MINUTES of the
DELAWARE ECONOMIC & FINANCIAL ADVISORY COUNCIL

WebEx Event – October 19, 2020

Attendance:

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

Member	Present
M. Houghton	Yes
M. Jackson	Yes
Q. Johnson	Yes
K. Lewis	Yes
A. Lubin	Yes
M. Magarik	Yes
G. Marcozzi	Yes
I. McConnel	Yes
C. Morgan	Yes
M. Morton	Yes
E. Ratledge	Yes
T. Shopa	Yes
D. Short	Yes
D. Sokola	Yes
D. Swayze	Yes

Members in Attendance: 28
Members Absent: 2

Others Present: A. Aka, R. Armitage, R. Byrd, C. Cassell-Carter, J. Chiquoine, J. Cole, S. Costantino, J. DeChene, C. Del Collo, B. DiVirgilio, R. Dunphy, L. Elder, W. Emsley, C. Engelsiepen, N. Freedman, B. Gillotti, R. Goldsmith, K. Gomes, A. Harrison, T. Hawk, M. Hopkins, H. Jani, A. Jenkins, R. Jones, J. Johnstone, K. Knight, L. Lewis, D. Madrid, N. Majeski, M. Marlin, V. McCartan, S. McNeeley, R. Morris, S. Mullin, J. Nutter, M. Poland, D. Roose, R. Sagisag, C. Schiltz, R. Scoglietti, J. Seemans, J. Smith, S. Sokolowski, S. Steward, J. Taschner, L. Thornton, K. Williams, L. Willis, M. Wilson and members of the press.

Opening Business: Mr. Houghton called the meeting to order at 1:35 p.m.

Mr. Houghton welcomed Molly Magarik, the DHSS Cabinet Secretary, as the newest member of DEFAC. The minutes from the June meeting were approved as submitted.

Expenditure Forecasts:

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

General Fund Expenditures - Fiscal Year 2021:

In his review of the Balance Sheet method, Mr. Ratledge 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, and Continuing and Encumbered of $431.3 million. He added there were no Supplementals for FY 2021.

Mr. Ratledge mentioned the Reversions estimate stood at $15.0 million in October, the Encumbered estimate at $40.0 million and the Continuing estimate at $359.4 million. He added that the recommended FY 2021 expenditure estimate represented 91.8% of spending authority while actual FY 2020 expenditure stood at 88.8% of authorized spending.

Mr. Ratledge also reviewed the Functional method. He said the Salaries estimate is up by 2.0% or $31.3 million over FY 2020. Mr. Ratledge added the Pension estimate is expected to grow by 2.3% and the Debt Service estimate by 1.0%. He noted a rapid increase in the Medicaid estimate (+6.8%) this fiscal year. Ms. Engelsiepen explained the increase by the enhanced Federal match and a higher number of eligibles. The FY 2021 Medicaid estimate assumes the ongoing higher Federal share until March 2020 and a lower share between April and June. Ms. Engelsiepen mentioned the number of Medicaid eligibles currently stands at 252,023, significantly higher than the 234,857 posted a year earlier.

Mr. Ratledge noted a large increase (+10.3% or $61.7 million) in the Contractual Services estimate and robust declines in both Capital Outlay and Supplies and Materials. Ms. Engelsiepen explained that the Contractual Services estimate included a one-time payment of $15.0 million and funds for the Community Placement and Healthy Children Programs that were already budgeted for FY 2021. In the Expenditure Subcommittee meeting, Ms. Engelsiepen had explained that the Capital Outlay and Supplies and Materials estimates were based on trend growth. She also attributed the decline in the Capital Outlay estimate to reduced cash projects in the Bond Bill. (See Table 1a and Table 1b for complete details).

A motion was made, seconded and approved to accept $4,653.8 million as the Expenditure estimate for FY 2021. The estimate represents an increase of $139.9 million from FY 2020.

General Fund Expenditures - Fiscal Year 2022:

Mr. Ratledge noted an increase in the FY 2022 estimates for Salaries, Fringe Benefits, Pension, Debt Service and Medicaid. He noted a decrease in the Grants and Contractual Services estimates. Estimates for Supplies and Materials and Capital Outlay are unchanged in FY 2022.

Ms. Engelsiepen attributed the increase in Debt Service to $6.9 million of new debt. Mr. Jackson explained that timing of bond sales is also important for the forecast and said that the timing itself is dependent on the level of expenditure needed for the projects that will be funded by the bond proceeds. He mentioned the Debt Service estimate will likely be revised in future meetings.

Ms. Engelsiepen said the FY 2022 assumptions for Medicaid is a carrying forward of assumptions made for the last quarter of the current fiscal year, namely a higher State share of Medicaid, lower Federal share, and a higher level of eligible participants. In response to a question from Mr. Ratledge, Ms. Engelsiepen said the number of eligibles is projected at around 252,000 in FY 2022. She added the forecast of eligibles will be revised in December, as more data become available.

Mr. Morgan mentioned that the number of Medicaid eligibles represent about 25.0% of the State population and asked how the ratio compared with other states. After noting that the question has come up in the past, Mr. Jackson answered that the ratio, which has been consistent overtime at 20.0-25.0% in Delaware, has been similar to other states. Mr. Hindes said he had asked the same question in a past DEFAC meeting and mentioned the high ratio is shocking but unfortunately real.

Mr. Steven Costantino, the DHSS Director of Health Care Reform and Financing, noted that long term care programs and nursing homes can account for 20.0% to 30.0% of a state’s total budget for Medicaid. Ms. Magarik said the higher Federal Medical Assistance Percentages (FMAP) require individuals to be kept on Medicaid rolls unless they can be shown to have moved to another state or passed away. She explained that people who were on Medicaid and marginally employed would still be counted as eligibles even though they may have found full-time employment and received health coverage through their employers.

Mr. Short said a dilemma facing school districts in the southern part of the State has to do with the non-negligible percentage of missing students (i.e., 2.0% to 4.5% of total). He asked how the issue can be handled, given the fact that unit counts drive both school funding and staffing. Mr. Jackson said preliminary funding estimates for school districts and charter schools developed last month showed a decline of about 30 units of funding in FY 2021, when compared to last year. However, changes for both districts (which are down) and units and charter schools (which are up) are offsetting each other this month. Mr. Jackson concluded that some of the funds set aside for enrollment growth in the budget for the current year may not be used.

A motion was made, seconded and approved to accept $4,763.3 million as the Expenditure estimate for FY 2022. The estimate represents an increase of $109.5 million from FY 2021.

