

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

**Buena Vista – September 15, 2014**

**Attendance:**

<b>Member</b>	<b>Present</b>
S. Bhatt	No
J. Bullock	Yes
L. Davis Burnham	Yes
R. Byrd	Yes
J. Casey	Yes
N. Cook	Yes
T. Cook	Yes
R. Davis	No
J. DiPinto	Yes
F. Dixon	Yes
B. Fasy	No
C. Flowers	No
R. Glen	Yes
G. Hindes	No
J. Horty	Yes
D. Hudson	No
A. Levin	No

<b>Member</b>	<b>Present</b>
K. Lewis	Yes
D. Link	No
A. Lubin	Yes
G. Marcozzi	Yes
J. Martin	Yes
C. Morgan	Yes
M. Morton	No
J. Polidori	No
E. Ratledge	Yes
T. Shopa	No
G. Simpson	No
M. George Smith	No
A. Staton	No
D. Swayze	Yes
J. Twilley	No
A. Visalli	Yes

**Members in Attendance: 18**

**Members Absent: 15**

**Others Present:** A. Aka, M. Brennan, P. Carter, J. Eisenbrey, R. Geisenberger, D. Gregor, J. Hoover, P. Jackson, J. Johnstone, E. Lewis, B. Maxwell, D. Mburu, A. Moffett-Batty, B. Motyl, A. Penney, E. Raimes, R. Scoglietti, S. Scola, C. Stewart, J. Vizner and members of the press.

**Opening Business:** Mr. Martin called the meeting to order at 3:02 p.m. He indicated that three special guests (Mr. Flora of the Federal Reserve Bank of Philadelphia, Ms. Raimes and Mr. Vizner both with Moody's Investors) were also in attendance.

The minutes from the June meeting were approved as submitted.

**Expenditure Subcommittee:**

Mr. Ratledge presented the Expenditure Subcommittee's report.

In his review of the Balance Sheet estimate, Mr. Ratledge noted that the FY 2014 Appropriation included a Budget Act of \$3,809.5 million, Cash to Bond Bill of \$23.8 million, Grant-in-Aid of \$45.4 million, and prior years' Continuing and Encumbered of \$194.8 million.

Mr. Ratledge also noted that estimates for Reversions to the General Fund, Encumbered and Continuing totaled \$242.6 million, leaving this year's expenditure estimate at \$3,830.9 million. He added that this year's expenditure estimate accounts for 94% of authorized spending, which is greater than last year's ratio of 92.5% and the 5-year average ratio of 91.6%. (See Table 1a for complete details).

Mr. Ratledge reviewed the Function Sheet estimate. He reported that the estimate for Salaries is \$33.4 million higher than in FY 2014, which is partly due to teachers' steps and a \$500 per person raise included in the budget. He noted that Pension estimate was almost unchanged from the past fiscal year, while the Debt Service estimate was up 4.9 percent. Mr. Ratledge indicated that the Grants estimate was lower than in FY 2014, due to a reallocation from the General Fund to an Appropriated Special Fund. Meanwhile, the Medicaid estimate was up by \$19.8 million. Mr. Ratledge noted that the average number of monthly Medicaid eligible rose from 217,000 in FY 2014 to 222,000 in the current fiscal year, while the average number of newly eligible grew from approximately 5,000 to 7,300 during the same time period. (See Table 1b for complete details).

A motion was made, seconded and approved to accept \$3,830.9 million as the expenditure estimate for FY 2015. This represents a \$36.9 million increase from FY 2014.

**Revenue Subcommittee:**

Mr. Lewis presented the Revenue Subcommittee's report.

**Economic Outlook**

Paul Flora of the Federal Reserve Bank of Philadelphia made a presentation entitled "State Expenditure Trends & Cost Pressures." He cautioned that data used in his presentation are from the Census Bureau and thus do not represent figures usually considered by DEFAC. In addition, the data represent combined state and local government spending, and not state-only expenditures. Mr. Flora also noted that past

trends are not indicative of future trends.

In his first chart, Mr. Flora showed that Delaware's state and local government expenditures closely track the nation in both nominal and real terms. In another chart, he showed that total spending in both Delaware and its neighbors (Pennsylvania, New Jersey and Maryland) closely track each other. Focusing on a few expenditure categories Mr. Flora showed that Delaware's share of Local Education expenditures in total budget fell from 28 percent in 1957 to 18 percent. On the other hand the share of Public Welfare expenditures (an indicator that is mostly driven by Medicaid enrollments) jumped from 5 percent to 18 percent during the same period of time. The Pensions category also saw an increase in its share of total budget to 5 percent. For these expenditure categories, similar patterns can be found for the aggregate of all 50 states.

