

ASCHA's Summary & Analysis of Alberta's 2025 Provincial Budget

Prepared by ASCHA for Members
March 4, 2025



Overall Context of Revenue and Expenditures in Budget 2025

Budget 2025, aptly titled “*Meeting the Challenge*,” was recently delivered by the Honourable Nate Horner, and speaks to many uncertainties in our current economic climate. The threat of American tariffs on Canadian goods and resources, built into Budget 2025 at 15% (10% for non-renewable resources), will directly impact our provincial coffers. Despite this, the Budget offers some reassurance as oil production is expected to remain strong with the caveat that growth is expected to slow, and the unemployment rate is expected to rise with any potential tariffs.

For context, resource revenue is projected to be \$17.1 billion in this fiscal year, a decline of \$4.4 billion from the projections last year (which were \$21.5 billion). Alberta’s total revenue is \$74.1 billion, a decrease of \$6.6 billion from the previous forecast of \$80.7 billion. Alberta’s fiscal framework restricts significant spending initiatives, prioritizing a balanced budget and directing surplus cash to debt repayment, savings, or one-time initiatives. If revenues drop significantly, it has a built-in contingency, allowing the province to run a deficit, but they must return to balance within three years.

Given the shifting statements from the Trump Administration, the province is budgeting on a 15% tariff on all goods and 10% on non-renewable resources, acknowledging that things could change rapidly. If the U.S. brings in a 25% tariff across the board long-term, the province expects the deficit could approach \$9 billion. Without tariffs, the deficit may only be a third of that projection - around \$3 billion.

Revenue & Expenses - Estimated (Billions)



Projected revenue, therefore, is impacted by the above and also factors in a decline in personal and corporate income tax revenues. The government has acted on their promised income tax cut of a new 8% tax bracket for the first \$60,000 of income to address pressing affordability concerns. It is important to note that this will be a phased approach, with a 9% tax bracket introduced in 2026 and a reduced 8% bracket in 2027. Once the tax cut is fully implemented, taxpayers are expected to save up to \$760 annually. However, while income and corporate taxes will

see cuts, education property taxes will be increasing – the full details are provided under the Ministry of Municipal Affairs analysis below.

The Canada Social Transfer is estimated at \$2.089 billion in 2025-26 and projected to increase to \$2.197 billion and \$2.285 billion in the next three years, respectively. Total transfers across government from the Government of Canada are estimated to be \$13.287 billion, representing 17.93% of total revenue in 2025-26 based on the estimates within the Budget. This includes the Canada Health Transfer, Canada Social Transfer, infrastructure support, labour market agreements, agriculture support programs, early learning childcare agreements etc.

Total expenses for this fiscal year are forecasted to be \$79.3 billion, an increase of \$4.4 billion from the forecast made by Minister Horner last fall. Given these considerations, what follows in this detailed summary for Alberta’s housing sector is good news amid a political and economic climate that could have seen more restraint in budget allocations and cuts, given the projected deficit. We will need to continue to make the case that the sector’s work is cost-effective and focuses on positive outcomes for Albertans.

Strategic Priorities of the 2025 Budget

The Budget has outlined two strategic priorities:

1. **Maintaining Alberta’s Advantage** (economic growth, investment, infrastructure development)
2. **Supporting Albertans** (healthcare, housing, community and social supports)

The housing market is highlighted as a bright spot, with housing development expected to increase as it continues to keep pace with the influx in Alberta’s population. Overall, we are seeing many of the asks in our Pre-Budget Submission considered in this year’s Provincial Budget.

The Good News

- Overall, providers operating social housing will see an increase of approximately 2.2-2.5% for operational expenses (budget letters will be going out in the next week, which will include the details for your organization).
- Lodge Assistance Program rates will be increased from \$20.50 to \$21.50 per unit to account for the impact of inflation, representing an overall increase of approximately \$1.1 million in this fiscal year. This increase will be effective January 1, 2025.
- Housing programs (community housing, seniors housing) have collectively increased by approximately \$23 million to address operational pressures.
- Rent assistance will increase by \$27.8 million this fiscal year, including an approximately \$8 million contribution for housing benefits to survivors of gender-based violence, an increase for current rent assistance recipients, and finally, \$10 million to support an additional 8,900 households.
- Alberta Social Housing Corporation will receive increases, including capital investment, which will be the biggest allocation. Affordable housing programs will see a total investment of \$1.2 billion over three years.

