



2023 Proposed Hennepin County Budget

David J. Hough, County Administrator

Prepared for the Hennepin County Board of Commissioners
Monday, September 19, 2022



Commissioners, thank you for the opportunity to submit the Administrator's proposed 2023 operating and capital budgets. This year's budget information is more detailed. As we move out of the pandemic, we are taking advantage of the opportunity we have to advance the policies you have adopted – specifically, our Disparity Reduction vision and the innovative and nation-leading work we are doing now that will improve the quality of life for all of our residents into the future.

This \$2.57 billion budget is aligned with our North Star of serving residents. Hennepin is a thriving county, the 33rd largest by population out of 3,100 counties in the nation. And while many of our residents enjoy the great quality of life our region is recognized for, we cannot ignore the fact that stark disparities exist, particularly for our residents of color.

The reality is that persistent disparities separate people who are not thriving in Hennepin County from those who are. Acknowledging the fact that this is both true and unacceptable is just the beginning. We see it every day in the places where our critical support services are serving people who are not doing well. It's not enough to observe the systemic forces behind the inequities in our systems and how they affect our communities.

Everything we do as an organization supports the vision of reducing disparities for our residents who need it most – our residents who identify as Black, Indigenous and people of color. Over the last several years, your policy decisions and funding priorities have intentionally focused work within our seven disparity domains: Education, Employment, Income, Health, Housing, Justice and Transportation.

We know the effects of the pandemic will be felt for years to come, but in the last year we've been able to shift from emergency operations, responding to the pandemic, into recovery. We are grateful for the nearly \$550 million in federal pandemic response and recovery funds that we have used strategically to help our residents most in need.

We are focused on implementing our strategic priorities, leveraging federal funding, and repurposing county dollars so we can take to scale proactive, front-end services that reduce the need for costly, reactive crisis-driven services while creating sustainable funding sources, so our disparity reduction work continues long into the future. In other words, our strategy is not to add new funding but focus our investments on innovative ways that are less costly and provide better outcomes.

It is in all of our interests to ensure that Hennepin County residents have equal access and opportunity to thrive and be productive. As Sen. Paul Wellstone said, "we all do better, when we all do better."

In this proposed budget, more than in any previous year, you will see how disparity reduction and climate action have been operationalized, how this work intersects all lines of business and our 43 departments, and how we're addressing your declaration of racism as a public health crisis through this work.

Our commitment to climate action and resiliency is paramount to reducing disparities and the health of our communities is rooted in so much more than just physical health, but in safe communities, too. As we have previously said, each disparity domain is a social determinant of health for our residents.

You will find here some of the countless examples of how we're supporting the reduction of disparities. This budget document provides a high-level overview of our great work, and the line of business budget meetings will provide greater detail and the opportunity for questions and comments.



Education

Educational attainment significantly affects the trajectory of a person's life, impacting their future employment, income, health, and ability to maintain stable housing.

Nationally, Minnesota ranks high for high school graduation rates and in other areas of education. However, when you disaggregate by race, there are significant racial disparities.

Four-year graduation rates are substantially lower for most youth of color, English language learners, students eligible for free and reduced-price meals and students experiencing homelessness. For example, for Black youth, the graduation rate is 70.07% and the dropout rate is 4.91% compared to White students with a graduation rate of 89.22% and a dropout rate of 1.88%. If you look at students eligible for free/reduced priced meals, the graduation rate is only 68.23% and the dropout rate is 6.53%.

Hennepin County is a partner with schools, school districts, community agencies, families and caregivers working to support the education of our residents. Our strategies not only support education, but also provide programs and services for families in the areas of health, mental health, and well-being.

We continue to invest in programming that advances educational stability, improves academic skills, and builds career readiness for Hennepin County youth.

We provide nearly \$18 million in child-care assistance to prepare children for school.

- The Basic Sliding Fee Program provides child-care assistance to low-income families for infants, toddlers, preschool, and school-age children. In May 2021, Hennepin County reduced the waiting list to zero for the first time since November 2018. Hennepin has also successfully advocated for a legislative change that puts low-income families near the top of the priority list. Our efforts to manage the waitlist and advocate for families at the

Legislature have optimized State and Federal funds for Hennepin families. We are serving 360 more families now than at this same point in 2018 through the Basic Sliding Fee. Preschool children account for 30% of the children served

- The HC Early Childhood Scholarship (HC ECS) program supports kindergarten readiness and new relative/kin foster care providers.
- Family Home Visiting is a voluntary program that pairs families with specialized workers (PHNs, social workers, paraprofessionals) to help during pregnancy and the first few years of a child's life. They help with building healthy relationships between caregivers and children to prevent long-term health disparities, and help children grow and develop to be ready for school. Hennepin County currently contracts with providers to deliver these services. Over the past several years, Hennepin County has invested about \$2.35 million annually in grant funding and some property tax to provide evidence-based home visiting to about 450 families.

