

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

Hybrid Event – October 21, 2024

Attendance:

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

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

**Members in Attendance: 27
Members Absent: 3**

Others Present: L. Clymer, C. Engelsiepen, S. Hastings, J. Heller, T. Huestis, B. Khanal, M. Marlin, J. Richards, D. Roose, J. Seemans.

Opening Business: Mr. Houghton called the meeting to order at 1:30 p.m.

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 2025:

Mr. Ratledge reviewed the balance sheet method. He said the FY 2025 spending authority is \$8,688.1 million, with expected reversions at \$25 million and encumbered funds at \$60 million.

Under the functional method, Mr. Ratledge said salaries were expected to grow 10.0% to \$2.1 billion in FY 2025. He further noted the \$771.0 million in Fringe Benefits, growth of 24.5% over FY 2024, which is driven by growth in health benefits of over 30%. Pension expenditures are expected to increase 18% to \$588.9 million. Capital Outlay is projected to increase 86% to \$244.5 billion. Remaining categories save Supplies and Materials (11.3%, totaling \$98.3 million) are projected to grow in the high single digits.

In response to a question from Ms. Williams, Ms. Engelsiepen elaborated on the initial forecasts of reversions, encumbered, and cash to bond bill for FY 2025.

A motion was made, seconded and approved to accept \$6,986.5 million as the Expenditure estimate for FY 2025. The estimate represents an increase of \$754.4 million (12.1%) from FY 2024.

General Fund Expenditures - Fiscal Year 2026:

Mr. Ratledge reviewed the FY 2026 expenditure estimates, which total \$6,830.2 million, \$156.3 million lower than FY 2025 expenditures. Ms. Engelsiepen noted the decline is a result of the cash to bond bill projects, much of which will be spent in FY 2025. She further mentioned that FY 2026 includes salary policy stemming from contract negotiations. Ms. Davis asked about the decline in vacant positions in the State, to which Mr. Cade responded that many of the vacancies are in Corrections and DHSS facilities.

A motion was made, seconded and approved to accept \$6,830.2 million as the Expenditure estimate for FY 2026.

Revenue Forecasts:

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

Economic Outlook

Mr. Roose said the economic outlook into the next fiscal year has improved noticeably since the June meeting, as the consensus is that a “soft landing” will be achieved, and very few see any signs of recession. The recent Federal Reserve cut in interest rates at 50 basis points was higher than some expected. Recent revisions of GDP data indicated stronger growth and higher productivity than previously reported, with the result that inflation pressures have eased and will carry forward in the forecast. Two further rate cuts are expected this year, with a 150 basis point reduction next year. The net result is somewhat stronger growth this year, and 0.3 percentage point stronger growth next year at 2.1%, though still a slowdown from 2.7% growth this year.

Delaware employment growth is affected by data revisions, showing slightly

weaker growth in 2025 but stronger in 2026 and 2027. FY 2024 personal income data is affected by data revisions as well, along with an easing of inflation and return to trend growth.

Mr. Roose discussed the fact that Delaware employment growth has generally outpaced that of the nation in the post-pandemic period. After several years of strong growth following the steep decline in jobs caused by the pandemic, the State is now leveling out at about 1% growth which is likely as good as can be hoped for given demographic realities.

Mr. Roose then briefly discussed considerations for the forecast related to the upcoming expiration of many personal income tax provisions of the 2017 Tax Cuts and Jobs Act (TCJA), related issues, and other potential federal tax changes given the upcoming presidential election. He said the FY 2027 forecast, and possibly FY 2026 forecast, are advisory at best.

Ms. Williams asked about the feasibility of decoupling from the federal “fix” to the treatment of research and development expenditures. A discussion about conformity with the Internal Revenue Code, or lack thereof, and the implications of certain federal law changes followed.