<u>Revenue Forecasts:</u>

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

Economic Outlook

After noting the historic second quarter GDP decline, a major risk highlighted in the past four DEFAC meetings, Mr. Roose mentioned there is still a lot of uncertainty in revenue and economic forecasts. One such uncertainty has to do with whether there is a resurgence of the pandemic or a low-level situation that continues for a while. Another uncertainty pertains to the elections as the latter could be bring various fiscal and economic policies. Finally, the size of an additional fiscal stimulus, if any, remains unknown. Mr. Roose indicated the list of uncertainties is not exhaustive and did not rule out major upward or downward revisions to the economic and revenue forecasts.

Mr. Aka presented economic forecasts for the U.S. (produced by IHS Markit ("IHS")) and Delaware (developed by the Department of Finance). The IHS forecast assumes that rates of infection and death will remain elevated until mid-2021 when a vaccine is available. Early distribution will focus on limited vaccination programs in certain at-risk populations. The forecast also assumes weekly emergency unemployment insurance (UI) benefits of $300 from October through December and a second round of stimulus checks distributed in the fourth quarter. IHS estimates these payments will boost annualized GDP growth by approximately 2.5 percentage points in fourth-quarter 2020 and first-quarter 2021. The national forecast also assumes continuation of the U.S.-China trade war, no Federal funds rate change until 2026 and rising oil prices in the next two fiscal years.

Mr. Aka said the consensus outlook bottomed out in June and has improved with additional data. After reaching a trough in April, GDP rose sharply over May and June, reversing 60.0% of the spring decline; however, the recovery slowed sharply after that. As of August, about 26.0% of the decline had yet to reverse. Compared to June, the FY 2021 forecasts of U.S. GDP and personal income have improved significantly, although downside risks remain elevated. For instance, U.S. GDP is expected to advance by 0.8% in the current fiscal year as opposed to a contraction expected back in June. Meanwhile, forecasts of U.S. GDP and personal income for FY 2022-23 are showing lower rebounds than in June. Although the national employment outlook has also improved from June, employment is still expected to post a 1.8% decline in FY 2021 before rebounding 3.3% in the following year.

Similarly, Delaware's employment is expected to decline by 2.7% in FY 2021 before rebounding in the next two years, while the State's personal income and wages and salaries are expected to grow moderately this year. Mr. Aka also compared job losses since January 2020 and jobs recovered since April for various U.S. sectors. He concluded from the exercise that sectors are at various stages of recovery.

Mr. Aka described some of the economic supports made available to Delaware residents in the past few months. According to the IRS, at least $804.0 million of economic impact payments were received by over 484,000 residents. According to the Delaware Department of Labor, the State unemployment insurance (UI) benefits have increased fourfold from January to September, to more than $255.0 million, while Federally funded UI benefits rose to around $580.0 million. The IHS fiscal stimulus assumption previously mentioned assumes that the economic impact payments will be repeated, and the Federal UI supplement will be halved, though to many fewer claimants. Mr. Aka indicated that the assumption results in minor increases to the revenue forecast.

Mr. Sokola asked about the recipients of the Paycheck Protection Program (PPP) and its impact on Delaware. Mr. Roose answered that a report from the U.S. Treasury outlined recipients of the program and added that the IHS economic forecasts would have accounted for the PPP impact. Mr. Geisenberger said the PPP could explain why withholding is holding up well but did not see any tax impact from the program as both loans and the expenses they were used for are not taxable. Mr. Ratledge added that quantifying the impact of PPP could be complex since people who are no longer supported by it are most likely receiving unemployment insurance. Mr. Roose said he would look for more information on PPP for the December meeting.

Ms. Davis said the Main Street Lending Program, which was established by the Federal Reserve to support lending to small and medium-sized firms, consisted of $600.0 billion in loans. To date, only about $2.5 billion has been lent out. Turning to the slide showing the sectoral distribution of job loss, Ms. Davis said some sectors may not have qualified for PPP but might have for the Main Street Lending Program. She said it could be important to investigate whether there are any issues with respect to lending to the State's small and mid-size businesses.

Mr. Morgan expressed his disagreement with the IHS monetary assumption calling for 0% Federal funds rate until 2026. He believes the environment will be inflationary before that year, with an increasing interest rate, owning to potentially large future fiscal and monetary stimuli. Mr. Hindes said he agreed with Mr. Morgan on a theoretical basis. He pointed out that interest rates should have been at a 15.0% years ago, but they have remained stubbornly low. Mr. Morgan said forecasts that are 2 to 3 years ahead are hard to believe and expected the IHS assumption to be modified with additional data.

Turning to the revenue forecast, Mr. Roose said FY 2020 actual revenues were $31.5

million higher than forecast in June. He attributed the miss to the uncertainty through the spring, both for revenue estimators, businesses and taxpayers, and added that a large portion of the miss has been carried forward into FY 2021.

General Fund Revenues - Fiscal Year 2021:

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

Revenue Category	Jun-20	Oct-20	Change
Personal Income Tax	1,811.3	1,899.6	88.3
Dividends and Interest	26.6	75.0	48.4
Lottery	171.9	204.7	32.8
Realty Transfer Tax	155.0	184.9	29.9
Gross Receipts Tax	236.1	263.5	27.4
Corporation Income Tax	166.8	191.8	25.0
Bank Franchise Tax	79.9	68.7	(11.2)
Public Utility Tax	34.9	39.9	5.0
CIT Refunds	(90.0)	(85.0)	5.0
Cigarette Taxes	114.6	110.5	(4.1)
Hospital Board and Treatment	28.5	24.8	(3.7)
Other Refunds	(18.5)	(19.5)	(1.0)
Insurance Taxes	87.9	88.4	0.5

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

Legislative Actions Enacted After the June DEFAC Meeting:

There were $15.0 million of legislative changes to the revenue resolution: Farmland Preservation is only funded at $5.0 million (from Realty Transfer Tax). Open Space is only funded at $5.0 million (from Realty Transfer Tax). The Energy Efficiency Investment Fund funding of $5.0 million (from Public Utility Tax) is suspended for FY 2021.

Discussion of FY 2021 Estimates:

Personal Income Tax (PIT) Less Refunds: Mr. Roose recommended an increase in the estimate by $88.3 million.

Mr. Roose said the June forecast for withholding called for a 3.1% decline. However, the economic forecast is significant better, with the wages and salaries forecast being 1.7% higher than in June. Year-to-date withholding growth is about 1.2%, though with recent softness perhaps due to waning impact of various fiscal stimuli. Even so, the performance of withholding is surprising since the State has lost 9.0% of employment. Mr. Roose said the forecast for withholding was flat over FY 2020 because of uncertainty surrounding bonuses. The flat forecast results in a $42.8 million increase in the current fiscal year.