Other areas where we support education:

- We're utilizing libraries as incubators for early literacy; supporting K-12 education with homework help, programmatic youth engagement, access to technology and mentorships.
- Prior to the pandemic, in-person Homework Help supported more than 1,300 youth, and 77% of those students attended sessions once per week. Nearly 100,000 online Homework Help sessions have occurred so far in 2022. In the year ahead, the library will build upon the success of this program, expanding the number of in-person locations and promoting the countywide availability of online tutors.
- We are seeing positive results for our students engaged with ESS in tutoring. Initial assessment and ongoing progress reports show on average:
 - * A 28-point increase on re-assessments in math and reading,

- * A 30% increase of As and Bs,
- * A 30% increase in student confidence, and
- * A 33-point increase on phonics and reading readiness

Affordable, high-quality broadband connections are a critical tool for reducing educational disparities. Nearly one in four county households lacks access to affordable internet services. Hennepin County's Office of Broadband and Digital Inclusion continues to invest in several strategies to eliminate the digital divide and help families access our increasingly online world.

We have provided navigation services, laptops, new broadband access, and skills training to 11,366 individuals, served 5,624 households, contracted for 225 miles of new fiber, and helped with 8,249 Affordable Connectivity Program enrollments.

- Current strategies include the physical expansion of rural broadband infrastructure, fixed wireless installations, personalized digital navigation services, and educational programs to build digital literacy and online safety skills. From Minnetrista to Minneapolis, these programs are underway and making a difference.
- Our Connect for School Success is a voluntary support program for families whose children have multiple unexcused absences and/or significant barriers to school attendance and engagement. The majority of students in our partner schools identify as Black, Indigenous, and people of color. The program is being developed in partnership with schools and community groups, and is designed to address barriers to attendance, help families become more stable, improve student attendance, and build relationships between families, school, and community.



Employment

People of color are overrepresented in low-paying jobs and in industries like transportation, hospitality, and personal services that are subject to layoffs during economic emergencies and recessions. Most Minnesota families of color have median incomes 50% lower than White families.

The long-term impact of low-wage jobs limits wealth building through traditional means such as homeownership. And while unemployment is at or below pre-pandemic levels, people of color experience unemployment at higher rates compared to White individuals (Black is at 7.3%, Hispanic at 3.2% and White at 2.9%).

Over the past two years, the board has allocated more than \$20 million to expand programming for employment strategies for residents and business that have suffered disproportionate economic hardships due to the COVID-19 public health emergency.

As an employer, we continue to build on our commitment to create sustainable employment opportunities and career pathways.

- We were one of the first large government employers to raise our base pay rate to \$20/hour. To support staff looking to advance within the organization, the county increased tuition reimbursement to \$5,250 annually and launched an employee career center. We are not only an employer of choice, but we also develop and promote county employees into leadership positions.
- Since 2014, Hennepin County's Pathways program has trained individuals who have historically faced barriers to employment, providing them with skills and opportunities to apply for jobs that would have been inaccessible to them through the traditional application process. Through a partnership between Hennepin County, Project for Pride in Living

(PPL), Minneapolis College, and Normandale College, participants take courses in computer skills, resume writing, and interviewing for jobs, among other skills.

- We have trained over 750 residents through 24 pathways and have hired nearly 350 of these individuals into living-wage, benefit-earning county jobs.
- The Workforce Leadership Council will reconvene this year and brings together public, private, and nonprofit sectors to create strategies for skill development and employment opportunities in living-wage jobs.
- We're working across our systems to improve employment opportunities. For example, people who have experienced homelessness often

want to work and in many cases are already working but are earning an income that doesn't meet their basic needs. \$3.58 million has been allocated for 2021 through 2024 – \$1 million of that specifically for 2023 – to support and expand a pilot project that provides training and job placement services to people experiencing and/or exiting homelessness.