Mr. Flora discussed expenditure pressures arising from rising pension obligations, higher costs of education and the retirement of the baby boom generation. Although the costs of higher education have risen at a far greater rate than local education for a variety of reasons, technological gains and online courses can help ease their rates of increase. Mr. Flora indicated that the University of Delaware was rated Aa1 by Moody's with a stable outlook, faring better than the vast majority of U.S. universities. Pressures on universities nationwide include falling enrollments and weaker support from some states. Citing a report from Moody's Investors Mr. Flora indicated that Delaware's Adjusted Net Pension Liability (ANPL) stood at 99 percent of FY 2012 revenues. He noted that ANPL accounts for only 10 percent of Moody's rating calculations and that Delaware performs well in remaining rating criteria.

Mr. Flora also talked about health care costs and infrastructure spending. He noted that health care spending growth has eased after the last recession, leading many analysts to speculate that spending may resume its fast pace once the economy resumes normal growth. Mr. Flora pointed out that downside risks to health care spending include the Affordable Care Act, loss of patent protections for a lot of drugs companies and lack of new drugs. He concluded his presentation by saying that \$200 billion worth of additional investment is needed annually to maintain the existing infrastructure system, especially with respect to highways.

Mr. Aka reviewed the IHS Global Insight's U.S. macroeconomic assumptions and forecasts. IHS expects economic growth to be above average in the second half of the year. It also views the smaller August employment gain as an aberration. Mr. Aka noted that IHS expects monthly average employment growth of 208,000 in CY 2014 and 209,000 in CY 2015.

Before presenting the economic forecast for Delaware, Mr. Aka explained that the state's Wages and Salaries equation was modified to make it less reliant on the U.S. forecast provided by IHS and more stable on a fiscal year basis. As a result Delaware's September Wages and Salaries and Personal Income forecasts are different from their June estimates.

Mr. Lewis noted that Mr. Dixon expressed concerns in the Subcommittee discussions about IHS optimistic GDP forecast in the medium term, especially in light of declining employment growth. Mr. Aka explained that this is a “typical” forecast from IHS. He pointed out that IHS has proved to have accurate GDP forecasts, however.

### General Fund Revenues - Fiscal Year 2015:

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

Revenue Category	Jun-14	Sep-14	Change
Abandoned Property	514.0	554.0	40.0
Realty Transfer Tax	61.2	77.2	16.0
Other Refunds	(39.5)	(50.6)	(11.1)
Lottery	216.1	206.2	(9.9)
Other Revenues	99.8	109.7	9.9
Public Utility Tax	46.2	51.6	5.4
Corporation Income Tax	255.0	260.0	5.0
Bank Franchise Tax	97.5	102.1	4.6
Estate Tax	7.0	5.0	(2.0)
Cigarette Taxes	110.7	108.7	(2.0)
Hospital Board and Treatment	48.2	46.7	(1.5)
Insurance Taxes	55.9	54.5	(1.4)
Corporate Fees	98.6	99.8	1.2
Franchise Tax	651.7	652.6	0.9
Limited Partnerships & LLC's	239.5	239.2	(0.3)

For a complete listing of FY 2015 estimates, see Table 2b.

### Adjustments to FY 2015 Estimate:

Mr. Gregor discussed legislative actions that were enacted after DEFAC’s June forecast and which affect the FY 2015 and FY 2016 revenue forecasts.

Policy changes will raise General Fund Revenue by \$59 million in FY 2015. \$40 million that would typically be transferred to the Transportation Trust Fund will remain in the General Fund this fiscal year. In addition, a total of \$4 million will be transferred from the General Fund to Special Funds for Farmland Preservation and Open Space, instead of the usual \$20 million. The same goes for Energy Efficiency Fund, which will see a transfer of \$1 million this year instead of \$5 million. Meanwhile, an additional \$1 million in Insurance Premiums Tax will be allocated to ASF appropriations in support Emergency Medical Services (EMS). Finally, increased lottery expenses to the State will be offset by additional ASF

revenue to the General Fund.

Mr. Gregor said that EMS Insurance Premium and Lottery expenses will lower General Fund Revenue by \$11.2 million in FY 2016. (See Table 2a for complete details).

#### **Discussion of FY 2015 Estimates:**

Before discussing the revenue forecasts, Mr. Lewis thanked all members of the Subcommittee as well as individuals involved in preparing and discussing estimates.

**Personal Income Tax:** Mr. Lewis stated that the estimate was unchanged from June.

**Franchise Tax:** Mr. Lewis noted an increase in the estimate. The increase was due to a tax law change enacted in March and positive activities in the IPO market.

