



## BACKGROUND

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### 2007 BC Provincial Budget

The February 20, 2007 BC budget allocates most of the fiscal surplus to tax cuts over the next three years. Although operating budgets within the public post-secondary system will see increases over the next three years, the increase on a per-student basis still falls well short of current needs.

The tax cut measures will translate into a 10% reduction in personal income tax rates for those making \$100,000 a year or less. The tax cuts will cost the provincial treasury \$515 million over the next twelve months and close to \$1.5 billion over the next three years.

In briefing reporters at the budget lock-up in Victoria, the Minister of Finance Carole Taylor tried to frame her \$2 billion in planned tax cuts and fiscal measures as “a housing legacy plan for the province.” Most reporters drew a different conclusion and questioned how \$1.5 billion in personal tax cuts could be construed as “a housing legacy plan.” Regardless of what spin is put on this budget, it’s clear that the BC government is determined to direct more of its surplus to tax cuts than to program spending.

The Ministry of Advanced Education did see an increase in its operating budget over the next three years. For example, operating grants for post-secondary institutions climb by about \$116 million in 2007-08 and then by about \$63 million per year in the following two years of their three-year service plan. Those absolute increases, however, look inadequate when measured on a per-student FTE basis. Using the Ministry’s Service Plan student FTE count, per-student funding falls slightly over the next twelve months—down by .03%—then rises over the next two years, for an average annual increase of about 1.3%. Inflation, which the Ministry of Finance estimates will be about 2% per year over the three-year period, means that real per-student funding will actually decline, a trend that has been in place since the BC Liberals took office in 2001.

Another setback—this time for students directly—comes in the decline in student financial assistance. Over the next 12 months, that assistance will

drop by almost \$23 million. In fact, over the three-year service plan, student financial assistance is projected to be lower than it was in 2006-07.

On the capital side, post-secondary institutions will have to contend with fewer dollars in the last two years of the service plan. The budget documents show that post-secondary capital spending will peak in 2007/08 at over \$300 million before declining to \$200 million in each of the last two years of the service plan.

### Summary of Budget Items for the Ministry of Advanced Education

Budget Item	2006-07	2007-08	2008-09	2009-10
Operating Grants to Post-Secondary Institutions (\$000)	\$1,572,844	\$1,688,169	\$1,749,207	\$1,814,309
Student Financial Assistance (\$000)	\$159,718	\$136,728	\$144,382	\$157,624
Capital Spending at Post-Secondary Institutions (\$000)	\$267,280	\$300,860	\$200,000	\$200,000
Total Student Spaces (FTE) in Public Post-Secondary Institutions	179,405	190,442	194,600	198,626

Source: Ministry of Advanced Education Service Plan, 2007-08-2009-10