- Environment and Energy is hosting a new green jobs internship program for Step Up/BrookLynk students, a HERC pathways apprenticeship, and expanded opportunities for job training for trees and conservation workers, as well as supporting other community-led green job initiatives such as the Northside Safety Neighborhoods Empowering Teens (NET) program.



Income

Income is foundational to self-sufficiency and opportunity, paying for basic needs, growing wealth, buying a home and more. As previously mentioned, there are significant gaps in the median household incomes for people of color which can lead to lifelong disparities. Racism, lack of access to quality education and job training are barriers for people of color. According to the 2018 U.S. Census, the median household income for White Hennepin County residents is \$88,213 compared to \$34,412 for Black or African American residents.

We are focused on examining systems to identify and remove barriers that keep residents in poverty, and we are creating pathways to wealth creation and business ownership.

- Prevailing wage is an important tool we use to reduce disparities around income. The Davis-Bacon Act was passed by Congress during the Great Depression to protect workers from unfair wages. Hennepin County is a national leader in the expansion of the use of prevailing wages to include maintenance agreements, like janitorial and security and other services.

- Including prevailing wage requirements in contracts ensures there is no race to the bottom for wages paid when bidding on publicly funded contracts.
- We're also increasing contracts with small and minority- and women-owned business enterprises through targeted contracting methods and workforce goals and building supports to help businesses succeed.
- For 2021 our SBE contracts for construction, goods, and general and professional services totaled \$38,017,718.40 or 16.96%. Minority-owned business contracts totaled \$22,805,287.55 or 10.17% and women-owned business contracts totaled \$25,939,089.31 or 11.57%.
- Business ownership is an important pathway to wealth creation. Since the pandemic began, small business formations are up 31%. Black and Hispanic individuals are underrepresented as business owners in Hennepin County. If business ownership rates were proportional to population share, Hennepin County would have 4,550 more Black-owned businesses and 2,500

more Hispanic or Hispanic-owned businesses. Addressing disparities in business ownership would translate to 6.8 times more Black-owned businesses and 5.5 times more Hispanic-owned businesses. The county is focused on adding and supporting new minority-owned businesses. If we were able to add 7,500 new minority-owned businesses, those businesses would provide jobs and a livelihood for more than 25,000 people.

- Elevate Business is Hennepin County's newest flagship small-business support program developed to accelerate small business growth and reduce disparities in business ownership. It offers free expert advice and consulting in a wide variety of areas (legal, finance, HR, etc.) to businesses of all sizes in Hennepin County. We are intentionally contracting with advisors

who represent our community and who offer a range of culturally specific services in a variety of languages.

- Finally, you've committed \$10 million to invest in a guaranteed basic income (GBI) pilot. One of the greatest barriers to economic security and mobility for individuals with low incomes are benefit cliffs. "Benefit cliffs" occur when individual income increases to the point where a person becomes ineligible for public assistance, but where the increase in income is insufficient to offset the loss of public assistance. Hennepin County will assess GBI as an approach to mitigate benefits cliffs, address racial disparities, and accelerate economic mobility. This transformative program has great potential, and we are excited to track the impact it has for our residents.



Health

Communities of color have worse outcomes in health due to systemic racism, lower income, lower education attainment and lack of access to physical and mental health care. Over the last few years, Public Health staff who conduct the Survey of Health of All the Population and Environment (SHAPE) have made a concerted effort to evaluate the impact of race and disparities on the health status of county residents so we can better respond to community need.

The Health Domain work centers around four priorities: Reducing chronic disease, expanding mental health care, promoting healthy aging, and healthy births and positive starts.

- People who are food insecure or have limited or uncertain availability to nutritious and safe foods are more likely to experience a chronic disease. Hennepin County is addressing food insecurity in our communities by supporting long-term practices with established local organizations that work to increase access to low-cost foods. We provide \$855,000 each year to five organizations to ensure a food bank, food shelves and hot meal programs are available

for residents who need help in meeting their dietary needs. We are in the process of adding an additional \$350,000 to these provider contracts due to increased need.

- In addition, since the beginning of the pandemic, we have also directed about \$7 million to 75 agencies that provided food through pop-up sites, food shelves and pantries, community organizations and community events. We continue to reduce barriers to culturally appropriate foods with input and direction from the community.

Mental illness continues to be a growing health crisis.