Public Sector Compensation (excluding physician compensation)

2025-26 - \$26.498 B
2026-27 - \$27.09 B
2027-28 - \$27.674 B



Full-time Equivalents (across ministries and agencies): **277,155** an increase of 4,856 since Budget 2024-25

- While the programs are not tied to indexing, the government has intentionally funded housing programs similarly to avoid large gaps or significant jumps in funding need.
- The Affordable Housing Partnership Program (AHPP) sees a substantial increase of \$250 million to \$655 million (over three years) to support the Stronger Foundations goal of creating 13,000 affordable housing units. The funding helps build 6,300 new units, with 3,301 units funded under Stronger Foundations since its release in 2021. They are reviewing the most recent round of applications and are likely at least three weeks away from making any announcements. We anticipate this will also inform funding available for the next round of AHPP.
- \$50 million in new funding has been allocated to the Seniors Lodge Modernization Program (\$150 million over three years). Some applications for lodges under the Affordable Housing Partnership Program will be considered for this funding, which aligns with our policy recommendations to consider dedicated funding streams.

The Not-So-Great News

- There is no consideration for the Alberta Seniors Transition Credit (which is not unexpected, given the considerations on Alberta’s revenue) and overall funding approach.
- There is no consideration of restoring and expanding funding for pharmacist and doctor visits, but this could still be addressed within the transformations taking place in health refocusing.

The Wait

- Similar to the above, leveraging housing and facility-based continuing care as hubs, 24-7 homecare and increasing funding for contracted providers would be within the mandate of the current health refocus work (and was shared in our Prebudget Submission to socialize the ideas more broadly). We hope to see more details as transformational details are released.
- Property tax equity for housing providers offering units with government-set rates is not part of the Budget but there will be further engagement on COPTER. Please note, given the increase in the education portion of property taxes, providers who could potentially receive an exemption under COPTER should apply for it as soon as possible.

HIGHLIGHTS BY MINISTRY & CATEGORY

Ministry of Health

In 2025, Alberta’s health care system will continue to be reorganized with four new agencies: Acute Care Alberta and Primary Care Alberta - managed by the Health Ministry, Recovery Alberta – managed by the Ministry of Mental Health and Addiction, and Assisted Living Alberta – managed by the Ministry of Seniors, Community, and Social Services. Budget numbers have been updated to reflect the shifts.

The health budget will increase to \$24.037 billion (inclusive of amortization and inventory consumption) up from \$22.603 billion in the last budget (which at that time saw an increase of \$342 million from the fall forecast). The total budget for Health in the last budget was \$28.373 billion for 2024-25, which shows the shift of funding to other ministries, including Assisted Living Alberta. Health expenses are anticipated to increase on average by 3.5%/year, with operating expenses rising on average by 3.6%/year over the next two years.

The Canada Health Transfer increased by \$400 million, representing \$6.560 billion this fiscal year. It is projected to grow to just over \$7 billion in 2026-27 and \$7.456 billion in 2027-28.

Acute Care

Acute care operating expenses for 2025-26 are \$4.639 billion, \$160 million higher than in 2024-25.

Physician Compensation

The physician compensation and development budget is \$6.931 billion in 2025-26, a decrease of \$29 million from 2024-25. It is projected to grow to \$8.052 billion by 2027-28. This includes \$15 million for recruiting and retaining physicians who practice full-time in underserved areas, an increase of \$12 million for the existing Rural Remote Northern Program, and \$12 million annually for the physician support program.

Budget 2025 allocated \$88 million from the Integrated Health and Social Infrastructure Planning funding approved in Budget 2024 towards planning and design for health and mental health projects. This includes \$65 million for acute care, \$20 million for primary care, and \$3 million for mental health and addiction facilities planning.

Ministry of Mental Health and Addiction

The expenses for this Ministry increased by \$51 million to a total of \$1.79 billion from the fall forecast - \$1.663 billion is for operational expenses in this fiscal year. The total expenses will decline by \$112 million in 2027-28 as capital grants for the construction of recovery communities are not included after that. Eleven new recovery communities will be operational by 2027.