Mr. Roose noted there could be a large upside risk to withholding based on tracking data. Indeed, based solely on the percentage of full-year revenues collected in the first three months of the year, he showed that the last 23 years of data suggests an average increase of $78.0 million. He recommended a lower, $42.8 million increase given the significant uncertainties.

Mr. Roose also recommended a $45.5 million increase in estimated payments. He said the estimate for the revenue category does include $30.0 million of deferred payments into the current fiscal year from the delay in the first quarter due date. Mr. Roose said $25.8 million of deferred payments were expected by his office in June. He indicated that third-quarter estimated payments were up by 9.0% and tax year-to-date payments were up 2.7%. Mr. Roose said tracking based on one quarter of data would suggest a large increase in the estimate even adjusting for the due date delay. However, he mentioned capital gains as a major risk to the forecast. Adjusting for due dates, the adjusted growth stands at almost 15.0% in FY 2021 and -1.3% in FY 2022.

Ms. Davis Burnham provided context for the large increase in estimated payments. She said tax rates on capital gains are capped this year at 20.0% but that different proposals are under consideration, which would increase, even double, the tax next year and the year after. As a result, stock sales have accelerated in CY 2020 to take advantage of the lower rate. Ms. Davis Burnham also said there are anecdotal evidence that some individuals are considering selling investment property for the same reason.

Turning to net PIT, Mr. Roose said FY 2021 includes about $101.0 million of deferred final payments and $22.0 million of refunds. He added that $95.0 million of deferred final payments were expected in June. Adjusted for those payments (and the ongoing impact of the Tax Cuts and Jobs Act), revenues are expected to decline by 4.6% in FY 2021, close to the record dropp seen in FY 2009, before heading back towards normal growth from a reduced base. Mr. Roose said the estimates for final payments and refunds are left unchanged for now and will be paid a closer look during the filing season.

Concluding his remark on Net PIT, Mr. Roose noted an upside risk to net PIT stemming from UI benefits which are taxable but from which taxes are not withheld in Delaware. He also said he expected to see the impact of said benefits during the filing season.

Gross Receipts Tax (GRT): Mr. Roose recommended an increase in the estimate by $27.4 million.

Mr. Roose said year-to-date growth was 3.8%. He noted that the forecasting model expected flat growth instead, an improvement from the 13.0% decline it expected for FY 2021 back in June. Mr. Roose attributed the increase in the GRT estimate to currently low oil prices, which have more upside than downside, and the weakness in the revenue category seen last spring. Oil-related revenue usually accounts for 15.0% of the total.

In previous DEFAC meetings, Mr. Roose had indicated that the gross receipts tax, which is paid by larger firms, was one of the more stable revenue sources through recessions. He said this continues to be true in this environment, where smaller businesses have been the most affected by the recession.

Corporate Income Tax (CIT) Less Refunds: Mr. Roose recommended an increase in the estimate by $30.0 million.

Mr. Roose said the IHS FY 2021 forecast for corporate profits went from -19.0% in June to +13.4% in October, while the FY 2022 forecast went from +14.0% in June to -10.0%. Adjusted for delayed due dates, the last 23 years of history would suggest an average increase of $79.0 million to the CIT estimate. Given the inherent volatility of the revenue category and the fact that first-quarter payments represent 50.0% of expected liability for the full year, Mr. Roose recommended a smaller $25.0 million to gross CIT receipts. In addition, he recommended a $5.0 million reduction to refunds based on lower-than-expected credits on returns filed in the prior week.

Lottery: Mr. Roose recommended an increase in the estimate by $32.8 million.

Mr. Roose noted that traditional sales have done very well, up 20.0%, but are expected to moderate. He said such sales usually grow by 2.0% or 3.0% annually, except when there are large jackpots. Mr. Roose said much of current growth appears to be the result of play shifting from the casinos. He mentioned that non-traditional revenues are down significantly but have improved in recent weeks. Mr. Roose noted the FY 2021 estimate remains below the FY 2019 actual.

Realty Transfer Tax (RTT): Mr. Roose recommended an increase in the estimate by $29.9 million.

Mr. Roose said there is anecdotal evidence indicating that the residential market is very strong. He added that data received from the counties show Sussex and New Castle had the best month in at least five years, which probably means a record month. Mr. Roose said legislative changes also added to the estimate and pointed out that risks stemming from weakness in commercial space are not significant in the near term.

Cigarette Taxes: Mr. Roose recommended a reduction in the estimate by $4.1 million.

Mr. Roose attributed the reduction in the estimate to an adjustment for an extra bond payment made in FY 2020.

Bank Franchise Tax: Mr. Roose recommended a decrease in the estimate by $11.2 million.

Mr. Roose said the decline can be traced to both the economy and higher historic preservation credits.

Hospital Board and Treatment: Mr. Roose recommended a reduction in the estimate by $3.7 million.

Mr. Roose attributed the reduction in the estimate to lower census.

Public Utility Tax: Mr. Roose recommended an increase in the estimate by $5.0 million.

Mr. Roose attributed the increase to legislative change that eliminates the $5.0 million special fund transfer this year.

Dividends and Interest: Mr. Roose recommended an increase in the estimate by $48.4 million.

Mr. Roose said the dramatic decline in market rates drove sizable, sustained increase in realized gains into this fiscal year. Actual revenue through September has already exceeded the June estimate. Mr. Roose also noted that cash balances are higher than expected, generating more interest earnings.

Other changes were attributed to tracking.

FY 2021 Estimate Adopted:

A motion was made, seconded and approved to accept $4,777.7 million as the revenue estimate for FY 2021. The estimate represents an increase of $242.3

million from the June estimate. On an adjusted basis, the estimate represents a 1.5% decline from the June estimate.

Mr. Roose pointed out that despite the improved forecast, the FY 2021 revenue estimate, adjusted for special fund transfers and deferred payments, is still $182.3 million lower than it was in December 2019, before the virus hit. Compared to FY 2019 actual, the FY 2021 revenue estimate is only 1.0% higher, suggesting a loss of two years of revenue growth as a result of the pandemic.

General Fund Revenues - Fiscal Year 2022:

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

Revenue Category	Jun-20	Oct-20	Change
Personal Income Tax	1,797.3	1,862.2	64.9
Lottery	187.3	213.6	26.3
Unclaimed Property	500.0	525.0	25.0
Gross Receipts Tax	252.6	276.4	23.8
Corporation Income Tax	172.1	162.3	(9.8)
Dividends and Interest	24.8	34.3	9.5
Realty Transfer Tax	169.1	174.9	5.8
Cigarette Taxes	111.3	106.4	(4.9)
Hospital Board and Treatment	29.6	25.1	(4.5)
Bank Franchise Tax	91.3	87.9	(3.4)
Other Refunds	(18.3)	(19.3)	(1.0)
Insurance Taxes	75.6	76.0	0.4

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

Discussion of FY 2022 Estimates:

Unclaimed Property: Mr. Roose recommended an increase in the estimate by $25.0 million.

