MINUTES of the
DELAWARE ECONOMIC & FINANCIAL ADVISORY COUNCIL

Buena Vista – September 19, 2011

Attendance:

Member	Present
S. Bhatt	Yes
J. Bullock	Yes
L. Davis Burnham	Yes
R. Byrd	Yes
J. Casey	Yes
N. Cook	Yes
T. Cook	Yes
R. Cordrey	Yes
R. Davis	Yes
J. DiPinto	Yes
F. Dixon	Yes
B. Fasy	Yes
C. Flowers	Yes
R. Gilligan	Yes
R. Glen	Yes
G. Hindes	No
J. Horty	Yes

Member	Present
D. Hudson	No
R. Larson	Yes
A. Levin	Yes
K. Lewis	Yes
D. Link	No
A. Lubin	Yes
J. Martin	Yes
C. Morgan	Yes
J. Polidori	Yes
E. Ratledge	Yes
T. Shopa	No
G. Simpson	Yes
A. Staton	Yes
D. Swayze	Yes
A. Visalli	Yes
D. Williams	No

Members in Attendance: 28
Members Absent: 5

Others Present: E. Benner, Z. Chaudhry, J. Craig, C. Erickson, A. Fletcher, R. Geisenberger, D. Gregor, D. Hopkins, C. Kempista, K. Knight, P. Jackson, B. Maxwell, S. McVay, B. Motyl, B. Scogletti, E. Timpson, J. Vaughn, P. Wlaschin and members of the press.

Opening Business: Mr. Martin called the meeting to order at 3:00 p.m.

Mr. Martin announced that Mr. Oberle has resigned from the Council.

Mr. Martin welcomed the newest appointment to the Council, Mr. Shailen Bhatt, the Secretary of Transportation. A round of applause was accorded Mr. Bhatt.

The minutes from the June meeting were approved as submitted.

Expenditure Subcommittee:

Mr. Ratledge presented the Expenditure Subcommittee's report.

Mr. Ratledge reviewed the Balance Sheet estimate. He noted that the FY2012 Spending Authority has increased by over $300 million compared to FY2011. Subtracting the Reversion estimate of $10.0 million, Encumbered at $36.0 million and Continuing at $188.0 million the Expenditure estimate is $3,734.8 million. This represents an increase of 14.2% over FY2011 (See Table 1a for complete details).

Mr. Ratledge reviewed the Function Sheet estimate. He noted that Salaries have increased $82.4 million this year, Fringe Benefits have increased $30.5 million, Pensions have increased $18.4 million, Medicaid has increased $205.1 million. (See Table 1b for complete details.)

Mr. Morgan asked why Contractual Services had increased so much. Mr. Ratledge explained that it was largely attributed to accounting changes.

A motion was made, seconded and approved to accept $3,734.8 million as the expenditure estimate for FY2012. This represents an increase of $464.1 million from FY2011.

Revenue Subcommittee:

Mr. Lewis presented the Revenue Subcommittee's report.

Economic Outlook

Mr. Craig reviewed the Global Insight September forecast. He noted that, since the June forecast, there has been a significant reduction in the growth outlook for the U.S. economy. For FY2012, the real GDP growth rate has been decreased from 2.8% to 1.3%. FY2013 Real GDP growth decreased from 2.5% to 2.0%. In addition, the results of a recession scenario were provided next to the baseline scenario. Because the economy slowed down so significantly, the concern is that if there is any unexpected shock the economy will fall into a mild recession. The assigned probability to the baseline forecast is 50% and 40% for the recession scenario. These weights are in line with the Blue Chip Consensus of forecasts.

As a result of this reduced U.S. economic outlook, growth expectations for Delaware Employment and Personal Income were reduced. The forecast for Wage and Salary Income in FY2012 was lowered from 4.0% in June to 3.2% in September.

Mr. Lewis noted that weighing a recession scenario at 40% was unusually high.

Mr. Dixon concurred that all the forecasts have been ratcheted down significantly over the past several months. He identified two conflicting policy issues – growth versus debt. He noted that stimulus is not working because confidence is so poor. However, Mr. Dixon stopped short of predicting a recession and didn't think that the numbers would get worse.

Mr. Hoarty expressed a pessimistic view of the current economic environment, especially as it relates to small businesses and their ability to access credit.

Mr. Morgan said that credit is available but there is a lack of demand due to uncertainty and lack of confidence.

General Fund Revenues - Fiscal Year 2012:

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

FY 2012

Revenue Category	Jun-11	Sep-11	Change
Abandoned Property	480.0	353.6	(126.4)
Other Revenues	117.0	82.1	(34.9)
Personal Income Tax	1,248.2	1,233.1	(15.1)
Public Utility Tax	59.5	49.0	(10.5)
Lottery	276.9	266.9	(10.0)
Corporation Income Tax	175.0	165.0	(10.0)
Franchise Tax	616.0	608.3	(7.7)
Gross Receipts Tax	218.1	210.9	(7.2)
Bank Franchise Tax	110.2	103.4	(6.8)
Insurance Taxes	71.1	75.3	4.2
Realty Transfer Tax	31.2	28.5	(2.7)
Hospital Board and Treatment	68.2	65.8	(2.4)
PIT Refunds	(187.8)	(190.0)	(2.2)
Dividends and Interest	9.0	7.0	(2.0)
Other Refunds	(47.0)	(47.5)	(0.5)
Corporate Fees	86.9	87.3	0.4
Limited Partnerships & LLC's	164.6	164.3	(0.3)

For a complete listing of FY 2012 estimates, see Table 2b.

Adjustments to FY2012 Estimate:

Mr. Gregor discussed legislative actions that were enacted after DEFAC's June forecast and which affect the FY2012 Revenue forecast. Tax Policy changes reduced General Fund Revenue by $25.9 million. Abandoned Property Earmarks reduced General Fund Revenue by $131.0 million. An Accounting change reduced General Fund Revenue by $33.8 million. This totals $190.7 million reduced from the General Fund as the result of legislative changes. (See Table 2a for complete details).

Discussion of FY 2012 Estimates:

Personal Income Tax: Mr. Lewis stated that the reduction was attributed to a combination of tax policy and the lower economic outlook.

Mr. Gregor noted that the long-term growth for PIT slows down from historic norms. This reflects the demographic trends of an aging population and a tax code, which exempts large portions of income for senior citizens.

Corporate Franchise Tax: Mr. Lewis stated that the reduction was attributed to the lower economic outlook.

Corporate Income Tax: Mr. Lewis stated that the reduction was attributed to the lower economic outlook.

Mr. Gregor also noted that there has been a payment reduction from a major taxpayer.

Bank Franchise Tax: Mr. Lewis stated that the reduction was attributed to a combination of tax policy and the lower economic outlook.

Mr. Glen noted that FY2012 is also reduced by tax credits that are being used this year and not expected to be repeated in FY2013.

Gross Receipts Tax: Mr. Lewis stated that the reduction was attributed to a combination of tax policy and the lower economic outlook.

Lottery: Mr. Lewis noted that the Revenue Subcommittee had a long discussion about the increasing competition from surrounding states on this revenue source. It was decided to reduce the estimate by $10 million and revisit this estimate at the next meeting.

