

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

Hybrid Event – October 16, 2023

Attendance:

Member	Present
P. Anderson	Yes
N. Batta	No
C. Bo	Yes
S. Bravo	Yes
J. Bullock	Yes
L. Davis Burnham	Yes
R. Byrd	Yes
C. Cade	Yes
N. Cook	Yes
C. Davis	Yes
K. Dwyer	Yes
R. Geisenberger	Yes
D. Gillan	No
R. Glen	Yes
G. Hindes	No
M. Houghton	Yes

Member	Present
M. Jackson	Yes
P. Key	Yes
A. Lubin	Yes
N. Majeski	Yes
J. Manning	Yes
G. Marcozzi	No
I. McConnel	No
R.A. Miller	Yes
C. Morgan	Yes
B. Pettyjohn	Yes
E. Ratledge	Yes
T. Shopa	Yes
D. Short	Yes
D. Sokola	Yes
K. Williams	Yes

Members in Attendance: 26

Members Absent: 5

Others Present: K. Baranski, A. Branch, T. Byrne, C. Cassel-Carter, N. Chukwuocha, L. Clymer, S. Costantino, J. Coverdale, B. DiVirgilio, J. Emory, C. Engelsiepen, N. Freedman, A. Godfrey, R. Goldsmith, B. Greenlee, C. Hall, D. Haw-Young, J. Heller, M. Holodick, A. Jenkins, C. Kanefsky, K. Klein, K. Knight, N. Konzelman, M. Marlin, V. McCartan, M. McConnell, E. Mitchell, R. Morris, J. Nutter, J. Owens, B. Price, D. Roose, B. Scoglietti, A. Shields, J. Smith, M. Smith, C. Stewart, K. Taylor, K. Thomson, D. Tull, B. Wallace, S. Wootten

Opening Business: Mr. Houghton called the meeting to order at 1:30 p.m. He welcomed Secretary Josette Manning and Representative Kim Williams to DEFAC.

The minutes from the June meeting were approved as submitted.

Expenditure Forecasts:

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

General Fund Expenditures - Fiscal Year 2024:

Mr. Ratledge first reviewed the Balance Sheet method. He noted the FY 2024 Budget Bill is \$5,606.7 million and cash to the bond bill is \$753.4 million. Grants-in-aid are \$72.0 million, with continuing and encumbered expenditures from prior years of \$1,575.0 million and supplemental appropriations of \$194.6 million. The resulting spending authority is \$8,201.7 million. Reversions are expected to be \$10.0 million for FY 2024, and encumbrances of \$60.0 million are expected, with budgetary expenditures of \$6,401.4 million.

In reviewing the Functional method, Mr. Ratledge noted that salaries of \$1,995.3 million is an increase of \$189.7 million—10.5%, in excess of the 5.87% average increase over the past five years. Health care expenditures are increasing 10.6%. Pension contributions and health care both increase more than 30%, while Debt Service is up 7.3%. Medicaid expenditures increase \$109.0 million (11.7%), Contractual Services increase \$260.4 million. The smaller Supplies and Materials category is up \$11.4 million, while capital outlay is up \$10.6 million, both about 15% increases. Overall spending is up \$540.7 million, 10.7%, greater than the 7.8% average increase over the past five years. (See Table 1a and Table 1b for complete details).

A motion was made, seconded and approved to accept \$6,401.4 million as the Expenditure estimate for FY 2024.

General Fund Expenditures - Fiscal Year 2025:

Mr. Ratledge reviewed the FY 2025 expenditure estimates. Salaries are forecast at \$2,055.1 million, while fringe benefits increase almost \$70 million to \$698.6 million. Pension spending is driven by a \$17 million increase in contributions. Grants decline by \$100 million to \$536.0 million. Medicaid increases slightly to \$1,044.7 million. Contractual Services increase to \$1,168.0 million while Supplies and Materials decline by 10% to \$80.6 million. Capital Outlays decline over \$50 million to \$28.0 million. Total expenditures of \$6,453.8 million are expected.

A motion was made, seconded and approved to accept \$6,453.8 million as the Expenditure estimate for FY 2024. The estimate represents an increase of \$52.4 million from FY 2024 and an increase of \$411.4 million from the June estimate.

Revenue Forecasts:

Ms. Davis Burnham and Mr. Roose presented the General Fund Revenue forecasts. Ms. Davis Burnham noted the estimates increase about \$125 million over the June estimate, one-third CIT, one-third Franchise tax, and 20% from PIT and Unclaimed Property, with a reduction to the Realty Transfer Tax forecast.

Economic Outlook

Mr. Roose noted that changes in S&P Global's economic forecast were broadly similar to the prior two meetings, with the near term looking slightly better than previously, but as a result interest rates are likely to remain higher for longer. As a result, the economy will slow, but there is no longer talk of recession. The labor market will remain tight through the end of calendar year 2024, but job growth will continue as the labor force participation rate is back to pre-pandemic levels and will continue to grow. Unemployment will rise to 4.7% by 2026. Below-trend growth will be required to get inflation back to the 2% target.