**Corporate Income Tax:** Mr. Lewis stated that the estimate was increased from June to reflect under forecasting of the FY 2014 CIT collection.

**Bank Franchise Tax:** Mr. Lewis said that the increase in the estimate, followed by a decrease in the next fiscal year, was due to a tracking change.

**Gross Receipts Tax:** Mr. Lewis said that the estimate was unchanged from June.

**Lottery:** Mr. Lewis stated that the decrease in the estimate was due to a legislative change.

**Abandoned Property:** Mr. Lewis stated that the increase in the estimate was due to a legislative change.

**Hospital Board and Treatment:** Mr. Lewis said that the slight decrease in the estimate was due to a tracking change.

**Realty Transfer Tax:** Mr. Lewis noted that the increase in the estimate was due to a legislative change.

**Estate Tax:** Mr. Lewis said that the estimate was decreased from June, based on historical data for the past few years.

**Insurance Tax:** Mr. Lewis stated that the decrease in the estimate was due to tracking.

**Public Utility Tax:** Mr. Lewis stated that the increase in the estimate was due to a legislative change.

**Other Revenues:** Mr. Lewis said that the increase in the estimate was due to a legislative change.

**Other Refunds:** Mr. Lewis noted that the increase in the estimate was due to an increase in the refunds for Abandoned Property.

Other changes were attributed to tracking.

#### **FY 2015 Estimate Adopted:**

A motion was made, seconded and approved to accept the Revenue Subcommittee's recommendation of \$3,944.8 million as the revenue estimate for FY 2015.

The estimate represents a \$54.8 million rise from DEFAC's June estimate. Mr. Lewis noted that legislative changes raised the previous estimate for this fiscal year by \$59.0 million while DEFAC Council shaved \$4.2 million from it.

#### **General Fund Revenues - Fiscal Year 2016:**

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

<b>Revenue Category</b>	<b>Jun-14</b>	<b>Sep-14</b>	<b>Change</b>
Lottery	221.5	207.3	(14.2)
Other Refunds	(38.9)	(44.9)	(6.0)
Corporation Income Tax	190.0	195.0	5.0
Franchise Tax	651.7	655.8	4.1
Insurance Taxes	57.5	53.5	(4.0)
Bank Franchise Tax	103.4	100.2	(3.2)
Corporate Fees	101.6	103.8	2.2
Estate Tax	7.0	5.0	(2.0)
Cigarette Taxes	108.5	106.5	(2.0)
Public Utility Tax	47.8	49.4	1.6
Hospital Board and Treatment	47.9	46.5	(1.4)
Limited Partnerships & LLC's	249.8	251.1	1.3
Uniform Commercial Code	17.8	17.7	(0.1)

For a complete listing of FY 2016 estimates, see Table 2b.

**Discussion of FY 2016 Estimates:**

**Personal Income Tax:** Mr. Lewis said that the estimate for PIT was unchanged from June.

**Corporate Income Tax:** Mr. Lewis stated that the increase in the estimate was due to the carrying forward of changes made in FY 2015.

**Lottery:** Mr. Lewis stated that the decrease in the estimate was due to a legislative change and lower value agreed upon during the Subcommittee meeting.

**Hospital Board and Treatment:** Mr. Lewis stated that the decrease in the estimate reflected the carrying forward of changes made in FY 2015.

**Estate Tax:** Mr. Lewis stated that the decrease in the estimate reflected a lower base.

**Cigarette Tax:** Mr. Lewis stated that the decrease in the estimate reflected a structural change.

Mr. Lewis reported that all other changes reflected the carrying forward of changes made in FY 2015 and maintaining previous growth rates.

**FY 2016 Estimate Adopted:**

A motion was made, seconded and approved to accept the Revenue Subcommittee's recommendation of \$3,883.2 million as the revenue estimate for FY 2016.

The estimate represents a decrease of \$18.7 million from the June estimate. Mr. Lewis noted that most of the decrease can be attributed to legislative changes (\$11.2 million).

For information purposes, Mr. Lewis said that the FY 2017 revenue estimate is \$4,007.5 million

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

**Long Term Forecast:** Mr. Gregor reviewed the 5-year forecasts for Net PIT, Net Franchise & LLC/LP, Bank Franchise, CIT, Gross Receipts, Lottery, Abandoned

Property, Realty Transfer, Cigarette Tax and Net General Fund.

### **Transportation Trust Fund (TTF)**

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

**State Operations Expenditure:** The estimate was reduced from \$348.5 million (FY 2015 Appropriation) to \$346.6 million in September, owing to lower estimate for the Debt Service.

