

2015-16 ALBERTA BUDGET SUMMARY

prepared by CCVO

The provincial budget released on October 27 is not transformational; rather, it is transitional. The budget comes six months into the fiscal year from a newly elected government that replaced a 40-year regime. It maintains service levels in a lagging economy, and includes a number of targeted investments and initiatives that are consistent with campaign promises. It signals shifting priorities and suggests a larger transformation may be reflected in the spring budget.

THREE PRIORITIES OF THE 2015-16 BUDGET

- **Providing stable funding for front-line public services**, including health care, education, and social services;
- Setting out a prudent plan to **balance the budget by 2019-20**; and
- Supporting **job creation**, economic **growth** and **diversification**.

The budget forecasts expenditures of \$49.9 billion and a deficit of \$6.1 billion, \$1.1 billion more than the spring 2015 budget that was not passed. Most of the new measures in this budget were announced or passed into law over the past six months. These include:

- returning to a **progressive personal income tax system**
- **increasing the corporate tax rate** from 10% to 12%
- **restoring funding** to front-line services

The realities of continued low oil prices mean that tough choices will likely be reflected in future budgets. For example, the budget identifies expected cost savings to the tune of \$550 million in the combined 2016-17 and 2017-18 budgets from, as yet to be determined, “**lower priority**” Government of Alberta programs. Similarly, it **defers some spending commitments** to future years.

The outcomes from both the climate change and royalty reviews will undoubtedly be reflected in the spring budget.

HIGHLIGHTS FOR NONPROFITS AND CHARITIES

The provincial budget provides a degree of funding certainty and stability for many Alberta nonprofits, reflecting the government’s belief that service levels should not be tied to the state of the economy.

Included in the budget were two previously announced funding increases – \$25 million for **Family and Community Support Services** to enhance community-based services, as well as \$15 million for **women’s shelters** to address family violence. Both increases are welcome news for the sector.

The **Job Creation Incentive Program** was announced as a grant program rather than a tax credit. This is significant for the sector as it means that nonprofits and charities are eligible to participate. Grants of up to \$5,000 for “net new” positions will be available starting in January on a first-come, first-served basis.

LOOKING AHEAD

The budget also makes good on the promise to re-introduce the **Summer Temporary Employment Program** (STEP), which was cancelled in 2013. The 2016-17 budget will include \$10 million to provide wage subsidies for more than 3,000 student positions. The eligibility criteria will be expanded to include small businesses, increasing competition for these positions.

The budget signals future increases to programs benefiting nonprofits, such as \$15 million in additional funding for the **Alberta Foundation for the Arts** over the next 2 years, as well as \$50 million increase to the **Community Facility Enhancement Program** over the next five years.

The 2016-17 budget will also include additional measures aimed at reducing poverty and supporting vulnerable populations. **The Alberta Child Benefit** (ACB) will provide lower income families with up to \$1,100 annually for one child, and \$550 for up to three additional children. The phase-out threshold for the existing **Alberta Family Employment Tax Credit** will increase from \$36,778 to \$41,250. Although these measures are welcomed by advocates for poverty reduction, some were disappointed the budget didn't include a formal poverty reduction strategy. However, it is also acknowledged that a comprehensive strategy that extends beyond income involves multiple ministries and takes time to develop. The Province's business plan calls for a **"cross-ministry approach for poverty reduction."**

Also deferred is a significant **investment in childcare**, amounting to \$100 million in additional funding over the next two budgets. This has been framed as movement toward the \$25 per day daycare as promised by the NDP in their election platform.

The remaining analysis is grouped according to ministry.

ABORIGINAL RELATIONS

The NDP election platform included a number of commitments related to indigenous people, including building into provincial law the 2007 UN Declaration on the Rights of Indigenous People, supporting a national inquiry into missing and murdered indigenous women, and improving how indigenous culture and history is depicted in school curriculum. The overall budget for this ministry remains relatively flat. Of interest to nonprofits involved in gender issues and aboriginal affairs is a 30% increase to Aboriginal Women's Initiatives and Research. The increase will help the government meet commitments stemming from the National Roundtable on Missing and Murdered Indigenous women and to lead the development of a socio-economic action plan for Indigenous women. The plan includes community- based initiatives to improve socio-economic outcomes for Indigenous women and girls.

AGRICULTURE AND FORESTRY

The budget for Major Fairs and Exhibitions has been reduced by 18% this year while funding for Agricultural Societies remains flat. Agricultural Societies play a critical role in maintaining rural community facilities, but continue to struggle to address a growing infrastructure deficit.

CULTURE AND TOURISM

The Creative Industries budget contains a sizable increase, particularly for the Media Fund. This is directly related to the Government's economic diversification agenda. While funding for the **Alberta Foundation for the Arts** is down 5%, the Government has promised an infusion of an additional \$15 million over the next two years.

