatively affecting registrations, thereby leading to lower registration and other DMV revenues.

Other Transportation Revenues: There was no change from the May estimate of $10.1 million.

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

In response to a question from Mr. Houghton about a traffic study, Ms. Haw-Young said that an ongoing study, currently in draft form, could be distributed to DEFAC members by the end of July.

A motion was made, seconded, and approved to accept $615.7 million as the FY 2022 TTF revenue estimate. The estimate represents a decrease of $4.5 million from the May estimate.

FY 2023 Estimates:

The following changes were made from the May estimates.

Toll Road Revenues: There was no change from the May estimate of $205.5 million.

Motor Fuel Tax Administration: There was no change from the May estimate of $143.6 million.

Division of Motor Vehicles: There was no change from the May estimate of $236.4 million.

Other Transportation Revenues: There was no change from the May estimate of $11.7 million.

U.S. 301 Revenues: There was no change from the My estimate of $23.7 million.

A motion was made, seconded, and approved to accept $620.9 million as the FY 2023 TTF revenue estimate. The estimate is the same as the May estimate (See Table 5.)

Discussion of Economic / Revenue Outlook:

Mr. Houghton asked DEFAC members to share their business experiences and outlook in the ongoing economic environment. He opened the discussion by saying that the legal sector is returning to a normal level of activity, after seeing a spike in activity during the pandemic. Mr. Houghton noted the uncertainties surrounding the sector's outlook. He also said that the industry has not been able to fully assess the impact of remote work and has seen intense competition for individuals employed in the legal sector.

Mr. Anderson indicated that, in Sussex County, pipes used in wastewater projects must be bought 9 months in advance thanks to the sheer volume of work and supply chain issues. He also noted the upward pressure and difficulty faced by white collar workers to integrate a company that is neither fully remote nor significantly hybrid. Turning to the technology sector Mr. Anderson described the intense competition for talent and the significant upward pressure on salaries. He pointed out that cost pressure faced by his industry will be passed on to the customer at some point.

Mr. Ratledge described the pressure on profit for businesses in the current environment. He noted that various economic and revenue series are affected by inflation, which in his view is becoming entrenched. Mr. Ratledge expected the inflationary pressures to

continue for some time since the labor force is not expected to increase significantly in the short term. He added that, like in the 1970s, revenues will be pushed up by inflation over the next couple of years and warned of the downside risk to revenue when inflationary pressures abate.

Ms. Davis argued that, given the gap between the current inflation rate and the Federal Reserve target rate, lowering inflation could imply a federal funds rate in excess of 5%.

Finally, Ms. Bravo noted that the non-profit sector is sensitive to the economy. She described challenges with workforce and the number of vacancies in the industry. Ms. Bravo said that knowing which economic sectors are likely to contract will determine which sectors will be impacted within the non-profit industry.

Other Business:

CY 2023 Health Care Spending Benchmark: After acknowledging members of the Health Care Subcommittee, Ms. Magarik said that the health care benchmark should be thought of as a target for health care inflation (as captured by per capita health care expenditure). She indicated that in CY 2019 the benchmark was at 3.8% while total spending on health care per capita grew 5.8%. Ms. Magarik mentioned that CY 2020 was atypical because of the pandemic, leading to drop in per capita spending by 1.2% while the benchmark was 3.5%. The CY 2021 per capita expenditure calculation is in progress.

Ms. Magarik mentioned that the calculation of the benchmark is based on the national labor force productivity and inflation, Delaware's civilian labor force and population, and a transitional market adjustment that is set at 0.5% for calendar year 2020, 0.25% for calendar year 2021, and 0% for calendar year 2022 and beyond. Based on most recent data, the health care spending benchmark index is calculated to be 3.1%, slightly higher than the 3% set in the executive order.

Ms. Magarik said the Subcommittee voted for a 3.1% benchmark index for CY 2023 in light of economic measures and the fact that the index calculation made last year was also a higher than the benchmark set in the executive order. She mentioned that legislation has been introduced to codify Executive Order 25 (House Bill 442 w/ HA 1), which established the health care benchmark initiative. Changes between the legislation and the existing executive order mainly pertain to aligning dates. The legislation can be found at https://legis.delaware.gov/BillDetail?LegislationId=109583.

In response to a question from Mr. Houghton, Ms. Magarik said the idea for the legislation came from the Governor. Mr. Geisenberger said, while the bill mostly codifies the executive order, it leaves the composition of the Subcommittee up to the Governor. As a result, the Governor might be prompted to update the DEFAC executive order to include the Health Care Subcommittee.

