# City General Fund Summary

## General Fund 2027 Proposed Budget

**Purpose:** The General Fund is the principal financial support for services including 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 proposed 2027 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 2027 budget assumes continued modest growth in many General Fund revenues including interest earnings and pension aids. Some revenues, like parking fees, are projected to remain at lower pandemic-era levels.

### State Budget Decisions and LGA

The 2027 allocation of Local Government Aid provides Saint Paul with a formula-driven increase of $351,604, bringing the City's total LGA allocation to $82.4 million. LGA accounts for 19% 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 proposed budget includes a 6.8% increase in the property tax levy. The total 2027 proposed levy is $248 million. The General Fund receives 76.7% of the levy. The Library Agency receives 9.9% of the levy. City debt service accounts for 12.1% of the levy, with the remaining 1.3% levied on behalf of the Saint Paul Port Authority. The 2027 proposed budget assumes 2% property tax non-payment. Property taxes account for 43.3% of the General Fund's total revenue.

## Deferred Maintenance

The 2027 budget establishes a dedicated fund for deferred maintenance of City-owned facilities, supported by a 0.5% increase in the property tax levy over 2026. The City maintains more than 150 facilities, with a preliminary estimate of approximately $1 billion in outstanding deferred maintenance. Fewer than one-third have been audited within the past decade. The program provides dedicated, ongoing resources for facility maintenance and includes funding for two additional positions to support program management and implementation. Establishing a dedicated funding source allows the City to address maintenance needs more consistently and reduce reliance on reactive repairs, helping to preserve City assets and support reliable operations.

## Climate Initiatives

The 2027 budget expands the City's investment in climate initiatives by dedicating an additional $500,000 in franchise fee revenue to climate-related programs and activities. The funding supports ongoing efforts to reduce emissions, expand sustainable transportation options, and advance climate resilience, including support for electric vehicle infrastructure and carsharing. Using franchise fee revenue for these purposes provides a dedicated funding source for climate initiatives while limiting the impact on other General Fund resources and supporting the City's ability to sustain these investments over time.

## 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.

## Rate of Spending Growth

Saint Paul's General Fund budget as proposed will increase by $23.8 million, or 5.8% relative to 2026. The largest General Fund expense is employee wages and benefits – about 80% of all General Fund spending, accounting for nearly $15.5 million of the $23.8 million growth over 2026.

The City must continue to manage these costs responsibly to maintain service delivery and ensure the integrity of the City's finances. The 2027 proposed 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.

