



FY 2025 Budget Presentation to the Joint Finance Committee

January 30, 2024

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DOF Senior Leadership Team

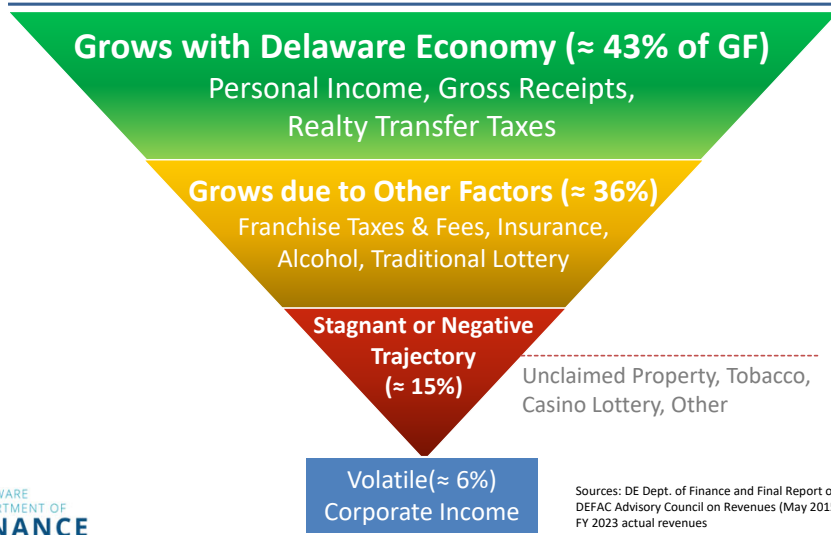


- **Rick Geisenberger**, Secretary of Finance
- **Rebecca Goldsmith**, Deputy Secretary of Finance
- **Kyle Pritchard**, Director, Division of Accounting
- **Kathy Revel**, Director, Division of Revenue
- **Helene Keeley**, Director, State Lottery Office
- **Brenda Mayrack**, Director, Office of Unclaimed Property
- **Mike Myron**, Director, Tech. & Business Innovation (DTI)
- **David Roose**, Director of Research & Analysis
- **Joel Heller**, Director of Bond Finance
- **Charles Clark**, Executive Director of GEAR
- **Melissa Marlin**, Deputy Principal Assistant

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DE Revenue Growth Prospects



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Extraordinary Revenue Growth: Pandemic Period Trends



Revenue Source	FY19 Actual	FY23 Actual	FY19-FY23 Trend (Annualized)	Prior 20-Year Trend*
Corporate Income Tax	\$147.8	\$383.9	27.0%	1.9%
Realty Transfer Tax	154.3	246.7	12.4%	2.6%
Dividends and Interest	24.9	37.3	10.8%	-7.2%
Franchise & Related	1,364.4	2,043.4	10.6%	3.3%
Personal Income Tax	1,527.5	2,112.9	8.5%	4.8%
Gross Receipts Tax	259.3	353.2	8.0%	4.8%
Lottery	215.8	239.6	2.6%	3.9%
Bank Franchise Tax	100.8	105.8	1.2%	1.1%
Other	357.4	356.6	-0.1%	2.3%
Unclaimed Property	439.7	415.7	-1.4%	9.7%
Total General Fund	\$4,591.9	\$6,295.1	8.2%	3.8%
Total GF (ex. UP/Lottery)	\$3,936.4	\$5,639.8	9.4%	3.4%

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* Adjusted for Revenue Policy

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Revenue Outlook Returning to Historic Trend: FY 2024 and FY 2025 Dec. DEFAC Estimates



Revenue Source	FY 2024	Growth	FY 2025	Growth
Personal Income Tax	\$2,113.4	0.0%	\$2,214.9	4.8%
Franchise Tax & Related	1,966.2	-3.8%	1,976.2	0.5%
Unclaimed Property	394.0	-5.2%	365.0	-7.4%
Gross Receipts Tax	358.7	1.6%	368.0	2.6%
Lottery	243.0	1.4%	247.8	2.0%
Corporate Income Tax	320.0	-16.6%	287.0	-10.3%
Realty Transfer Tax	205.0	-16.9%	223.2	8.9%
Other	577.0	15.5%	610.2	5.8%
Total General Fund	\$6,177.3	-1.9%	\$6,292.3	1.9%

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Responsibly Managing Our State Budget Remains a Priority



BENCHMARK SPENDING

Measuring operating budget growth against a sustainable benchmark (EO#21)

BUDGET STABILIZATION FUND

Using extraordinary revenues to build reserves available to cover future revenue shortfalls

