

Governor Carney Signs Fiscal Year 2018 Budget Plan, Capping General Assembly Session

Session included measures to improve Delaware's economy, create jobs, reform the Department of Correction, and combat addiction crisis

Highlights of the 2017 legislative session include:

- **Restructuring Economic Development:** House Bill 226 restructures the way Delaware attracts good-paying jobs to Delaware and keeps them here, with a focus on entrepreneurship, innovation and small business development.



Lt. Governor Bethany Hall-Long, Senator Nicole Poore, Representative Stephanie T. Bolden, Senate President Pro Tempore David McBride, Representative Charles Potter, Speaker Pete Schwartzkopf, Senator Jack Walsh, Senator Greg Lavelle, Senator Anthony Delcollo, Representative Danny Short, Representative Steve Smyk, and Representative Ronald Gray (not pictured) applaud Governor Carney after the bill signing.

- **Modernizing the Coastal Zone Act:** House Bill 190 allows the responsible redevelopment of 14 legacy industrial sites along the Delaware coastline, bolstering Delaware's economy while paving the way for additional environmental clean-up of those sites.
- **Raising Correctional Officer Pay:** The Fiscal Year 2018 budget includes a pay increase for Correctional Officers across experience levels – including a 22 percent increase to starting officer pay that will help Delaware recruit and retain officers and eliminate a staffing shortage.
- **Combatting Delaware's Addiction Crisis:** Senate Bill 41, House Bill 91, and House Bill 100 will expand access to substance abuse treatment, and strengthen oversight of opioid prescriptions. Senate Bill 111 and House Bill 220 will form a Behavioral Health Consortium and an Addiction Action Committee to create an integrated plan around the prevention and treatment of substance abuse and mental health challenges.
- **Creating the Department of Human Resources:** House Bill 4 creates a new Department of Human Resources to help confront issues important to state employees. The new agency will promote diversity and inclusion across state government, and help solve a Correctional Officer staffing shortage.
- **Protecting Delawareans from Cybersecurity Threats:** House Bill 180 requires additional protections for Delawareans whose personal information may be compromised in a computer breach, including requiring additional notifications and free credit monitoring services.

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DOVER, Del. – Governor John Carney on Sunday night signed a \$4.1 billion budget for Fiscal Year 2018, a plan that balances a nearly \$400 million budget shortfall through a nearly equal mix of spending reductions and new revenue, while maintaining

funding for key public services.

Governor Carney signed the budget in his Legislative Hall office flanked by a bipartisan group of lawmakers. He also signed a \$590 million capital spending plan and a \$37.2 million grant-in-aid bill.

“Since January, I have talked to thousands of Delawareans who understand the need for a balanced, long-term budget plan for our state,” said **Governor Carney**. “The budget I signed tonight makes critical investments in education, healthcare, our environment, and in our correctional system. But going forward, we cannot be complacent. We must do more to put Delaware on a sustainable path forward. With this budget, we are committing to studying real spending reforms, and to improving the way we deliver state services. We also should continue discussing new, creative ways to fund those services through a long-term revenue plan. Thank you to the General Assembly for their work on this budget, and I look forward to continuing our work together.”

The budget funds a number of key priorities, including:

- **\$24.2 million** to fully fund new teachers in Delaware’s classrooms to match enrollment growth.
- **\$16 million** to fund pay increases for Correctional Officers.
- **\$7.8 million** to fully fund growth in the Medicaid program for low-income Delawareans, Delawareans with disabilities, and seniors in long-term care.
- **\$4.7 million** to maintain funding for early childhood education.
- **\$2.3 million** to authorize new Correctional Officer positions.
- **\$1 million** to add funding for substance abuse treatment programs.

Savings and other reductions include:

- **\$11 million** reduction to the Educational Sustainment Fund.
- **\$5 million** savings by eliminating 200 vacant positions across state agencies.
- **\$2 million** target savings in employee health costs.
- **\$1.6 million** reduction by modifying double state share for employee health insurance rates.

Revenue increases include:

- **\$116 million:** Corporate franchise tax increases
- **\$11.6 million:** Raise taxes on cigarettes 50 cents per pack, and increase taxes on other tobacco products.
- **\$5.2 million:** Raise taxes on beer, wine and spirits, including by one penny per beer.
- **\$44.7 million:** 1% increase in the realty transfer tax.
- **\$4.5 million:** Across-the-board increases to the filing fees associated with Department of Insurance filings.

