

# CCVO ALBERTA BUDGET ANALYSIS 2016-17

## TABLE OF CONTENTS

1. Budget Summary
2. Highlights for Nonprofits
3. Ministry Summaries
4. CCVO Full Budget Table

## BUDGET SUMMARY

The April 14 budget was tabled as we enter what is likely to be a second year of recession for Alberta. In what CCVO is calling a good news, bad news budget for the nonprofit and charitable sector the budget elicited both sighs of relief and concern.

The budget contains four key pillars:

1. Supporting Families and Communities;
2. Investing in Infrastructure;
3. Diversifying our Energy Industry and our Energy Markets; and
4. Supporting Alberta Business.

There were few surprises as most budget measures were announced in the months and weeks leading up to budget day. The big news items included:

- The Climate Leadership Plan
- \$34.8 billion in infrastructure projects over 5 years.
- \$250 million two-year package to support job creators and encourage business capital investment and a cut in the small business tax rate.
- Cost controlling measures that included the amalgamation or dissolution of 26 agencies, boards and commissions.

Rather than implementing large cuts to services, the budget maintains funding for program areas considered key public services; namely health, education, and human services. In light of the drastic decrease in revenue, maintaining spending has come at the cost of a \$10.4 billion deficit and an extended timeframe for Alberta to return to a balanced budget.

In previous years, CCVO has expressed concerns about the structure of Alberta's fiscal framework and the extent to which public finances are dependent on oil prices. Budget 2016 lays bare the extent to which Alberta has historically relied upon energy royalties to finance operations. While we applaud the Province for keeping public services and support for the nonprofit sector largely intact, it will be difficult if not impossible to do so over the longer term without serious consideration to the Province's revenue mix.

## HIGHLIGHTS FOR NONPROFITS AND CHARITIES

Overall, this budget has a stabilizing effect on Alberta's nonprofit sector, as other sources of revenue are in decline.

In her pre-budget television address, the premier cautioned government service partners that, "Albertans aren't looking for any significant increases in public spending in times like these." It follows that the budget also shows restraint and that many of the line items that impact the Alberta nonprofit and charitable sector remain relatively flat.

Most new spending is tied directly to capital investment or election promises, such as those pertaining to climate change and income inequality.

### Significant Measures For Low-Income Albertans

Budget 2016 announces or implements several initiatives to support low-income Albertans:

- Implementation of Alberta Child Benefit to provide up to \$2,750 each year for Alberta's most vulnerable children and families.

- An enhanced Alberta Family Employment Tax Credit (AFETC) that will support working families with an annual credit of up to \$2,012 for families with four or more children.
- A 13% increase to skills and training support and a 23% increase to labour market programs.
- A \$900 million investment in affordable housing over five years.

### **Increases to Targeted Social Programs Preserved**

As promised, last year's \$35 million increase to the Family and Community Support Services (FCSS) program and \$15 million for Women's Shelters have been incorporated into base funding.

### **The Growing Infrastructure Deficit**

While the budget contains an ambitious capital plan and makes a significant investment in housing, there are concerns the plan does little to address a growing infrastructure deficit within the nonprofit and charitable sector. Facilities are aging while funds to support infrastructure are shrinking (in the case of Agricultural Initiatives), or stagnant (Community Facility Enhancement Program). In the October 2015 budget, the Government committed to an additional \$50 million for CFEP over five years, but reversed this decision for Budget 2016.

### **On Climate Change and Carbon Tax**

Budget 2016 ushers in Alberta's Carbon Levy, which is viewed by many within Alberta's nonprofit and charitable sector as an effective means of reducing greenhouse gas emissions. Despite measures to mitigate the impact on small business, farmers, First Nations and the majority of Alberta households, the budget contains no measures to acknowledge increased costs to nonprofits and charities. In fact, as it is presently structured, the carbon levy program places a disproportionate burden on Alberta's nonprofit and charities.

The challenge for the Province is to create policy that mitigates the effect on a sector with little means of recouping these costs, while minimizing administrative burden and still providing incentive to reduce emissions.

### **Job Creation**

The NDP government has returned to its original plan to use tax levers to incent job creation, as opposed to the grant mechanism proposed in Budget 2015. The net result is that nonprofits and charities cannot benefit from this program. It should be noted that the budget includes the \$10 million promised to re-introduce the Summer Temporary Employment Program. The difference this time around is that the program has been extended to include small business.

