

DATA DELAWARE: Monday, February 10, 2020
SUBJECT: Lavelle VS Dover (Podcast transcript-Part I)

DISCLAIMER: This transcript is produced from Data Delaware podcast electronically; the conversion is being offered on a best-efforts basis.

Dace Blaskovitz:

Welcome back to Money and Politics in Delaware. One of my favorite interviews. Welcome back, Greg Lavelle.

Greg Lavelle:

Happy to be here.

Dace Blaskovitz:

And Greg Lavelle, we'll call this session Greg Lavelle Tackles Dover, or something like that. Giggles aside.

Greg Lavelle:

Dover Tackles Greg Lavelle.

Dace Blaskovitz:

Giggles aside, we get first time listeners, 30 seconds about you, 30 seconds about what you're doing these days.

Greg Lavelle:

Sure. Thanks Dace. I'm a life long Delawarean. Graduated from Brandywine High School and the University of Delaware. I work for a small financial consulting company in Newark. Really involved in the community, a number of organizations including most recently the Delaware Symphony, so come out and see the symphony. And my expertise, if you will for this particular topic is I spent 18 years in Dover in the House and the Senate.

Dace Blaskovitz:

And you were a former Minority Leader. What's the word choice, Whip Leader?

Greg Lavelle:

Yeah, I was a Minority Leader in the House and the Minority Whip in the Senate, which means you get an extra cup of coffee.

Dace Blaskovitz:

You ready to go?

Greg Lavelle:

Yes, I am.

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Dace Blaskovitz:

All right. You're going to start off with a primer. I'm putting you in front of an eighth grade class for 30 seconds. January 23rd, State of the State. The 30th was the Governor's budget address. What should we know before I turn you loose?

Greg Lavelle:

Sure. Well, the State of the State, I don't know, I assume it's a requirement, but it's the Governor has the opportunity to do this once a year. It's very similar to what the President does, perhaps without all the background. And what Governor Carney did, I did have the chance to go down and watch it. It's always a good event to watch. It's great to be Governor. It's great to give a State of the State speech. And for your listeners, it's very high minded. I mean, everyone seems to know this. Not a lot of detail. The Governor did roll out a couple proposals in that, that we'll touch on in a little bit. But it's look back, look forward, I'm doing a great job, we all love each other, isn't life wonderful, kind of speech and that's not a criticism, it's just what it is.

Dace Blaskovitz:

And then the 30th, the number...

Greg Lavelle:

The detail follows from that on the actual budget. So the Governor introduced his budget on January 30th. This budget is always in process from year to year. They really start there, as you know, the day after the previous budget passes. A lot of work in the Fall at the executive branch level and then the Governor introduces it on the last Thursday in January when it's the meat on the bone of that State of the State speech. The high minded ideas and initiatives have to get some specifics to them. The Governor's budget proposal is \$4.63 billion. That's up over 120 million or so from last year. The budget in Delaware, there's a general fund budget, just what it sounds like, all the operating expenses and schools and things like that. And then there's the capital budget, which exactly what that sounds like, roads, buildings, infrastructure, all that sort of stuff. And the capital budget this year as proposed as \$893 million, which is also a record.

Dace Blaskovitz:

So, with that said, I'm going to make a general statement...if I get it right, and that is Delaware on a relative basis, say the numbers is lagging the other 50 States, on many of the 50 States. However, on an absolute basis, Dover does have more money, especially given the strength of the Trump economy. Is that a fair statement?

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Greg Lavelle:

Yeah, I think that is a fair statement. So yes, so the economic statistics, which your show covers on a regular basis, really it shows Delaware growing but not by much quite frankly and it's almost like the State's been drug along by the national economy as opposed to leading the national economy or really participating at that higher level growth. But that said, cash is king in Dover and there is cash in Dover.

Dace Blaskovitz:

So let me go right for the juggler. Very much to your credit, you did it last budget cycle and you're doing it even louder this budget cycle. The phoniness, by word choice apparently, of the 3.99% proposed increase, what am I trying to say?

Greg Lavelle:

Yeah, so this is a concept of budget smoothing that in particular Ken Simpler and some other Republicans came up with and then the Governor to his credit work with former State Treasurer Simpler and others to sort of flesh that out in these budget smoothing so there's a benchmark. What should the budget grow by? Won't get into the details, but the benchmark that was adopted by the Governor and executive order was this year's budget should grow no more than 4.1% and the budget that the governor proposed is 3.99%, or let's round up for serious purposes is 4%. And so people say, "Well, that's great, that's actually under the benchmark." But from a process standpoint, Dace, it's not realistic. So you're going to the General Assembly and saying, "Here's my budget, pass it and don't add anything you want." That's just not how it works.