**State Capital Expenditure:** There was no change from the FY 2015 Appropriation of \$159.5 million.

**Federal Capital Expenditure:** There was no change from the FY 2015 Appropriation of \$329.6 million.

**GARVEE – US301 Capital Expenditure:** There was no change from the FY 2015 Appropriation of \$23.2 million.

A motion was made, seconded, and approved to accept \$858.9 million as the FY 2015 TTF expenditure estimate. The estimate represents a decrease of \$1.9 million from the FY 2015 Appropriation. (See Table 4.)

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

### **FY 2015 Estimates:**

**Toll Road Revenues:** Increased from \$168.4 million in June to \$176.4 million.

**Motor Fuel Tax Administration:** Increased from \$113.2 million in June to \$115.2 million, reflecting strong assumptions used last year to derive the estimate and positive YTD figures.

**Division of Motor Vehicles:** Increased from \$165.7 million in June to \$167.7 million. Mr. Motyl explained that the increase in the estimate is due to strong vehicle sales in July and August.

**Other Transportation Revenue:** Decreased from \$14.4 million in June to \$13.8 million. Mr. Motyl explains that the decrease in the estimate has to do with the fact that no significant income yield increase is expected for the rest of the year.

A motion was made, seconded, and approved to accept \$473.1 million as the FY 2015 TTF revenue estimate. The estimate represents an increase of \$11.4 million from June's estimate.

**FY 2016 Estimates:**

The following changes were made from the June estimate.

**Toll Road Revenues:** Increased from \$169.8 million to \$178.6 million.

**Motor Fuel Tax Administration:** Increased from \$112.3 million to \$114.3 million.

**Division of Motor Vehicles:** Increased from \$170.6 million to \$172.7 million.

**Other Transportation Revenue:** Decreased from \$15.0 million to \$14.0 million.

A motion was made, seconded, and approved to accept \$479.6 million as the FY 2016 TTF revenue estimate. The estimate represents an increase of \$11.9 million from the June estimate. (See Table 5.)

**Other Business:**

Mr. Martin announced that Subcommittee meetings will start at 1:00 p.m. and the Full DEFAC Council meetings will begin at 3:00 p.m. in December and March.

Mr. Martin announced the next scheduled DEFAC meeting dates:

- December 15, 2014
- March 16, 2015

There being no further business, Mr. Martin adjourned the meeting at 4:25 p.m.

Respectfully submitted,

Arsene A. Aka





Table 2a.

**Reconciliation of June DEFAC Revenue Estimates to FY 2015 Revenue Resolution**

	<u>FY 2015</u>	<u>FY 2016</u>
<b>DEFAC June 2014 Net Revenue Estimate</b>	<b>\$3,890.0</b>	<b>\$3,901.9</b>
<b>Tax Policy &amp; Accounting Changes</b>		
TTF Escheat to General Fund	40.0	0.0
Realty Transfer Tax for Open Space to GF	8.0	0.0
Realty Transfer Tax for Farmland to GF	8.0	0.0
Energy Efficiency Fund to GF	4.0	0.0
EMS Insurance Premium	<u>(1.0)</u>	(1.0)
SB 220 -- Lottery Expenses to Top	(9.9)	(10.2)
SB 264 -- Funding for FY 15	9.9	0.0
<b>Total Legislative Adjustments to June DEFAC</b>	<b><u>59.0</u></b>	<b><u>(11.2)</u></b>
<b>Forecast with no Economic / Tracking Changes</b>	<b><u>\$3,949.0</u></b>	<b><u>\$3,890.7</u></b>

Table 2b.