## **MINISTRY SUMMARIES**

The remaining analysis is grouped according to ministry.

All numbers in the nested tables are taken from the Expense Vote by Program tables in the 2016-17 Government Estimates document.

### **Advanced Education**

The government seems to be keeping its promise of sustainable funding for post-secondary programs with a 2.5% increase in operating grants in 2016-17. This is in addition to the second year of backfill funding to freeze tuition for Alberta students and increased capital funding for post-secondary facilities. A case can be made that this money is essential to support increased demand in a counter-cyclical industry. Students' groups were relieved to see funding to extend four expiring mental health grants, although the long-term approach past 2017 is still unclear.

There has been a realignment of learner funding from Human Services and Labour under Foundational Learning Supports. This now includes income support to learners, financial assistance for basic skills and academic upgrading, and a portion of the training for work programs including contract- and tuition-based integrated, immigrant bridging, and occupational training.

### **Agriculture and Forestry**

Funding for **Agricultural Societies**, which includes the combined funding for **regional exhibitions** and **primary agricultural societies**, remains flat. With the exception of the odd one-time injection, funding for the latter has remained unchanged in over a decade.

Funding for the **Agricultural Initiatives Program**, which provides funding to Agricultural Societies and other nonprofits for both capital and non-capital programs, has been reduced by 31%. This is the second cut to the fund in the last eight years. As a result, rural communities are finding it increasingly difficult to maintain and upgrade aging facilities and more pressure is put on the **Community Facility Enhancement Program** administered through Culture and Tourism.

Program funding for the two major exhibitions (Calgary Stampede and Edmonton Northlands), has returned to Culture and Tourism.

Industry Development (000s)	2015-16 Forecast	2016-17 Estimate	% Change in 2015-16 Forecast to 2016-17 Estimate
Agricultural Societies and (Regional) Exhibitions	11,462	11,462	0%
Agricultural Initiatives	1,450	1,000	-31.03%

### **Culture and Tourism**

Overall, the Culture and Tourism budget is flat this year. Funding for the Community and Voluntary Support Services programs, which include the Community Initiatives Program and Community Facility Enhancement Program remains intact. With the exception of the Alberta Media Fund, all program areas under Creative Industries are down slightly, which we presume is related to cost containment goals. Assistance to Travel Alberta Corporation has been reduced by 10%.

Last year's budget was used to announce some significant increases to the Culture and Tourism budget beginning in 2016. The Alberta Foundation for the Arts was to receive an infusion of \$15 million over two years and \$50 million in additional funding was to be allocated to the Community Facility Enhancement Program over five years. Both of these failed to materialize.

The Province's new capital investment in the areas of Sports, Arts, Recreation and Culture, while not insignificant is much more targeted than the CFEP program. This includes \$10 million for Calgary Zoo and \$34 million for Fort Edmonton over the next three years, and \$9 million over two years for the government operated Royal Tyrrell Museum of Paleontology and \$119 million for the Royal Alberta Museum.

Community and Voluntary Support Services (000s)	2015-16 Forecast	2016-17 Estimate	% Change in 2015-16 Forecast to 2016-17 Estimate
Community Engagement	11,091	10,670	-3.80%
Community Initiatives Program	24,585	24,585	0.00%
Other Initiatives	2,100	2,100	0.00%
Community Facility Enhancement Program (Capital Grant)	38,000	38,000	0.00%

Creative Industries (000s)	2015-16 Forecast	2016-17 Estimate	% Change in 2015-16 Forecast to 2016-17 Estimate
Arts	1,450	1,325	-8.62%
Cultural Industries	1,330	1,295	-2.63%
Alberta Media Fund	36,800	37,065	0.72%
Assistance to Alberta Foundation for the Arts	26,650	26,585	-0.24%

Recreation and Physical Activity	2015-16 Forecast	2016-17 Estimate	% Change in 2015-16 Forecast to 2016-17 Estimate
Assistance to Alberta Sports Connection	22,020	21,220	-3.63%

Tourism	2015-16 Forecast	2016-17 Estimate	% Change in 2015-16 Forecast to 2016-17 Estimate
Assistance to Travel Alberta Corporation	54,450	49,450	-9.18%

### **Environment and Parks**

This ministry saw an infusion of \$235 million this year for the implementation of the **Climate Leadership Plan**.