Abandoned Property: Mr. Lewis stated that the reduction was attributed to earmarks for the Building Delaware's Future Now Fund and the Transportation Trust Fund.

Realty Transfer Tax: Mr. Lewis stated that the reduction was mostly attributed to larger Special Fund transfers and to a lesser extent the lower economic outlook. Mr. Lewis said that the forecast is essentially flat adjusting for the transfers.

Public Utility Tax: Mr. Lewis stated that the reduction was attributed to a combination of tax policy and the lower economic outlook.

Other Revenues: Mr. Lewis noted that the reduction in this category was due to an accounting change.

Other changes were attributed to tracking.

FY2012 Estimate Adopted:

A motion was made, seconded and approved to accept the Revenue Subcommittee's recommendation of $3,379.5 million as the revenue estimate for FY2012.

The estimate represents a decrease of $234.1 million from DEFAC's June estimate. $190.7 million is attributed to the legislative decisions that were enacted after the June meeting. Mr. Gregor noted that the adjusted growth rate is 0.9%

General Fund Revenues - Fiscal Year 2013:

Mr. Lewis reported that the Subcommittee recommended the following updates to June's estimates:

FY 2013

Revenue Category	Jun-11	Sep-11	Change
Other Revenues	123.4	86.5	(36.9)
Personal Income Tax	1,313.8	1,285.4	(28.4)
Gross Receipts Tax	229.0	210.7	(18.3)
Abandoned Property	480.0	464.0	(16.0)
Public Utility Tax	61.6	49.6	(12.0)
Lottery	268.0	256.7	(11.3)
Corporation Income Tax	182.6	172.1	(10.5)
Bank Franchise Tax	119.7	110.3	(9.4)
Franchise Tax	616.0	608.3	(7.7)
Realty Transfer Tax	32.8	29.9	(2.9)
Dividends and Interest	9.5	7.0	(2.5)
PIT Refunds	(197.2)	(199.5)	(2.3)
Hospital Board and Treatment	66.0	64.2	(1.8)
Other Refunds	(35.8)	(36.3)	(0.5)
Limited Partnerships & LLC's	172.9	172.5	(0.4)
Corporate Fees	91.3	91.6	0.3

For a complete listing of FY 2013 estimates, see Table 2b.

Adjustments to FY2013 Estimate:

Mr. Gregor discussed legislative actions that were enacted after DEFAC June forecast and affect the FY2013 Revenue forecast. Tax Policy changes reduced General Fund Revenue by $53.7 million. Abandoned Property Earmarks reduced General Fund Revenue by $16.0 million. An Accounting change reduced General Fund Revenue by $35.8 million. This totals $105.5 million reduced from the General Fund as the result of legislative changes. (See Table 2a for complete details).

Discussion of FY 2013 Estimates:

Personal Income Tax: Mr. Lewis stated that the reduction was attributed to a combination of tax policy and the lower economic outlook.

Bank Franchise Tax: Mr. Lewis stated that the reduction was attributed to a tax policy.

Gross Receipts Tax: Mr. Lewis stated that the reduction was attributed to a tax policy.

Abandoned Property: Mr. Lewis stated that the only earmark is for the Transportation Trust Fund.

Public Utility Tax: Mr. Lewis stated that the reduction was attributed to tax policy.

Other Revenues: Mr. Lewis noted that the reduction in this category was due to an accounting change.

Mr. Lewis reported that all other changes reflected the carrying forward of changes made in FY2012 and maintaining previous growth rates.

FY 2013 Estimate Adopted:

A motion was made, seconded and approved to accept the Revenue Subcommittee's recommendation of $3,559.6 million as the revenue estimate for FY2013.

The estimate represents a decrease of $160.5 million from the June estimate. $105.5 million is attributed to the legislative decisions that were enacted after

the June meeting. Mr. Gregor noted that the adjusted growth rate is 2.4%

Mr. Lewis stated that the FY2014 estimate is $3,620.1 million and represents growth of 1.7%. Mr. Gregor noted that the adjusted growth rate is 3.6%

Long Term Forecast: Mr. Gregor reviewed the forecast for FY2015 and FY2016. He noted that the two factors most driving these forecasts are a trend-line growth assumption and the scheduled sunset of tax increases previously enacted. The result of this exercise is attached in Charts 1-11.

Mr. Ratledge also discussed the long term outlook for Expenditures. He noted that expenditure pressures, especially Medicaid, are not expected to abate and that, when coupled with the soft revenue outlook in FY's 2014 and 2015, there is the potential for a $400 million budget gap. Mr. Ratledge commented that the gap produced by this forecast simply reflects the "current state" and does not speculate on the steps that might be taken to close it.

Balance and Appropriations Worksheet: Mr. Gregor presented the balance and appropriations worksheet. The result of this exercise is attached as Table 3.

Transportation Trust Fund (TTF)

TTF -- Expenditures: Mr. Motyl presented the Transportation Trust Fund's expenditure forecast.

State Operations Expenditure: Decreased from an FY2012 Appropriation of $371.6 million to $363.7 million. Mr. Motyl explained that a reduction in Debt Service accounted for the decrease.

State Capital Expenditure: Mr. Motyl recommended $251.1 million as the FY2012 forecast.

Federal Capital Expenditure: Mr. Motyl recommended $235.7 million as the FY2012 forecast.

GARVEE – US301 Capital Expenditure: Mr. Motyl recommended $47.8 million as the FY2012 forecast.

A motion was made, seconded, and approved to accept $898.3 million as the FY2012 TTF expenditure estimate. The estimate represents an increase of $202.3 million from the FY2011 actual. (See Table 4.)

TTF -- Revenues: Mr. Motyl presented the Transportation Trust Fund's revenue forecast.

FY2012 Estimates:

The following changes were made from the June estimate.

SR1 Toll Road: Decreased from $46.0 million to $44.8 million. Mr. Motyl attributed the decrease to tracking a recently completed traffic study. In response to a question from Ms. Davis Burnham, Mr. Motyl noted that this study is conducted each month.

Concessions: decreased from $2.1 million to $1.8 million. Mr. Motyl attributed the decrease to tracking.

Motor Fuel Tax: Decreased from $120.3 million to $116.6 million. Mr. Motyl attributed the decrease to tracking.

Motor Vehicle Registration Fees: Decreased from $48.4 million to $45.4 million. Mr. Motyl attributed the decrease to tracking.

Investment Income: Decreased from $4.0 million to $3.5 million. Mr. Motyl attributed the decrease to cash flow and lower yields.

A motion was made, seconded, and approved to accept $433.1 million as the FY2012 revenue estimate. The estimate represents a decrease of $8.7 million from the June estimate.

FY2013 Estimates:

The following changes were made from the June estimate.

SR1 Toll Road: Decreased from $46.6 million to $45.5 million.

Concessions: decreased from $2.2 million to $1.8 million.

Motor Fuel Tax: Decreased from $122.7 million to $118.9 million.

Motor Vehicle Registration Fees: Decreased from $49.9 million to $46.7 million.

Investment Income: Decreased from $6.0 million to $4.0 million.

