



## Introduction

Budget 2011 projects a deficit of \$3.4 billion in the April 1, 2011 to March 31, 2012 (2011-12) fiscal year (FY). The Alberta government's overall fiscal position remains strong. The 2011-12 FY deficit will be covered by dipping into the Sustainability Fund, which is still expected to contain \$11.2 billion in rainy day savings as of April 1, 2011. In this *fACT sheet*, next year refers to the 2011-12 FY and this year refers to the current 2010-11 FY.

## Ten Year Homeless Plan

*Responsible Ministry: Housing and Urban Affairs*

Budget 2011 increases the amount of funding for outreach support services for the newly housed from \$45.0 million this year to \$54.1 million next year, an increase of 20%. This increase is welcome and should allow support services to continue to be provided to Housing First clients.

Most of this decrease is due to lower transfers from the Government of Canada as the federal stimulus program ends. A one year reduction may not threaten the success of the plan to end homelessness as there is a fair bit of housing already funded that has not yet been built. However, funding will need to increase again in future years if the goal to end homelessness by 2019 is to be achieved.

The amount of provincial funding to develop new affordable housing next year is being cut by \$88.3 million, from \$188.3 million this year to \$100 million next year.

## Affordable Rents

*Responsible Ministry: Housing and Urban Affairs*

Despite the recession and halting recovery, a recent Canada Mortgage and Housing Corporation report shows that the average monthly rent for a typical two-bedroom in Edmonton was \$1,015, unchanged from a year earlier. The vacancy rate fell to 4.2% from 4.5% a year earlier, and further declines are forecast as the economy recovers.

than to only help them after they do. Supplements to help low income Alberta households pay their rents has fallen from \$144 million in 2008-09, to \$88 million in 2009-10, and to \$75.1 million this fiscal year. Next year rent supplements will increase slightly to \$77.1 million. This slight increase will likely do little to reduce the long lists for subsidized housing. Capital Region Housing Corporation alone had 2,906 qualifying households on its wait list as of December 31, 2010.

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

## Income Support (Alberta Works program)

*Responsible Ministry: Employment and Immigration*

Due to job losses, especially in low wage and vulnerable jobs, the January 2011 Alberta Works caseload is still 50% higher than pre-recession levels.

government is counting on employment growth next year to reduce caseloads, even though for two years running the government has been forced to add extra dollars part way through the year to address shortfalls. The Alberta Works budget for income support is being cut \$33 million (13%) next year compared to this year.

While the number of Albertans receiving employment insurance (EI) has dropped by about a third in the past 18 months, the number of Alberta Works recipients has hardly dropped at all. This suggests some EI beneficiaries are going on to Alberta Works since they are not able to find employment after exhausting their EI benefits. The

Budget 2011 freezes monthly benefit levels for all 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 2011 freezes benefit levels for Assured Income for the Severely Handicapped (AISH) recipients for the second straight year at \$1,188 per month. The 3.5% increase in the AISH budget will only cover expected growth in caseloads.

thereby lowering their standard of living.

With inflation expected to pick up as the economy recovers, disabled Albertans will lose ground to inflation,

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

Funding for employment and skills training programs is facing a reduction of \$14 million to \$162 million, a cut of 8%. There was a similar 8% budget cut the year before. The above cut is taking place despite continuing high levels of unemployment as a result of the recent recession.

The budget for the Summer Temporary Employment Program to fund summer student positions remains at \$7.4 million.

*Responsible Ministry: Employment and Immigration*

\$51 million is being provided for immigration programs next year, a steep \$9 million (15%) reduction in funding from the year before. English as a Second Language programs are being particularly hard hit with cuts, facing funding reductions of 27%. This despite the fact that immigration to Alberta is steadily increasing.

## Persons with Developmental Disabilities

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.

*Responsible Ministry: Seniors and Community Supports*

Regional PDD budgets are being increased slightly to \$602 million, a 2% increase. This increase is not likely to cover inflation or allow for caseload growth. The government is changing rules to make it harder to qualify for PDD supports.

## Seniors Programs

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

*Responsible Ministry: Seniors and Community Supports*

The 2.4% 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

The government says it has added 18,000 net new child care spaces in the three years ending in 2011, exceeding its goal of adding 14,000 child care spaces. The government is therefore ending its capital grants to develop new child care spaces.

*Responsible Ministry: Children and Youth Services*

Overall funding for child care is going up 8.1%. Funding for child care subsidies to 20,000 low and modest income parents is going from \$137.5 million this year to \$150 million, and funding for accredited child care centres (including for wage top-ups) is going from \$74 million to \$82 million.

## Child Intervention and Protection

Funding for child intervention and child welfare services will be increased by \$17 million next year, a 2.9% increase to \$607 million. This makes up some of the 6.8% cut in funding in this year's budget from the year before.

*Responsible Ministry: Children and Youth Services*

Despite addressing domestic violence in the Throne Speech, funding for the prevention of family violence and women's shelters is only going up about 1% to \$39.5 million.

Funding family support for children with disabilities is going up \$3 million to \$129 million, a 2.1% increase from this year.

Funding for Family and Community Support Services will remain frozen at \$75.7 million next year.

## Minimum Wage Freeze

While not a budgetary measure, the government has not yet responded to the Standing Committee on the Economy, which recommended an immediate 25¢ increase to the provincial \$8.80/hour minimum wage and a reinstatement of indexing the minimum wage to either average earnings or inflation.

*Responsible Ministry: Employment and Immigration*

The last increase to the minimum wage was almost two years ago in April 2009. Most other provinces have increased their minimum wage levels since then. Alberta – Canada's richest province - now has the second lowest minimum wage of all Canadian provinces and territories.

## Concluding Comments

Budget 2011 freezes benefit levels for low income seniors, AISH recipients, and those on Alberta Works for a second straight year. This is the third consecutive year of funding reductions for developing new affordable housing, though funding for support services for the formerly homeless is increasing. There also continues to be no commitment to a comprehensive strategy to reduce poverty. On the positive side of the ledger, services that last year saw reductions such as children's services and persons with developmental disabilities, saw modest increases this year. Data in this *fACT sheet* is taken from the government's Budget 2011 webpage available here: <http://budget2011.alberta.ca/details/index.html#estimates>.

