



METROPOLITAN
C O U N C I L

2027 Preliminary Operating Budget

Community Development

Heather Giesel, Director CD/MTS Finance & Administration

June 2026





Contents


For Today

- Budget development background
- Preliminary 2027 Budget
 - Sources and Uses
 - Recent budget trends
- Advancing 2050 policies and goals

Objectives

Support Implementation Of

- Imagine 2050
- Housing Policy Plan
- Regional Parks Policy Plan



For more than 50 years, the Metropolitan Council has helped coordinate regional growth and planning in the Twin Cities metropolitan area.

BUDGET DEVELOPMENT PROCESS

Framing



- Council's Regional Role
- Research and data development
- Equity Impacts
- General Economic Conditions
- Leverage Funds
- Timely Financial Impacts
- Supporting Council Initiatives

BUDGET DEVELOPMENT PROCESS

Looking Ahead



- Financial Forecasting 2027+
- Legislative Outcomes
- Federal Budgets
- Council Strategic Initiatives
- Divisions Work Plans

BUDGET DEVELOPMENT PROCESS

2026 Committee Schedule



Potential Changes for Public Comment

Under development

- Metro HRA Operating and Pass through
- Livable Communities Passthrough
- Parks Passthrough
- Specific Projects
 - 2050 Development Guide
 - Climate Action Plan Implementation

Next steps

- Monitor federal funding
- Project refinement
- Stakeholder conversations
- Adjustments to 2026 budgets

Preliminary 2027 Budget



2027 Overview



Budget development objectives

- Construct balanced budgets
- Prioritize structural solutions: mitigate structural gaps over time
- Maintain reserve balances at Council policy levels

Base Budget

Federal and State
Requirements

Negotiated Contracts

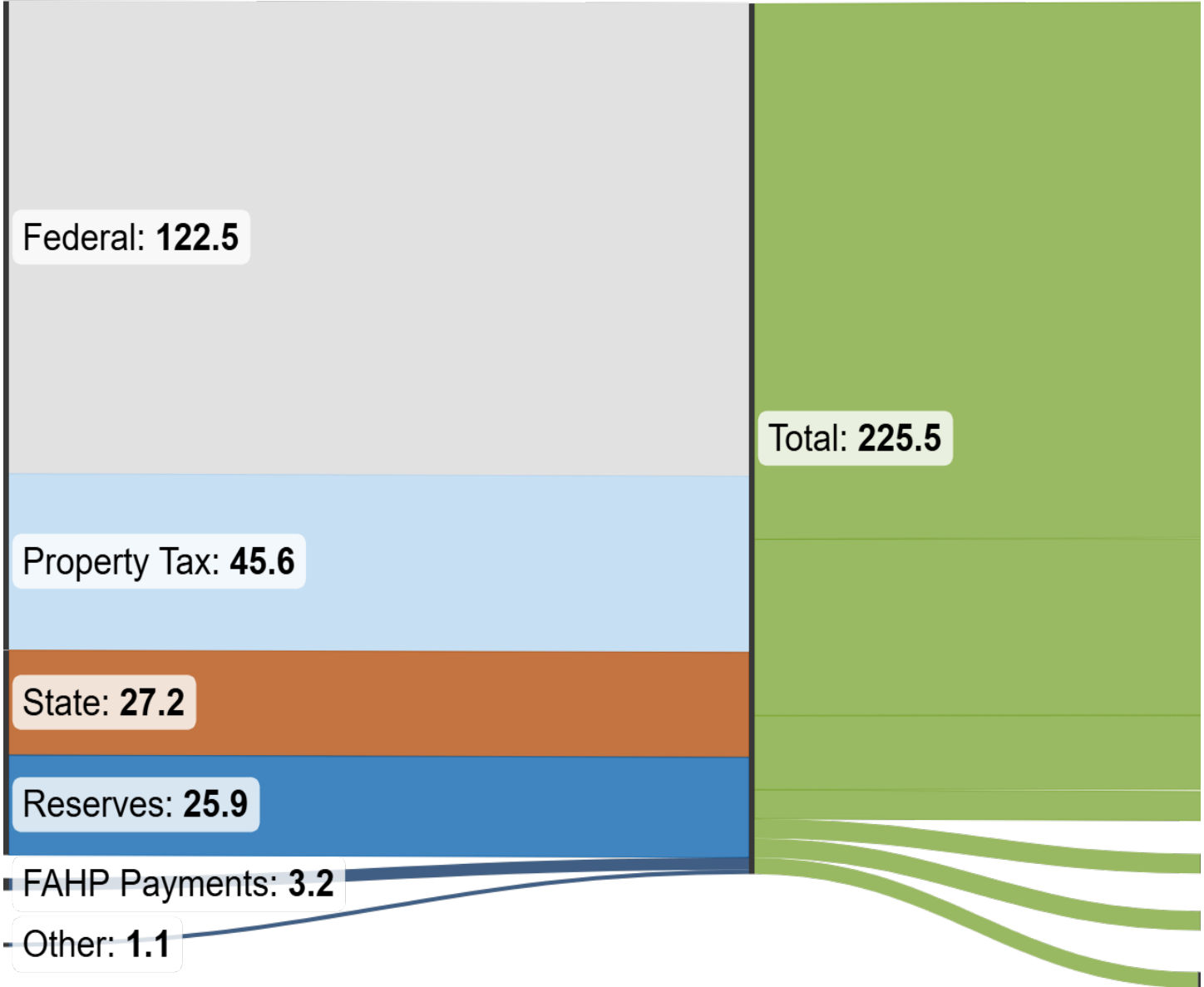
Regional Administration
Support Costs

Preliminary 2027 budget

- \$225.4M, up \$25.6 compared with amended 2026 budget (\$199.8M)