Ms. Davis Burnham asked about the calculation of the national inflation (2%) used in the index. Ms. Magarik replied that all measures used are long term, 5 to 10 years ahead, for stability purposes. Mr. Geisenberger added that the proposed legislation and executive order provide a window every 5 years for recommendation of new measures.

Mr. Ratledge noted that the Delaware civilian labor force is used in the calculation of the index. He mentioned that the health care labor force is currently the one under pressure and might be the right measure to use. Ms. Magarik said the benchmark index does not use health care measures since it provides a snapshot of heath care inflation in the context of the larger Delaware economy. She added that the Subcommittee will look at shorter term measures and different aspects of the workforce in the future.

A motion was made, seconded, and approved to accept the health care spending benchmark index of 3.1% for CY 2023.

FY 2023 Debt Limit: Mr. Roose presented the debt limit for FY 2023. This amount is equal to 5.0% of projected FY 2023 revenues or $290.725 million.

Advisory Budget Benchmark Evaluation: Mr. Geisenberger explained that the executive order authorizes the re-evaluation of the methodology and calculation of the index. He mentioned the re-evaluation could be done by all DEFAC members, a group of DEFAC members or the Revenue Subcommittee of DEFAC.

Mr. Roose mentioned that the re-evaluation should take place no less than every 5 years and that the next recommendation should be sent to the Governor by June of 2023. Mr. Houghton suggested that a subset of DEFAC made of individuals involved in the initial process should convene, discuss, and bring back recommendations in terms of modifications of the benchmark to the whole DEFAC.

Mr. Geisenberger said a date and the composition of a committee should be set by the October meeting. Mr. Houghton said he will work with the Department of Finance for a date.

Mr. Houghton announced the next scheduled DEFAC meeting dates:

- October 17, 2022
- December 19, 2022

There being no further business, Mr. Houghton adjourned the meeting at 11:55 a.m.

Respectfully submitted,

Arsene Aka

Table 2. DEFAC General Fund Revenue Worksheet

June-22 DEFAC Meeting	FY 2021	FY 2022				
	A	B	C	D	E	F
Revenue Category	Actual Collections	DEFAC May-22	% B over A	DEFAC Jun-22	% D over A	$ Increase D over B
Personal Income Tax	**2,123.8**	**2,327.7**	**9.6%**	**2,354.8**	**10.9%**	**27.1**
Less: Refunds	**(235.4)**	**(466.5)**	**98.2%**	**(466.5)**	**98.2%**	**0.0**
PIT Less Refunds	**1,888.4**	**1,861.2**	**-1.4%**	**1,888.3**	**0.0%**	**27.1**
Franchise Tax	1,082.5	1,294.8	19.6%	1,290.0	19.2%	(4.8)
Limited Partnerships & LLC's	385.3	433.0	12.4%	427.0	10.8%	(6.0)
Subtotal Franchise + LP/LLC	1,467.8	1,727.8	17.7%	1,717.0	17.0%	(10.8)
Less: Refunds	(11.7)	(14.0)	19.3%	(14.0)	19.3%	0.0
Net Franchise + LP/LLC	1,456.0	1,713.8	17.7%	1,703.0	17.0%	(10.8)
Business Entity Fees	**148.3**	**169.3**	**14.2%**	**169.3**	**14.2%**	**0.0**
Uniform Commercial Code	**26.7**	**30.9**	**15.7%**	**30.9**	**15.7%**	**0.0**
Unclaimed Property	554.0	554.0	0.0%	554.0	0.0%	0.0
Less: Refunds	(105.4)	(200.0)	89.8%	(210.0)	99.3%	(10.0)
Unclaimed Prop Less Refunds	448.6	354.0	-21.1%	344.0	-23.3%	(10.0)
Gross Receipts Tax	**279.9**	**327.5**	**17.0%**	**327.5**	**17.0%**	**0.0**
Lottery	**215.7**	**233.1**	**8.1%**	**233.1**	**8.1%**	**0.0**
Corporation Income Tax	255.3	352.6	38.1%	375.0	46.9%	22.4
Less: Refunds	(45.6)	(64.4)	41.1%	(66.7)	46.2%	(2.3)
CIT Less Refunds	209.7	288.2	37.4%	308.3	47.0%	20.1
Realty Transfer Tax	**236.5**	**308.0**	**30.2%**	**308.0**	**30.2%**	**0.0**
Cigarette Taxes	**115.7**	**111.0**	**-4.1%**	**111.0**	**-4.1%**	**0.0**
Bank Franchise Tax	74.9	109.2	45.8%	110.9	48.1%	1.7
Insurance Taxes and Fees	97.1	73.2	-24.6%	91.3	-5.9%	18.1
Hospital Board and Treatment	23.1	20.0	-13.5%	21.0	-9.2%	1.0
Public Utility Tax	**35.0**	**28.5**	**-18.7%**	**30.0**	**-14.4%**	**1.5**
Alcoholic Beverage Tax	**32.7**	**31.5**	**-3.7%**	**31.0**	**-5.3%**	**(0.5)**
Dividends and Interest	**64.0**	**13.4**	**-79.1%**	**12.6**	**-80.3%**	**(0.8)**
Other Revenues	**62.9**	**66.0**	**4.9%**	**73.7**	**17.1%**	**7.7**
Less: Other Refunds	(25.0)	(20.0)	-20.1%	(11.2)	-55.2%	8.8
Net Receipts	**5,390.3**	**5,718.8**	**6.1%**	**5,782.7**	**7.3%**	**63.9**

