

# Budget 2020 in a COVID-19 Reality: Impacts on Civil Society



The 2020-21 Alberta Budget, entitled *A Blueprint for Jobs*, tabled on February 27, was largely similar to the government's budget introduced in October 2019. Days after Budget 2020 was tabled, we found ourselves facing two major global events — a health pandemic and a dramatic decline in the price of oil — which have both had excruciating impacts on a global scale, and Alberta's economy.

Given the current circumstances regarding the COVID-19 pandemic and the accelerated drop in the price of oil, Budget 2020 quickly became obsolete.<sup>1</sup> Aside from the public health and economic concerns which have impacted Alberta's economy, the economic projections contained in Budget 2020 were ambitious. Regardless of the aforementioned calamities, Budget 2020 was passed on March 18. However, the Government of Alberta, similar to other governments in Canada and around the world, is now focused on large scale stimulus spending that was not projected when the budget was first released. Steps taken to respond to the current situation include funding support to Community and Social Services, public health, and the energy sector. Moving forward, it is still unclear if the government will want to deliver a newly revised budget to be more aligned with Alberta's current reality.

Budget 2020 reflected the course of the provincial government that was mapped out since the election in April 2019. Similarly, Budget 2020 did not change its course of action from Budget 2019, which focused on eliminating the deficit by 2022-23 by reducing government spending, cutting corporate tax rates, and reducing red tape.

Despite the COVID-19 pandemic and the massive drop in the price of oil, Budget 2020 gambled on an increased projected West Texas Intermediate (WTI) benchmark pricing from US \$58 per barrel in 2019 to US \$63 in 2022-23. The assumption that oil prices would be higher was an optimistic and hopeful goal, which has now proved unlikely, with a WTI of US \$20 per barrel as of March 18, the day the Budget was approved.<sup>2</sup>

Budget 2020 aimed to shrink total government spending over the next three years by 2.5 percent. The government projected a deficit of \$6.8 billion, with a total debt of \$76.9 billion by the end of the 2020-21 fiscal year. However, Premier Jason Kenney has since stated that the COVID-19 global pandemic may leave the government unable to keep its election promise to balance the Budget by 2023.<sup>3</sup> The government's net debt has now been projected to hit \$85.1 billion by 2024.<sup>4</sup>



## IMPACTS ON THE NONPROFIT SECTOR

The nonprofit and the charitable sector has time and again proven to be essential to our communities, especially in times of crisis. The impact on Alberta and the nonprofit sector specifically, will be felt strongly although the full implications are not yet fully realized.

Nonprofit and charitable organizations in Alberta are front and centre of the pandemic and are relied upon by the communities they serve. Many nonprofits are critical in responding to the pandemic as those most affected will be from vulnerable communities. These communities will be heavily disadvantaged as a result of a variety of factors, including school and early childhood program closures, restaurant closures, and empty grocery store shelves. Organizations that provide the necessary work to help the most vulnerable in society are the same organizations that may not have the capacity to meet the increase in demand needed to assist their communities during a crisis.

### Views from Nonprofit Leaders

Just prior to finding ourselves in the midst of the current pandemic, on March 12, CCVO held a Nonprofit Leaders Luncheon to discuss Budget 2020's impact on the nonprofit and charitable sector. Nonprofit leaders realized the impact of COVID-19 and the oil price war to be strong indicators that the government was not prepared for the impacts that this would have on Albertans.

The Budget decisions which preceded these dramatic circumstances were noted by some leaders to not only be short-sighted but were also made with a lack of transparency. For example, participants in our luncheon discussion were surprised by reduced funding for provincial parks and affordable housing. An additional program that received a cut was the Regional Collaborative Service Delivery (RCSD), a model in which different agencies work together to provide services for children with developmental needs such as speech pathology. Many children who rely on RCSD may no longer be able to access it due to the program funding now being directed to school divisions, rather than programs.