Mr. Roose discussed the comprehensive revision of the National Income and Product Account data by the Bureau of Economic Analysis, the effect on GDP growth, and the fact that the revisions don't materially change the understanding of recent national economic performance.

S&P calls for 2.5% real GDP growth this fiscal year rather than slightly over 1.0%, largely as a result of very strong growth in the third (calendar) quarter from a surge in consumer spending and net exports. Higher interest rates will pull growth in 2025 and 2026 down slightly. Growth in wage and salary income is expected to be a percentage point and a half higher this year than the June forecast. But overall, not a significant change to the national economic outlook.

Mr. Roose then discussed the BEA revisions to state personal income data, which brought Delaware's calendar 2022 personal income growth from 4.0% to 8.8%. Virtually all of the revision is in proprietors' income; as a result, Delaware had the strongest growth in personal income in the country. The growth in proprietors' income, now reported at 77%, is the strongest in any state over the past five years. He said it would not be surprising to see that revised downward in the next regular revision. Although the historical data is significantly different than previously, nothing in the Delaware economic forecast has changed substantially. Growth is expected to decelerate over the next year.

Mr. Geisenberger and Mr. Roose discussed the effect of the revised personal income data on the budget benchmark index. Mr. Roose noted that the BEA revisions also affect the state and local government price deflator (the inflation measure).

General Fund Revenues:

Before discussing the fiscal year 2024 forecast, Mr. Roose reviewed the year-end fiscal year 2023 variances, and noted that most of the personal income tax provisions of the Tax Cut and Jobs Act expire at the end of 2025. At the moment, the fiscal year 2026 forecast includes a \$35 million reduction due to the sunset of the limitation on the state and local tax deduction.

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

FY 2024

Revenue Category	Jun-23	Oct-23	Change
Franchise Tax	1,278.9	1,328.9	50.0
Corporation Income Tax	358.7	400.0	41.3
Unclaimed Property	525.0	554.0	29.0
Personal Income Tax	2,376.1	2,400.4	24.3
Realty Transfer Tax	227.1	205.0	(22.1)
Franchise Tax Refunds	(10.0)	(20.0)	(10.0)
Lottery	236.2	243.0	6.8
Dividends and Interest	115.6	118.1	2.5
Insurance Taxes	105.3	106.7	1.4
Other Refunds	(16.9)	(15.7)	1.2
Bank Franchise Tax	103.8	104.2	0.4
Hospital Board & Treatment	22.3	22.6	0.3

FY 2025

Revenue Category	Jun-23	Oct-23	Change
Franchise Tax	1,278.9	1,328.9	50.0
Realty Transfer Tax	263.9	223.2	(40.7)
Dividends and Interest	111.1	146.8	35.7
Personal Income Tax	2,472.6	2,487.6	15.0
Lottery	239.8	247.8	8.0
Insurance Taxes	109.9	113.0	3.1
Cigarette Taxes	96.2	93.7	(2.5)
Other Refunds	(16.9)	(15.7)	1.2
Hospital Board & Treatment	22.5	21.9	(0.6)
Bank Franchise Tax	109.9	110.2	0.3

For a complete listing of FY 2024 estimates, see Table 2.

Personal Income Tax (PIT) Less Refunds: After discussing the difficulties posed by the revision to proprietors' income and delayed capital gains data, Mr. Roose noted that Q3 estimated payments were down 6%, much better than the forecast 18% decline for the full fiscal year. Withholding is up 8% year-to-date, but is expected to slow through the end of next year. The upward personal income tax revision is entirely a result of better than expected estimated payments.

Lottery: Mr. Roose noted the traditional lottery has been doing quite well, up about 10% fiscal year to date. Very large jackpots in Mega Millions and Powerball, along with additional draws in some of the other games have been behind the increase. Video has been roughly flat over the past several months but is expected to pick up, while sports have been affected by increased competition, particularly from Maryland. Most of the recommended lottery revision is from the traditional games.

Corporate Income Tax (CIT) Less Refunds: Very strong performance across industries continues. Tentative payments for Q3 were up 13%, slower than the last several years but still very strong. The June forecast called for a 22% decline this year; the recommended revision calls for a decline of only 12.5%. Mr. Roose noted the recommended forecast barely exceeds a recessionary forecast for the corporate income tax, but the extraordinary growth over the past few years calls for caution.

Realty Transfer Tax: Mr. Roose noted that home prices are still rising, but many homeowners are locked in to their current homes due to the rapid increase in mortgage rates. As a result, sales have fallen. A downward revision of \$22.1 million for this year is recommended (a 17% decline from fiscal year 2023) and \$41 million next year, reflecting growth of 9%. Mr. Roose noted the peak-to-trough decline would be roughly 30%, compared to a 60% decline from 2007 to 2010, at the end of the housing bubble and with a fiscal crisis.

Interest: Ms. Davis noted that the current interest rate environment and expectations for

higher rates for longer results in a modest upward revision for this fiscal year and a \$36 million increase in fiscal year 2025.

