



NEWS:

State Spending Plans Proposed

January 31, 2020 -- Governor John Carney on Thursday unveiled his Fiscal Year 2021 recommended state operating and capital budgets at a presentation in the Delaware Public Archives complex.

The prospective [\\$4.6295 billion operating budget](#) represents a 3.99% increase (\$177.7 million) over last year's \$4.4518 billion spending plan. The proposed hike is just below the governor's self-imposed benchmark limit (4.1%) under [Executive Order 21](#), which links the rate of spending growth to recent average increases in personal income, population, and the inflation of goods and services purchased by government.

By law, the state can spend no more than 98% of projected revenue. According to Office of Management and Budget Director Mike Jackson, the new proposed budget is \$35 million below that threshold, utilizing 97.3% of anticipated income.

In the upcoming fiscal year, a Budget Stabilization Fund established under Executive Order 21 would grow to \$161.5 million and the state's "Rainy Day Fund" would increase to \$260 million.

The proposed [Bond Bill](#), which finances roads, schools, and other capital projects, would be a record \$892.8 million. Transportation projects constitute \$367.6 million of the total with another \$183.7 million slated for school construction and renovations. The bill would be financed, in part, through the sale of nearly \$241 million in state bonds and a large one-time cash appropriation of \$233 million.

The proposed operating budget will be parsed by the General Assembly's Joint Finance Committee (JFC), which will begin five weeks of hearings next week. The JFC will rewrite the governor's proposal reflecting legislative priorities, hearing testimony, and

new state revenue estimates that will be issued monthly between March and June.

Lawmakers will recraft the Bond Bill later in the year.

The final versions of the operating and capital budgets will be voted on by the General Assembly in late June.