MINUTES of the
DELAWARE ECONOMIC & FINANCIAL ADVISORY COUNCIL

Buena Vista – March 21, 2016

Attendance:

Member	Present
J. Bullock	Yes
L. Davis Burnham	Yes
R. Byrd	Yes
J. Casey	Yes
J. Cohan	Yes
N. Cook	Yes
T. Cook	Yes
R. Davis	No
J. DiPinto	Yes
F. Dixon	Yes
B. Fasy	No
R. Glen	Yes
G. Hindes	Yes
J. Horty	Yes
D. Hudson	No
K. Lewis	Yes
D. Link	No

Member	Present
A. Lubin	Yes
G. Marcozzi	Yes
J. Martin	Yes
C. Morgan	No
M. Morton	No
J. Polidori	Yes
E. Ratledge	Yes
T. Shopa	Yes
K. Simpler	Yes
G. Simpson	Yes
M. George Smith	No
A. Staton	Yes
D. Swayze	Yes
J. Twilley	No
A. Visalli	No
B. Whaley	Yes

Members in Attendance: 24
Members Absent: 9

Others Present: A. Aka, M. Brennan, P. Carter, B. Doolittle, J. Eisenbrey, D. Gregor, M. Jackson, A. Jenkins, J. Johnstone, K. Knight, B. Maxwell, S. McVay, B. Motyl, A. Penney and members of the press.

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

The minutes from the December 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 reported that the Reversion estimate is unchanged at $25.0 million, while the Continuing and Encumbered estimates now stand at $147.4 million and $40.0 million, respectively. (See Table 1a for complete details).

In his review of the Functional method, Mr. Ratledge noted that Salaries were up $23.0 million from their FY 2015 value. He indicated that Health Care expenditures—which have increased over the years from 7.3% of total disbursements to 8.4%—should be closely monitored. Mr. Ratledge added that Pension, Debt Services and Medicaid estimates have also increased from their FY 2015 values. On the other hand, estimates for Capital Outlay and Supplies and Materials were broadly unchanged from FY 2015 actuals, while Grants posted a decline. (See Table 1b for complete details).

A motion was made, seconded and approved to accept $3,940.4 million as the expenditure estimate for FY 2016. The estimate represents a $4.8 million increase from December's estimate.

Expenditure Review Committee: Mr. Ratledge described work recently done by the Delaware Expenditure Review Committee (hereinafter referred to as "Committee"), which was tasked under Executive Order Number 52 "to review state government services to evaluate whether there are opportunities to provide them more efficiently, effectively or at less cost to taxpayers." Mr. Ratledge indicated that Committee members met for several months, took an extensive look at growth trends across the entire budget, and recommended actions that could correct some of these trends.

Mr. Maxwell thanked Mr. Fred Sears for chairing the Committee and all other Committee members for participating in the taskforce. He mentioned that the Committee focused on the following departments and spending areas: the Department of Correction, the Division of Medicaid, the Department of Education, Employee Benefits, and Central Services. Mr. Maxwell noted that Personnel Costs, Medicaid and Debt Service accounted for approximately 75% of total FY 2015 expenditures. He concluded by saying that the report provided an excellent overview of the state's expenditures system.

Mr. Horty asked whether there are any recommendations coming out of the report. Mr. Maxwell answered that recommendations found in the report are tailored to specific department or spending area. In response to a question from Mr. Dixon, Mr. Maxwell said that recommendations were not quantified in dollar terms, but stated in general terms given the tight timeframe. Answering a question from Ms. Davis Burnham, Mr. Maxwell indicated that the report primarily focused on General Fund expenditures. Mr. Simpson asked whether there are any recommendations as to which areas might warrant further

study. Mr. Maxwell answered that most recommendations in the report have a caveat of further exploration attached to them. In response to a question from Mr. Simpler, Mr. Maxwell indicated that the concept of total state spending was used by Public Financial Management, Inc. (PFM) when comparing Delaware's spending with other U.S. states. On the other hand, the Office of Management and Budget (OMB) and the office of the Controller General focused on General Fund spending when providing state-specific analysis. Mr. Martin said that the work of the Committee also captured that of other state-sponsored committees and commissions. Finally, Mr. Maxwell added that some of the state's efficiencies and reduction measures listed in the report have already been implemented in other U.S. states.

The report of the Committee can be accessed at:
https://omb.delaware.gov/documents/delaware-expenditure-review.pdf

Revenue Subcommittee:

Mr. Lewis presented the Revenue Subcommittee's report.

Economic Outlook

Mr. Aka presented the IHS Global Insight's U.S. macroeconomic assumptions and forecasts. The short term U.S. outlook is little changed since the December forecast. Mr. Hindes questioned the IHS Global Insight's assumption that the federal funds rate will hit 1.00% by the end of 2016. Mr. Aka said that the assumption was in line with the median forecast by members of the Federal Open Market Committee. Mr. Dixon said that one should expect gradual rate hikes from the Fed. He added that an end-year rate of 0.75% or 1.00% will not matter much from a business cycle standpoint. Mr. Simpler asked about the sensitivity of the revenue model to the interest rate assumptions. Mr. Dixon answered that such sensitivity increases drastically during the downturn of the business cycle.