General Fund Revenues:

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

FY 2025				FY 2026			
Revenue Category	Jun-24	Oct-24	Change	Revenue Category	Jun-24	Oct-24	Change
Corporation Income Tax	379.3	427.0	47.7	Personal Income Tax	2,733.0	2,787.6	54.6
Personal Income Tax	2,610.5	2,641.1	30.6	Corporation Income Tax	370.9	414.2	43.3
Unclaimed Property	525.0	554.0	29.0	Realty Transfer Tax	227.5	259.0	31.5
Realty Transfer Tax	217.1	240.3	23.2	Unclaimed Property	500.0	525.0	25.0
PIT Refunds	(265.8)	(286.9)	(21.1)	Dividends and Interest	137.1	118.0	(19.1)
Lottery	267.4	258.9	(8.5)	PIT Refunds	(239.5)	(258.5)	(19.0)
Dividends and Interest	145.1	137.0	(8.1)	Other Revenues	76.8	84.1	7.3
Gross Receipts Tax	380.4	386.1	5.7	Gross Receipts Tax	392.1	399.0	6.9
Bank Franchise Tax	101.1	103.1	2.0	Lottery	266.8	264.0	(2.8)
Other Revenues	76.8	77.2	0.4	Bank Franchise Tax	106.2	107.7	1.5

For a complete listing of FY 2025 and 2026 estimates, see Table 2.

Mr. Roose recommended the above changes to the revenue forecast, including an increase to the PIT withholding forecast (\$21 million increase for FY 2025 and \$38 million for FY 2026 with the stronger economic forecast); an increase to PIT estimated payments based essentially on tracking (\$9 million this year and \$16 million next year); and an increase in PIT refunds due to a spillover of processing from the 2024 filing season (a general fund reduction of \$21 million for FY 2025 only). Mr. Roose also noted the FY 2027 forecast includes a reduction of \$85 million due to the expiration of certain TCJA

provisions.

Mr. Roose discussed the stability of PIT withholding, but showed the cyclical nature of the other components of the income tax (estimated payments, final payments, and refunds), and that estimated and final payments are relatively stronger with respect to withholding than in the past several decades, which indicates either the structure of the economy has changed or the next recession will bring a significant correction to PIT collections.

Mr. Roose noted gross receipts taxes are performing well despite the decline in oil prices (roughly 30 large petroleum-related taxpayers are down 13% on the year)—underlying growth is strong. All traditional lottery games are down year-to-date, though that is partly offset by the continued growth in iGaming and online sports betting. Net corporate income taxes continue to exceed expectations, Mr. Roose mentioned—third quarter payments were up 17%, while the full-year forecast called for a decline of 11%. He reminded the committee that there is an overhang of tens of millions of dollars of overpayments that could be claimed as refunds on amended returns at any point, which may be a particular risk as the next recession approaches.

The realty transfer tax may have turned the corner, Mr. Roose said, after significant declines over the past two years. The first three months of FY 2025 are up roughly 10%, while October remittances that will be received from the counties will show growth in excess of 120%. Mr. Lubin added that there is significant activity in nonresidential property. Discussion followed about the mix of activity between new properties and resale, and how much activity may be driven by those leaving hurricane-prone areas.

Ms. Davis reviewed the forecast for interest and dividends, noting that the FY 2026 decline is related to the recent rate cuts from the Federal Reserve. Mr. Roose noted that other revenues included revenues from the short-term rental tax, enacted after the revenue resolution was adopted.

Fiscal Year 2025 Estimate Adopted:

A motion was made, seconded and approved to accept \$6,550.5 million as the revenue estimate for FY 2025. The estimate represents an increase of \$100.9 million from the June estimate.

Fiscal Year 2026 Estimate Adopted:

A motion was made, seconded and approved to accept \$6,728.2 million as the revenue estimate for FY 2026. The estimate represents an increase of \$129.2 million from the June estimate.

Long-Term Revenue Forecast

Mr. Roose presented the required five-year general fund revenue forecast, noting that economic cycles, federal law changes, and State policy and political risks make the long-

term forecast a planning exercise, but general fund revenues are projected to increase 1.2% for FY 2027, 2.7% for FY 2028 and 2.4% for FY 2029. He noted that Delaware's revenue structure is not likely to provide growth better than the low single-digits over the long term.

Transportation Trust Fund (TTF):

TTF—Expenditures: Ms. Clymer presented the Transportation Trust Fund's expenditure forecast. She recommended a FY 2025 expenditure estimate of \$1,136.9 million, with a \$56.8 million increase in operations partially offset by a \$29.3 million decline in capital expenditures.

