



BACKGROUND

2010 BC Budget

The provincial government has tabled its 2010 budget. The new budget maintains BC on the same fiscal path that has produced enormous swings in provincial revenues, substantial reductions in public services and economic growth that is often skewed in terms of who benefits and questionable in its long term sustainability.

Given the challenges that BC faces both economically and socially, a wise fiscal strategy at this point would include substantial new investments in public post-secondary education. It's a view that has broad support amongst BC voters. A poll by Ipsos Reid found that over 85 per cent of respondents wanted the government to invest in post-secondary education programs that helped BC make the transition to new skills and career options. The budget tabled on March 2, 2010 did not provide any of those new investments in post-secondary education. Quite the opposite, the latest provincial budget effectively freezes funding for post-secondary institutions at current levels, closing the door for thousands of students looking to start or complete their post-secondary education.

The budget numbers for post-secondary institutions show virtually no increase in their operating grants. Even more disconcerting is that per student funding is set to decline as the ministry forecasts more students and less overall funding. By 2011, per student operating grants will fall by 0.6 per cent. That decline understates the real funding shortfall because it does not reflect the impact of inflation on operating grants.

Just as troubling is the budget's information on tuition fees. The government's policy choice of de-regulating student tuition fees has meant a doubling of those fees since 2002. The impact of that policy change along with the government's longstanding drive to cut corporate tax rates has led to a perverse outcome in 2010: tuition fee revenues exceed corporate tax revenues by close to \$300 million in the budget documents tabled by Finance Minister Colin Hansen. In effect, students have become the latest victim in the government's steady push to shift taxes on to those who can least afford them.

The specific problems in post-secondary funding reflect an overall problem that the government has created for itself. The tax cut drive which has been a key feature of the current government's economic strategy has greatly diminished the provincial treasury's ability to adequately fund both current and needed public services. The challenge is without a new approach to fair taxation, the government has no capacity to make even the most necessary investments in public services. The irony, of course, is that these services—things

like an access and affordable post-secondary education system—are the very services that will help spur the economic growth that the provincial government wants so desperately to kick-start.

The budget also includes a number of suspect fiscal maneuvers. Mr. Hansen is proposing to bundle a number of existing and new taxes and dedicate their revenue to support the province's health care system. Not surprisingly, one of the taxes included in this "bundle" is the new Harmonized Sales Tax (HST) which takes effect on July 1, 2010. Opposition to the HST has been significant and crosses many political boundaries. The move to include HST in the dedicated revenue bundle is a cynical attempt to deflect opposition to a tax shift policy that is unfair, unsound and in serious need of reconsideration.

The budget documents also indicate that capital spending within the post-secondary education system will scale down over the next three years. While some of that reflects an end to building expansion programs over the last several years, a significant portion of the decline will adversely impact institutional infrastructure as well as on-going upgrades of program and facility technology.

One final point on the 2010 budget, the government plans to introduce legislation in the current sitting to amend some of the definitions used in post-secondary education accounting. According to Ministry officials at the budget briefing, these changes are designed to align the accounting used by post-secondary institutions with those used by Treasury Board.

Colleges, Universities and Institutes: Revenue, Expenses and Surplus/(Deficit)

Year	2009/10	2010/11	2011/2012	2012/2013
Revenue*	\$4,828,933	\$4,807,814	\$4,868,174	\$4,924,263
Revenue*	\$4,639,381	\$4,727,238	\$4,789,162	\$4,844,964
Surplus/(Deficit)*	\$189,552	\$80,576	\$79,012	\$79,299

* = \$(000)

Capital Spending and Student Support Services

Year	2009/10	2010/11	2011/2012	2012/2013
Capital Spending*	\$249,557	\$287,656	\$114,500	\$51,827
Student Support Services*	\$90,772	\$84,609	\$84,609	\$84,609

* = \$(000)

Ministry of Advanced Education Operating Grants to Post-Secondary Institutions

Year	2009/10	2010/11	2011/2012	2012/2013
Total Operating Grants*	\$1,882,098	\$1,883,864	\$1,884,915	\$1,890,710
Total Student FTE	203,698	205,278	205,563	205,754
Per Student Funding	\$9,239	\$9,177	\$9,169	\$9,189

* = \$(000)

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