Mr. Aka also presented the Delaware's economic forecasts. The state's short term outlook is little changed from December. Mr. Aka also noted that the Philadelphia Fed's leading index—which in December pointed to a contraction in Delaware's economy into the second quarter of CY 2016—now points to an expansion of the economy into the same quarter. Mr. Cook added that the leading index presented in December turned out to be an anomaly and that strong conclusions should not be made out of a month of data. In response to a question from Mr. Hindes, Mr. Aka said that Delaware's Wages and Salaries estimates are dependent on a variety of factors, including their corresponding U.S. series.

Mr. Simpler asked about the sensitivity of the revenue estimates to economic forecasts. Mr. Gregor answered that the IHS Global Insight's December forecast was generally on the high side. Running those numbers into the Department of Finance (DOF) economic model without any adjustment would have generated significantly higher results than were

presented at DEFAC. Mr. Gregor added that Delaware's economically sensitive revenue sources are mostly driven by income and employment. He pointed out that the inclusion of other economic series in the economic presentation is meant to provide a more complete picture of the state's economy. In response to a question from Mr. Simpson, Mr. Gregor explained why the DOF economic model no longer differentiates among sectors when computing an estimate for Wages and Salaries.

Mr. Lewis added perspective noted that, according to Mr. Nate Silver, macroeconomists were the worst forecasters because of constantly changing data while the National Weather Service provided the best forecasts. He pointed out that having economic forecasts is nevertheless extremely useful. In response to concerns expressed by Mr. Horty about the economic presentation, Mr. Gregor stressed that the economic model is only one of many tools used by DOF in its revenue forecasting process. Mr. Dixon added that it is important to be made aware of forthcoming adverse economic conditions and that DOF revenue forecasts are, on average, extremely good.

General Fund Revenues - Fiscal Year 2016:

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

Revenue Category	Dec-15	Mar-16	Change
Abandoned Property	554.0	514.0	(40.0)
CIT Refunds	(55.0)	(80.0)	(25.0)
Corporation Income Tax	260.0	275.0	15.0
Gross Receipts Tax	230.0	235.0	5.0
Bank Franchise Tax	88.3	92.2	3.9
Hospital Board and Treatment	46.5	49.1	2.6
Public Utility Tax	49.5	47.0	(2.5)
Franchise Tax	701.1	703.2	2.1
Franchise Tax Refunds	(10.0)	(12.0)	(2.0)
Other Refunds	(97.1)	(95.2)	1.9
Lottery	208.5	210.0	1.5
Dividends and Interest	3.7	3.3	(0.4)
Personal Income Tax	1,516.8	1,517.0	0.2
Other Revenues	98.7	98.6	(0.1)

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

Discussion of FY 2016 Estimates:

Net Personal Income Tax: Mr. Lewis noted a slight increase in the estimate. He indicated that the FY 2016 PIT Withholding estimate has been lowered from December owing to lower bonus payments, while the estimate for Estimated

Payments has been raised on the back of a large one-time payment.

Net Corporate Franchise Tax + LP/LCC: Mr. Lewis noted a minor increase in the estimate. The Franchise tax estimate, which has been increased by $2.1 million, was offset by a $2.0 million increase in refunds.

Corporate Income Tax Less Refunds: Mr. Lewis noted a drop in the estimate by $10 million. He noted that the increase in the Corporate Income Tax estimate can be attributed to an audit. The higher CIT refunds estimate is largely attributable to a single, large refund payment.

Bank Franchise Tax: Mr. Lewis indicated a $3.9 million increase in the estimate because of lower refunds and higher-than-expected annual payments.

Gross Receipts Tax: Mr. Lewis indicated an increase in the estimate, owing in part to audit settlements.

Lottery: Mr. Lewis indicated an increase in the estimate, which benefitted from the impact of the recent billion dollar Powerball jackpot.

Abandoned Property: Mr. Lewis indicated a large decrease in the estimate. $40 million was moved out of the current fiscal year into the next because of slower pace in the timing of equity audits.

Hospital Board and Treatment: Mr. Lewis indicated an increase in the estimate. The latter benefitted from a higher census and retroactive Medicaid payments.

Dividends and Interest: Mr. Lewis indicated a small decrease in the estimate, as the pace of future interest rate hikes by the Fed is now expected to be slower than was anticipated in December.

Public Utility Tax: Mr. Lewis noted a decrease in the estimate, reflecting a rising preference from users for prepaid phones that are not currently taxed under Public Utility Tax.