Adj Growth Rate **16.0%**

Table 2. DEFAC General Fund Revenue Worksheet

June-22 DEFAC Meeting	FY 2023					FY 2024				
	G	H	I	J	K	L	M	L	M	P
Revenue Category	DEFAC May-22	% G over B	DEFAC Jun-22	% I over D	$ Increase I over G	DEFAC May-22	% L over G	DEFAC Jun-22	% L over I	$ Increase N over L
Personal Income Tax	**2,294.5**	**-1.4%**	**2,294.5**	**-2.6%**	**0.0**	**2,413.5**	**5.2%**	**2,413.5**	**5.2%**	**0.0**
Less: Refunds	**(232.9)**	**-50.1%**	**(232.9)**	**-50.1%**	**0.0**	**(233.1)**	**0.1%**	**(242.0)**	**3.9%**	**(8.9)**
PIT Less Refunds	**2,061.6**	**10.8%**	**2,061.6**	**9.2%**	**0.0**	**2,180.4**	**5.8%**	**2,171.5**	**5.3%**	**(8.9)**
Franchise Tax	1,246.8	-3.7%	1,246.8	-3.3%	0.0	1,124.1	-9.8%	1,124.1	-9.8%	0.0
Limited Partnerships & LLC's	433.0	0.0%	433.0	1.4%	0.0	420.8	-2.8%	420.8	-2.8%	0.0
Subtotal Franchise + LP/LLC	1,679.8	-2.8%	1,679.8	-2.2%	0.0	1,544.9	-8.0%	1,544.9	-8.0%	(0.0)
Less: Refunds	(10.0)	-28.6%	(10.0)	-28.6%	0.0	(10.0)	0.0%	(10.0)	0.0%	0.0
Net Franchise + LP/LLC	1,669.8	-2.6%	1,669.8	-1.9%	0.0	1,534.9	-8.1%	1,534.9	-8.1%	(0.0)
Business Entity Fees	**159.8**	**-5.6%**	**159.8**	**-5.6%**	**0.0**	**150.0**	**-6.1%**	**150.0**	**-6.1%**	**0.0**
Uniform Commercial Code	**30.9**	**0.0%**	**30.9**	**0.0%**	**0.0**	**26.5**	**-14.2%**	**26.5**	**-14.2%**	**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	(185.0)	-7.5%	(185.0)	-11.9%	0.0	(160.0)	-13.5%	(160.0)	-13.5%	0.0
Unclaimed Prop Less Refunds	340.0	-4.0%	340.0	-1.2%	0.0	340.0	0.0%	340.0	0.0%	0.0
Gross Receipts Tax	**351.1**	**7.2%**	**357.6**	**9.2%**	**6.5**	**365.1**	**4.0%**	**371.9**	**4.0%**	**6.8**
Lottery	**232.1**	**-0.4%**	**232.1**	**-0.4%**	**(0.0)**	**227.8**	**-1.9%**	**227.8**	**-1.8%**	**0.0**
Corporation Income Tax	253.2	-28.2%	269.3	-28.2%	16.1	257.5	1.7%	273.8	1.7%	16.3
Less: Refunds	(70.0)	8.7%	(70.0)	4.9%	0.0	(70.0)	0.0%	(70.0)	0.0%	0.0
CIT Less Refunds	183.2	-36.4%	199.3	-35.4%	16.1	187.5	2.3%	203.8	2.3%	16.3
Realty Transfer Tax	**302.0**	**-1.9%**	**277.2**	**-10.0%**	**(24.8)**	**271.8**	**-10.0%**	**271.8**	**-1.9%**	**0.0**
Cigarette Taxes	**108.4**	**-2.3%**	**107.3**	**-3.3%**	**(1.1)**	**106.0**	**-2.2%**	**103.8**	**-3.3%**	**(2.2)**
Bank Franchise Tax	98.7	-9.6%	98.6	-11.1%	(0.1)	101.5	2.8%	102.6	4.1%	1.1
Insurance Taxes and Fees	80.7	10.2%	94.7	3.7%	14.0	78.4	-2.9%	92.5	-2.3%	14.1
Hospital Board and Treatment	20.2	1.0%	21.2	1.0%	1.0	21.3	5.4%	22.3	5.2%	1.0
Public Utility Tax	**26.5**	**-7.0%**	**27.9**	**-7.0%**	**1.4**	**24.6**	**-7.2%**	**25.9**	**-7.2%**	**1.3**
Alcoholic Beverage Tax	**31.9**	**1.3%**	**31.4**	**1.3%**	**(0.5)**	**32.4**	**1.6%**	**31.9**	**1.5%**	**(0.5)**
Dividends and Interest	**52.1**	**288.8%**	**55.1**	**337.3%**	**3.0**	**64.6**	**24.0%**	**61.0**	**10.7%**	**(3.6)**
Other Revenues	**66.4**	**0.6%**	**68.3**	**-7.3%**	**1.9**	**67.6**	**1.8%**	**69.5**	**1.8%**	**1.9**
Less: Other Refunds	(18.3)	-8.5%	(18.3)	63.4%	0.0	(18.4)	0.5%	(18.4)	0.5%	0.0
Net Receipts	**5,797.1**	**1.4%**	**5,814.5**	**0.5%**	**17.4**	**5,762.0**	**-0.6%**	**5,789.3**	**-0.4%**	**27.3**
Adj Growth Rate					**-1.8%**				**-1.5%**	