A motion was made, seconded, and approved to accept $442.2 million as the FY2013 revenue estimate. The estimate represents a decrease of $10.5 million from the June estimate. (See Table 5)

Other Business:

Mr. Martin announced the next scheduled DEFAC meeting dates:

- December 19, 2011
- March 19, 2012

Mr. Martin announced that the Subcommittees would continue to meet on the same day as the General meeting. Mr. Martin noted that on Monday, December 19th at Buena Vista the Expenditure Subcommittee will meet at 12:00 p.m. followed by the Revenue Subcommittee at 1:00 p.m. He encouraged all members to consider attending these meetings for a fuller discussion of the estimates.

There being no further business, Mr. Martin adjourned the meeting at 4:15 p.m.

Respectfully submitted,

James A. Craig

Table 1a.

DEFAC Expenditures Forecast for General Fund Disbursements FY2012 ($ in millions)
September 2011 (as of 9/19/11)

	FY2004 Actual	FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Actual	FY2009 Actual	FY2010 Actual	FY2011 Actual							**FY2012 Appropriation**
Budget Act	2,445.1	2,600.4	2,836.0	3,101.9	3,285.6	3,362.9	3,091.5	3,305.3							**3,508.6**
Cash to Bond Bill	142.0	235.0	281.6	243.3	77.9	83.4	0.0	91.0							**115.3**
Grant-in-Aid	38.4	40.0	42.4	50.0	47.7	45.2	35.4	35.2							**41.2**
Continuing & Encumbered (from prior years)	173.3	240.1	327.8	342.5	335.8	234.8	183.7	184.9							**303.7**
Supplementals	24.9	50.0	48.0	0.0	0.0	0.0	0.0	0.0							**0.0**
Fiscal Year Spending Authority	**2,823.7**	**3,165.5**	**3,535.8**	**3,737.7**	**3,747.0**	**3,726.3**	**3,310.6**	**3,616.4**							**3,968.8**
LESS:									*Sep*	*Dec*	*Mar*	*Apr*	*May*	*June*	
Reversions to the General Fund	29.8	15.4	12.8	12.0	90.6	247.0	49.3	42.1	10.0						
Encumbered to next fiscal year	29.1	32.8	32.2	36.4	33.0	36.3	37.7	35.2	36.0						
Continuing to next fiscal year															
Operating Budget															
Bond Bill															
Total Continuing	211.0	295.0	310.3	299.4	201.8	147.4	147.2	268.4	188.0						
Subtotal	269.9	343.2	355.3	347.8	325.4	430.7	234.1	345.7	234.0	0.0	0.0	0.0	0.0	0.0	**(234.0)**
Fiscal Year Budgetary Expenditures	**2,553.8**	**2,822.3**	**3,180.5**	**3,389.9**	**3,421.6**	**3,295.5**	**3,076.5**	**3,270.7**							**3,734.8**
% increase/(decrease)		**10.51%**	**12.69%**	**6.58%**	**0.94%**	**-3.69%**	**-6.65%**	**6.31%**							**14.19%**

Comments:	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	7-Yr Avg	FY 2012
Expenditures / Spending Authority	90.4%	89.2%	90.0%	90.7%	91.3%	88.4%	92.9%	90.4%	90.4%	94.1%
Reversions / Spending Authority	1.1%	0.5%	0.4%	0.3%	2.4%	6.6%	1.5%	1.2%	1.7%	0.3%
Encumbered / Spending Authority	1.0%	1.0%	0.9%	1.0%	0.9%	1.0%	1.1%	1.0%	1.0%	0.9%
Total Continuing / Spending Authority	7.5%	9.3%	8.8%	8.0%	5.4%	4.0%	4.4%	7.4%	6.8%	4.7%

Recommended by Expenditures Subcommittee;
September 19, 2011

Table 1b.

DEFAC Expenditures Forecast for General Fund Disbursements FY2012 ($ in millions)
September 2011 (as of 9/19/11)

	FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Actual	FY2009 Actual	FY2010 Actual	FY2011 Actual	Sep FY2012 Forecast	Difference 11 vs. '12	FY2012 YTD (actual 8/31/11)	% spent FY2012 YTD	% forecast FY2012 total	% of FY2011 total	% of FY2010 total
Salaries	1,023.1	1,108.3	1,167.3	1,222.9	1,225.5	1154.7	1200.1	1,282.5	82.4	**253.8**	**36.0%**	**34.3%**	**36.7%**	**37.5%**
Fringe Benefits	263.2	298.4	323.5	332.7	332.9	330.9	365.4	395.9	30.5	**68.3**	**9.7%**	**10.6%**	**11.2%**	**10.8%**
Health Care						218.9	253.0	270.6	17.6	**43.7**	**6.2%**	**7.2%**	**7.7%**	**7.1%**
Other						112.0	112.4	125.3	12.9	**24.6**	**3.5%**	**3.4%**	**3.4%**	**3.6%**
Pension	147.1	180.7	201.5	218.6	211.1	196.7	222.2	240.6	18.4	**51.2**	**7.3%**	**6.4%**	**6.8%**	**6.4%**
Debt Service	153.5	132.5	131.2	151.1	156.4	174.3	169.5	150.9	(18.6)	**36.1**	**5.1%**	**4.0%**	**5.2%**	**5.7%**
Grants	294.1	403.1	365.1	259.1	265.8	276.6	327.3	386.7	59.4	**105.4**	**15.0%**	**10.4%**	**10.0%**	**9.0%**
Medicaid	339.1	381.4	441.6	494.2	419.4	428.6	466.2	671.3	205.1	**108.8**	**15.4%**	**18.0%**	**14.3%**	**13.9%**
Public Assistance Programs	83.6	91.7	94.1	97.2	85.3	0.0	0.0	0.0	0.0	**0.0**	**0.0%**	**0.0%**	**0.0%**	**0.0%**
Professional Services	161.3	181.0	216.8	210.6	204.2	0.0	0.0	0.0	0.0	**0.0**	**0.0%**	**0.0%**	**0.0%**	**0.0%**
Contractual Services	228.9	252.2	289.5	296.7	286.8	435.7	434.5	506.6	72.1	**64.3**	**9.1%**	**13.6%**	**13.3%**	**14.2%**
Supplies & Materials	66.5	73.6	72.1	72.1	66.6	58.9	59.1	87.8	28.7	**13.1**	**1.9%**	**2.4%**	**1.8%**	**1.9%**
Capital Outlay	61.9	77.6	87.2	66.5	41.5	20.1	26.4	12.5	(13.9)	**3.7**	**0.5%**	**0.3%**	**0.8%**	**0.7%**
FY Budgetary Expenditures	2,822.3	3,180.5	3,389.9	3,421.7	3,295.5	3,076.5	3,270.7	3,734.8	464.1	**704.7**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
	8.1%	7.9%	8.5%	8.7%	8.7%	14.2%	13.3%	13.6%						

Comments:

Recommended by Expenditures Subcommittee;
September 19, 2011

Table 2a.

