

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

**Buena Vista – April 18, 2011**

**Attendance:**

| <b>Member</b>    | <b>Present</b> |  | <b>Member</b> | <b>Present</b> |
|------------------|----------------|--|---------------|----------------|
| J. Bullock       | Yes            |  | R. Larson     | No             |
| L. Davis Burnham | Yes            |  | A. Levin      | Yes            |
| R. Byrd          | Yes            |  | K. Lewis      | Yes            |
| J. Casey         | No             |  | D. Link       | No             |
| N. Cook          | Yes            |  | A. Lubin      | Yes            |
| T. Cook          | Yes            |  | J. Martin     | Yes            |
| R. Cordrey       | Yes            |  | C. Morgan     | Yes            |
| R. Davis         | Yes            |  | W. Oberle     | No             |
| R. Derrickson    | No             |  | J. Polidori   | No             |
| J. DiPinto       | No             |  | E. Ratledge   | Yes            |
| F. Dixon         | Yes            |  | T. Shopa      | No             |
| B. Fasy          | No             |  | G. Simpson    | Yes            |
| C. Flowers       | Yes            |  | A. Staton     | Yes            |
| R. Gilligan      | No             |  | D. Swayze     | Yes            |
| R. Glen          | Yes            |  | A. Visalli    | Yes            |
| G. Hindes        | Yes            |  | C. Wicks      | No             |
| J. Horty         | Yes            |  | D. Williams   | No             |
| D. Hudson        | No             |  |               |                |

**Members in Attendance: 22**

**Members Absent: 13**

**Others Present:** N. Adams, M. Casey, Z. Chaudhry, J. Craig, D. Gregor, C. Heiks, C. Kempista, K. Knight, S. Kubico, O. Masood, B. Maxwell, S. McVay, B. Motyl, B. Scoglietti and members of the press.

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

The minutes from the March meeting were approved as submitted.

**Expenditure Subcommittee:**

Mr. Ratledge presented the Expenditure Subcommittee's report. He reviewed the Functional method. He noted that the Salary amount had increased from FY2010 due partly to the pay increase. Mr. Ratledge added that 75% of the increase in Fringe Benefits was attributed to rising health costs. (See Table 1b for complete details.)

Mr. Ratledge reviewed the Balance Sheet estimate of \$3,371.9 million. The Reversion estimate remains at \$40.0 million; Encumbered remains at \$36.0 million and Continuing is reduced from \$169.0 million to \$168.4 million (See Table 1a for complete details).

A motion was made, seconded and approved to accept \$3,371.9 million as the expenditure estimate for FY2011. This represents an increase of \$0.6 million from March's estimate.

For informational purposes, Mr. Ratledge reviewed 4 charts which tracked Delaware General Fund revenues and expenditures going out to FY2015. Mr. Ratledge noted that projected expenditures would exceed revenues in FY2015 due to revenue provisions which sunset then. The last chart showed in percentage terms the level of support each Department receives from NSF revenue. Mr. Ratledge stated that most of the Departments of Labor and Agriculture are federally funded.

**Revenue Subcommittee:**

Mr. Lewis presented the Revenue Subcommittee's report.

**Economic Outlook**

Mr. Craig reviewed that the Global Insight April forecast. For FY2011, there has been little change since March. The real GDP growth rate has been decreased from 2.9% to 2.8%. FY2012 Real GDP growth decreased from 3.2% to 3.1%. This slight decrease was largely attributed to the increase in oil prices and lower expectations for the first two Quarters of CY2011.

Mr. Dixon presented a cautionary comment. He noted that much of the benign growth since the end of the recession is attributed to Federal monetary and fiscal action. When that ceases, will the economy continue its moderate growth path.

Mr. Horthy inquired about the implications of the negative outlook S&P gave to the U.S. credit rating. Mr. Dixon responded that it was just a warning at this time, but an actual rating downgrade would clearly have negative consequences.

**General Fund Revenues - Fiscal Year 2011:**

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

**FY 2011**

| <b>Revenue Category</b> | <b>Mar-11</b> | <b>Apr-11</b> | <b>Change</b> |
|-------------------------|---------------|---------------|---------------|
| Corporation Income Tax  | 200.0         | 230.0         | 30.0          |
| Personal Income Tax     | 1,139.8       | 1,154.0       | 14.2          |
| Insurance Taxes         | 55.5          | 65.6          | 10.1          |
| Bank Franchise Tax      | 115.4         | 119.7         | 4.3           |
| PIT Refunds             | (185.0)       | (181.5)       | 3.5           |
| Lottery                 | 282.0         | 285.0         | 3.0           |
| Dividends and Interest  | 11.0          | 8.5           | (2.5)         |
| Gross Receipts Tax      | 195.0         | 197.0         | 2.0           |
| Public Utility Tax      | 59.0          | 57.5          | (1.5)         |
| Other Revenues          | 129.4         | 129.2         | (0.2)         |

For a complete listing of FY 2011 estimates, see Table 2.

**Discussion of FY 2011 Estimates:**

**Personal Income Tax:** Mr. Lewis stated that Withholding strength accounted for the increase. Collections in March were the highest ever. He said bonus payments and stock options aided this increase. There was no change to Estimated or Final settlement estimates. The estimate for Refunds was reduced.