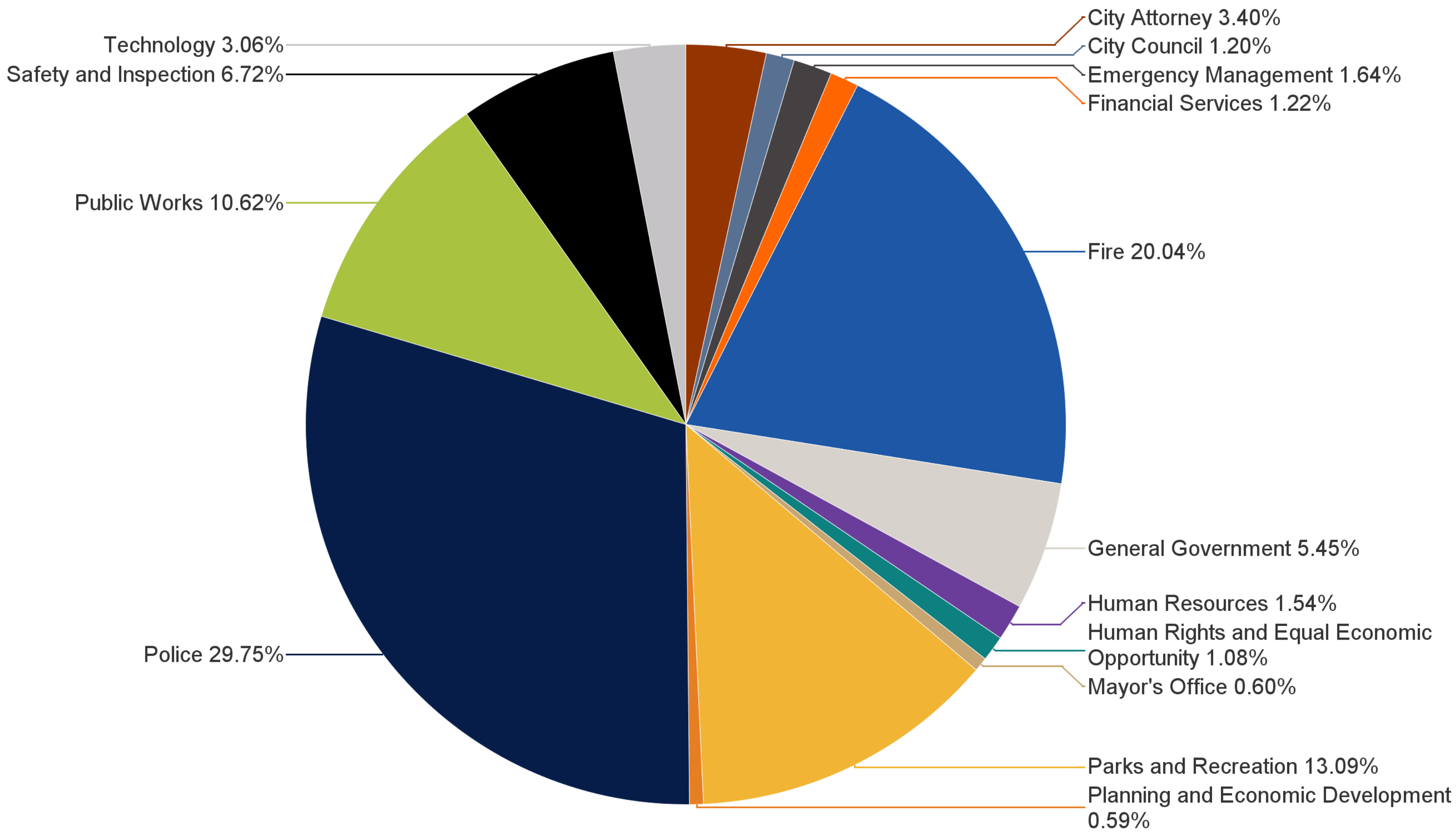
The 2027 proposed budget maintains compliance with the City's fund balance policy, balancing ongoing revenues and expenditures to support current service levels. One-time resources continue to be carefully phased out, allowing the City to reabsorb costs while maintaining fiscal stability and funding essential services.

# General Fund Budget

## General Fund Spending (By Department)

| Department / Office | 2025 Adopted Budget | 2026 Adopted Budget | 2027 Proposed Budget |
|---|---|---|---|
| City Attorney | 13,190,470 | 13,582,282 | 14,682,881 |
| City Council | 4,835,575 | 4,850,600 | 5,179,604 |
| Emergency Management | 5,555,057 | 6,785,117 | 7,075,007 |
| Financial Services | 5,086,220 | 5,120,477 | 5,251,068 |
| Fire | 80,596,121 | 83,437,556 | 86,446,928 |
| General Government | 18,570,655 | 20,689,306 | 23,530,602 |
| Human Resources | 6,497,044 | 6,824,148 | 6,663,288 |
| Human Rights and Equal Economic Opportunity | 4,382,035 | 4,495,697 | 4,651,745 |
| Mayor's Office | 2,452,376 | 2,425,294 | 2,585,166 |
| Parks and Recreation | 50,018,716 | 52,748,877 | 56,469,122 |
| Planning and Economic Development | 573,645 | 870,537 | 2,536,464 |
| Police | 116,633,274 | 122,547,985 | 128,341,566 |
| Public Works | 43,813,724 | 45,109,440 | 45,826,640 |
| Safety and Inspection | 25,800,516 | 25,947,629 | 28,982,809 |
| Technology | 11,860,727 | 12,184,096 | 13,221,435 |
| **Total** | **389,866,155** | **407,619,041** | **431,444,325** |

