

## DELAWARE Budget Report Card



DELAWARE RECEIVED AN AVERAGE grade of B in budget forecasting for fiscal 2016 through 2018. It missed out on a top mark of A largely because it does not disclose multiyear expenditure forecasts. This lack of long-term visibility into spending trends can present a planning challenge if the legislature or governor intend to expand services in coming years.

Delaware earned an A average for its lack of budget maneuvers over the three years. The absence of two of the most common maneuvers – deferring recurring expenditures and temporarily shifting revenues to the general fund from special funds – helped Delaware enter this relatively elite club.

The state’s lowest grade, a C average in legacy costs, is largely attributable to its failure to fund postemployment benefits for public workers, mainly health care, at the level recommended by the state’s actuaries.

Delaware got three-year average grades of B in both reserve funds and transparency. The marks reflect common shortcomings of states: a failure to tie fiscal reserves to revenue volatility and a lack of disclosure of deferred infrastructure maintenance costs, respectively.


### SOUTH ATLANTIC STATES SIDE BY SIDE: Three-Year Average Grades, 2016-18


	BUDGET FORECASTING	BUDGET MANEUVERS	LEGACY COSTS	RESERVE FUNDS	TRANSPARENCY
Delaware	B	A	C	B	B
Florida	A	B	C	B	B
Georgia	C	A	B	B	B
Maryland	A	C	D	C	B
North Carolina	A	B	B	B	B
South Carolina	A	A	D	B	C
Virginia	A	C	D	A	C
West Virginia	B	B	C	B	B
US AVERAGE	C	B	C	B	B


**NOTE** States are grouped by US Census Bureau divisions.


Average grades are based on annual numerical scores. For more information, download *Truth and Integrity in State Budgeting: Preventing the Next Fiscal Crisis* at [VolckerAlliance.org](http://VolckerAlliance.org).


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BUDGET FORECASTING				
	2016	2017	2018	
	CATEGORY GRADE	<b>B</b>	<b>B</b>	<b>B</b>
	Consensus Revenue Forecasts	✓	✓	✓
	Multiyear Expenditure Forecasts	✗	✗	✗
	Multiyear Revenue Forecasts	✓	✓	✓
	Revenue Growth Projections	✓	✓	✓
3-YEAR AVERAGE <b>B</b>		3-YEAR TREND <b>—</b>		

BUDGET MANEUVERS				
	2016	2017	2018	
	CATEGORY GRADE	<b>A</b>	<b>A</b>	<b>A</b>
	Deferring Recurring Expenditures	✓	✓	✓
	Revenue and Cost Shifting	✓	✓	✓
	Funding Recurring Expenditures with Debt	✓	✓	✓
	Using Asset Sales and Up-Front Revenues	✓	✓	✓
3-YEAR AVERAGE <b>A</b>		3-YEAR TREND <b>—</b>		

LEGACY COSTS				
	2016	2017	2018	
	CATEGORY GRADE	<b>C</b>	<b>C</b>	<b>C</b>
	Public Employee OPEB Funding	✗	✗	✗
	Public Employee Pension Funding	✓	✓	✓
	Public Employee Pension Funded Ratio*	81%	83%	83%
3-YEAR AVERAGE <b>C</b>		3-YEAR TREND <b>—</b>		

RESERVE FUNDS				
	2016	2017	2018	
	CATEGORY GRADE	<b>B</b>	<b>B</b>	<b>B</b>
	Positive Reserve or General Fund Balance	✓	✓	✓
	Reserve Funds Disbursement Policy	✓	✓	✓
	Reserve Funds Replenishment Policy	✓	✓	✓
	Reserves Tied to Revenue Volatility	✗	✗	✗
3-YEAR AVERAGE <b>B</b>		3-YEAR TREND <b>—</b>		

TRANSPARENCY				
	2016	2017	2018	
	CATEGORY GRADE	<b>B</b>	<b>B</b>	<b>B</b>
	Consolidated Budget Website	✓	✓	✓
	Provides Debt Tables	✓	✓	✓
	Discloses Deferred Infrastructure Replacement Costs	✗	✗	✗
	Discloses Tax Expenditures	✓	✓	✓
3-YEAR AVERAGE <b>B</b>		3-YEAR TREND <b>—</b>		

### KEY

✓	Followed best practice
✗	Did not follow best practice

**BUDGET FORECASTING** evaluates whether and how states estimated long-term revenue and expenditure trends. **BUDGET MANEUVERS** evaluates whether states used one-time revenues, borrowings, asset sales, and other measures to achieve short-term budgetary balance. **LEGACY COSTS** evaluates whether states provided adequate funding, as defined by retirement system actuaries, for pensions and other promised retirement benefits for public workers. **RESERVE FUNDS** evaluates states' rainy day funds and other fiscal reserves, as well as any policies governing their use and replenishment. **TRANSPARENCY** evaluates the accessibility to the public of states' budget practices.

\* **SOURCE** Bloomberg; 2017 data also used for 2018.