Greg Lavelle:

For instance, the State new, the Delaware State News, is a great source of what's going on in Dover. I think it's much better than the News Journal, which does stories from time to time, but there was an article recently about state pensioners who have not gotten an increase in quite a while coming down and lobbying the Joint Finance Committee for an increase in their pension. By all accounts, this is part of it, but the Governor is going to allow the General Assembly to add this, and then he'll accept it. But the benchmark will be exceeded because the money's there to do it and it's an election year. There's a 2% pay raise for state employees in the budget. There's all sorts of other stuff. And also the use of a supplementary budget.

Dace Blaskovitz:

Stop there. Stop there.

Greg Lavelle:

Yeah.

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Dace Blaskovitz:

Because very much to your credit, you've been on the high horse, that's a compliment, about the phoniness of the increase, and then secondly that a supplemental budget by definition is a one-timer and, "It ain't one time," says Greg Lavelle. What's the story?

Greg Lavelle:

Yeah, so again, your word phony, my word exposure. So a supplemental budget, this will be the third year in a row that a supplemental budget has been used. So the general fund budget passes, that's the one that we're benchmarking against, that's the 4%, 4.1% we just talked about. But this will be the third year that a supplementary budget is passed, and this is supposed to be one time funding. If you really dig into it, it's not. Not all of it, some of it is, but it's not. And if you keep doing a supplementary budget, by definition, that's not one time, right? I mean, cut me your break. But that's their way to get around this benchmark and smooth this out a little bit. And the state news again reported the Governor's supplementary budget for this year is \$9.9 million, which doesn't sound like much, but when you go back to last year's budget, the Governor's proposed supplementary budget last year was 39 million.

Greg Lavelle:

So again, the last year, the proposed supplementary budget was 39 million and then it ended up at 62 million. So my guess is the 9.9 million is going to go North. And so from the policy standpoint, is that really one time spending? I don't believe it is. It's money that people will say, "We need that. It's helped us. Don't cut it." And this is the set up for a challenge for the State. I still believe in economic cycles. Maybe they're getting longer, but it'll happen again, and the next time there's a downturn. So just things to watch as we go through the budget process, joint finance. Legislators have plenty of ideas, and that's an understatement, and in their view, plenty of money. And also from an equal branch of government standpoint, they say, "Wait a minute. You don't get to spend it all. We have ideas as well. A pox on your benchmark."

Dace Blaskovitz:

All right, well, on my side, by the way, let me clean it up. When I use the word phoniness, I should say phoniness, in my opinion.

Greg Lavelle:

You did the first time.

Dace Blaskovitz:

I did both time. Let's go back. We've got two minutes in this segment. This one's going to be long winded. It's fascinating. But the Wilmington School Proposal, good deed aside, has controversy. What's this all about?

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Greg Lavelle:

Sure. So the Governor's proposed \$50 million to build a new school in Wilmington and to renovate one or two other schools in Wilmington. And as your listeners know, through the referendum process, there's typically a cost share. So the State puts in 70% and the local district has to pass referendums and then they put it in 30%. This throws that out the window and says the State of Delaware will 100% fund the school construction and improvements. And a lot of people may say, "Well, that's great. The kids in Wilmington need some help, this, that, and the other thing. That's certainly worthy of discussion." But there's a lot of other school districts who would like to say and do say, "Hey, wait a minute. We'd love to get "a free school or a 100% funded school."

Greg Lavelle:

And many of these districts across the State of Delaware have poor performance, social economic challenges, and the same challenges passing referendums that perhaps Christiana School District has. So this'll be interesting to watch these other legislators and of the articles that have already been written, opinions have been expressed, sort of, "Hey, what about us?" And you need 75% of the General Assembly has to approve this capital budget, which I talked about a few minutes ago and this \$15 million I assume would be part of that capital budget. So if you can get some legislators, with all good humor, it may cost another 50 million to get the darn thing passed as they have to hand out goodies to get votes.

Dace Blaskovitz:

His name is Greg Lavelle, former legislator in the State of Delaware. Let's see, when we come back from break, we've got clean water and shenanigans on the to do list. Coastal Zone Act, Delaware Port. Boy, we've got it all. Unions. We will be right back.