The **Community and Voluntary Support Services** budget is down by 6% as compared to last year's actual expenditures, mainly due to a reduction in the amount allocated to 'Other Initiatives'. This fund allows the ministry to allocate dollars to initiatives that may not be a fit for other funding programs and fluctuates significantly from year to year.

For the third consecutive year the **Community Facility Enhancement Program** remains flat at \$38 million. This is \$5 million less than was allocated in 2012-13. However, the Government has committed to a \$50 million increase over the next five years, beginning in 2016.

The **Alberta Sport Connection** budget is \$22 million, \$4 million less than last year due to last year's financial support for Alberta's participation in the Canada Winter Games, held every four years.

Community and Voluntary Support Services (000s)	2014-15 Actual	2015-16 Estimate	Change in 2014-15 Actual to 2015-16 Estimate (%)
Community Engagement	10,055	10,900	8.40
Community Initiatives Program	22,792	24,585	7.87
Other Initiatives	7,686	2,100	-72.68

Creative Industries (000s)	2014-15 Actual	2015-16 Estimate	Change in 2014-15 Actual to 2015-16 Estimate (%)
Arts	950	1,450	52.63
Cultural Industries	1,131	1,330	17.60
Alberta Media Fund	29,708	36,800	23.87
Assistance to Alberta Foundation for the Arts	28,050	26,650	-4.99

ENVIRONMENT AND PARKS

Budget increases of 5.6% for the Ministry of Environment and Parks are largely due to funding for flood mitigation work, including capital grants for communities to do their own flood mitigation work. Some of the larger changes within the budget are a result of the startup of Alberta Environmental Monitoring, Evaluation and Reporting Agency (AEMERA), an arms-length agency created in 2013. While the agency was originally responsible for oil sands monitoring, this year's budget reflects the anticipated shift to an expanded role for AEMERA that includes environmental monitoring, evaluation and reporting on air, water, land and biodiversity indicators. The 2016-17 budget also pledges \$5 million per year to strengthen environmental monitoring and enforcement and an energy retrofitting loan program.

HEALTH

Consistent with the NDP's platform promises, the Health budget has been protected with modest growth of 3% this year. The consolidated health expenses account for 39.5% of the Government's consolidated expense in 2015-16. There is a 10% reduction in spending on Primary Health Care/Addictions Mental Health that targets Primary Care Networks.

Most other programs of interest to the nonprofit and charitable sector have seen increases between 5% and 20%. Highlights include:

- \$10 million per year beginning in 2016-17 to implement a mental health strategy. Critics argue that this is not nearly enough given Alberta is so far behind.
- Senior's Drug Benefit of \$558 million for prescription drugs, an increase of 5.9% for what is often referred to as a chronically underfunded program.
- AISH, Child, and Adult Health Benefit all have sizeable increases to cover changes to the qualifying income levels as well as caseload and volume increases.

While this year's budget does not contain any additional funding for long-term care or homecare, budgets 2016-17 and 2017-18 include a total of \$120 million for the cost of operating new long-term care spaces and a total of \$90 million to expand public home care.

Drugs and Supplemental Health Benefits (000s)	2014-15 Actual	2015-16 Estimate	Change in 2014-15 Actual to 2015-16 Estimate (%)
Seniors Drug Benefits	526,553	557,989	5.97
AISH Health Benefit	198,108	221,412	11.76
Child Health Benefit	24,789	28,234	13.90
Alberta Aids to Daily Living	133,063	142,000	6.72

HUMAN SERVICES

Since social services were amalgamated under the Human Services ministry, budgets have reflected a transformational agenda. This has included movement toward a more integrated, seamless service delivery model, and a preference for an 'employment first' model. It emphasized a shift toward root causes, but as we have observed in previous years, lacked the up-front investment to preserve existing programs while also supporting prevention. The department adopted a high level Social Policy Framework as well as aspirational goals around eliminating homelessness and child poverty.

This year's budget maintains the overall structure, priorities, and service levels. But it may also signal a preference for a more pragmatic approach and heightened attention to issues of gender and income inequality, consistent with the Government's election policy platform. For example, the budget contains the previously announced \$15 million increase to funding for women's shelters as well as the introduction of the Alberta Child Benefit, beginning July 1, 2016.

Overall, Human Services received an increase just ahead of growth and inflation, which for the purposes of this year's budget is calculated at 2.7%. **Most increases are tied to expanding caseloads** which, in the case of employment and income supports, are also directly tied to the state of the economy.

Although there was some speculation that a portion of the \$25 million increase to Family and Community Support Service (FCSS) might be deferred to 2016-17, the full amount is included in this year's budget. This represents a 32% increase.

The human services program allocations do not include provisions for salary increases for nonprofit contracted service providers.