Table 3. Balance and Appropriations Worksheet

June-22

FY 2022 EXPENDITURES

Total Spending Authority	$6,243.9
Less: Continuing Appropriations & Encumbrances from FY 2022	($1,124.9)
Less: Reversions	($85.0)
Total Expenditures	$5,034.0

FY 2022 BUDGET

Budget	$4,771.5
Grants	$63.2
Supplemental	$913.4
Total Appropriations	$5,748.1
Plus: Continuing Appropriations & Encumbrances from Prior Years	$495.8
Total Spending Authority	$6,243.9

FY 2022 BALANCES

Total Expenditures	$5,034.0
vs. FY 2022 Revenues	5,782.7
Operating Balance	748.7
Prior Year Cash Balance	1,833.4
Less: Budget Stabilization Fund (83 Del Law c 54; HB 250, Section 72)	($287.3)
Cumulative Cash Balance	2,294.8
Less: Continuing Appropriations & Encumbrances from FY 2022	(1,124.9)
Less: Budgetary Reserve Account	($280.3)
Unencumbered Cash Balance 6/30	$889.6

FY 2023 APPROPRIATION LIMITS

FY 2023 Revenue Estimate	$5,814.5
Unencumbered Cash Balance from FY 2022	$889.6
100% Appropriation Limit	$6,704.1
98% Appropriation Limit	$6,570.0
Prior 98% Appropriation Limit	$6,480.5
Increase (Decrease) from Prior Meeting	$89.5
October 2021 98% Appropriation Limit	$5,683.0
Increase (Decrease) from October 2021	$887.0

Table 4.

Delaware Department of Transportation
FY 2022 Expenditures, Through May 31, 2022

92%

	FY2020 Actual	FY2021 Actual	FY2022 Appropriation	OCTOBER FY2022 Forecast	DECEMBER FY2022 Forecast	MARCH FY2022 Forecast	MAY FY2022 Forecast	JUNE FY2022 Forecast	$ difference May to June	$ difference Forecast V. FY2021 Actual	FY2022 YTD Spend	% spent YTD
Operations			w/o US301									
Debt Service	91.5	93.5	67.0	67.0	67.0	67.0	67.0	67.0	0.0	(26.5)	67.0	100%
Personnel Costs	102.3	102.6	106.0	106.0	106.0	106.0	106.0	106.0	0.0	3.4	97.7	92%
Operations/Capital Outlay	59.7	60.5	70.5	60.5	70.5	72.2	72.2	72.2	0.0	11.7	65.1	90%
Transit Operations (DTC)	94.8	46.6	79.8	79.8	79.8	79.8	79.8	79.8	0.0	33.2	73.2	92%
Total Expenditures - Operations	348.3	303.2	323.3	313.3	323.3	325.0	325.0	325.0	0.0	21.8	303.0	93%
State Capital												
Road System	254.8	258.3	200.3	200.3	200.3	200.3	200.3	200.3	0.0	(58.0)	176.6	88%
Grants & Allocations	37.4	30.2	43.2	43.2	43.2	43.2	43.2	43.2	0.0	13.0	24.0	56%
Support Systems	53.9	54.7	41.3	41.3	41.3	41.3	49.4	49.4	0.0	(5.3)	40.3	82%
Transit	28.7	27.0	35.2	35.2	35.2	35.2	30.3	30.3	0.0	3.3	25.6	84%
State Capital	374.8	370.2	320.0	320.0	320.0	320.0	323.2	323.2	0.0	(47.0)	266.5	82%
Federal Capital												
Federal Capital	278.5	293.5	250.0	250.0	250.0	250.0	260.7	260.7	0.0	(32.8)	236.2	91%
Total Expenditures - Capital	653.3	663.7	570.0	570.0	570.0	570.0	583.9	583.9	0.0	(79.8)	502.7	86%
TOTAL EXPENDITURES	1,001.6	966.9	893.3	883.3	893.3	895.0	908.9	908.9	0.0	(58.0)	805.7	89%

