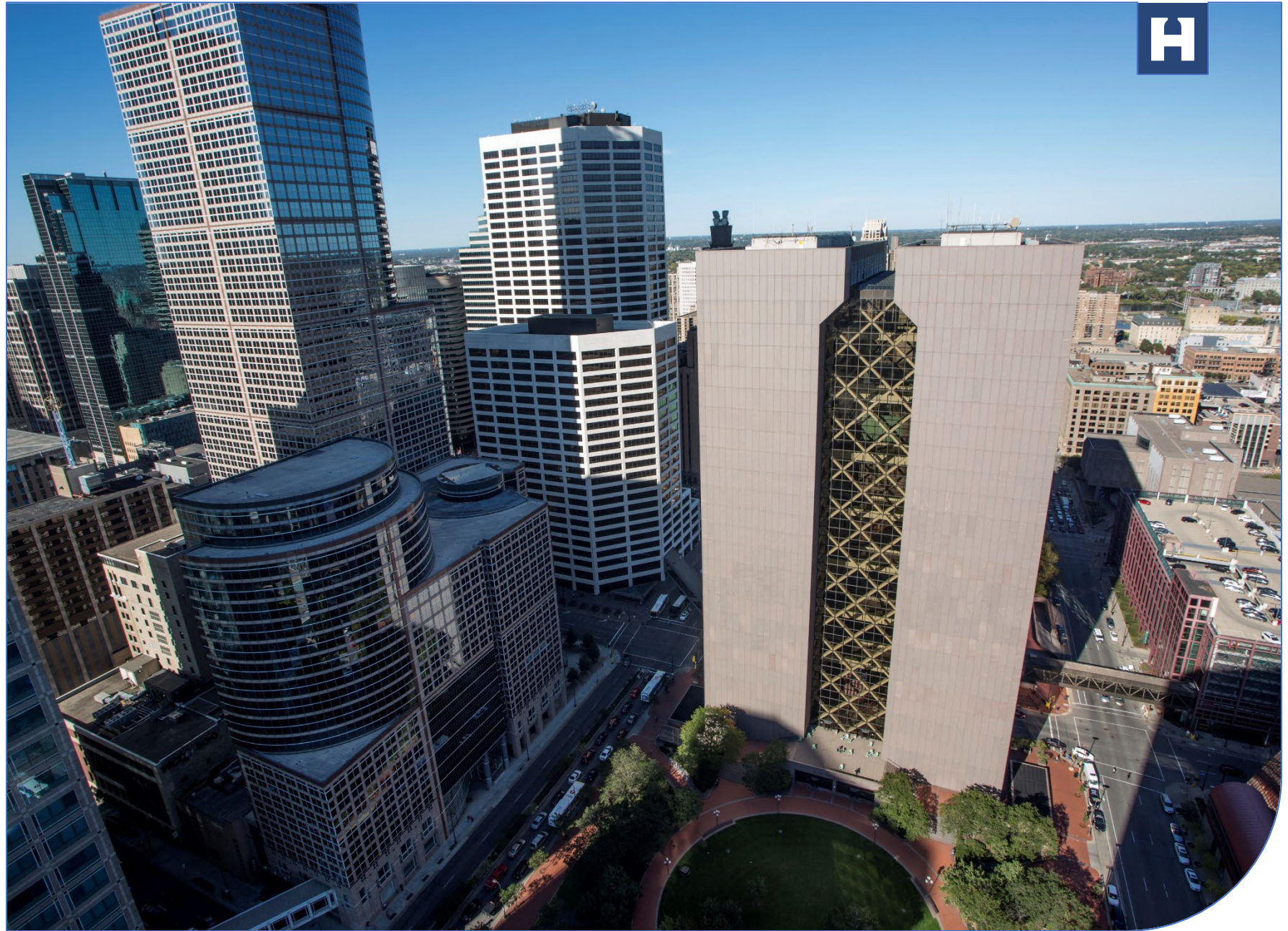


Hennepin County

2026 budget update

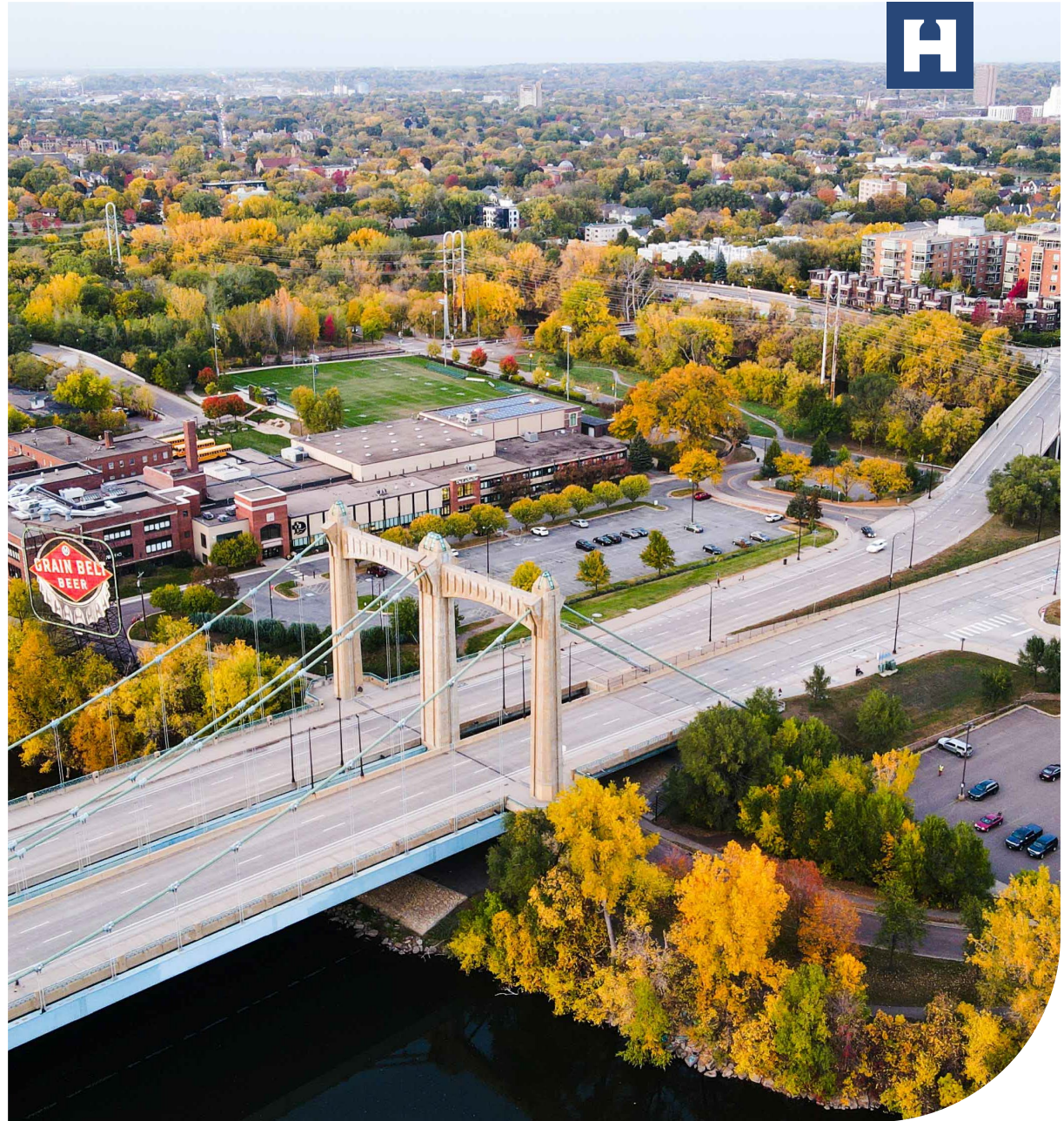
Administration, Operation, and
Budget Committee

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 as of 7/2/2026	Variance	Actual FTE 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
Countywide	9,762.9	9,400.1	362.8	9,103.0
2025	9,995.6	9,711.6 as of 7/1/2025	284.0	9,675.1 as of 6/20/2025

