



THE COMMITTEE OF 100

FYI

February 14, 2018

Bipartisan Budget Accord? Framing a Grand Bargain

At our January Dinner Meeting, State Treasurer Ken Simpler shared his vision for a "Grand Bargain" that would address Delaware's long-term revenue problems and institute new spending disciplines in one fell swoop. To reliably meet ongoing service levels, he proposed comprehensive restructuring of the taxes, fees and other income by which we fund state government. He stated that such reforms - however necessary - would be unwise without an equal commitment to revisions of our spending controls. If you missed the presentation, or would like a summary of his remarks, read Treasurer Simpler's most recent newsletter: [Bipartisan Budget Accord: Framing a Grand Bargain](#).

A week later, Governor Carney presented his budget proposal for Fiscal Year 2019 and it appears that a Grand Bargain may actually be possible. The Governor proposed a \$4.25 Billion operating budget for Fiscal Year 2019, up 3.5% from this year, with no tax increases. Importantly, the proposal was greeted with cautious approval by Republican legislative leaders.

What makes this budget different, and potentially transformative, is how the Governor treated the \$170 million in unencumbered funds projected to be carried over from this year's budget. What was different? He proposed spending the extra cash on one-time and capital projects rather than adding it to the operating budget base as has typically been done in the past. Had he not done so, it would have resulted in an operating budget of nearly \$4.4 Billion and set the stage for another budget meltdown as early as next year.

Instead, budget growth is proposed to be limited to 3.5%, a number that experts in both parties believe is sustainable over the long term.

The stage is now potentially set for the creation of what the Republicans have called a "Budgetary Sustainment Fund, which could be filled during good economic times and tapped during downturns. Such a fund would help 'smooth out' the state's budgetary cycles that often swing between surpluses and deep shortfalls."

Reacting to the Governor's budget presentation, Republican House Leader, Representative Danny Short said the surplus the state currently enjoys "presents a great opportunity to start the fund and save money for the inevitable slump. I think this is the right time. I think we should have that discussion as we move through this budget [process]. Otherwise, we're going to miss a good opportunity and who knows where we'll be 12 months from now or 18 months down the road."

The "confidence-building" measures that Governor Carney, Treasurer Simpler, and legislative leaders are putting in place will be critical to avoiding the kind of partisan budgetary standoff we experienced last year. Of course, there is still a risk that the General Assembly will be unable to resist temptation, and add more of the available unobligated funds to the operating budget and thus jeopardize the Grand Bargain. But so far, there appears to be bipartisan support for putting the state's finances on a sustainable footing for the long term. And that is good news for Delaware.

Coastal Zone Recommendations Report Now Available for Public Review

The Department of Natural Resources and Environmental Control (DNREC) announced that a final report outlining recommendations for the formation and work plan of a Regulatory Advisory Committee (RAC) for Coastal Zone Conversion Permits has been completed and is available to the public.

The report - prepared by the non-profit Consensus Building Institute (CBI) - contains 13 recommendations for DNREC to consider as it establishes a Regulatory Advisory Committee to develop regulations for Coastal Zone Conversion Permits. Those recommendations were informed by a series of interviews with stakeholders, including The Committee of 100, held in October, by two public workshops held in November, and by public comments on the draft document made available in December.

The report is available on the DNREC website at de.gov/conversionpermits.

February 20th Member Reception



Registration closes Friday for our Member Reception on February 20th hosted by CSC at their new global headquarters set on a 40-acre campus along Lancaster Pike!

Don't miss this opportunity to visit the 148,000-square-foot building which includes work and social spaces that foster the fast-paced, agile, and team-based environment that CSC promotes. There are state-of-the-art design and sustainability features throughout the campus, including a green roof, sit-to-stand desks, social cafes, a fitness center, several sun decks, and 1.4 miles of walking trails in a four-acre meadow.

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