Mr. Roose attributed the increase in the estimate to sustained strength in the revenue category.

Realty Transfer Tax (RTT): Mr. Roose recommended an increase in the estimate by $5.8 million.

Mr. Roose said low mortgage rates, movement of people away from cities, and continuation of remote working will provide support to the estimate.

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 $4,685.5 million as the revenue estimate for FY 2022. The estimate represents an increase of $132.1 million from the June estimate. The adjusted growth of 3.0% is slightly lower than the economy given Delaware's unique revenue structure.

Long-Term General Fund Forecast: Mr. Roose reviewed the 5-year revenue forecasts. He noted a return to normal growth rates but stressed the large uncertainty surrounding the 5-year forecasts given the pandemic-related uncertainties.

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: Ms. Thornton presented the Transportation Trust Fund's expenditure forecast.

State Operations Expenditure: Decreased from the FY 2021 appropriation of $314.8 million to $313.2 million.

Ms. Thornton attributed the decline to a lower Debt Service estimate. She explained that DelDOT issued revenue bonds in August and conducted a refunding of $61.8 million of outstanding bonds. The refunding created a net present value saving of $10.1 million, with $1.6 million being recognized in FY 2021. Ms. Thornton also noted that DelDOT has retained its top-tier ratings among major credit rating agencies.

State Capital Expenditure: There was no change from the FY 2021 appropriation of $376.7 million.

Federal Capital Expenditure: There was no change from the FY 2021 appropriation of $285.3 million.

U.S. 301 Capital Expenditure: There was no change from the FY 2021 appropriation 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 represents a decrease of $1.6 million from the FY 2021 appropriation (See Table 4.)

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

FY 2021 Estimates:

The following changes were made from the June estimates.

Toll Road Revenues: Decreased from $196.7 million in June to $178.4 million.

Ms. Thornton said traffic is slowly recovering on I-95 from the April low and current declines are about 10.0% on average. She added the outyear growth rate of 1.1% is consistent with findings included in the Traffic and Revenue study completed as part of the August bond issuance. Similarly, Ms. Thornton said traffic is slowly recovering on SR1 from the April low with current declines standing at 4.0% on average. Growth in the outyears is forecast at 1.5% and consistent with findings in the Traffic and Revenue study.

Motor Fuel Tax Administration: Decreased from $147.7 million in June to $141.1 million.

Ms. Thornton attributed the decline to current consumption trend and decreased outlook. She added FY 2022 assumes a return to FY 2019 levels and out-year growth rate is expected at 1.5%.

In response to a question from Mr. Bonini, Ms. Thornton confirmed that traffic was down only 10.0-15.0% despite many employees working from home.

Division of Motor Vehicles: There was no change from the June estimate of $215.4 million.

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

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

A motion was made, seconded, and approved to accept $572.9 million as the FY

2021 TTF revenue estimate. The estimate represents a decrease of $24.9 million from the June estimate.

FY 2022 Estimates:

The following changes were made from the June estimates.

Toll Road Revenues: Decreased from $201.5 million in June to $190.2 million.

Motor Fuel Tax Administration: Decreased from $150.7 million in June to $144.7 million.

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

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

U.S. 301 Revenues: Decreased from $23.7 million in June to $23.4 million.

A motion was made, seconded, and approved to accept $604.0 million as the FY 2022 TTF revenue estimate. The estimate represents a decrease of $17.6 million from the June estimate (See Table 5.)

Other Business:

Health Care Spending Benchmark: Ms. Magarik said the Health Care Spending Benchmark Subcommittee is responsible for setting the benchmark and advising the Governor and DEFAC on health care trends. The benchmark was initially set by Executive Order Number 25 and the methodology and actual output are set for CY 2019 through CY 2023, at which point the Subcommittee can review and make recommendations for changes to the methodology.

Ms. Magarik explained that the ongoing volatile environment and changes in the delivery of health care services are some of reasons why the benchmark is needed in the current environment. She added that the goal of the benchmark is to set a target for health care inflationary spending; it is not meant as a penalty or a tax on the health care system.

Ms. Magarik described the methodology used to calculate the benchmark, and said that minor changes in inflation and population growth are offsetting each other, leaving the resulting benchmark unchanged at 3.25%. Given that CY 2021 benchmark spending was set at 3.25% in the Executive Order, Ms. Magarik did not recommend any change to the benchmark index.

Ms. Magarik provided three reasons why the benchmark should be kept at 3.25% in light of the pandemic: first the long-term forecasts for the State's economic growth has not changed despite COVID-19, which explains why the benchmark was unchanged. Moreover, there are no provider or insurer consequences for exceeding the benchmark. Finally, insurers have already negotiated contracts with providers for CY 2021, using 3.25% as their targets; as a result, any change in the benchmark would be largely symbolic.

Ms. Bo said the Subcommittee felt the benchmark should be left unchanged despite the virus and viewed the first five years (CY 2019-23) as a learning period.

A motion was made, seconded and approved to accept 3.25% as the health care spending benchmark index for CY 2021.

Threshold Adjustment Factor Calculation: Mr. Roose mentioned that filing thresholds have been adjusted and aligned with the consumer price index.

Mr. Houghton announced the next scheduled DEFAC meeting dates:

- December 21, 2020
- March 15, 2021

Mr. Geisenberger said June is probably the only month when the meeting will not take place on a Monday. Mr. Houghton said he looked forward to in-person meetings, though he was not sure when this will happen. Mr. Geisenberger said a statutory change in June allows for remote meetings even after the end of the pandemic, as long as there is a physical location which can be attended by the public. He added the December meeting will be virtual.

There being no further business, Mr. Houghton adjourned the meeting at 3:13 p.m.

Respectfully submitted,

Arsene Aka

Table 1a.

