



FIRST ANNUAL

# REPORT CARD

ON DELAWARE GOVERNANCE

2022

SUBJECT	COMMENTS	GRADE
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## BUSINESS TAXES



Combining the Gross Receipts Tax with the corporate tax of 9% gives Delaware the highest business tax in the country.

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(Source: *The Tax Foundation*.)

## EDUCATION



Based on the National Assessment of Educational Progress 2022 (*Nation's Report Card*) proficiency scores, Delaware tied in having the biggest drop in scores since 2019 and came in 4th from the bottom in overall test performance.

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Nearly every school in the state had lower scores in 2022 compared to 2019. This downward trend started in 2013.

**Delaware ranked 9th nationally in dollars spent per student in 2022 at \$17,235 per student.**

(Sources: <https://www.nationsreportcard.gov/mathematics/states/scores/?grade=4>; <https://data.delaware.gov/Education/Student-Assessment-Performance/msb-m82>; <https://www.educationequityde.org/>; <https://delawareschoolfunding101.com/>; [https://ballotpedia.org/Public\\_education\\_in\\_Delaware,\\_](https://ballotpedia.org/Public_education_in_Delaware,_))

## ENERGY



Delaware energy policies have raised electric rates while having little environmental impact. The Regional Greenhouse Gas Initiative taxes CO2 emissions from coal and natural gas electricity plants. The added cost makes in state power plants non-competitive in the daily and hourly auctions to sell their electricity to the PJM grid.

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**In 2016, 78% of Delaware's electricity was produced in-state...by 2021, it dropped to 36% produced in-state and continues to drop.** Low and intermittent use of power plants can double pollution. Importing power adds cost on top of the tax cost and increases emissions.

**Delaware's Renewable Portfolio Standard (RPS) requires 24% of our electric demand be met with wind, solar, and Bloom fuel cell power growing to a 45% requirement by 2035. Only 2% of our demand is being met with in state solar power....** With the rest purchased out of state with higher transmission costs and efficiency losses. Fuel cells are powered by natural gas and are less efficient than a standard natural gas power plant, so they actually increase emissions.

**Premium costs to meet the RPS are adding about \$100 million a year to electric rates.** The fuel cell project alone has cost electric customers over half a billion in premiums and may cost another half billion before the subsidies end. Compared to neighboring states, Delaware's industrial electricity rates are high and likely contributed to the shutdown of General Motors and Chrysler auto assembly plants, a steel plant near Claymont, and Dupont's titanium dioxide plant in Edgemoor.



(Sources: <https://object.cato.org/sites/cato.org/files/serials/files/cato-journal/2018/2/cato-journal-v38n1-chapter-11.pdf>; <https://www.caesarrodney.org/CRI-news/Delaware-needs-a-tax-free-carbon-holiday-to-review-RGGIs-wasteful-program-2.htm>; [https://www.caesarrodney.org/pdfs/Renewable\\_Portfolio\\_Standards\\_Cost\\_Caps.pdf](https://www.caesarrodney.org/pdfs/Renewable_Portfolio_Standards_Cost_Caps.pdf); [https://www.caesarrodney.org/pdfs/Public\\_Comments\\_on\\_Alternative\\_to\\_proposed\\_DNREC\\_EV\\_mandate.pdf](https://www.caesarrodney.org/pdfs/Public_Comments_on_Alternative_to_proposed_DNREC_EV_mandate.pdf))

**SUBJECT****COMMENTS****GRADE****ENVIRONMENT**

In the three most recent testing years, Delaware is now completely in attainment with all of EPA's air quality standards, including ozone. **Motor vehicle emissions have dropped 80 to 90 percent as newer, higher mileage vehicles with improved emission controls replace dirtier, older vehicles.**

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More efficient building envelopes, and appliances also help. Closed manufacturing plants and lower electric generation also contribute locally but have simply moved emissions elsewhere.

*(Source: Public Comments on Alternative to proposed Amendments to 7 DE Admin. Code 1140, Delaware Low Emission Vehicle.)*

**HEALTH POLICY**

**The contemporary 2022 rankings give Delaware a score of 58.8 out of 100 (30th in the nation) for health care (Quality of Outcomes, Cost, and Access), according to a comprehensive analysis by MoneyGeek.**

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The Mercatus Center report places the blame for higher prices, lower quality of care, higher ER wait times, and poor rural and inner city access to care on the Certificate of Need anachronistic bureaucracy. The Joint Legislative Oversight and Sunset Committee recommended restructuring the Health Resources Board after abysmal internal and external surveys but has not done so.

Delaware ranks 41 out of all 50 states. Regional Hospital monopolies dominate the state.

**According to Medicaid.gov and the U.S. Census, 29.5% of Delawareans have health insurance coverage through Medicaid and CHIP.** That has risen since 2010-16% with the Affordable Care Act to 25% in 2019 at its full implementation to one in three Delawareans as of October 2022. The cost trend to Delaware's budget is not sustainable, especially since Federal subsidy, currently at 98%, is scheduled to be cut back, and COVID-19 emergency funds are ending.

*(Sources: <https://www.moneygeek.com/insurance/health/analysis/2022-top-states-health-care>; <https://www.mercatus.org/research/research-papers/41-delaware>; [www.Medicaid.gov](http://www.Medicaid.gov); [www.census.gov](http://www.census.gov); [www.dhss.delaware.gov](http://www.dhss.delaware.gov); [https://budget.delaware.gov](http://budget.delaware.gov).)*

**STATE ECONOMY**

Delaware still has not returned to its pre-COVID Non-Farm job numbers. **In 2002, Delaware's per-person income was 18% above the national average. By 2020, it was 5% below the national average.**

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**New Castle County's economy is 2.8% smaller today than 20 years ago. Delaware ranks the 5th oldest (average age) state nationally and is aging at the 4th highest rate.**

*(Sources: Delaware Department of Labor; 2010-2020 U.S. Census Bureau; U.S. Bureau of Economic Analysis.)*

**STATE GOV'T FINANCES**

**Due to a flash flood of federal dollars in 2020 and 2021, and 2022, Delaware has \$1.5 billion in cash on the balance sheet.** But so far has refused permanent, responsible tax cuts that would help grow the economy. Instead, the Governor gave a rebate to everyone, costing \$237 million. That money is gone. A tax cut keeps on giving.

**B+**

*(Source: [https://financefiles.delaware.gov/Monthly/12\\_22.pdf](https://financefiles.delaware.gov/Monthly/12_22.pdf).)*