Delaware was well positioned to meet economic and revenue challenges from the pandemic.

Since 2019 Delaware has prudently kept surplus revenue out of the base budget and instead programming to one-time cash in the bond bill.

The Governor, following the recommendations of a DEFAC study group in 2018 has committed by Executive Order to maintaining budget growth within a benchmark calculation based on personal income, population, and the Consumer Price Index.

In addition, beginning in 2019 the Governor proposed, and the General Assembly adopted a Budget Stabilization Fund. This fund was established in order to “smooth” variations in volatile revenue collections and provide some measure of budget stability.

The fund has been used over the past three fiscal years as intended. Over a two fiscal year period (FY19 – FY20) surplus revenues in the amount of $126 million were deposited to this Fund. For FY21 and as a result of revenue downturns caused by the pandemic, half of the accumulated balance was used to support appropriations and avoid drastic budget reductions.

The strategy to adhere to the benchmark and direct surplus revenues to the Budget Stabilization Fund will be important to follow as DEFAC FY22 revenue estimates are forecast to be 3% less than FY21. Specifically, DEFAC estimates are expected to grow 8.3% in FY 21 ($4.90 billion), but then decline 2.7% ($4.76 billion) in FY 22.

Sufficient resources are forecast to be able to fund the FY22 budget at the calculated benchmark level (3.5%). However, the Governor’s budget is expected to continue our current strategy by allocating surplus funds to one-time cash in the bond bill and to building back the level of the Budget Stabilization fund.