DEFAC Expenditures Forecast for General Fund Disbursements FY2021 ($ in millions)																		
October 19, 2020																		
	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020							**FY2021**
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual							**Appropriation**
Budget Act	3,091.5	3,305.3	3,508.6	3,586.8	3,718.2	3,809.5	3,908.5	4,084.1	4,106.9	4,270.8	4,451.9							**4,547.0**
Cash to Bond Bill	0.0	91.0	115.3	53.4	60.9	23.8	0.0	12.6	0.0	189.0	184.3							**35.4**
Grant-in-Aid	35.4	35.2	41.2	44.2	44.8	45.4	43.0	45.9	37.3	52.1	55.1							**54.5**
Continuing & Encumbered (from prior years)	183.7	184.9	303.7	301.1	276.4	194.8	201.3	181.5	178.6	184.1	329.6							**431.3**
Supplementals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0	49.2	62.0							**0.0**
Fiscal Year Spending Authority	**3,310.6**	**3,616.4**	**3,968.8**	**3,985.5**	**4,100.2**	**4,073.5**	**4,152.8**	**4,324.3**	**4,322.8**	**4,745.2**	**5,082.8**							**5,068.2**
LESS:																		
												Oct	*Dec*	*Mar*	*Apr*	*May*	*June*	
Reversions to the General Fund	49.3	42.1	75.3	50.5	111.3	39.6	57.5	39.6	20.6	21.4	137.6	15.0						
Encumbered to next fiscal year	37.7	35.2	39.3	35.6	40.2	39.5	40.8	37.5	35.8	41.5	54.0	40.0						
Continuing to next fiscal year																		
Operating Budget																		
Bond Bill																		
Total Continuing	147.2	268.4	261.8	240.9	154.6	161.8	140.7	141.1	148.3	288.1	377.3	359.4						
Subtotal	234.1	345.7	376.4	327.0	306.1	240.9	239.0	218.2	204.7	351.0	568.9	414.4	0.0	0.0	0.0	0.0	0.0	(414.4)
Fiscal Year Budgetary Expenditures	**3,076.5**	**3,270.7**	**3,592.4**	**3,658.5**	**3,794.1**	**3,832.6**	**3,913.7**	**4,106.1**	**4,118.1**	**4,394.3**	**4,513.9**							**4,653.8**
% increase/(decrease)		**6.31%**	**9.84%**	**1.84%**	**3.71%**	**1.01%**	**2.12%**	**4.92%**	**0.29%**	**6.71%**	**2.72%**							**3.1%**
Comments:	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	5-Yr Avg						FY2021
Expenditures / Spending Authority	92.9%	90.4%	90.5%	91.8%	92.5%	94.1%	94.2%	95.0%	95.3%	92.6%	88.8%	93.2%						91.8%
Reversions / Spending Authority	1.5%	1.2%	1.9%	1.3%	2.7%	1.0%	1.4%	0.9%	0.5%	0.5%	2.7%	1.2%						0.3%
Encumbered / Spending Authority	1.1%	1.0%	1.0%	0.9%	1.0%	1.0%	1.0%	0.9%	0.8%	0.9%	1.1%	0.9%						0.8%
Total Continuing / Spending Authority	4.4%	7.4%	6.6%	6.0%	3.8%	4.0%	3.4%	3.3%	3.4%	6.1%	7.4%	4.7%						7.1%

Recommended by Expenditures Subcommittee;
October 19, 2020

Table 1b.

DEFAC Expenditures Forecast for General Fund Disbursements FY2021 ($ in millions)																
October 19, 2020																
	FY2016 Actual	FY2017 Actual	FY2018 Actual	FY2019 Actual	FY2020 Actual	FY2021 Oct	Difference 21 vs. '20	% change '21 vs. '20	Annual Avg. 2020 vs. '15	FY2021 YTD (actual 09/30/20)	% spent (actual 09/30/20)	% of FY2020	% of FY2019 total	% of FY2018 total	% of FY2017 total	% of FY2016 total
Salaries	1,361.8	1,402.9	1,421.1	1,499.9	1,558.6	1,589.9	31.3	2.0%	3.15%	**463.9**	**36.6%**	**34.5%**	**34.1%**	**34.5%**	**34.2%**	**34.8%**
Fringe Benefits	453.7	480.5	479.6	494.4	506.1	515.8	9.7	1.9%	2.60%	**137.4**	**10.8%**	**11.2%**	**11.3%**	**11.6%**	**11.7%**	**11.6%**
Health Care	334.1	359.0	357.9	362.6	369.0	375.9	6.9	1.9%	2.39%	**95.7**	**7.6%**	**8.2%**	**8.3%**	**8.7%**	**8.7%**	**8.5%**
Other	119.6	121.5	121.7	131.8	137.1	139.9	2.8	2.0%	3.19%	**41.7**	**3.3%**	**3.0%**	**3.0%**	**3.0%**	**3.0%**	**3.1%**
Pension	297.3	317.7	316.7	360.8	360.1	368.5	8.4	2.3%	4.39%	**124.4**	**9.8%**	**8.0%**	**8.2%**	**7.7%**	**7.7%**	**7.6%**
Contribution	150.6	152.4	167.6	201.5	205.0	209.1	4.0	2.0%	6.78%	**70.6**	**5.6%**	**4.5%**	**4.6%**	**4.1%**	**3.7%**	**3.8%**
Health Care	105.0	130.2	136.0	145.4	145.9	149.3	3.4	2.3%	7.30%	**50.4**	**4.0%**	**3.2%**	**3.3%**	**3.3%**	**3.2%**	**2.7%**
Other	41.7	35.1	13.1	13.9	9.2	10.1	1.0	10.4%	-24.64%	**3.4**	**0.3%**	**0.2%**	**0.3%**	**0.3%**	**0.9%**	**1.1%**
Debt Service	169.4	179.0	187.2	183.9	184.1	186.0	1.9	1.0%	1.89%	**51.8**	**4.1%**	**4.1%**	**4.2%**	**4.5%**	**4.4%**	**4.3%**
Grants	349.6	365.7	362.9	445.2	507.1	507.4	0.3	0.1%	7.73%	**125.3**	**9.9%**	**11.2%**	**10.1%**	**8.8%**	**8.9%**	**8.9%**
Medicaid	689.1	739.7	750.2	733.4	702.0	749.8	47.8	6.8%	1.70%	**183.2**	**14.5%**	**15.6%**	**16.7%**	**18.2%**	**18.0%**	**17.6%**
Contractual Services	513.6	537.6	526.1	589.0	600.5	662.2	61.7	10.3%	5.21%	**154.7**	**12.2%**	**13.3%**	**13.4%**	**12.8%**	**13.1%**	**13.1%**
Supplies & Materials	66.9	68.7	61.9	69.3	64.7	56.4	(8.3)	-12.8%	-3.36%	**18.1**	**1.4%**	**1.4%**	**1.6%**	**1.5%**	**1.7%**	**1.7%**
Capital Outlay	12.3	14.3	12.4	18.5	30.6	17.8	(12.8)	-41.8%	7.67%	**7.8**	**0.6%**	**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	4,653.8	139.9	3.1%	3.52%	**1266.6**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Comments:																

Recommended by Expenditures Subcommittee;
October 19, 2020

Table 1c.

