LGFF Capital Funding Allocation Formula

Fact Sheet

Total Program Funding

Calculation of total LGFF capital funding is specified in the *Local Government Fiscal Framework (LGFF) Act*.

In 2026, $800 million is allocated to Alberta communities, with $423 million allocated to Calgary and Edmonton and $377 million allocated to remaining local governments. Compared to 2025, this is a decrease of 2.5% in line with the decrease in provincial revenues between 2022-23 and 2023-24. In 2027-28, there will be $895 million in Local Government Fiscal Framework capital funding available to Alberta communities. Compared to the $800 million provided in 2026, this is an increase of 11.9%, in line with the growth in provincial revenues between 2023-24 and 2024-25.

The percentage change, referred to as the Revenue Index Factor, is applied both to Calgary's and Edmonton's funding share and the funding share for other local governments.

Under the *LGFF Act,* funding amounts for Calgary and Edmonton, and the funding amount for other local governments at an aggregate level, must be communicated by September 30 two years in advance. Accordingly, 2026 funding amounts were communicated on August 31, 2024 through the 2024-25 First Quarter Fiscal Update and Economic Statement.

LGFF FUNDING
(millions of dollars)

	2025	2026	2027
Calgary	255	249	282
Edmonton	179	178	191
Other Local Governments	386	373	422
Total Funding	**820**	**800**	**895**

Allocation Formula at a Glance

Cities of Calgary and Edmonton

Funding is distributed between Calgary and Edmonton in proportion to their population (48 per cent weighting), education property tax requisitions (48 per cent weighting), and length of local roads (4 per cent weighting). This formula is outlined in the *LGFF Act*.

Other Local Governments

Funding is allocated based on population (65 per cent), tangible capital assets (15 per cent), length of local roads (10 per cent), and cumulative amortization of tangible capital assets averaged over a five year period (10 per cent), after providing base funding to all local governments and needs-based funding to local governments with a limited local assessment base.

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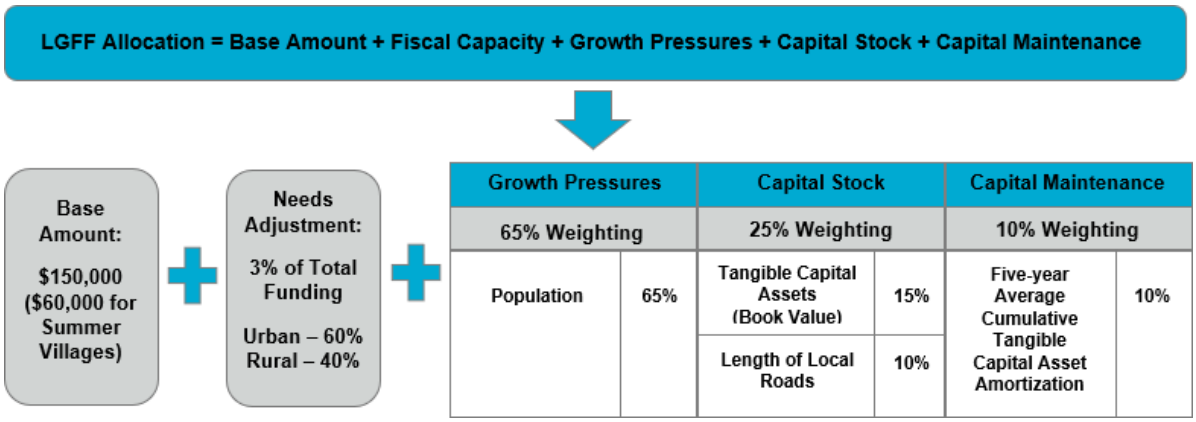

Formula Factors for Local Governments other than Calgary and Edmonton

The LGFF allocation formula for other local governments is a fair and equitable distribution of funding, in recognition of the varying needs of different local governments. The formula is aimed at supporting all types of local governments, ranging from small summer villages to large cities, urban communities with rapidly growing populations and rural communities with large road networks, as well as those with less revenue generation opportunities due to limited local assessment bases. Formula factors and their weighting were selected after considering input from local government stakeholders.

