

This Fact Sheet highlights revenue and spending measures in the 2016 Federal Budget affecting Edmontonians with low and middle incomes.

Introduction

The federal budget applies to the fiscal year between April 1, 2016 and March 31, 2017, and forecasts for revenues and expenses for the following four fiscal years. The 2016 federal budget forecasts a shortfall (deficit) of \$29.4 billion in the 2016-17 fiscal year, with a gradual decline to a \$14.3 billion deficit in 2020-21.

The First Budget of a New Government

The first budget of the new Liberal government has the title "Growing the Middle Class," which is very similar to the major theme of their successful election campaign. While the Liberals can claim

Fitness Tax Credit, Children's Arts Tax Credit) with a single, refundable, and tax-free Canada Child Benefit (CCB). Compared to the previous government, the new CCB more effectively targets assistance to low and middle income families with children.

The Canada Child Benefit will provide a maximum yearly benefit of \$6,400 each for children under 6 (up from \$4,852), and up to \$5,400 each for children 6 to 17 (up from \$3,916). Families with less than \$30,000 in yearly net income will receive the maximum benefit. The budget estimates that the new CCB will lift 300,000 children out of poverty,

"The only eligibility requirement is to file an income tax return"

they delivered on most of their election promises, they almost tripled the size of their promised budget deficit and broke the promise of returning to balance by the end of their mandate. That said, some of the economic assumptions on which the budget numbers are based seem overly cautious, meaning that they may be able to surpass their pessimistic revenue projections.

New and Improved Canada Child Benefit

The new government replaced six measures of the previous Conservative government (National Child Benefit, Canada Child Tax Benefit, Universal Child Care Benefit, income splitting, Children's

close to one-quarter of children that lived in poverty in 2013 (the last year data is available). When combined with a new Alberta Child Benefit (ACB), also slated to be introduced on July 1, 2016, the lowest income families with two children will receive an additional \$3,200 per year in combined federal and provincial benefits. The CCB will be gradually reduced as family income rises, compared to a faster phase-out of the ACB. The long phase-out of the CCB ensures that middle income families also receive benefits to assist them with the cost of raising children. Combined, the poverty reduction impact for children should be significant, considerably more than the

one-quarter reduction estimated to result from the federal benefit alone. The only eligibility requirement to receive either benefit is to file an income tax return. The new combined federal and provincial child benefits begin to resemble a basic income for families with children. Both the federal and provincial governments have committed to index future benefits to changes in living costs.

to start repaying their loan until they are earning at least \$25,000 per year. In exchange, the poorly targeted Education Tax Credit and Textbook Tax Credit are being phased out.

Seniors and Retirement Security

Budget 2016 rescinds the decision of the previous government to raise the eligibility age

“...\$40 million to the National Inquiry into Murdered and Missing Indigenous Women and Girls”

Employment Insurance Changes

Employment Insurance (EI) claimants in 12 economic regions in Canada, including three regions in Alberta (Southern Alberta, Northern Alberta, and Calgary) will be eligible to receive an extra five weeks of EI regular benefits. Long-tenured workers in these regions will be eligible to receive up to 20 extra weeks of EI benefits. Long-tenured workers are those that have paid into the EI program for at least seven out of the last ten years, and have drawn 35 or fewer weeks of benefits in the past 5 years. These changes are being made retroactive. Any claimant eligible for benefits after January 4, 2015 (coinciding with the beginning of the oil price crash) is eligible for these benefit extensions. For now, the Edmonton region is excluded from these benefit extensions as its unemployment rate is still under 7 per cent, compared to over 8 per cent for the other Alberta regions including Calgary.

Additional Support for Young People

The Canada Summer Jobs Program is being significantly expanded. An additional \$339 million is being invested in summer jobs over the next three years, creating up to an additional 35,000 jobs for each of the next three summers nationwide. Alberta's share should be about 4,000 additional summer jobs. For non-profit employers, the federal program provides a wage subsidy at the level of Alberta's \$11.20 per hour minimum wage for a maximum of 16 weeks.

Budget 2016 will increase the Canada Student Grant amounts by 50% for students from low and middle income families. For low income families, a student in full-time studies will see their grant increase from \$2,000 to \$3,000 per academic year. Students with Canada Student Loans will not have

for receiving Old Age Security and Guaranteed Income Supplement (GIS) benefits from 65 to 67 starting in 2023. These benefits (especially GIS) are relied upon most heavily by lower income Canadians who may not be healthy enough to keep working after age 65. The budget also increases GIS benefits for single seniors by up to \$947 per year starting July 1. Single seniors (including those who have lost their spouses) are much more likely to live in poverty than senior couples. The budget also commits the federal government to consulting with provincial governments on changes to the Canada Pension Plan.

Investments in First Nations Communities

Budget 2016 proposes to invest an additional \$3.7 billion in First Nations communities over the next five years. This will begin to address the funding gap for schools located in First Nations communities compared to schools located off-reserve. Some of this increased investment will also enhance early learning and child care on First Nations, and provide \$40 million over two years to the National Inquiry into Murdered and Missing Indigenous Women and Girls.

Affordable Housing and Homelessness

Investment in affordable housing and tackling homelessness is being increased by \$2.3 billion over two years. Of this total, Alberta's share should be about \$250 million, and Edmonton's share about one-third of the provincial amount. A wide range of programs will benefit from this increased funding including new affordable housing units, Aboriginal housing, seniors' housing, renovations to existing housing, and retrofits and rent subsidies for existing social housing.

Concluding Comment

Due to the vast number of measures in the federal budget, this Fact Sheet only highlights where low and modest income Edmontonians are most affected. The entire budget plan is available at the following link: www.budget.gc.ca/2016/docs/plan/toc-tdm-en.html