

City General Fund Summary

General Fund 2026 Adopted Budget

Purpose: The General Fund is the principal financial support for services including as the police and fire departments, parks and recreation, and general government operations (e.g., Mayor and City Council, human resources, finance, and other internal services). The major revenue sources for this fund are property taxes, Local Government Aid (LGA), franchise fees, and other general revenues. The tables and graphs on the following pages detail the Adopted 2026 spending and revenue plan for the General Fund.

Budget Highlights, Issues, and Challenges

COVID-19 Pandemic

While many of the most acute impacts of the COVID-19 pandemic have receded, the City continues to see uneven recovery among General Fund revenue sources. Lodging taxes have almost fully returned to pre-pandemic levels and paramedic fees have not only recovered but reached historic highs. Parking revenues, however, remain well below pre-pandemic levels, reflecting ongoing changes in commuting and travel behavior. The 2026 budget assumes continued modest growth in many General Fund revenues including franchise fees and lodging taxes. Some revenues, like parking fees, are projected to remain at lower pandemic-era levels.

State Budget Decisions and LGA

The 2026 allocation of Local Government Aid provides Saint Paul with a formula-driven increase of \$233,922, bringing the City's total LGA allocation to \$82 million. LGA accounts for 20% of the City's General Fund, a significant source for the Fund. Recent state investments in LGA helped stabilize city budgets and strengthen the state-local fiscal relationship. However, without ongoing adjustments for inflation included in the state formula, the value of these investments erodes over time, resulting in a heavier reliance on property taxes to sustain services.

Federal Fiscal Uncertainty

Ongoing fiscal instability and uncertainty at the federal level adds pressure to the City's budget outlook. Saint Paul relies on federal funding to support a wide range of services and infrastructure improvements. The City is closely monitoring federal fiscal developments to ensure that service delivery remains strong and sustainable amid shifting federal funding landscapes.

Property Tax Base and Levy

More than 80% of Saint Paul's local property tax base consists of residential properties, including both owner-occupied and rental units. Historically, as the home to many tax-exempt educational, medical, and state government institutions, about 20% of the City's property has been exempted entirely from paying property taxes.

The adopted budget includes a 5.3% increase in the property tax levy. The total 2026 adopted levy is \$232 million. The General Fund receives 77.4% of the levy. The Library Agency receives 10% of the levy. City debt service accounts for 11.3% of the levy, with the remaining 1.4% levied on behalf of the Saint Paul Port Authority. The 2026 adopted budget assumes 2% property tax non-payment. Property taxes account for 47% of the General Fund's total revenue.

Current Service Level Adjustments

Summary sections for each department reflect current service level adjustments, including spending and revenue to maintain a department's same services as the previous year. Inflationary pressures including cost of living adjustments built into union contracts and rising employee health care costs, drive the increased cost of service delivery. Although U.S. inflation has eased since its 2022 peak, the cost of goods and services continues to put pressure on department budgets, increasing the City's costs of providing essential services to its residents.

Minnesota Paid Leave Implementation

Starting in January 2026, Minnesota will implement a new Paid Leave program, delivering up to 20 weeks of job-protected, partially paid leave for qualifying personal, family, and safety-related needs. Coverage spans nearly all employers and employees, with the cost financed via a 0.88% payroll premium split between employers and employees.

For Saint Paul, this new program results in just over \$1 million in additional General Fund costs beginning in 2026 to cover the City's share of the premiums. This cost is reflected in department budgets as part of the overall adjustments needed to maintain current service levels.

Technology and Cybersecurity

Reliable technology systems are essential to delivering services across City departments. Following a recent cyber incident, the City has continued to assess its digital infrastructure and prioritize areas of greatest need. The 2026 budget includes targeted investments in cybersecurity and technology improvements to strengthen system resilience and support core operations. These investments demonstrate an ongoing commitment to maintaining secure and dependable services for residents and businesses.

Rate of Spending Growth

Saint Paul's General Fund budget as adopted will increase by \$18 million, or 4.4% relative to 2025. The largest General Fund expense is employee wages and benefits – accounting for 80% of all General Fund spending. Personnel costs increased by \$20.8 million, but reductions in non-personnel expenses offset part of this growth, resulting in the net \$18 million increase from 2025.

The City must continue to manage these costs responsibly to maintain service delivery and ensure the integrity of the City's finances. The 2026 adopted budget includes cost containment measures that redirect funds towards the areas of highest need, and continues phasing out of one-time revenue sources.

Maintaining Adequate Financial Reserves

From 1994 to 2005, the City spent from its General Fund balance to finance a share of the annual operating budget. These actions decreased the fund balance from its peak in 1998 of 31% of subsequent year spending to just under 15% in 2005.