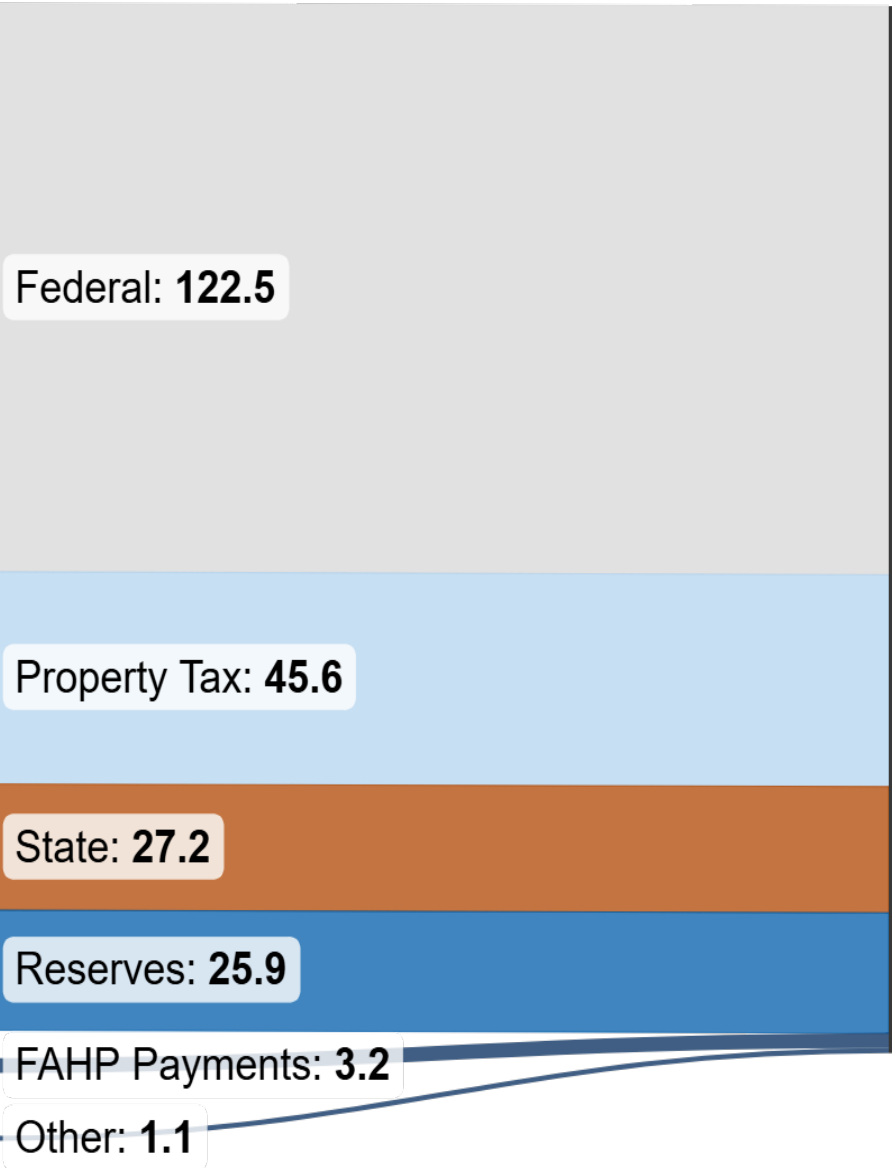
Preliminary 2027 Budget | Detailed

Revenue Source (\$M)

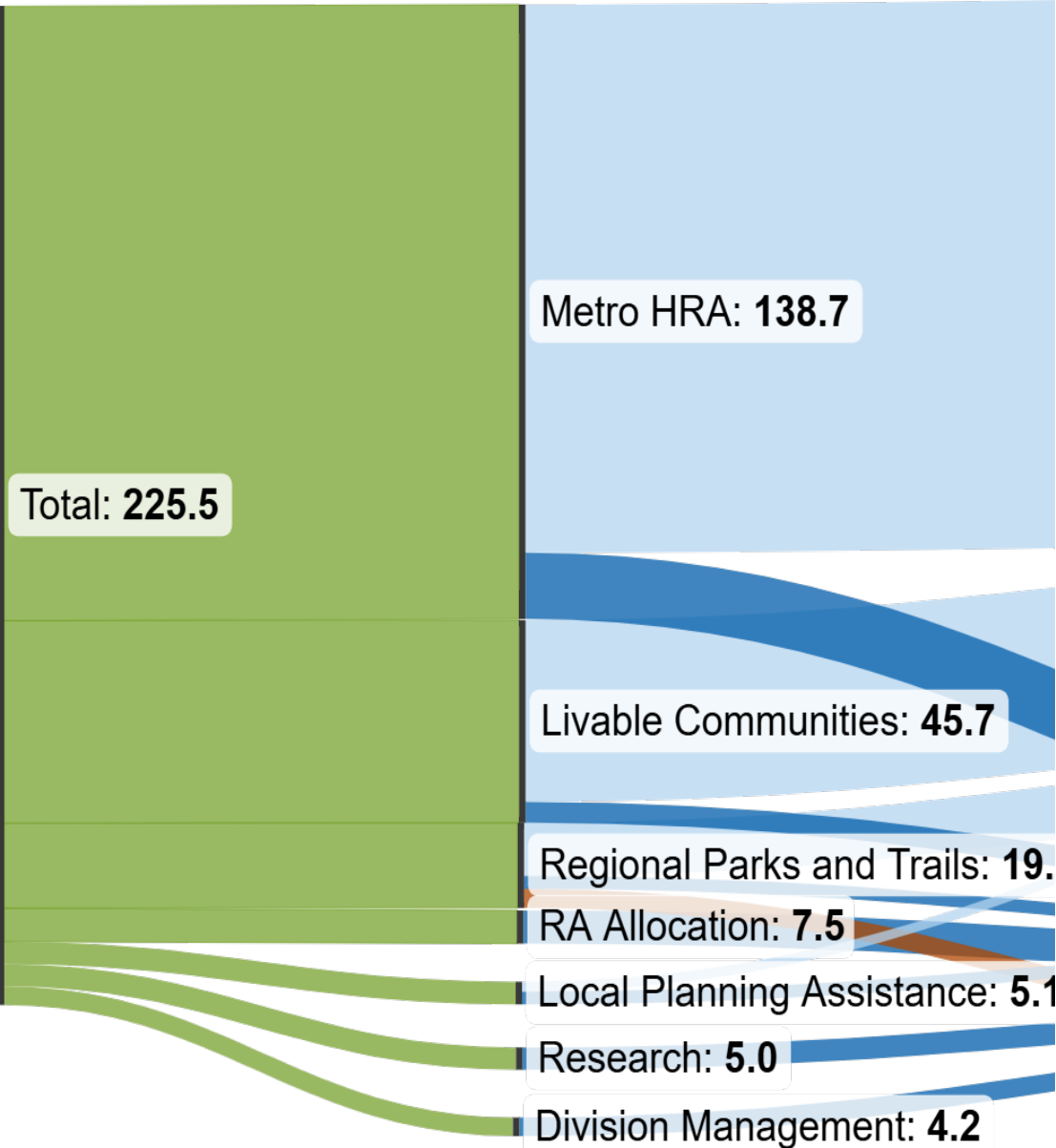


Preliminary 2027 Budget | Detailed

Revenue Source (\$M)