Other Revisions: Mr. Roose mentioned a \$50 million increase in franchise tax collections for this year and next, and a \$10 million increase in refunds for this year as a result of SPACs dissolving. Unclaimed property is brought to the cap for this year. Some smaller revenue sources are adjusted for tracking. Mr. Roose also noted the marijuana tax is expected to generate \$8 million in fiscal year 2025, assuming a February 1, 2025 start date for retail sales, and \$28 million in fiscal year 2026, but the marijuana tax is not general fund revenue.

There was discussion between Mr. Bullock and Mr. Houghton about the pressures that will be put on the franchise tax and personal income tax from future spending needs. Mr. Bullock said now, with sizable reserves, is the time to think about future needs. Mr. Geisenberger stressed the importance of the budget benchmark in preventing the budget volatility of the last decade.

Fiscal Year 2024 Estimate Adopted:

A motion was made, seconded and approved to accept \$6,164.5 million as the revenue estimate for FY 2024. The estimate represents an increase of \$125.1 million from the June estimate.

Fiscal Year 2025 Estimate Adopted:

A motion was made, seconded and approved to accept \$6,258.8 million as the revenue estimate for FY 2025. The estimate represents an increase of \$69.5 million from the June estimate.

Five Year Forecast: Mr. Roose presented the five-year general fund revenue forecast. Below-trend economic growth coupled with the nature of the State's revenue portfolio is expected to lead to revenue growth in the low single digits.

Transportation Trust Fund (TTF):

TTF -- Expenditures: Ms. Haw-Young presented the Transportation Trust Fund's expenditure forecast. She recommended no change for FY 2024.

A motion was made, seconded, and approved to accept \$1,035.4 million as the FY 2024 TTF expenditure estimate (see Table 4).

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

forecast.

Fiscal Year 2024 Estimates:

The following changes were made from the June estimates.

Toll Road Revenues: There was no change to the estimate of \$207.1 million.

Motor Fuel Tax Administration: There was a \$9.9 million reduction to \$136.2 million.

Division of Motor Vehicles: Motor Vehicle Document Fees increased by \$7.0 million to \$246.9 million.

Other Transportation Revenues: There was a \$3.0 million increase in investment income.

U.S. 301 Revenues: There was a \$600,000 increase to \$24.6 million.

A motion was made, seconded, and approved to accept \$631.0 million as the FY 2024 TTF revenue estimate. The estimate represents an increase of \$700,000 from the June estimate.

Fiscal Year 2025 Estimates:

The only change to the June estimate was a \$600,000 increase in US 301 revenues.

A motion was made, seconded, and approved to accept \$640.4 million as the FY 2025 TTF revenue estimate (See Table 5).

Balance and Appropriations Worksheet:

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

Threshold Adjustment Factors:

Mr. Roose presented the Threshold Adjustment Factors, those provisions of Delaware's tax code that are indexed for inflation.

Other Business:

Mr. Houghton announced the next (tentative) scheduled DEFAC meeting date:

- Monday, December 18, 2023

- Monday, March 18, 2024

Public Comment:

Mr. Houghton said that no member of the public has signed up for comment.

There being no further business, Mr. Houghton adjourned the meeting at 2:35 p.m.

Respectfully submitted,

David Roose

Table 1a.

DEFAC Expenditures Forecast for General Fund Disbursements FY2024 (\$ in millions)																																			
October 16, 2023																																			
	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023																					
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual																					
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	4,771.5	5,099.7																					
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	692.3	855.5																					
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	63.2	69.4																					
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	495.8	1,100.2																					
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	221.1	378.6																					
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	6,243.9	7,503.4																	8,201.7				
LESS:																																			
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	53.4	85.8	67.5	Oct	Dec	Mar	May	June																
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	53.2	71.6	57.3	60.0																				
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	442.6	1,028.6	1,517.7	1,730.3																				
Subtotal	234.1	345.7	376.4	327.0	306.1	240.9	239.0	218.2	204.7	351.0	568.9	549.2	1,186.0	1,642.5	1,800.3	0.0	0.0	0.0	0.0													(1,800.3)			
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	4,519.0	5,057.9	5,860.9																	6,401.4				
% increase/(decrease)		6.31%	9.84%	1.84%	3.71%	1.01%	2.12%	4.92%	0.29%	6.71%	9.61%	9.74%	22.82%	33.38%																	9.2%				
Comments:	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	5-Yr Avg															FY2023					
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%	89.2%	81.0%	78.1%	85.9%																78.0%				
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%	1.1%	0.9%	0.9%	1.2%																0.1%				
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%	1.0%	0.9%	0.8%	0.9%																0.7%				
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%	8.7%	7.1%	20.2%	9.9%																21.1%				

Recommended by Expenditures Subcommittee;
October 16, 2023

Table 1b.