The Budget notes that the *Compassionate Intervention Act* will be introduced this spring to create a framework to assist those struggling with addiction or substance abuse who are likely to cause harm to themselves or others. The act will mandate treatment based on their risk of harm to self or others.

Ministry of Seniors, Community & Social Services

As mentioned, the movement of continuing care to this Ministry means that the budget will grow substantially, seeing a rise in total expenses to \$10.6 billion this fiscal year. Due to the shift, the numbers for the prior year are stated comparably. The budget for expenses for the Ministry was \$5.447 billion in 2024-25. Outside of the shift in already allocated funding from Health, the Ministry budget sees an increase of \$833 million from last fall's forecast. This is primarily attributed to the projected demands on social programs and continuing care based on population growth and need. Contingencies have been built into social programs in case of potential tariff impacts.

With a continued focus on housing, Alberta Social Housing Corporation (ASHC) sees both capital and operational increases. The operational portion of ASHC spending increased from \$257 million in last year's budget to \$292 million, rising to \$308 million in 2026-27 and \$323 million in 2027-28.

Over three years, \$112 million has been allocated for asset transfers, including \$37.5 million in this fiscal year.

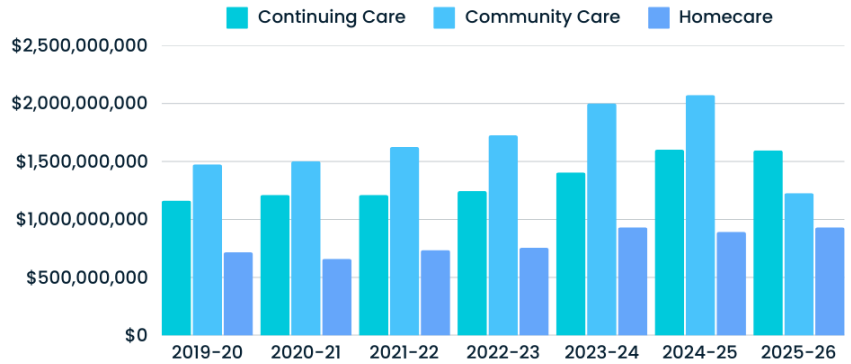
Assisted Living Alberta (ALA)

ALA receives a budget allocation of \$3.848 billion in 2025-26, continued annually through 2028. Please note there is another estimated number for ALA in 2025-26 that puts the total slightly higher at closer to \$3.9 billion, but the main budget documents refer to the first number.

Continuing Care

With continuing care moving to this ministry, it is being reported here. Continuing care saw an increase of \$76.02 million between Budget 2024-25 and the estimate for 2025-26 for a total of \$1,596,420,000.

CONTINUING CARE, COMMUNITY CARE & HOME CARE SPENDING



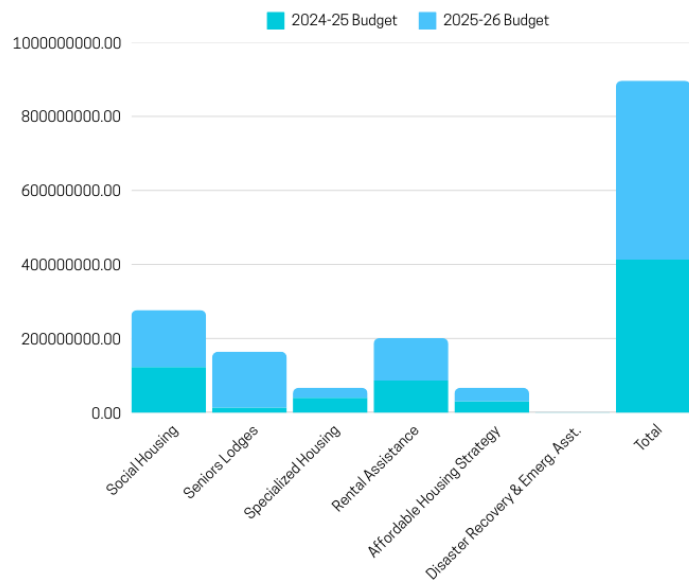
Community Care

Community care saw an increase of \$109.6 million in the same period, representing a 9.81% increase. Home care saw an increase of \$44.4 million, representing a 5% increase. This amounts to an increase of \$230.02 million or 6.53% overall or a total budget of \$3.7552 billion - a significant portion of Assisted Living Alberta's budget and is most likely due to increased clients/residents in these programs. ALA's budget is allocated to support services (\$126 million this budget), information technology, and administration (\$25.2 million this budget). The chart above shows the year-over-year changes in spending in the three budget lines.