LGFF FUNDING BY COMPONENT
(dollars)

	2025	2026	2027
Base Funding	47,160,000[1]	46,560.000	45,960.000
Needs-based Funding	11,589,778	11,297,865	12,648,712
Population Funding Component	212,924,495	207,179,456	235,959,749
TCA Funding Component	49,136,422	47,810,644	54,452,250
Road Funding Component	32,757,615	31,873,763	36,301,500
Amortization Funding Component	32,757,615	31,873,763	36,301,500
Total Funding	**386,325,924**	**376,595,491**	**421,623,711**

Base Amount

The base amount ensures that smaller municipalities receive sufficient funding to complete meaningful infrastructure projects. Each local government receives $150,000 in base funding, except for summer villages, which receive $60,000. The base amount was set at a lower level for summer villages because they generally tend to provide fewer year-round services and have less infrastructure than similarly-sized villages.

[1] The base amount is reduced by $150,000 in 2025 due to the expiry of the five year LGFF funding policy for restructured municipalities for one of the impacted municipalities.

https://www.alberta.ca/local-government-fiscal-framework-capital-funding

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Needs-based Funding

Needs-based funding is set at 3 per cent of total funding for local governments other than Calgary and Edmonton, with 60 per cent of needs-based funding allocated to urban municipalities and Metis Settlements, and 40 per cent allocated to rural municipalities.

Needs-based Funding Calculation for Urban Municipalities and Metis Settlements
For an urban municipality to be eligible for needs-based funding, its population must be less than 10,000 and its equalized assessment per capita must be below 80 per cent of the provincial average. For this purpose, provincial average equalized assessment per capita is based on urban municipalities with fewer than 10,000 people (i.e., towns and cities with populations over 10,000 are not included in the calculation of provincial average). This ensures that shifts in equalized assessment that may be experienced by larger urban municipalities do not impact the average against which the smaller municipalities are measured.

The amount of needs-based funding allocated to an urban municipality is based on the share of its weighted population relative to the total weighted population of urban municipalities eligible for needs-based funding. The factor for weighting each municipality's population is determined by comparing that municipality's equalized assessment per capita to the provincial average multiplied by 80 per cent.

For example, if average provincial equalized assessment per capita is $150,000, then the 80 per cent threshold is $120,000 (0.8 x $150,000), meaning any municipality with a population less than 10,000 and equalized assessment per capita below $120,000 receives needs-based funding based on its weighted population.

If, for example, a municipality has a population of 3,000 and its equalized assessment is $96,000 per person, then:

- The municipality's population weighting factor is 0.2 (1 – $96,000 /($150,000 x 0.8)).
- The 0.2 weighting factor is then applied to municipality's population of 3,000, and its weighted population is set at 600.
- This calculation is then repeated for all urban municipalities eligible for needs-based funding so that total weighed population can be determined.
- To calculate an urban municipality's needs-based funding, its weighted population is measured as a proportion of the total weighted population. This ratio is then applied to the urban share of the total needs-based funding pool.
- If total weighted population is 20,000, then the above municipality would be allocated 3 per cent (600/20,000) of available funding.

Needs-based Funding Calculation for Rural Municipalities
For a rural municipality to be eligible for needs-based funding, its population must be less than 10,000 and its equalized assessment per kilometre of locally managed road must be below 80 per cent of the provincial average. For this purpose, provincial average equalized assessment per kilometre of road is based on rural municipalities with fewer than 10,000 people (i.e., municipal districts and counties with populations over 10,000 are not included in the calculation of provincial average). Similar to urban municipalities, this ensures that shifts in equalized assessment that may be experienced by larger rural municipalities do not impact the average against which the smaller municipalities are measured.

The amount of needs-based funding allocated to a rural municipality is based on the share of its weighted road length relative to total weighted road length of rural municipalities eligible for needs-based funding. The factor for weighting each municipality's road length is determined by comparing that municipality's equalized assessment per kilometre of road to the provincial average multiplied by 80 per cent.

For example, if average provincial equalized assessment per kilometre of road is $1,000,000, then the 80 per cent threshold is $800,000 (0.8 x $1,000,000), meaning any municipality with a population less than 10,000 and equalized assessment per kilometre of road below $800,000 receives needs-based funding based on their weighted road length.

If, for example, a municipality's road length is 1,000 kilometres and its equalized assessment is $560,000 per kilometre of road, then:

- The municipality's road length weighting factor is 0.3 (1 – $560,000 / ($1,000,000 x 0.8)).
- The 0.3 weighting factor is then applied to the municipality's road length of 1,000, and its weighted road length is set at 300.

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- This calculation is then repeated for all rural municipalities eligible for needs-based funding so that total weighed road length can be determined.
- To calculate a rural municipality's needs-based funding, its weighted road length is measured as a proportion of the total weighted road length. This ratio is then applied to the rural share of the total needs-based funding pool.
- If total weighted road length is 25,000 kilometres, then the above municipality would be allocated 1.2 per cent (300/25,000) of available funding.