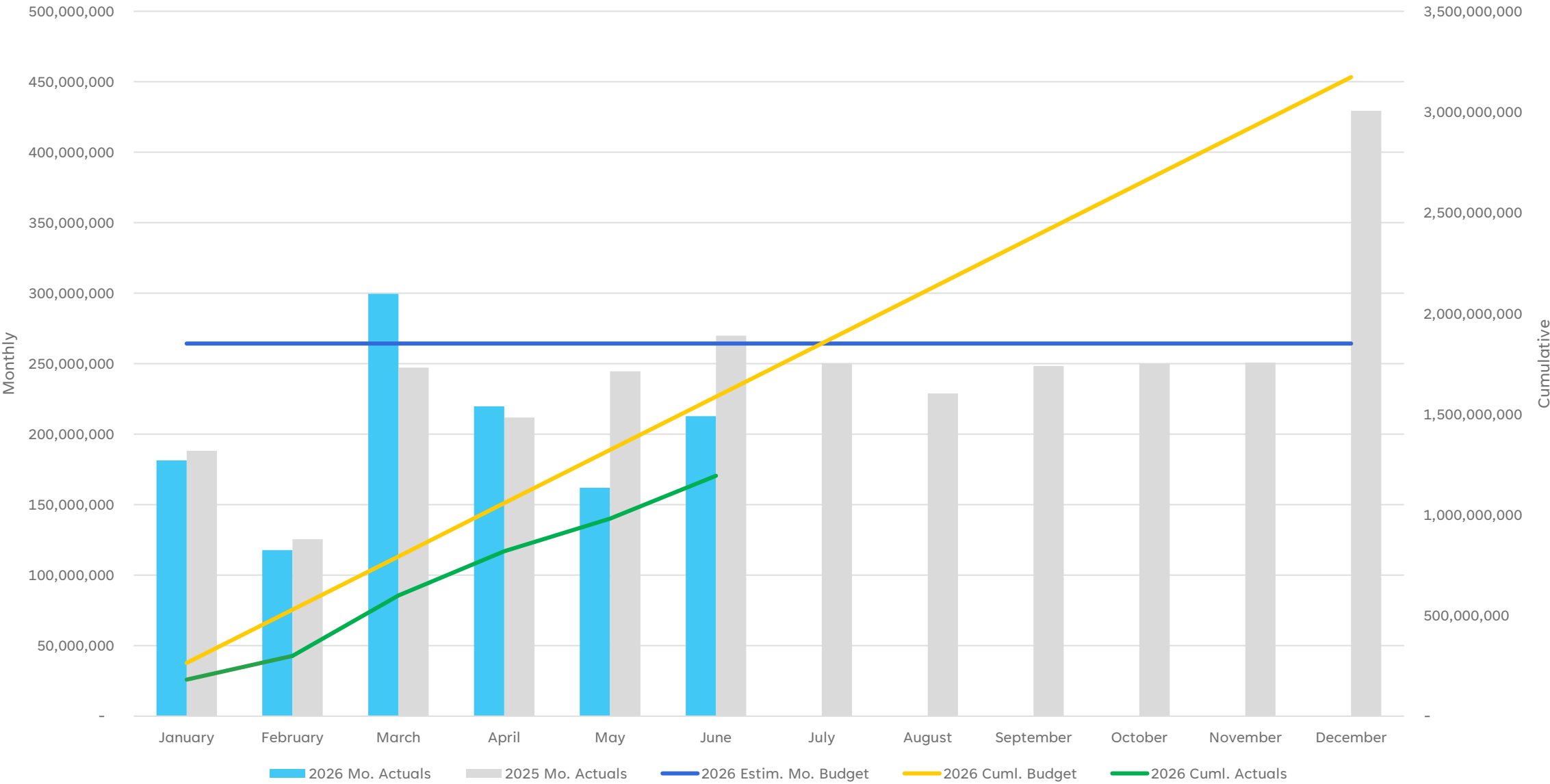
Budgeted FTE: 2026 Adopted Budget

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
Total	\$8 million

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: 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
Total	\$16.3 million	\$3.3 million