**DEFAC General Fund Revenue Worksheet**

Revenue Category	FY 2014		FY 2014 Variance Actual - June	FY 2015				
	DEFAC Jun-14	FY 2014 Actual Collections		B DEFAC Jun-14	C % B over A	D DEFAC Sep-14	E % D over A	F \$ Increase D over B
<b>September-14 DEFAC Meeting</b>								
Personal Income Tax	1,383.4	1,385.0	1.6	1,436.1	3.7%	1,436.1	3.7%	0.0
Less: Refunds	(200.0)	(197.3)	2.7	(209.8)	6.3%	(209.8)	6.3%	0.0
PIT Less Refunds	1,183.4	1,187.7	4.3	1,226.3	3.2%	1,226.3	3.2%	0.0
Franchise Tax	627.5	625.6	(1.9)	651.7	4.2%	652.6	4.3%	0.9
Limited Partnerships & LLC's	196.1	195.8	(0.3)	239.5	22.3%	239.2	22.2%	(0.3)
Subtotal Franchise + LP/LLC	823.6	821.4	(2.2)	891.2	8.5%	891.8	8.6%	0.6
Less: Refunds	(7.0)	(6.8)	0.2	(10.0)	46.9%	(10.0)	46.9%	0.0
Net Franchise + LP/LLC	816.6	814.6	(2.0)	881.2	8.2%	881.8	8.2%	0.6
<b>Business Entity Fees</b>	95.7	96.0	0.3	98.6	2.8%	99.8	4.0%	1.2
<b>Uniform Commercial Code</b>	17.1	17.2	0.1	17.5	2.0%	17.5	2.0%	0.0
Corporation Income Tax	170.0	175.5	5.5	255.0	45.3%	260.0	48.1%	5.0
Less: Refunds	(70.5)	(73.5)	(3.0)	(42.6)	-42.0%	(42.6)	-42.0%	0.0
CIT Less Refunds	99.5	102.0	2.5	212.4	108.2%	217.4	113.1%	5.0
<b>Bank Franchise Tax</b>	102.9	102.7	(0.2)	97.5	-5.1%	102.1	-0.6%	4.6
<b>Gross Receipts Tax</b>	227.4	226.5	(0.9)	231.9	2.4%	231.9	2.4%	0.0
<b>Lottery</b>	216.5	214.6	(1.9)	216.1	0.7%	206.2	-3.9%	(9.9)
Abandoned Property	469.0	474.9	5.9	514.0	8.2%	554.0	16.7%	40.0
Hospital Board and Treatment	49.3	48.9	(0.4)	48.2	-1.5%	46.7	-4.6%	(1.5)
Dividends and Interest	2.8	2.8	0.0	5.0	75.7%	5.0	75.7%	0.0
<b>Realty Transfer Tax</b>	60.5	60.3	(0.2)	61.2	1.4%	77.2	27.9%	16.0
<b>Estate Tax</b>	1.3	1.3	(0.0)	7.0	450.1%	5.0	292.9%	(2.0)
<b>Insurance Taxes</b>	54.3	53.0	(1.3)	55.9	5.5%	54.5	2.9%	(1.4)
Public Utility Tax	46.7	47.4	0.7	46.2	-2.6%	51.6	8.8%	5.4
Cigarette Taxes	113.0	114.7	1.7	110.7	-3.5%	108.7	-5.2%	(2.0)
Other Revenues	91.1	88.4	(2.7)	99.8	12.9%	109.7	24.1%	9.9
<b>Less: Other Refunds</b>	(82.4)	(80.4)	2.0	(39.5)	-50.9%	(50.6)	-37.0%	(11.1)
<b>Net Receipts</b>	3,564.7	3,572.7	8.0	3,890.0	8.9%	3,944.8	10.4%	54.8

Changes in Revenue Resolution

59.0

Net DEFAC Changes

(4.2)