**Corporate Income Tax:** Mr. Lewis attributed the increase to two IRS audits.

**Bank Franchise Tax:** Mr. Lewis attributed the increase to continued strong tracking.

**Lottery:** Mr. Lewis attributed the increase to tracking.

**Abandoned Property:** Mr. Lewis stated that nearly \$200.0 million has been collected in this category since last meeting. He said that the baseline for this estimate is approximately \$500.0 million for each of the three forecast years. In the current year, the estimate is reduced by \$70 million which is transferred to special funds. He said that it is possible that the estimate could exceed \$494.0 million, at which point the balance would be added to the General Fund.

Mr. Morgan asked where the \$70.0 million was being transferred. Mr. Cook responded that \$10 million goes to the Transportation Trust Fund, \$10 million to Debt reduction, \$10 million to OPEB funding and \$40 million to school construction.

Mr. Bullock cautioned that due to the volatility of this category, this is not a revenue stream on which to build an Operating budget around. Mr. Swayze added that this is why placing earmarks on this category is a positive. Mr. Bullock concurred.

Mr. Gregor responded that it is a very volatile category and a mid-range estimate was made at the beginning of the year, which is then adjusted as actual collections are made during the course of the year.

Other changes were attributed to tracking.

**FY2011 Estimate Adopted:**

A motion was made, seconded and approved to accept the Revenue Subcommittee's recommendation of \$3,501.2 million as the revenue estimate for FY2011.

The estimate represents an increase of \$62.9 million from DEFAC's March estimate.

Mr. Lewis stated that most of the increase was attributed to Corporate Income Tax and Personal Income Tax.

**General Fund Revenues - Fiscal Year 2012:**

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

**FY 2012**

| <b>Revenue Category</b> | <b>Mar-11</b> | <b>Apr-11</b> | <b>Change</b> |
|-------------------------|---------------|---------------|---------------|
| Abandoned Property      | 425.0         | 475.0         | 50.0          |
| Corporation Income Tax  | 160.9         | 180.9         | 20.0          |
| Personal Income Tax     | 1,216.6       | 1,231.6       | 15.0          |
| Insurance Taxes         | 58.4          | 69.0          | 10.6          |
| Bank Franchise Tax      | 109.3         | 114.2         | 4.9           |
| PIT Refunds             | (186.3)       | (182.8)       | 3.5           |
| Lottery                 | 263.1         | 265.8         | 2.7           |
| Public Utility Tax      | 62.0          | 59.5          | (2.5)         |
| Gross Receipts Tax      | 214.5         | 216.7         | 2.2           |
| Dividends and Interest  | 12.1          | 11.1          | (1.0)         |
| Other Revenues          | 116.4         | 116.6         | 0.2           |

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

**Discussion of FY2012 Estimates:**

**Personal Income Tax:** Mr. Lewis stated that since there had been little change in the economic outlook, previous growth rates were maintained.

**Corporate Income Tax:** Mr. Lewis said that due to the payment timing from the two large audits, \$20 million was carried into FY2012.

**Abandoned Property:** Mr. Lewis noted that the increase of \$50.0 million reflects the new baseline estimate of \$500.0 million. The FY2012 estimate assumes that \$24.0 will be transferred to the Transportation Trust Fund. Mr. Lewis added that a range of plus or minus \$75.0 million could be placed around this estimate.

In response to a question from Mr. Swayze, Mr. Gregor stated that annual filings had increased from \$200.0 million to \$280.0 million in the most recent year. Audit activity looks strong going forward and equity sweeps are expected to remain stable. These three elements are the basis of the \$500.0 million baseline estimate. Mr. Gregor noted that, because compliance in this category is very low, a relatively small increase in the businesses voluntarily filing annual returns translates into a large percentage increase in such filings.

Mr. Ratledge noted that compliance rate rises a big question about how big of an opportunity is wished to be pursued with this category.

Ms. Cook noted that in the Governor's proposed FY2012 budget there is a continuation of a cap on this category, but since it has yet to be enacted it this is not reflected in the current estimate.

Ms. Vasalli stated that currently only the \$24 million transfer to the Transportation Trust Fund is reflected in the estimate. She indicated that retaining the cap on this revenue source is in the Governor's plans for the very reasons mentioned at this meeting.

Mr. Lewis reported that all other changes reflected the carrying forward of changes made in FY2011.

#### **FY 2012 Estimate Adopted:**

A motion was made, seconded and approved to accept the Revenue Subcommittee's recommendation of \$3,627.6 million as the revenue estimate for FY2012.

The estimate represents an increase of \$105.6 million from the March estimate.

Mr. Lewis stated that most of the increase was attributed to Corporate Income Tax, Abandoned Property and Personal Income Tax.

Mr. Lewis stated that the FY2013 estimate is \$3,747.5 million and represents growth of 3.3%.

**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.

The following changes were made from the March estimate.

**State Capital Expenditure:** Decreased from \$191.4 million to \$160.4

million. Mr. Motyl explained that project delays accounted for the decrease.

In response to a question from Ms. Burnham Davis, Mr. Motyl said the factors for the delays were both related to weather and Real Estate acquisition.

**Federal Capital Expenditure:** Decreased from \$265.3 million to \$217.3 million. Mr. Motyl noted that this reduction reflects the federal match on the state delays.