When the money allocated to flood recovery and climate change is removed there is an \$8 million decrease from 2015-16 forecast. This appears to be the result of the functions and personnel from **AEMERA** being moved under the Government's new Science and Monitoring division.

Funding to support public and private conservation projects, made available through the **Land Stewardship Fund**, is on par with previous years. Commitments from Budget 2015 for an energy retrofit loan program and enhanced environmental enforcement have been deferred. Concerns have been raised from those working in environmental conservation that there isn't the level of enforcement needed on the ground in our parks and protected areas.

### **Health**

The consolidated Health budget, totalling \$20.4 billion, is almost 40% of the Government's consolidated expenses for 2016-17.

Items of interest to the nonprofit and charitable sector include:

- A large increase in **Addictions and Mental Health** funding, primarily to address recommendations identified in the Mental Health Review.
- Increases to **Assured Income for the Severely Handicapped Health Benefit** and the **Adult Health Benefit** to address increasing caseloads and claims growth, and increased costs per claim.

- \$365 million over the next four years has been earmarked for continuing care projects as part of the capital grant program, formerly known as Alberta Supportive Living Initiative.
- An increase to support cancer research, prevention and screening initiatives throughout the province.

Addictions and Mental Health	2015-16 Forecast	2016-17 Estimate	% Change in 2015-16 Forecast to 2016-17 Estimate
Addictions and Mental Health	31,780	37,360	17.56%

Drugs and Supplemental Health Benefits (000s)	2015-16 Forecast	2016-17 Estimate	% Change in 2015-16 Forecast to 2016-17 Estimate
Seniors Drug Benefits	546,904	548,374	0.27%
AISH Health Benefit	222,537	256,874	15.43%
Child Health Benefit	29,242	28,234	-3.45%
Adult Health Benefit	155,394	178,259	14.71%
Alberta Aids to Daily Living	139,685	142,000	1.66%

### **Human Services**

The budget includes \$147 million for introduction of the new **Alberta Child Benefit** which is intended reach the families of 380,000 children. This accounts for the bulk of the department's \$203 million increase on a \$4.4 billion budget.

The 37% increase in **Income Support** to those expected to work or working is a sign of the weakened economy and increased unemployment.

Last year's increases to funding for **Women's Shelters** and the **Family and Community Support Services** are preserved in the new budget.

Where programs received modest increases, these are typically to account for caseload growth. The lower budget for **Family and Community Safety** is attributable to last year's one-time increase for Family and Community Safety grants. In the case of **Child Intervention Services**, decreases are tied to slightly lower caseloads.

The Human Services budget does not include measures to account for third party service providers' increased operating costs that result from the higher minimum wage or the new carbon levy. For the second consecutive year the budget does not include funds for salary increases for contracted nonprofit service provider staff. This all but negates any progress that was made by the previous government to narrow the gap between nonprofit service provider salaries and comparable positions within the public service.

Lastly, the Human Services budget does not contain increases that would allow it to apply full-cost recovery to its contracted services as it implements a new competitive procurement policy. The means that for many service providers, there will continue to be a gap between funding levels and actual delivery and overhead costs.

<b>Supports to Persons with Disabilities (000s)</b>	<b>2015-16 Forecast</b>	<b>2016-17 Estimate</b>	<b>% Change in 2015-16 Forecast to 2016-17 Estimate</b>
Persons with Developmental Disabilities – Community Operations	157,756	160,054	1.46%
Persons with Developmental Disabilities – Direct Operations	58,477	54,361	-7.04%
Persons with Developmental Disabilities – Supports to Albertans	643,188	660,463	2.69%
Provincial Disability Supports Initiatives	23,121	23,093	-0.12%
Family Support for Children with Disabilities	157,460	164,253	4.31%
Fetal Alcohol Spectrum Initiatives	23,993	23,971	-0.09%

<b>Assured Income for the Severely Handicapped (000s)</b>	<b>2015-16 Forecast</b>	<b>2016-17 Estimate</b>	<b>% Change in 2015-16 Forecast to 2016-17 Estimate</b>
Financial Assistance Grants	949,489	977,761	2.98%

