

2009 BC Provincial Budget

Introduction

On February 17, 2009 the BC Liberals released their eighth budget since being elected in 2001. The 2009 BC Budget was released amidst the worst economic recession to hit BC in recent memory.

Studies have shown that during economic recessions enrolment in post-secondary education rises, as those impacted by job losses and the other effects of economic decline return to school to upgrade skills and knowledge. Studies have also demonstrated a significant public return on investment in post-secondary education, in the form of increased economic performance and increased incomes leading to increased taxation revenue.

Public opinion polling conducted in January 2009 by the Canadian Federation of Students–British Columbia through BC’s Coalition for Public Education found very high support amongst British Columbians for increased investment in post-secondary education and reduced financial barriers in this time of economic decline.

Despite these factors, the 2009 BC Budget—the BC Liberals’ final budget before seeking re-election—contained almost entirely bad news for BC’s students and their families, and workers seeking to return to school. Per-student funding is budgeted to decline yet again this year, tuition fees continue to climb, and individual students will face a significant decline in financial aid if enrolment projections are accurate.

Operating Funding

In announcing the Budget, the government made mention of an overall 7.3% increase to operating funding, but left out a few important details.

Provincial funding actually did not increase in this budget. Increased federal transfer payments dedicated for labour market development in the 2009 Federal Budget account for the \$131 million increase in operating funding contained in the 2009 BC Budget. Furthermore, the increased federal dollars still do not account for the projected 7% increase in enrolment this year, and the inflationary cost increases of universities and colleges. When accounting for these factors, per-student funding is budgeted to decline in this budget from \$9,278 to \$9,172. Per-student funding has declined in six of the past eight years; in today’s dollars, per-student funding was \$10,471 in 2001.

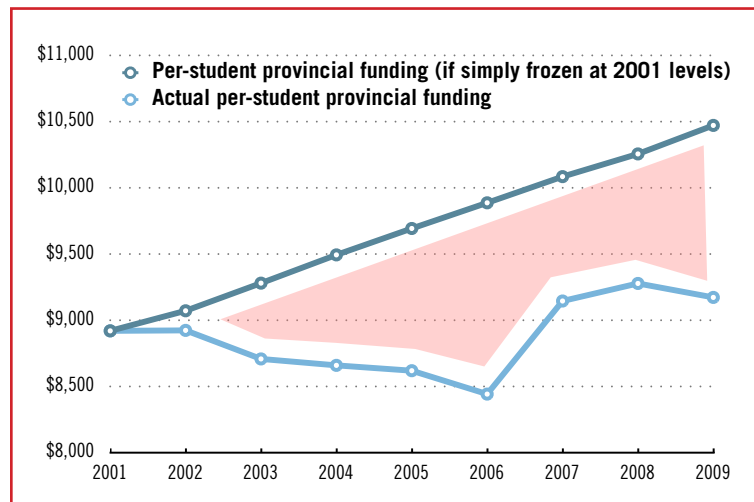
Tuition Fees

As funding has declined in successive BC budgets, tuition fees have risen for eight straight years. The 2009 BC Budget allows tuition fees to rise by 2% again this year.

As a result, the Budget marks a shameful occasion for BC: total government revenue collected from tuition fees will exceed \$1 billion for the first time in BC’s history.

Even more shameful, the three year plan set out in the Budget projects revenue from tuition fees to exceed corporate income tax revenue by 17% (\$156 million) by the year 2011-12.

While the government continues to raise BC’s record-high tuition fees, there is some marginally good news in the Budget.



Membership Advisory

The three year plan adopted in the Budget sets out budgeted tuition fee increases of 2% in each of the next three years. This indicates a commitment from the current government to maintain the current tuition fee increase cap over the next three years.

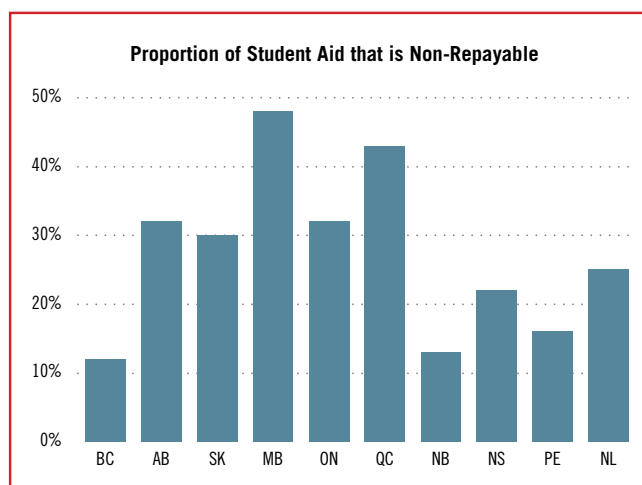
Financial Aid

A recent study found that BC ranked last amongst Canadian provinces in the proportion of student aid delivered that is non-repayable, at 12% (See Figure 2). The 2009 BC Budget will result in an even worse standing for the province.

The budget for non-repayable financial aid—which includes programs such as Loan Reduction and Interest Relief—is the same as last year, despite a 2% increase in tuition fees, the inflationary cost increases students will face this year, and a projected 7% increase in enrolment. More student will require more financial aid, and the impact will be less non-repayable financial aid per-student.

Infrastructure Spending

The 2009 BC Budget is touted as a stimulus budget for the flagging economy. Despite deferred maintenance needs at post-secondary institutions throughout BC and many outdated buildings, not to mention the need for space expansion, spending on infrastructure in the post-secondary sector is budgeted to decline by over 7% (\$47 million) over last year. Further, the



fiscal plan projects total spending of \$1.66 billion on capital projects at post-secondary institutions over the next three years, a 29.6% (\$696 million) decline from total spending over the last three years. In addition, much of the infrastructure spending contained in the 2009 BC

Budget is made up of projects that had already been announced over the past two years.

Conclusion

British Columbia is in the midst of a recession that demands investment in post-secondary education and there is overwhelming public support for more affordable and higher-quality post-secondary education opportunities in BC. Despite these factors, the BC Liberal government

has virtually ignored British Columbians' needs in this regard in its 2009 BC Budget.

Sources

1. [Coalition for Public Education Public Opinion Poll](#). Vancouver, BC: Mustel Group, January 2009.
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3. Berger, Joseph and Andrew Parkin. [Ten Things You Need to Know About Financial Support for Post-Secondary Students in Canada](#). Toronto, ON: Canada Millennium Scholarship Foundation, October 2008.