A motion was made, seconded, and approved to accept \$1,136.9 million as the FY 2025 TTF expenditure estimate (see Table 4).

TTF—Revenues: Ms. Clymer presented the Transportation Trust Fund's revenue forecast. Toll revenues were revised based on a recent traffic and revenue study DeIDOT recently conducted as well as drivers avoiding construction at the I-95/SR 896 interchange, resulting in a roughly \$19 million reduction in both years. In addition, the motor fuel tax estimate was reduced \$11.2 million in FY 2026, reflecting flat growth.

Fiscal Year 2025 Estimates:

A motion was made, seconded, and approved to accept \$632.7 million as the FY 2025 TTF revenue estimate. The estimate represents a decrease of \$4.8 million from the June estimate.

Fiscal Year 2026 Estimates:

A motion was made, seconded, and approved to accept \$636.7 million as the FY 2026 TTF revenue estimate (See Table 5). The estimate represents a decline of \$20.1 million from the May estimate.

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, as required, the threshold adjustment factors—provisions of tax law that are indexed for inflation.

Other Business:

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

- Monday, December 16, 2024
- Monday, March 17, 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 3:00 p.m.

Respectfully submitted,

David Roose

Table 1a.

DEFAC Expenditures Forecast for General Fund Disbursements FY2025 (\$ in millions)									
<u>October 21, 2024</u>									
	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024		FY2025
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>		<u>Appropriation</u>
Budget Act	4,106.9	4,270.8	4,451.9	4,547.0	4,771.5	5,099.7	5,606.7		6,129.2
Cash to Bond Bill	0.0	189.0	184.3	35.4	692.3	855.5	753.4		427.5
Grant-in-Aid	37.3	52.1	55.1	54.5	63.2	69.4	72.0		98.5
Continuing & Encumbered (from prior years)	178.6	184.1	329.6	431.3	495.8	1,100.2	1,575.0		1,864.6
Supplementals	0.0	49.2	62.0	0.0	221.1	378.6	194.6		168.4
<i>Fiscal Year Spending Authority</i>	4,322.8	4,745.2	5,082.8	5,068.2	6,243.9	7,503.4	8,201.7		8,688.1
<u>LESS:</u>									
								<i>Oct</i>	<i>June</i>
Reversions to the General Fund	20.6	21.4	137.6	53.4	85.8	67.5	105	25.0	
Encumbered to next fiscal year	35.8	41.5	54.0	53.2	71.6	57.3	61.6	60.0	
Continuing to next fiscal year									
Operating Budget									
Bond Bill									
Total Continuing	148.3	288.1	377.3	442.6	1,028.6	1,517.7	1,802.9	1616.6	
Subtotal	204.7	351.0	568.9	549.2	1,186.0	1,642.5	1,969.5	1,701.6	(1,701.6)
<i>Fiscal Year Budgetary Expenditures</i>	4,118.1	4,394.3	4,513.9	4,519.0	5,057.9	5,860.9	6,232.2		6,986.5
 % increase/(decrease)	0.29%	6.71%	2.72%	0.11%	11.93%	15.88%	6.34%		12.1%
<u>Comments:</u>	<u>FY2018</u>	<u>FY2019</u>	<u>FY2020</u>	<u>FY2021</u>	<u>FY2022</u>	<u>FY2023</u>	<u>FY2024</u>	<u>5-Yr Avg</u>	<u>FY2025</u>
Expenditures / Spending Authority	95.3%	92.6%	88.8%	89.2%	81.0%	78.1%	76.0%	82.6%	80.4%
Reversions / Spending Authority	0.5%	0.5%	2.7%	1.1%	0.9%	0.9%	1.3%	1.4%	0.3%
Encumbered / Spending Authority	0.8%	0.9%	1.1%	1.0%	0.9%	0.8%	0.8%	0.9%	0.7%
Total Continuing / Spending Authority	3.4%	6.1%	7.4%	8.7%	7.1%	20.2%	22.0%	13.1%	18.6%

Recommended by Expenditures Subcommittee,
October 21, 2024

Table 1b.