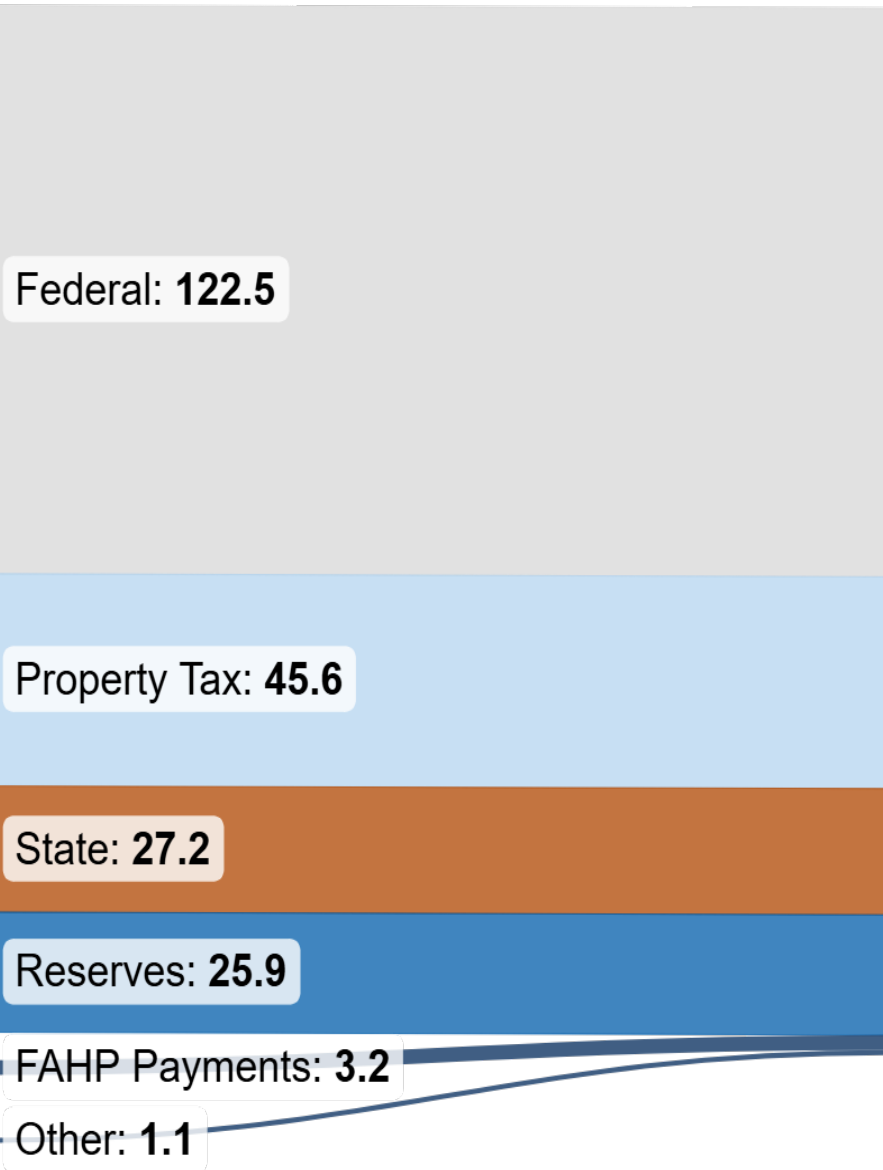


Dept (\$M)

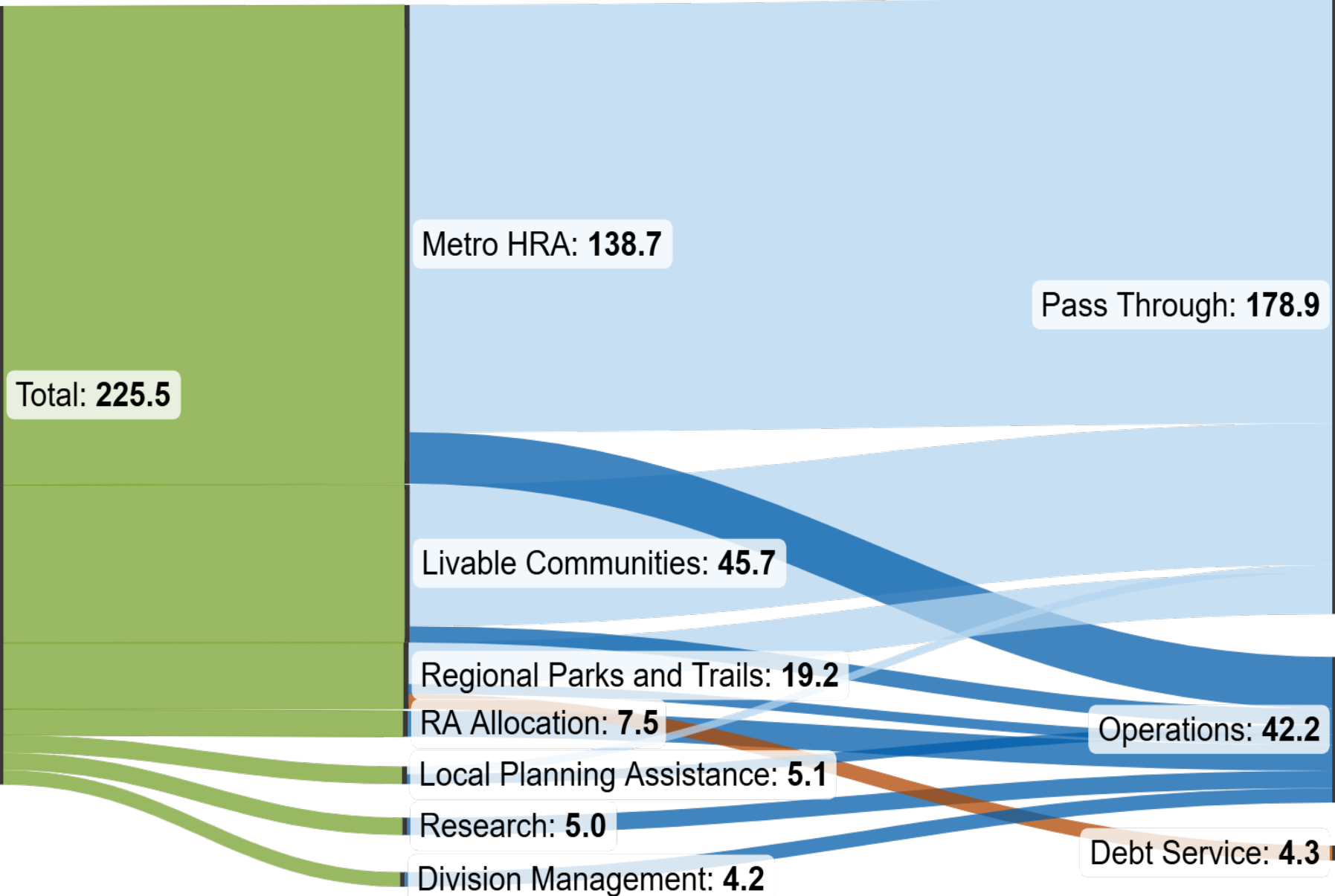


Preliminary 2027 Budget | Detailed

Revenue Source (\$M)



