

## MEMORANDUM

**TO:** Hon. Nate Horner, MLA for Drumheller-Stettler, Minister of Finance and President of Treasury Board

**CC:** Hon. Searle Turton, MLA for Spruce Grove-Stony Plain, Minister of Children and Family Services  
Hon. Demetrios Nicolaidis, MLA for Calgary-Bow, Minister of Education  
Hon. Dan Williams, MLA for Peace River, Minister of Mental Health and Addiction

**FROM:** Andreae Sennyah, Director of Policy, Cardus

**DATE:** January 19, 2024

**SUBJECT:** Alberta's Budget 2024 Consultation

### WHO WE ARE

Cardus is a non-partisan think tank dedicated to clarifying and strengthening, through research and dialogue, the ways in which society's institutions can work together for the common good.

### ISSUE

Albertans have been invited to provide feedback on setting priorities for Budget 2024. Cardus is providing three recommendations to the government to address the following areas: helping parents with childcare costs, expanding funding for independent schools, and addressing gambling addiction.

### CONTEXT

Alberta's Budget 2024 is being introduced in a difficult economic context for Albertans who are facing the pressures of inflation and increasing cost of living. Working-class Albertans will be particularly sensitive to these economic pressures. Cardus's report [Canada's New Working Class](#) studied the profile of the working class at a national level. As the Government of Alberta formulates Budget 2024, it should be informed by an accurate understanding of those who constitute the working class. The following findings should inform this context:

- At a broad level, we define the working class as those employed in occupations that require some secondary education (ex. high school diploma) and/or on-the-job training. This is in line with Skill Levels C and D in the National Occupational Classification.
- Working class Canadians represent 34% of the national economy and 33% of Alberta's economy. Over half of these working-class Canadians are women.
- Working class Canadians are more likely to work in the sales and service sectors (as opposed to trades and natural resources). They are also more likely to be under 24 or between the ages of 60 – 69. Immigrants and visible minorities are more highly represented in working class jobs.
- Canada-wide, 53% of those in the working class are overqualified for their roles, holding post-secondary credentials that are not required for their jobs.

## RECOMMENDATIONS

### **RECOMMENDATION 1: Address the cost of childcare by renegotiating the federal agreement and supporting parents who do not benefit.**

- Only [33% of Alberta children](#) under age 6 are in a daycare centre. An [additional 8%](#) are in home care, of which only a portion are licensed. This means that a majority of children under age six in Alberta received no benefit from the Canada-wide program.
- The Canada-wide \$10/day agreement treats families inequitably by failing to recognize the diverse forms of care Alberta families use. Different child care arrangements, such as care by a parent, another relative or a paid caregiver within the family home, still come with costs. Given the various forms of care that parents are *already* choosing, the most equitable approach the government can take is to fund families directly.
- The province has struggled to implement the child care action plan outlined in the Canada-Alberta Canada Wide Early Learning and Child Care (CWELCC) Agreement. With the third year of the CWELCC program soon to conclude, some child care providers are [considering opting out of the program](#) because of the poor implementation. This will further hurt families.
- Clause 3.2.1 of the [Canada- Alberta Canada-Wide Early Learning and Child Care Agreement](#) allows the province to “review and course correct...[to] realign new priorities in future Agreements.” Thus, the province should work to renegotiate the federal Early Learning and Child Care Agreement to ensure that funding follows the child, not spaces. The Government of Alberta has an opportunity to assert its jurisdiction on this issue and to maximize choice for parents who are best positioned to determine their child care needs. The renegotiated agreement should define child care as the care of a child, no matter who provides that care.
- While Alberta remains under the current terms of the agreement, the province should also expand its financial support to help the majority of parents who do not benefit because of the type of care they choose.

For more insight on the child care challenges in Alberta read [The Serious Problem of Excluding Private Care in Canada’s Child-Care System](#) (The Hub, December 2023).

### **RECOMMENDATION 2: Guarantee first year funding for new independent school operators.**

- Alberta has one of the most robust systems of educational pluralism in the country. However, new independent school operators still face barriers to accessing first year funding.
- Section 8 of the [Private Schools Regulation](#) makes a distinction between private school *operators* and the *schools* themselves. In 2022, existing operators that started additional schools became eligible for first-year funding. However, new operators starting their first accredited, funded school are not guaranteed funding during their first year. This uncertainty means higher financial risks for new operators and higher costs for families in the first year.
- While the Minister has the authority to exempt this limit on eligibility, section 8 should be amended to automatically provide funding for new operators, beginning in year one. Budget 2024 should account for this expansion in education funding.

For more details read [Policy Brief: Providing First Year Funding for New Alberta Independent-School Operators](#) (Cardus, February 2023).

**RECOMMENDATION 3: End government's reliance on gambling revenues and channel funds into poverty and addiction relief.**

- Some claim that gambling is a voluntary tax, but it is better understood as a regressive tax on the poor and marginalized. Research shows that poor households spend a higher proportion of their income on gambling than wealthier households. Our research also found that 1.5 to 3% of Alberta's adults can be classified as problem gamblers. These addictions are fueled by the use of electronic gambling machines, such as slot machines and video lottery terminals (VLTs), because the machines are addictive by design.
- This government has prioritized mental health and addiction as part of its work since 2019. However, it continues to rely on revenues from slot machines and VLTs which accounted for 76% of AGLC's net income in 2019. The government should ensure that its gaming policies align with its current groundbreaking mental health and addiction policy approach.
- In December 2019, gambling revenues were pooled into the general revenue fund. However, the disproportionate effects of gambling on the most vulnerable mean that income from gambling should be kept separate from general tax revenue and be reserved for poverty and addiction relief. Possible measures to support those with gambling addictions could include direct cash transfers into TFSAs, promoting asset building through matched savings, offering prize-linked savings, and devoting funds to problem gambling research, prevention and treatment.

For more details read [Royally Flushed: Reforming Gambling to Work for, Not Against, Alberta](#) (Cardus, July 2020) and [Turning Aces into Assets](#) (Cardus, May 2021).