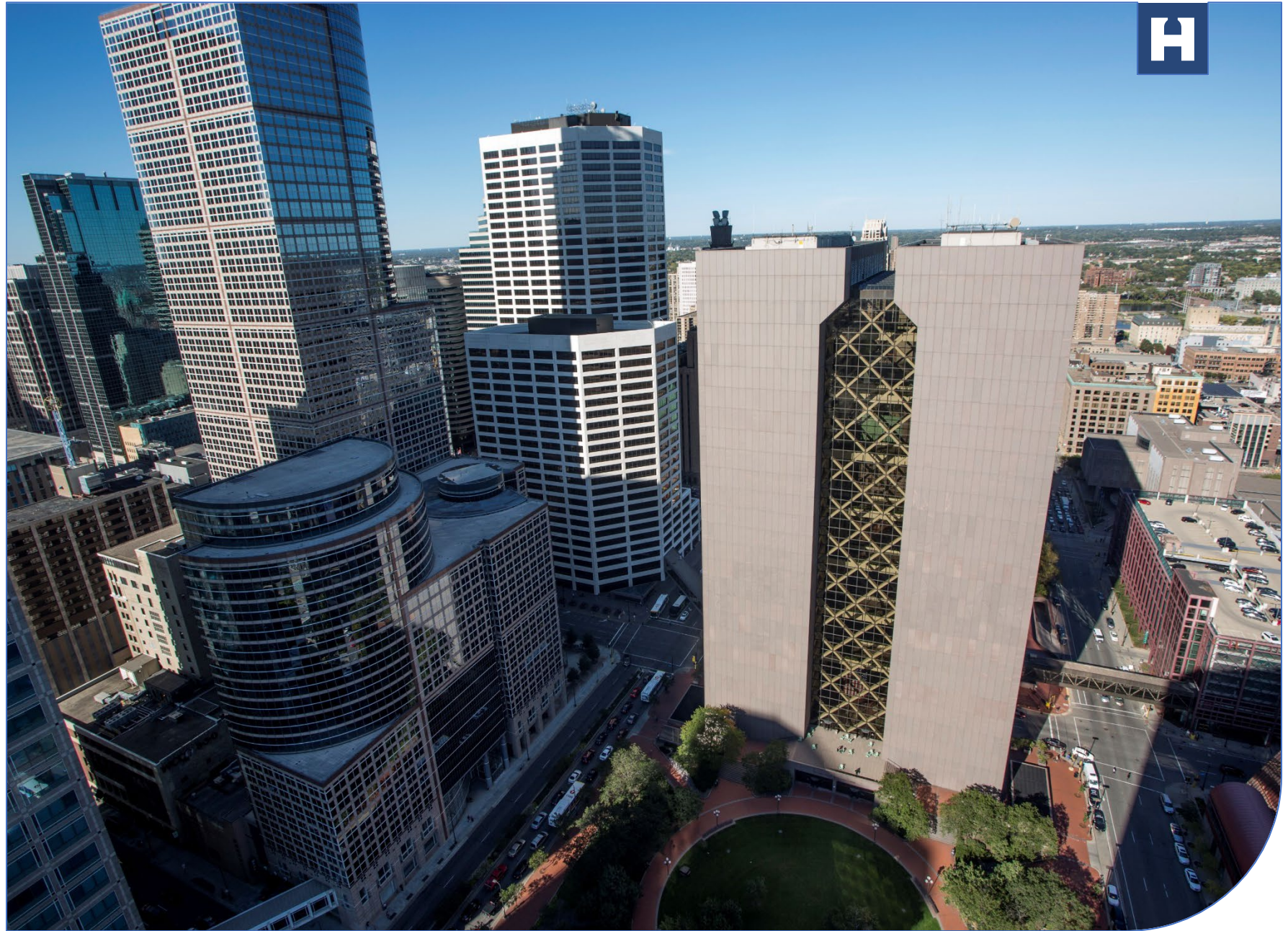


Hennepin County

# 2026 budget update

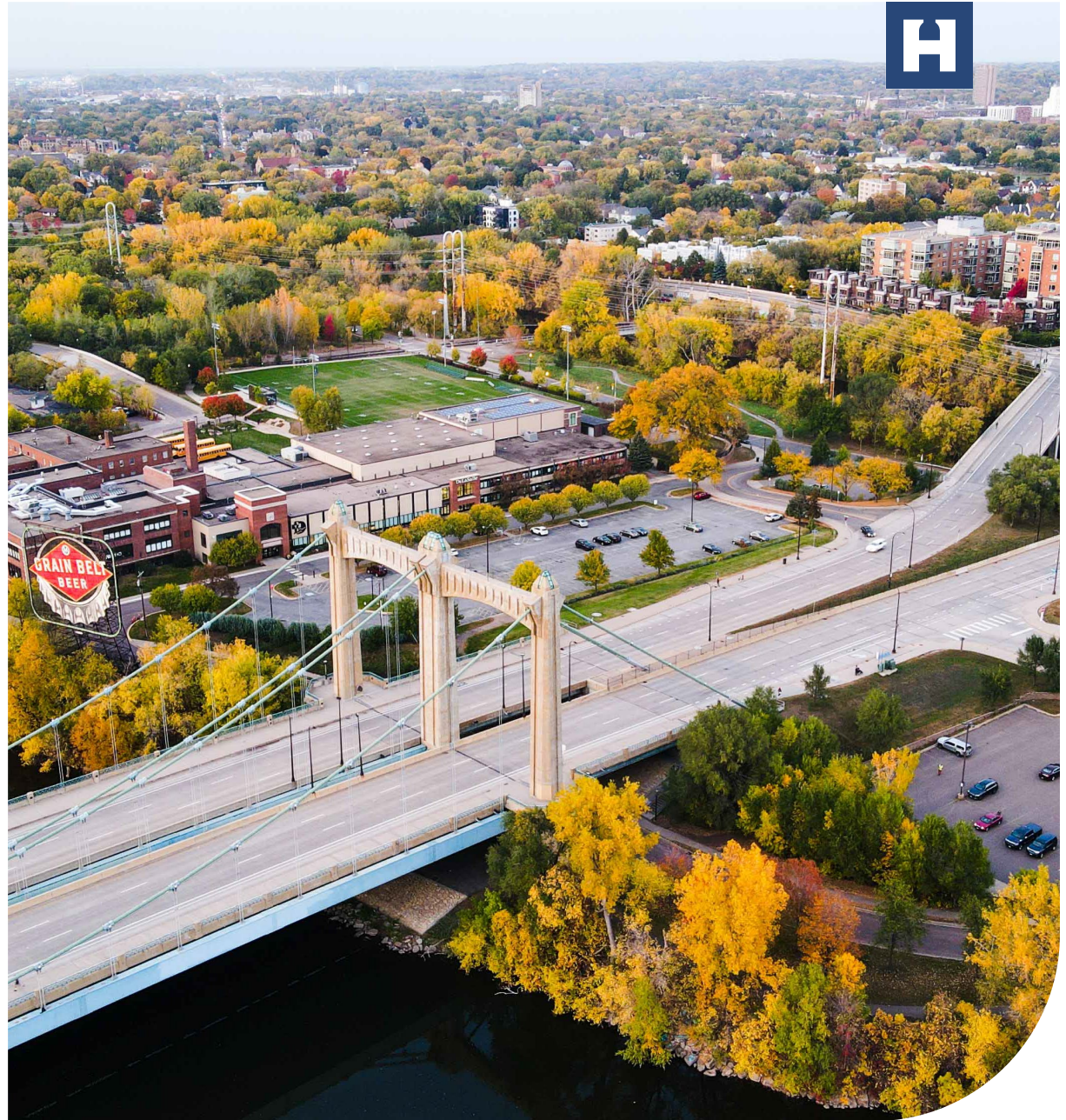
Administration, Operation, and  
Budget Committee

July 28, 2026



# Background

Provide transparency and information to commissioners and residents regarding the tracking and monitoring of the county's financial health.