DEFAC Expenditures Forecast for General Fund Disbursements FY2022-2025 ($ in millions)											
October 19, 2020											
	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021		FY2022	FY2023	FY2024	FY2025
	Actual	Actual	Actual	Actual	Actual	October		October	October	October	October
Salaries	1,361.8	1,402.9	1,421.1	1,499.9	1,558.6	1589.9		1631.9	1683.2	1736.2	1790.8
Fringe Benefits	453.7	480.5	479.6	494.4	506.1	515.8		524.0	537.7	551.7	566.1
Health Care	334.1	359.0	357.9	362.6	369.0	375.9		380.0	389.1	398.3	407.9
Other	119.6	121.5	121.7	131.8	137.1	139.9		144.0	148.6	153.3	158.2
Pension	297.3	317.7	316.7	360.8	360.1	368.5		377.1	400.2	425.7	453.6
Contribution	150.6	153.7	167.6	201.5	205.0	209.1		213.9	228.4	243.9	260.5
Health Care	105.0	131.3	136.0	145.4	145.9	149.3		152.8	163.9	175.9	188.7
Other	41.7	32.7	13.1	13.9	9.2	10.1		10.4	7.8	5.9	4.4
Debt Service	169.4	179.0	187.2	183.9	184.1	186.0		204.0	207.9	211.8	215.8
Grants	349.6	365.7	362.9	445.2	507.1	507.4		492.2	530.2	571.2	615.4
Medicaid	689.1	739.7	750.2	733.4	702.0	749.8		833.0	847.2	861.6	876.3
Contractual Services	513.6	537.6	526.1	589.0	600.5	662.2		626.9	659.5	693.9	730.1
Supplies & Materials	66.9	68.7	61.9	69.3	64.7	56.4		56.4	54.5	52.7	50.9
Capital Outlay	12.3	14.3	12.4	18.5	30.6	17.8		17.8	19.2	20.6	22.2
FY Budgetary Expenditures	3,913.7	4,106.1	4,118.1	4,394.3	4,513.9	4,653.8		4,763.3	4,939.5	5,125.4	5,321.2
Comments:											
Forecast FY2023-FY2025 is based on the annual average growth rate for each category FY2016-FY2021(October Estimate).											

Recommended by Expenditures Subcommittee;
October 19, 2020

Table 1c.

OMB General Assumptions FY2022 Forecast

The FY2022 spend took the following into consideration:

1. FY2022 Operating budget $4,547.0M
2. FY2022 Grant in Aid budget same as FY2021
3. Continuing Funds from Cash Projects and One Time funds (FY19/FY20)

Salary - No salary policy increases; Included $22.5M for Steps/CBAs and $19M for Unit Count growth.

Fringe Other/Fringe Healthcare/Pension - No change projected; impact from Steps/CBAs/Unit Count growth

Debt Service – Increased for $11.2M in existing debt and estimated $6.9M in new debt

Grants - Includes $56.2M spend of the continued cash projects

Medicaid - Projected the state share at 35.4% in conjunction with the increased level of Eligible participants

Contractual Services - Includes $51.6M spend of the continued cash projects.

Increase for $34.7M door openers including Elder Tax, CHIP, Officer Behavioral Health, Academic Excellence, Cafeteria, and Transportation

Supplies - projected as trend for FY21

Capital - projected as trend for FY21

Recommended by Expenditures Subcommittee;
October 19, 2020

Table 2. DEFAC General Fund Revenue Worksheet

October-20 DEFAC Meeting	FY 2020	FY 2020	FY 2020	FY 2021						
		A	Variance	B	C	D	E	EE	F
Revenue Category	DEFAC Jun-20	Actual Collections	Actual - June	DEFAC Jun-20	% B over A	DEFAC Oct-20	% D over A	Legislative Changes	$ Increase D over B
Personal Income Tax	**1,661.0**	**1,666.2**	**5.2**	**1,811.3**	**8.7%**	**1,899.6**	**14.0%**		**88.3**
Less: Refunds	**(198.8)**	**(194.0)**	**4.8**	**(249.2)**	**28.4%**	**(249.2)**	**28.4%**		**0.0**
PIT Less Refunds	**1,462.2**	**1,472.1**	**9.9**	**1,562.1**	**6.1%**	**1,650.4**	**12.1%**		**88.3**
Franchise Tax	951.9	957.7	5.8	936.9	-2.2%	936.9	-2.2%		0.0
Limited Partnerships & LLC's	342.8	345.1	2.3	364.5	5.6%	364.5	5.6%		0.0
Subtotal Franchise + LP/LLC	1,294.7	1,302.8	8.1	1,301.4	-0.1%	1,301.4	-0.1%		0.0
Less: Refunds	(12.0)	(12.0)	(0.0)	(10.0)	-16.9%	(10.0)	-16.9%		0.0
Net Franchise + LP/LLC	1,282.7	1,290.7	8.0	1,291.4	0.1%	1,291.4	0.1%		0.0
Business Entity Fees	**126.8**	**127.0**	**0.2**	**130.1**	**2.4%**	**130.1**	**2.4%**		**0.0**
Uniform Commercial Code	**25.5**	**25.6**	**0.1**	**27.5**	**7.4%**	**27.5**	**7.4%**		**0.0**
Unclaimed Property	554.0	554.0	0.0	554.0	0.0%	554.0	0.0%		0.0
Less: Refunds	(110.0)	(109.8)	0.2	(110.0)	0.2%	(110.0)	0.2%		0.0
Unclaimed Prop Less Refunds	444.0	444.2	0.2	444.0	0.0%	444.0	0.0%		0.0
Gross Receipts Tax	**251.1**	**253.8**	**2.7**	**236.1**	**-7.0%**	**263.5**	**3.8%**		**27.4**
Lottery	**173.5**	**177.4**	**3.9**	**171.9**	**-3.1%**	**204.7**	**15.4%**		**32.8**
Corporation Income Tax	160.1	160.0	(0.1)	166.8	4.3%	191.8	19.9%		25.0
Less: Refunds	(44.5)	(43.5)	1.0	(90.0)	106.9%	(85.0)	95.4%		5.0
CIT Less Refunds	115.6	116.5	0.9	76.8	-34.1%	106.8	-8.3%		30.0
Realty Transfer Tax	**166.4**	**166.2**	**(0.2)**	**155.0**	**-6.7%**	**184.9**	**11.3%**	**10.0**	**29.9**
Cigarette Taxes	**115.0**	**119.2**	**4.2**	**114.6**	**-3.8%**	**110.5**	**-7.3%**		**(4.1)**
Bank Franchise Tax	80.5	80.9	0.4	79.9	-1.2%	68.7	-15.1%		(11.2)
Insurance Taxes and Fees	69.9	76.4	6.5	87.9	15.1%	88.4	15.7%		0.5
Hospital Board and Treatment	28.0	26.3	(1.7)	28.5	8.3%	24.8	-5.7%		(3.7)
Public Utility Tax	**35.7**	**35.8**	**0.1**	**34.9**	**-2.4%**	**39.9**	**11.6%**	**5.0**	**5.0**
Alcoholic Beverage Tax	**26.0**	**25.2**	**(0.8)**	**27.5**	**9.1%**	**27.5**	**9.1%**		**0.0**
Dividends and Interest	**47.3**	**47.1**	**(0.2)**	**26.6**	**-43.5%**	**75.0**	**59.2%**		**48.4**
Other Revenues	**64.6**	**61.4**	**(3.2)**	**59.1**	**-3.8%**	**59.1**	**-3.8%**		**0.0**
Less: Other Refunds	(20.5)	(20.0)	0.5	(18.5)	-7.5%	(19.5)	-2.5%		(1.0)
Net Receipts	**4,494.3**	**4,525.8**	**31.5**	**4,535.4**	**0.2%**	**4,777.7**	**5.6%**	**15.0**	**242.3**