- Data indicates that about 200,000 adults and 33,000 children in Hennepin County will be diagnosed with a mental illness. During the pandemic, four times more individuals reported symptoms of anxiety or depressive disorders.
- Black Americans are 1.2 times more likely to report symptoms of anxiety or depressive disorder and Hispanic Americans 1.3 times more likely compared to white Americans.

- For low-income communities of color, the economic stress created by the pandemic, along with isolation and increased risk of serious health conditions and death from contracting COVID-19, have all contributed to increasing mental illness in our communities.
- We also know that communities of color experience barriers to treatment, are less likely to seek treatment and wait longer to seek treatment for mental illness.
 - To expand mental health care, we are working on a three-pillared plan to make mental health care person-centered and easy for children, youth, and adults to access as soon as they need help.
 - We are partnering with community-centered, culturally responsive practitioners to ensure that residents have access to care from people who understand their life experiences. In addition, we are working to take mental health care to the places people already are, by investing in school mental health, in-home therapies and virtual care options.
 - Hennepin County is currently experiencing one of the largest HIV outbreaks in the U.S. linked to injection drug use due to opioid addiction. Half of all individuals impacted are Black, Indigenous or people of color. The county has targeted interventions to partner with culturally specific providers and is linking impacted individuals to housing. We are using data to focus our efforts in communities, including use of the Social Vulnerability Index to prioritize COVID vaccine outreach, and stipends to communities experiencing COVID disparities.
 - Veterans' health – Recent legislation allows for expanded health care coverage to post-9/11 veterans exposed to environmental toxins. Veterans Services staff work directly with Hennepin County veterans to facilitate the process and ensure they can access their benefits.
 - We continue to address the ongoing opioid crisis, including on our own doorstep – where I'd like to recognize Hennepin County Security for the lives they have saved from overdose through the administration of Narcan. The county's overall approach to the opioid crisis includes three pillars: primary prevention to prevent the further spread of the opioid crisis; response to avert overdose deaths; and provision of evidence-based treatment and recovery services. We are following our opioid plan in outlining how the opioid settlement dollars will be spent; specific board action requests will come before the Board in the future.
 - The number of pregnancy-related deaths in the United States steadily increased from 7.2 deaths per 100,000 live births in 1987 to 17.3 deaths per 100,000 live births in 2017. Available data consistently show the rate of maternal death among Black mothers is more than double that of White mothers nationally.
 - The county has expanded programs focused on improving maternal health outcomes through the implementation of a birth justice plan and investment in community-driven solutions and culturally specific practices and access to services to reduce disparities among individuals who are Black, Indigenous and people of color.
 - In addition to our investments in maternal health, we are strengthening our public health infrastructure to bolster population-based, prevention programming and strengthen public health capacity in Hennepin County. This work is focused on preventing the spread of communicable disease, preparing and responding to public health emergencies, and promoting healthy communities and healthy behavior. These efforts are supported by a new \$20 million investment by this Board, as well as state funding that will help strengthen our capacity to tackle disparities in infectious and chronic diseases.



Housing

As much as anything we do at the county, housing truly impacts each one of our disparity domains in significant ways. Housing is the most basic need that must be met for people to be able to pursue other opportunities, including employment, income, managing health, pursuing education and other opportunities that allow people to live fulfilling, successful lives.

Housing and homelessness are also where we see some of the deepest disparities, which is why this work is so important and why we have prioritized it as an organization.

Almost one out of every three households in Hennepin County pays more than 30% of their income toward housing costs. Housing experts call this threshold “housing cost burden.” A closer look at the data confirms that housing cost burden is not equally shared across all household types – almost two-thirds of housing-cost-burdened households in Hennepin County have incomes below 50% of area median income; more than half of Black households in Hennepin County are housing cost burdened and 27% of Black and Native American households pay more than half of their income toward housing costs.

Black residents are disproportionately more likely to be living in poverty in Hennepin County at a rate of about two and a half times the representation in the general population. But homelessness rates are more shocking still, at more than four times the general population level. We see a similar pattern with the Native American community where representation among people experiencing homelessness is much higher than already disproportionate rates of poverty.

Hennepin County’s unique role in this ecosystem is to leverage both our Human Services expertise to understand and meet the needs of the county’s most vulnerable residents and our Housing and Economic Development expertise to preserve and expand the spectrum of affordable housing.

Hennepin leverages and invests approximately \$146 million in primarily Federal and State funds

per year in the housing continuum. The work we did in the years leading up to the pandemic to set our path and develop our foundational strategies is the reason we were able to have such an incredible impact during the pandemic, and now as we recover. With the Board’s leadership, our systematic approach allowed us to deploy \$129.5 million of federal pandemic relief and recovery funding towards housing.