Reconciliation of June DEFAC Revenue Estimates to FY 2012 Revenue Resolution

		FY 2012		FY 2013
DEFAC June 2011 Net Revenue Estimate		$3,613.6		$3,720.2
Less:				
Tax Policy				
Gross Receipts Tax Cut (HB 127 with HA 1)	(6.2)		(17.3)	
Personal Income Tax (HB 128)	(6.8)		(17.0)	
Public Utility Tax (HB 129)	(9.5)		(10.9)	
Bank Franchise Tax (SB 91)	(3.4)		(8.5)	
Subtotal - Tax Policy		(25.9)		(53.7)
Abandoned Property Earmarks				
TTF ($40 mm; June DEFAC included $24 mm; Net increase: $16 mm)	(16.0)		(16.0)	
Building Delaware's Future Now Fund	(115.0)		0.0	
Subtotal - Additional Abandoned Property Earmarks		(131.0)		(16.0)
Accounting Change				
Other Revenue: School District Reimbursement of Debt Service No Longer Transferred to General Fund		(33.8)		(35.8)
Total Legislative Adjustments to June DEFAC		**(190.7)**		**(105.5)**
Revenue Resolution		$3,422.9		$3,614.7

Table 2b.

DEFAC General Fund Revenue Worksheet

September-11 DEFAC Meeting	FY 2011	FY 2011	FY 2011	FY 2012					
		A	Variance	B	C	D	E	EE	F
Revenue Category	DEFAC Jun-11	Actual Collections	Actual - June	DEFAC Jun-11	% B over A	DEFAC Sep-11	% D over A	Legislative Changes	$ Increase D over B
Personal Income Tax	**1,176.7**	**1,175.9**	**(0.8)**	**1,248.2**	**6.1%**	**1,233.1**	**4.9%**	**(6.8)**	**(15.1)**
Less: Refunds	**(177.5)**	**(178.8)**	**(1.3)**	**(187.8)**	**5.1%**	**(190.0)**	**6.3%**		**(2.2)**
PIT Less Refunds	**999.2**	**997.2**	**(2.0)**	**1,060.4**	**6.3%**	**1,043.1**	**4.6%**	**(6.8)**	**(17.3)**
Franchise Tax	616.0	614.5	(1.5)	616.0	0.2%	608.3	-1.0%		(7.7)
Limited Partnerships & LLC's	156.8	156.3	(0.5)	164.6	5.3%	164.3	5.1%		(0.3)
Subtotal Franchise + LP/LLC	772.8	770.7	(2.1)	780.6	1.3%	772.6	0.2%		(8.0)
Less: Refunds	(10.9)	(11.0)	(0.1)	(11.0)	-0.1%	(11.0)	-0.1%		0.0
Net Franchise + LP/LLC	761.9	759.7	(2.2)	769.6	1.3%	761.6	0.2%		(8.0)
Business Entity Fees	**82.8**	**83.1**	**0.3**	**86.9**	**4.6%**	**87.3**	**5.0%**		**0.4**
Uniform Commercial Code	**16.4**	**16.4**	**0.0**	**16.9**	**2.9%**	**16.9**	**2.9%**		**0.0**
Corporation Income Tax	222.0	221.2	(0.8)	175.0	-20.9%	165.0	-25.4%		(10.0)
Less: Refunds	(55.0)	(52.9)	2.1	(36.8)	-30.5%	(36.8)	-30.5%		0.0
CIT Less Refunds	167.0	168.3	1.3	138.2	-17.9%	128.2	-23.8%		(10.0)
Bank Franchise Tax	**119.3**	**119.7**	**0.4**	**110.2**	**-8.0%**	**103.4**	**-13.6%**	**(3.4)**	**(6.8)**
Gross Receipts Tax	**200.5**	**201.1**	**0.6**	**218.1**	**8.5%**	**210.9**	**4.9%**	**(6.2)**	**(7.2)**
Lottery	**289.0**	**287.0**	**(2.0)**	**276.9**	**-3.5%**	**266.9**	**-7.0%**		**(10.0)**
Abandoned Property	432.5	427.9	(4.6)	480.0	12.2%	353.6	-17.4%	(131.0)	(126.4)
Hospital Board and Treatment	70.0	70.5	0.5	68.2	-3.3%	65.8	-6.7%		(2.4)
Dividends and Interest	8.5	8.9	0.4	9.0	1.5%	7.0	-21.1%		(2.0)
Realty Transfer Tax	**44.0**	**44.1**	**0.1**	**31.2**	**-29.2%**	**28.5**	**-35.3%**		**(2.7)**
Estate Tax	**15.0**	**16.2**	**1.2**	**20.0**	**23.7%**	**20.0**	**23.7%**		**0.0**
Insurance Taxes	**70.6**	**62.9**	**(7.7)**	**71.1**	**13.1%**	**75.3**	**19.7%**		**4.2**
Public Utility Tax	57.5	57.2	(0.3)	59.5	4.1%	49.0	-14.3%	(9.5)	(10.5)
Cigarette Taxes	128.7	129.1	0.4	127.4	-1.3%	127.4	-1.3%		0.0
Other Revenues	129.5	131.3	1.8	117.0	-10.9%	82.1	-37.5%	(33.8)	(34.9)
Less: Other Refunds	**(49.7)**	**(49.1)**	**0.6**	**(47.0)**	**-4.3%**	**(47.5)**	**-3.3%**		**(0.5)**
Net Receipts	**3,542.7**	**3,531.4**	**(11.3)**	**3,613.6**	**2.3%**	**3,379.5**	**-4.3%**	**(190.7)**	**(234.1)**

Impact of Legislative Changes after June DEFAC	**($190.7)**
Net Sept. 2011 DEFAC updates	**($43.4)**

Table 2b.