DEFAC Expenditures Forecast for General Fund Disbursements FY2025 (\$ in millions)																	
October 21, 2024																	
	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	Difference	% change	Annual Avg.	FY2025	% spent	% of	% of	% of	% of	% of
	Actual	Actual	Actual	Actual	Actual	Actual	Oct	'25 vs. '24	'25 vs. '24	'25 vs. '20	9/30/2024	actual 9/30/2024	FY2024	FY2023	FY2022	FY2021	FY2020
Salaries	1,499.9	1,558.6	1,593.0	1,657.0	1,805.6	1,905.0	2,094.7	189.7	10.0%	6.09%	507.3	25.7%	30.6%	30.8%	32.8%	35.3%	34.5%
Fringe Benefits	494.4	506.1	513.3	515.4	561.3	619.1	771.0	151.9	24.5%	8.78%	189.8	9.6%	9.9%	9.6%	10.2%	11.4%	11.2%
Health Care	362.6	369.0	372.5	369.3	401.4	444.6	581.5	136.9	30.8%	9.52%	145.4	7.4%	7.1%	6.8%	7.3%	8.3%	8.2%
Other	131.8	137.1	140.8	146.1	159.9	174.5	189.5	15.0	8.6%	6.69%	44.4	2.2%	2.8%	2.7%	2.9%	3.1%	3.0%
Pension	360.8	360.1	360.8	421.0	664.7	498.1	588.9	90.8	18.2%	10.34%	197.0	10.0%	8.0%	11.3%	8.3%	8.0%	8.0%
Contribution	201.5	205.0	201.5	239.7	240.1	242.2	266.5	24.3	10.0%	5.39%	107.8	5.5%	3.9%	4.1%	4.7%	4.5%	4.5%
Health Care	145.4	145.9	145.4	157.2	170.9	174.2	208.1	33.9	19.5%	7.36%	77.6	3.9%	2.8%	2.9%	3.1%	3.2%	3.2%
Other	13.9	9.2	13.9	24.1	253.8	81.7	114.3	32.6	39.9%	65.58%	11.6	0.6%	1.3%	4.3%	0.5%	0.3%	0.2%
Debt Service	183.9	184.1	187.3	202.6	218.4	234.4	246.3	11.9	5.1%	5.99%	198.4	10.0%	3.8%	3.7%	4.0%	4.2%	4.1%
Grants	445.2	507.1	433.2	671.0	661.4	764.1	817.4	53.3	7.0%	10.02%	295.5	15.0%	12.3%	11.3%	13.3%	9.6%	11.2%
Medicaid	733.4	702.0	734.1	823.6	932.7	1,043.5	1,121.0	77.5	7.4%	9.81%	274.3	13.9%	16.7%	15.9%	16.3%	16.3%	15.6%
Contractual Services	589.0	600.5	607.5	674.7	871.6	948.3	1,004.4	56.1	5.9%	10.84%	245.3	12.4%	15.2%	14.9%	13.3%	13.5%	13.3%
Supplies & Materials	69.3	64.7	60.9	67.1	76.7	88.3	98.3	10.0	11.3%	8.73%	25.1	1.3%	1.4%	1.3%	1.3%	1.4%	1.4%
Capital Outlay	18.5	30.6	17.2	25.5	68.3	131.3	244.5	113.2	86.2%	51.53%	43.5	2.2%	2.1%	1.2%	0.5%	0.4%	0.7%
FY Budgetary Expenditures	4,394.3	4,513.9	4,507.3	5,057.9	5,860.8	6,232.1	6,986.5	754.4	12.1%	9.13%	1976.1	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Table 1c.