Adj Growth Rate

4.25%

-0.25%

**DEFAC General Fund Revenue Worksheet**

September-14 DEFAC Meeting	FY 2016						FY 2017					
	G DEFAC Jun-14	H % G over B	I DEFAC Sep-14	J % I over D	K \$ Increase I over G	L DEFAC Jun-14	M % L over G	N DEFAC Sep-14	O % N over I	P \$ Increase N over L		
Revenue Category												
Personal Income Tax	1,504.7	4.8%	1,504.7	4.8%	0.0	NA	NA	1,580.1	5.0%	NA		
Less: Refunds	(223.4)	6.5%	(223.4)	6.5%	0.0	NA	NA	(234.6)	5.0%	NA		
PIT Less Refunds	1,281.3	4.5%	1,281.3	4.5%	0.0	NA	NA	1,345.5	5.0%	NA		
Franchise Tax	651.7	0.0%	655.8	0.5%	4.1	NA	NA	655.8	0.0%	NA		
Limited Partnerships & LLC's	249.8	4.3%	251.1	5.0%	1.3	NA	NA	263.7	5.0%	NA		
Subtotal Franchise + LP/LLC	901.5	1.2%	906.9	1.7%	5.4	NA	NA	919.5	1.4%	NA		
Less: Refunds	(10.0)	0.0%	(10.0)	0.0%	0.0	NA	NA	(10.0)	0.0%	NA		
Net Franchise + LP/LLC	891.5	1.2%	896.9	1.7%	5.4	NA	NA	909.5	1.4%	NA		
Business Entity Fees	101.6	3.0%	103.8	4.0%	2.2	NA	NA	108.0	4.0%	NA		
Uniform Commercial Code	17.8	1.7%	17.7	1.1%	(0.1)	NA	NA	18.0	1.7%	NA		
Corporation Income Tax	190.0	-25.5%	195.0	-25.0%	5.0	NA	NA	200.9	3.0%	NA		
Less: Refunds	(42.6)	0.0%	(42.6)	0.0%	0.0	NA	NA	(42.6)	0.0%	NA		
CIT Less Refunds	147.4	-30.6%	152.4	-29.9%	5.0	NA	NA	158.3	3.9%	NA		
Bank Franchise Tax	103.4	6.1%	100.2	-1.9%	(3.2)	NA	NA	102.2	2.0%	NA		
Gross Receipts Tax	243.0	4.8%	243.0	4.8%	0.0	NA	NA	255.2	5.0%	NA		
Lottery	221.5	2.5%	207.3	0.5%	(14.2)	NA	NA	213.8	3.1%	NA		
Abandoned Property	495.0	-3.7%	495.0	-10.6%	0.0	NA	NA	495.0	0.0%	NA		
Hospital Board and Treatment	47.9	-0.6%	46.5	-0.4%	(1.4)	NA	NA	46.8	0.6%	NA		
Dividends and Interest	8.0	60.0%	8.0	60.0%	0.0	NA	NA	11.0	37.5%	NA		
Realty Transfer Tax	65.8	7.5%	65.8	-14.8%	0.0	NA	NA	69.1	5.0%	NA		
Estate Tax	7.0	0.0%	5.0	0.0%	(2.0)	NA	NA	5.0	0.0%	NA		
Insurance Taxes	57.5	2.9%	53.5	-1.8%	(4.0)	NA	NA	54.6	2.1%	NA		
Public Utility Tax	47.8	3.5%	49.4	-4.3%	1.6	NA	NA	51.2	3.6%	NA		
Cigarette Taxes	108.5	-2.0%	106.5	-2.0%	(2.0)	NA	NA	104.4	-2.0%	NA		
Other Revenues	95.8	-4.0%	95.8	-12.7%	0.0	NA	NA	104.8	9.4%	NA		
Less: Other Refunds	(38.9)	-1.5%	(44.9)	-11.3%	(6.0)	NA	NA	(44.9)	0.0%	NA		
Net Receipts	3,901.9	0.3%	3,883.2	-1.6%	(18.7)	NA	NA	4,007.5	3.2%	NA		

Changes in Revenue Resolution (11.2)

Net DEFAC Changes (7.5)

Adj Growth Rate 2.50%

5.00%

**DEFAC General Fund Revenue Worksheet**

September-14 DEFAC Meeting	FY 2018					FY 2019				
	Q DEFAC Jun-14	R % Q over L	S DEFAC Sep-14	T % S over N	U \$ Increase T over Q	V DEFAC Jun-14	W % V over Q	X DEFAC Sep-14	Y % X over S	Z \$ Increase X over V
Revenue Category										
Personal Income Tax	NA	NA	1,655.7	4.8%	NA	NA	NA	1,735.0	4.8%	NA
Less: Refunds	NA	NA	(249.8)	6.5%	NA	NA	(266.1)	(266.1)	6.5%	NA
PIT Less Refunds	NA	NA	1,405.9	4.5%	NA	NA	1,468.9	1,468.9	4.5%	NA
Franchise Tax	NA	NA	655.8	0.0%	NA	NA	655.8	655.8	0.0%	NA
Limited Partnerships & LLC's	NA	NA	276.9	5.0%	NA	NA	290.7	290.7	5.0%	NA
Subtotal Franchise + LP/LLC	NA	NA	932.7	1.4%	NA	NA	946.5	946.5	1.5%	NA
Less: Refunds	NA	NA	(10.0)	0.0%	NA	NA	(10.0)	(10.0)	0.0%	NA
Net Franchise + LP/LLC	NA	NA	922.7	1.5%	NA	NA	936.5	936.5	1.5%	NA
Business Entity Fees	NA	NA	112.3	4.0%	NA	NA	116.8	116.8	4.0%	NA
Uniform Commercial Code	NA	NA	18.3	1.7%	NA	NA	18.5	18.5	1.1%	NA
Corporation Income Tax	NA	NA	206.9	3.0%	NA	NA	213.1	213.1	3.0%	NA
Less: Refunds	NA	NA	(43.5)	2.0%	NA	NA	(44.8)	(44.8)	3.0%	NA
CIT Less Refunds	NA	NA	163.4	3.3%	NA	NA	168.3	168.3	3.0%	NA
Bank Franchise Tax	NA	NA	104.2	2.0%	NA	NA	106.3	106.3	2.0%	NA
Gross Receipts Tax	NA	NA	266.6	4.5%	NA	NA	278.6	278.6	4.5%	NA
Lottery	NA	NA	220.2	3.0%	NA	NA	226.8	226.8	3.0%	NA
Abandoned Property	NA	NA	495.0	0.0%	NA	NA	495.0	495.0	0.0%	NA
Hospital Board and Treatment	NA	NA	47.2	0.9%	NA	NA	48.5	48.5	2.8%	NA
Dividends and Interest	NA	NA	13.0	18.2%	NA	NA	15.0	15.0	15.4%	NA
Realty Transfer Tax	NA	NA	72.5	5.0%	NA	NA	76.2	76.2	5.0%	NA
Estate Tax	NA	NA	5.0	0.0%	NA	NA	5.0	5.0	0.0%	NA
Insurance Taxes	NA	NA	56.1	2.7%	NA	NA	57.7	57.7	2.9%	NA
Public Utility Tax	NA	NA	53.0	3.5%	NA	NA	54.8	54.8	3.5%	NA
Cigarette Taxes	NA	NA	102.3	-2.0%	NA	NA	100.3	100.3	-2.0%	NA
Other Revenues	NA	NA	101.0	-3.6%	NA	NA	109.6	109.6	8.5%	NA
Less: Other Refunds	NA	NA	(45.5)	1.3%	NA	NA	(45.7)	(45.7)	0.4%	NA
Net Receipts	NA	NA	4,113.2	2.6%	NA	NA	4,237.1	4,237.1	3.0%	NA