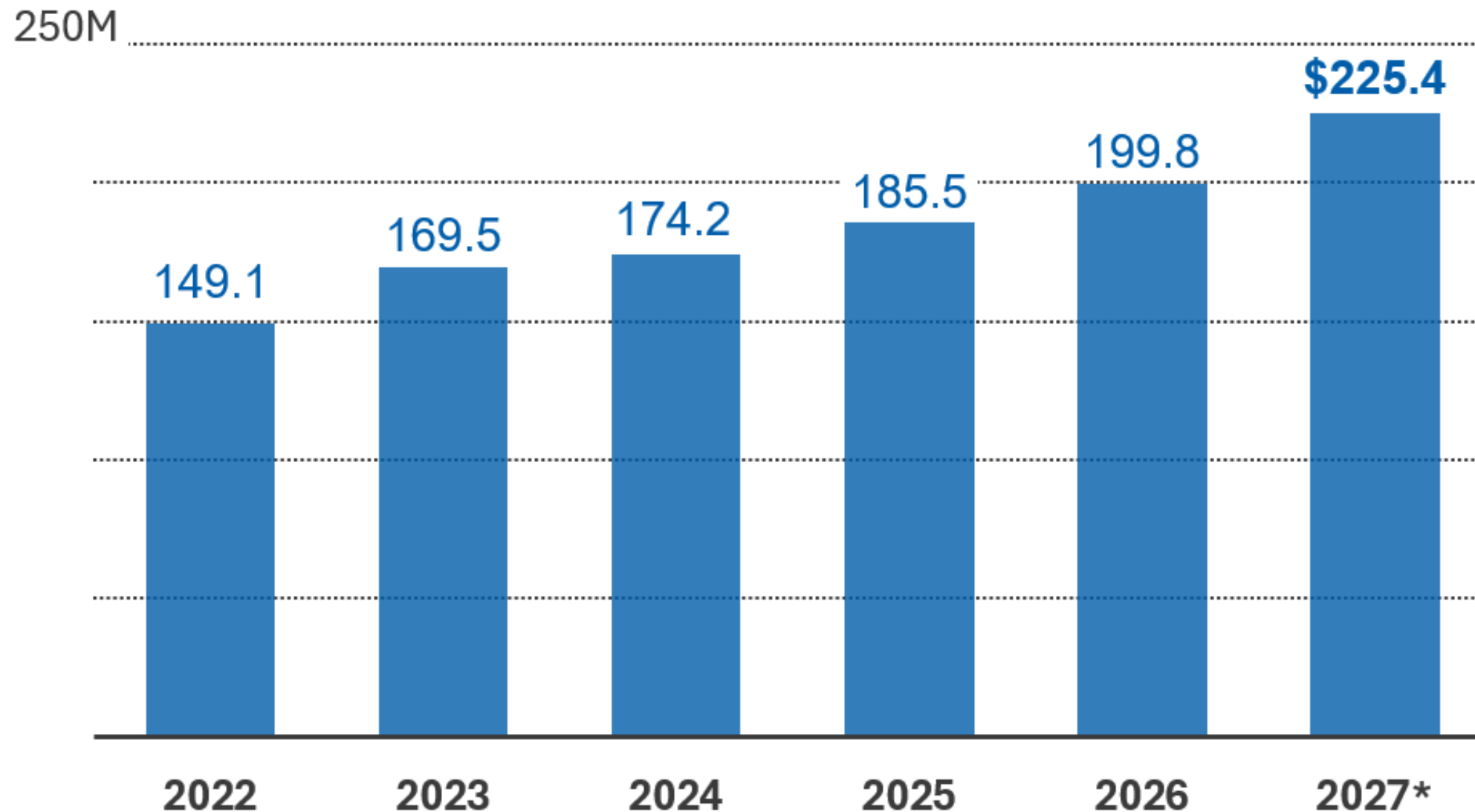
Dept and Use (\$M)



