



STATE OF DELAWARE

Delaware Economic and Financial Advisory Council

Michael Houghton

Chair

May 19, 2021

To: The Honorable John Carney, Governor  
Members of the 151<sup>st</sup> General Assembly

RE: Executive Order Number Twenty-One Calculations

Attached, as prescribed in Executive Order Number Twenty-One, are the calculations approved by the Delaware Economic and Financial Advisory Council (DEFAC) at its May 17, 2021 meeting. As shown in the attached, the advisory "Benchmark Index" is 4.4% and the advisory "Benchmark Appropriation" is \$4,849.5 million. The 98% appropriation limit as determined at the May 2021 meeting is \$5,906.6 million.

The variance between the 98% appropriation limit and the advisory Benchmark Appropriation is currently a positive variance of \$1,057.1 million that would be deemed "extraordinary revenues" available for appropriation to the Budget Stabilization Fund and/or appropriation for non-recurring expenditures and/or reductions in long-term liabilities.

If you have any questions or desire additional information, please contact David Roose, Director of Research and Analysis in the Department of Finance at [David.Roose@delaware.gov](mailto:David.Roose@delaware.gov).

Sincerely,

A handwritten signature in black ink that reads "Michael Houghton". The signature is written in a cursive style.

Michael Houghton  
Chair

Attachment

cc: Budget Director  
Controller General

### **BENCHMARK INDEX CALCULATION**

The advisory Benchmark Index consists of equal weightings of the 3-year average of: (i) Delaware personal income growth and (ii) Delaware population growth and inflation reflecting the pool of goods and services purchased by government (as represented by the “Implicit Price Deflator for State & Local Government Purchases”). As of May 2021, the actual and forecast growth rates for the components of the index are as follows:

	Delaware Personal Income	State & Local Government Implicit Price Deflator	Delaware Population
FY 2021	7.5%	2.5%	0.6%
FY 2020	4.7%	1.6%	0.7%
FY 2019	4.6%	3.2%	0.9%
Average	5.6%	2.4%	0.7%

Equal weightings of the three-year average growth of Delaware personal income (5.6%) and the sum of the state and local government implicit price deflator and Delaware population (3.1%) result in an advisory **Benchmark Index of 4.4%**.

### **BENCHMARK APPROPRIATION CALCULATION**

The advisory Benchmark Appropriation is the sum of (i) the product of the Benchmark Index and the sum of the previous fiscal year’s budget act and appropriations for grants in aid, plus (ii) an amount not to exceed 1 percent of the previous fiscal year’s budget act, but only to the extent that such amount is directed as a supplemental appropriation to the bond and capital improvements act for such fiscal year. The advisory **Benchmark Appropriation of \$4,849.5 million** is accordingly determined as shown below (\$ in millions):

FY 2021 Budget	\$4,547.0
FY 2021 Grants-in-Aid	\$54.5
Sum	\$4,601.5
Benchmark Index	4.4%
Product	\$4,804.0
Operating Spending in Bond Bill	\$45.5
FY 2022 Benchmark Appropriation	\$4,849.5

**EXTRAORDINARY REVENUES / SHORTFALLS**

Pursuant to Executive Order 21, the calculated difference between the 98% Appropriation Limit (\$ in millions) and the advisory Benchmark Appropriation (\$ in millions) is deemed Extraordinary Revenues if positive, and a Shortfall if negative.

FY 2022 98% Appropriation Limit	\$5,906.6
FY 2022 Benchmark Appropriation	\$4,849.5
<b>Extraordinary Revenues</b>	<b>\$1,057.1</b>