In 2006, the City enacted a fund balance policy mandating that the General Fund's balance be at least 15% of combined General Fund and Library operating spending. Despite significant mid-year LGA cuts in 2008 through 2011, the City continued to comply with the adopted fund balance policy. In 2020, the City resolved a mid-year COVID-related budget deficit of over \$22 million without using fund balance.

The 2026 adopted budget maintains compliance with the City's fund balance policy, balancing ongoing revenues and expenditures to support current service levels. One-time resources continue to be carefully phased out, allowing the City to reabsorb costs while maintaining fiscal stability and funding essential services.

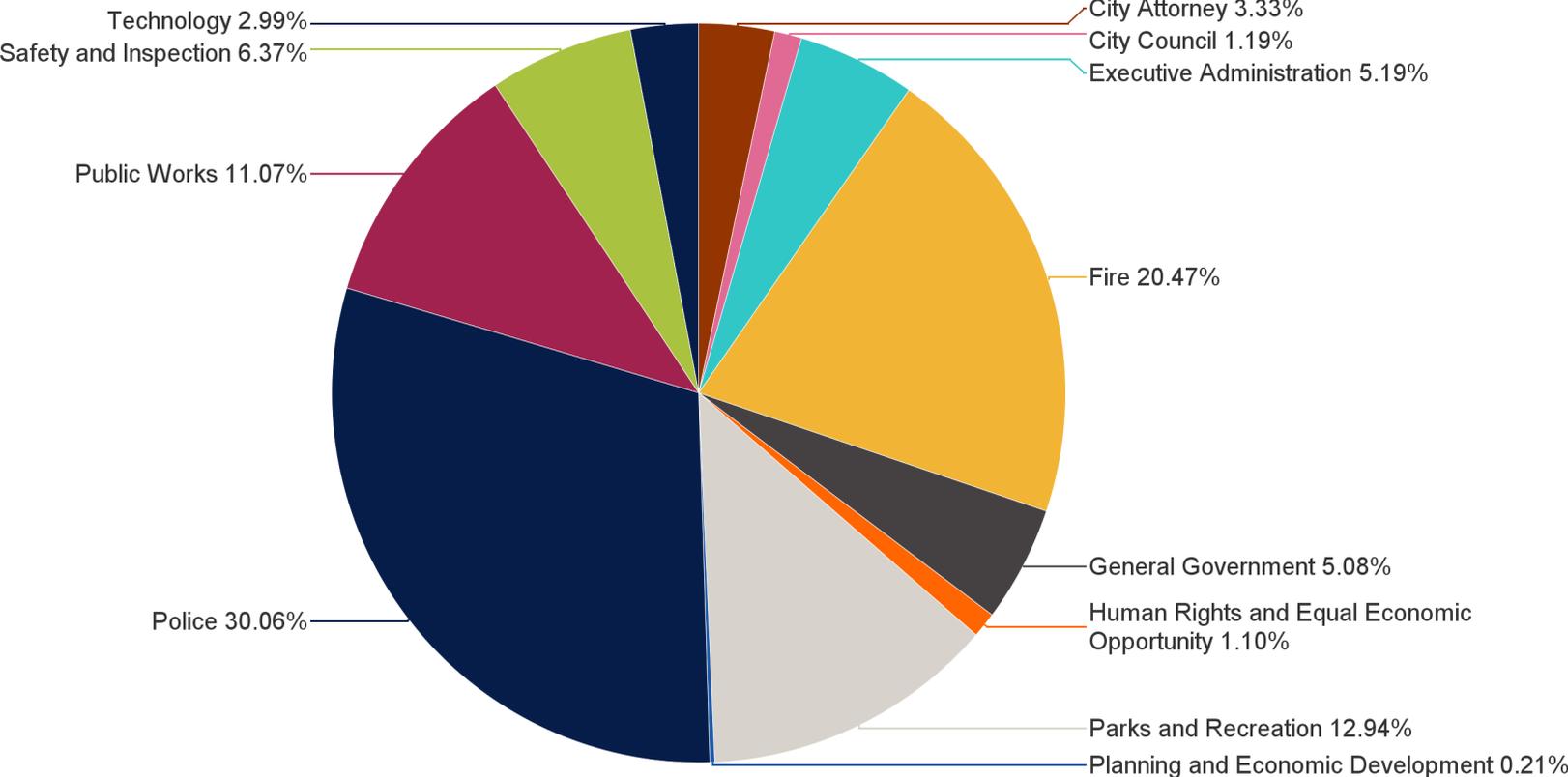
General Fund Budget

General Fund Spending (By Department)