A motion was made, seconded, and approved to accept \$745.6 million as the FY2011 TTF expenditure estimate. The estimate represents a decrease of \$79.0 million from the March estimate. (See Table 4.)

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

**FY2011 Estimates:**

The following changes were made from the March estimate.

**Concessions:** Decreased from \$2.3 million to \$1.7 million. Mr. Motyl noted that this reflects poor retail and restaurant sales at the I-95 Plaza.

**Other DMV Revenues:** Increased from \$23.5 million to \$24.4 million.

A motion was made, seconded, and approved to accept \$428.9 million as the FY2011 revenue estimate. This represents an increase of \$0.3 million from the March estimate.

**FY2012 Estimates:**

The following changes were made from the March estimate.

**Concessions:** Decreased from \$2.5 million to \$2.1 million.

**Other DMV Revenues:** Increased from \$24.2 million to \$25.1 million.

A motion was made, seconded, and approved to accept \$439.8 million as the

FY2012 revenue estimate. This represents an increase of \$0.5 million from the March estimate. (See Table 5)

**Other Business:**

Mr. Martin announced the next scheduled DEFAC meeting dates:

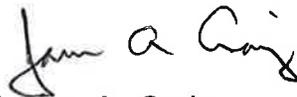
- May 16, 2011
- June 16, 2011 (Thursday)

Mr. Martin announced that going forward, the Subcommittees would meet on the same day as the general meeting.

On Monday May 16<sup>th</sup> at Buena Vista the Expenditure Subcommittee will meet at 12:00 p.m. The Revenue Subcommittee will meet at 1:00 p.m. and the General meeting will be at 3:00 p.m.

There being no further business, Mr. Martin adjourned the meeting at 3:50 p.m.

Respectfully submitted,



James A. Craig

Table 1a.

DEFAC Expenditures Forecast for General Fund Disbursements FY2011 (\$ in millions)

Apr. 2011 (as of 3/31/11)

|  | FY2004  | FY2005  | FY2006  | FY2007  | FY2008  | FY2009  | FY2010  | FY2011        |
|--|---------|---------|---------|---------|---------|---------|---------|---------------|
|  | Actual  | 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       |
| Cash to Bond Bill                          | 142.0   | 235.0   | 281.6   | 243.3   | 77.9    | 83.4    | 0.0     | 91.0          |
| Grant-in-Aid                               | 38.4    | 40.0    | 42.4    | 50.0    | 47.7    | 45.2    | 35.4    | 35.2          |
| Continuing & Encumbered (from prior years) | 173.3   | 240.1   | 327.8   | 342.5   | 335.8   | 234.8   | 183.7   | 184.9         |
| Supplementals                              | 24.9    | 50.0    | 48.0    | 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 3,616.3**

LESS:

|                                | Sep   | Dec   | Mar   | Apr   | May | June |
|--------------------------------|-------|-------|-------|-------|-----|------|
| Reversions to the General Fund | 10.0  | 40.0  | 40.0  | 40.0  |     |      |
| Encumbered to next fiscal year | 36.0  | 36.0  | 36.0  | 36.0  |     |      |
| Continuing to next fiscal year |       |       |       |       |     |      |
| Operating Budget               |       |       |       |       |     |      |
| Bond Bill                      |       |       |       |       |     |      |
| Total Continuing               | 254.0 | 240.6 | 169.0 | 168.4 | 0.0 | 0.0  |
| Subtotal                       | 300.0 | 316.6 | 245.0 | 244.4 | 0.0 | 0.0  |

**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 3,371.9**

**% increase/(decrease) 10.51% 12.69% 6.58% 0.94% -3.69% -6.65% 9.60%**

**Comments:**

|                                       | FY2004 | FY2005 | FY2006 | FY2007 | FY2008 | FY2009 | FY2010 | 7-Yr Avg |
|---------------------------------------|--------|--------|--------|--------|--------|--------|--------|----------|
| Expenditures / Spending Authority     | 90.4%  | 89.2%  | 90.0%  | 90.7%  | 91.3%  | 88.4%  | 92.9%  | 90.4%    |
| Reversions / Spending Authority       | 1.1%   | 0.5%   | 0.4%   | 0.3%   | 2.4%   | 6.6%   | 1.5%   | 1.8%     |
| Encumbered / Spending Authority       | 1.0%   | 1.0%   | 0.9%   | 1.0%   | 0.9%   | 1.0%   | 1.1%   | 1.0%     |
| Total Continuing / Spending Authority | 7.5%   | 9.3%   | 8.8%   | 8.0%   | 5.4%   | 4.0%   | 4.4%   | 6.8%     |

Table 1b.