Changes in Revenue Resolution

Net DEFAC Changes

Adj Growth Rate

Table 3.  
**Balance and Appropriations Worksheet**

**FY 2015 BUDGET**

Budget	\$3,809.5
Grants	\$45.4
Supplemental	\$23.8
Total Appropriations	\$3,878.7
Plus: Continuing Appropriations & Encumbrances from Prior Years	\$194.8
Total Spending Authority	\$4,073.5

Table 3.  
**Balance and Appropriations Worksheet**

FY 2015 EXPENDITURES		FY 2015 BALANCES		FY 2016 APPROPRIATION LIMITS	
Total Spending Authority	\$4,073.5	Total Expenditures	\$3,830.9	FY 2016 Revenue Estimate	\$3,883.2
Less: Continuing Appropriations & Encumbrances from FY 2015	(\$232.6)	vs. FY 2015 Revenues	3,944.8	Unencumbered Cash Balance from FY 15	<u>\$83.2</u>
Less: Reversions	<u>(\$10.0)</u>	Operating Balance	113.9	100% Appropriation Limit	\$3,966.4
Total Expenditures	\$3,830.9	Prior Year Cash Balance	<u>\$414.4</u>	98% Appropriation Limit	<u>\$3,887.0</u>
		Cumulative Cash Balance	528.3	Prior 98% Appropriation Limit	NA
		Less: Continuing Appropriations & Encumbrances from FY 2015	(232.6)	Increase (Decrease) from Prior Meeting	NA
		Less: Budgetary Reserve Account	<u>(\$212.5)</u>	Sept. 2014 98% Appropriation Limit	\$3,887.0
		Unencumbered Cash Balance 6/30	<u>\$83.2</u>	Increase (Decrease) from September 2014	NA

Table 4.

Delaware Department of Transportation								17%
FY 2015 Expenditures, Through August 31, 2014								
	FY2013 Actual	FY2014 Actual	FY2015 Appropriation	SEPTEMBER FY2015 Forecast	\$ Difference	\$ Difference Forecast V. FY14 Actual	FY2015 YTD Spend	% spent YTD
<b>Operations</b>								
Debt Service	123.5	112.3	109.4	107.5	(1.9)	(4.8)	88.0	82%
Personnel Costs	86.5	86.4	86.8	86.8	0.0	0.4	13.5	16%
Operations/Capital Outlay	56.9	66.1	67.8	67.8	0.0	1.7	11.3	17%
Transit Operations (DTC)	83.0	83.9	84.5	84.5	0.0	0.6	14.1	17%
<b>Total Expenditures - Operations</b>	<b>349.9</b>	<b>348.7</b>	<b>348.5</b>	<b>346.6</b>	<b>(1.9)</b>	<b>(2.1)</b>	<b>126.9</b>	<b>37%</b>
<b>Capital (State)</b>			<b>CTP Spend</b>					
Road System	134.6	92.6	100.4	100.4	0.0	7.8	14.8	15%
Grants & Allocations	20.9	17.7	21.8	21.8	0.0	4.1	2.3	11%
Support Systems	27.0	47.2	25.3	25.3	0.0	(21.9)	3.2	13%
Transit	5.5	13.6	12.0	12.0	0.0	(1.6)	2.5	21%
<b>Total Expenditures- State Capital</b>	<b>188.0</b>	<b>171.1</b>	<b>159.5</b>	<b>159.5</b>	<b>0.0</b>	<b>(11.6)</b>	<b>22.8</b>	<b>14%</b>
<b>Capital (Federal)</b>			<b>CTP Spend</b>					
Federal Capital	214.5	201.3	329.6	329.6	0.0	128.3	56.7	17%
<b>Capital (GARVEE)</b>			<b>CTP Spend</b>					
GARVEE - US301	26.9	7.0	23.2	23.2	0.0	16.2	1.9	8%
<b>Total Expenditures - Capital</b>	<b>429.4</b>	<b>379.4</b>	<b>512.3</b>	<b>512.3</b>	<b>0.0</b>	<b>132.9</b>	<b>81.4</b>	<b>16%</b>
<b>TOTAL EXPENDITURES</b>	<b>779.3</b>	<b>728.1</b>	<b>860.8</b>	<b>858.9</b>	<b>(1.9)</b>	<b>130.8</b>	<b>208.3</b>	<b>24%</b>