# Agenda

Current year-to-date budget

Federal impacts

Budget management strategies

Preparation for 2027 budget

# Current FTEs under budget

| Line of Business         | Budgeted FTE   | Hired FTE<br>as of 7/2/2026      | Variance     | Actual FTE<br>as of 6/19/2026     |
|--------------------------|----------------|----------------------------------|--------------|-----------------------------------|
| Public Works             | 512.3          | 459.1                            | 53.2         | 472.4                             |
| Law, Safety, Justice     | 2,501.2        | 2,427.5                          | 73.7         | 2,419.7                           |
| <i>Sheriff's Office</i>  | 883.0          | 879.1                            | 3.9          | 933.7                             |
| <i>Attorney's Office</i> | 521.6          | 506.3                            | 15.3         | 502.1                             |
| Health                   | 484.5          | 429.8                            | 54.7         | 418.5                             |
| Human Services           | 3,718.4        | 3,799.0                          | (80.6)*      | 3,601.2                           |
| Operations               | 1,328.1        | 1,222.3                          | 105.9        | 1,134.2                           |
| Resident Services        | 1,093.9        | 948.1                            | 145.8        | 946.5                             |
| Disparity Elimination    | 124.5          | 114.5                            | 10.0         | 110.5                             |
| <b>Countywide</b>        | <b>9,762.9</b> | <b>9,400.1</b>                   | <b>362.8</b> | <b>9,103.0</b>                    |
| <b>2025</b>              | <b>9,995.6</b> | <b>9,711.6</b><br>as of 7/1/2025 | <b>284.0</b> | <b>9,675.1</b><br>as of 6/20/2025 |