Housing Programs

This year, there has been a change in reporting on housing programs, with lodge funding being broken out as its own budget line and emergency assistance being expanded to include disaster recovery and emergency assistance. Excluding capital expenditures in Alberta Social Housing Corporation, the collective increase for all housing programs and the Affordable Housing Strategy is \$70.975 million between Budget 2024 and Budget 2025.

Housing Program Spending 2024-25 to 2025-26



Capital

The move of Continuing Care to this ministry also brings its capital budget envelopes. Continuing Care Capital is allocated a three-year total of \$649 million, with \$178 million estimated for

this year, \$200 million in 2026-27, and \$271 million in 2027-28. There are separate line items for the following (funding for both projects budgeted in the 2026-27 & 2027-28 fiscal years):

- Bethany Continuing Care Centre (Calgary) will receive a three-year total of \$57 million
- Good Samaritan Society Continuing Care (Edmonton) will receive a three-year total of \$63 million

Continuing Care Capital Program		
	Last Year's Budget	This Year's Budget
1 st fiscal year	\$121.5 million (2024-25)	\$178 million (2025-26)
2 nd fiscal year	\$173 million (2025-26)	\$200 million (2026-27)
3 rd fiscal year	\$359.8 million (2026-27)	\$271 million (2027-28)
Three-year total	\$654.3 million	\$649 million

With capital shifting to its new home, work is underway to ensure that continuing care capital funding does not face continued delays in funding these critically needed projects.

On affordable housing capital, there are significant investments, which are detailed below:

Pine Grove Manor, destroyed in the Jasper wildfire, has been allocated \$16 million for a rebuild and is a separate line item with dedicated funding.

As noted above, the Affordable Housing Partnership Program's allocation increased from Budget 2024 (\$405.5 million between 2024 and 27) to \$655 million over three years. AHPP funding is detailed below:

Affordable Housing Partnership Program		
	Last Year's Budget	This Year's Budget
1 st fiscal year	\$62.1 million (2024-25)	\$157 million (2025-26)
2 nd fiscal year	\$139.4 million (2025-26)	\$204 million (2026-27)
3 rd fiscal year	\$204 million (2026-27)	\$293 million (2027-28)
Three-year total	\$405.5 million	\$655 million

The Indigenous Housing Capital Program also receives an increase in funding, bringing its three-year total from \$75 million to \$92 million.

Indigenous Housing Capital Program		
	Last Year's Budget	This Year's Budget
1 st fiscal year	\$25 million (2024-25)	\$45 million (2025-26)
2 nd fiscal year	\$25 million (2025-26)	\$25 million (2026-27)
3 rd fiscal year	\$25 million (2026-27)	\$25 million (2027-28)
Three-year total	\$75 million	\$92 million

Specialized housing sees a budget commitment of \$5 million in 2025-26.

Capital Maintenance and Renewal (CMR)

The CMR for the preservation and maintenance of housing and seniors' facilities is \$131 million over 3 years (\$42 million, \$43 million, and \$46 million, respectively), which is expected to repair about 5,100

units. The CMR letters will be separate from your operational letters and will come later this month (if you haven't received notice by March 17, you can contact the capital division).

Within the Budget, the government responds to the Auditor General's Recommendations from the November report, [*Processes to Assess and Manage the Condition of Affordable Housing - Seniors, Community and Social Services*](#).

The high-level recommendations and the government's response and additional context based on current work are below:

1. Maintain Facility Condition Information

The government accepts this recommendation and cites that it aligns with the recommendations made in the consulting report, including:

- Implement building condition assessments and facility condition indices
- Develop a data framework to track and analyze housing asset information
- Implementation actions are underway with a target completion of March 2027

2. Improve Oversight Processes

Implement an overall maintenance strategy to guide decision-making and resource allocation and ensure capital maintenance projects are prioritized consistently and transparently based on well-supported rationale.