Other Refunds: Mr. Lewis indicated a $1.9 million decrease in the estimate. The drop was solely due to a decline in the Bank Franchise refunds estimate.

Other changes were attributed to tracking.

FY 2016 Estimate Adopted:

A motion was made, seconded and approved to accept the Revenue

Subcommittee's recommendation of $4,001.2 million as the revenue estimate for FY 2016.The estimate represents a $37.8 million decrease from DEFAC's December estimate.

General Fund Revenues - Fiscal Year 2017:

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

Revenue Category	Dec-15	Mar-16	Change
Abandoned Property	470.0	510.0	40.0
Corporation Income Tax	235.0	226.8	(8.2)
Personal Income Tax	1,581.3	1,576.8	(4.5)
Bank Franchise Tax	89.2	86.6	(2.6)
Public Utility Tax	46.1	43.5	(2.6)
Hospital Board and Treatment	45.8	48.4	2.6
Lottery	210.1	211.7	1.6
Dividends and Interest	7.5	6.3	(1.2)
Other Revenues	106.5	106.3	(0.2)

For a complete listing of FY 2017 estimates, see Table 2.

Discussion of FY 2017 Estimates:

Net Personal Income Tax: Mr. Lewis reported a decrease in the estimate by $4.5 million. After conducting further due diligence, DOF determined that is initial December estimate of the impact of the recent DuPont layoff on Withholding was not unreasonable and, as a consequence, required no adjustment. More generally, corporate and bank bonuses are expected to remain lower in the fiscal year.

Corporate Income Tax Less Refunds: Mr. Lewis reported a decrease in the estimate on the back of a legislative change.

Bank Franchise Tax: Mr. Lewis reported a decrease in the estimate, owing partly to internal reorganizations of two taxpayers.

Abandoned Property: Mr. Lewis stated a large increase in the estimate, as equity audits that were initially expected in FY 2016 are pushed into FY 2017.

Mr. Lewis reported that all other changes reflected the carrying forward of changes made in FY 2016 and maintaining previous growth rates.

FY 2017 Estimate Adopted:

A motion was made, seconded and approved to accept the Revenue Subcommittee's recommendation of $4,051.0 million as the revenue estimate for FY 2017. The estimate represents an increase of $24.9 million from the December estimate. Given that a legislative change resulted in an $8.2 million decrease in one estimate, the net changes made by DEFAC amount to $33.1 million.

For information purposes, Mr. Lewis stated that the FY 2018 estimate is $4,080.9 million. Legislative changes that are affecting the FY 2018 revenue estimate are the Delaware Competes and Commitment Innovation Acts.

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 $341.3 million in December to $339.6 million. Mr. Motyl attributed the decrease to a lower Debt Service estimate.

State Capital Expenditure: There was no change from the December estimate of $195.0 million. Mr. Motyl explained that the estimate for Road System was tracking ahead of forecast, while Grant was on track to hit the December estimate and Support Systems usually runs behind at this point of the year.

Federal Capital Expenditure: Decreased from $263.7 million in December to $240.0 million. Mr. Motyl attributed the decrease to various delays.

U.S. 301 Capital: Increased from $24.5 million in December to $55.1 million. Mr. Motyl explained that $8.5 million have been moved from this year's GARVEE Bonds into next year. He added that all remaining GARVEE Bonds will be spent by the end of next year. Mr. Motyl also reported that 2 new categories have been added to the U.S. 301 Capital expenditures category: Toll Revenue Bonds and TIFIA Loan.

A motion was made, seconded, and approved to accept $829.7 million as the FY 2016 TTF expenditure estimate. The estimate represents an increase of $5.2

million from the December estimate. (See Table 4.)

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

The following changes were made from the December estimates.

FY 2016 Estimates:

Toll Road Revenues: Increased from $183.1 million in December to $192.4 million. Mr. Motyl explained that traffic on both SR-1 and I-95 remains strong, and that revenue continued to be strong through February.

Motor Fuel Tax Administration: Increased from $121.3 million in December to $125.3 million. Mr. Motyl attributed the increase to higher motor fuel consumption.

Division of Motor Vehicles: There was no change from the December estimate of $196.5 million.

Other Transportation Revenues: There was no change from the December estimate of $14.0 million.

A motion was made, seconded, and approved to accept $528.2 million as the FY 2016 TTF revenue estimate. The estimate represents an increase of $13.3 million from December's estimate.

FY 2017 Estimates:

The following changes were made from the December estimates.

Toll Road Revenues: Increased from $184.6 million in December to $194.1 million.

Motor Fuel Tax Administration: Increased from $121.3 million in December to $125.3 million.

Division of Motor Vehicles: There was no change from the December estimate of $209.0 million.

Other Transportation Revenues: There was no change from the December estimate of $14.2 million.

A motion was made, seconded, and approved to accept $542.6 million as the FY 2017 TTF revenue estimate. The estimate represents an increase of $13.5 million from the December estimate. (See Table 5.)