### Social Services Emergency Funding

The Family and Community Support Services (FCSS) budget was projected to remain the same for 2020-21 at \$100 million. The programs funded by FCSS focus on support for individuals, families, and communities through preventative social programs and services which benefit Albertans experiencing vulnerabilities. Amid the current COVID-19 pandemic, on March 17, the government announced \$60 million in Social Services emergency funding to municipalities, charities, and nonprofit organizations providing social services support to help with COVID-19 responses.<sup>5</sup> A total of \$25 million will support homeless shelters to assist them with responding to the requirements for social distancing, isolation, staffing, and sanitation related to COVID-19. An additional \$5 million will be allocated to women's emergency shelters. The remaining \$30 million will be administered through the FCSS and is dedicated to assisting community-based organizations in responding to the needs of vulnerable Albertans who need to self-isolate and face other challenges related to COVID-19.



### **Reduced Budget for Culture, Multiculturalism and Status of Women**

Budget 2020 sought to reduce overall spending on key programs that are essential for the nonprofit and charitable sector. The Ministry of Culture, Multiculturalism and Status of Women foresaw a seven percent reduction, from \$266 million in 2019-20 to \$246 million in 2020-21. The Ministry supports a variety of nonprofits including Community and Voluntary Support Services, the Arts, Cultural Industries, Sports and Recreation, and Status of Women and Multiculturalism.

Programs supporting Community and Voluntary Support Services, such as the Community Initiatives Program (CIP), was reduced by 14 percent from \$23 million in 2019-20 to \$19.7 million in 2020-21. CIP is a project-based grant that provides funding for organizations that strengthen leadership and organizational capacity, supporting community-driven goals that have public benefit. Other essential funding programs including the Community Facility Enhancement Program (CFEP) and the Other Initiatives Program (OIP), remained flat with CFEP receiving \$25 million and OIP receiving \$1.5 million for 2020-21.

The Arts saw an overall reduction. Assistance to the Alberta Foundation for the Arts decreased from \$28.4 million to \$26.9 million. The Cultural Industries also saw heavy reductions, including the Alberta Media Fund with a 38 percent reduction, from \$46.7 million to \$30.9 million. These reductions will heavily impact the arts sector which will now see an additional decline in revenues due to social distancing measures taken to reduce the spread of COVID-19.

Sports, Physical Activity and Recreation showed a reduced budget of 12 percent from \$22.9 million to \$20.2 million. Additionally, funding for Multiculturalism and Inclusion also saw a reduction of 21 percent from \$2.4 million to \$1.9 million.



## COLLABORATION IN TIMES OF CRISIS

As CCVO and the rest of the world grapple with the rapidly changing environment we are in today, it is important for the nonprofit and charitable sector to have the ability to provide services to respond to the pandemic.

The Government of Alberta is facing a time of turmoil which has been marked by a plummeting price of oil, along with a public health crisis that knows no boundaries. All Albertans are impacted. Budget 2020 did not reflect this crisis, although efforts are now being made to alleviate impacts and provide resources to those delivering frontline services.

We are supportive of the government in initiating the Premier's Council on Charities and Civil Society.<sup>6</sup> We are hopeful that this Council will serve as an independent voice and provide relevant and timely advice to the government, as well as strengthen the relationship with civil society organizations on social issues across Alberta. It is now more important than ever for civil society and the government to be working together as productive partners. CCVO is also supportive of the additional funding provided through the Social Services Emergency Fund earlier this month. However, many organizations are in need of more financial support to deal with this uncertainty.

The COVID-19 pandemic is a reminder that the economy is only as strong as the health of our communities.<sup>7</sup> It further demonstrates the importance of organizations who are on the frontlines of the pandemic response, serving vulnerable populations. COVID-19 has already impacted our daily lives in ways we would not have imagined just a few weeks ago. Life as we know it has fundamentally changed and the next steps we take as a community, and the work of nonprofits will help define how we emerge from this crisis.

## REFERENCES

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