



From the Desk of Lieutenant Governor Matthew Denn

Reviving Delaware Stimulus Update July 23, 2009

On June 30th, the Delaware General Assembly passed a balanced budget, overcoming a budget deficit that on a percentage basis surpassed any budget deficit in modern Delaware history, and just about every budget deficit in the other 49 states. Passing a balanced budget was an extremely important accomplishment—as I write this, many other states with June 30 deadlines still had not passed balanced budgets—and the federal stimulus package was a big part of making it possible.

Three parts of the stimulus package were especially important for Delaware’s financial stability. First, the federal government increased the share that it pays of the Medicaid program, which is a significant part of the state’s budget, and also provided the state with what it refers to as “stabilization funds” to help balance the state budget. These two items alone covered about 19% of the state’s budget deficit. In addition, Delaware’s local schools and colleges will be able to use part of the \$110 million in local school district “education stabilization funds” provided by the stimulus package over the next two years to offset education budget cuts that the state had to make to balance the budget. This allowed the state to balance its books while trying to avoid impacting the quality of education.

Without the stimulus package, the impact of the state’s budget deficit on both the state’s employees and the citizens we serve would have been dramatically more severe—and the impact on state employees and state services would have rippled through the entire state economy.

In my next update, I will discuss some of the ways that the state is trying to use the stimulus package to help the people who are our top priority right now: Delawareans who are out of work.

Sincerely,
Lt. Governor Matt Denn