DEFAC Expenditures Forecast for General Fund Disbursements FY2025-2029 (\$ in millions)														
October 21, 2024														
	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	Forecast					
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030
									June	June	June	June	June	June
Salaries	1,402.9	1,421.1	1,499.9	1,558.6	1593.0	1657.0	1,805.6	1,905.0	2,094.7	2,205.7	2,340.0	2,482.6	2,633.8	2,794.2
Fringe Benefits	480.5	479.6	494.4	506.1	513.3	515.4	561.3	619.1	771.0	788.9	858.3	934.0	1,016.4	1,106.2
Health Care	359.0	357.9	362.6	369.0	372.5	369.3	401.4	444.6	581.5	587.4	643.3	704.6	771.7	845.2
Other	121.5	121.7	131.8	137.1	140.8	146.1	159.9	174.5	189.5	201.5	215.0	229.4	244.7	261.1
Pension	317.7	316.7	360.8	360.1	360.8	421.0	664.7	498.1	588.9	637.9	683.4	735.6	797.1	872.8
Contribution	153.7	167.6	201.5	205.0	201.5	238.8	240.1	242.2	266.5	352.8	371.8	391.8	413.0	435.2
Health Care	131.3	136.0	145.4	145.9	145.4	170.6	170.9	174.2	208.1	275.6	295.9	317.6	341.0	366.1
Other	32.7	13.1	13.9	9.2	13.9	11.6	253.8	81.7	114.3	9.5	15.7	26.1	43.1	71.4
Debt Service	179.0	187.2	183.9	184.1	187.3	202.6	218.4	234.4	246.3	263.3	279.1	295.8	313.5	332.3
Grants	365.7	362.9	445.2	507.1	433.2	671.0	661.4	764.1	817.4	668.5	735.5	809.2	890.2	979.4
Medicaid	739.7	750.2	733.4	702.0	734.1	823.6	932.7	1,043.5	1,121.0	1,127.0	1,237.6	1,359.0	1,492.4	1,638.8
Contractual Services	537.6	526.1	589.0	600.5	607.5	674.7	871.6	948.3	1,004.4	859.1	452.2	501.2	555.5	615.7
Supplies & Materials	68.7	61.9	69.3	64.7	60.9	67.1	76.7	88.3	98.3	93.3	101.4	110.3	119.9	130.4
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>131.3</u>	<u>244.5</u>	<u>186.5</u>	<u>282.6</u>	<u>428.3</u>	<u>649.0</u>	<u>983.4</u>
FY Budgetary Expenditures	4,106.1	4,118.1	4,394.3	4,513.9	4507.3	5057.9	5,860.8	6,232.1	6,986.5	6,830.2	6,970.2	7,655.8	8,467.8	9,453.3
OMB General Assumptions FY2026 Forecast														
Operating budget with 0% growth over prior year except for known increases indicated below by category														
Grant-in-Aid budget at current year level excluding one-times														
One-Time Supplemental budget is not included until extraordinary revenue forecast is projected														
Capital budget at 1% of the FY2025 operating budget														
Salary - Includes increase for state employees, Collective Bargaining Agreements, Education Steps and Education Unit Count growth														
Fringe Other/Fringe Healthcare - Projected using current year rates														
Pension - Projected with increases from legislation														
Debt Service – Increased for both new debt														
Grants - Projected using current year Grant in Aid budget, operational funding provided to UD and Housing, and spending continued cash projects														
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 and spending continued cash projects														

