

Provincial Budgetary Implications of the Trades Training Program

Executive Summary

Report Prepared for Momentum by

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The Trades Training Program offered by Momentum enhances the skills of the unemployed. Program participants earn substantially higher wages as a result of their participation. As a consequence, they also pay substantially more in taxes.

The research study found that the program costs \$15,070 per participant. However, only a portion of the cost, an average of 37%, is borne by the Alberta treasury. The remaining 63% of the cost is borne by the federal treasury as part of the Labour Market Development Agreement with the federal government. The cost to the Alberta treasury, then, is only \$5,576 (37% of \$15,070) per participant. This is a one-time expenditure.

In return for its one-time expenditure, the government receives, from each graduate of the program, higher income tax revenues for as long as that graduate is employed. The provincial government is paid back for its investment in the Trades Training Program before four years have past. In less than 6 years the government has received in extra tax revenue more than twice what it invested. After 10 years, it has received in extra revenue almost five-times what it invested. Since the average graduate is only 33 years of age, the government receives higher tax revenue for over 30 years and hence receives benefits equal to many, many times its investment in the Trades Training Program.

Assumptions have been made that underestimate the return to the Alberta treasury of the provincial government's investment in the Trades Training Program. Even so, the calculations presented here show that the return the provincial government earns on its investment in the Trades Training Program is very large.



“Momentum completely changed my life. Before, I was working hard and couldn't support my family, I couldn't support myself. When I got into this program, it really enriched my life.

-Vesal Naser, Momentum participant and Apprentice Plumber