**DEFAC Expenditures Forecast for General Fund Disbursements FY2011 (\$ in millions)**  
**Apr. 2011 (as of 3/31/11)**

|                                   | FY2005  |         | FY2006  |         | FY2007  |         | FY2008  |         | FY2009  |         | FY2010  |         | Sep      |         | Dec      |         | Mar      |         | Apr      |         | Difference<br>10 vs. '11 | FY2011 YTD<br>(actual 3/31/11) | % spent<br>FY2011 YTD | % of<br>FY2011 total | % of<br>FY2010 total |
|-----------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|----------|---------|----------|---------|----------|---------|----------|---------|--------------------------|--------------------------------|-----------------------|----------------------|----------------------|
|                                   | Actual  |         | Actual  |         | Actual  |         | Actual  |         | Actual  |         | Actual  |         | Forecast |         | Forecast |         | Forecast |         | Forecast |         |                          |                                |                       |                      |                      |
| <b>Salaries</b>                   | 1,023.1 | 1,108.3 | 1,167.3 | 1,222.9 | 1,225.5 | 1,154.7 | 1,220.9 | 1,193.3 | 1,240.0 | 1,240.0 | 1,240.0 | 1,240.0 | 1,240.0  | 1,240.0 | 1,240.0  | 1,240.0 | 1,240.0  | 1,240.0 | 1,240.0  | 1,240.0 | 86.3                     | 948.7                          | 76.5%                 | 36.8%                | 37.5%                |
| <b>Fringe Benefits</b>            | 263.2   | 298.4   | 323.5   | 332.7   | 332.9   | 330.9   | 347.3   | 373.7   | 371.6   | 371.6   | 371.6   | 371.6   | 371.6    | 371.6   | 371.6    | 371.6   | 371.6    | 371.6   | 371.6    | 371.6   | 40.7                     | 279.3                          | 75.2%                 | 11.0%                | 10.8%                |
| <b>Pension</b>                    | 147.1   | 180.7   | 201.5   | 218.6   | 211.1   | 196.7   | 220.1   | 223.4   | 225.7   | 225.7   | 225.7   | 225.7   | 225.7    | 225.7   | 225.7    | 225.7   | 225.7    | 225.7   | 225.7    | 225.7   | 29.0                     | 174.1                          | 77.2%                 | 6.7%                 | 6.4%                 |
| <b>Debt Service</b>               | 153.5   | 132.5   | 131.2   | 151.1   | 156.4   | 174.3   | 174.6   | 172.0   | 172.0   | 172.0   | 172.0   | 172.0   | 172.0    | 172.0   | 172.0    | 172.0   | 172.0    | 172.0   | 172.0    | 172.0   | (2.3)                    | 144.8                          | 84.2%                 | 5.1%                 | 5.7%                 |
| <b>Grants</b>                     | 294.1   | 403.1   | 365.1   | 259.1   | 265.8   | 276.6   | 424.0   | 340.5   | 326.0   | 322.2   | 322.2   | 322.2   | 322.2    | 322.2   | 322.2    | 322.2   | 322.2    | 322.2   | 322.2    | 322.2   | 45.6                     | 261.1                          | 81.0%                 | 9.6%                 | 9.0%                 |
| <b>Medicaid</b>                   | 339.1   | 381.4   | 441.6   | 494.2   | 419.4   | 428.6   | 487.0   | 539.6   | 538.4   | 539.3   | 539.3   | 539.3   | 539.3    | 539.3   | 539.3    | 539.3   | 539.3    | 539.3   | 539.3    | 539.3   | 110.7                    | 388.1                          | 72.0%                 | 16.0%                | 13.9%                |
| <b>Public Assistance Programs</b> | 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     | 0.0      | 0.0     | 0.0      | 0.0     | 0.0      | 0.0     | 0.0                      | 0.0                            | 0.0                   | 0.0%                 | 0.0%                 |
| <b>Professional Services</b>      | 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     | 0.0      | 0.0     | 0.0      | 0.0     | 0.0      | 0.0     | 0.0                      | 0.0                            | 0.0                   | 0.0%                 | 0.0%                 |
| <b>Contractual Services</b>       | 228.9   | 252.2   | 289.5   | 296.7   | 286.8   | 435.7   | 360.1   | 379.4   | 409.6   | 417.7   | 417.7   | 417.7   | 417.7    | 417.7   | 417.7    | 417.7   | 417.7    | 417.7   | 417.7    | 417.7   | (18.0)                   | 320.6                          | 76.8%                 | 12.4%                | 14.2%                |
| <b>Supplies &amp; Materials</b>   | 66.5    | 73.6    | 72.1    | 72.1    | 66.6    | 58.9    | 54.5    | 50.9    | 57.9    | 57.5    | 57.5    | 57.5    | 57.5     | 57.5    | 57.5     | 57.5    | 57.5     | 57.5    | 57.5     | 57.5    | (1.4)                    | 44.2                           | 76.9%                 | 1.7%                 | 1.9%                 |
| <b>Capital Outlay</b>             | 61.9    | 77.6    | 87.2    | 66.5    | 41.5    | 20.1    | 28.0    | 26.9    | 27.2    | 26.1    | 26.1    | 26.1    | 26.1     | 26.1    | 26.1     | 26.1    | 26.1     | 26.1    | 26.1     | 26.1    | 6.0                      | 20.6                           | 79.1%                 | 0.8%                 | 0.7%                 |
| <b>FY Budgetary Expenditures</b>  | 2,822.3 | 3,180.5 | 3,389.9 | 3,421.7 | 3,295.5 | 3,076.5 | 3,316.3 | 3,299.7 | 3,371.3 | 3,371.9 | 3,371.9 | 3,371.9 | 3,371.9  | 3,371.9 | 3,371.9  | 3,371.9 | 3,371.9  | 3,371.9 | 3,371.9  | 3,371.9 | 295.4                    | 2,581.5                        | 76.6%                 | 100.0%               | 100.0%               |

Comments:

## DEFAC General Fund Revenue Worksheet

| Revenue Category               | FY 2010                    |  | FY 2011              |                    |                      |                    |                              | FY 2012              |                    |                      |                    |                              |
|--------------------------------|----------------------------|--|----------------------|--------------------|----------------------|--------------------|------------------------------|----------------------|--------------------|----------------------|--------------------|------------------------------|
|                                | A<br>Actual<br>Collections |  | B<br>DEFAC<br>Mar-11 | C<br>%<br>B over A | D<br>DEFAC<br>Apr-11 | E<br>%<br>D over A | F<br>\$ Increase<br>D over B | G<br>DEFAC<br>Mar-11 | H<br>%<br>G over B | I<br>DEFAC<br>Apr-11 | J<br>%<br>I over D | K<br>\$ Increase<br>I over G |
| <b>Personal Income Tax</b>     | 1,061.5                    |  | 1,139.8              | 7.4%               | 1,154.0              | 8.7%               | 14.2                         | 1,216.6              | 6.7%               | 1,231.6              | 6.7%               | 15.0                         |
| <b>Less: Refunds</b>           | (208.4)                    |  | (185.0)              | -11.2%             | (181.5)              | -12.9%             | 3.5                          | (186.3)              | 0.7%               | (182.8)              | 0.7%               | 3.5                          |
| <b>PIT Less Refunds</b>        | 853.1                      |  | 954.8                | 11.9%              | 972.5                | 14.0%              | 17.7                         | 1,030.3              | 7.9%               | 1,048.8              | 7.8%               | 18.5                         |
| Franchise Tax                  | 633.1                      |  | 622.5                | -1.7%              | 622.5                | -1.7%              | 0.0                          | 634.9                | 2.0%               | 634.9                | 2.0%               | 0.0                          |
| Limited Partnerships & LLC's   | 145.0                      |  | 156.5                | 7.9%               | 156.5                | 7.9%               | 0.0                          | 162.8                | 4.0%               | 162.8                | 4.0%               | 0.0                          |
| Subtotal Franchise + LP/LLC    | 778.1                      |  | 779.0                | 0.1%               | 779.0                | 0.1%               | 0.0                          | 797.7                | 2.4%               | 797.7                | 2.4%               | 0.0                          |
| Less: Refunds                  | (13.0)                     |  | (12.0)               | -7.7%              | (12.0)               | -7.7%              | 0.0                          | (12.0)               | 0.0%               | (12.0)               | 0.0%               | 0.0                          |
| Net Franchise + LP/LLC         | 765.1                      |  | 767.0                | 0.3%               | 767.0                | 0.3%               | 0.0                          | 785.7                | 2.4%               | 785.7                | 2.4%               | 0.0                          |
| <b>Business Entity Fees</b>    | 74.9                       |  | 83.0                 | 10.9%              | 83.0                 | 10.9%              | 0.0                          | 87.2                 | 5.1%               | 87.2                 | 5.1%               | 0.0                          |
| <b>Uniform Commercial Code</b> | 14.1                       |  | 16.2                 | 14.6%              | 16.2                 | 14.6%              | 0.0                          | 16.7                 | 3.1%               | 16.7                 | 3.1%               | 0.0                          |
| Corporation Income Tax         | 125.6                      |  | 200.0                | 59.3%              | 230.0                | 83.2%              | 30.0                         | 160.9                | -19.6%             | 180.9                | -21.3%             | 20.0                         |
| Less: Refunds                  | (37.7)                     |  | (55.0)               | 45.9%              | (55.0)               | 45.9%              | 0.0                          | (36.8)               | -33.1%             | (36.8)               | -33.1%             | 0.0                          |
| CIT Less Refunds               | 87.9                       |  | 145.0                | 65.0%              | 175.0                | 99.2%              | 30.0                         | 124.1                | -14.4%             | 144.1                | -17.7%             | 20.0                         |
| <b>Bank Franchise Tax</b>      | 54.0                       |  | 115.4                | 113.7%             | 119.7                | 121.6%             | 4.3                          | 109.3                | -5.3%              | 114.2                | -4.6%              | 4.9                          |
| <b>Gross Receipts Tax</b>      | 194.6                      |  | 195.0                | 0.2%               | 197.0                | 1.2%               | 2.0                          | 214.5                | 10.0%              | 216.7                | 10.0%              | 2.2                          |
| <b>Lottery</b>                 | 275.5                      |  | 282.0                | 2.4%               | 285.0                | 3.4%               | 3.0                          | 263.1                | -6.7%              | 265.8                | -6.7%              | 2.7                          |
| Abandoned Property             | 493.2                      |  | 424.0                | -14.0%             | 424.0                | -14.0%             | 0.0                          | 425.0                | 0.2%               | 475.0                | 12.0%              | 50.0                         |
| Hospital Board and Treatment   | 74.7                       |  | 69.7                 | -6.6%              | 69.7                 | -6.6%              | 0.0                          | 68.8                 | -1.3%              | 68.8                 | -1.3%              | 0.0                          |
| Dividends and Interest         | 10.9                       |  | 11.0                 | 0.9%               | 8.5                  | -22.0%             | (2.5)                        | 12.1                 | 10.0%              | 11.1                 | 30.6%              | (1.0)                        |
| <b>Realty Transfer Tax</b>     | 46.9                       |  | 45.0                 | -4.0%              | 45.0                 | -4.0%              | 0.0                          | 32.2                 | -28.4%             | 32.2                 | -28.4%             | 0.0                          |
| <b>Estate Tax</b>              | 0.3                        |  | 15.0                 | 5002.0%            | 15.0                 | 5002.0%            | 0.0                          | 20.0                 | 33.3%              | 20.0                 | 33.3%              | 0.0                          |
| <b>Insurance Taxes</b>         | 51.8                       |  | 55.5                 | 7.1%               | 65.6                 | 26.6%              | 10.1                         | 58.4                 | 5.2%               | 69.0                 | 5.2%               | 10.6                         |
| Public Utility Tax             | 56.7                       |  | 59.0                 | 4.1%               | 57.5                 | 1.4%               | (1.5)                        | 62.0                 | 5.1%               | 59.5                 | 3.5%               | (2.5)                        |
| Cigarette Taxes                | 132.3                      |  | 129.5                | -2.1%              | 129.5                | -2.1%              | 0.0                          | 128.2                | -1.0%              | 128.2                | -1.0%              | 0.0                          |
| Other Revenues                 | 86.5                       |  | 129.4                | 49.6%              | 129.2                | 49.4%              | (0.2)                        | 116.4                | -10.0%             | 116.6                | -9.8%              | 0.2                          |
| <b>Less: Other Refunds</b>     | (37.3)                     |  | (58.2)               | 56.2%              | (58.2)               | 56.2%              | 0.0                          | (32.0)               | -45.0%             | (32.0)               | -45.0%             | 0.0                          |
| <b>Net Receipts</b>            | 3,235.1                    |  | 3,438.3              | 6.3%               | 3,501.2              | 8.2%               | 62.9                         | 3,522.0              | 2.4%               | 3,627.6              | 3.6%               | 105.6                        |