By strategically focusing on reducing the number of people entering shelter, increasing the number of people exiting shelter, and growing affordable housing options for residents across income levels, we have become a regional and national leader in housing.

The county’s goal is to make the experience of homelessness rare, brief, and non-recurring. Making progress on addressing homelessness in our community is, simply put, entirely contingent on reducing the number of people becoming homeless and increasing the numbers that exit so that we can achieve year-on-year decreases.

Eviction prevention efforts include the county-funded Tenant Resource Center, which receives over 2,000 calls per month from renters and landlords; streamlined access to multiple eviction/homelessness prevention programs; case management staff in Housing Court, alongside legal representation; access to Federal Emergency Rental Assistance; and navigation/coordination with other services.

In order for people experiencing homelessness to exit more quickly and in greater numbers than ever before we have invested in:

- Transforming the shelter system through the creation of new low-barrier shelter models and improvements to existing shelters’ physical spaces, extended operating hours and increased staffing.
- Expanding case management. Following our success in moving people out of our COVID hotel shelters into permanent housing our new

team has expanded work with people across homeless shelters and unsheltered settings.

The combined impact of our programming has been to move 943 people experiencing homelessness into permanent housing from January to July of this year.

County strategies in the areas of Supportive Housing, Single Room Occupancy housing, and 30% AMI Subsidies are creating deeper affordability:

- We are piloting our 30% AMI Unit Subsidies in partnership with CommonBond's Rise on 7 project in St. Louis Park. When this project opens, county subsidies will make 19 of the units affordable to families with extremely low incomes.
- We just purchased our fifth building to be converted to permanent affordable housing in our Single Room Occupancy Housing strategy. We created this strategy because of an obvious gap in our housing continuum: housing affordable to households with lowest incomes who do not need supportive housing, and who have barriers to maintaining the income-adjusted subsidies typically needed to reduce rents low enough. Once buildings are rehabbed, they will provide 174 units of low-barrier housing affordable to single adults with extremely low incomes.
- We are ahead of schedule with our Supportive Housing Strategy. This strategy provides earlier-in, more flexible capital financing along with county service funding to expedite housing projects that meet the needs and preferences of the county's most vulnerable residents. Our goal was to have financed 300 units by 2022, and we have already financed 312 units with more to come yet this year.

Federal funding expanded our housing work significantly. So far this year, Hennepin County has invested over \$39 million in 33 affordable housing and homeownership projects. In total, these projects will create or preserve more than 2,700 units of affordable housing – but our strategies also recognized that funding would not always be available. By design, our pandemic recovery

investments will continue to have long-term impacts and allow us to continue to grow our impact in big ways.

In 2000, Hennepin County was the first jurisdiction in the state to create a locally funded pool solely to finance affordable housing – the HRA Affordable Housing Incentive Fund. The Affordable Housing Incentive Fund has reached its 20th birthday and, more importantly, financed its 10,000th housing unit. Our last-in gap funding approach with AHIF has allowed us to leverage large amounts of outside funding with county dollars.

We'll continue to focus on housing options for people with lowest incomes, and also launch new initiatives to reduce disparities in homeownership.

Among households with incomes high enough to afford a mortgage, 81% of White households own homes, compared to only 45% of Black households. For Black households alone, 6,500 more households would need to buy a new home in order to match the White homeownership rate. Across all race and ethnicity groups, this gap totals 13,000 new homeowners. The county could never fully meet this gap on our own, but we will leverage our existing programs to serve as conveners and influencers to make progress.

We're working with the University of Minnesota to complete a study of mortgage-ready renters who are Black, Indigenous, and people of color. We want to learn directly from them their greatest home-buying barriers and goals.

In addition, we'll be releasing our first HRA-funded Homeownership Assistance Funds in the coming months. This \$1.245 million will decrease barriers to homeownership through homebuyer assistance grants and affordable single family home development.

Finally, with over \$900 million of public funds already identified toward homeownership assistance, we're now seeking private partnership to come to the table and fully close the disparity gap.



