

## 2009 Alberta Budget Analysis

### Introduction

After 14 consecutive surplus budgets, Budget 2009 projects a deficit of \$4.7 billion in the 2009-10 budget year. The Alberta government's overall fiscal position remains very strong. This year's deficit will be covered by dipping into the Sustainability Fund, a short-term savings account currently worth \$16.8 billion.

### Homeless Prevention Initiative

Budget 2009 allocates \$100 million to year one of the Homeless Prevention Initiative in the first year of a \$400 million allocation over 3 years. This level of funding means that the province is falling significantly behind the \$3.3 billion the Homeless Secretariat said would be

*Responsible Ministry: Housing and Urban Affairs*

required for its recently released ten year action plan.

Moreover, the Initiative is not being funded with additional dollars but rather by cutting \$109 million previously allocated other affordable housing programs.

### Affordable Rental Housing

Monthly rents for modest sized accommodation are remaining stubbornly high, due to low levels of construction of purpose built rental units, and ongoing conversions of existing units to condominiums.

The provincial government recently announced that the Homeless and Eviction Prevention Fund would be largely replaced by expanding the direct-to-tenant rent supplement program. On balance this is a positive change

*Responsible Ministry: Housing and Urban Affairs*

as it will provide some certainty around housing affordability for at least the next year.

However, the combined funding for rent supplements and the HEP Fund in Budget 2009 is only \$90 million compared to combined funding of \$150 million the previous year. So, total support for low income renters is actually being *reduced* by \$60 million (or 40%) this year.

### Family Employment Tax Credit (FETC)

The FETC rewards work by providing a modest income-tested refundable credit for low income working families with children. Beginning in July 2009, indexation of 3.8% will result in payments increasing a maximum of \$694 for one child, \$1,350 for two children, \$1,704 for three children, and \$1,830 for four or more children.

*Responsible Ministry: Finance and Enterprise*

The federal working income tax benefit is more comprehensive as it covers single adults and childless couples as well as couples with children. It is disappointing that the Alberta government failed to expand eligibility criteria to include all family types as well as single adults.

### Child Care

After a substantial increase last year, investment in child care this year will go up by a much more modest 4.7% to nearly \$206 million.

*Responsible Ministry: Children and Youth Services*

Despite these modest increases, the government claims to be on track to fulfill its commitment of adding 11,000 child care spaces by 2011.

### Child Intervention and Protection

Funding for child intervention and child welfare services will go up 4.4 per cent, slightly above expected inflation. Programs to address child sexual exploitation will see their funding reduced by 3.8% to \$6.17 million.

*Responsible Ministry: Children and Youth Services*

Programs to prevent family violence and bullying are receiving an 7.1 per cent increase, which should allow for some service improvements.



## **Income Support (Alberta Works program)** *Responsible Ministry: Employment and Immigration*

In November 2008, Alberta Works recipients received increases ranging from 10% to 20%; the largest increases went to learners, and the smallest to those expected to work. Even with these increases, Alberta's social assistance rates remain among the lowest in the country. As expected, Budget 2009 contains no benefit increases. Last November, the province also expanded eligibility for both adult and child extended health and dental benefits for low income working Albertans. The uptake on the adult health benefits is still very low, however, as it covers

only 5,000 households. The tripling of premiums for Blue Cross non-group prescription drug coverage over the next two years may lead to increased use of these benefits. Alberta's economic downturn is leading to increases in social assistance caseloads after many years of decreases. With 24,000 jobs lost in February 2009 alone, in the past few months caseloads have already increased by 15% and further increases are almost certain. Budget 2009 fails to account for these caseloads increases by only providing less than a 2% increase to the income support budget.

## **Income Support (AISH program)** *Responsible Ministry: Seniors and Community Supports*

Budget 2009 increased monthly benefit levels for Assured Income for the Severely Handicapped (AISH) recipients by \$100 (9.2%) to \$1,188 monthly, effective April 1, 2009. This is welcome news, as the increase will lift the incomes

of severely disabled Albertans closer to the poverty line. This is the fifth consecutive year that AISH rates have increased. However, there is still no mechanism in place to ensure AISH rates automatically rise as living costs rise.

## **Persons with Developmental Disabilities** *Responsible Ministry: Seniors and Community Supports*

Services for persons with developmental disabilities (PDD) are delivered through six regional boards. Most of the services are contracted through community agencies. Regional PDD budgets are being increased by 5.8%.

Special funding started last year to help community agencies recruit and retain staff is being continued. The balance of the funding increase is expected to cover caseload growth and an increase in complex cases.

## **Seniors Programs** *Responsible Ministry: Seniors and Community Supports*

\$288 million is budgeted for the Alberta Seniors Benefit (ASB) in 2009. Maximum monthly benefits for the ASB are being increased by \$40 for low income singles and \$60 for low income couples. This represents a 16% increase for seniors living in their own homes or in seniors' lodges. This is however the first increase in 3 years, so it really only

enables low income seniors to catch up with inflation. The qualifying income thresholds for the ASB are being increased from \$22,700 to \$24,000 per year for single seniors, and from \$36,900 to \$39,000 per year for senior couples. This 5.7% increase means an additional 6,000 households are expected to qualify for the ASB.

## **Gender Reassignment Surgery** *Responsible Ministry: Health and Wellness*

The decision to save \$700,000 to eliminate public funding for gender reassignment surgery is a penny-wise but pound-foolish decision. These procedures benefit the mental health and well-being of a small but highly

vulnerable group of Albertans. Cutting funding will undoubtedly result in higher costs to government for treating increased incidence of mental illness, addictions, suicide, and sexual exploitation in this population.

## **Concluding Comments**

Some measures in Budget 2009 will benefit low income Albertans such as the increases in benefits for disabled and elderly Albertans. Other measures, such as the reductions in funding for affordable housing and support for renters, represent a step backwards. The budget also contains no commitment to a comprehensive approach to poverty reduction. Measures impacting low income Albertans are being done in isolation rather than as part of an overall plan.