



STAFF REPORT

Title: AUMA Budget 2020 analysis

Meeting Date: March 10, 2020

Executive Summary:

AUMA released its analysis of the Government of Alberta's 2020 budget on February 27, following its analysis up with a webinar on the 28.

The AUMA is critical of the budget and the state of the provincial-municipal relationship. The strongest criticism is of the increase in the education tax requisition, which it sees as a downloading of the financial burden from the province to municipalities. Because of the above-average assessment decrease the City of Cold Lake has seen, the impacts of this are not expected to be fully felt in this community until an economic recovery is realized.

In a press release issued on February 27, AUMA President Barry Morishita took issue with the government's communications that it was freezing education spending when in the budget "...it appears they are collecting an additional 41 per cent, which is equivalent to about \$102 million from taxpayers."

Other changes analyzed by the AUMA in the attached analysis include:

- A 32 per cent reduction in Grants in Place of Taxes (this is expected to have a small impact in Cold Lake).
- Maintaining the reductions in MSI from the 2019 budget.
- Replacing \$28 million in loss from the Basic Municipal Transportation Grant with \$28 million from Municipal Affairs, through the MSI capital.
- Additional revenue for policing from including all municipalities in the funding formula.
- Increasing the amount of provincial revenue from fines to 40% from 26.6%.
- \$57 million to support the Investing in Canadian Infrastructure Plan

The AUMA saw positive moves in the government's promise for a fixed budget release date and its continued commitment to replace MSI with the Local Government Fiscal Framework, which will be tied to provincial revenues, although the program will start significantly less funding than MSI and will only grow at half the rate of provincial revenues.

Background:



The attached AUMA analysis is available on its 2020 Budget page, along with a link to the video of the webinar held February 28, 2019.

The province's budget maintains the outlook for provincial revenues at \$50 billion and forecasts a \$6.8 billion deficit. It also forecasts an economic recovery starting late this year, with \$54 billion in revenues for 2021-2022, and \$58 billion in revenue for 2022-2023, when the government plans to have the budget balanced.

The Government of Alberta's 2020-2021 fiscal plan is available at www.alberta.ca and is structured around four themes"

- Getting services to people who need them
- Getting Alberta back to work
- Getting spending under control
- Getting a fair deal

Alternatives:

This report is presented for Council's information.

Recommended Action:

This report is presented for council's information.

Budget Implications (Yes or No):

No.

Submitted by:

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