Justice

Persons of color are overrepresented in the U.S. justice system, both as the accused and as victims. Black individuals are incarcerated in state prisons at a rate that is five times the imprisonment of Whites. Minnesota is one of seven states where the disparity is more than 9 to 1. The justice system is complex, made up of federal, state, county, and local authorities with different roles, functions, and responsibilities. In Law, Safety and Justice, we are united in our commitment to evaluating practices through a lens of equity and effectiveness. Our priorities are focused on providing equal access to justice, supporting community-led early intervention and prevention, and advancing reforms that support individuals successfully exiting the justice system and moving forward with their lives.

We're working across Hennepin County lines of business and with external partners to respond to community safety concerns while strengthening community-based partnership and representation across our systems. As an organization, we continue to strategically advance efforts that lead to successful outcomes of safety, stability, self-sufficiency, and well-being for all residents. Some of the ways we're leading efforts to reduce racial and other disparities in our systems include:

- Providing equal, meaningful access to legal representation in our justice system. Your policy decisions and funding priorities have empowered staff to provide full representation to all tenants requesting it in Housing Court. Holistic legal representation is also provided to respondents subject to guardianship and conservatorship matters. We are leading as the first county in Minnesota to provide these types of legal representation through an employee-based model. We know that these efforts are critical to ending poverty, combating discrimination, and creating opportunity for residents.
- We are focused on improving race equity in permanency outcomes for families involved

in the child protection system. Through this 30-month partnership project, Human Services, the County Attorney's Office, and Adult Representation Services, working with the American Bar Association, are concentrating on family preservation, and achieving timely reunification for families who are Black, Indigenous and people of color.

- Family-Based Recovery is an intensive, in-home treatment program that provides substance use treatment, individual and group psychotherapy, parent-child support and developmental guidance, and comprehensive case management around the clock. Clinicians provide individual psychotherapy; contingency management substance use treatment; parent-child therapy; developmental screenings; group therapy; linkages to community resources, and on-call services. This approach brings needed treatment to parents in their home environment which removes barriers to access. Providing treatment and services in the home allows the family to remain together, with the assurance that parents are safely caring for their children.
- We are taking a new approach and offering an alternative response to mental- health-related calls by working with partners in cities and law enforcement agencies to:
 - * Embed social workers at dispatch and in nearly every police department in the county, to provide expertise and resources.
 - * Pair social workers and community paramedics to respond to non-emergency, urgent calls.
 - * Offer walk-in and drop-off help for mental health and substance use disorders at 1800 Chicago.
- You responded to increased violence in our community by allocating a combined total of \$10 million towards efforts intended to prevent, reduce, and mitigate violence in our communities. Much of the work underway

now is heavily focused on supporting youth at high risk of gun violence in communities disproportionately impacted by COVID-19, including:

- * Hospital-based violence interruption service for victims ages 12-28 who are hospitalized due to violent injury, providing support and recovery services and access to crime victim resources.
- * Street outreach services in identified hot spots, providing drop-in services, meals for youth and their families, a safe space for gun collection, student conflict mediation circles and mediation services at local high schools, and mental health, substance abuse and employment and education services.
- * Programming for female victims of gun violence, gang involvement, or domestic violence, including emergency housing, relocation, mental health supports, and other basic needs supports and referrals.
- * Community Partner patrol services in areas of high crime.
- Our Department of Community Corrections and Rehabilitation is working with community

providers for programming geared towards youth ages 14-24 deemed in need of intensive community-based interventions. Services include mentoring, employment readiness, training, mental health supports and basic needs like food and transportation stipends

Long-term planning and program implementation will align with county-wide efforts focused on reducing disparities and strategies that are proven to mitigate violence through increased employment opportunities, affordable housing, youth programs and services, equitable health care, education, and addressing food insecurity.

Our long-term efforts will utilize a holistic approach to reducing violence by identifying drivers of the violence, addressing risk and protective factors, adopting evidence-based policies and programs, and ensuring adoption of effective strategies that improve outcomes for communities impacted by gun violence.

These efforts will be supported through our Safe Communities department focused on aligning countywide efforts across our Law, Safety and Justice and Health and Human Services lines of business.



Transportation

Lack of transportation options within our county creates disparities when residents need to connect with schools, health care, jobs, and shopping to meet basic needs. People also face accessibility challenges and safety issues when traveling through our communities. Racism has historically played a role in major transportation and land use policies, resulting in generational impacts. Building and maintaining connections to get people to destinations and needed services requires an equity lens as well as technical expertise, creativity, and collaboration.

