

October 25, 2019

Alberta Budget 2019-20: Initial Analysis

Today the Government of Alberta released their **budget** for the shortened 2019-20 fiscal year (October 24, 2019 to March 31, 2020).

RMA President Al Kemmere's initial reaction to the 2019-20 provincial budget is as follows:

"The RMA recognizes the importance of fiscal prudence in these challenging economic times, and while none of us would like to see cuts, we understand the need for the province to make tough decisions to better position Alberta moving forward.

We are pleased to see the completion of the Municipal Sustainability Initiative (MSI) funding for 2019-20, noting that municipalities are taking a significant reduction for this funding starting in 2021. MSI supports municipal infrastructure projects that contribute to economic growth and job creation, and benefit communities across the province.

The Government of Alberta's announcement of a new Local Government Fiscal Framework represents continued support and collaboration between the province and municipalities. However, under this new Framework, we are concerned that funding will grow at only half the rate of provincial revenue each year, as a predictable funding program should reflect a full connection to provincial revenues. We look forward to working with our provincial partners to solidify sustainable and predictable municipal funding that builds strong communities moving forward.

We are relieved to see that funding for libraries and FCSS has been maintained, with new funding for mental health and palliative care as these services are essential to supporting residents in our communities.

We look forward to further conversation with the province related to funding important infrastructure projects like roads and bridges through grants such as the Strategic Transportation Infrastructure Program."

RMA's initial analysis identifies the following key items:

- The 2019-20 Municipal Sustainability Initiative (MSI) funding components are as follows:
 - The MSI capital component is funded at \$294 million.
 - The MSI operating component is maintained at \$30 million.
 - The Basic Municipal Transportation Grant is funded at \$347 million.

It is important to consider that these figures do not include \$400 million in MSI funding that was diverted from the 2018-19 and 2019-20 budget years and advanced to municipalities in the 2017-18 budget year. When applying the \$400 million advance to the 2019-20 budget year, total MSI funding is equivalent to \$1.07 billion.

- The Government of Alberta is estimating a reduction in MSI funding in the upcoming 2020-21 and 2021-22 budget years as the MSI program begins to wind down.
 - MSI funding in 2020-21 will be reduced by \$94 million compared to 2019-20 levels.
 - MSI funding in 2021-22 will be reduced by \$142 million compared to 2019-20 levels.
- The Education Property Tax Requisition is forecast at \$2.5 billion, which is a slight increase (\$17 million) from the previous budget year.
 - This increase is based on freezing education tax mill rates to remain at the previous year's level and deducting approximately \$30 million from revenue to support two credit programs: The Provincial Education Requisition Program (PERC) and the Shallow Gas Tax Relief Initiative (SGTRI). The growth in education property tax revenue is the result of a growing assessment base.
- The Strategic Transportation Infrastructure Program (STIP) has received \$22.5 million for 2019-2020, a decrease from the \$4 million budgeted for 2018-19. This is concerning for Alberta's rural municipalities who manage 77% of Alberta's roads and 61% of Alberta's bridges and rely, to a certain degree, on provincial funding to ensure these roads and bridges continue to support Alberta's natural resource sector. \$84 million in funding is available over the next four years.
- Alberta Community Partnership (ACP) funding has decreased by \$1.5 million to \$17 million. This reduction comes in the form of a decrease of \$750,000 for both the Edmonton and Calgary Growth Management Boards.
- Funding for municipal water infrastructure programs has decreased from \$153.6 million to a total funding level of \$94 million in the 2019-20 budget. Water for Life has received \$43.3 million, the Alberta Municipal Water Wastewater Program (AMWWP) has received \$32 million, and the First Nations Water Tie-in Program has received \$18.2 million.
- The Orphan Well Abandonment program has received an increase in funding from \$45.5 million to \$55.8 million due to an increased number of orphan wells and more efficient administration of the program.
- The Policing Assistance to Municipalities Grant was increased slightly from \$87.7 million to \$88.2 million. This grant includes two components: the Municipal Policing Assistance Grant (\$57.7 million) and the New Police Officer Program (\$30 million).
- Funding for provincial contract policing has increased from approximately \$256 million in 2018-19 to \$263 million in 2019-20. This is in part due to an \$8 million funding increase over four years to target and reduce rural crime through closer coordination between police services and an increased focus on high-risk repeat offenders.
- The Alberta Justice and Solicitor General business plan prioritizes appropriate staffing for the proper functioning of Alberta's criminal justice system, including the hiring of 50 new prosecutors and support staff at a cost of up to \$40 million over four years.
- Funding for agricultural societies remains steady at \$19 million.

The RMA has prepared a supporting member bulletin highlighting the facts and figures in detail of the 2019-20 provincial budget. For a full breakdown of the Government of Alberta's 2019-20 budget and estimates, visit the [Government of Alberta's Budget 2019 webpage](#).

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