<b>Child Intervention and Child Care (000s)</b>	<b>2015-16 Forecast</b>	<b>2016-17 Estimate</b>	<b>% Change in 2015-16 Forecast to 2016-17 Estimate</b>
Child Intervention Services	477,029	478,268	0.26%
Supports for Permanency	54,828	54,650	-0.32%
Foster Care Support	170,515	170,184	-0.19%

Child Care Subsidy and Supports	185,401	201,090	8.46%
Child Care Accreditation	101,182	101,164	-0.02%

Early Intervention Services for Children and Youth	2015-16 Forecast	2016-17 Estimate	% Change in 2015-16 Forecast to 2016-17 Estimate
Early Intervention and Early Childhood Development	81,758	83,491	2.12%
Youth in Transition	8,521	8,505	-0.19%

Homeless and Outreach Supports (000s)	2015-16 Forecast	2016-17 Estimate	% Change in 2015-16 Forecast to 2016-17 Estimate
Homeless Shelters	37,623	40,123	6.64%
Women's Shelters	48,978	48,920	-0.12%
Homeless Outreach Support Services	86,427	87,414	1.14%

Community Supports and Family Safety	2015-16 Forecast	2016-17 Estimate	% Change in 2015-16 Forecast to 2016-17 Estimate
Family and Community Support Services	100,744	100,729	-0.01%
Family and Community Safety Programs	31,145	18,645	-40.13%

Income Support and Employment Programs	2015-16 Forecast	2016-17 Estimate	% Change in 2015-16 Forecast to 2016-17 Estimate
Income Support to People Expected to Work or Working	257,187	269,594	4.82%

Income Support to People with Barriers to Full Employment	210,411	210,411	0.00%
Career and Employment Services	56,175	58,683	4.46%

## **Indigenous Relations**

Overall, the Indigenous Relations budget is down 4.7% from last year. This is largely due to a decrease in **First Nations and Metis Relations capital grants**. The 2015-16 budget included \$8 million in one-time funding for critical infrastructure projects on Metis Settlements.

The **Indigenous Women's Initiatives and Research** sees a further increase this year to meet the government's commitments stemming from the National Roundtable on Missing and Murdered Indigenous women and to lead the development of a social-economic action plan for Indigenous women. The government has also allocated \$3 million, over two fiscal years and across three program areas, "to help build a new relationship with Indigenous peoples and support initiatives in response to the United Nations Declaration on the Rights of Indigenous Peoples."

While not included under this ministry, other items designed to benefit Indigenous peoples include money to help Indigenous communities and others adjust to the carbon levy and \$120 million, over five years, for off-reserve housing for First Nations as outlined in the Capital Plan.

## **Labour**

The budget for Alberta Labour reflects an economy in decline and priority being given to programs supporting those affected. It follows that allocations for **Skills and Training Support** and **Labour Market Programs** have increased, while those aimed at attracting out of province talent or activities that more indirectly support the labour market (e.g. **Labour Market Information**), have been reduced.

The **Settlement and Integration** budget returns to pre-2015 levels. These services received a significant increase last year to help community-based organizations respond to the ongoing refugee crisis. At the time of writing we were unable to obtain clarification around this year's reduction, but we are aware of an interplay between provincial and federal funding.

The nonprofit sector welcomes the return of the **STEP program**, a \$10 million investment. New for this year is that small businesses are now eligible for STEP, increasing competition for grants.

Workforce Strategies	2015-16 Forecast	2016-17 Estimate	% Change in 2015-16 Forecast to 2016-17 Estimate
Settlement and Integration	12,871	8,748	-32.03%
Workforce Development Partnerships	3,786	3,282	-13.31%
Policy and Labour Market Information	6,718	5,961	-11.27%
Labour Attraction and Retention	10,930	10,526	-3.70%
Labour Qualifications and Mobility	8,212	7,409	-9.78%
Labour Market Programs	28,233	34,715	22.96%



Summer Temporary Employment Program	–	10,000	–
Skills and Training Support	33,452	37,773	12.92%

### **Municipal Affairs**

The Municipal Affairs budget is increasing by 24% and is mainly tied to funding through the **Municipal Sustainability Initiative (MSI)**. Established in 2007, The MSI program flows capital dollars to municipalities for infrastructure. This year's combined operating and capital allocation totals \$1.24 billion (as compared to \$877 million in 2015 and \$1.64 billion in 2014).

