

State Budget and Economic Forecast Released

The office of MN Management and Budget (MMB) released the November Budget and Economic Forecast this week. The forecast projects a general fund budget surplus of \$2.4 billion for fiscal years (FY) 24-25 and \$82 million in FY 26-27.

Due to higher projected spending in several budget areas, MMB officials indicated that the budget will be structurally imbalanced in the FY 26-27 biennium. The structural imbalance highlighted by MMB results from anticipated spending exceeding anticipated revenues. MMB stated that the general fund in both biennia does remain in overall balance because of the significant onetime balances from FY 2022-23 that carry into subsequent biennia and offset the structural imbalance.

Key points from the forecast briefing include:

- Stronger than expected consumer spending, business investment and unemployment has improved the short-term economic outlook and tax revenues.
- FY 22-23 closed with a general fund balance of 13.1 billion, \$837 million more than assumed at the end of the 2023 legislative session.
- US GDP is 2.4 percent, up from .7 percent projected in February, but downgraded slightly through FY 26.
- Minnesota ranks 4th in the nation in employment participation with an unemployment rate of 3.2 percent.
- Risks identified in the forecast are based on inflation fluctuation, international unrest and volatility, and monetary policy.
- Increased education spending projections are the result of higher pupil counts, increased special education transportations costs, and increased nutrition services participation. The school breakfast and lunch program enacted in 2023 is projected to cost \$81 million more than anticipated in FY 24-25, and \$380 million more than expected in FY 26-27.
- Increases in disability related costs are the primary cost increases in Health and Human Services related spending.

The forecast assumes debt service spending for a \$830 million capital investment bill for the Legislature to enact in 2024. MMB typically includes this assumption in its forecasts, and it is based on a rolling ten-year average of capital investment bills. If the legislature were to enact a capital investment larger than \$830 million, there would be increased debt service costs above the forecasted amount.

Here is a link to the budget document: [forecast/2023/budget-and-economic-forecast/november.pdf](https://www.metrocitiesmn.org/forecast/2023/budget-and-economic-forecast/november.pdf)

Questions? Contact Patricia Nauman at patricia@metrocitiesmn.org

Build Your Own 2023 Regional Solicitation Budget

The Metropolitan Council is asking stakeholders to use an online tool where participants can allocate \$250 million on transportation projects from various regional solicitation categories. These categories include traffic technology improvements, intersection improvements, increasing roadway capacity, bringing roadways up to current standards, bridge improvements, transit expansion, transit improvements, travel choice promotion, trails and bike facilities, pedestrian facilities, and safe routes to school.

The results of this engagement will be used to help inform the Transportation Advisory Board (TAB) as it considers regional solicitation project proposals in the Spring and Summer of next year. Create and submit your own regional transportation budget to share your priorities with the Metropolitan Council and the TAB. Click [HERE](#) to use the 2023 Regional Solicitation Budget tool. The budget exercise will be live through January 31, 2024. Click [HERE](#) to get more information about the Regional Solicitation.

Contact Mike Lund at michael@metrocitiesmn.org or 651-215-4003 with any questions.

\$1.5 Billion Available through 2024 RAISE Program

The US Dept. of Transportation has published a notice of funding opportunity for \$1.5 billion in grant funding through the Rebuilding American Infrastructure with Sustainability and Equity (RAISE) discretionary grant program. Cities are eligible to apply for RAISE grants along with Tribal governments, counties, and others. Four projects in Minnesota [received funding in 2023](#) from this program including TH 65 in the City of Blaine and the Mississippi River Greenway in Dakota County.

Half of the funding for this program will go to projects in rural areas and half will go to projects in urban areas. At least \$15 million in funding is guaranteed to go towards projects located in Areas of Persistent Poverty or Historically Disadvantaged Communities, and projects located in these areas will be eligible for up to 100 percent federal cost share, as directed by Congress in the Bipartisan Infrastructure Law.

The deadline for applications is **11:59 PM EST on February 28, 2024**. Selections will be announced by June 27, 2024. Click [HERE](#) to view the notice of funding opportunity.

Contact Mike Lund at michael@metrocitiesmn.org or 651-215-4003 with any questions.

Governance Task Force Update

The Metropolitan Governance Task Force, created by the 2023 Legislature, met on Wednesday. The task force first heard from the former mayor of Portland, Charlie Hales, who was asked to describe what he sees as the major success stories from Portland's regional government, which is an elected body. He also spoke about the home rule charter developed for the region and passed by voters there. Hales stopped short of providing the task force with a recommendation but urged members to do their best to balance goals of fairness/justice with effectiveness when evaluating potential changes to the Metropolitan Council.

The task force then heard from the former mayor of Denver, Michael Hancock to learn more about the council of governments model in the Denver region from the perspective of that area's largest city. DRCOG, as it's known in Colorado, brings together 58 counties, cities, and townships to collaboratively plan for transportation, development, and aging/disability resources. When asked,

Hancock suggested that 58 entities may have been too large, but that it was important that all local governments in the region had a seat at the table.

Finally, the task force resumed its previous conversation around the vision and goals for their work. The group hopes to come to some consensus on the problem(s) they are intending to solve by the end of their next meeting, which will take place next week on Wednesday, December 13. The task force is also hosting several public engagement listening sessions throughout the region as a part of their work. The first listening session is scheduled for Friday, December 8 at 2:00PM in St. Paul. Other sessions are scheduled to take place in Scott County, Lake Elmo, and at the University of Minnesota in Minneapolis. Click [HERE](#) to find all the task force meeting agendas and presentation materials.

Community Development Committee Passes Funding Recommendations and Discusses Draft Land Use Objectives

On Monday evening, the Community Development Committee heard funding recommendations for two Livable Communities Act (LCA) programs: the Development grant program and the Transit Oriented Development grant program.

The Development Grant program provides funding to communities to support development and redevelopment projects that link housing, jobs, and services, as well as projects that use community and regional infrastructure efficiently. The committee supported the funding recommendation for eight applications, totaling over \$9.7 million. The communities recommended to receive funding are Brooklyn Center, Minneapolis, Saint Paul, Edina, Maplewood, Brooklyn Center, and Bloomington. You can see more information on the recommended projects [HERE](#).

The Transit Oriented Development grant program provides funding to communities for promoting moderate to high density development located within walking distance of a major transit stop, that typically include a mix of uses. The committee supported the funding recommendation for seven projects in four cities, totaling over \$4.8 million. The cities are Minneapolis, two for Saint Paul, and Richfield. You can see more information on the recommended projects [HERE](#).

Additionally, council staff presented draft land use objectives to the committee members as a part of the Imagine 2050 planning process. The guidance set out in the future land use objectives will help to set the base requirements for local comprehensive plans. The council members provided feedback on the draft objectives, and the council staff plans to continue to have discussions with stakeholders around the land use objectives. You can view the presentation of the draft land use objectives [HERE](#).

Questions? Please contact Ania McDonnell at ania@metrocitiesmn.org.

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Metro Cities (Association of Metropolitan Municipalities)
145 University Ave W, St. Paul, MN 55103-2044
Phone 651-215-4000 · Fax 651-281-1299 · www.MetroCitiesMN.org