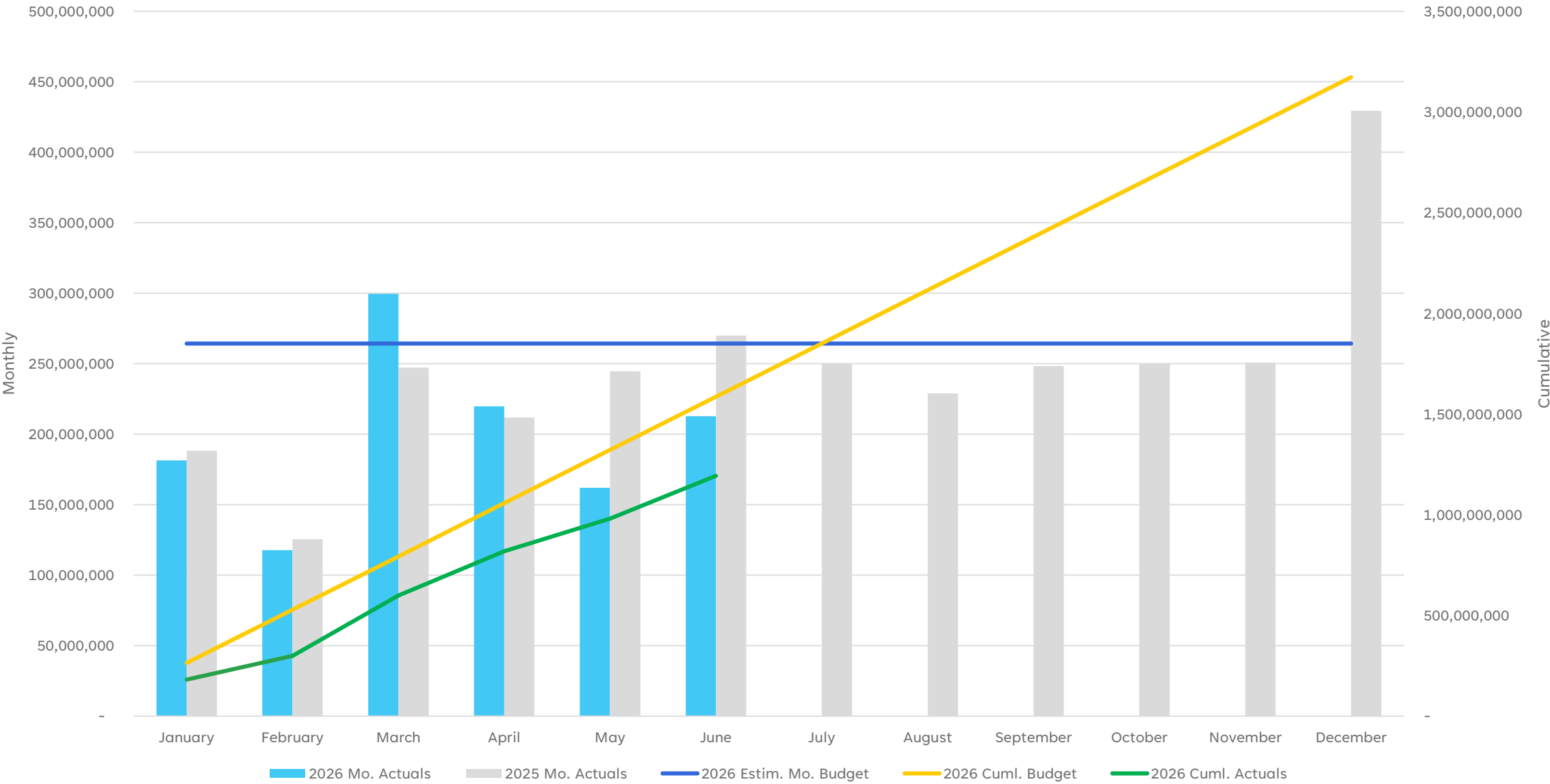
**Budgeted FTE:** 2026 Adopted Budget

**Hired FTE:** the number of hours an employee was hired and anticipated to work

**Actual FTE:** the number of actual hours worked by existing staff, including leave time and overtime

*\*The 2026 budget for Human Services includes a reduction of 237 FTEs, to be achieved through attrition and prioritized hiring of critical resident facing positions.*

# Spending under budget through June 2026



# Ongoing federal budget impacts



# Current federal impacts

Known funding reductions

| Program area         | Amount annually    |
|----------------------|--------------------|
| SNAP (Food security) | \$8 million        |
| <b>Total</b>         | <b>\$8 million</b> |

Funding under protective orders – at risk

**\$107.7 million**

# Grants terminated

| Program area                                                                                                                  | Total grant award     | Amount cancelled                           |
|-------------------------------------------------------------------------------------------------------------------------------|-----------------------|--------------------------------------------|
| Department of Homeland Security (DHS)- Federal Emergency Management Agency (FEMA): Shelter & Services Program (SSP), 3 grants | \$8,500,000           | \$2,700,000                                |
| DHS – FEMA:<br>Targeted Violence and Terrorism Prevention Program                                                             | \$106,284             | \$67,200                                   |
| HHS/Centers for Disease Control and Prevention: Federal Infrastructure Grant                                                  | \$1,786,794           | \$0 (fully expended prior to cancellation) |
| Health and Human Services (HHS) OPA OASH Teenage Pregnancy Prevention Program (TPP)                                           | \$5,916,000           | \$536,722                                  |
| <b>Total</b>                                                                                                                  | <b>\$16.3 million</b> | <b>\$3.3 million</b>                       |

# Anticipated cuts

| County program area                | Date | Amount annually     |
|------------------------------------|------|---------------------|
| SNAP (Food security) Error Rate    | 2027 | \$20 million        |
| HUD (Housing security)             | 2027 | \$12 million        |
| Medicaid (Hennepin County clinics) | 2027 | \$27 million        |
| <b>Total</b>                       |      | <b>\$59 million</b> |