Recent Budget Trends



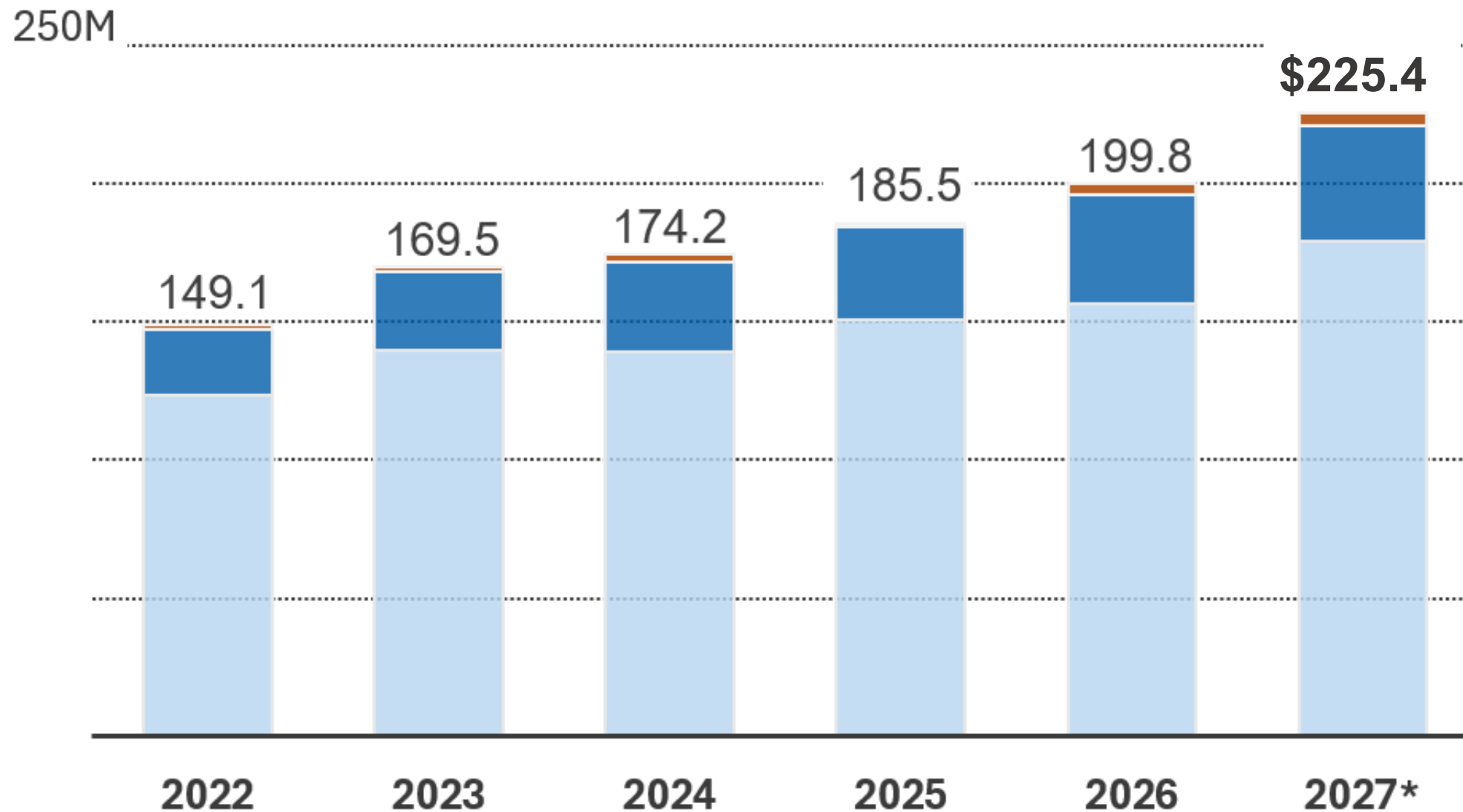
Trend | Total Operating Budget



- Includes all expenses (operating costs, pass through, and debt service)
- Overall change between 2022 and 2026: **+34.9%**
- Budget growth reflects program and service expansion across the division

**Preliminary*

Trend | Total Operating Budget, detailed



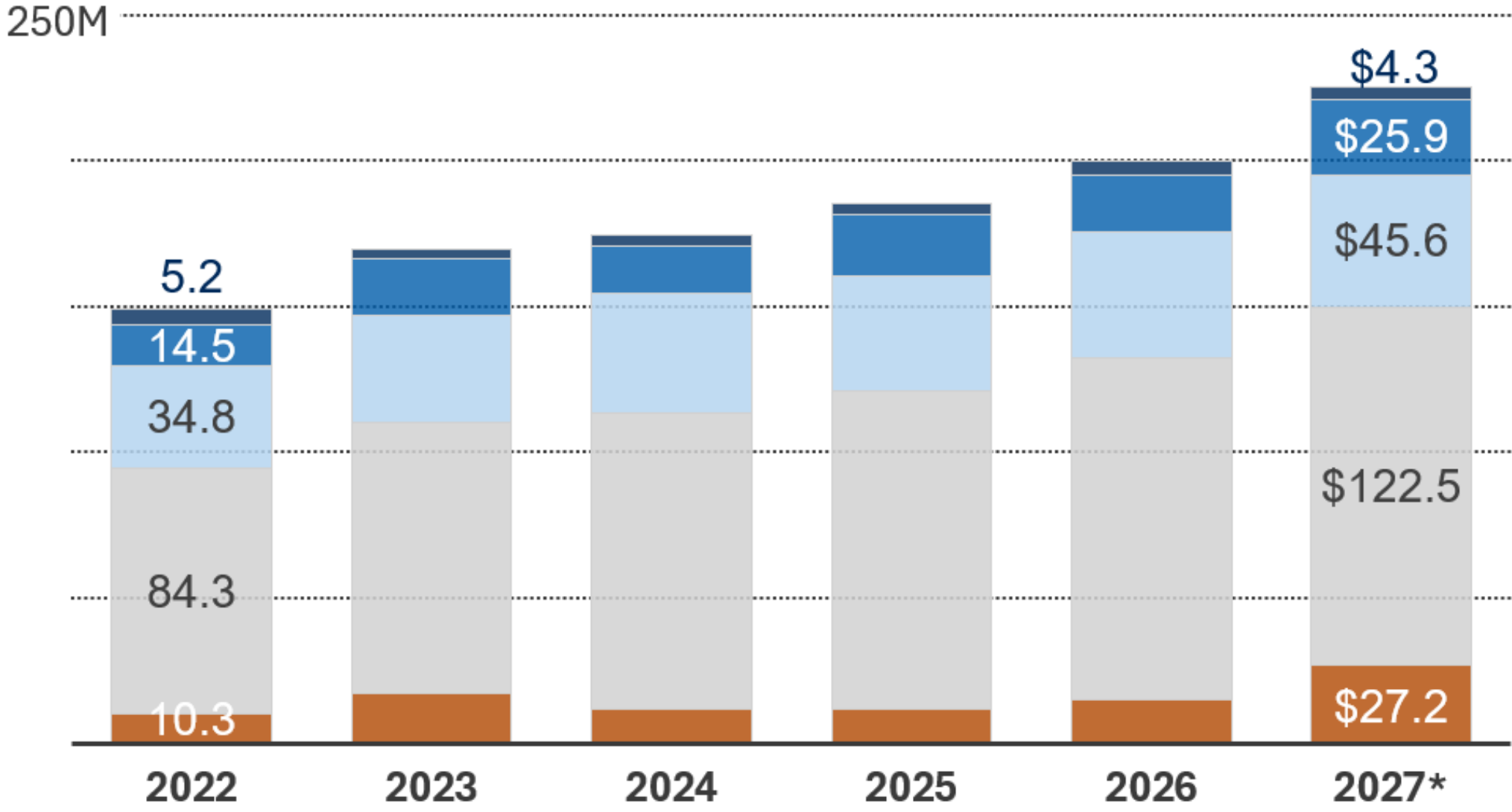
- Pass-through accounts for roughly 80% of annual totals
- 65% of the overall budget growth between 2022-26 (\$50.7M) was additional pass-through dollars