Other Business:

Mr. Martin announced the next scheduled DEFAC meeting dates:

- April 18, 2016
- New meeting date: May 23, 2016

For the month of May, Mr. Cook asked members to consider a change in the DEFAC meeting date from May 16th to May 23rd because of the legislative schedule. All DEFAC members agreed to the new date.

There being no further business, Mr. Martin adjourned the meeting at 4:07 p.m.

Respectfully submitted,

Arsene Aka

Table 1a.

DEFAC Expenditures Forecast for General Fund Disbursements FY2016 ($ in millions)													
March 2016 (as of 02/29/16) DRAFT													
	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015							**FY2016**
	Actual	Actual	Actual	Actual	Actual	Actual							**Appropriation**
Budget Act	3,091.5	3,305.3	3,508.6	3,586.8	3,718.2	3,809.5							**3,908.5**
Cash to Bond Bill	0.0	91.0	115.3	53.4	60.9	23.8							**0.0**
Grant-in-Aid	35.4	35.2	41.2	44.2	44.8	45.4							**43.0**
Continuing & Encumbered (from prior years)	183.7	184.9	303.7	301.1	276.4	194.8							**201.3**
Supplementals	0.0	0.0	0.0	0.0	0.0	0.0							**0.0**
Fiscal Year Spending Authority	**3,310.6**	**3,616.4**	**3,968.8**	**3,985.5**	**4,100.2**	**4,073.5**							**4,152.8**
LESS:													
							Sep	*Dec*	*Mar*	*Apr*	*May*	*June*	
Reversions to the General Fund	49.3	42.1	75.3	50.5	111.3	39.6	25.0	25.0	25.0				
Encumbered to next fiscal year	37.7	35.2	39.3	35.6	40.2	39.5	38.0	38.0	40.0				
Continuing to next fiscal year													
Operating Budget													
Bond Bill													
Total Continuing	147.2	268.4	261.8	240.9	154.6	161.8	154.2	154.2	147.4				
Subtotal	234.1	345.7	376.4	327.0	306.1	240.9	217.2	217.2	212.4	0.0	0.0	0.0	(212.4)
Fiscal Year Budgetary Expenditures	**3,076.5**	**3,270.7**	**3,592.4**	**3,658.5**	**3,794.1**	**3,832.6**							**3,940.4**
% increase/(decrease)		**6.31%**	**9.84%**	**1.84%**	**3.71%**	**1.01%**							**2.8%**
Comments:	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	5-Yr Avg						FY 2016
Expenditures / Spending Authority	92.9%	90.4%	90.5%	91.8%	92.5%	94.1%	91.9%						94.9%
Reversions / Spending Authority	1.5%	1.2%	1.9%	1.3%	2.7%	1.0%	1.6%						0.6%
Encumbered / Spending Authority	1.1%	1.0%	1.0%	0.9%	1.0%	1.0%	1.0%						1.0%
Total Continuing / Spending Authority	4.4%	7.4%	6.6%	6.0%	3.8%	4.0%	5.6%						3.5%

Recommended by Expenditures Subcommittee;
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DEFAC Expenditures Forecast for General Fund Disbursements FY2016 ($ in millions)
March 2016 (as of 02/29/16) DRAFT