The Transportation domain is leading work and leveraging activities to collaborate with the other disparity domains to strengthen infrastructure

and connections through ongoing investment, including:

- Advancing transit, multi-modal options, safety, and accessibility on our transportation network, which is a core service to connect people to health care, employment, housing, and education.
- Enhancing engagement for community-driven solutions by using partnerships to reach out in early stages of project design to give the best opportunity for alternatives.

- Using the Race Equity Impact Tool to guide strategic planning, policy processes and program evaluations to ensure meaningful involvement in public participation opportunities, to ensure equitable sharing of the benefits of the program work and to mitigate disproportionate impacts resulting from the county's work.
- Maximizing opportunities within the right of way, including using our infrastructure to build out a countywide digital network for improving traffic management and reducing the digital divide by expanding broadband reach.
- Centering community voices and bringing together partners and other interested parties, like convening an anti-displacement workgroup for the Blue Line LRT extension to implement robust strategies that help ensure the value of light rail will benefit current corridor residents and minimize physical, cultural, and economic displacement.

Our work reducing disparities is also inextricably linked with our climate change and resiliency work.

Climate Action

Last year the board adopted the county's first Climate Action Plan. This bold plan outlines a pathway to achieve a net-zero future and sets up the goal of reducing greenhouse gas emissions by 45% from 2010 levels by 2030 and achieving net zero emissions by 2050. Hennepin is one of the first counties in the United States to create a Climate Action and Resiliency Department.

Extreme weather variability affects every region of the globe. Higher temperatures, flooding, and air and soil pollution have increased allergies, pulmonary morbidity, and mortality. Climate change disproportionately affects our most vulnerable residents, particularly Black, Indigenous and people of color, immigrant communities, children, and older populations.

In this plan, we highlight the critical role the county plays in protecting our most vulnerable residents by focusing on our operations and fostering partnerships to mitigate and adapt to climate change. In this proposed budget, we are investing in strengthening individual and community resilience and supporting adopting technologies and strategies to reduce greenhouse gas emissions equitably.

Reducing greenhouse gas emissions

- As we seek to cut greenhouse gas emissions from transportation, Hennepin County is developing a strategy to reduce vehicle miles traveled (VMT) in coordination with local and regional partners. We support broader transit-oriented development. We prioritize and design projects that support resilient multimodal infrastructure and mixed use to reduce VMT.
- We are implementing a 10-year fleet services plan to convert to more electric and hybrid vehicles. Our internal light duty fleet will be 22% hybrid and electric at the end of this year. Across our cities, we are also facilitating the adoption of electric vehicle infrastructure and ensuring that our communities are included in this process.
- Within our operations, we continue to increase digital access options for services, so residents have the power to choose what works best for them. Not only are we providing better service, but we are dramatically reducing the need for residents and staff to travel to a physical location to receive or provide services. Future Ready Hennepin, our hybrid work model, has profoundly impacted our ability to offer flexibility to our staff while helping us achieve our climate goals. For example, before COVID, an

average of 30,000 residents visited Human Service Centers monthly. These services are now offered virtually. Many residents utilize these virtual options, decreasing the need to drive to a physical location.

- One of our priorities is to transition county-owned buildings from using carbon-intensive fuels to renewable, cleaner electric energy. We are working to electrify our buildings by moving away from gas boilers and other equipment to geothermal systems and heat pump technology. This includes completing a decarbonization study for the Hennepin County Energy Center, which is the primary source of energy for the majority of county-owned buildings in downtown Minneapolis. In addition, we are investing in solar energy with a ground-mounted solar array at the Adult Correctional Facility and a rooftop array at the Patrol Safety Services Division Facility, both of which will break ground next year.
- Holistically, the county builds and operates buildings aligning with the Minnesota B3 Guidelines which, similar to LEED, focus on the long-term sustainable construction and energy-efficient operations of buildings. It is a priority for the county to minimize our carbon footprint both from energy and from the materials used. We are focused on using sustainable building materials in our projects including salvaging and reusing as much as of the existing materials as possible.

Building individual and community resilience

This proposed budget strengthens communities to meet their basic needs by supporting organizations that serve residents in climate-vulnerable areas. This year we will develop community-wide urban agriculture and food security strategies while continuing our efforts to train and educate communities on the effects of climate change.

In 2023, we will seek to expand green job programs for youth and adults. Last year, we launched a program with the University of Minnesota Extension to support urban

agriculture. This year, Client and Community Restoration, in collaboration with Workforce Development, Environment and Energy, and Climate & Resiliency, launched a forestry project that provides employment and training services to county-involved youth.