Municipalities can choose to allocate funds to nonprofit facilities (e.g. a cultural facility); however funds typically go to municipally owned and controlled infrastructure. Still, this is important to the nonprofit sector insofar as nonprofits use public infrastructure for programming.

The same applies to the **Provincial Library Network**, funding for which is essentially flat. Libraries are technically public institutions, but are used by nonprofits. Some are supported by charitable foundations.

<b>Municipal Sustainability Initiative (MSI)</b>	<b>2015-16 Forecast</b>	<b>2016-17 Estimate</b>	<b>% Change in 2015-16 Forecast to 2016-17 Estimate</b>
MSI Operating	28,212	30,000	6.34%
MSI Capital	498,888	846,000	69.58%

<b>Library Services</b>	<b>2015-16 Forecast</b>	<b>2016-17 Estimate</b>	<b>% Change in 2015-16 Forecast to 2016-17 Estimate</b>
Provincial Library Network	34,316	34,921	1.76%

### **Seniors and Housing**

The budget contains a significant capital investment in **Affordable Housing**; \$286 million is budgeted for this year and the Province projects a \$1.18 billion investment over the next five years. Additionally, this year's budget includes a nearly doubling of the allocation for **Assistance to Alberta Social Housing Corporation** to \$313 million. Both are welcome news to housing advocates; however they are quick point out that even at \$313 million (which includes funding for housing infrastructure and operations), the amount budgeted for Assistance to the Alberta Social Housing Corporation pales in comparison to the amount needed to address the infrastructure deficit attached to these provincially owned facilities.

New Housing, Housing Renewal and Seniors Housing (millions of dollars)	2016-17 Estimate	2017-18 Target	2018-19 Target	2019-20 Projected	2020-21 Projected	5-year Total
Sustainable Housing Renewal	173	184	120	85	20	582
New Housing Supply – Affordable Housing	38	20	20	20	50	148
New Housing Supply – Off-reserve Housing	–	30	30	30	30	120
Infrastructure for Metis Settlements	3	3	3	3	3	15
New Housing Supply – Homeless and Specialized Populations	13	–	–	–	–	13
Seniors Facilities and Housing	59	70	49	55	65	298
	286	307	222	193	168	1,176

The remainder of the Seniors Budget remains relatively flat as compared to last year, and where benefits are concerned, is based on forecasted numbers of recipients.

Seniors Services	2015-16 Forecast	2016-17 Estimate	% Change in 2015-16 Forecast to 2016-17 Estimate
Seniors Community Grants	2,607	2,607	0.00%
Special Needs Assistance Grants and Seniors Home Adaptation and Repair	24,440	24,440	0.00%

Housing	2015-16 Forecast	2016-17 Estimate	% Change in 2015-16 Forecast to 2016-17 Estimate
Assistance to Alberta Social Housing Corporation	164,588	312,791	90.04%

### **Status of Women**

The amount in this year's budget for the Status of Women Ministry, which was allocated \$1.4 million in the fall budget as a new Ministry, is a better reflection of the cost to run the ministry and act on the mandate.

While the ministry remains a work in progress, it has two distinct departments.

1. – This branch is associated with gender mainstreaming in government. It also includes an outreach and granting component.
2. **Gender Policy, Strategy and Innovation** – This division focuses on the three mandated areas of the ministry: reducing violence, increasing women's leadership and democratic participation, and increasing economic security. The **Women in Leadership Program** has migrated from Corporate Human Resources and has a new additional external focus, in addition to internal-to-government projects.

In the fall budget there was a call for the introduction of a grant program focused on "...improving the lives of women and girls in Alberta." While there is no evidence of this program in the 2016-17 budget we have been told that there will be more to share in the coming months.