Department / Office	2024 Adopted Budget	2025 Adopted Budget	2026 Adopted Budget
City Attorney	12,111,201	13,190,470	13,582,282
City Council	4,595,666	4,835,575	4,850,600
Emergency Management	5,409,232	5,555,057	6,785,117
Financial Services	4,826,594	5,086,220	5,120,477
Fire	76,942,584	80,596,121	83,437,556
General Government	16,506,613	18,570,655	20,689,306
Human Resources	6,468,389	6,497,044	6,824,148
Human Rights and Equal Economic Opportunity	4,299,844	4,382,035	4,495,697
Mayor's Office	2,432,875	2,452,376	2,425,294
Parks and Recreation	46,455,242	50,018,716	52,748,877
Planning and Economic Development	941,045	573,645	870,537
Police	109,737,257	116,633,274	122,547,985
Public Works	43,467,901	43,813,724	45,109,440
Safety and Inspection	24,398,624	25,800,516	25,947,629
Technology	11,237,481	11,860,727	12,184,096
Total	369,830,547	389,866,155	407,619,041

General Fund Budget

2026 Adopted Budget Spending by Department



General Fund Budget

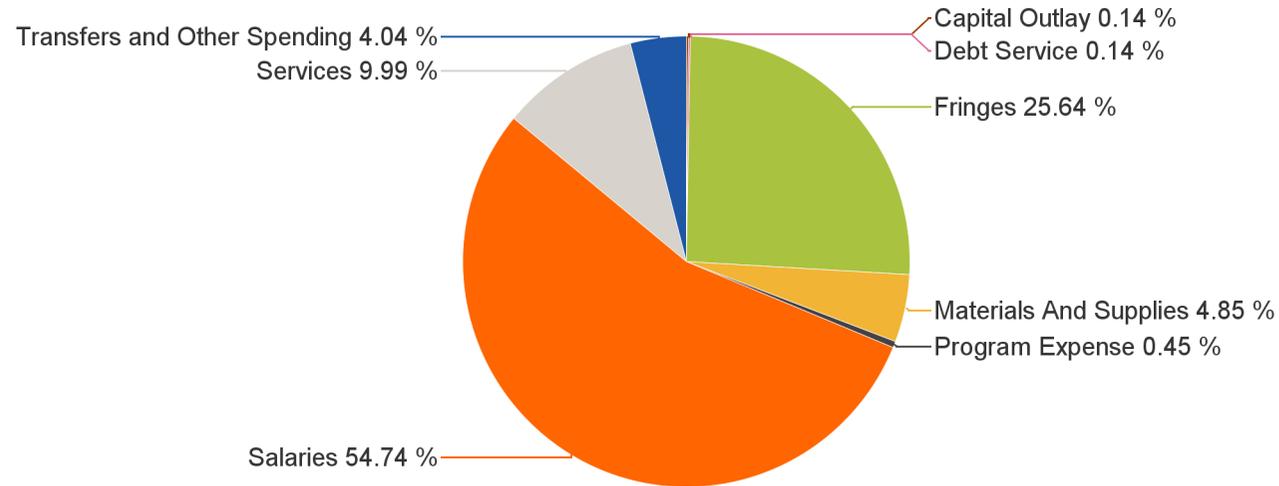
General Fund Spending (By Major Account)

Object	2024 Adopted Budget	2025 Adopted Budget	2026 Adopted Budget
Salaries	198,843,667	210,269,971	223,111,515
Fringes	91,918,959	97,481,021	104,505,666
Services	39,978,944	41,051,830	40,740,509
Materials And Supplies	18,216,578	19,542,665	19,771,429
Transfers and Other Spending	17,747,454	19,037,295	16,486,371
Program Expense	1,689,571	1,396,267	1,846,927
Capital Outlay	1,192,018	620,766	585,472
Debt Service	243,356	466,340	571,152
Total	369,830,547	389,866,155	407,619,041

General Fund Financing (Revenue by Source)

Source	2024 Adopted Budget	2025 Adopted Budget	2026 Adopted Budget
Taxes	161,575,920	172,370,346	182,204,132
Intergovernmental Revenue	100,315,438	103,723,754	105,704,477
Fees, Sales, and Services	47,438,235	52,074,898	55,991,971
Franchise Fees	27,460,000	28,890,000	29,665,000
License And Permit	14,033,790	15,740,139	15,872,639
Transfers and Other Financing	16,447,460	14,507,315	14,371,118
Interest	2,469,504	2,469,504	3,719,504
Fine And Forfeiture	63,500	63,500	63,500
Assessments	26,700	26,700	26,700
Total	369,830,547	389,866,156	407,619,041

2026 Adopted Budget Spending by Major Object



2026 Adopted Budget Revenue by Source

