

Huge cuts to education, nonprofits now on table

[Matthew Albright](#), The News Journal Published 4:01 p.m. ET June 28, 2017 | Updated 10:25 p.m. ET June 28, 2017

The budget-writing Joint Finance Committee has approved more than \$27 million in budget cuts to Delaware public school districts and called for eliminating all state grants-in-aid for nonprofits.

Those were only the biggest of the more than \$88 million in cuts JFC voted on or announced Wednesday.

Wednesday's votes mean the General Assembly will have a budget it could vote on by the June 30 deadline. But Democrats are still holding out hope that Republicans [will allow an income tax increase](#) that would raise tens of millions of dollars, reversing some of these cuts.

Republicans are adamant that they won't agree to tax increases unless Democrats agree to some of their ideas, like a three-year moratorium on the prevailing wage and new spending limits.

The General Assembly is supposed to adjourn after working overnight on June 30 — Friday — but some legislators have [raised the possibility of missing that deadline](#) for the first time in decades.

Democrats said some of the cuts could be avoided if Republicans simply agreed to their plan.

"This is the bed our Republican colleagues have made for our state," Senate President Pro Tempore David McBride said in a statement after JFC finished.

McBride suggested Democrats might try to pass this budget, even though they don't like it, rather than agree to Republicans' proposals. He said he intended to "help hold Republicans accountable for the pain inflicted on the Delawareans who elected us to do a job their party has abandoned."

Speaker of the House Pete Schwartzkopf took a similar tack.

"If you don't like these cuts, call a Republican," he said. "They're the ones who don't want to work with us on a revenue package."

When asked if the budget could pass, Schwartzkopf said: "I don't know. We'll find out."

Republicans fired back by accusing Democrats of hitting nonprofits instead of looking for ways to make government run more efficiently. Democrats have an 8-4 majority on the committee.

"The idea that they would use our nonprofits as a tool in budget negotiations is mean-spirited and pathetic," Senate Minority Leader Gary Simpson and Minority Whip Greg Lavelle said in a joint statement. "The state government

spends over \$8 billion every year. Are we to believe that there wasn't \$37 million to be found anywhere else? Are we to believe that every government program works? Of course not."

The biggest education cuts are the ones Gov. John Carney proposed in March. They come in two major parts.

First, districts would lose 1.5 percent of the state funding they get for their operating budgets. That would save about \$15 million.

Second, the state would raid the Educational Sustainment Fund, a flexible account districts can use for math specialists, after-school or other programs they choose.

Districts would lose \$21.9 million, but the state would allow the districts to raise property taxes one time to make up for the cut – without asking voters' permission.

School officials, educators and parents had vehemently protested Carney's plan, saying it could lead to fewer teachers, larger class sizes and other changes that would hurt kids' classroom experiences.

School board officials said raising the match tax would make it harder for them to pass crucial tax referendums in the future.

"Of course this isn't the news we wanted to hear today," said Matt Burrows, superintendent of the Appoquinimink school board. "We always held out hope that it would be resolved."

Red Clay Superintendent Merv Daugherty said the down-to-the-wire budget debate in Legislative Hall has school districts "holding their breath." He said school boards have to approve tax rates by the second week of July, giving them 10 days to react to whatever legislators do by June 30.

"We understand the budget issue," he said. "We understand the cuts. But we need some final numbers so we can move forward."

The finance committee also said Wednesday that its budget would include zero funding for grants-in-aid. That money goes to nonprofit agencies, volunteer fire companies, county paramedics and other organizations.

Nonprofit leaders blasted the cuts.

"Community-based nonprofit organizations are volunteers, private donations, along with committed, dedicated staff who serve Delawareans in every part of our state," said Ken Bock, chief executive officer of CHEER Inc., which helps seniors in Sussex County. "We get people out of bed in the morning, bathe and feed them, help them with life skills, educate and train, transport them to and from their community, jobs, medical services, offer them compassion and dignity and tuck them in at night."

In a blast email issued Wednesday afternoon, Bock said the cuts would "balance the state budget on the backs of many of our weakest and most frail citizens."

Sheila Bravo, director of the Delaware Alliance for Nonprofit Advancement, said the elimination of grants-in-aid would affect different nonprofits differently. For some, it could threaten their ability to stay open.

"I would hope there would be consideration of a revenue solution that would allow them to come back and reverse these cuts," Bravo said.

JFC approved other cuts Wednesday.

It instructed the Department of Health and Social Services to find \$5 million in savings from Medicaid without reducing the benefits recipients receive. Legislators and Carney administration officials said the new health secretary, Kara Odom-Walker, has ideas for how to do that but did not have specifics.

The committee also voted to require Sussex County to pick up the cost of state troopers patrolling there, saving \$2.1 million. Unlike New Castle County, Sussex does not have its own county police force.

JFC also made some changes to state employee health care plans.

It reduced a health insurance benefit for some married couples in which both spouses have worked for the state since before 2012. Those couples have been paying \$25 a month for health insurance; now they will be required to pay 50 percent of their regular premium.

It said state employees have to actively choose which health insurance plan to enroll in each year or the state will pick a default. And the State Employee Benefits Committee hopes to find other savings to employee health care costs, for a total of \$3.6 million.

The cuts come on top of reductions JFC already approved, which include [reducing a property tax break for senior citizens](#) and [20 percent cuts to public health programs](#).

JFC also has said it will give no money to open space, farmland preservation and energy-efficiency funds. And the state will give no cash to the committee that handles bonds and infrastructure projects.

"This is the kind of indiscriminate cutting we'll get without revenue to fund our budget shortfall," said Jonathan Starkey, a spokesman for Gov. John Carney. "The governor's been clear: we need a plan that relies on an equal mix of spending cuts and new revenue. Democrats have committed to voting for responsible spending reductions. The people of Delaware now expect Republicans to do their job and help responsibly balance our budget."