DEFAC Expenditures Forecast for General Fund Disbursements FY2024 (\$ in millions)																				
October 16, 2023																				
	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	Difference	% change	Annual Avg.	FY2023	% spent	% of	% of	% of	% of	% of			
	Actual	Actual	Actual	Actual	Actual	Actual	October'24	'24 vs. '23	'24 vs. '23	'23 vs. '18	(actual 09/30/23)	(actual 09/30/23)	FY2022	FY2021	FY2020	FY2019	FY2018			
Salaries	1,421.1	1,499.9	1,558.6	1,593.0	1,657.0	1,805.6	1,995.3	189.7	10.5%	5.87%	461.4	26.2%	32.8%	35.3%	34.5%	34.1%	34.5%			
Fringe Benefits	479.6	494.4	506.1	513.3	515.4	561.3	620.8	59.5	10.6%	4.66%	152.0	8.6%	10.2%	11.4%	11.2%	11.3%	11.6%			
Health Care	357.9	362.6	369.0	372.5	369.3	401.4	444.0	42.6	10.6%	4.13%	111.1	6.3%	7.3%	8.3%	8.2%	8.3%	8.7%			
Other	121.7	131.8	137.1	140.8	146.1	159.9	176.8	16.9	10.6%	6.05%	40.9	2.3%	2.9%	3.1%	3.0%	3.0%	3.0%			
Pension	316.7	360.8	360.1	360.8	421.0	664.7	574.2	(90.5)	-13.6%	9.74%	180.8	10.3%	8.3%	8.0%	8.0%	8.2%	7.7%			
Contribution	167.6	201.5	205.0	201.5	239.7	224.6	314.3	89.6	39.9%	9.29%	99.0	5.6%	4.7%	4.5%	4.5%	4.6%	4.1%			
Health Care	136.0	145.4	145.9	145.4	157.2	171.7	226.1	54.3	31.6%	9.23%	71.2	4.0%	3.1%	3.2%	3.2%	3.3%	3.3%			
Other	13.1	13.9	9.2	13.9	24.1	268.3	33.9	(234.5)	-87.4%	19.55%	10.7	0.6%	0.5%	0.3%	0.2%	0.3%	0.3%			
Debt Service	187.2	183.9	184.1	187.3	202.6	218.4	234.4	16.0	7.3%	4.97%	126.7	7.2%	4.0%	4.2%	4.1%	4.2%	4.5%			
Grants	362.9	445.2	507.1	433.2	671.0	661.4	636.0	(25.4)	-3.8%	7.39%	282.8	16.0%	13.3%	9.6%	11.2%	10.1%	8.8%			
Medicaid	750.2	733.4	702.0	734.1	823.6	932.7	1,041.7	109.0	11.7%	7.27%	187.5	10.6%	16.3%	16.3%	15.6%	16.7%	18.2%			
Contractual Services	526.1	589.0	600.5	607.5	674.7	871.6	1,132.0	260.4	29.9%	13.96%	314.0	17.8%	13.3%	13.5%	13.3%	13.4%	12.8%			
Supplies & Materials	61.9	69.3	64.7	60.9	67.1	76.7	88.1	11.4	14.9%	4.92%	23.6	1.3%	1.3%	1.4%	1.4%	1.6%	1.5%			
Capital Outlay	12.4	18.5	30.6	17.2	25.5	68.3	78.9	10.6	15.5%	33.65%	33.6	1.9%	0.5%	0.4%	0.7%	0.4%	0.3%			
FY Budgetary Expenditures	4,118.1	4,394.3	4,513.9	4,507.3	5,057.9	5,860.9	6,401.4	540.7	10.7%	7.81%	1,762.4	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%			
Comments:																				

Table 1c.