To support emergency preparedness, we are expanding our number of Mesonet sensors in areas of high climate vulnerability in partnership with local schools, and creating programming for students.

We are also increasing investments in protecting and enhancing our natural resources. The lakes, rivers, forests, and prairies that make Hennepin County a great place to live provide habitat for a diversity of wildlife, give us space to connect with nature, and contribute to making our communities resilient. This budget supports the goal of planting one million trees and expanding conservation easements, which increases carbon sequestration and helps us reduce the urban heat island effect across vulnerable communities.

Along with this, the county is updating our landscaping guidelines to align with future climate events, focusing on sustainable landscaping, green infrastructure and water management. One great example of this work is at the expansion of the North Point Health and Wellness Facility, where water will be captured and reused onsite for toilet flushing and irrigation. Finally, we are using county investments such as the Environmental Response Fund, and natural resources grants to incentivize incorporating green features and increasing resilience in our built environment.

The Climate and Resiliency Department is driving equitable results from operationalizing our Climate Action Plan by defining concrete action items and responsibilities across departments to establish key performance indicators and monitoring systems to inform data-driven decisions. The county is supporting developing partnerships and coalitions to catalyze local initiatives, expertise, and resources.

Budget details

While we invest in our future, we must also confront the fiscal realities of today. Economic recovery from the historic COVID-19 pandemic remains slow. Inflation is at its highest levels in decades, and a recession could be on the horizon. As an employer, we have committed to general salary adjustments, step increases for our employees, and increased health care costs. We are challenged to offset expiring federal funds that enhanced or created many of the services I've discussed today. Most importantly, we have a fiduciary duty and must be responsible with property tax increases for 2023 given the hardships faced by our residents and businesses.

I am proposing a 2023 Hennepin County budget of \$2.57 billion, with a net property tax levy of \$930.8 million – an increase of 3.5 percent. The operating portion of this budget totals \$2.24 billion, an increase of \$72.1 million from the adjusted 2022 budget.

The proposed 2023 budget includes funding for a total of 9,237.4 full-time equivalent employees, a decrease of 24.7 FTEs from 2022.

With respect to my proposed 2023 capital budget, which is where the county's long-term assets are financed – including facilities, roads, bridges, transit, and other key infrastructure – I am proposing a capital budget of \$329 million. This is \$18 million less than the 2022 Board-adjusted capital budget of \$347 million. This 5% decrease for 2023 is in line with the Board's five-year capital improvement program, as approved last year. My recommended capital budget builds on the county's strategic investment toward numerous key initiatives, including:

- \$38 million in previously programmed funding toward the Blue Line Extension Light Rail Transit project, which is just one of over 60 programmed capital projects advancing the county's goals around transportation and mobility.
- \$15 million in continued funding toward the new \$42 million Public Safety Services Division Headquarters facility.
- For the medical center: \$16 million in previously programmed funding toward a parking ramp expansion and \$20 million in new funding toward the planning phases of a new in-patient bed tower.

Both projects are critical for the medical center's long-range strategic plan.

In addition to the above, my proposed 2023 capital budget also includes:

- \$91 million in investment toward our road, bridge, and trail infrastructure
- \$7 million for Environment and Energy infrastructure
- \$16 million in investment for Public Safety and Judiciary facilities and infrastructure
- \$38 million toward facilities supporting the Health and Human Services line of business including the medical center
- \$88 million toward our Operations line of business, including Emergency Management, IT, Housing & Economic Development, Facility Services, and the county's library system.

My proposed \$329 million 2023 capital budget builds upon decades of past investment and supports over \$3 billion in ongoing and planned capital projects that you will consider for approval as part of the larger 2023-2027 Five-Year Capital Improvement Program.

This 2023 preliminary budget request demonstrates our commitment to the county's mission, vision and goals and is embedded in our solid fiscal stewardship that remains evident in four decades of AAA bond ratings.

The upcoming 2023 line of business budget meetings will focus on how the seven lines of business have embraced innovation to meet resident needs prioritizing the county's Disparity Reduction vision and Climate Action Plan in a financially responsible manner. Our vision, priorities and goals are long-term. Our work is innovative and proactive.

I want to express my appreciation and gratitude to our dedicated employees who serve our residents with compassion and make Hennepin County a great place to work and live.

Finally, I want to thank you, the Hennepin County Board of Commissioners, for your leadership.