Table 2

October-24 DEFAC Meeting	FY 2024	FY 2024 A	FY 2024 Variance	FY 2025					
				DEFAC Jun-24	Actual Collections	Actual - June	B DEFAC Jun-24	C % B over A	D DEFAC Oct-24
Revenue Category									
Personal Income Tax	2,512.8	2,503.3	(9.5)	2,610.5	4.3%	2,641.1	5.5%		30.6
Less: Refunds	<u>(279.8)</u>	<u>(286.4)</u>	<u>(6.6)</u>	<u>(265.8)</u>	<u>-7.2%</u>	<u>(286.9)</u>	<u>0.2%</u>		<u>(21.1)</u>
PIT Less Refunds	2,233.0	2,216.9	(16.1)	2,344.7	5.8%	2,354.2	6.2%		9.5
Franchise Tax	1,328.9	1,321.8	(7.1)	1,328.9	0.5%	1,328.9	0.5%		0.0
Limited Partnerships & LLC's	497.8	495.8	(2.0)	<u>497.8</u>	0.4%	<u>497.8</u>	0.4%		0.0
Subtotal Franchise + LP/LLC	1,826.7	1,817.5	(9.2)	1,826.7	0.5%	1,826.7	0.5%		0.0
Less: Refunds	<u>(20.0)</u>	<u>(20.0)</u>	<u>0.0</u>	<u>(10.0)</u>	<u>-50.0%</u>	<u>(10.0)</u>	<u>-50.0%</u>		<u>0.0</u>
Net Franchise + LP/LLC	1,806.7	1,797.5	(9.2)	1,816.7	1.1%	1,816.7	1.1%		0.0
Business Entity Fees	152.0	159.3	7.3	152.0	-4.6%	152.0	-4.6%		0.0
Uniform Commercial Code	28.5	29.7	1.2	28.5	-4.0%	28.5	-4.0%		0.0
Unclaimed Property	554.0	554.0	0.0	525.0	-5.2%	554.0	0.0%		29.0
Less: Refunds	<u>(145.0)</u>	<u>(143.5)</u>	<u>1.5</u>	<u>(130.0)</u>	<u>-9.4%</u>	<u>(130.0)</u>	<u>-9.4%</u>		<u>0.0</u>
Unclaimed Prop Less Refunds	409.0	410.5	1.5	395.0	-3.8%	424.0	3.3%		29.0
Gross Receipts Tax	365.2	365.2	(0.0)	380.4	4.2%	386.1	5.7%		5.7
Lottery	245.9	245.9	0.0	267.4	8.7%	258.9	5.3%		(8.5)
Corporation Income Tax	440.0	426.0	(14.0)	379.3	-11.0%	427.0	0.2%		47.7
Less: Refunds	<u>(82.6)</u>	<u>(81.2)</u>	<u>1.4</u>	<u>(103.3)</u>	<u>27.3%</u>	<u>(103.3)</u>	<u>27.3%</u>		<u>0.0</u>
CIT Less Refunds	357.4	344.8	(12.6)	276.0	-20.0%	323.7	-6.1%		47.7
Realty Transfer Tax	199.3	198.7	(0.6)	217.1	9.2%	240.3	20.9%		23.2
Cigarette Taxes	94.3	92.4	(1.9)	87.2	-5.6%	87.2	-5.6%		0.0
Bank Franchise Tax	100.6	100.3	(0.3)	101.1	0.8%	103.1	2.8%		2.0
Insurance Taxes and Fees	87.5	92.0	4.5	92.7	0.8%	92.7	0.8%		0.0
Hospital Board and Treatment	20.3	22.4	2.1	19.6	-12.4%	19.6	-12.4%		0.0
Public Utility Tax	33.9	34.5	0.6	32.8	-4.9%	32.8	-4.9%		0.0
Alcoholic Beverage Tax	31.4	31.7	0.3	32.2	1.6%	32.2	1.6%		0.0
Dividends and Interest	133.8	133.7	(0.1)	145.1	8.5%	137.0	2.4%		(8.1)
Other Revenues	86.6	89.0	2.4	76.8	-13.7%	77.2	-13.3%	2.3	0.4
Less: Other Refunds	<u>(15.9)</u>	<u>(15.6)</u>	<u>0.3</u>	<u>(15.7)</u>	<u>0.5%</u>	<u>(15.7)</u>	<u>0.5%</u>		<u>0.0</u>
Net Receipts	6,369.5	6,348.9	(20.6)	6,449.6	1.6%	6,550.5	3.2%	2.3	100.9