When Governor Carney signed the budget, he capped a legislative session that included significant action to improve Delaware's economy, create jobs, reform the Department of Correction, and combat Delaware's addiction crisis.

"Together with lawmakers of both parties, we have acted to create good-paying jobs, and to make sure our economy works for all Delawareans. We have taken steps to reform our prison system and confront our addiction crisis head on," said **Governor Carney**. "We've also passed common sense reforms to protect Delawareans from cybersecurity threats, and to close a persistent gender pay gap. Votes taken this session will make a real difference for citizens up and down our great state. Thank you to members of the General Assembly for their hard work and partnership on these important issues."

Additional details:

BUILDING A SUSTAINABLE FINANCIAL PLAN

Budget Reset Community Conversations: Governor Carney met with thousands of Delawareans from Claymont to Delmar about Delaware's budget challenges. Hosted by members of the General Assembly, the Governor held ten budget town halls before his budget presentation on March 23, and another ten town halls after presenting his budget plan.

Managing Healthcare Costs: House Joint Resolution 7 authorizes DHSS Secretary Dr. Kara Odom Walker to establish a health care budget benchmark with a growth rate tied to the overall economy of the state. It is the first step in evaluating the total cost of care of health care in the state and a major step in transforming Delaware's health care system to a more outcome-driven system and away from a system that pays for care based solely on the number of room days, visits, procedures and tests.

DEFAC Panel on Budgeting Practices: House Joint Resolution 8 creates a panel of the Delaware Economic and Financial Advisory Council to study and develop a report on Delaware's historic budgeting practices, the need for reasonable restrictions on the use of budget surpluses, and the benefits of a budget stabilization fund.

Making Government More Efficient: Governor Carney signed **Executive Order #4**, creating the Government Efficiency and Accountability Review Board (GEAR) and committing to a long-term effort to study cost savings, efficiencies and ways to improve the delivery of services across state government. Governor Carney maintained a commitment to responsible spending in his budget and throughout the year, calling for an equal mix of spending reductions and new revenue to confront Delaware's budget challenges.

Escheat Reform: Senate Bill 13 comprehensively rewrites Delaware's unclaimed property laws. In an effort to align Delaware's laws with other states, the legislation retooled all aspects of unclaimed property examinations, voluntary disclosure agreements (VDAs), and compliance.

CREATING JOBS

Restructuring Economic Development: House Bill 226 approved **Governor Carney's plan** to fundamentally restructure Delaware's economic development efforts, with a new focus on supporting Delaware's entrepreneurs and small businesses, and promoting innovation. Governor Carney's plan includes creation of a public-private partnership, the Delaware Prosperity Partnership, to leverage additional resources to help attract employers to Delaware, keep them here, support innovation and develop Delaware's workforce. On his first full day in office, Governor Carney signed **Executive Order #1** to explore a new economic development strategy. Restructuring the state's economic development efforts, and partnering strategically with the private sector, was a recommendation of Governor Carney's **Action Plan For Delaware**.

Modernizing the Coastal Zone Act: House Bill 190 will allow responsible redevelopment of 14 heavy industrial sites in the Coastal Zone Act. The reform will pave the way for new job creation and additional cleanup of legacy industrial sites along Delaware's coastline. Governor Carney called for a plan to responsibly modify the Coastal Zone Act during his March address to the General Assembly. Revitalizing abandoned industrial sites was a recommendation of Governor Carney's **Action Plan For Delaware**.

Expanding Broadband Access: House Bill 189 will accelerate investments in mobile broadband infrastructure, expanding access to high-speed internet for Delawareans and businesses

across the state and encouraging innovation. Expanding broadband access was a recommendation of Governor Carney's [Action Plan For Delaware](#).

REFORMING THE DEPARTMENT OF CORRECTION

Correctional Officer Pay Increases: The Fiscal Year 2018 budget funds the agreement with the Correctional Officers Association of Delaware (COAD) to raise salaries for Delaware's Correctional Officers – including a [22 percent increase](#) in starting officer pay – to help recruit and retain officers across Delaware's correctional system.