DEFAC General Fund Revenue Worksheet

September-11 DEFAC Meeting	FY 2013						FY 2014				
Revenue Category	G DEFAC Jun-11	H % G over B	I DEFAC Sep-11	J % I over D	JJ Legislative Changes	K $ Increase I over G	L DEFAC Jun-11	M % L over G	N DEFAC Sep-11	O % N over I	P $ Increase N over L
Personal Income Tax	**1,313.8**	**5.3%**	**1,285.4**	**4.2%**	**(17.0)**	**(28.4)**	**NA**	**NA**	**1,328.0**	**3.3%**	**NA**
Less: Refunds	**(197.2)**	**5.0%**	**(199.5)**	**5.0%**		**(2.3)**	**NA**	**NA**	**(209.5)**	**5.0%**	**NA**
PIT Less Refunds	**1,116.6**	**5.3%**	**1,085.9**	**4.1%**	**(17.0)**	**(30.7)**	**NA**	**NA**	**1,118.5**	**3.0%**	**NA**
Franchise Tax	616.0	0.0%	608.3	0.0%		(7.7)	NA	NA	608.3	0.0%	NA
Limited Partnerships & LLC's	172.9	5.0%	172.5	5.0%		(0.4)	NA	NA	181.2	5.0%	NA
Subtotal Franchise + LP/LLC	788.9	1.1%	780.8	1.1%		(8.1)	NA	NA	789.5	1.1%	NA
Less: Refunds	(11.0)	0.0%	(11.0)	0.0%		0.0	NA	NA	(11.0)	0.0%	NA
Net Franchise + LP/LLC	777.9	1.1%	769.8	1.1%		(8.1)	NA	NA	778.5	1.1%	NA
Business Entity Fees	**91.3**	**5.1%**	**91.6**	**4.9%**		**0.3**	**NA**	**NA**	**96.2**	**5.0%**	**NA**
Uniform Commercial Code	**17.4**	**3.0%**	**17.4**	**3.0%**		**0.0**	**NA**	**NA**	**17.9**	**2.9%**	**NA**
Corporation Income Tax	182.6	4.3%	172.1	4.3%		(10.5)	NA	NA	180.7	5.0%	NA
Less: Refunds	(38.6)	4.9%	(38.6)	4.9%		0.0	NA	NA	(40.6)	5.2%	NA
CIT Less Refunds	143.9	4.1%	133.5	4.1%		(10.4)	NA	NA	140.1	4.9%	NA
Bank Franchise Tax	**119.7**	**8.6%**	**110.3**	**6.7%**	**(8.5)**	**(9.4)**	**NA**	**NA**	**116.2**	**5.3%**	**NA**
Gross Receipts Tax	**229.0**	**5.0%**	**210.7**	**-0.1%**	**(17.3)**	**(18.3)**	**NA**	**NA**	**218.0**	**3.5%**	**NA**
Lottery	**268.0**	**-3.2%**	**256.7**	**-3.8%**		**(11.3)**	**NA**	**NA**	**253.8**	**-1.1%**	**NA**
Abandoned Property	480.0	0.0%	464.0	31.2%	(16.0)	(16.0)	NA	NA	464.0	0.0%	NA
Hospital Board and Treatment	66.0	-3.2%	64.2	-2.4%		(1.8)	NA	NA	64.5	0.5%	NA
Dividends and Interest	9.5	5.6%	7.0	0.0%		(2.5)	NA	NA	7.5	7.1%	NA
Realty Transfer Tax	**32.8**	**5.1%**	**29.9**	**4.9%**		**(2.9)**	**NA**	**NA**	**31.4**	**5.0%**	**NA**
Estate Tax	**21.2**	**6.0%**	**21.2**	**6.0%**		**0.0**	**NA**	**NA**	**16.9**	**-20.3%**	**NA**
Insurance Taxes	**71.5**	**0.6%**	**71.5**	**-5.0%**		**0.0**	**NA**	**NA**	**72.1**	**0.8%**	**NA**
Public Utility Tax	61.6	3.5%	49.6	1.2%	(10.9)	(12.0)	NA	NA	51.4	3.6%	NA
Cigarette Taxes	126.1	-1.0%	126.1	-1.0%		0.0	NA	NA	124.9	-1.0%	NA
Other Revenues	123.4	5.5%	86.5	5.4%	(35.8)	(36.9)	NA	NA	84.5	-2.3%	NA
Less: Other Refunds	**(35.8)**	**-23.8%**	**(36.3)**	**-23.6%**		**(0.5)**	**NA**	**NA**	**(36.3)**	**0.0%**	**NA**
Net Receipts	**3,720.1**	**2.9%**	**3,559.6**	**5.3%**	**(105.5)**	**(160.5)**	**NA**	**NA**	**3,620.1**	**1.7%**	**NA**

FY 2013 Debt Limit: $178.0

Impact of Legislative Changes after June DEFAC **($105.5)**

Net Sept. 2011 DEFAC updates **($55.0)**

Table 2b.

DEFAC General Fund Revenue Worksheet

September-11 DEFAC Meeting	FY 2015					FY 2016				
	Q	R	S	T	U	V	W	X	Y	Z
Revenue Category	DEFAC Jun-11	% Q over L	DEFAC Sep-11	% S over N	$ Increase T over Q	DEFAC Jun-11	% V over Q	DEFAC Sep-11	% X over S	$ Increase X over V
Personal Income Tax	**NA**	**NA**	**1,352.4**	**1.8%**	**NA**	**NA**	**NA**	**1,420.0**	**5.0%**	**NA**
Less: Refunds	**NA**	**NA**	**(220.0)**	**5.0%**	**NA**	**NA**	**NA**	**(231.0)**	**5.0%**	**NA**
PIT Less Refunds	**NA**	**NA**	**1,132.4**	**1.2%**	**NA**	**NA**	**NA**	**1,189.0**	**5.0%**	**NA**
Franchise Tax	NA	NA	529.0	-13.0%	NA	NA	NA	529.0	0.0%	NA
Limited Partnerships & LLC's	NA	NA	190.2	5.0%	NA	NA	NA	199.7	5.0%	NA
Subtotal Franchise + LP/LLC	NA	NA	719.2	-8.9%	NA	NA	NA	728.7	1.3%	NA
Less: Refunds	NA	NA	(11.0)	0.0%	NA	NA	NA	(11.0)	0.0%	NA
Net Franchise + LP/LLC	NA	NA	708.2	-9.0%	NA	NA	NA	717.7	1.3%	NA
Business Entity Fees	**NA**	**NA**	**101.0**	**5.0%**	**NA**	**NA**	**NA**	**106.1**	**5.0%**	**NA**
Uniform Commercial Code	**NA**	**NA**	**18.5**	**3.4%**	**NA**	**NA**	**NA**	**19.0**	**2.7%**	**NA**
Corporation Income Tax	NA	NA	189.8	5.0%	NA	NA	NA	199.3	5.0%	NA
Less: Refunds	NA	NA	(42.6)	5.0%	NA	NA	NA	(44.7)	5.0%	NA
CIT Less Refunds	NA	NA	147.2	5.0%	NA	NA	NA	154.5	5.0%	NA
Bank Franchise Tax	**NA**	**NA**	**122.0**	**5.0%**	**NA**	**NA**	**NA**	**128.1**	**5.0%**	**NA**
Gross Receipts Tax	**NA**	**NA**	**222.3**	**2.0%**	**NA**	**NA**	**NA**	**233.5**	**5.0%**	**NA**
Lottery	**NA**	**NA**	**263.9**	**4.0%**	**NA**	**NA**	**NA**	**274.5**	**4.0%**	**NA**
Abandoned Property	NA	NA	464.0	0.0%	NA	NA	NA	464.0	0.0%	NA
Hospital Board and Treatment	NA	NA	66.5	3.1%	NA	NA	NA	68.5	3.0%	NA
Dividends and Interest	NA	NA	8.2	9.3%	NA	NA	NA	9.0	9.8%	NA
Realty Transfer Tax	**NA**	**NA**	**34.6**	**10.0%**	**NA**	**NA**	**NA**	**38.0**	**10.0%**	**NA**
Estate Tax	**NA**	**NA**	**0.0**	**-100.0%**	**NA**	**NA**	**NA**	**0.0**	**#DIV/0!**	**NA**
Insurance Taxes	**NA**	**NA**	**72.1**	**0.0%**	**NA**	**NA**	**NA**	**73.5**	**1.9%**	**NA**
Public Utility Tax	NA	NA	54.0	5.0%	NA	NA	NA	56.7	5.0%	NA
Cigarette Taxes	NA	NA	124.9	0.0%	NA	NA	NA	124.9	0.0%	NA
Other Revenues	NA	NA	87.9	4.0%	NA	NA	NA	91.4	4.0%	NA
Less: Other Refunds	**NA**	**NA**	**(37.8)**	**4.0%**	**NA**	**NA**	**NA**	**(39.3)**	**4.0%**	**NA**
Net Receipts	**NA**	**NA**	**3,589.9**	**-0.8%**	**NA**	**NA**	**NA**	**3,709.1**	**3.3%**	**NA**

Table 3.

