



STATE OF DELAWARE  
DELAWARE ECONOMIC AND FINANCIAL ADVISORY COUNCIL

MICHAEL HOUGHTON  
CHAIR

December 19, 2023

To: The Honorable John Carney, Governor  
Members of the 152<sup>nd</sup> General Assembly

RE: Executive Order Number Twenty-One Calculations

Attached, as prescribed in Executive Order Number Twenty-One as modified by Executive Order Number Fifty-Two, are the calculations approved by the Delaware Economic and Financial Advisory Council (DEFAC) at its December 18, 2023 meeting. As shown in the attached, the advisory "Benchmark Index" is 5.9% and the advisory "Benchmark Appropriation" is \$6,125.9 million. The 98% appropriation limit as determined at the December 2023 meeting is \$6,490.7 million.

The variance between the 98% appropriation limit and the advisory Benchmark Appropriation is currently a positive variance of \$364.8 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".

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 December 2023, the actual and forecast growth rates for the components of the index are as follows:

|         | Delaware Personal<br>Income | State & Local<br>Government Implicit<br>Price Deflator | Delaware<br>Population |
|---------|-----------------------------|--|------------------------|
| FY 2024 | 2.4%                        | 1.9%   | 1.2%                   |
| FY 2023 | 9.5%                        | 4.8%   | 1.5%                   |
| FY 2022 | 4.8%                        | 8.0%   | 1.3%                   |
| Average | 5.6%                        | 4.9%   | 1.3%                   |

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 (6.2%) result in an advisory **Benchmark Index of 5.9%**.

### **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, plus (iii) an amount not to exceed 1 percent of the previous fiscal year’s budget act, but only to the extent such amount is directed as a supplemental appropriation to fund the Other Post-Employment Benefits Trust Fund as established by 29 Del. C. § 5281. The advisory **Benchmark Appropriation of \$6,125.9 million** is accordingly determined as shown below (\$ in millions):

|                                 |           |
|---------------------------------|-----------|
| FY 2024 Budget                  | \$5,606.7 |
| FY 2024 Grants-in-Aid           | \$72.0    |
| Sum                             | \$5,678.7 |
| Benchmark Index                 | 5.9%      |
| Product                         | \$6,013.7 |
| Operating Spending in Bond Bill | \$56.1    |
| OPEB Trust Fund                 | \$56.1    |
| FY 2025 Benchmark Appropriation | \$6,125.9 |

### **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 2025 98% Appropriation Limit | \$6,490.7      |
| FY 2025 Benchmark Appropriation | \$6,125.9      |
| <b>Extraordinary Revenues</b>   | <b>\$364.8</b> |