Supports to Persons with Disabilities (000s)	2014-15 Actual	2015-16 Estimate	Change in 2014-15 Actual to 2015-16 Estimate (%)
Persons with Developmental Disabilities - Community Supports	586,570	611,710	4.29
Persons with Developmental Disabilities - Employment Supports	30,122	31,478	4.50
Family Support for Children with Disabilities	152,857	157,460	3.01
Fetal Alcohol Spectrum Initiatives	38,146	23,933	-37.10

Child Intervention (000s)	2014-15 Actual	2015-16 Estimate	Change in 2014-15 Actual to 2015-16 Estimate (%)
Child Intervention Services	448,069	471,660	5.27
Supports for Permanency	53,002	54,828	3.45
Foster Care Support	173,690	170,515	-1.83
Protection of Sexually Exploited Children	6,042	6,088	0.76

Homeless and Outreach Supports (000s)	2014-15 Actual	2015-16 Estimate	Change in 2014-15 Actual to 2015-16 Estimate (%)
Program Planning and Delivery	4,231	4,913	16.12
Interagency Council on Homelessness	460	656	42.61
Homeless Shelters	39,901	37,623	-5.71
Women's Shelters	34,912	48,978	40.29
Outreach Support Services	82,689	85,771	3.73

Family and Community Safety (000s)	2014-15 Actual	2015-16 Estimate	Change in 2014-15 Actual to 2015-16 Estimate (%)
Prevention of Family Violence	13,405	12,095	-9.77
Promoting Healthy Relationships and Preventing Bullying	927	2,095	126.00
Sexual Violence Prevention Services	6,971	2,734	-60.78
Family and Community Safety Programs	0	19,761	N/A

** While it appears the Sexual Violence Prevention Service line item has been reduced significantly, the Ministry stresses that this is a function of timing and that this line item needs to be averaged out with the Prevention of Family Violence line item. In real terms, the funding has remained constant.*

Assured Income for the Severely Handicapped (000s)	2014-15 Actual	2015-16 Estimate	Change in 2014-15 Actual to 2015-16 Estimate (%)
Financial Assistance Grants	886,038	916,294	3.41

SENIORS

The Seniors budget increased by 5.8% this year. Housing now resides within the Seniors portfolio. The bulk of the Housing budget takes the form of assistance to the Alberta Social Housing Corporation to operate housing facilities. Of concern to housing advocates is the modest increase to Housing Capital Programs. While the \$1.9 million increase is sizable in terms of percentage (78%), it is argued that the base is inadequate and doesn't begin to address the problem of deferred maintenance.

The \$352 million reserved for the Alberta Seniors Benefit, a 4% increase, will support approximately 150,000 low-income seniors.

The recently announced, 25 supportive living projects will be delivered through the Affordable Supportive Living Initiative (ASLI), a capital grant program that is available to nonprofit organizations.

STATUS OF WOMEN

The Ministry of the Status of Women was established in July of 2015 and has been allocated a budget of \$1.4 million. It is aimed at achieving systems level change and charged with working across ministries to address women's issues including economic security, domestic violence and access to the legal system. In these early days, business plan goals are predictably focussed on establishing the mandate and developing and implementing strategy. The business plan also calls for the introduction of a grant program focussed on "...improving the lives of women and girls in Alberta." We will look for evidence of this in the 2016-17 budget.

MUNICIPAL AFFAIRS

The **Municipal Sustainability Initiative (MSI)** is a grant program aimed at supporting municipal infrastructure operating and capital expenses. It can have a direct impact on nonprofits, depending on how municipalities choose to allocate the funds. For example, a municipality may direct funds to a nonprofit for an eligible project such as a cultural facility or a community centre.

The capital portion of the MSI initiative appears to have decreased significantly; however, this is a function of timing. The previous Government allocated an additional \$398,900 in March of 2015 from an overall accumulated surplus. This explains the inflated 2014-15 numbers and why this year's allocation is lower. Because municipalities budget on the calendar year (The Province's fiscal year end is March 31), their budgets are not impacted.

Libraries are technically public institutions; however, they are integral and related to the work of many nonprofits and some are supported by charitable foundations. The per-capita allocation to municipalities for libraries has increased by 10 cents and while last year the Province used 2010 population numbers, this year's budget relies on 2014 numbers. This is welcome news for municipalities that have experienced rapid growth in recent years.

JOBS, SKILLS, TRAINING AND LABOUR

The Jobs Skills Training and Labour budget is significantly higher than both what was budgeted and expended in 2014-15. This is in part due to the introduction of the new Job Creation Incentive Program. Additionally, this is a newer Ministry that assumed portfolios from other departments. The 2015/16 estimate is higher due to an increase in federal funding for the Canada-Alberta Job Grant (CAJG), which the federal government increased to \$17.3 million from \$5.7 million in the 2014/15 actuals.

The funds for the Summer Temporary Employment Program will be administered through this Ministry.

Questions about this budget summary may be directed to Anna Burrowes at policy@calgarycvo.org.