

## 2008 Alberta Budget Analysis

### Introduction

This Budget 2008 Fact Sheet is not intended to be a comprehensive analysis. Rather, it is a mix of information and analysis focusing on areas of greatest impact and interest to those living on low or modest incomes.

### Elimination of Health Care Premiums

*Responsible Ministry: Health and Wellness*

By far the best news in Budget 2008 was the decision to completely eliminate health care premiums effective January 1, 2009.

Starting next year, this will add \$1,056 to the financial bottom lines of modest income Alberta families and \$528

to the bottom lines of single adults.

As a highly regressive lump sum tax, health care premiums disproportionately penalize working poor families who are also least likely to have employers who help them pick up the tab.

### Family Employment Tax Credit

*Responsible Ministry: Finance and Enterprise*

The family employment tax credit provides a modest income-tested refundable credit on the working income of families with children. Budget 2008 fulfilled the Conservatives' election pledge to increase the family employment tax credit by 10 per cent and the income threshold for qualifying families by \$5,000.

The Alberta government failed to follow the lead of the federal government by introducing a working income tax credit for single adults and childless couples to complement the family employment tax credit. A parallel working income tax credit for single adults would raise their incomes and reward work.

### Income Support (Alberta Works program)

*Responsible Ministry: Employment and Immigration*

Budget 2008 contains no increases in monthly benefit levels for Alberta Works clients regardless of whether they are active learners, expected to work or not expected to work. This means that these vulnerable Albertans will keep falling further behind as living costs rise.

The budget also contained no increases in earnings exemptions. Singles on welfare will continue to only be able to earn \$115 monthly, and families \$230 monthly, with any additional earnings subject to a 75 per cent claw-back in benefits.

### Income Support (AISH program)

*Responsible Ministry: Seniors and Community Supports*

Budget 2008 re-announced the 3.8 per cent monthly benefit levels for Assured Income for the Severely Handicapped (AISH) recipients to \$1,088 monthly that took effect on January 1, 2008. The AISH increase was less than the 4.5 per cent by which MLA salaries were increased this year.

This year's increase should allow AISH recipients living in subsidized accommodation to just keep up with inflation. Those not living in subsidized accommodation will fall further behind as market rents continue to outstrip inflation.

This is the fourth consecutive year that AISH rates have increased. However, there is still no mechanism in place to ensure AISH recipients automatically receive increases as living costs rise.

In reply to a question in the Legislature, Minister Jablonski indicated that the government planned within months to exempt up to \$2,500 of a co-habiting spouse's yearly income before reducing the AISH recipients' benefit.



## Persons with Developmental Disabilities (PDD)

*Responsible Ministry: Seniors and Community Supports*

Services for persons with developmental disabilities (PDD) are delivered through six regional boards. Most of the services of those boards are contracted through community agencies. Many community agencies are struggling to recruit and retain staff in Alberta's hot job market.

On a year over year basis, regional PDD budgets are being increased by 8.6%. Staff working for community agencies are receiving funding to provide for a 5% pay adjustment to their frontline staff. When other cost pressures are factored in, it seems unlikely that there will be funds available to address caseload growth.

## Care-giver Tax Credits

*Responsible Ministry: Finance and Enterprise*

Effective for the 2008 tax year, credits for caregivers and individuals with disabilities will be increased by \$5,000, on top of inflation indexing. The caregiver, infirm dependant and disability supplement amounts will more than double to \$9,355, while the disability amount will rise by 67 per cent

to \$12,466.

Income thresholds will be increased by \$5,000 to \$24,229 for the caregiver credit and \$15,535 for the infirm dependant credit, meaning more people can claim one of these credits.

## Seniors Programs

*Responsible Ministry: Seniors and Community Supports*

\$288 million is budgeted for the Alberta Seniors Benefit in 2007-08, a modest \$12.5 million increase from what was budgeted to be spent the previous year. There has been no increase in monthly cash benefit levels since July 1, 2006.

\$80 million is being provided to add 800 supportive living and assisted living units this year, and \$180 million to add 1,650 units in the next three years. \$20 million is being expended to renovate seniors' lodges.

## Child Care

*Responsible Ministry: Children and Youth Services*

Funding for child intervention and child welfare services will go up by 6.3 per cent, slightly above inflation. The ESPC did research last year showing that contracted service providers are facing a crisis in recruiting and retaining staff. The 5 per cent wage adjustments being budgeted for is not

likely to stem high turnover rates as employees leave for better paying and/or less stressful jobs.

Programs to prevent family violence and bullying are receiving an 8 per cent increase, which should allow some service improvements and modest wage enhancements.

## Affordable Housing

*Responsible Ministry: Housing and Urban Affairs*

Budget 2008 is the second year that substantial dollars are being invested in both constructing and providing operating support for affordable housing. A total of \$414 million is being budgeted this year. \$309 million is being invested as part of the plan to add 11,000 units over five years, and

\$105 million is going to operating support.

The ESPC believes that the \$44 million being budgeted for the Homeless and Eviction Prevention Fund would be better invested in making changes to the Rent Supplement Program to make it available to all low-income renters.

## Concluding Comments

In reviewing Budget 2008, the government gets good marks for its significant additional investment in child care and affordable housing initiatives.

Meanwhile, increases to vulnerable Albertans who depend on income supports is going up by only 3.8 per cent for AISH recipients and not at all for Alberta Works clients. Rapid increases in rents and other living costs mean these vulnerable Albertans will fall even further behind.