The government accepts this and notes the work underway, including work to develop the capital maintenance and redevelopment plan for all government-owned assets. The successful proponent for this work will begin work and engagement with housing providers with a target completion date of March 2027.

3. Implement Performance Measures

Develop and use performance measures to report on the condition of social housing. The government accepts this and shares that the department will review the existing performance framework from Stronger Foundations to see if additional or refined measures are needed, with a target completion date of March 2027.

From the department, we understand that they are looking for performance measures outside of what is used at Infrastructure because housing assets cannot be considered like roads or non-residential buildings.

As we noted in our pre-budget submission, ASCHA advocates blocking CMR funding to allow providers flexibility in responding to the CMR needs of the ASHC units they operate on behalf of government. Based on the Auditor General's recommendations and the government's response, there are three main implications for our block funding proposal.

- 1) Alignment with a centralized, data-drive framework
- 2) Detailed justification for prioritization and oversight
- 3) Integration with long-term planning timelines

These considerations are already part of the block funding proposal that ASCHA's Affordable Housing Task Force is developing, which will be a part of our ongoing advocacy to ensure CMR is streamlined, saves costs and improves tenant well-being while protecting our housing stock for current and future tenants.

Benefits & Income Supports

These benefits and supports represent a significant portion of the Ministry's budget; below are some relevant line items, including a chart showing the budget growth between 2021 and this budget.

- Alberta Seniors Benefit - \$540 million in 2025-26, an increase of \$33 million. It is projected to rise to \$578 million in 2026-27 and \$619 million in 2027-28, attributed to the senior population's growth and annual rate escalation.
- Assured Income for the Severely Handicapped (AISH) – is up to \$1.641 billion, a decrease from the last budget of \$1.69 billion.
- Funding has also been allocated to prepare for the new Alberta Disability Assistance Program, which will launch in 2026. This includes expanding employment supports for disabled Albertans.
- Employment & Income Support - \$1.255 billion, representing an increase of \$466 million from the 2024-25 budget (and a \$258 million increase from the forecast in last year's budget)


Community Supports and Family Safety & Homelessness and Outreach Support Services

Community Supports and Family Safety account for \$130 million, a slight decrease of \$6 million from the last budget. The budget for Homeless and Outreach Support is \$220 million, an increase of \$7 million from the 2024-25 budget.

Municipal Affairs

Increases of \$96 million in capital grants from the fall forecast calculated under *the Local Government Fiscal Framework Act* to include \$8 million in other capital grants, \$25 million in operating expenses and \$19 million for raising grants in places of taxes from 50% to 75% and \$3 million for Jasper revenue stabilization.

Education property tax will increase in 2025-26 following a freeze in 2024-25. The total collected from the education property tax is forecasted to increase from \$2.7 billion in 2024-25 to \$3.1 billion in 2025-26.

Education Property Tax Increase 
Going from \$2.56 to **\$2.72** per **\$1000** equalized assessment for residential/farmland properties

Going from \$3.76 to **\$4.00** per **\$1000** equalized assessment for non-residential properties

Other Relevant Budget Items

Public Safety and Emergency Services

This Ministry's budget is increasing by approximately \$44 million from the last budget, mainly to secure the 298-kilometer Alberta-United States border. This includes a new Interdiction Patrol team to combat drug smuggling, gun trafficking, illegal border crossings, and other illegal activities, which will include peace officers.

Locomotive Fuel Tax

While it may not be relevant to most housing providers, the locomotive fuel tax rate will increase from 5.5 to 6.5 cents per litre effective March 1, 2025, which may impact those who utilize goods transported by train. The additional revenue is expected to be \$3 million.

Tax Credit Programs Wound Down

The Budget also mentions the winding down of the Alberta Climate Leadership Adjustment Rebate and the Alberta Family Employment Tax Credit, which were eliminated in 2019 and 2020, respectively. The programs continue to be administered to accommodate late-filed tax returns and reassessments. For the Alberta Family Employment Tax Credit, it was a refundable tax credit to help working families with children and was automatically filed with your tax return and Canada Child Benefit (the underlying message being if you have tenants who may be eligible but haven't filed their taxes for eligible years, they should contact the Canada Revenue Agency as soon as possible).

Please note that this summary and analysis are based on the best available information as of March 4, 2025, and errors and omissions are accepted.