DEFAC Expenditures Forecast for General Fund Disbursements FY2024-2029 (\$ in millions)														
October 16, 2023														
										Forecast				
	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024		FY2025	FY2026	FY2027	FY2028	FY2029
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>October</u>		<u>June</u>	<u>June</u>	<u>June</u>	<u>June</u>	<u>June</u>
Salaries	1,402.9	1,421.1	1,499.9	1,558.6	1593.0	1657.0	1,805.6	1,995.3		2,055.1	2,175.8	2,303.6	2,438.9	2,582.2
Fringe Benefits	480.5	479.6	494.4	506.1	513.3	515.4	561.3	620.8		698.6	730.9	764.7	800.2	837.4
Health Care	359.0	357.9	362.6	369.0	372.5	369.3	401.4	444.0		520.0	541.5	563.9	587.2	611.5
Other	121.5	121.7	131.8	137.1	140.8	146.1	159.9	176.8		178.6	189.4	200.9	213.0	225.9
Pension	317.7	316.7	360.8	360.1	360.8	421.0	664.7	574.2		591.4	649.9	714.5	785.9	865.1
Contribution	153.7	167.6	201.5	205.0	201.5	238.8	224.6	314.3		331.1	361.9	395.5	432.3	472.5
Health Care	131.3	136.0	145.4	145.9	145.4	170.6	171.7	226.1		224.6	245.3	267.9	292.6	319.6
Other	32.7	13.1	13.9	9.2	13.9	11.6	268.3	33.9		35.7	42.7	51.1	61.0	73.0
Debt Service	179.0	187.2	183.9	184.1	187.3	202.6	218.4	234.4		251.4	263.9	277.0	290.8	305.3
Grants	365.7	362.9	445.2	507.1	433.2	671.0	661.4	636.0		536.0	575.6	618.2	663.9	713.0
Medicaid	739.7	750.2	733.4	702.0	734.1	823.6	932.7	1,041.7		1,044.7	1,120.7	1,202.1	1,289.5	1,383.3
Contractual Services	537.6	526.1	589.0	600.5	607.5	674.7	871.6	1,132.0		1,168.0	1,031.0	674.9	769.2	876.5
Supplies & Materials	68.7	61.9	69.3	64.7	60.9	67.1	76.7	88.1		80.6	84.6	88.7	93.1	97.7
Capital Outlay	<u>14.3</u>	<u>12.4</u>	<u>18.5</u>	<u>30.6</u>	<u>17.2</u>	<u>25.5</u>	<u>68.3</u>	<u>78.9</u>		<u>28.0</u>	<u>37.4</u>	<u>50.0</u>	<u>66.8</u>	<u>89.3</u>
FY Budgetary Expenditures	4,106.1	4,118.1	4,394.3	4,513.9	4,507.3	5,057.9	5,860.9	6,401.4		6,453.8	6,669.8	6,693.9	7,198.4	7,749.7
Comments:														
Forecast FY2025-FY2028 is based on the annual average growth rate for each category FY2018-I FY24														
OMB General Assumptions FY2025 Forecast														
FY2025 Operating spend at current year levels (FY2025 budget requests unknown at this time)														
FY2025 Grant in Aid budget at current year level														
FY2025 One-Time Supplemental budget currently \$0														
FY2025 Capital Cash budget currently 1% of FY2024 Operating Budget Section 1 \$5,606.7														
Includes spend from continued funds														
Salary - Includes increase for Steps/CBAs and Unit Count growth														
Fringe Other/Fringe Healthcare/Pension - Projected using current year rates														
Debt Service – Increased \$17M for both existing and new debt														
Grants - Projected using current year Grant in Aid budget, operational funding provided to UD and Housing														
Medicaid - Projected with trending healthcare inflation and demographic shifts in Delaware														
Contractual Services - Projected using current year spend level for agency operations and spending continued cash projects														
Supplies - Projected using current year spend level for agency operations														
Capital - Projected using current year spend level for agency operations														

Table 2.
DEFAC General Fund Revenue Worksheet

October-23 DEFAC Meeting	FY 2023 DEFAC Jun-23	FY 2023 A Actual Collections	FY 2023 Variance Actual - June	FY 2024				
				B DEFAC Jun-23	C % B over A	D DEFAC Oct-23	E % D over A	F \$ Increase D over B
Revenue Category								
Personal Income Tax	2,399.8	2,396.2	(3.6)	2,376.1	-0.8%	2,400.4	0.2%	24.3
Less: Refunds	<u>(297.5)</u>	<u>(283.3)</u>	<u>14.2</u>	<u>(287.0)</u>	1.3%	<u>(287.0)</u>	1.3%	<u>0.0</u>
PIT Less Refunds	2,102.3	2,112.9	10.6	2,089.1	-1.1%	2,113.4	0.0%	24.3
Franchise Tax	1,406.1	1,397.3	(8.8)	1,278.9	-8.5%	1,328.9	-4.9%	50.0
Limited Partnerships & LLC's	464.0	474.9	10.9	460.8	-3.0%	460.8	-3.0%	0.0
Subtotal Franchise + LP/LLC	1,870.1	1,872.1	2.0	1,739.7	-7.1%	1,789.7	-4.4%	50.0
Less: Refunds	<u>(15.0)</u>	<u>(15.0)</u>	<u>(0.0)</u>	<u>(10.0)</u>	-33.5%	<u>(20.0)</u>	33.0%	<u>(10.0)</u>
Net Franchise + LP/LLC	1,855.1	1,857.1	2.0	1,729.7	-6.9%	1,769.7	-4.7%	40.0
Business Entity Fees	159.4	158.1	(1.3)	150.0	-5.1%	150.0	-5.1%	0.0
Uniform Commercial Code	28.9	28.2	(0.7)	26.5	-6.2%	26.5	-6.2%	0.0
Unclaimed Property	554.0	554.0	0.0	525.0	-5.2%	554.0	0.0%	29.0
Less: Refunds	<u>(150.0)</u>	<u>(138.3)</u>	<u>11.7</u>	<u>(150.0)</u>	8.4%	<u>(150.0)</u>	8.4%	<u>0.0</u>
Unclaimed Prop Less Refunds	404.0	415.7	11.7	375.0	-9.8%	404.0	-2.8%	29.0
Gross Receipts Tax	360.9	353.2	(7.7)	358.7	1.6%	358.7	1.6%	0.0
Lottery	239.6	239.6	0.0	236.2	-1.4%	243.0	1.4%	6.8
Corporation Income Tax	462.4	457.4	(5.0)	358.7	-21.6%	400.0	-12.5%	41.3
Less: Refunds	<u>(75.0)</u>	<u>(73.5)</u>	<u>1.5</u>	<u>(76.0)</u>	3.4%	<u>(76.0)</u>	3.4%	<u>0.0</u>
CIT Less Refunds	387.4	383.9	(3.5)	282.7	-26.4%	324.0	-15.6%	41.3
Realty Transfer Tax	246.8	246.7	(0.1)	227.1	-8.0%	205.0	-16.9%	(22.1)
Cigarette Taxes	102.0	104.9	2.9	98.6	-6.0%	98.6	-6.0%	0.0
Bank Franchise Tax	106.0	105.8	(0.2)	103.8	-1.9%	104.2	-1.5%	0.4
Insurance Taxes and Fees	107.8	107.5	(0.3)	105.3	-2.1%	106.7	-0.8%	1.4
Hospital Board and Treatment	21.9	20.9	(1.0)	22.3	6.9%	22.6	8.4%	0.3
Public Utility Tax	35.0	35.7	0.7	33.9	-4.9%	33.9	-4.9%	0.0
Alcoholic Beverage Tax	31.4	32.2	0.8	31.9	-1.0%	31.9	-1.0%	0.0
Dividends and Interest	36.0	37.3	1.3	115.6	210.1%	118.1	216.8%	2.5
Other Revenues	81.8	81.2	(0.6)	69.9	-14.0%	69.9	-14.0%	0.0
Less: Other Refunds	<u>(25.4)</u>	<u>(25.8)</u>	<u>(0.4)</u>	<u>(16.9)</u>	-34.5%	<u>(15.7)</u>	-39.2%	1.2
Net Receipts	6,280.9	6,295.1	14.2	6,039.4	-4.1%	6,164.5	-2.1%	125.1