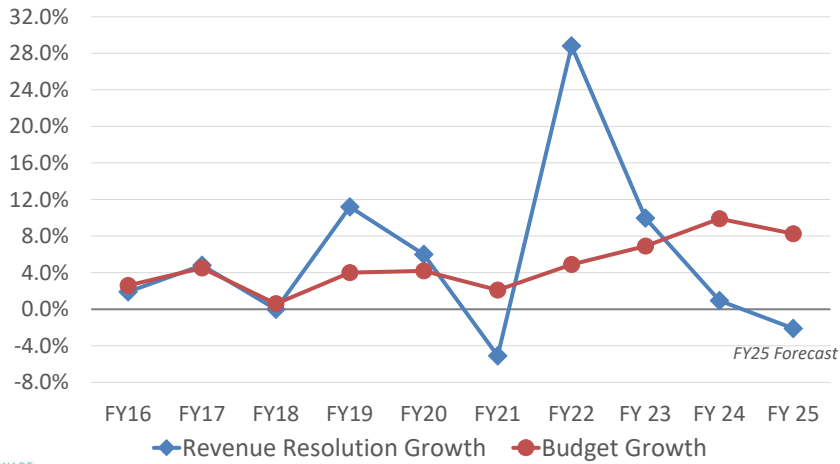
RESPONSIBLE BUDGETING

Directing one-time revenues to one-time investments that support long-term economic growth

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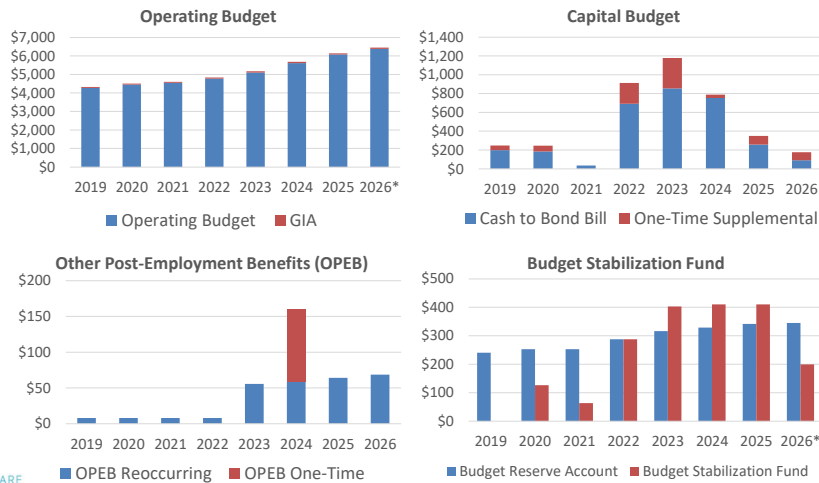
Following Benchmark Creates Sustainable Budget Growth with Volatile Revenue



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Impact of Benchmark Operating / Capital / Reserves (\$ in millions)



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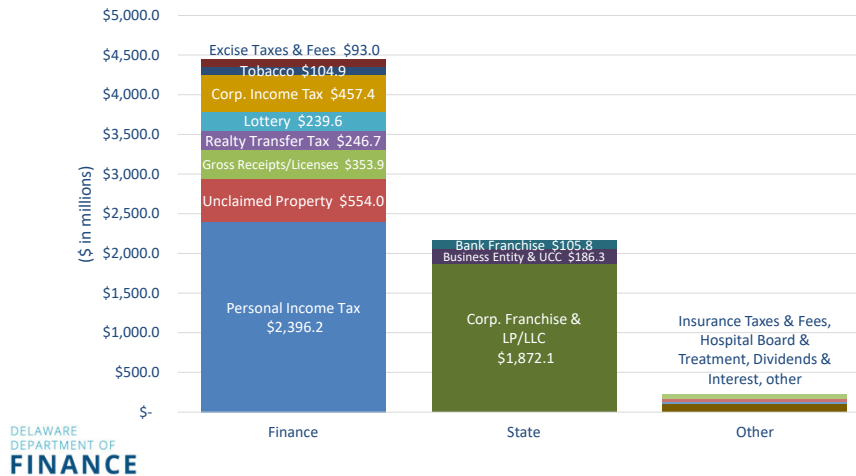
*assumes 5.0% operating budget growth

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DOF Mission: Promote Delaware's fiscal health fairly and efficiently by forecasting, generating, collecting and accounting for funds that are essential for state government services.



DOF collects 65% of the State's Gross General Fund Revenues



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Accomplishments & Priorities



- **Revenue** – Modernizing DE’s revenue collections systems
- **Unclaimed Property** – Providing fair, efficient and predictable holder compliance and owner claims services
- **Lottery** – Driving sales growth to support the General Fund in partnership with the State’s casino, equine and retail industries
- **Accounting** – Streamlining financial processes and control systems to reduce overhead and improve transparency
- **Secretary’s Office** – Improving the State’s financial position
 - Budget stabilization
 - Addressing OPEB liability
 - GEAR (Government Efficiency & Accountability Review)

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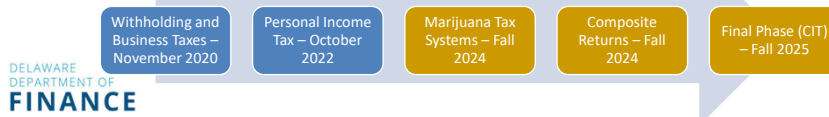
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Division of Revenue

