

MAJOR INITIATIVES

Fiscal Responsibility - AAA Bond Rating

Delaware's long tradition of handling taxpayers' dollars wisely and efficiently has been recognized by AAA bond ratings. Four principles form the core of this approach: 1) controlling base budget growth; 2) developing sound and responsible tax policy; 3) encouraging debt reduction and utilizing excess one-time cash for capital projects; and 4) maintaining sizable cash balances in reserve. Delaware's sound fiscal management continues to be recognized by national entities. Beginning in Fiscal Year 2000, three rating agencies, Moody's Investors Service; Fitch IBCA, Duff & Phelps; and Standard & Poor's rate Delaware's General

Obligation bonds Aaa, AAA, and AAA, respectively. They cite such factors as sound financial management and operations, manageable debt burden and above-average wealth and income levels as reasons for awarding Delaware their highest possible ratings.

It is important to recognize that government services in Delaware are highly centralized, with most programs funded at the state level. These programs include public and higher education, the judicial system, the correctional system, social services, and the majority of all infrastructure and buildings. The centralized nature of Delaware's system ensures fiscal control and encourages economies of scale.

The fiscal 2001 operating budget totaled \$2,183.1 million, an increase of 6.8% over the fiscal 2000 operating budget. Grants-in-aid appropriations of \$35.5 million, and the budgetary General Fund contribution of \$197.5 million for capital projects through the State's capital budget brought total fiscal 2001 appropriations to \$2,416.1 million, an increase of 2.6% over total fiscal year 2000 appropriations. Continuing and encumbered prior year appropriations totaling \$366.7 million resulted in total authorization of \$2,782.8 million. The appropriation package conformed to Delaware's constitutionally prescribed limit of 98% of estimated revenues and fully funded Delaware's Budget Reserve ("Rainy Day Fund") at \$128.0 million.

Education

Delaware is continuing its commitment to meeting the challenges facing public schools. With the support of the business community, parents and educators, the State is pursuing a long-term effort to produce high achieving students through several substantial initiatives:

- **Reading Specialists in the early grades** — The Governor will seek to provide for reading specialists in every elementary school to give extra help to children who are struggling with reading in the early grades. By focusing on the cornerstone of learning, the Governor seeks to equip every child with the tools necessary to achieve their grade standard.
- **Sharing Successes** — By facilitating an information exchange among schools and teachers, the State intends to extend the reach of programs proven to improve reading, math, and writing abilities. Building on the successes of others, teachers and schools are provided with guidance in assisting students to achieve education success.
- **Tough Standards in Core Academic Areas** — Delaware put in place a rigorous set of standards in English, language arts, math, science, and social studies in 1995. The Delaware Student Testing Program (DSTP) was designed and implemented in 1998 to assess individual student progress toward meeting the content standards. Individual Improvement Plans are

now required for students who are not meeting the standards in grades 3, 5, and 8 in reading and grade 8 in math. Students in grade 10 will have multiple opportunities to take the DSTP and their scores will be used to determine eligibility for one of three Delaware diplomas. The State has increased the requirements for graduation, adding credits in math, science and technology.

- **Greater Accountability in Schools** — School and district accountability as described in the Educational Accountability Act of 1998 began in the fall of 2001. Performance status will be determined for each school based on the performance of students in reading, writing, and math on the DSTP. Improvement plans will be necessary for schools under "needs improvement" while schools recognized as "superior" may be eligible for monetary awards.
- **Accountability for our Educators** — The Professional Accountability Act of 2000 established a Professional Standards Board, including teachers who have demonstrated excellence, as well as school administrators, local board members, higher education representatives and parents. The Board will develop changes in educators' certification and licensure, educator evaluation, professional development and compensation. Starting salaries for teachers have been increased and salary scales have been restructured in an effort to attract and keep the best and brightest teachers in our state system.
- **Helping Families Save for Higher Education** — To capitalize on new federal tax benefits, the State offers a state tuition savings plan. Savings are tax-deferred until the money is withdrawn and is then taxed at the beneficiary's (i.e., the student's) rate.

In the Fiscal Year 2001 operating and capital budgets, the state provided \$95.8 million for public school construction. In addition, \$17.6 million was provided for higher education construction; and \$10.4 million was available for extra instructional time to help academically at-risk children.