Table 2.
DEFAC General Fund Revenue Worksheet

October-23 DEFAC Meeting	FY 2025					FY 2026		FY 2027		FY 2028	
	G DEFAC Jun-23	H % G over B	I DEFAC Oct-23	J % I over D	K \$ Increase I over G	L DEFAC Oct-23	M % L over I	N DEFAC Oct-23	O % N over L	P DEFAC Oct-23	Q % P over N
Revenue Category											
Personal Income Tax	2,472.6	4.1%	2,487.6	3.6%	15.0	2,579.3	3.7%	2,660.9	3.2%	2,785.5	4.7%
Less: Refunds	<u>(272.7)</u>	-5.0%	<u>(272.7)</u>	-5.0%	0.0	<u>(245.7)</u>	-9.9%	<u>(219.9)</u>	-10.5%	<u>(213.5)</u>	-2.9%
PIT Less Refunds	2,199.9	5.3%	2,214.9	4.8%	15.0	2,333.6	5.4%	2,441.0	4.6%	2,572.0	5.4%
Franchise Tax	1,278.9	0.0%	1,328.9	0.0%	50.0	1,328.9	0.0%	1,328.9	0.0%	1,328.9	0.0%
Limited Partnerships & LLC's	460.8	0.0%	460.8	0.0%	0.0	460.8	0.0%	460.8	0.0%	460.8	0.0%
Subtotal Franchise + LP/LLC	1,739.7	0.0%	1,789.7	0.0%	50.0	1,789.7	0.0%	1,789.7	0.0%	1,789.7	0.0%
Less: Refunds	<u>(10.0)</u>	0.0%	<u>(10.0)</u>	-50.0%	0.0	<u>(10.0)</u>	0.0%	<u>(10.0)</u>	0.0%	<u>(10.0)</u>	0.0%
Net Franchise + LP/LLC	1,729.7	0.0%	1,779.7	0.6%	50.0	1,779.7	0.0%	1,779.7	0.0%	1,779.7	0.0%
Business Entity Fees	150.0	0.0%	150.0	0.0%	0.0	150.0	0.0%	150.0	0.0%	150.0	0.0%
Uniform Commercial Code	26.5	0.0%	26.5	0.0%	0.0	26.5	0.0%	26.5	0.0%	26.5	0.0%
Unclaimed Property	500.0	-4.8%	500.0	-9.7%	0.0	500.0	0.0%	500.0	0.0%	500.0	0.0%
Less: Refunds	<u>(150.0)</u>	0.0%	<u>(150.0)</u>	0.0%	0.0	<u>(150.0)</u>	0.0%	(160.0)	6.7%	(160.0)	0.0%
Unclaimed Prop Less Refunds	350.0	-6.7%	350.0	-13.4%	0.0	350.0	0.0%	340.0	-2.9%	340.0	0.0%
Gross Receipts Tax	368.0	2.6%	368.0	2.6%	0.0	378.3	2.8%	391.5	3.5%	407.2	4.0%
Lottery	239.8	1.5%	247.8	2.0%	8.0	250.8	1.2%	253.8	1.2%	256.9	1.2%
Corporation Income Tax	362.0	0.9%	362.0	-9.5%	0.0	354.0	-2.2%	386.3	9.1%	418.7	8.4%
Less: Refunds	<u>(70.0)</u>	-7.9%	<u>(70.0)</u>	-7.9%	0.0	<u>(70.0)</u>	0.0%	<u>(70.0)</u>	0.0%	<u>(70.0)</u>	0.0%
CIT Less Refunds	292.0	3.3%	292.0	-9.9%	0.0	284.0	-2.7%	316.3	11.4%	348.7	10.2%
Realty Transfer Tax	263.9	16.2%	223.2	8.9%	(40.7)	233.9	4.8%	242.6	3.7%	251.6	3.7%
Cigarette Taxes	96.2	-2.4%	93.7	-5.0%	(2.5)	89.0	-5.0%	84.6	-4.9%	80.3	-5.1%
Bank Franchise Tax	109.9	5.9%	110.2	5.8%	0.3	112.5	2.1%	114.8	2.0%	117.1	2.0%
Insurance Taxes and Fees	109.9	4.4%	113.0	5.9%	3.1	111.1	-1.7%	118.8	6.9%	115.7	-2.6%
Hospital Board and Treatment	22.5	0.9%	21.9	-3.1%	(0.6)	21.3	-2.7%	20.6	-3.3%	20.0	-2.9%
Public Utility Tax	32.8	-3.2%	32.8	-3.2%	0.0	32.1	-2.1%	31.5	-1.9%	30.8	-2.2%
Alcoholic Beverage Tax	32.2	0.9%	32.2	0.9%	0.0	32.5	0.9%	32.8	1.0%	33.1	0.9%
Dividends and Interest	111.1	-3.9%	146.8	24.3%	35.7	139.2	-5.2%	131.0	-5.9%	115.6	-11.8%
Other Revenues	71.8	2.7%	71.8	2.7%	0.0	71.8	0.0%	73.0	1.7%	74.4	1.8%
Less: Other Refunds	<u>(16.9)</u>	0.0%	<u>(15.7)</u>	0.0%	1.2	<u>(15.7)</u>	0.0%	<u>(15.7)</u>	0.0%	<u>(15.7)</u>	0.0%
Net Receipts	6,189.3	2.5%	6,258.8	1.5%	69.5	6,380.6	1.9%	6,532.9	2.4%	6,703.8	2.6%