Balance and Appropriations Worksheet

FY 2012 EXPENDITURES

Total Spending Authority	$3,968.8
Less: Continuing Appropriations & Encumbrances from FY 2012	($224.0)
Less: Reversions	($10.0)
Total Expenditures	$3,734.8

FY 2012 BALANCES

Total Expenditures	$3,734.8
vs. FY 2012 Revenues	3,379.5
Operating Balance	(355.3)
Prior Year Cash Balance	$797.8
Cumulative Cash Balance	442.5
Less: Continuing Appropriations & Encumbrances from FY 2012	(224.0)
Less: Budgetary Reserve Account	($186.4)
Unencumbered Cash Balance 6/30	$32.1

FY 2013 APPROPRIATION LIMITS

FY 2013 Revenue Estimate	$3,559.6
Unencumbered Cash Balance from FY 12	$32.1
100% Appropriation Limit	$3,591.7
98% Appropriation Limit	$3,519.9
Prior 98% Appropriation Limit	NA
Increase (Decrease) from Prior Meeting	NA
Sept. 2011 98% Appropriation Limit	$3,519.9
Increase (Decrease) from September 2011	NA

Table 4.

Delaware Department of Transportation
FY 2012 Expenditures, Thru August 31, 2011

17%

	FY2010 Actual	FY2011 Actual	FY2012 Appropriation	SEPTEMBER FY2012 Forecast	$ difference	$ difference Forecast V. FY2011 Actual	FY2012 YTD Spend	% spent YTD
Operations								
Debt Service	121.5	123.8	134.6	126.7	(7.9)	2.9	97.9	77.3%
Personnel Costs	83.4	84.5	85.1	85.1	0.0	0.6	16.0	18.8%
Operations/Capital Outlay	59.6	55.3	56.7	56.7	0.0	1.4	10.4	18.3%
Transit Operations (DTC)	90.0	90.4	95.2	95.2	0.0	4.8	15.8	16.6%
Total Expenditures - Operations	354.5	354.0	371.6	363.7	(7.9)	9.7	140.1	38.5%
Capital (State)			CTP Spend					
Road System	124.0	90.1	278.7	197.2	(81.5)	107.1	24.4	12.4%
Grants & Allocations	13.5	13.5	40.1	18.1	(22.0)	4.6	3.6	19.9%
Support Systems	24.0	18.9	32.1	25.5	(6.6)	6.6	0.8	3.1%
Transit	8.8	5.0	14.8	10.3	(4.5)	5.3	0.2	1.9%
Total Expenditures- State Capital	170.3	127.5	365.7	251.1	(114.6)	123.6	29.0	11.5%
Capital (Federal)			CTP Spend					
Federal Capital	239.1	200.7	320.5	235.7	(84.8)	35.0	31.1	13.2%
Capital (GARVEE)			CTP Spend					
GARVEE - US301	0.0	13.8	87.2	47.8	(39.4)	34.0	1.0	2.1%
Total Expenditures - Capital	409.4	342.0	773.4	534.6	(238.8)	192.6	61.1	11.4%
TOTAL EXPENDITURES	763.9	696.0	1,145.0	898.3	(246.7)	202.3	201.2	22.4%

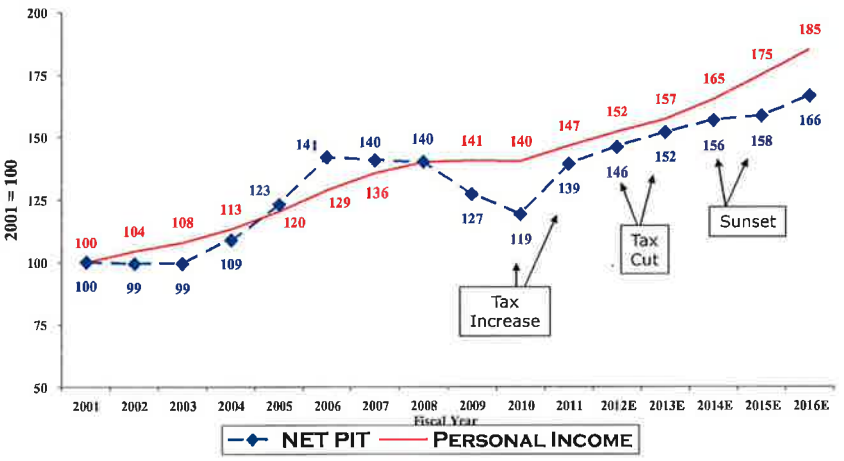
Debt-service is set-aside monthly and paid July 1st and January 1st. DTC Budget is $77.5 + Farebox $17.7 (Total $95.2)
Expenditures represent actual expenditures not monthly set-aside amounts.

Table 5.

DELAWARE DEPARTMENT OF TRANSPORTATION
Transportation Trust Fund Revenues

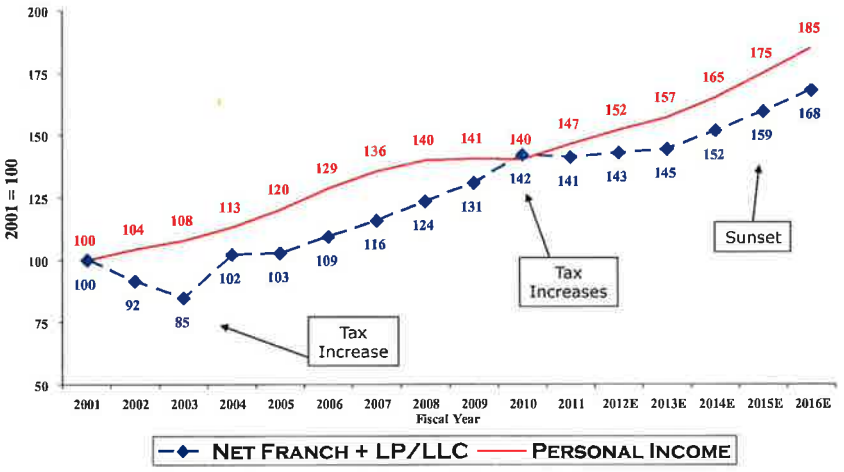
				Fiscal 2012			Fiscal 2013		
	FY 10	FY 11	% Chg.	6/16/2011 Approved	**9/19/2011 Recomm**	% Chg. FY 11	6/16/2011 Approved	**9/19/2011 Recomm**	% Chg. FY 12
TOLL ROAD REVENUES:									
I95 Newark Plaza	$117.2	$114.1	-2.6%	$114.0	**$114.0**	-0.1%	$115.3	**$115.3**	1.1%
Route 1 Toll Road	45.5	44.4	-2.4%	$46.0	**$44.8**	-2.7%	$46.6	**$45.5**	1.6%
Concessions	2.2	1.8	-18.4%	$2.1	**$1.8**	1.0%	$2.2	**$1.8**	0.0%
Total Toll Road Revenues	164.9	160.3	-2.8%	$162.1	**$160.6**	0.2%	$164.1	**$162.6**	1.2%
MOTOR FUEL TAX ADMIN.	115.7	116.6	0.8%	$120.3	**$116.6**	0.0%	$122.7	**$118.9**	2.0%
DIVISION OF MOTOR VEHICLES									
Motor Vehicle Document Fees	58.4	68.3	17.1%	$69.8	**$69.8**	2.1%	$71.9	**$71.9**	3.0%
Motor Vehicle Registration Fees	44.5	47.2	5.9%	$48.4	**$45.4**	-3.8%	$49.9	**$46.7**	2.9%
Other DMV Revenues	22.8	24.6	7.8%	$25.1	**$25.1**	2.1%	$25.9	**$25.9**	3.2%
Total DMV Revenues	125.7	140.1	11.5%	$143.3	**$140.3**	0.1%	$147.7	**$144.5**	3.0%
OTHER TRANSPORTATION REV.									
Other Transportation Rev	11.0	11.8	6.9%	$12.1	**$12.1**	2.6%	$12.2	**$12.2**	0.8%
Investment Income(Net)	2.3	3.6	57.5%	$4.0	**$3.5**	-3.4%	$6.0	**$4.0**	14.3%
Total Other Transp. Revenue	13.3	15.4	15.8%	$16.1	**$15.6**	1.3%	$18.2	**$16.2**	3.8%
GRAND TOTAL	$419.6	$432.4	3.1%	$441.8	**$433.1**	0.2%	$452.7	**$442.2**	2.1%
					($8.7)			($10.5)	