	OCTOBER FY2022 Forecast	DECEMBER FY2022 Forecast	MARCH FY2022 Forecast	MAY FY2022 Forecast	JUNE FY2022 Forecast	$ difference May to June	FY2022 YTD Spend	% spent YTD
DelDOT	883.3	893.3	895.0	908.9	908.9	$ -	$ 805.7	89%
US301	34.8	34.8	34.8	27.1	27.1	$ -	$ 14.9	55%
TOTAL	918.1	928.1	929.8	936.0	936.0	$ -	$ 820.6	88%

Table 5.

DELAWARE DEPARTMENT OF TRANSPORTATION
Transportation Trust Fund Revenues

				Fiscal 2022			Fiscal 2023		
	FY20	FY21	% Chg.	5/16/2022 Approved	**6/17/2022 Recomm**	% Chg. FY 21	5/16/2022 Approved	**6/17/2022 Recomm**	% Chg. FY 22
TOLL ROAD REVENUES:									
I95 Newark Plaza	$114.3	$114.4	0.1%	**$138.8**	**$141.3**	23.5%	$139.5	**$139.5**	-1.3%
Route 1 Toll Road	54.2	55.0	1.5%	**$59.6**	**$61.6**	11.9%	$63.9	**$63.9**	3.7%
Concessions	1.9	1.3	-31.6%	**$1.8**	**$1.8**	36.6%	$2.1	**$2.1**	16.7%
Total Toll Road Revenues	170.4	170.7	0.2%	**$200.2**	**$204.7**	19.9%	$205.5	**$205.5**	0.4%
MOTOR FUEL TAX ADMIN.	138.7	128.5	-7.4%	**$136.4**	**$136.4**	6.2%	**$143.6**	**$143.6**	5.3%
DIVISION OF MOTOR VEHICLES									
Motor Vehicle Document Fees	113.6	138.9	22.3%	**$144.0**	**$144.0**	3.7%	$128.5	**$128.5**	-10.8%
Motor Vehicle Registration Fees	53.8	60.8	13.0%	**$62.1**	**$57.1**	-6.1%	$63.2	**$63.2**	10.7%
Other DMV Revenues	39.4	37.0	-6.1%	**$44.0**	**$40.0**	8.2%	$44.7	**$44.7**	11.8%
Total DMV Revenues	206.8	236.7	14.5%	**$250.1**	**$241.1**	1.9%	$236.4	**$236.4**	-1.9%
OTHER TRANSPORTATION REV.									
Other Transportation Rev	11.2	11.4	1.8%	**$9.0**	**$9.0**	-20.8%	$9.2	**$9.2**	2.2%
Investment Income(Net)	5.9	2.4	-59.3%	**$1.1**	**$1.1**	-53.4%	$2.5	**$2.5**	127.3%
Total Other Transp. Revenue	17.1	13.8	-19.3%	**$10.1**	**$10.1**	-26.8%	$11.7	**$11.7**	15.8%
GRAND TOTAL	$533.0	$549.7	3.1%	$596.8	$592.3	7.7%	$597.2	$597.2	0.8%
					($4.5)			$0.0	

	FY20	FY21	% Chg.	Fiscal 2022			Fiscal 2023		
US301 Revenues	**$ 25.8**	**$ 19.9**	-22.9%	**$ 23.4**	**$ 23.4**	**17.58%**	**$ 23.7**	**$ 23.7**	**1.28%**
TOTAL	**$ 558.8**	**$ 569.6**	1.9%	**$ 620.2**	**$ 615.7**	8.1%	**$ 620.9**	**$ 620.9**	0.8%