Uses

- Debt Service
- Operations
- Pass-through

**Preliminary*

Trend | Operating Budget by Revenue Source



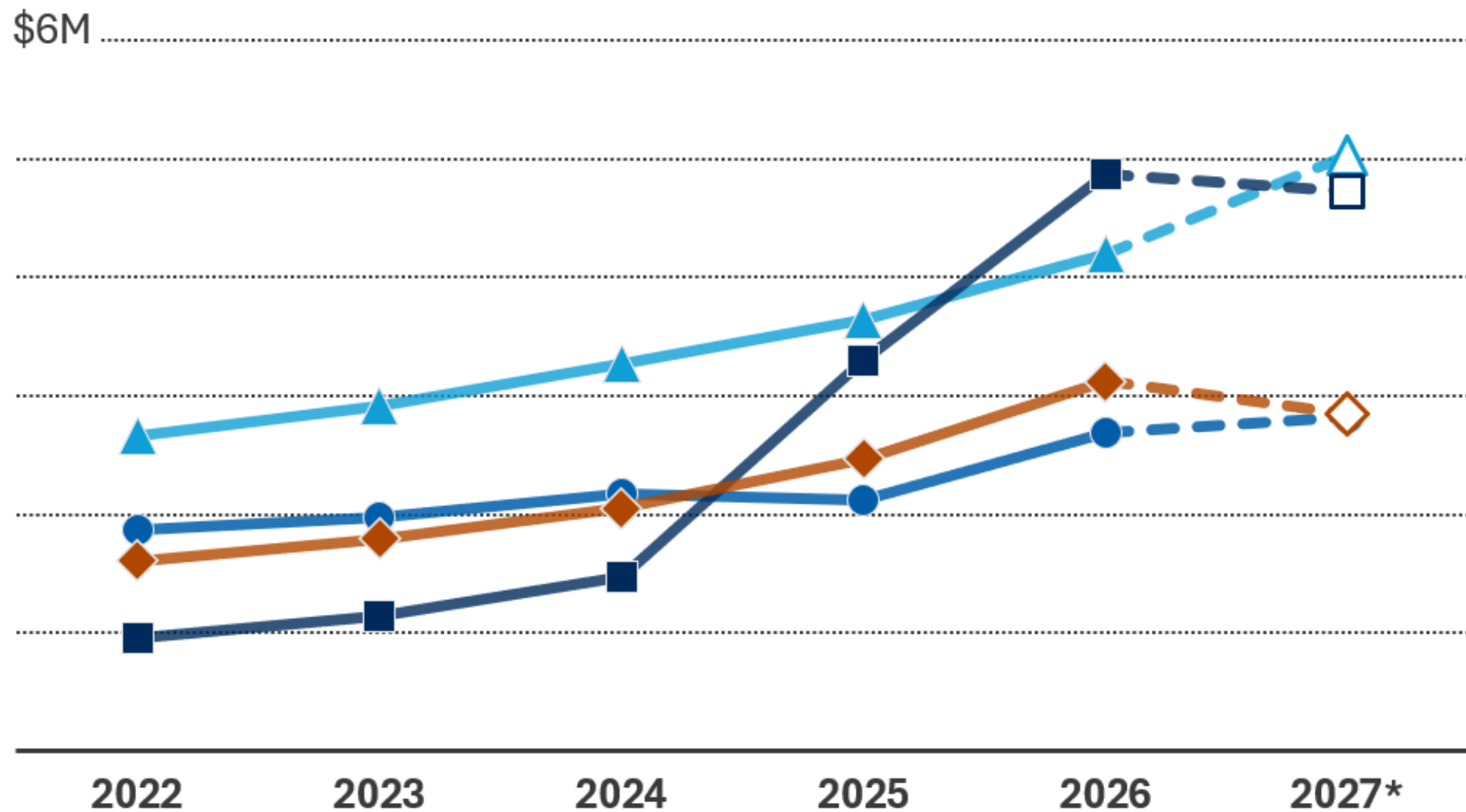
- Sources largely consistent over time
- Notably, state funding has more than doubled

Revenue Sources

- FAHP and other
- Reserves
- Property Tax
- Federal
- State

**Preliminary*

Trend | Operating Costs by Department



Livable Communities (+3.9M) had most growth between 2022 and 2026, followed by Research and Parks (+1.5M each)

Regional Planning

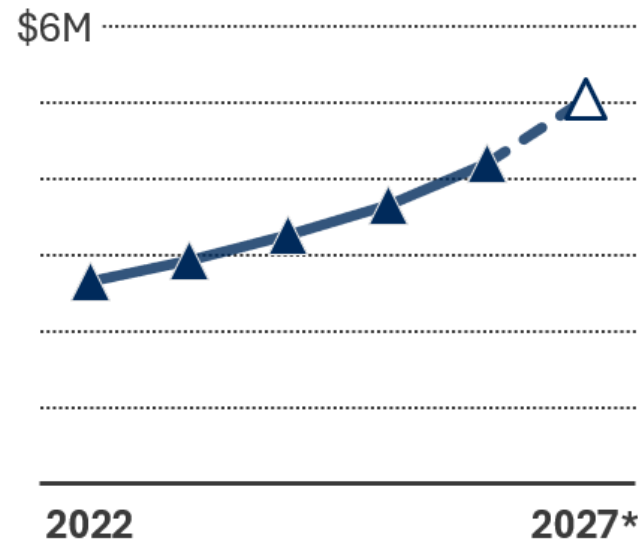
- ▲ Research
- Livable Communities
- ◆ Regional Parks and Trails
- Local Planning Assistance

Operations includes salaries and benefits; contracts.