Modernizing revenue collections systems



- Implementing legislative changes – relief rebates; new and expanded credits/deductions; Estate Tax repeal; Retail Marijuana Tax implementation
- Improving ease of tax administration and compliance
- Enhancing fraud detection – preventing over \$980 million in fraudulent refunds from 2017-2023
- Upgrading public service and employee work areas
- Modernizing tax systems



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Office of Unclaimed Property

Providing fair, efficient and predictable holder compliance and owner claims services



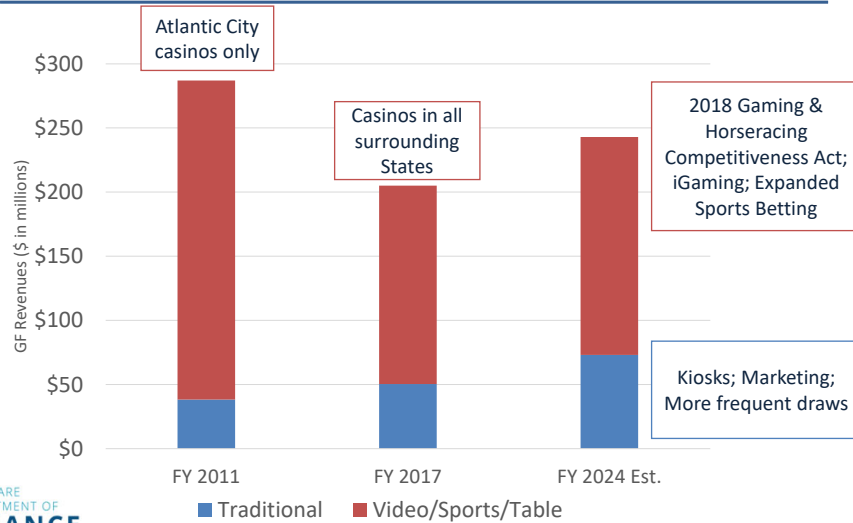
- MONEY MATCH successfully returned over \$5 million to 35,000 Delaware taxpayers
- Promoted and improved claims process, with significant increases in the number of claimants (+60%) and the amount returned (\$2 billion during Carney Administration), while implementing fraud prevention innovations (more than \$30 million)
- Expanded opportunities for holder compliance (expedited exam program, compliance review, etc.)
- Improved predictability of DE laws

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Lottery Office

Driving Industry Growth to Support GF



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Division of Accounting

Streamlining financial processes and control systems to reduce overhead and improve transparency



- Enhanced Open Checkbook data available online
- Modernized data entry software for agency end-of-year accounting
- Reduced fiscal year start-up time from 6 days to 3 days
- Created Accounting 101 and more online courses for state employees
- Launched ERP modernization project

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GEAR



- Tracking ~\$90 million in multi-year savings across 138 projects
- Rewarding employee best practices in continuous improvement with GEAR-P3 Innovation and Efficiency and GEAR-P3 Trailblazer Awards
- Training 100 Continuous Improvement Practitioners and GEAR Field Team members across 16 agencies
- Implementing enterprise-wide project management and business process analysis software tools
- Supporting the “Ready in 6” initiative to help agencies streamline permit approval processes and timelines

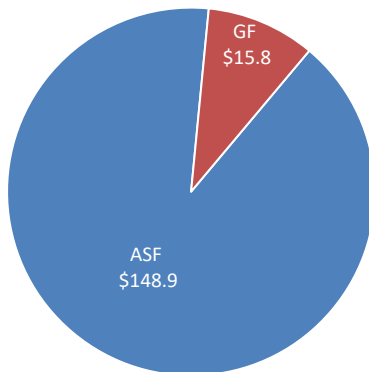
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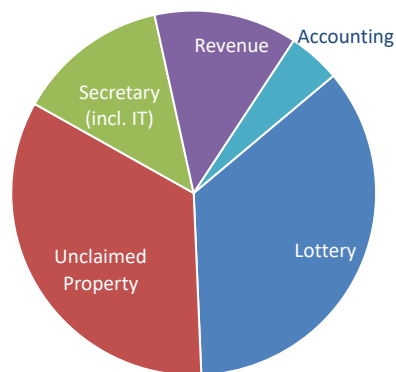
DOF Budget Structure FY 2025



By Fund (\$ in millions)



By Function (GF & SF)



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Governor's Recommended Budget Fiscal Year 2025



GF – Increase \$535.2 (3.5%)

- *\$52k - Software costs to support GEAR project management*
- *Delaware Manufactured Home Relocation Authority pass-through funding (HB 61; door opener)*
- *FY 2024 personnel contingency*

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Governor's Recommended Budget Fiscal Year 2025



ASF – Increase \$10,663.7 (7.7%)

- *Annualize 7.0 marijuana Tax Auditor positions (door opener)*
- *Video and iGaming vendor fee increase*
- *Unclaimed Property §1170 enforcement program expansion and VDA vendor fee increase*
- *Maintenance review estimates - salary increases for Tax Auditors and Fiscal Accountants*
- *DTI Secure End User Service cost recovery*
- *FY 2024 ASF pay policy*

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Thank you!