	FY2010 Actual	FY2011 Actual	FY2012 Actual	FY2013 Actual	FY2014 Actual	FY2015 Actual	FY2016 Sep	FY2016 Dec	FY2016 Mar	Difference 16 vs. '15	% change 16 vs '15	Annual Avg. 16 vs '12	FY2016 YTD (actual 02/29/16)	% spent FY2016 YTD	% of forecast FY2016 total	% of FY2015 total	% of FY2014 total	% of FY2013 total	% of FY2012 total
Salaries	1154.7	1200.1	1,277.4	1,285.6	1,306.8	1,338.5	1,359.7	1,359.7	1,361.5	23.0	1.7%	1.61%	**923.5**	**34.2%**	**34.6%**	**34.9%**	**34.4%**	**35.1%**	**35.6%**
Fringe Benefits	330.9	365.4	379.5	379.0	396.0	403.0	453.2	453.2	451.4	48.4	12.0%	4.43%	**305.8**	**11.3%**	**11.5%**	**10.5%**	**10.4%**	**10.4%**	**10.6%**
Health Care	218.9	253.0	260.6	261.7	279.1	283.1	331.6	331.6	331.6	48.5	17.1%	6.21%	**224.7**	**8.3%**	**8.4%**	**7.4%**	**7.4%**	**7.2%**	**7.3%**
Other	112.0	112.4	118.9	117.3	116.9	119.9	121.6	121.6	119.8	(0.1)	-0.1%	0.19%	**81.1**	**3.0%**	**3.0%**	**3.1%**	**3.1%**	**3.2%**	**3.3%**
Pension	196.7	222.2	252.9	271.9	285.8	287.0	299.6	299.6	299.6	12.6	4.4%	4.33%	**208.1**	**7.7%**	**7.6%**	**7.5%**	**7.5%**	**7.4%**	**7.0%**
Debt Service	174.3	169.5	144.4	144.8	158.0	163.9	169.4	169.4	169.4	5.5	3.4%	4.07%	**140.7**	**5.2%**	**4.3%**	**4.3%**	**4.2%**	**4.0%**	**4.0%**
Grants	276.6	327.3	364.0	372.8	379.6	377.9	354.7	354.7	354.7	(23.2)	-6.1%	-0.64%	**247.7**	**9.2%**	**9.0%**	**9.9%**	**10.0%**	**10.2%**	**10.1%**
Medicaid	428.6	466.2	637.3	637.0	661.8	668.0	688.7	688.7	701.7	33.7	5.0%	2.44%	**487.7**	**18.1%**	**17.8%**	**17.4%**	**17.4%**	**17.4%**	**17.7%**
Contractual Services	435.7	434.5	455.1	484.0	517.3	511.9	527.3	527.3	519.1	7.2	1.4%	3.34%	**331.6**	**12.3%**	**13.2%**	**13.4%**	**13.6%**	**13.2%**	**12.7%**
Supplies & Materials	58.9	59.1	65.5	63.7	69.9	68.0	68.0	68.0	68.0	0.0	0.0%	0.94%	**44.9**	**1.7%**	**1.7%**	**1.8%**	**1.8%**	**1.8%**	**1.8%**
Capital Outlay	20.1	26.4	16.3	19.6	18.8	14.4	15.0	15.0	15.0	0.6	4.2%	-2.06%	**6.4**	**0.2%**	**0.4%**	**0.4%**	**0.5%**	**0.5%**	**0.5%**
FY Budgetary Expenditures	3,076.5	3,270.7	3,592.4	3,658.5	3,794.0	3,832.6	3,935.6	3,935.6	3,940.4	107.8	2.8%	2.34%	**2,696.4**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Comments:

Recommended by Expenditures Subcommittee;
March 21, 2016

Table 2. DEFAC General Fund Revenue Worksheet

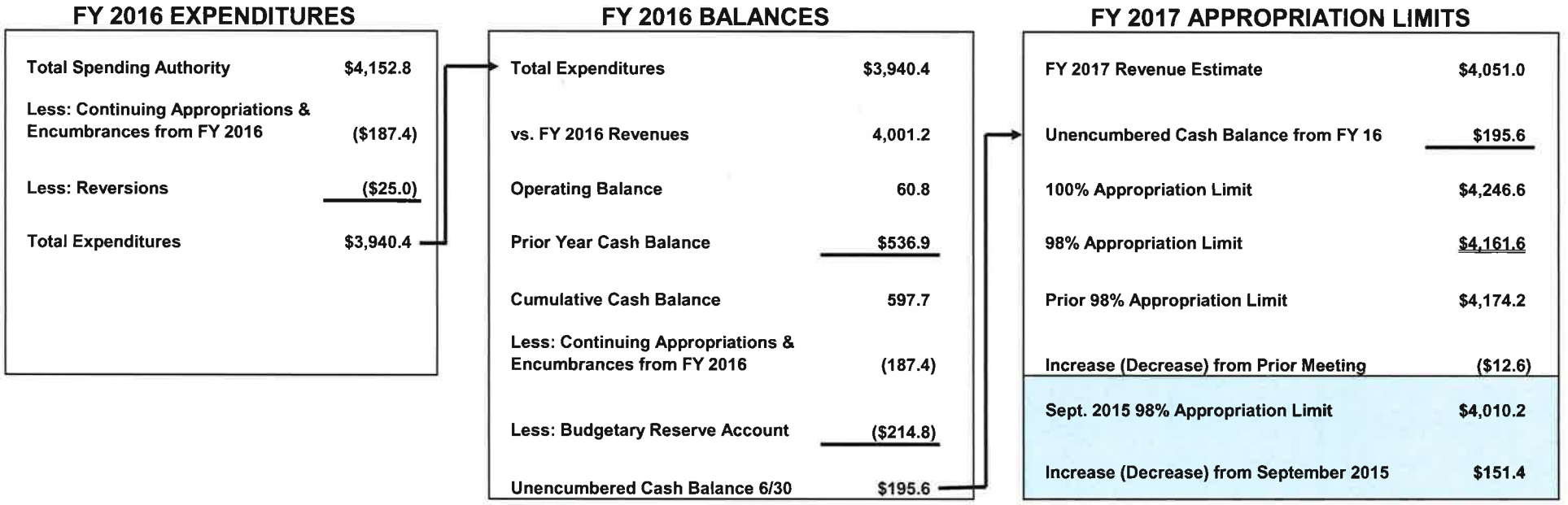
March-16 DEFAC Meeting	FY 2015	FY 2016					FY 2017				
Revenue Category	A Actual Collections	B DEFAC Dec-15	C % B over A	D DEFAC Mar-16	E % D over A	F $ Increase D over B	G DEFAC Dec-15	H % G over B	I DEFAC Mar-16	J % I over D	K $ Increase I over G
Personal Income Tax	**1,444.3**	**1,516.8**	**5.0%**	**1,517.0**	**5.0%**	**0.2**	**1,581.3**	**4.3%**	**1,576.8**	**3.9%**	**(4.5)**
Less: Refunds	**(192.4)**	**(210.0)**	**9.2%**	**(210.0)**	**9.2%**	**0.0**	**(220.5)**	**5.0%**	**(220.5)**	**5.0%**	**0.0**
PIT Less Refunds	**1,251.9**	**1,306.8**	**4.4%**	**1,307.0**	**4.4%**	**0.2**	**1,360.8**	**4.1%**	**1,356.3**	**3.8%**	**(4.5)**
Franchise Tax	675.5	701.1	3.8%	703.2	4.1%	2.1	711.0	1.4%	711.0	1.1%	0.0
Limited Partnerships & LLC's	244.4	261.4	7.0%	261.4	7.0%	0.0	275.7	5.5%	275.7	5.5%	0.0
Subtotal Franchise + LP/LLC	919.8	962.5	4.6%	964.6	4.9%	2.1	986.7	2.5%	986.7	2.3%	0.0
Less: Refunds	(8.9)	(10.0)	12.3%	(12.0)	34.7%	(2.0)	(10.0)	0.0%	(10.0)	-16.7%	0.0
Net Franchise + LP/LLC	910.9	952.5	4.6%	952.6	4.6%	0.1	976.7	2.5%	976.7	2.5%	0.0
Business Entity Fees	**102.7**	**108.3**	**5.4%**	**108.3**	**5.4%**	**0.0**	**112.7**	**4.1%**	**112.7**	**4.1%**	**0.0**
Uniform Commercial Code	**18.3**	**19.0**	**4.1%**	**19.0**	**4.1%**	**0.0**	**19.0**	**0.0%**	**19.0**	**0.0%**	**0.0**
Corporation Income Tax	305.2	260.0	-14.8%	275.0	-9.9%	15.0	235.0	-9.6%	226.8	-17.5%	(8.2)
Less: Refunds	(35.7)	(55.0)	53.9%	(80.0)	123.9%	(25.0)	(42.6)	-22.5%	(42.6)	-46.8%	0.0
CIT Less Refunds	269.5	205.0	-23.9%	195.0	-27.6%	(10.0)	192.4	-6.1%	184.2	-5.5%	(8.2)
Bank Franchise Tax	**95.0**	**88.3**	**-7.1%**	**92.2**	**-2.9%**	**3.9**	**89.2**	**1.0%**	**86.6**	**-6.1%**	**(2.6)**
Gross Receipts Tax	**223.4**	**230.0**	**2.9%**	**235.0**	**5.2%**	**5.0**	**238.7**	**3.8%**	**238.7**	**1.6%**	**0.0**
Lottery	**202.3**	**208.5**	**3.1%**	**210.0**	**3.8%**	**1.5**	**210.1**	**0.8%**	**211.7**	**0.8%**	**1.6**
Abandoned Property	514.1	554.0	7.8%	514.0	0.0%	(40.0)	470.0	-15.2%	510.0	-0.8%	40.0
Hospital Board and Treatment	46.3	46.5	0.5%	49.1	6.1%	2.6	45.8	-1.5%	48.4	-1.4%	2.6
Dividends and Interest	2.8	3.7	30.0%	3.3	16.0%	(0.4)	7.5	102.7%	6.3	90.9%	(1.2)
Realty Transfer Tax	**73.6**	**92.0**	**25.0%**	**92.0**	**25.0%**	**0.0**	**81.2**	**-11.7%**	**81.2**	**-11.7%**	**0.0**
Estate Tax	**5.8**	**11.0**	**88.2%**	**11.0**	**88.2%**	**0.0**	**4.0**	**-63.6%**	**4.0**	**-63.6%**	**0.0**
Insurance Taxes	**54.8**	**55.3**	**0.9%**	**55.3**	**0.9%**	**0.0**	**55.6**	**0.5%**	**55.6**	**0.5%**	**0.0**
Public Utility Tax	47.2	49.5	4.9%	47.0	-0.4%	(2.5)	46.1	-6.9%	43.5	-7.4%	(2.6)
Cigarette Taxes	102.7	107.0	4.2%	107.0	4.2%	0.0	104.9	-2.0%	104.9	-2.0%	0.0
Other Revenues	118.5	98.7	-16.7%	98.6	-16.8%	(0.1)	106.5	7.9%	106.3	7.8%	(0.2)
Less: Other Refunds	**(84.8)**	**(97.1)**	**14.4%**	**(95.2)**	**12.2%**	**1.9**	**(95.1)**	**-2.1%**	**(95.1)**	**-0.1%**	**0.0**
Net Receipts	**3,955.1**	**4,039.0**	**2.1%**	**4,001.2**	**1.2%**	**(37.8)**	**4,026.1**	**-0.3%**	**4,051.0**	**1.2%**	**24.9**
Legislative Changes Adopted Since December						0.0					(8.2)
Net DEFAC Changes						(37.8)					33.1