Adding Correctional Officer Positions: The Fiscal Year 2018 Budget authorizes and funds 50 additional Correctional Officers at James T. Vaughn Correctional Center and 25 additional officers at Baylor Women's Correctional Institution.

Investing in Equipment and Training: The Fiscal Year 2018 Budget invests \$2 million in new cameras at James T. Vaughn Correctional Center, and \$1.3 million in new equipment and training that will help Correctional Officers better prevent and respond to violent incidents.

Special Assistant: Governor Carney appointed Claire DeMatteis – a former senior counsel to then-U.S. Senator Joe Biden – as a temporary Special Assistant to the Governor at the Delaware Department of Correction. DeMatteis will focus her efforts on reform of management practices and training, cultural turnaround, and implementation of Governor Carney's plan following the Independent Review into the causes of the February 1 incident at James T. Vaughn Correctional Center.

Improving Re-Entry Programs, Reducing Recidivism: Department of Correction Commissioner Perry Phelps hired Jim Elder – the Director of Clinical Services for Re-entry Programming at the

Wilmington HOPE Commission – to lead DOC’s efforts to help offenders successfully re-enter their communities, and reduce Delaware’s rate of recidivism. The selection of Elder will place a new emphasis inside the agency on re-entry programming and efforts to reduce recidivism.

COMBATTING DELAWARE’S ADDICTION CRISIS

Expanding Treatment, Strengthening Regulation: [Senate Bill 41](#), [House Bill 91](#), and [House Bill 100](#), a bipartisan package of legislation, will expand access to substance abuse treatment, strengthen oversight of opioid prescriptions, and combat Delaware’s addiction crisis. Governor Carney signed the legislation during a ceremony that included remarks from Attorney General Matt Denn, members of the General Assembly, and Delaware advocates for improved access to substance abuse treatment – including families who have lost loved ones to Delaware’s opioid epidemic.

Behavioral Health Consortium: Senate Bill 111 and House Bill 220 will further combat Delaware’s addiction epidemic and improve services for those suffering from mental illness. The legislation will lead to the creation of a Behavioral Health Consortium and an Addiction Action Committee that will form an integrated plan and blueprint for action for the prevention, treatment, and recovery for mental health, substance use and co-occurring disorders in Delaware. The creation of the consortium and coordinated plan was a recommendation of Governor Carney’s [Action Plan For Delaware](#).

STANDING UP FOR DELAWAREANS

Creating the Department of Human Resources: House Bill 4 creates a new Department of Human Resources to help confront issues important to state employees. The new agency will

promote diversity and inclusion across state government, and help solve a Correctional Officer staffing shortage. Creating a new Human Resources agency was a recommendation of Governor Carney's [Action Plan For Delaware](#).

[Confronting the Gender Pay Gap](#): House Bill 1 will [prevent employers](#) from requesting the salary history of job applicants and will help close the pay gap between men and women. The bipartisan legislation – which takes effect in December – also explicitly prohibits employers from screening applicants based on previous compensation history.

[Protecting Delawareans from Cybersecurity Threats](#): House Bill 180 [requires](#) additional protections for Delawareans whose personal information may be compromised in a computer breach, including additional notifications and free credit monitoring services.

[Artificial Island](#): Senate Joint Resolution 2 [urges](#) the Federal Energy Regulatory Commission (FERC) to accept either of PJM's alternative cost allocation methodologies for funding the Artificial Island transmission line project. As currently funded, Delmarva Peninsula ratepayers would fund more than 90 percent of the cost of the project through higher electric bills, while receiving few direct benefits. Under PJM's alternative methods for cost allocation, Delmarva ratepayers would fund approximately 7-10 percent of the project costs. Governor Carney has [consistently worked](#) with Maryland Governor Larry Hogan to urge a more fair resolution for Delmarva ratepayers.

[Offering Delawareans a Second Chance](#): Senate Bill 54 allows Delawareans with juvenile records to petition Delaware's judicial system for expungement, removing barriers to additional education and employment.

[Redeveloping Blighted Properties](#): House Bill 187 and House Bill 188 hold property owners of blighted properties

accountable, requiring them to clean up their properties and pay back taxes before bidding on additional properties, and ensuring that taxpayers do not bear costs created by abandonment.

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For details on all of the legislation that Governor Carney has signed into law to date, visit the [Legislative Advisories](#) page on the Governor's website.