



Introduction

The 2025-26 Alberta budget, titled Meeting the Challenge, covers finances from April 1, 2025 until March 31, 2026. This is the seventh budget of the governing United Conservative Party (UCP) as they reach the midway point of their second term in government.

This budget is being released during a time of economic uncertainty and revenue volatility due to significant shifts in U.S. trade policy, fluctuating oil prices, and a growing population. The budget seeks to continue to build the province and support Albertans during a challenging time period.

In a bid to address the rising cost of living, Budget 2025 boasts that it will implement a new 8% personal income tax bracket for the first \$60,000 of income, effective January 1, 2025. This is a decrease from the current rate of 10%. This new tax bracket is expected to save Albertans up to \$750 in 2025.

As with previous budgets, Budget 2025 boasts low taxation, which limits important investments in public services that support Albertans. If Alberta had the same tax structure as the next lowest taxed province (British Columbia), the government would generate an additional \$20.1 billion in revenue (2025-26).*

This fACT Sheet will focus on developments related to social programming that impact those living in low-income and poverty. Investments that positively impact marginalized populations result in long-term savings in other public services, such as health care and the criminal justice system, and increase the overall well-being of our communities.

Revenue Measures

Economic uncertainty, which include trade risks such as tariffs and concerns over weakening demand for oil, means there will be less revenue from non-renewable resources. Budget 2025 estimates \$17 billion in non-renewable resource revenue for the 2025-26 fiscal year, down from the \$21.5 billion forecast for the previous year. Revenue from personal income taxes is estimated at \$15.5 billion in 2025-26, down slightly from the \$16.1 billion from last year's forecast. Revenue from corporate income taxes is estimated at \$6.7 billion for this year, down from the \$7.3 billion from last year's forecast. Revenue from federal transfers is estimated at \$13.2 billion, an increase from \$12.9 billion from the previous year's forecast while revenue from premiums, fees, and licenses has largely stayed the same. Revenue from investment income is estimated at \$2.8 billion, which is a significant drop from the \$5.5 billion estimated from the previous year's forecast.



Total revenue for the 2025-26 fiscal year is forecast at \$74.1 billion, which is \$6.6 billion lower than projected in the previous year's budget. Budget 2025 is projected to post a \$5.2 billion deficit.

Child Care & Child Benefits

Budget 2025 is projecting \$375 million towards the Alberta Child and Family Benefit, an increase of \$29 million from 2024-25 due to population growth, a 2% escalator, and increased phase-out income thresholds. Expenses will grow to \$415 million by 2027-28.

In 2021, Alberta signed an agreement with the Government of Canada to increase access to affordable and high-quality child care. In Budget 2025, Alberta is making changes to how it will reach this goal. Previously, Alberta was moving towards the goal of \$10/day childcare through grants given directly to childcare providers alongside income-based subsidies to parents. Now in 2025, all parents with children up to kindergarten age attending full-time licensed daycare facilities and family day home programs are eligible to pay a flat fee of \$326.25 per month, roughly equivalent to \$15/day. For the year 2025-26, Alberta has budgeted nearly \$1.97 million towards child care, an increase of \$380 million from the 2024-25 third quarter forecast.

As 2025-26 is the final year of the Alberta-Canada childcare agreement, the future of this program is in question. The government is projected to spend \$492 million less by 2027-28, while future funding is up to negotiations with the federal government.

Children and Family Services

Child Intervention funding is budgeted at \$957 million in 2025-26, an increase of \$58 million, to support contracted agencies facing recruitment challenges and rising costs. Funding will grow a further \$6 million by 2027-28. These increases in funding include \$13 million in 2025-26 and \$11 million in 2026-27 towards foster caregivers to build capacity for appropriate placements as well as \$13 million in 2025-26 and \$47 million in the subsequent two years for increasing case complexity to address the fact that more children and youth are experiencing mental health, addiction, emotional, aggressive, and behavioural difficulties.

The Youth in Transition portion of the Early Intervention Services program will see funding increase by \$6 million in 2025-26 and \$14 million in 2027-28 to address demand for programs assisting young adults transition from supported care programs to more independent adulthood. These programs include social and emotional support, financial



assistance, and coverage for tuition and living expenses for youth pursuing post-secondary education.