Table 2. DEFAC General Fund Revenue Worksheet

March-16 DEFAC Meeting	FY 2018				
Revenue Category	L DEFAC Dec-15	M % L over G	N DEFAC Mar-16	O % N over I	P $ Increase N over L
Personal Income Tax	**1,656.6**	**4.8%**	**1,647.0**	**4.5%**	**(9.6)**
Less: Refunds	**(231.1)**	**4.8%**	**(231.1)**	**4.8%**	**0.0**
PIT Less Refunds	**1,425.5**	**4.8%**	**1,415.9**	**4.4%**	**(9.6)**
Franchise Tax	714.5	0.5%	714.5	0.5%	0.0
Limited Partnerships & LLC's	289.5	5.0%	289.5	5.0%	0.0
Subtotal Franchise + LP/LLC	1,004.0	1.8%	1,004.0	1.8%	0.0
Less: Refunds	(10.0)	0.0%	(10.0)	0.0%	0.0
Net Franchise + LP/LLC	994.0	1.8%	994.0	1.8%	0.0
Business Entity Fees	**117.2**	**4.0%**	**117.2**	**4.0%**	**0.0**
Uniform Commercial Code	**19.0**	**0.0%**	**19.0**	**0.0%**	**0.0**
Corporation Income Tax	242.1	3.0%	221.0	-2.6%	(21.1)
Less: Refunds	(43.5)	2.1%	(43.5)	2.1%	0.0
CIT Less Refunds	198.6	3.2%	177.5	-3.6%	(21.1)
Bank Franchise Tax	**91.0**	**2.0%**	**89.0**	**2.8%**	**(2.0)**
Gross Receipts Tax	**250.7**	**5.0%**	**250.7**	**5.0%**	**0.0**
Lottery	**215.8**	**2.7%**	**217.4**	**2.7%**	**1.6**
Abandoned Property	440.0	-6.4%	440.0	-13.7%	0.0
Hospital Board and Treatment	46.1	0.7%	48.7	0.6%	2.6
Dividends and Interest	12.5	66.7%	11.2	77.8%	(1.3)
Realty Transfer Tax	**84.4**	**3.9%**	**84.4**	**3.9%**	**0.0**
Estate Tax	**4.0**	**0.0%**	**4.0**	**0.0%**	**0.0**
Insurance Taxes	**55.3**	**-0.5%**	**55.3**	**-0.5%**	**0.0**
Public Utility Tax	47.7	3.5%	45.0	3.4%	(2.7)
Cigarette Taxes	102.8	-2.0%	102.8	-2.0%	0.0
Other Revenues	104.3	-2.1%	104.1	-2.1%	(0.2)
Less: Other Refunds	**(95.3)**	**0.2%**	**(95.3)**	**0.2%**	**0.0**
Net Receipts	**4,113.6**	**2.2%**	**4,080.9**	**0.7%**	**(32.7)**

Legislative Changes Adopted Sinc	(21.1)
Net DEFAC Changes	(11.6)

Table 3. Balance and Appropriations Worksheet



FY 2016 EXPENDITURES	
Total Spending Authority	$4,152.8
Less: Continuing Appropriations & Encumbrances from FY 2016	($187.4)
Less: Reversions	($25.0)
Total Expenditures	$3,940.4

FY 2016 BALANCES	
Total Expenditures	$3,940.4
vs. FY 2016 Revenues	4,001.2
Operating Balance	60.8
Prior Year Cash Balance	$536.9
Cumulative Cash Balance	597.7
Less: Continuing Appropriations & Encumbrances from FY 2016	(187.4)
Less: Budgetary Reserve Account	($214.8)
Unencumbered Cash Balance 6/30	$195.6

FY 2017 APPROPRIATION LIMITS	
FY 2017 Revenue Estimate	$4,051.0
Unencumbered Cash Balance from FY 16	$195.6
100% Appropriation Limit	$4,246.6
98% Appropriation Limit	$4,161.6
Prior 98% Appropriation Limit	$4,174.2
Increase (Decrease) from Prior Meeting	($12.6)
Sept. 2015 98% Appropriation Limit	$4,010.2
Increase (Decrease) from September 2015	$151.4

Table 4.

