

Budget cuts could squeeze state agencies

Governor calls for additional 5% cuts in '09 spending

By J.L. MILLER • The News Journal • March 24, 2008

DOVER -- Some small state park facilities might not be able to open, social workers' caseloads could grow, court backlogs could get worse.

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Those are possible consequences -- not inevitable ones, but certainly not the only ones -- of the budget woes that face Delaware and the state agencies that provide services to the public.

Cabinet secretaries are in a bind. They already had been told to pare their budget requests by 3 percent for the fiscal year that begins July 1.

Last week, the Delaware Economic and Financial Advisory Council projected revenues for the current fiscal year will come up \$126 million short, with a \$200 million shortfall projected for the coming fiscal year.

Cabinet chiefs were told to cut their budget requests for the coming fiscal year by another 5 percent, on top of the 3 percent already ordered. Gov. Ruth Ann Minner implemented a hiring freeze and budget officials clamped down on purchasing.

State officials think the freeze, along with further belt-tightening, will be enough to make up the shortfall for the current year.

But it is the coming year and the additional 5 percent cut that has them worried -- not to mention the fact that revenue estimates could fall again between now and the end of June.

"No other way to say this: I think we did a pretty good job of a 3 percent cut," said Health and Social Services Secretary Vincent Meconi -- but an additional 5 percent is another matter.

"I cannot get there without severe cuts," said Meconi, whose department sprawls across 12 divisions that include Public Health, Child Support Enforcement and Social Services.

Like other department chiefs, Meconi did not want to speculate about exactly what will have to be cut. However, he said, some possible consequences would be increased caseloads for social workers, resulting in longer waits for clients.

John A. Hughes, secretary of the Department of Natural Resources and Environmental Control, said the cuts will hurt but aren't likely to do major damage.

"We're still mission-capable. We can still do our basic mission of protecting the environment," Hughes said. However, he added, "We're not going to have much fun."

"The kinds of environmental improvements I've dreamt of are on hold for a year or two," Hughes said. Restoring environmentally degraded areas, for example, will have to wait.

"There will be some small park facilities that may not open. Real small parks," Hughes said. Major parks -- Delaware Seashore State Park, Lums Pond, Killens Pond and the like -- would not be affected.

Minner's hiring freeze and budget reduction orders do not extend to public schools, which receive a mix of funding that includes property tax dollars from local residents.

But it does extend to the state Department of Education, and Education Secretary Valerie Woodruff said that will be felt at the local level.

"When we talk about 8 percent off of next year, we talk 8 percent of \$1.14 billion that affects the public schools," Woodruff said.

Woodruff said she is unsure now where the axe will fall, but said she and her staff "will do everything we can to make it as logical and as palatable as possible."

But like the other Cabinet secretaries, she doesn't want to talk specifics -- or even hypotheticals.

"I won't speculate at this point. I can't go there right now," Woodruff said.

Because the judiciary is not a part of the executive branch, Minner's hiring freeze and order for budget cuts technically do not apply to the courts.

However, Chief Justice Myron T. Steele has been cooperating with the efforts and issued an order in February halting hiring unless each hire is cleared by him first.

He also told each chief judge to determine which items could be removed from their fiscal 2009 budget requests.

But the additional 5 percent cut has Steele worried.

"Uppermost in my mind is what the impact will be on the governor's request for our two more Superior Court judges and staffs," Steele said. "We desperately need that done. It's 13 years overdue."

Steele said the courts will do what they can to pare their budgets, but "we're much more limited than [executive branch] agencies. We're truly a core function of government that can't be outsourced."

About 85 percent of the courts' budget is for personnel costs "which can't be cut," he said.

The wild card in the process is the revenue estimates that DEFAC will prepare in April, May and June.

Economists believe the federal tax rebates that will hit taxpayers' bank accounts in May will stimulate the economy to some extent, and that could be reflected in the May figures.

But the General Assembly uses the June DEFAC figures to craft a final budget, and if the economy fades, deeper cuts -- or higher taxes, or both -- could be the result.