Funding based on Growth Pressures, Capital Stock, and Capital Maintenance

After the base amount and needs-based funding are calculated, the remaining funding is allocated based on population, book value of tangible capital assets, kilometres of local roads, and cumulative amortization of tangible capital assets (measured as a five-year average). These factors were selected as broad measures that reflect local infrastructure requirements.

The population factor is a commonly accepted measure used to quantify growth pressures and overall infrastructure needs to support residents; book value of tangible capital assets and length of local roads serve as a measure of what infrastructure the municipality is responsible for, and amortization of tangible capital assets serves as a proxy for how old the infrastructure is and related maintenance needs. Data on these factors is publicly available and regularly updated (see Data Sources for more information).

The amount of funding each local government receives based on these factors depends on the local government's share of each factor relative to the provincial total. For example, if a local government makes up 3 per cent of total population, it will be allocated 3 per cent of funding available under the population-based component.

Funding Model Data

In general, the calculations for Calgary and Edmonton, and other local governments are based on data from three years prior, with the exception of average amortization, which is based on a five-year period beginning eight years prior to the allocation year.

Data for Calgary and Edmonton

2026 calculations are based on 2023 population estimates, 2023 education tax requisitions, and 2023 length of local roads.

Data Sources
The data is publicly available and can be accessed through the following links:

- Population estimates: Municipal (Census Subdivision) Population Estimates : 2016 - 2025 (updated January 14, 2026)
- Education tax requisition: 2023 Education property tax requisition comparison report and 2024 Education property tax requisition comparison report
- Length of local roads: Municipal Financial and Statistical Data (2023 and 2024 Financial Year, General Statistics Schedule, Length of all Open Roads Maintained (km))

Data for Other Local Governments

2026 calculations are based on the 2023 Municipal Affairs Population List (MAPL), 2023 book value of tangible capital assets (excluding electricity and gas distribution systems, machinery and equipment, and land), average annual cumulative amortization (excluding electricity and gas distribution systems, machinery and equipment, and land) for the 2019-2023 period, and 2023 length of local roads. In addition, 2023 equalized assessment data is used in the calculation of needs-based funding.

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Using the 2023 MAPL
With the introduction of the Municipal Census Regulation in 2023, Municipal Affairs used the 2023 MAPL to calculate the 2026 LGFF funding model for other local governments.

Municipalities with Outstanding Financial Information Returns
Municipalities are required to submit annual Financial Information Returns (FIR) along with audited financial statements by May 1 of the following year. For example, the deadline for submission of 2025 FIRs is on May 1, 2026.

In rare cases where a FIR is outstanding, the most current data available is used. For example, if the 2022 FIR is the most current return available for a given municipality, that municipality's 2026 and 2027 allocation calculation is based on its 2022 tangible capital assets, average cumulative amortization for the 2018-2022 period, and 2022 local road length. Municipalities are strongly encouraged to submit their financial information on time to ensure up to date information is used.

Data Sources
The data is publicly available and can be accessed through the following links.

- Population counts: 2023 Alberta Municipal Affairs Population List
- Book value of tangible capital assets: Municipal Financial and Statistical Data (2021 and 2022 Financial Year, Schedule G: Change In Tangible Capital Assets – Balance at End of Year, Total Capital Property Cost (3260) less Electricity Systems (3207), Gas Distribution Systems (3208), Machinery and Equipment (3230), and Land (3240))
- 5 year average accumulated amortization: Municipal Financial and Statistical Data (2018 to 2023 Financial Year, Schedule G: Change In Tangible Capital Assets – Balance at End of Year, Total Accumulated Amortization (3330) less Electricity Systems (3277), Gas Distribution Systems (3278), Machinery and Equipment (3300), and Land (3310))
- Length of local roads: Municipal Financial and Statistical Data (2023 and 2024 Financial Year, General Statistics Schedule, Length of all Open Roads Maintained (km))
- Total Equalized Assessment: Provincial 2023 Equalized Assessment Report and Provincial 2024 Equalized Assessment Report

Funding Beyond 2026

LGFF funding for cities of Calgary and Edmonton and LGFF funding for other local governments at an aggregate level must be communicated by September 30 two years in advance. It is anticipated that when this information is released by September 30, individual allocations will be announced several weeks later. For example, information on 2028 LGFF allocation amounts to individual local governments is expected to be released in fall 2026. The future amount of funding each local government will be allocated will depend on the overall LGFF funding available and how each local government's formula factors change relative to other local governments.

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