

Introduction

The 2020-21 Budget, titled *A Blueprint for Jobs*, covers the time period April 1, 2020 until March 31, 2021. It is largely based on the previous budget introduced in October 2019.

The government fiscal plan details a 2.5% reduction in spending over the next three years, or \$1.3 billion lower than 2018-19 levels. Since Alberta's inflation and population growth is increasing 3.5% per year, in real terms this represents a spending reduction of over 12% over the next 3 years per Albertan.

While alleged over-spending compared to other provinces is highlighted everywhere in the budget documents, buried in the fine print is the tax advantage Albertans have compared to their fellow Canadians. If Alberta had the same tax structure as the next lowest taxed province, an additional \$14.4 billion in revenue would be generated in 2020-21. This would be a \$1 billion increase from a year earlier.*

Revenue Measures

Revenue is forecast to decline from \$50.9 billion in 2019-20 to \$50.0 billion in 2020-21, and thereafter increase to \$58.1 billion by 2022-23. This is due to an anticipated uptick in the Alberta economy.

The repeal of the carbon levy will reduce provincial revenue by \$1.3 billion. The corporate tax rate will decrease from 12% to 8% over a period of two and a half years. Conversely, personal income taxes will be going up due to exemptions and tax brackets no longer indexed for inflation.

Child Benefits

Previously, two programs were designed to support lower- and middle income working families—the Alberta Child Benefit and the Alberta Family Employment Tax Credit. In July 2020, they will be replaced with the new Alberta Child and Family Benefit program. While the base benefit for the lowest income families is being increased by 15%, the benefit will be phased out more quickly as income rises so fewer families will receive the

benefit. That's why the new single benefit will deliver about \$40 million less to Alberta families than the two benefits delivered in past years. There is also no stated commitment to index the new combined benefit in future budget years.

Child Care and Child Intervention

The Child Care Subsidy has been allocated at \$180 million to subsidize child care costs for families in need of licensed or approved child care services. These families must be in low income. An additional \$10 million is provided in support of families in licensed child care programs for children with unique and specialized needs. There is no mention of the future of the Early Learning and Child Care pilot (also known as the \$25 a day child care program). Total funding for Child Care Subsidy and Supports is expected to decrease by \$14 million.

The provincial government is working to encourage the creation of additional child care spaces by reviewing the Child Care Licensing Act.

Funding for Child Intervention is being maintained from previous years, with the exception of Kinship and Foster Care Support which will receive an additional \$14 million. The budget identifies prioritizing kinship care as a cost-effective intervention with better developmental outcomes for the child.

Affordable Housing and Homelessness

Operational funding for affordable housing and homelessness programs (which fund adult and women's emergency shelters, and Housing First programs) is being reduced from \$197.1 million in 2019-20 to \$195.9 million in the 2020-21 budget year. This can be considered a shortfall, as according to the Non-Market Housing Provider Working Group, an additional \$1.1 billion was required for Edmonton alone in order to meet targets of building 5,000 affordable housing units over five years.

A planned 24% reduction to the Rental Assistance Program and a 3.5% reduction in operating budgets for housing management bodies like Capital Region Housing

seem to be going ahead. This is despite an ongoing provincial review of rental assistance, and the possibility of federal government contributions to what is supposed to be a cost-matched portable housing benefit.

Employment and Income Support

In keeping with the previous 2019 Budget, Assured Income for the Severely Handicapped (AISH), the Alberta Seniors Benefit, Income Support, and Special Needs Assistance programs continue to be de-indexed from the Consumer Price Index (CPI). This means benefits will not keep up with the rising cost of living.

A full program review will be undertaken to address the rapid growth of costs for AISH, Persons with Developmental Disabilities, and Family Support for Children with Disabilities. A \$232 million reduction in funding for Employment and Income Support (social assistance) is expected between now and fiscal year 2022-23 due to expected reductions in caseloads as a result of an improving economy.

A series of programs, such as the Fairness for Newcomers Action Plan, will be designed to help immigrants with foreign credentials rapidly obtain employment that matches their skill levels. Other initiatives include a bridge to permanent residency through the Alberta Immigrant Nominee Program, and fast-tracked immigration for highly qualified students at post-secondary education institutions through the Foreign Graduate Entrepreneur Program.

Addiction and Mental Health

The budget commits an additional \$100 million to a new Mental Health and Addictions Strategy and \$40 million to respond to the opioid crisis over the next three years. This will provide up to 4,000 more publicly funded residential treatment spaces, and provide increased patient access to addiction counsellors and therapists at opioid dependency clinics. Details of this new addictions strategy and how the money will be allocated continue to be uncertain at this point.

Drug Program Funding

The Biosimilar Initiative will expand the use of biosimilar drugs, transitioning patients from higher cost biologic medications to generic versions by July 1, 2020. The Seniors Drug Program will no longer cover spouses and dependents younger than 65 years of age as of March 1, 2020, and income tested deductibles will be introduced later this year for higher income beneficiaries.

Community Supports and Family Safety (CSFS)

Funding for Family and Community Support Services is being maintained at the same \$100 million level as was budgeted in previous years. There is \$135 million budgeted in 2020-21 for CSFS, which is an increase from \$125 million from Budget 2019. This includes a new \$7 million Civil Society Empowerment Fund to support non-profit organizations and charities to address pressing social challenges, and an additional \$1.2 million for sexual assault services.

If Alberta had the same tax structure as the next lowest taxed province, an additional \$14.4 billion would be generated.

The Edmonton Social Planning Council is an independent, non-profit, charitable organization focused on social research.

This *fACT Sheet*, prepared by the **Edmonton Social Planning Council**, is licensed under a Creative Commons Attribution-NonCommercial-ShareAlike 4.0 International License.

Edmonton Social Planning Council

#200, 10544 - 106 Street, Edmonton, Alberta, T5K 1C5
www.edmontonsocialplanning.ca
[@edmontonspc](https://twitter.com/edmontonspc)

*Government of Alberta. (2020). Fiscal Plan, 2020-23, pp. 169