**Preliminary*

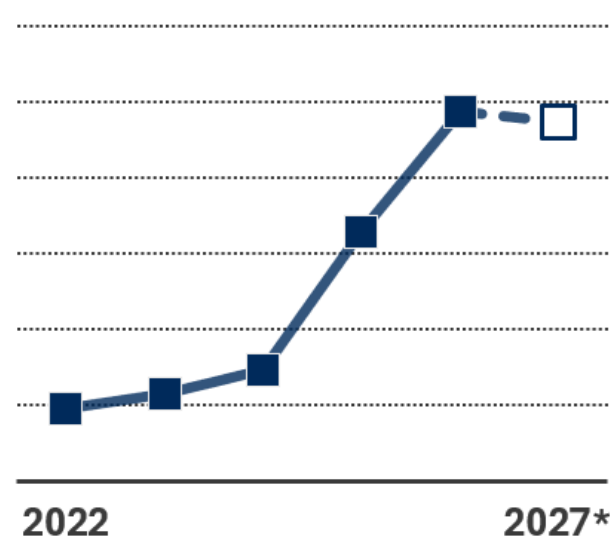
Trend | Operating Costs by Department

Research



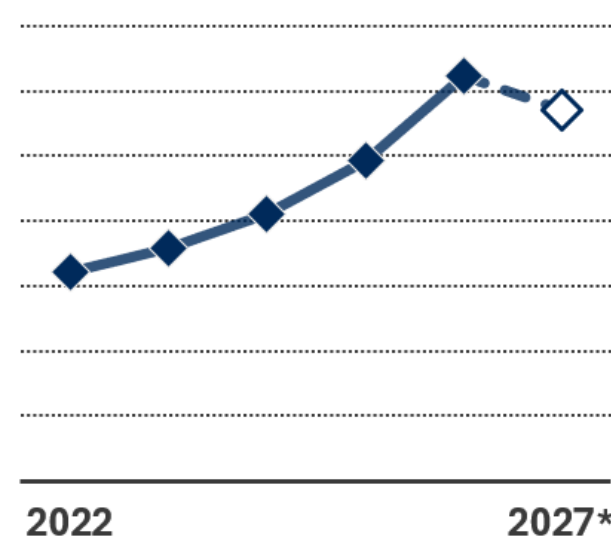
- Qualitative, climate, and outcomes
- EPA Grant
- 2025 Land Use Inventory

Livable Communities



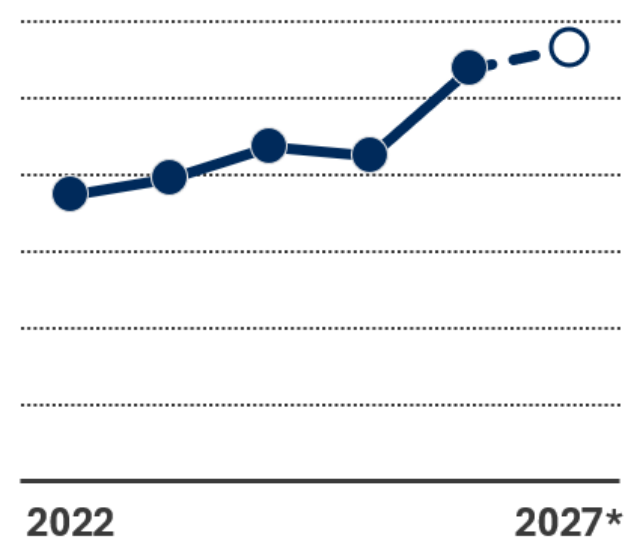
- LCA Redesign
- HUD PRO Housing Grant

Regional Parks & Trails



- Art + Policy
- GIS Improvement
- Visitors Study

Local Planning Assistance

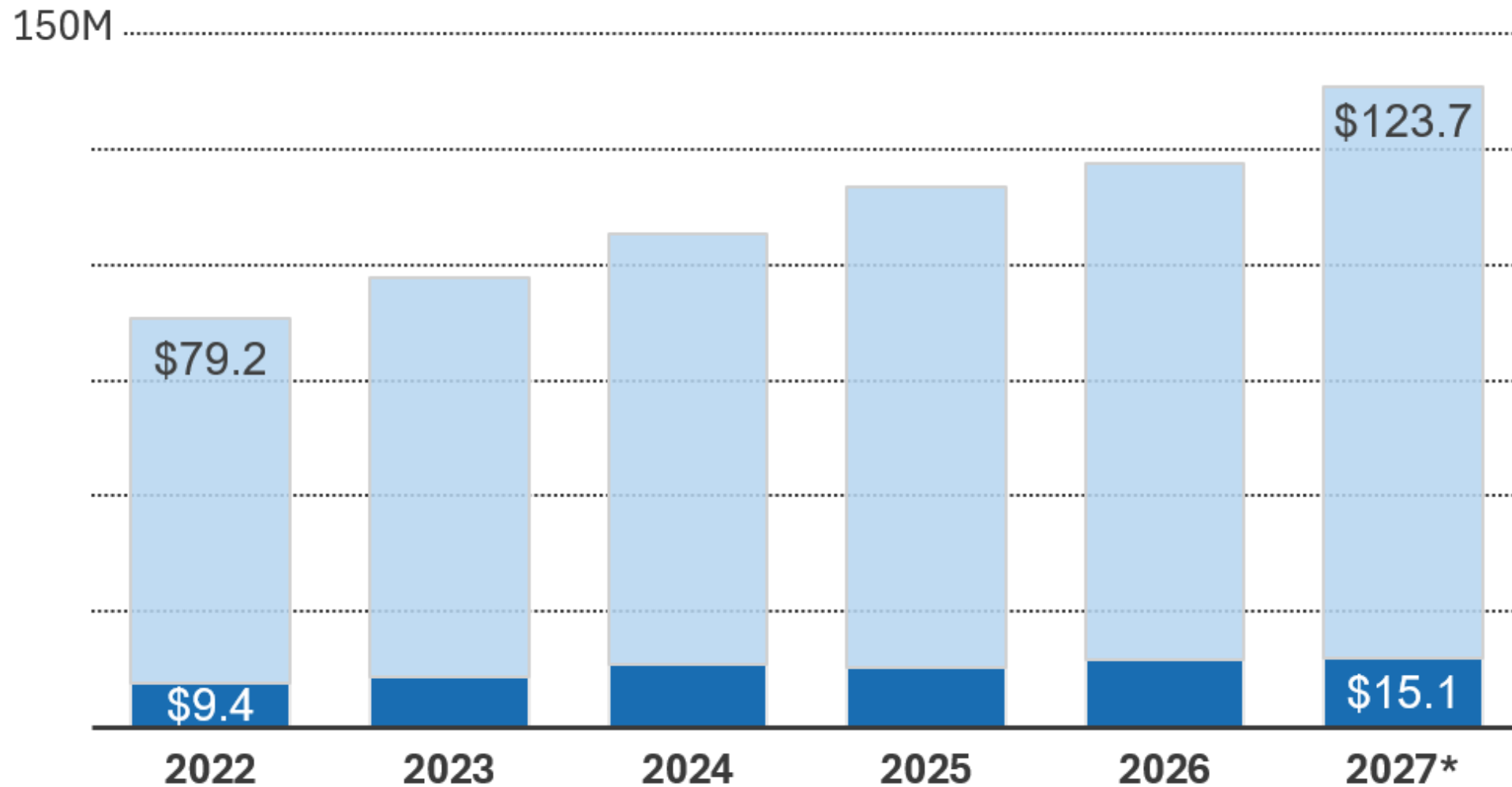


- 2050 technical assistance
- American Indian Advisory Council

Operations includes salaries and benefits; contracts.

