

2010 Alberta Budget Analysis

Introduction

Budget 2010 projects a deficit of \$4.7 billion in the April 1, 2010 to March 31, 2011 (2010-11) fiscal year (FY). \$1.1 billion of the deficit is due to eliminating the accumulated deficit of Alberta Health Services. The Alberta government's overall fiscal position remains strong. The 2010-11 FY deficit will be covered by dipping into the Sustainability Fund, which is still expected to contain \$15 Billion of rainy day savings as of April 1, 2010. This Fact Sheet is not intended to be a comprehensive analysis. Rather, it focuses on programs and services directed to those living on low or modest incomes.

** Note: In this Fact Sheet, 'next year' refers to the 2010-11 FY and 'this year' refers to the current 2009-10 FY.*

Affordable Housing/Ten Year Homeless Plan

Responsible Ministry: Housing and Urban Affairs

The Alberta Secretariat for Action on Homelessness estimated the cost of ending homelessness at \$3.3 billion over ten years (or \$330 million per year). Yet the 2010 budget only commits to funding of \$400 million during the first four years (or \$100 million per year). This level of funding means the province is providing less than one-third of the required funding. This puts the ten year plan for ending homelessness at serious risk of failure.

A bit of good news is that Budget 2010 increases the amount of funding for outreach support services for the newly housed from \$32 million this year to \$42.1 million next year.

The amount of provincial funding to develop new affordable housing through housing development grants next year is being cut by more than half, from \$190 million this year to \$88 million next year.

Affordable Rental Housing

Responsible Ministry: Housing and Urban Affairs

Despite the recession and rising vacancy rates, the Canada Mortgage and Housing Corporation's most recent report shows that the average monthly rent for a typical two-bedroom in Edmonton only fell by \$19 between October 2008 and October 2009. The average market rent for a two-bedroom apartment is still \$1,105 per month.

Assistance to help low income Alberta households to pay their rent has fallen from \$144 million last year, to \$88 million this year, and will be further reduced to \$75 million next year. People who can't afford to pay their rents risk becoming homeless. It is more cost-effective to help low income Albertans pay their rents before they become homeless than to only help them after they do.

Income Support (Alberta Works program)

Responsible Ministry: Employment and Immigration

Due to job losses caused by the recession, the January 2010 Income Support (IS) caseload is up 46.7% compared to the caseload in October 2008. As a result, the government was forced to make up a \$138 million shortfall in this year's IS budget.

are not able to find employment after their benefits are exhausted. However, the government is counting on employment growth next year to reduce caseloads and is reducing benefits for new learners. As a result the IS budget is being cut \$47 million (8%) next year.

The number of Albertans receiving unemployment insurance more than tripled in the past year, and some EI beneficiaries may need to go onto Income Support if they

Budget 2010 freezes monthly benefit levels for all other Alberta Works recipients at current levels for both income support and related health benefits.

Income Support (AISH program)

Responsible Ministry: Seniors and Community Supports

Budget 2010 freezes benefit levels for Assured Income for the Severely Handicapped (AISH) recipients at \$1,188 per month. With inflation expected to rise as the economy recovers, AISH recipients are likely to lose ground to

inflation, thereby lowering their standard of living.

This freeze shows the need for a mechanism to be put in place to ensure AISH recipients receive annual increases as living costs rise.



Employment and Training Programs

Responsible Ministry: Employment and Immigration

Funding for employment and training programs is being reduced by \$15 million next year to \$177 million, or about an 8% reduction.

The above cut is taking place despite the significant increase in the number of unemployed Albertans as a

result of the recent recession.

Students may also find it a bit tougher to find education-related employment as the amount of funding for the Summer Temporary Employment Program is being cut from \$9.6 million last summer to \$7.4 million this summer.

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 those services are contracted through community agencies.

On a year over year basis, regional PDD budgets are being

frozen next year at the same \$590 million level as is forecast for this year. This means there will be no funding available to cover inflation or for caseload growth. Service reductions to PDD clients are likely.

Seniors Programs

Responsible Ministry: Seniors and Community Supports

Maximum monthly benefits for the Alberta Seniors Benefit (ASB) are being frozen next year as are the qualifying income thresholds to receive the benefit.

The 4.5% increase in the ASB budget will be used to cover the growing number of low and modest income seniors eligible for benefits due to an aging population.

Child Care

Responsible Ministry: Children and Youth Services

The government claims that it will surpass its five-year commitment of adding 14,000 child care spaces by 2011. Despite the increased number of spaces, investment in child care next year will be reduced by \$7.5 million (3.6%).

Since wage top-ups to recruit and retain child care staff is being maintained, there will likely be less money available for child care subsidies for low and modest income families.

Child Intervention and Protection

Responsible Ministry: Children and Youth Services

Funding for child intervention and child welfare services will be cut by \$28 million (6.8%). The government is counting on a significant reduction in the number of children in care to help it meet this funding target.

While the background to Budget 2010 talks about offering better supports to help at-risk families stay together, budgets for parent support and family violence prevention programs were cut by 1% and 3% respectively.

Minimum Wage Freeze

Responsible Ministry: Employment and Immigration

While not a budgetary measure as such, the government recently announced an indefinite freeze in the provincial minimum wage at \$8.80 per hour. In June 2007, the provincial minimum wage was tied to changes in the average weekly earnings index for Alberta.

The freeze - which will impact Alberta low wage earners - seems all the more unnecessary given that overall wages in the past year (November 2008 to November 2009) only went up 1.4% which would have translated into a 12 cent per hour increase in the minimum wage on April 1, 2010.

Concluding Comments

Budget 2010 freezes benefit levels for low income seniors, AISH recipients, and those on Alberta Works. This is the second straight year of significant funding reductions for affordable housing and support for renters. There also continues to be no commitment to a comprehensive approach to poverty reduction. The data in this Fact Sheet is taken from the government's Budget 2010 webpage available here: <http://budget2010.alberta.ca/details/index.html>.