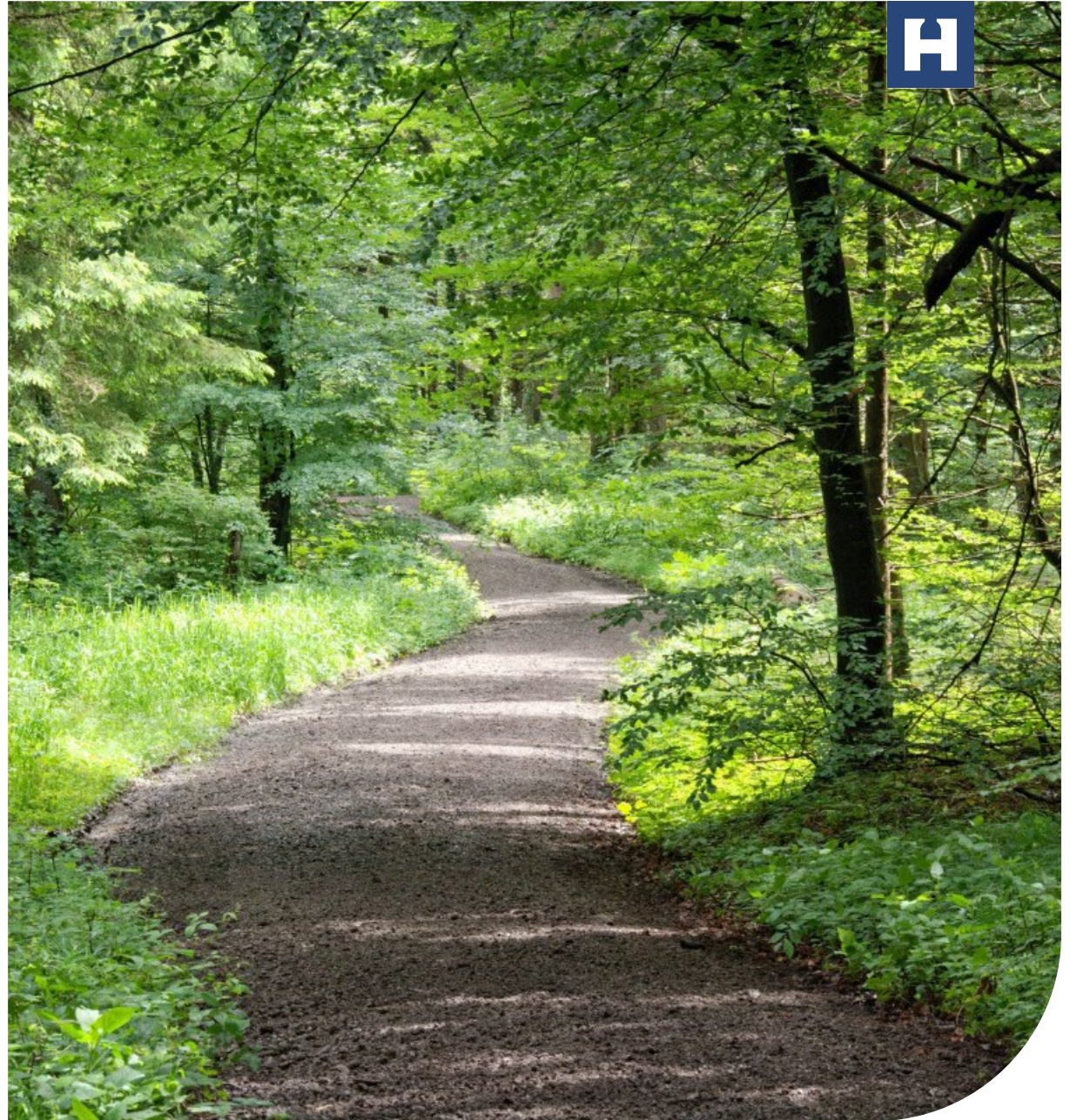
## Hennepin Healthcare System Cumulative financial impact (2027-2038)

Total estimated impact: \$1.7B reduction

- \$1.1B from declining directed payments
- \$0.6B from Medicaid disenrollment

# Budget management strategies

- Hiring management
- Reviewing contracts and RFPs
- Capital project reviews
- Future planning with the hospital



## Planning for 2027

- 2026 budget management strategies are working
- Ongoing headwinds
- These successes and headwinds will be taken into consideration for the 2027 proposed budget
- August: preliminary discussion on tax base for 2027 and potential levy

# 2027 budget preparation

## Next update:

- August 20 – Board briefing on budget and property tax impacts
- Aug 25 – Final 2026 budget update

## Next steps:

- County Administration and the Office of Budget & Finance continue to analyze budget requests through August.
- Sept 22 – Proposed budget from administrator
- Sept 29 – Max levy adopted