# General Fund Budget
# 2027 Proposed Budget Spending by Department



# General Fund Budget

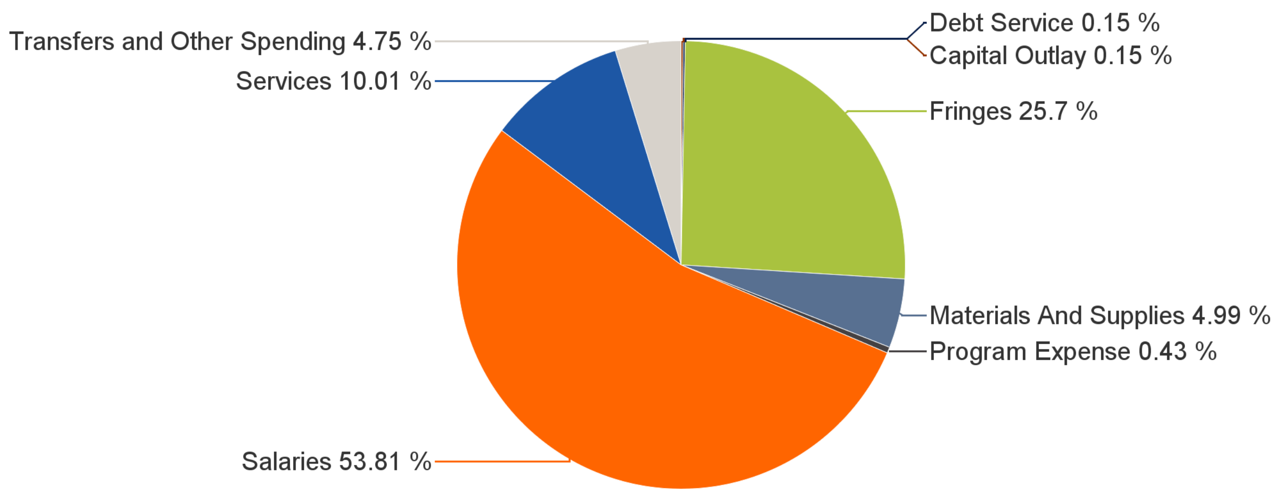
## General Fund Spending (By Major Account)

| Object | 2025 Adopted Budget | 2026 Adopted Budget | 2027 Proposed Budget |
|---|---|---|---|
| Salaries | 210,269,971 | 223,111,515 | 232,176,253 |
| Fringes | 97,481,021 | 104,505,666 | 110,895,159 |
| Services | 41,051,830 | 40,740,509 | 43,196,567 |
| Materials And Supplies | 19,542,665 | 19,771,429 | 21,522,836 |
| Transfers and Other Spending | 19,037,295 | 16,486,371 | 20,501,607 |
| Program Expense | 1,396,267 | 1,846,927 | 1,860,927 |
| Debt Service | 466,340 | 571,152 | 646,701 |
| Capital Outlay | 620,766 | 585,472 | 644,275 |
| **Total** | **389,866,155** | **407,619,041** | **431,444,325** |

## General Fund Financing (Revenue by Source)

| Source | 2025 Adopted Budget | 2026 Adopted Budget | 2027 Proposed Budget |
|---|---|---|---|
| Taxes | 172,370,346 | 182,204,132 | 192,569,709 |
| Intergovernmental Revenue | 103,723,754 | 105,704,477 | 108,713,162 |
| Fees, Sales, and Services | 52,074,898 | 55,991,971 | 56,069,623 |
| Franchise Fees | 28,890,000 | 29,665,000 | 32,265,000 |
| License And Permit | 15,740,139 | 15,872,639 | 21,934,974 |
| Transfers and Other Financing | 14,507,315 | 14,371,118 | 15,584,164 |
| Interest | 2,469,504 | 3,719,504 | 4,217,493 |
| Fine And Forfeiture | 63,500 | 63,500 | 63,500 |
| Assessments | 26,700 | 26,700 | 26,700 |
| **Total** | **389,866,156** | **407,619,041** | **431,444,325** |

# 2027 Proposed Budget Spending by Major Object




# 2027 Proposed Budget Revenue by Source