Table 3. Balance and Appropriations Worksheet

October-23

FY 2024 EXPENDITURES

Total Spending Authority	\$8,201.7
Less: Continuing Appropriations & Encumbrances from FY 2024	(\$1,790.3)
Less: Reversions	<u>(\$10.0)</u>
Total Expenditures	\$6,401.4

FY 2024 BALANCES

Total Expenditures	\$6,401.4
vs. FY 2024 Revenues	6,164.5
Operating Balance	(236.9)
Prior Year Cash Balance	3039.5
Less: Budget Stabilization Fund (84 Del Law c 91; HB 195, Section 65)	<u>(\$410.1)</u>
Cumulative Cash Balance	2,392.5
Less: Continuing Appropriations & Encumbrances from FY 2024	(1,790.3)
Less: Budgetary Reserve Account	<u>(\$328.8)</u>
Unencumbered Cash Balance 6/30	\$273.5

FY 2025 APPROPRIATION LIMITS

FY 2025 Revenue Estimate	\$6,258.8
Unencumbered Cash Balance from FY 2024	<u>\$273.5</u>
100% Appropriation Limit	\$6,532.3
98% Appropriation Limit	<u>\$6,401.6</u>
Prior 98% Appropriation Limit	NA
Increase (Decrease) from Prior Meeting	NA
October 2023 98% Appropriation Limit	NA
Increase (Decrease) from October 2023	NA

FY 2024 BUDGET

Budget	\$5,606.7
Grants	\$72.0
Supplemental	\$948.0
Total Appropriations	\$6,626.7
Plus: Continuing Appropriations & Encumbrances from Prior Years	<u>\$1,575.0</u>
Total Spending Authority	\$8,201.7

Table 4.

Delaware Department of Transportation												25%
FY 2024 Expenditures, Through September 30, 2023												
	FY2022 Actual	FY2023 Actual	FY2024 Appropriation	OCTOBER FY2024 Forecast	DECEMBER FY2024 Forecast	MARCH FY2024 Forecast	MAY FY2024 Forecast	JUNE FY2024 Forecast	\$ difference Oct to October	\$ difference Forecast V. FY2023 Actual	FY2024 YTD Spend	% spent YTD
Operations			<u>w/o US301</u>									
Debt Service	67.0	83.0	82.2	82.2					0.0	(0.8)	73.6	90%
Personnel Costs	105.6	107.9	119.3	119.3					0.0	11.4	27.1	23%
Operations/Capital Outlay	66.8	66.8	81.3	81.3					0.0	14.5	19.2	24%
Transit Operations (DTC)	<u>79.8</u>	<u>80.3</u>	<u>89.6</u>	<u>89.6</u>					0.0	9.3	<u>22.4</u>	25%
Total Expenditures - Operations	319.2	338.0	372.4	372.4	0.0	0.0	0.0	0.0	0.0	34.4	142.3	38%
State Capital												
Road System	197.7	210.2	202.0	202.0					0.0	(8.2)	61.7	31%
Grants & Allocations	26.7	30.1	42.2	42.2					0.0	12.1	10.3	24%
Support Systems	45.8	52.0	43.1	43.1					0.0	(8.9)	8.7	20%
Transit	<u>29.9</u>	<u>23.5</u>	<u>27.7</u>	<u>27.7</u>					0.0	4.2	<u>4.3</u>	16%
State Capital	300.1	315.8	315.0	315.0	0.0	0.0	0.0	0.0	0.0	(0.8)	85.0	27%
Federal Capital												
Federal Capital	261.1	269.3	325.0	325.0					0.0	55.7	87.1	27%
Total Expenditures - Capital	561.2	585.1	640.0	640.0	0.0	0.0	0.0	0.0	0.0	54.9	172.1	27%
TOTAL EXPENDITURES	880.4	923.1	1,012.4	1,012.4	0.0	0.0	0.0	0.0	0.0	89.3	314.4	31%