Net PIT vs Personal Income



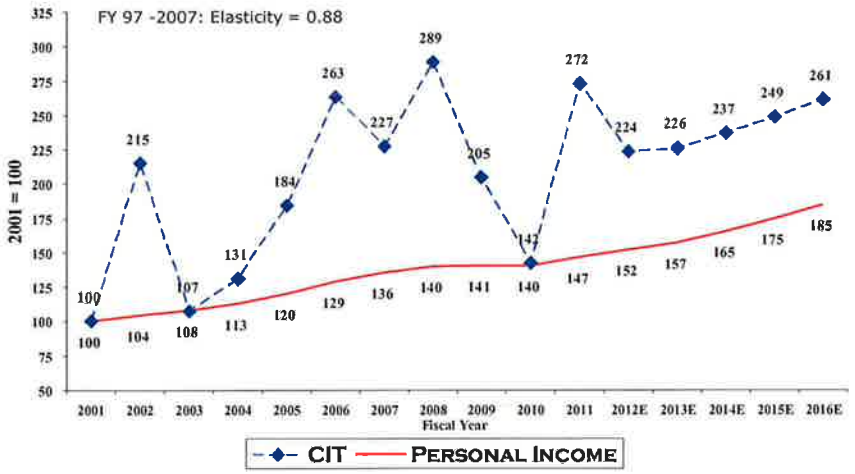
1

Net Franchise + LP/LLC vs Personal Income



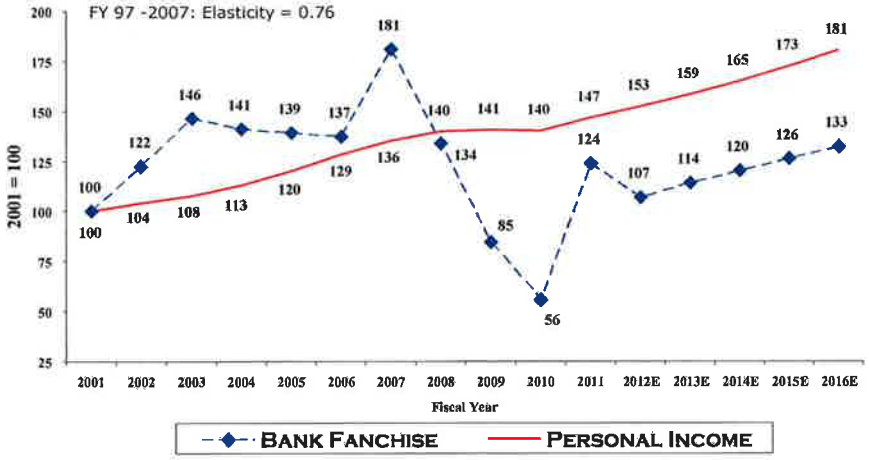
2

CIT vs Personal Income



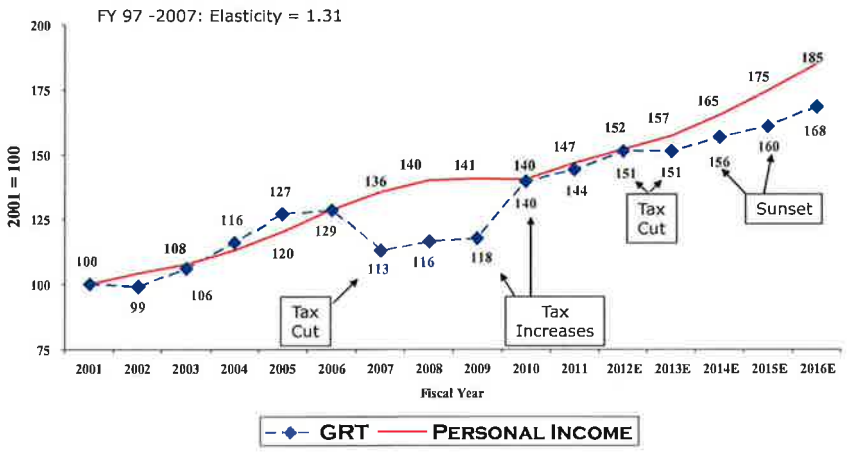
3

Bank Franchise vs Personal Income



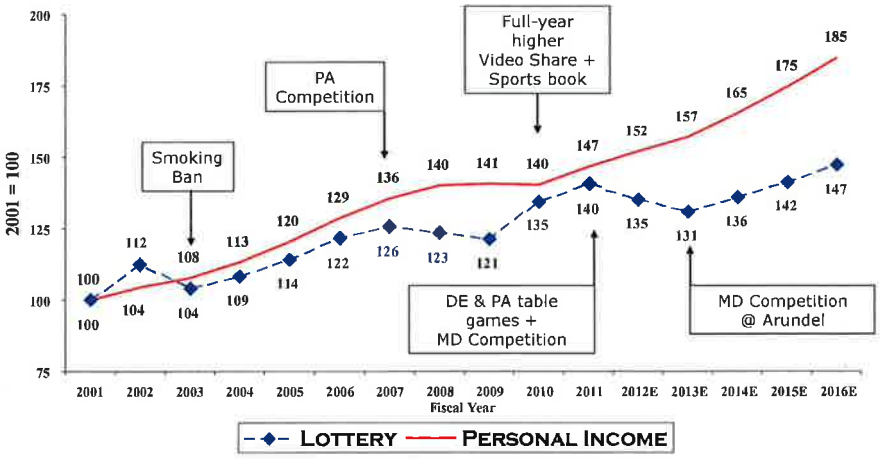
4

Gross Receipts vs Personal Income



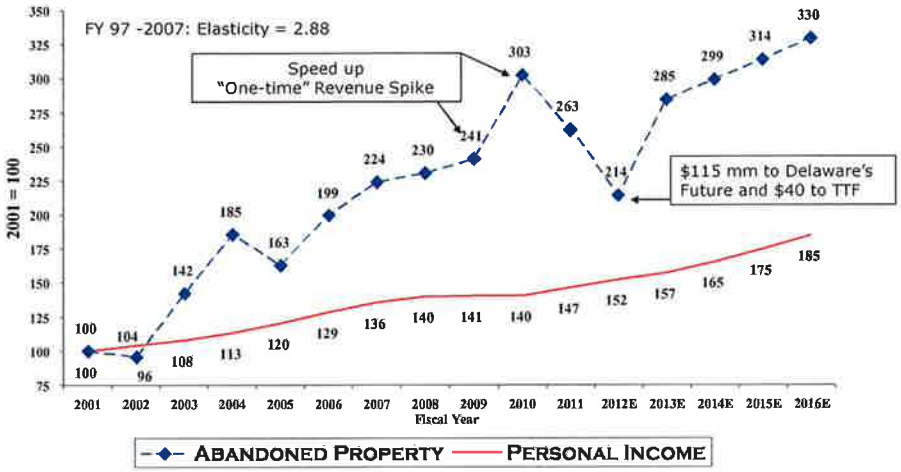