Affordable Housing

The 2025 Capital Plan allocates \$1.1 billion over three years to enhance affordable housing and social supports across the province.

This includes a number of investments over the next three years such as \$655 million for the Affordable Housing Partnership Program to support the goal of creating 13,000 affordable housing units, \$150 million for the Seniors Lodge Modernization Program, \$113 million for the Affordable Housing Strategy towards funding the maintenance of government-owned social housing building, and \$92 million for the Indigenous Housing Capital Program towards constructing, purchasing, or re-developing housing for Indigenous peoples.

Operating programs for the Alberta Social Housing Corporation are budgeted at \$343 million in 2025-26, an increase of \$23 million from the previous year and will grow to \$375 million by 2027-28. These increases are meant to address pressures in rental assistance from market conditions, support housing providers with operational pressures to maintain service quality, and support lodge operators

providing housing to low-income seniors.

Addictions and Mental Health

In the 2025 Capital Plan, the Government of Alberta is making significant investments into recovery-based services and the development of new treatment centers for people experiencing mental health and addictions. There is no new funding for alternative modes of care, including harm reduction.

In Spring 2025, the Government of Alberta will be implementing what they call their “Compassionate Care Act,” which will create a framework to mandate treatment for a person deemed to be a risk to themselves or others because of their “problematic substance use.” The government is investing \$207 million for the development of two specialized mental health facilities that will support this initiative.

It will also invest \$148 million into community-based recovery communities for Albertans seeking voluntary treatment for addictions and mental health issues. The government intends to have 11 new recovery centers operational by 2027, including five in Indigenous communities.

For 2025-26, operational expenses for Mental Health and Addiction amount to \$1.663 billion, an increase of \$64 million

from 2024-25, and will rise further to \$1.742 billion by 2027-28.

Income Supports

In response to recommendations from the Auditor General's report, the Ministry of Seniors, Community and Social Services is planning to improve the processes they use to measure and report on the Income Support program. Activities include implementing a refreshed logic model, reviewing performance measures, and implementing monitoring and reporting processes. This recommendation is set to be implemented in March 2025 (p. 163)

The Capital Plan is allocating \$22 million for improvements to the systems used to administer the Assured Income for the Severely Handicapped (AISH) and Income Support (IS) programs. This funding is intended to enhance service delivery, create efficiencies in program administration, and provide better data security.

In 2025-26, expenses for Employment and Income Support are estimated to be \$1.25 million, an increase of \$258 million from the 2024-25 third quarter forecast. This increase was driven primarily by unexpected population growth, alongside \$38 million that has been added in anticipation of potential U.S. tariffs.

Funding for the Assured Income for the Severely Handicapped (AISH) program, however, has decreased by \$49 million compared to the 2024-25 third quarter forecast, to a total of \$1.64 million in 2025-26. The Government states this is due to differences in anticipated program delivery costs and will not impact current recipients' income.

Funding will also be available to prepare for the new Alberta Disability Assistance Program, which will empower those with a disability to work without having significant reductions applied to income assistance or medical benefits. The precise number has not been detailed in this budget. Those who remain on AISH will not see their benefits changed.

Support to lower-income seniors through the Alberta Seniors Benefit is seeing an increase of \$33 million in 2025-26, to \$540 million, and is projected to reach \$619 million by 2027-28, due to growth in the seniors population and annual rate escalation.

Final Reflections

Budget 2025 boasts a decreased income tax bracket for income under \$60,000. While this saves families up to \$750 in 2025, this choice will result in a smaller amount of revenue to be invested in the services that support Albertans' well-being. Many important social services are being maintained, with minor increases, but bolder investments could have been made. Social services and other supports for marginalized Albertans feel like an afterthought in Budget 2025.

Many Albertans are struggling with a rising cost of living, lack of access to affordable housing, and social services are not keeping up with rising demand. We need bold and robust investments into the social safety net. Additionally, Alberta is putting significant investment into expanding its recovery system of care. While the creation of new recovery spaces is certainly needed, there is a lack of investment in alternative modes of care, including harm reduction.

By the government's own admission, they are keeping spending to below population growth plus inflation, which means public services continue to be underfunded.

*Government of Alberta. (2025). Fiscal Plan, 2025-2028. pg. 115.

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