

2011 Budget, New Premier and Advanced Education Minister Impact on BC's Post-Secondary Education System

"Our new cabinet will reflect the priorities of British Columbians and put families at the centre of all our decision-making."

BC Premier Christy Clark address at the March 14, 2011 swearing in ceremony.

BC's post-secondary education system has undergone some major changes in recent weeks: a new budget, Premier and Minister of Advanced Education.

2011 BC budget

The BC Liberal government released what many have called a "status quo" provincial budget on February 15, 2011. Delivered before the Harmonized Sales Tax referendum and election of Liberal Party leader Christy Clark, the BC budget was reportedly padded with various contingency funds to provide the new Premier and cabinet a great deal of "flexibility."

Former Finance Minister Colin Hansen set aside billions of dollars over the next three years – more than \$1 billion in 2011-12 alone – for the new Premier's priorities and possibly to assist the political fortunes of the BC Liberals.

Many pundits predict Clark's government will release a new budget after the HST referendum this summer. It's believed the revised budget will pave the way for a provincial election this fall.

BC budget highlights

Spending freeze: With few exceptions, most ministries – including the newly recombined advanced education ministry – will see little or no more funding in 2011-12.

Tax shift: The Liberal government continued to increase the share of revenues from low- and middle-income taxpayers through higher Medical Services Plan charges (up six per cent in January 2012), carbon levies and the HST – all the while lowering taxes to corporations.

The province once again reduced the general corporate tax rate in 2011 – to 10 per cent – making it one of the lowest in North America. The corporate income-tax rate has gone down 36 per cent since the BC Liberals took power 10 years ago.

Unlike corporations, individual British Columbians have paid for their so-called "income-tax breaks" in the form of higher MSP premiums, post-secondary tuition fees, Pharmacare costs, property and gas taxes, as well as increased user fees on almost everything from ferries to long-term care charges.

Post-secondary cuts loom ahead

The budget freeze spread a chill over most post-secondary institutions, particularly smaller universities and colleges who rely almost exclusively on government funding and tuition fees.

BC's inflation rate is forecasted to average about 2.5 per cent in 2011 and 2.0 percent in 2012. Since a budget freeze is in effect a shrinking budget, some institutions may be forced to make deep cuts to student programs and services. And a few are bracing for staff layoffs.

Post Secondary Budget (Universities and Colleges)				
Core Business Area	2010/11 Restated Estimates	2011/12 Estimates	2012/13 Plan	2013/14 Plan
Operating Expenses (000)				
Educational Organizations - Colleges and Institutes	\$534,069	\$534,210	\$538,452	\$538,452
Educational Organizations – Universities	\$1,341,932	\$1,345,792	\$1,350,665	\$1,350,665
Student Support Programs	\$50,284	\$50,261	\$50,261	\$50,261
Total	\$1,926,285	\$1,930,263	\$1,939,378	\$1,939,378

Impact on Students

Last month’s provincial budget offered no financial relief to post-secondary students. As the above table shows, another \$23 million was shaved off student support programs in 2011-12.

High tuition fees coupled with student aid cuts – about 20 per cent in the last two years – are burying BC students under a mound of debt. At last count, the average student debt load stood at \$27,000 and BC posted some of the highest interest rates on student loans in the country.

In February 2011, the BC youth (aged 15 to 24) unemployment rate reached 14.5%. When unemployment rates are high, thousands of young BC residents typically go back to school and enrol in post-secondary programs. But, this year’s budget cut over 3,000 funded student spaces although most universities and colleges report they are filled *beyond* capacity.

Back to one post-secondary ministry

BC Liberals elected Christy Clark as their leader on February 26, 2011. Sworn in as Premier on March 14, 2011, Clark delivered on her campaign promise to bring universities and colleges back under one ministry after Gordon Campbell had surprisingly separated them last October.

Clark also appointed the new Minister of

Advanced Education, Hon. Naomi Yamamoto. Elected as MLA for North Vancouver-Lonsdale in 2009, Yamamoto was the president and owner of the Tora Design Group and served as chair of the BC Chamber of Commerce. She also sat on the board of Capilano College (now Capilano University). The Minister will be supported by Deputy Minister Philip Steenkamp, a veteran senior bureaucrat who held the same post before the last cabinet shuffle.

Affordable education is a family issue

Clark has pledged to apply her “family first” agenda to all the major decisions she and her cabinet make.

To fulfill her promises, she will have to undo the damage done by her predecessor by dramatically reducing tuition fees, significantly increasing non-repayable student aid (e.g., bursaries, grants and scholarships) and lowering student loan charges.

Clark must also commit to adequate funding for BC’s post-secondary education system including: increasing student spaces, budgeting at least \$100 million more yearly to cover deferred maintenance costs in older colleges and universities and injecting \$200 million more into annual operating grants to start restoring post-secondary funding to 2001 funding levels.