



STATE OF DELAWARE
OFFICE OF MANAGEMENT AND BUDGET

May 26, 2020

Matt Meyer
New Castle County Executive
87 Reads Way
New Castle, DE 19720

Mr. Meyer,

In order to move forward on a coordinated plan for allocating federal stimulus funds, the State is requesting New Castle County's commitment to help defray the costs of statewide initiatives benefiting New Castle County businesses and residents. Specifically, the request is for the County to set aside \$275.0 million of its \$322.8 million allocation of Coronavirus Relief Funds to support state-wide initiatives already implemented, most importantly Unemployment Insurance Trust Fund claims.

Since March 12, the State has incurred \$65.1 million of pandemic related expenses over and above its Fiscal Year 2020 budget, and these expenditures are only expected to grow through the remainder of the calendar year as the State and local governments continue to strive to limit the spread of COVID-19. A second wave of infections would further increase these costs. Below are a number of state-wide initiatives where the State seeks assistance from the County.

1. As reviewed at the State's most recent revenue and expenditure forecasting meeting, weekly claims for unemployment assistance have spiked significantly as a result of the pandemic. The Unemployment Insurance Trust Fund has processed 85,073 claims through May 2 with total benefits paid at \$143.0 million. The state portion of this benefit is \$63.0 million and a recent forecast by the Department of Labor suggests total benefits, at the current pace, could reach as high as \$400.0 million at year's end for just the State portion of unemployment insurance benefits. At minimum, at least 50 percent of the projected claims paid will be helping New Castle County residents. Defraying these costs will be critical in order to avoid UI tax increases on businesses throughout the State that would make it even harder for these businesses to recover.
2. The essential child-care program provides supplemental benefits to centers that wish to remain open or wish to either close and pay their staff or just pay fixed costs. As of the beginning of May, the State paid \$15.6 million beyond our normal monthly costs for child-care assistance. Continuing this program through the end of the calendar year could cost as much as \$140.0 million. 325 of the 563 child-care centers serving children of essential personnel are located in New Castle County.

3. The State is moving forward with a statewide testing program of 200,000 tests at a cost of \$30.0 million. Once fully implemented, we expect to perform 80,000 test per month. At this rate, the State will exhaust the initial supply and will need to purchase additional tests during the summer.
4. The statewide contact tracing program is expected to cost approximately \$10.0 million, but this may grow depending upon volume and daily contacts.
5. The enhanced rent and utility assistance program administered by the Delaware State Housing Authority received over 5,000 applications of which over 3,400 applicant households are from New Castle County. The maximum household benefit is \$1,500 and, at minimum, the program is expected to cost \$7.5 million.
6. The Hospitality Emergency Loan Program, which benefits businesses statewide had a monthly cost of \$1.4 million for 127 businesses. There remain approximately 300 businesses under review statewide that may grow this monthly expense to \$4.5 million. Approximately 40 percent of the applicants still under review are located in New Castle County.

This week, the State will begin engaging Kent and Sussex county governments and municipalities on their pandemic related expenditures. The costs outlined above do not yet take into account helping our local governments.

Should you have questions or concerns, please do not hesitate to follow up directly.

Sincerely,



Michael S. Jackson
Director, Office of Management and Budget

CC: New Castle County Council Members
Sheila Grant, Chief of Staff, Office of the Governor
David McBride, Senate President Pro Tempore
Peter Schwartzkopf, Speaker of the House
Nicole Poore, Senate Majority Leader
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