Delaware Department of Transportation
FY 2016 Expenditures, Through February 29, 2016

67%

	FY2014 Actual	FY2015 Actual	FY2016 Appropriation	SEPTEMBER FY2016 Forecast	DECEMBER FY2016 Forecast	MARCH FY2016 Forecast	$ difference	$ difference Forecast V. FY2015 Actual	FY2016 YTD Spend	% spent YTD
Operations										
Debt Service	112.3	107.5	103.1	103.1	103.1	101.4	(1.7)	(6.1)	101.4	100%
Personnel Costs	86.4	85.2	87.3	87.3	87.3	87.3	0.0	2.1	57.6	66%
Operations/Capital Outlay	66.1	72.0	64.1	65.5	65.5	65.5	0.0	(6.5)	41.3	63%
Transit Operations (DTC)	83.9	85.6	85.4	85.4	85.4	85.4	0.0	(0.2)	57.0	67%
Total Expenditures - Operations	348.7	350.3	339.9	341.3	341.3	339.6	(1.7)	(10.7)	257.3	76%
State Capital			Cash Available							
Road System	92.6	80.3	99.7	99.7	99.7	106.7	7.0	26.4	67.4	63%
Grants & Allocations	17.7	19.3	21.8	21.8	21.8	21.8	0.0	2.5	15.4	71%
Support Systems	47.2	28.3	52.7	52.7	52.7	52.7	0.0	24.4	25.3	48%
Transit	13.6	7.8	20.8	20.8	20.8	13.8	(7.0)	6.0	3.6	26%
Total Expenditures- State Capital	171.1	135.7	195.0	195.0	195.0	195.0	0.0	59.3	111.7	57%
Federal Capital			CTP Spend							
Federal Capital	201.3	236.9	263.7	263.7	263.7	240.0	(23.7)	3.1	125.8	52%
US301 Capital			CTP Spend							
GARVEE Bonds	7.0	10.1	24.5	24.5	24.5	16.0	(8.5)	5.9	6.8	43%
Toll Revenue Bonds	0.0	0.0	39.1	0.0	0.0	39.1	39.1	39.1	2.6	7%
TIFIA Loan	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	N/A
Total US301	7.0	10.1	63.6	24.5	24.5	55.1	30.6	45.0	9.4	17%
Total Expenditures - Capital	379.4	382.7	522.3	483.2	483.2	490.1	6.9	107.4	244.3	50%
TOTAL EXPENDITURES	728.1	733.0	862.2	824.5	824.5	829.7	5.2	96.7	501.6	60%

Table 5.

DELAWARE DEPARTMENT OF TRANSPORTATION
Transportation Trust Fund Revenues

				Fiscal 2016			Fiscal 2017		
	FY 14	FY 15	% Chg.	12/21/2015 Approved	**3/21/2016 Recomm**	% Chg. FY 15	12/21/2015 Approved	**3/21/2016 Recomm**	% Chg. FY 16
TOLL ROAD REVENUES:									
I95 Newark Plaza	$119.9	$117.8	-1.8%	$122.9	**$126.9**	7.7%	$123.6	**$127.7**	0.6%
Route 1 Toll Road	47.6	55.8	2.9%	$57.5	**$62.8**	12.6%	$58.2	**$63.6**	1.3%
Concessions	2.5	2.6	4.5%	$2.7	**$2.7**	5.2%	$2.8	**$2.8**	3.7%
Total Toll Road Revenues	170.0	176.2	3.6%	$183.1	**$192.4**	9.2%	$184.6	**$194.1**	0.9%
MOTOR FUEL TAX ADMIN.	116.9	119.7	2.4%	$121.3	**$125.3**	4.7%	$121.3	**$125.3**	0.0%
DIVISION OF MOTOR VEHICLES									
Motor Vehicle Document Fees	84.8	94.0	10.8%	$106.3	**$106.3**	13.0%	$112.8	**$112.8**	6.1%
Motor Vehicle Registration Fees	49.2	51.2	3.0%	$53.3	**$53.3**	4.1%	$55.2	**$55.2**	3.6%
Other DMV Revenues	26.3	25.8	6.6%	$36.9	**$36.9**	43.3%	$41.0	**$41.0**	11.1%
Total DMV Revenues	160.3	171.0	6.7%	$196.5	**$196.5**	14.9%	$209.0	**$209.0**	6.4%
OTHER TRANSPORTATION REV.									
Other Transportation Rev	11.6	10.1	-1.6%	$11.1	**$11.1**	16.0%	$11.2	**$11.2**	0.9%
Investment Income(Net)	2.3	1.9	16.4%	$2.9	**$2.9**	57.2%	$3.0	**$3.0**	3.4%
Total Other Transp. Revenue	13.9	12.0	-13.7%	$14.0	**$14.0**	16.7%	$14.2	**$14.2**	1.4%
GRAND TOTAL	$461.1	$478.9	3.9%	$514.9	**$528.2**	10.3%	$529.1	**$542.6**	2.7%
					$13.3			$13.5	