Changes in Revenue Resolution	**15.0**
Net DEFAC Changes	**227.3**
Adj Growth Rate	**-1.5%**

Table 2. DEFAC General Fund Revenue Worksheet

October-20 DEFAC Meeting	FY 2022					FY 2023		FY 2024		FY 2025	
	G	H	I	J	K	L	M	N	O	P	Q
Revenue Category	DEFAC Jun-20	% G over B	DEFAC Oct-20	% I over D	$ Increase I over G	DEFAC Oct-20	% L over I	DEFAC Oct-20	% N over L	DEFAC Oct-20	% P over N
Personal Income Tax	**1,797.3**	**-0.8%**	**1,862.2**	**-2.0%**	**64.9**	**1,942.7**	**4.3%**	**2,036.5**	**4.8%**	**2,134.7**	**4.8%**
Less: Refunds	**(251.9)**	**1.1%**	**(251.9)**	**1.1%**	**0.0**	**(254.4)**	**1.0%**	**(266.6)**	**4.8%**	**(279.4)**	**4.8%**
PIT Less Refunds	**1,545.4**	**-1.1%**	**1,610.3**	**-2.4%**	**64.9**	**1,688.3**	**4.8%**	**1,769.8**	**4.8%**	**1,855.3**	**4.8%**
Franchise Tax	956.3	2.1%	956.3	2.1%	0.0	956.3	0.0%	975.4	2.0%	994.9	2.0%
Limited Partnerships & LLC's	369.8	1.5%	369.8	1.5%	0.0	369.8	0.0%	377.2	2.0%	384.7	2.0%
Subtotal Franchise + LP/LLC	1,326.1	1.9%	1,326.1	1.9%	0.0	1,326.1	0.0%	1,352.6	2.0%	1,379.6	2.0%
Less: Refunds	(10.0)	0.0%	(10.0)	0.0%	0.0	(10.0)	0.0%	(10.0)	0.0%	(10.0)	0.0%
Net Franchise + LP/LLC	1,316.1	1.9%	1,316.1	1.9%	0.0	1,316.1	0.0%	1,342.6	2.0%	1,369.6	2.0%
Business Entity Fees	**133.5**	**2.6%**	**133.5**	**2.6%**	**0.0**	**133.5**	**0.0%**	**136.2**	**2.0%**	**138.9**	**2.0%**
Uniform Commercial Code	**28.2**	**2.5%**	**28.2**	**2.5%**	**0.0**	**28.2**	**0.0%**	**28.8**	**2.0%**	**29.3**	**2.0%**
Unclaimed Property	500.0	-9.7%	525.0	-5.2%	25.0	500.0	-4.8%	500.0	0.0%	500.0	0.0%
Less: Refunds	(110.0)	0.0%	(110.0)	0.0%	0.0	(110.0)	0.0%	(110.0)	0.0%	(110.0)	0.0%
Unclaimed Prop Less Refunds	390.0	-12.2%	415.0	-6.5%	25.0	390.0	-6.0%	390.0	0.0%	390.0	0.0%
Gross Receipts Tax	**252.6**	**7.0%**	**276.4**	**4.9%**	**23.8**	**291.0**	**5.3%**	**302.8**	**4.0%**	**315.0**	**4.0%**
Lottery	**187.3**	**9.0%**	**213.6**	**4.3%**	**26.3**	**217.6**	**1.9%**	**223.0**	**2.5%**	**228.6**	**2.5%**
Corporation Income Tax	172.1	3.2%	162.3	-15.4%	(9.8)	163.1	0.5%	171.2	5.0%	179.8	5.0%
Less: Refunds	(80.0)	-11.1%	(80.0)	-5.9%	0.0	(80.0)	0.0%	(80.0)	0.0%	(80.0)	0.0%
CIT Less Refunds	92.1	19.9%	82.3	-22.9%	(9.8)	83.1	1.0%	91.2	9.8%	99.8	9.4%
Realty Transfer Tax	**169.1**	**9.1%**	**174.9**	**-5.4%**	**5.8**	**166.2**	**-5.0%**	**174.0**	**4.7%**	**182.2**	**4.7%**
Cigarette Taxes	**111.3**	**-2.9%**	**106.4**	**-3.7%**	**(4.9)**	**102.4**	**-3.8%**	**98.6**	**-3.7%**	**95.0**	**-3.7%**
Bank Franchise Tax	91.3	14.3%	87.9	27.9%	(3.4)	89.6	1.9%	91.4	2.0%	93.2	2.0%
Insurance Taxes and Fees	75.6	-14.0%	76.0	-14.0%	0.4	88.1	15.9%	76.5	-13.2%	88.2	15.3%
Hospital Board and Treatment	29.6	3.9%	25.1	1.2%	(4.5)	25.3	0.8%	26.6	5.1%	27.9	4.9%
Public Utility Tax	**33.6**	**-3.7%**	**33.6**	**-15.8%**	**0.0**	**32.5**	**-3.3%**	**31.4**	**-3.3%**	**30.4**	**-3.3%**
Alcoholic Beverage Tax	**27.9**	**1.5%**	**27.9**	**1.5%**	**0.0**	**27.9**	**0.0%**	**28.3**	**1.5%**	**28.7**	**1.5%**
Dividends and Interest	**24.8**	**-6.8%**	**34.3**	**-54.3%**	**9.5**	**34.2**	**-0.3%**	**31.3**	**-8.5%**	**31.3**	**0.0%**
Other Revenues	**63.3**	**7.1%**	**63.3**	**7.1%**	**0.0**	**64.2**	**1.4%**	**65.1**	**1.4%**	**66.1**	**1.4%**
Less: Other Refunds	(18.3)	-1.1%	(19.3)	-1.0%	(1.0)	(19.4)	0.5%	(19.5)	0.2%	(19.5)	0.1%
Net Receipts	**4,553.4**	**0.4%**	**4,685.5**	**-1.9%**	**132.1**	**4,758.8**	**1.6%**	**4,888.1**	**2.7%**	**5,050.0**	**3.3%**