5

Lottery vs Personal Income



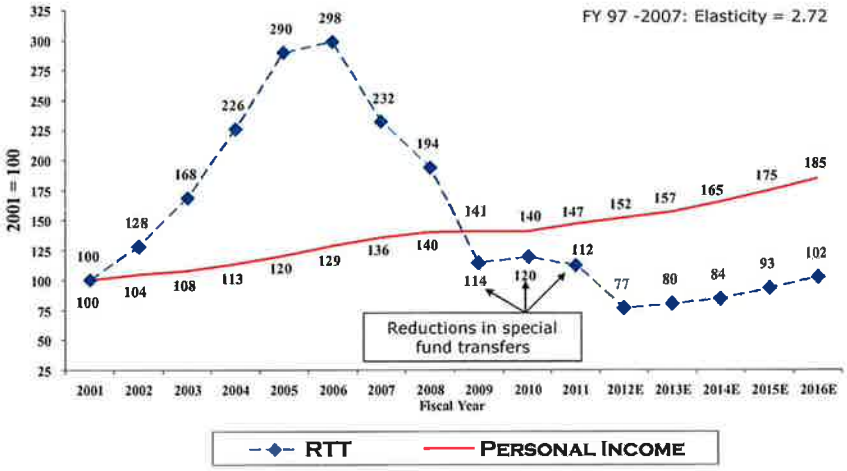
6

Abandoned Property vs Personal Income



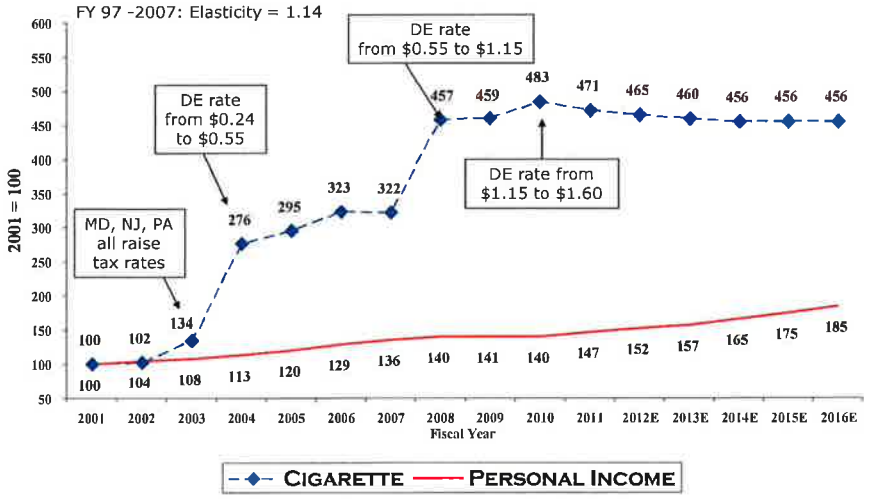
7

RTT vs Personal Income



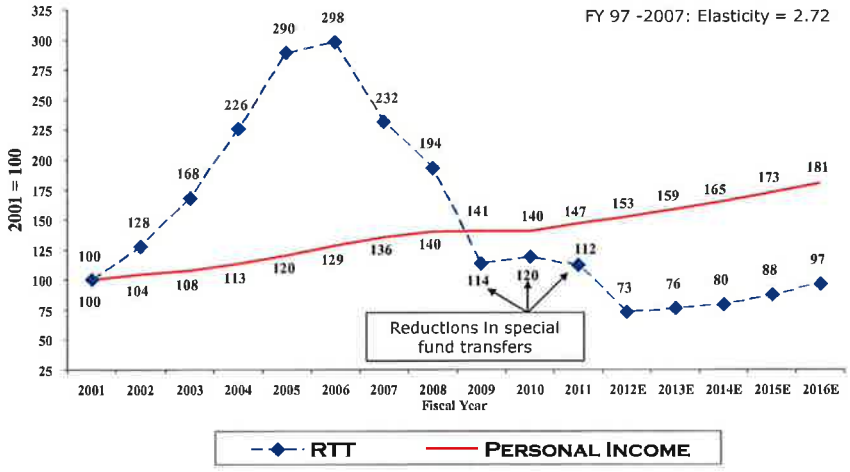
8

Cigarette Tax vs Personal Income

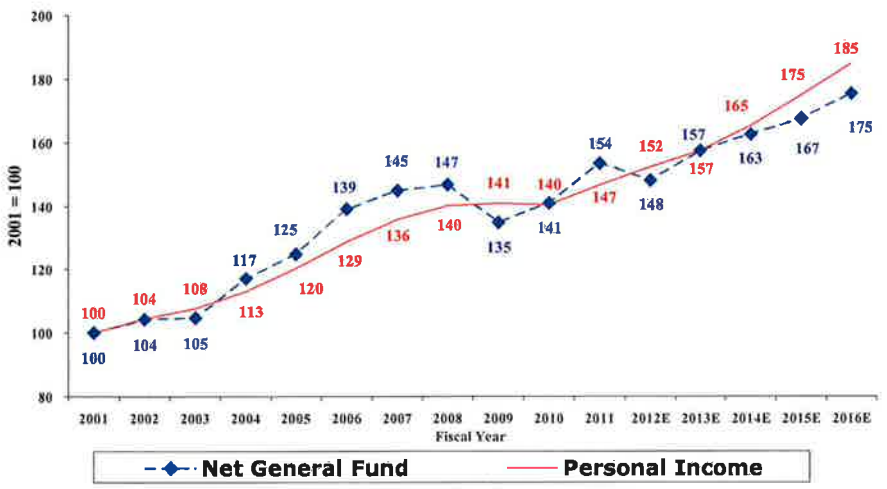


9

RTT vs Personal Income



Net General Fund vs Personal Income



11