Table 5.

**DELAWARE DEPARTMENT OF TRANSPORTATION**  
**Transportation Trust Fund Revenues**

	FY 13	FY 14	% Chg.	Fiscal 2015			Fiscal 2016					
				6/16/2014	9/15/2014	% Chg.	6/16/2014	9/15/2014	% Chg.			
				Approved	Recomm	FY 14	Approved	Recomm	FY 15			
<b><u>TOLL ROAD REVENUES:</u></b>												
195 Newark Plaza	\$117.7	\$118.4	0.6%	\$117.7	\$117.7	-0.6%	\$118.4	\$118.4	\$118.4	0.6%		
Route 1 Toll Road	46.2	47.6	2.9%	\$48.1	\$56.1	17.9%	\$48.7	\$48.7	\$48.7	2.5%		
Concessions	<u>2.4</u>	<u>2.5</u>	<u>4.5%</u>	<u>\$2.6</u>	<u>\$2.6</u>	<u>4.7%</u>	<u>\$2.7</u>	<u>\$2.7</u>	<u>\$2.7</u>	<u>3.8%</u>		
<b>Total Toll Road Revenues</b>	166.3	168.5	1.3%	\$168.4	\$176.4	4.7%	\$169.8	\$169.8	\$178.6	1.2%		
<b>MOTOR FUEL TAX ADMIN.</b>	115.0	116.1	1.0%	\$113.2	\$115.2	(0.8%)	\$112.3	\$112.3	\$114.3	(0.8%)		
<b><u>DIVISION OF MOTOR VEHICLES</u></b>												
Motor Vehicle Document Fees	77.6	84.8	9.3%	\$88.3	\$90.3	6.4%	\$90.9	\$90.9	\$93.0	3.0%		
Motor Vehicle Registration Fees	47.6	49.0	3.0%	\$50.0	\$50.0	2.0%	\$51.5	\$51.5	\$51.5	3.0%		
Other DMV Revenues	<u>25.5</u>	<u>27.1</u>	<u>6.6%</u>	<u>\$27.4</u>	<u>\$27.4</u>	<u>1.0%</u>	<u>\$28.2</u>	<u>\$28.2</u>	<u>\$28.2</u>	<u>2.9%</u>		
<b>Total DMV Revenues</b>	150.7	160.9	6.8%	\$165.7	\$167.7	4.2%	\$170.6	\$170.6	\$172.7	3.0%		
<b><u>OTHER TRANSPORTATION REV.</u></b>												
Other Transportation Rev	11.2	11.0	-1.6%	\$11.4	\$11.4	3.9%	\$11.5	\$11.5	\$11.5	0.9%		
Investment Income(Net)	<u>2.2</u>	<u>2.6</u>	<u>16.4%</u>	<u>\$3.0</u>	<u>\$2.4</u>	<u>-7.2%</u>	<u>\$3.5</u>	<u>\$3.5</u>	<u>\$2.5</u>	<u>4.2%</u>		
<b>Total Other Transp. Revenue</b>	13.4	13.6	1.5%	\$14.4	\$13.8	1.5%	\$15.0	\$15.0	\$14.0	1.4%		
<b>GRAND TOTAL</b>	\$445.4	\$459.1	3.1%	\$461.7	\$473.1	3.0%	\$467.7	\$467.7	\$479.6	1.4%		