**Preliminary*

Trend | Operating Costs by Department



Metro HRA

- 85% of the overall budget growth between 2022-26 (\$33.5M) was additional pass-through dollars
- +\$16.2M increase between 2026 and 2027, nearly all pass-through for Bring It Home program

Uses

- Pass-through
- Operations

Operations includes salaries and benefits; contracts.

**Preliminary*

Advancing 2050 policies and goals



Lead on climate | Context



This goal states:

We lead on addressing climate change. We have mitigated greenhouse gas emissions and have adapted to ensure our communities and systems are resilient to climate impacts.

Current context:

- Minnesota's economy (state GDP) and population have grown considerably since 2005 while greenhouse gas (GHG) emissions have declined.¹
- Following statewide trends, regional GHG emissions have also declined since 2005. Greater use of renewable energy sources in the electricity generation sector are largely responsible.²

Lead on climate | Our work

Supporting the region

- 2050 technical assistance and resources for local governments:
 - GHG Emissions Reduction Tool
 - Climate Action Toolkit*
 - Climate Vulnerability Assessment Tool
- Community Tree Planting Grants*

Internal efforts

- Climate Action Work Plan implementation*
- Environmental Justice (Equity) Framework pilot
- Leveraging federal funds

**Cross-listed with other regional goals*

Protect natural systems | Context



This goal states:

We protect and restore natural systems. We protect, integrate, and restore natural systems to protect habitat and ensure a high quality of life for the people of our region.

Current context:

- The seven-county region contains nearly 718,800 acres of Regionally Significant Ecological Areas (RSEAs). These areas include both land and water, and account for just over a third (37.7%) of the region's total acreage.³

Protect natural systems | Our work

Supporting the region

- 2050 technical assistance and resources for local governments:
 - Natural systems mapping tool
 - Climate Action Toolkit*
- Community Tree Planting Grants*
- Parks Implementing Agency workgroup support
- Regional Parks and Trails system additions

Internal efforts

- Climate Action Work Plan implementation*
- Dataset development:
 - Tree canopy cover
 - Impervious surfaces
- 2026 Regional Parks & Trails Visitor study
- Water monitoring with ES
- Art + Policy*

**Cross-listed with other regional goals*

Dynamic and resilient economy



This goal states:

Our region is dynamic and resilient. Our region meets the opportunities and challenges faced by our communities and economy including issues of choice, access, and affordability.

Current context:

- The 2025 unemployment rate was 3.9% in the metro, a middle-of-pack result compared with peers.⁴
- The Area Median Income (AMI) for a family of four in 2026 is \$131,500.⁵
- New housing construction continues to fall with just under 12,200 units permitted in 2025 (54% of 2021 levels).⁶

Dynamic and resilient | Our work

Supporting the region

- 2050 technical assistance and resources for local governments:
 - Local Housing Data Tool
 - Housing Policy Toolkit
- Bring it Home program*
- Planning Assistance Grants with regional goal incentive*
- Impacts of Operation Metro Surge research*
- Envisioning Growth Photo Lab

Internal efforts

- New grant management software implementation
- Housing Forward Cities
 - Hired 2 new staff to implement grants

**Cross-listed with other regional goals*

Healthy and safe communities



This goal states:

Our communities are healthy and safe. All our region's residents live healthy and rewarding lives with a sense of dignity and wellbeing.

Current context:

- About 85% of adults living in the Twin Cities metro reported excellent or good general health in 2023. This is higher than national average, but the lowest reported share since 2011.⁷
- Lower rates of food security and housing stability—among other negative health and economic outcomes—are anticipated but not yet known following the 42-day federal government shutdown in 2025 and Operation Metro Surge in early 2026.

Healthy and safe | Our work

Supporting the region

- Planning Assistance Grants for local governments: regional goal incentive*
- Impacts of Operation Metro Surge research*
- Bring it Home program*
- 2026 Parks and Trails Visitors Study

Internal efforts

- Art + Policy*
- Parks Youth/Adult study

**Cross-listed with other regional goals*

Equitable and inclusive region



This goal states:

Our region is equitable and inclusive. Racial inequities and injustices experienced by historically marginalized communities have been eliminated; and all people feel welcome, included, and empowered.

Current context:

- Immediately following the COVID-19 pandemic and recession, the Twin Cities metro's Black, Latine, and Asian communities showed higher employment and homeownership rates, and wage growth.⁸
- More recent data suggest a reversal, however: unemployment rates among Black, Latine, and Asian Minnesotans increased in both 2024 and 2025.⁹

Equitable and inclusive | Our work

Supporting the region

- Planning Assistance Grants for local governments: regional goal incentive*
- Impacts of Operation Metro Surge research*
- American Indian Regional Park and Trail Place Names Toolkit

Internal efforts

- Develop and pilot Equity Frameworks
- Update the division's Racial Equity Action Plan

**Cross-listed with other regional goals*



Heather Giesel

Finance Director, Community Development Division

Thanks to

Senior Budget Manager, Nick Hendrikson
Principal Financial Analyst, Brenda Jepsen
Financial Analyst, Magdalene Miranda



Sources | Current Context

1. Minnesota Pollution Control Agency, Greenhouse Gas Emissions in Minnesota, 2005-2022 (January 2025) [Greenhouse gas emissions in Minnesota 2005-2022 Legislative Report](#)
2. Metropolitan Council, Twin Cities Regional Greenhouse Gas Emissions Inventory, 2023 (March 2026) metrotransitmn.shinyapps.io/ghg-reduction-tool/
3. Metropolitan Council, Regionally Significant Ecological Areas, 2020 (June 2024) gisdata.mn.gov
4. Minnesota DEED, Local Area Unemployment Statistics, December 2025: <https://apps.deed.state.mn.us/lmi/ces/ResultDetails.aspx>
5. U.S. Department of Housing and Urban Development, Area Median Income (AMI), (May 2026) [Income Limits Data for HUD Housing Assistance Programs | HUD USER](#)
6. Metropolitan Council, Annual Building Permit Survey, 2025 [Community Profile - Research Web Community Profiles](#)
7. Centers for Disease Control and Prevention, Behavioral Risk Factor Surveillance System (BRFSS), 2023.
8. Minnesota DEED, Twin Cities Metro Regional Disparities by Race and Origin, 2024 [Racial Disparities / Minnesota Department of Employment and Economic Development](#)
9. Minnesota DEED, Alternative Measure of Unemployment in Minnesota, 2025 <https://mn.gov/deed/data/current-econ-highlights/alternative-unemployment.jsp>