NEWS:

State Revenues Rise, Republican Lawmakers Advocate Saving, Reform

JUNE 24, 2019 -- State financial forecasters this week gave lawmakers nearly $16 million more to work with in the upcoming fiscal year that begins July 1st.

Meeting last Wednesday (6/19), the Delaware Economic and Financial Advisory Council (DEFAC) issued its final forecast of the current fiscal year. The work of the non-partisan group is critical to the way the state spends money because only 98-percent of projected revenues can be appropriated.

DEFAC meets six times throughout the fiscal year: September, December, March, April, May, and June. When compared to last month's forecast, state lawmakers and the governor have an additional $15.8 million with which to work.

The latest forecast continues a welcome upward trend. Since DEFAC's first forecast was issued last September, spendable cash has increased by $239.2 million.

However, the group's forecasts predict the good times will not last. State General Fund revenue grew by 9.5% in FY 2018. In the current FY 2019, forecasters expect Delaware will end the period with annual growth of 4.4%. In FY 2020, revenue growth is expected to drop to an anemic 0.7%, before rebounding weakly to 1.5% in FY 2021.

State House Minority Leader Danny Short, R-Seaford, who is also a member of the DEFAC, said the projections lend some urgency for the state to reform the way it budgets money. "The economy speeds up and slows down," Rep. Short said. "This has all happened before and will all happen again. The question is, will we learn from the past and start doing the things we need to do to improve before the next recession, the next shortfall, hits?"

Rep. Short supports a proposal made in the last General Assembly that would limit government spending growth, while creating a new budgetary reserve that would be financed with surplus revenue when the economy was performing well. The reserve would be tapped to supplement lagging revenue when times were bad, avoiding the need for service cuts or tax increases. The bipartisan bill was defeated last year when it was blocked by a few key Democratic leaders in the House and Senate.

State Rep. Mike Ramone

Governor John Carney was a leading supporter of the 2018 reform initiative. When it failed, he issued an executive order requiring state agencies to implement its protocols. However, the order is not binding on the General Assembly and will only remain effective during the Carney administration.

State Reps. Mike Ramone and Danny Short have re-introduced the reform bill (House Bill 155), which has been pending action in the House Administration Committee for more than a month. While the last incarnation of the bill had broad bipartisan support, this version has 13 sponsors and co-sponsors -- all of which are House and Senate Republicans.