	OCTOBER FY2024 Forecast	DECEMBER FY2024 Forecast	MARCH FY2024 Forecast	MAY FY2024 Forecast	JUNE FY2024 Forecast	\$ difference May to June	FY2024 YTD Spend	% spent YTD
DeIDOT	1,012.4	0.0	0.0	0.0	0.0	\$ -	\$ 314.4	31%
US301	23.0	-	0.0	0.0	0.0	\$ -	\$ 0.9	4%
TOTAL	1,035.4	0.0	0.0	0.0	0.0	\$ -	\$ 315.3	30%

Table 5.

DELAWARE DEPARTMENT OF TRANSPORTATION Transportation Trust Fund Revenues									
	FY22	FY23	% Chg.	Fiscal 2024			Fiscal 2025		
				6/16/2023 Approved	10/16/2023 Recomm	% Chg. FY 23	6/16/2023 Approved	10/16/2023 Recomm	% Chg. FY 24
<u>TOLL ROAD REVENUES:</u>									
I95 Newark Plaza	\$142.2	\$133.5	-6.1%	\$140.0	\$140.0	4.9%	\$141.4	\$141.4	1.0%
Route 1 Toll Road	62.6	59.8	-4.5%	\$64.9	\$64.9	8.6%	\$65.9	\$65.9	1.5%
Concessions	<u>1.6</u>	<u>2.1</u>	<u>31.3%</u>	<u>\$2.2</u>	<u>\$2.2</u>	<u>4.6%</u>	<u>\$2.2</u>	<u>\$2.2</u>	<u>0.0%</u>
Total Toll Road Revenues	206.4	195.4	-5.3%	\$207.1	\$207.1	6.0%	\$209.5	\$209.5	1.2%
MOTOR FUEL TAX ADMIN.	136.7	136.1	-0.4%	\$146.1	\$136.2	0.0%	\$148.3	\$148.3	8.9%
<u>DIVISION OF MOTOR VEHICLES</u>									
Motor Vehicle Document Fees	146.2	164.5	12.5%	\$130.4	\$137.4	-16.5%	\$132.4	\$132.4	-3.6%
Motor Vehicle Registration Fees	57.4	61.6	7.3%	\$64.2	\$64.2	4.2%	\$65.1	\$65.1	1.4%
Other DMV Revenues	<u>39.7</u>	<u>39.1</u>	<u>-1.5%</u>	<u>\$45.3</u>	<u>\$45.3</u>	<u>15.9%</u>	<u>\$46.0</u>	<u>\$46.0</u>	<u>1.5%</u>
Total DMV Revenues	243.3	265.2	9.0%	\$239.9	\$246.9	-6.9%	\$243.5	\$243.5	-1.4%
<u>OTHER TRANSPORTATION REV.</u>									
Other Transportation Rev	9.6	9.0	-6.3%	\$9.2	\$9.2	2.1%	\$9.2	\$9.2	0.0%
Investment Income(Net)	<u>1.3</u>	<u>12.0</u>	<u>823.1%</u>	<u>\$4.0</u>	<u>\$7.0</u>	<u>-41.4%</u>	<u>\$5.0</u>	<u>\$5.0</u>	<u>-28.6%</u>
Total Other Transp. Revenue	10.9	21.0	92.7%	\$13.2	\$16.2	-22.9%	\$14.2	\$14.2	-12.3%
GRAND TOTAL	\$597.3	\$617.7	3.4%	\$606.3	\$606.4	-1.8%	\$615.5	\$615.5	1.5%
					\$0.1			\$0.0	
	FY22	FY23	% Chg.	Fiscal 2024			Fiscal 2025		
US301 Revenues	\$ 22.0	\$ 26.0	18.2%	\$ 24.0	\$ 24.6	-5.4%	\$ 24.3	\$ 24.9	1.2%
TOTAL	\$ 619.3	\$ 643.7	3.9%	\$ 630.3	\$ 631.0	-2.0%	\$ 639.8	\$ 640.4	1.5%

\$0.6