Table 2

October-24 DEFAC Meeting	FY 2026						FY 2027		FY 2028		FY 2029	
	G DEFAC Jun-24	H % G over B	I DEFAC Oct-24	J % I over D	JJ Legislative Changes	K \$ Increase I over G	L DEFAC Oct-24	M % L over I	N DEFAC Oct-24	O % N over L	P DEFAC Oct-24	Q % P over N
Revenue Category												
Personal Income Tax	2,733.0	4.7%	2,787.6	5.5%		54.6	2,834.2	1.7%	3,013.1	6.3%	3,169.8	5.2%
Less: Refunds	<u>(239.5)</u>	-9.9%	<u>(258.5)</u>	-9.9%		<u>(19.0)</u>	<u>(239.5)</u>	-7.4%	<u>(252.0)</u>	5.2%	<u>(265.1)</u>	5.2%
PIT Less Refunds	2,493.5	6.3%	2,529.1	7.4%		35.6	2,594.7	2.6%	2,761.2	6.4%	2,904.8	5.2%
Franchise Tax	1,328.9	0.0%	1,328.9	0.0%		0.0	1,328.9	0.0%	1,328.9	0.0%	1,328.9	0.0%
Limited Partnerships & LLC's	497.8	0.0%	497.8	0.0%		0.0	497.8	0.0%	497.8	0.0%	497.8	0.0%
Subtotal Franchise + LP/LLC	1,826.7	0.0%	1,826.7	0.0%		0.0	1,826.7	0.0%	1,826.7	0.0%	1,826.7	0.0%
Less: Refunds	<u>(10.0)</u>	0.0%	<u>(10.0)</u>	0.0%		<u>0.0</u>	<u>(10.0)</u>	0.0%	<u>(10.0)</u>	0.0%	<u>(10.0)</u>	0.0%
Net Franchise + LP/LLC	1,816.7	0.0%	1,816.7	0.0%		0.0	1,816.7	0.0%	1,816.7	0.0%	1,816.7	0.0%
Business Entity Fees	152.0	0.0%	152.0	0.0%		0.0	152.0	0.0%	152.0	0.0%	152.0	0.0%
Uniform Commercial Code	28.5	0.0%	28.5	0.0%		0.0	28.5	0.0%	28.5	0.0%	28.5	0.0%
Unclaimed Property	500.0	-4.8%	525.0	-5.2%		25.0	500.0	-4.8%	500.0	0.0%	500.0	0.0%
Less: Refunds	<u>(130.0)</u>	0.0%	<u>(130.0)</u>	0.0%		<u>0.0</u>	<u>(130.0)</u>	0.0%	<u>(130.0)</u>	0.0%	<u>(130.0)</u>	0.0%
Unclaimed Prop Less Refunds	370.0	-6.3%	395.0	-6.8%		25.0	370.0	-6.3%	370.0	0.0%	370.0	0.0%
Gross Receipts Tax	392.1	3.1%	399.0	3.3%		6.9	414.3	3.8%	425.1	2.6%	436.1	2.6%
Lottery	266.8	-0.2%	264.0	2.0%		(2.8)	267.7	1.4%	270.9	1.2%	274.1	1.2%
Corporation Income Tax	370.9	-2.2%	414.2	-3.0%		43.3	405.1	-2.2%	407.5	0.6%	412.4	1.2%
Less: Refunds	<u>(79.8)</u>	-22.7%	<u>(79.8)</u>	-22.7%		<u>0.0</u>	<u>(79.8)</u>	0.0%	<u>(79.8)</u>	0.0%	<u>(79.8)</u>	0.0%
CIT Less Refunds	291.1	5.5%	334.4	3.3%		43.3	325.3	-2.7%	327.7	0.7%	332.6	1.5%
Realty Transfer Tax	227.5	4.8%	259.0	7.8%		31.5	276.1	6.6%	291.3	5.5%	303.0	4.0%
Cigarette Taxes	81.6	-6.4%	81.6	-6.4%		0.0	77.5	-5.0%	73.6	-5.0%	69.9	-5.0%
Bank Franchise Tax	106.2	5.0%	107.7	4.5%		1.5	109.9	2.0%	112.1	2.0%	114.3	2.0%
Insurance Taxes and Fees	91.1	-1.7%	91.1	-1.7%		0.0	94.0	3.2%	90.0	-4.3%	97.0	7.8%
Hospital Board and Treatment	19.1	-2.6%	19.1	-2.6%		0.0	19.1	0.0%	18.0	-5.8%	17.0	-5.6%
Public Utility Tax	32.1	-2.1%	32.1	-2.1%		0.0	31.5	-1.9%	30.8	-2.1%	30.2	-2.0%
Alcoholic Beverage Tax	32.5	0.9%	32.5	0.9%		0.0	32.8	0.9%	33.1	1.0%	33.5	1.0%
Dividends and Interest	137.1	-5.5%	118.0	-13.9%		(19.1)	130.0	10.2%	122.7	-5.6%	108.4	-11.7%
Other Revenues	76.8	0.0%	84.1	8.9%	8.2	7.3	85.6	1.8%	89.0	4.0%	92.6	4.0%
Less: Other Refunds	<u>(15.7)</u>	0.0%	<u>(15.7)</u>	0.0%		0.0	<u>(15.7)</u>	0.0%	<u>(16.0)</u>	1.9%	<u>(16.0)</u>	0.0%
Net Receipts	6,599.0	2.3%	6,728.2	2.7%	8.2	129.2	6,810.0	1.2%	6,996.7	2.7%	7,164.6	2.4%