FY 2012 Debt Limit: \$181.4

Table 2.

## DEFAC General Fund Revenue Worksheet

| Revenue Category               | FY 2013              |                    |                      |                    |       | P<br>\$ Increase<br>N over L |
|--------------------------------|----------------------|--------------------|----------------------|--------------------|-------|------------------------------|
|                                | L<br>DEFAC<br>Mar-11 | M<br>%<br>L over G | N<br>DEFAC<br>Apr-11 | O<br>%<br>N over I |       |                              |
| <b>Personal Income Tax</b>     | 1,282.5              | 5.4%               | 1,298.4              | 5.4%               | 15.9  |                              |
| <b>Less: Refunds</b>           | (195.7)              | 5.0%               | (192.0)              | 5.0%               | 3.7   |                              |
| <b>PIT Less Refunds</b>        | 1,086.8              | 5.5%               | 1,106.4              | 5.5%               | 19.6  |                              |
| Franchise Tax                  | 647.6                | 2.0%               | 647.6                | 2.0%               | 0.0   |                              |
| Limited Partnerships & LLC's   | 169.3                | 4.0%               | 169.3                | 4.0%               | 0.0   |                              |
| Subtotal Franchise + LP/LLC    | 816.9                | 2.4%               | 816.9                | 2.4%               | 0.0   |                              |
| Less: Refunds                  | (12.0)               | 0.0%               | (12.0)               | 0.0%               | 0.0   |                              |
| Net Franchise + LP/LLC         | 804.9                | 2.4%               | 804.9                | 2.4%               | 0.0   |                              |
| <b>Business Entity Fees</b>    | 91.5                 | 4.9%               | 91.5                 | 4.9%               | 0.0   |                              |
| <b>Uniform Commercial Code</b> | 17.2                 | 3.0%               | 17.2                 | 3.0%               | 0.0   |                              |
| Corporation Income Tax         | 167.8                | 4.3%               | 188.7                | 4.3%               | 20.9  |                              |
| Less: Refunds                  | (38.6)               | 4.9%               | (38.6)               | 4.9%               | 0.0   |                              |
| CIT Less Refunds               | 129.2                | 4.1%               | 150.1                | 4.2%               | 20.9  |                              |
| <b>Bank Franchise Tax</b>      | 114.7                | 4.9%               | 120.0                | 5.1%               | 5.3   |                              |
| <b>Gross Receipts Tax</b>      | 225.2                | 5.0%               | 227.5                | 5.0%               | 2.3   |                              |
| <b>Lottery</b>                 | 264.2                | 0.4%               | 267.0                | 0.5%               | 2.8   |                              |
| Abandoned Property             | 425.0                | 0.0%               | 475.0                | 0.0%               | 50.0  |                              |
| Hospital Board and Treatment   | 69.8                 | 1.5%               | 69.8                 | 1.5%               | 0.0   |                              |
| Dividends and Interest         | 13.5                 | 11.6%              | 12.0                 | 8.1%               | (1.5) |                              |
| <b>Realty Transfer Tax</b>     | 33.8                 | 5.0%               | 33.8                 | 5.0%               | 0.0   |                              |
| <b>Estate Tax</b>              | 21.2                 | 6.0%               | 21.2                 | 6.0%               | 0.0   |                              |
| <b>Insurance Taxes</b>         | 61.3                 | 5.0%               | 72.4                 | 4.9%               | 11.1  |                              |
| Public Utility Tax             | 65.0                 | 4.8%               | 61.6                 | 3.5%               | (3.4) |                              |
| Cigarette Taxes                | 126.9                | -1.0%              | 126.9                | -1.0%              | 0.0   |                              |
| Other Revenues                 | 122.8                | 5.5%               | 123.0                | 5.5%               | 0.2   |                              |
| <b>Less: Other Refunds</b>     | (32.8)               | 2.5%               | (32.8)               | 2.5%               | 0.0   |                              |
| <b>Net Receipts</b>            | 3,640.2              | 3.4%               | 3,747.5              | 3.3%               | 107.3 |                              |

Table 3.