	K	M
Changes in Revenue Resolution	**0.0**	
Net DEFAC Changes	**132.1**	
Adj Growth Rate	**3.0%**	**0.8%**

Table 3. Balance and Appropriations Worksheet

October-20

FY 2021 EXPENDITURES

Total Spending Authority	$5,068.2
Less: Continuing Appropriations & Encumbrances from FY 2021	($399.4)
Less: Reversions	($15.0)
Total Expenditures	$4,653.8

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	$431.3
Total Spending Authority	$5,068.2

FY 2021 BALANCES

Total Expenditures	$4,653.8
vs. FY 2021 Revenues	4,777.7
Operating Balance	123.9
Prior Year Cash Balance	959.4
Less: Budget Stabilization Fund (82 Del Law c 64; HB 225, Section 77)*	($63.1)
Cumulative Cash Balance	1,020.2
Less: Continuing Appropriations & Encumbrances from FY 2021	(399.4)
Less: Budgetary Reserve Account	($252.4)
Unencumbered Cash Balance 6/30	$368.4

FY 2022 APPROPRIATION LIMITS

FY 2022 Revenue Estimate	$4,685.5
Unencumbered Cash Balance from FY 2021	$368.4
100% Appropriation Limit	$5,053.9
98% Appropriation Limit	$4,952.8
Prior 98% Appropriation Limit	NA
Increase (Decrease) from Prior Meeting	NA
Oct. 2020 98% Appropriation Limit	$4,952.8
Increase (Decrease) from October 2020	$0.0

Table 4.

Delaware Department of Transportation
FY 2021 Expenditures, Through September 30, 2020

	FY2019 Actual	FY2020 Actual	FY2021 Appropriation	OCTOBER FY2021 Forecast	$ difference	$ difference Forecast V. FY2020 Actual	FY2021 YTD Spend	% spent YTD
								25%
Operations			w/o US301					
Debt Service	94.5	91.5	95.2	93.6	(1.6)	2.1	82.7	88%
Personnel Costs	96.9	102.3	103.1	103.1	0.0	0.8	27.5	27%
Operations/Capital Outlay	64.4	59.7	69.9	69.9	0.0	10.2	16.6	24%
Transit Operations (DTC)	93.2	94.8	46.6	46.6	0.0	(48.2)	11.7	25%
Total Expenditures - Operations	349.0	348.3	314.8	313.2	(1.6)	(35.1)	138.5	44%
State Capital								
Road System	202.6	254.8	249.7	249.7	0.0	(5.1)	74.3	30%
Grants & Allocations	30.6	37.4	35.2	35.2	0.0	(2.2)	12.3	35%
Support Systems	51.0	53.9	52.2	52.2	0.0	(1.7)	8.1	16%
Transit	28.0	28.7	39.6	39.6	0.0	10.9	5.4	14%
State Capital	312.2	374.8	376.7	376.7	0.0	1.9	100.1	27%
Federal Capital								
Federal Capital	215.7	278.5	285.3	285.3	0.0	6.8	81.5	29%
Total Expenditures - Capital	527.9	653.3	662.0	662.0	0.0	8.7	181.6	27%
TOTAL EXPENDITURES	876.9	1,001.6	976.8	975.2	(1.6)	(26.4)	320.1	33%

	OCTOBER FY2021 Forecast	$ difference Forecast V. FY2020 Actual	FY2021 YTD Spend	% spent YTD
DelDOT	975.2	$ (1.6)	$ 320.1	33%
US301	33.0	$ (0.6)	$ 1.9	6%
TOTAL	1,008.2		$ 322.0	32%

Table 5.

DELAWARE DEPARTMENT OF TRANSPORTATION Transportation Trust Fund Revenues				Fiscal 2021			Fiscal 2022		
	FY19	FY20	% Chg.	6/17/20 Approved	**10/19/20 Recomm**	% Chg. FY 20	6/17/20 Approved	**10/19/20 Recomm**	% Chg. FY 21
TOLL ROAD REVENUES:									
I95 Newark Plaza	$134.9	$115.8	-14.2%	$132.1	**$118.1**	2.0%	$134.7	**$128.6**	8.9%
Route 1 Toll Road	62.5	54.2	-13.3%	$62.4	**$58.4**	7.7%	$64.3	**$59.6**	2.0%
Concessions	2.4	1.9	-20.8%	$2.2	**$1.9**	-13.6%	$2.5	**$2.0**	-20.0%
Total Toll Road Revenues	199.8	171.9	-14.0%	$196.7	**$178.4**	3.8%	$201.5	**$190.2**	6.6%
MOTOR FUEL TAX ADMIN.	144.7	138.7	-4.1%	$147.7	**$141.1**	1.7%	$150.7	**$144.7**	2.6%
DIVISION OF MOTOR VEHICLES									
Motor Vehicle Document Fees	119.8	113.6	-5.2%	$115.0	**$115.0**	1.2%	$124.2	**$124.2**	8.0%
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	40.9	40.0	-2.2%	$42.0	**$42.0**	5.0%	$44.0	**$44.0**	4.8%
Total DMV Revenues	218.8	207.4	-5.2%	$215.4	**$215.4**	3.9%	$228.2	**$228.2**	5.9%
OTHER TRANSPORTATION REV.									
Other Transportation Rev	12.6	11.2	-11.1%	$12.0	**$12.0**	6.3%	$12.5	**$12.5**	4.2%
Investment Income(Net)	5.5	5.9	7.3%	$5.0	**$5.0**	-15.4%	$5.0	**$5.0**	0.0%
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	$535.1	-8.0%	$576.8	$551.9	3.1%	$597.9	$580.6	5.2%
					($24.9)			($17.3)	

	FY19	FY20	% Chg.	Fiscal 2021			Fiscal 2022		
US301 Revenues	**$ 7.0**	**$ 23.0**	228.6%	**$ 21.0**	**$ 21.0**	**0.00%**	**$ 23.7**	**$ 23.4**	**-1.27%**
TOTAL	**$ 588.4**	**$ 558.1**	-5.1%	**$ 597.8**	**$ 572.9**	2.7%	**$ 621.6**	**$ 604.0**	5.4%