Table 3
Balance and Appropriations Worksheet

October-24

FY 2025 EXPENDITURES

Total Spending Authority	\$8,688.1
Less: Continuing Appropriations & Encumbrances from FY 2025	(\$1,676.6)
Less: Reversions	<u>(\$25.0)</u>
Total Expenditures	\$6,986.5

FY 2025 BALANCES

Total Expenditures	\$6,986.5
vs. FY 2025 Revenues	6,550.5
Operating Balance	(436.0)
Prior Year Cash Balance	3156.4
Less: Budget Stabilization Fund (29 Del. C. § 6533(k))	<u>(\$469.2)</u>
Cumulative Cash Balance	2,251.2
Less: Continuing Appropriations & Encumbrances from FY 2025	(1,676.6)
Less: Budgetary Reserve Account	<u>(\$348.7)</u>
Unencumbered Cash Balance 6/30	\$225.9

FY 2026 APPROPRIATION LIMITS

FY 2026 Revenue Estimate	\$6,728.2
Unencumbered Cash Balance from FY 2025	<u>\$225.9</u>
100% Appropriation Limit	\$6,954.1
98% Appropriation Limit	<u>\$6,814.9</u>
Prior 98% Appropriation Limit	NA
Increase (Decrease) from Prior Meeting	NA
October 2024 98% Appropriation Limit	NA
Increase (Decrease) from October 2024	NA

FY 2025 BUDGET

Budget	\$6,129.2
Grants	\$98.5
Supplemental	\$595.9
Total Appropriations	\$6,823.6
Plus: Continuing Appropriations & Encumbrances from Prior Years	<u>\$1,864.5</u>
Total Spending Authority	\$8,688.1

FY 2025 RESERVES

2% Set Aside	\$140.5
Budget Reserve Account	\$348.7
Budget Stabilization Fund	<u>\$469.2</u>
Reserves	\$958.4
Revenue Resolution (Gross)	\$6,974.4
Reserve Ratio	13.7%

Table 4

Delaware Department of Transportation FY 2025 Expenditures, Through September 30, 2024							25%
	FY2023 Actual	FY2024 Actual	FY2025 Appropriation	OCTOBER FY2025 Forecast	\$ difference Forecast V. FY2024 Actual	FY2025 YTD Spend	% spent YTD
Operations			<u>w/o US301</u>				
Debt Service	83.0	82.2	91.6	91.6	9.4	77.0	84%
Personnel Costs	107.9	117.3	131.5	131.5	14.2	29.8	23%
Operations/Capital Outlay	66.8	82.1	95.1	95.1	13.0	22.7	24%
Transit Operations (DTC)	<u>80.3</u>	<u>98.2</u>	<u>118.4</u>	<u>118.4</u>	20.2	<u>29.6</u>	25%
Total Expenditures - Operations	338.0	379.8	436.6	436.6	56.8	159.1	36%
State Capital							
Road System	210.2	258.1	207.8	207.8	(50.3)	67.0	32%
Grants & Allocations	30.1	35.5	38.7	38.7	3.2	12.4	32%
Support Systems	52.0	51.9	50.6	50.6	(1.3)	14.3	28%
Transit	<u>23.5</u>	<u>14.3</u>	<u>15.0</u>	<u>15.0</u>	0.7	<u>1.9</u>	13%
State Capital	315.8	359.8	312.1	312.1	(47.7)	95.6	31%
Federal Capital							
Federal Capital	269.3	331.6	350.0	350.0	18.4	96.2	27%
Total Expenditures - Capital	585.1	691.4	662.1	662.1	(29.3)	191.8	29%
TOTAL EXPENDITURES	923.1	1,071.2	1,098.7	1,098.7	27.5	350.9	32%

	OCTOBER FY2025 Forecast	FY2025 YTD Spend	% spent YTD
DelDOT	1,098.7	\$ 350.9	32%
US301	38.2	\$ 19.1	50%
TOTAL	1,136.9	\$ 370.0	33%