## **CCVO BUDGET TABLE**

*Unless stated, all figures are in 000s, and are taken from the Statement of Operations expense tables per Ministry in the "Budget 2016 Ministry Business Plans" document, released on \*April 14th, 2016\*.*

Budget Item and Department	2015-16 Budget	2015-16 Forecast	2016-17 Estimate	% Change in 2015-16 Forecast to 2016-17 Estimate
<b>Advanced Education</b>				
Total Expense	5,859,999	5,796,099	5,930,073	2.31%
Support for Adult Learning	78,744	78,044	80,443	3.07%
Post-Secondary Operations	5,402,121	5,351,436	5,485,031	2.50%
Student Aid (financial assistance for occupational training programs see page iii)	227,757	228,457	239,793	4.96%
Foundational Learning Supports	80,489	71,589	76,188	6.42%

Post-Secondary Infrastructure – Capital	871,168	871,168	962,409	10.47%
<b>Agriculture and Forestry</b>				
Total Expense	1,925,412	1,716,722	1,161,605	-32.34%
<b>Culture and Tourism</b>				
Total Expense	342,008	338,633	339,587	0.28%
Creative Industries	75,630	75,630	74,935	-0.92%
Community and Voluntary Support Services	92,099	92,099	98,576	7.03%
Recreation and Physical Activity	30,333	30,765	29,344	-4.62%
Heritage	55,075	55,043	55,469	0.77%
Francophone Secretariat	1,310	1,310	1,310	0.00%
Tourism	69,284	69,284	62,056	-10.43%
<b>Environment and Parks</b>				
Total Expense	633,570	603,030	794,680	31.78%
Science and Monitoring	78,000	78,000	70,520	-9.59%
Climate Leadership Plan	–	–	235,000	–
Land Use Secretariat	10,463	10,463	10,305	-1.51%

<b>Status of Women (created in 2015)</b>				
Total Expense	1,447	1,447	7,550	421.77%
<b>Health</b>				
Total Expense	19,629,453	19,869,854	20,378,417	2.56%
Drugs and Supplemental Health Benefits	1,934,712	1,926,957	2,040,246	5.88%
Facility-Based Patient Services	5,309,174	5,366,480	5,488,000	2.26%
Cancer Research and Prevention	12,500	6,250	12,500	100.00%
<b>Human Services</b>				
Total Expense	4,172,161	4,193,131	4,396,148	4.84%
Employment and Income Support	652,823	675,323	683,098	1.15%
Assured Income for the Severely Handicapped	949,489	949,489	977,761	2.98%
Persons with Disabilities Supports	1,067,159	1,066,479	1,088,751	2.09%
Child Intervention	735,512	735,512	734,149	-0.19%
Child Care	296,897	290,897	306,548	5.38%
Early Intervention Services for Children and Youth	90,279	90,279	91,996	1.90%
Homeless and Outreach Support	177,941	177,941	181,352	1.92%
Community Supports and Family Safety	137,816	136,316	123,711	-9.25%

Public Guardian and Trustee Services	30,098	37,848	29,832	-21.18%
Alberta Child Benefit	–	–	147,000	–
<b>Labour</b>				
Total Expense	201,438	197,227	211,575	7.27%
Workforce Strategies	114,579	107,868	121,908	13.02%
<b>Indigenous Relations</b>				
Total Expense	202,212	201,733	192,338	-4.66%
First Nations Developmental Fund	128,000	128,000	126,000	-1.56%
Indigenous Women's Initiatives and Research	1,034	1,034	1,259	21.76%
<b>Justice and Solicitor General</b>				
Total Expense	1,357,760	1,365,760	1,395,564	2.18%
Support for Legal Aid	66,000	66,000	68,500	3.79%
Alberta Human Rights	8,424	8,424	8,397	-0.32%
Victims of Crime Fund	33,197	33,197	33,257	0.18%
<b>Municipal Affairs</b>				
Total Expense	1,430,982	1,439,554	1,782,056	23.79%
Library Services	36,049	36,049	36,619	1.58%
Municipal Sustainability Initiative	876,889	876,889	1,235,546	40.90%

<b><i>Seniors and Housing</i></b>				
Total Expense	619,654	622,154	649,987	4.47%
Alberta Seniors Benefit	352,509	352,509	357,287	1.36%
Seniors Services	35,758	35,758	35,586	-0.48%
Housing	12,584	12,584	12,204	-3.02%
Capital – Alberta Social Housing Corporation	168,034	120,000	258,974	115.81%