# Balance and Appropriations Worksheet

| FY 2011 EXPENDITURES  |                 | FY 2011 BALANCES  |                  | FY 2012 APPROPRIATION LIMITS            |                  |
|---|-----------------|---|------------------|---|------------------|
| Total Spending Authority                                    | \$3,616.3       | Total Expenditures  | \$3,371.9        | FY 2012 Revenue Estimate                | \$3,627.6        |
| Less: Continuing Appropriations & Encumbrances from FY 2011 | (\$204.4)       | vs. FY 2011 Revenues  | 3,501.2          | Unencumbered Cash Balance from FY 11    | <u>\$275.6</u>   |
| Less: Reversions  | <u>(\$40.0)</u> | Operating Balance   | 129.3            | 100% Appropriation Limit                | \$3,903.2        |
| Total Expenditures  | \$3,371.9       | Prior Year Cash Balance                                     | <u>\$537.1</u>   | 98% Appropriation Limit                 | <u>\$3,825.1</u> |
|   |                 | Cumulative Cash Balance                                     | 666.4            | Prior 98% Appropriation Limit           | \$3,660.0        |
|   |                 | Less: Continuing Appropriations & Encumbrances from FY 2011 | (204.4)          | Increase (Decrease) from Prior Meeting  | \$165.1          |
|   |                 | Less: Budgetary Reserve Account                             | <u>(\$186.4)</u> | Sept. 2010 98% Appropriation Limit      | \$3,464.7        |
|   |                 | Unencumbered Cash Balance 6/30                              | <u>\$275.6</u>   | Increase (Decrease) from September 2010 | \$360.4          |

Table 4.

| Delaware Department of Transportation<br>FY 2011 Expenditures , March 31, 2011 |                  |                  |                         |                                 |                                |                             |                             |               |   |                        | 75%            |
|--|------------------|------------------|-------------------------|---------------------------------|--------------------------------|-----------------------------|-----------------------------|---------------|---|------------------------|----------------|
|  | FY2009<br>Actual | FY2010<br>Actual | FY2011<br>Appropriation | SEPTEMBER<br>FY2011<br>Forecast | DECEMBER<br>FY2011<br>Forecast | MARCH<br>FY2011<br>Forecast | APRIL<br>FY2011<br>Forecast | \$ difference | \$ difference<br>Forecast V.<br>FY2010 Actual | FY2011<br>YTD<br>Spend | % spent<br>YTD |
| <b>Operations</b>  |                  |                  |                         |                                 |                                |                             |                             |               |   |                        |                |
| Debt Service   | 122.3            | 121.5            | 129.5                   | 129.5                           | 123.1                          | 123.1                       | 123.1                       | 0.0           | 1.6   | 92.3                   | 75.0%          |
| Personnel Costs  | 87.2             | 83.4             | 86.3                    | 86.3                            | 86.3                           | 86.3                        | 86.3                        | 0.0           | 2.9   | 64.9                   | 75.2%          |
| Operations/Capital Outlay  | 50.6             | 59.6             | 55.5                    | 55.5                            | 55.5                           | 55.5                        | 55.5                        | 0.0           | (4.1)   | 39.0                   | 70.3%          |
| Transit Operations (DTC)   | 87.7             | 90.0             | 90.4                    | 90.4                            | 90.4                           | 90.4                        | 90.4                        | 0.0           | 0.4   | 67.9                   | 75.1%          |
| <b>Total Expenditures - Operations</b>   | 347.8            | 354.5            | 361.7                   | 361.7                           | 355.3                          | 355.3                       | 355.3                       | 0.0           | 0.8   | 264.1                  | 74.3%          |
| <b>Capital (State)</b>   |                  |                  | CTP                     |                                 |                                |                             |                             |               |   |                        |                |
| Road System  | 127.5            | 124.0            | 142.4                   | 142.4                           | 130.1                          | 126.1                       | 110.1                       | (16.0)        | (13.9)  | 62.7                   | 56.9%          |
| Grants & Allocations   | 23.0             | 13.5             | 40.7                    | 40.7                            | 40.7                           | 29.9                        | 19.9                        | (10.0)        | 6.4   | 11.6                   | 58.3%          |
| Support Systems  | 58.3             | 24.0             | 25.5                    | 25.5                            | 25.5                           | 25.5                        | 20.5                        | (5.0)         | (3.5)   | 10.4                   | 50.7%          |
| Transit  | 14.7             | 8.8              | 10.3                    | 10.3                            | 9.9                            | 9.9                         | 9.9                         | 0.0           | 1.1   | 3.2                    | 32.3%          |
| <b>Total Expenditures- State Capital</b>                                       | 223.5            | 170.3            | 218.9                   | 218.9                           | 206.2                          | 191.4                       | 160.4                       | (31.0)        | (9.9)   | 87.9                   | 54.8%          |
| <b>Capital (Federal)</b>   |                  |                  | CTP                     |                                 |                                |                             |                             |               |   |                        |                |
| Federal Capital  | 201.5            | 239.1            | 329.3                   | 329.3                           | 283.6                          | 265.3                       | 217.3                       | (48.0)        | (21.8)  | 142.9                  | 65.8%          |
| <b>Capital (GARVEE)</b>  |                  |                  | CTP                     |                                 |                                |                             |                             |               |   |                        |                |
| GARVEE - US301   | 0.0              | 0.0              | 71.9                    | 71.9                            | 43.0                           | 12.6                        | 12.6                        | 0.0           | 12.6  | 9.9                    | 78.6%          |
| <b>Total Expenditures - Capital</b>  | 425.0            | 409.4            | 620.1                   | 620.1                           | 532.8                          | 469.3                       | 390.3                       | (79.0)        | (19.1)  | 240.7                  | 61.7%          |
| <b>TOTAL EXPENDITURES</b>  | 772.8            | 763.9            | 981.8                   | 981.8                           | 888.1                          | 824.6                       | 745.6                       | (79.0)        | (18.3)  | 504.8                  | 67.7%          |