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
Total		\$59 million

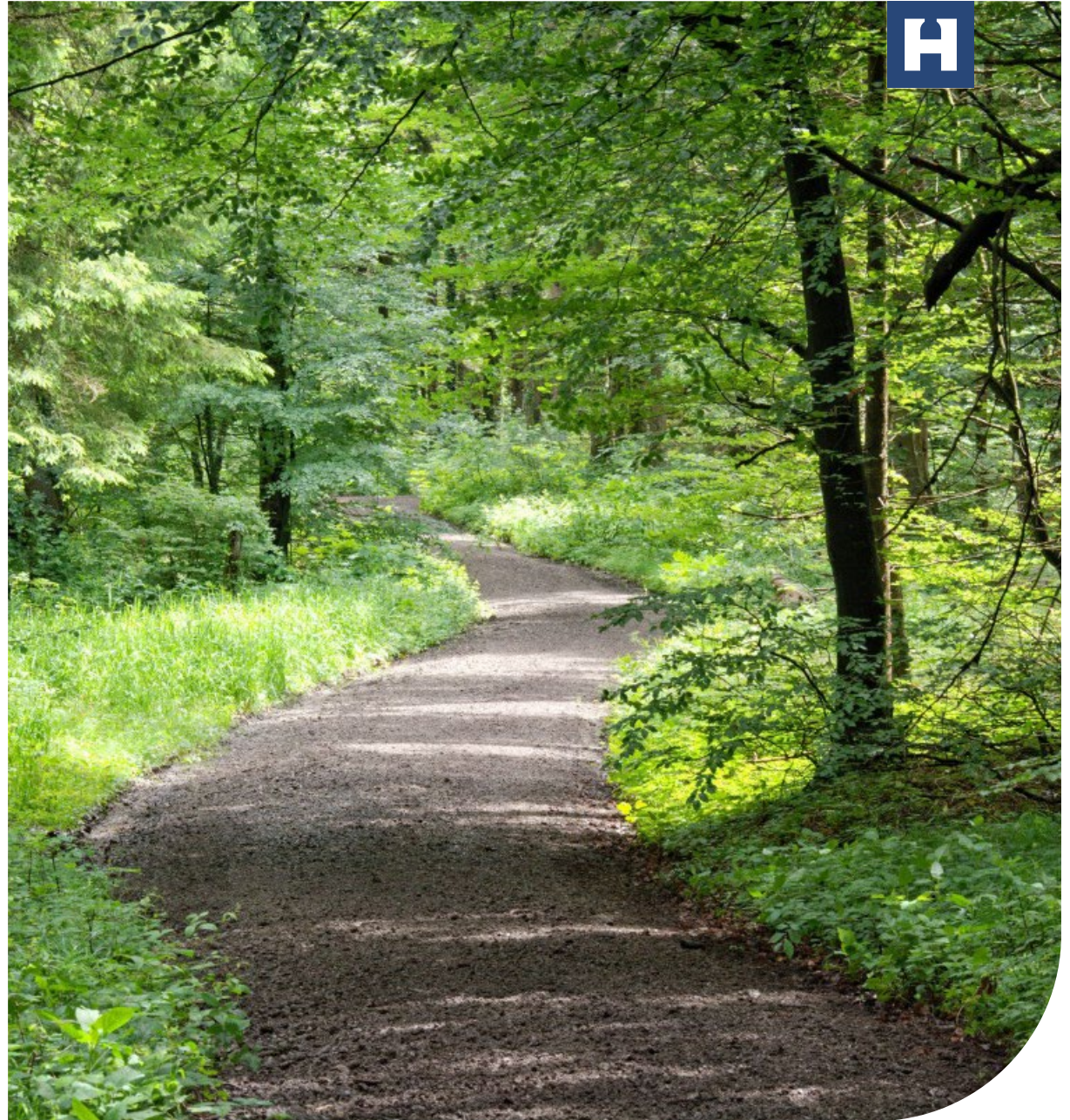
Hennepin Healthcare System Cumulative financial impact (2027-2038)

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