Table 5.

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

|  | FY 09       | FY 10       | % Chg.        | Fiscal 2011   |               |               | Fiscal 2012   |               |              |  |  |  |
|--|-------------|-------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|--|--|--|
|  |             |             |               | 3/21/2010     | 4/18/2010     | % Chg.        | 3/21/2010     | 4/18/2010     | % Chg.       |  |  |  |
|  |             |             |               | Approved      | Recomm        | FY 10         | Approved      | Recomm        | FY 11        |  |  |  |
| <b><u>TOLL ROAD REVENUES:</u></b>        |             |             |               |               |               |               |               |               |              |  |  |  |
| I95 Newark Plaza                         | \$118.8     | \$117.2     | -1.3%         | \$113.0       | \$113.0       | -3.6%         | \$114.0       | \$114.0       | 0.9%         |  |  |  |
| Route 1 Toll Road                        | 44.5        | 45.5        | 2.2%          | \$45.7        | \$45.7        | 0.0%          | \$46.0        | \$46.0        | 0.7%         |  |  |  |
| Concessions                              | <u>2.4</u>  | <u>2.2</u>  | <u>-8.3%</u>  | <u>\$2.3</u>  | <u>\$1.7</u>  | <u>-22.2%</u> | <u>\$2.5</u>  | <u>\$2.1</u>  | <u>23.5%</u> |  |  |  |
| <b>Total Toll Road Revenues</b>          | 165.7       | 164.9       | -0.5%         | \$161.0       | \$160.4       | -2.7%         | \$162.5       | \$162.1       | 1.1%         |  |  |  |
| <b>MOTOR FUEL TAX ADMIN.</b>             | 119.5       | 115.7       | -3.2%         | \$117.9       | \$117.9       | 1.9%          | \$120.3       | \$120.3       | 2.0%         |  |  |  |
| <b><u>DIVISION OF MOTOR VEHICLES</u></b> |             |             |               |               |               |               |               |               |              |  |  |  |
| Motor Vehicle Document Fees              | 56.2        | 58.4        | 3.9%          | \$65.8        | \$65.8        | 12.8%         | \$67.8        | \$67.8        | 3.0%         |  |  |  |
| Motor Vehicle Registration Fees          | 43.3        | 44.5        | 2.8%          | \$47.0        | \$47.0        | 5.6%          | \$48.4        | \$48.4        | 3.0%         |  |  |  |
| Other DMV Revenues                       | <u>22.5</u> | <u>22.8</u> | <u>1.3%</u>   | <u>\$23.5</u> | <u>\$24.4</u> | <u>6.9%</u>   | <u>\$24.2</u> | <u>\$25.1</u> | <u>3.0%</u>  |  |  |  |
| <b>Total DMV Revenues</b>                | 122.0       | 125.7       | 3.0%          | \$136.3       | \$137.2       | 9.1%          | \$140.4       | \$141.3       | 3.0%         |  |  |  |
| <b><u>OTHER TRANSPORTATION REV.</u></b>  |             |             |               |               |               |               |               |               |              |  |  |  |
| Other Transportation Rev                 | 8.3         | 11.0        | 32.5%         | \$10.0        | \$10.0        | -9.4%         | \$12.1        | \$12.1        | 21.0%        |  |  |  |
| Investment Income(Net)                   | <u>4.7</u>  | <u>2.3</u>  | <u>-51.1%</u> | <u>\$3.4</u>  | <u>\$3.4</u>  | <u>47.7%</u>  | <u>\$4.0</u>  | <u>\$4.0</u>  | <u>17.6%</u> |  |  |  |
| <b>Total Other Transp. Revenue</b>       | 13.0        | 13.3        | 2.3%          | \$13.4        | \$13.4        | 0.8%          | \$16.1        | \$16.1        | 20.1%        |  |  |  |
| <b>GRAND TOTAL</b>                       | \$420.2     | \$419.6     | -0.1%         | \$428.6       | \$428.9       | 2.2%          | \$439.3       | \$439.8       | 2.5%         |  |  |  |

\$0.3

\$0.5