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BC Budget 2015: The CCPA's multimedia response



As you know, our goal here at the CCPA–BC is not only to produce solid research and policy alternatives, but also to get those alternatives in front of as many eyes as possible—to share our vision widely and do our best to help shape the broader public discussion.

Our response to the 2015 provincial budget is an example of how we make this happen, and we wanted to share some of our successes with you, offering a look inside how we work with both news media and social media.

In December we started discussing our approach, as we thought ahead to the coming February budget. We knew that we didn't just want to respond when the budget was released, we wanted to spark questions and discussion in advance: How could the government raise revenue and spend money to meet British Columbians' needs, provide a boost to the province's economy, and protect our climate and environment? We wanted to be sure to touch on both social justice and environmental issues.

In developing our materials, we relied on the submission prepared by Senior Economist Iglia Ivanova to the provincial budget consultation process, as well as our various researchers' expertise on the BC economy and government expenditures. Our research and communications teams collaborated to develop two infographics—one (above) about poverty and families that was released on Family Day, and the other about natural gas royalties, released on Valentine's Day (see page 8). The infographics encouraged readers to think about the spending choices that the provincial government could make at budget time—how we could raise revenue in a fair way that would provide British Columbians with the services they need.

CCPA Visual Communications Specialist Terra Poirier worked with graphic designer Paula Grasdal to produce infographics for sharing on Facebook and Twitter, where they were shared over 1,500 times leading up to budget day.

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11 things to know about Budget 2015

By Iglia Ivanova

1. Budget 2015 ends the claw-back on child support payments for single parents on welfare. This is estimated to put \$13 million in the hands of some of the poorest British Columbians. It's a good step forward, but a very small one. \$13 million is three hundredths of one percent of the provincial budget. In contrast, the richest 2 per cent of British Columbians are getting 17 times more (or \$227 million) with the phase out of the tax bracket at \$150,000.

2. BC remains the only province in Canada without a poverty reduction plan. There is also no money in the budget to increase income assistance rates, which have been frozen since 2007. This is despite the fact that the bi-partisan committee of MLAs who conducted this year's pre-budget consultations unanimously recommended this in the pre-Budget consultation report:

#37: Introduce a comprehensive poverty reduction plan, and review income assistance rates, the minimum wage, and claw-back of child support payments.

The government deserves credit for ending the claw-back, but that is one of the cheapest items on the list and affects the fewest people. What about all the other recommendations?

3. MSP premiums are going up again. A family of three or more will be paying \$150 per month, whether they earn 40,000 or 200,000. MSP premiums have more than doubled since 2000. Note also that while MSP increases by 4 per cent in 2015, the budget for health care is going up by only 2.8 per cent.

4. Budget 2015 underfunds key public services. Spending increases to health care and education are failing to keep up with inflation and population growth. Overall government spending

is projected to decline when adjusted for population and inflation in each of the next three years. The government's fiscal policy of restraint is putting the brakes on economic growth.

5. Running a surplus does not mean that BC is prospering. The job market remains weak, many families struggle with economic insecurity and poverty, and our colleges and universities are delaying necessary building repairs for lack of funds. This is like balancing your family budget by not feeding the kids and not fixing the leaky roof—it's penny wise and pound foolish, ignoring the future costs of today's neglect.

6. BC spends more every year providing tax credits to corporations than to low income individuals. Tax transfers to individuals include programs like the sales tax credit, the early childhood tax benefit, the low income climate action benefit, the seniors home renovation tax credit—and cost the BC government \$460 million compared to tax credits to corporations (\$516 million this fiscal year, projected to grow in the future).

7. Despite ending last year with a nearly \$1 billion surplus and projected surpluses going forward, Budget 2015 ignores a number of important recommendations coming out of this year's pre-Budget consultation report that would have greatly improved the lives of some of the most vulnerable British Columbians. This is despite the fact that the recommendations were approved unanimously by a bi-partisan committee of MLAs.

#38: Examine the persons with disability (PWD) rate and consider increases to reflect higher costs of living.

#40: Provide funding and support for the development and implementation of a child-care plan.

#41: Work with the federal government to increase access to affordable social and co-op housing, especially for people with

Running a surplus does not mean that BC is prospering. The job market remains weak, many families struggle with economic insecurity and poverty, and our colleges and universities are delaying necessary building repairs for lack of funds.

THE BC GOVERNMENT'S *LOPSIDED* GENEROSITY IN BUDGET 2015

No more child support clawbacks for parents on income assistance

=

\$13 million for poorest British Columbians



No more top tax bracket for people earning over \$150,000

=

\$227 million for richest 2% of British Columbians



For concrete ideas on how to help *all* British Columbians, read the CCPA's budget analysis on PolicyNote.ca.

disabilities, and to ensure continuation of operating agreements with existing housing co-operatives.

#42: Incrementally increase legal aid funding.

8. The BC Early Childhood Tax Benefit, which was originally announced in BC Budget 2013, is too small to make a real difference for families: The maximum benefit is \$55 a month, whereas child care fees range on average from \$900-\$1,400 a month, depending on the age of the child. Putting the money into the first stage of a public universal childcare plan (as the Budget Consultation report recommended) would have been a wiser spending decision.

The total cost of the BC Early Childhood Tax benefit (\$146 million per year) is lower than the tax cut that the richest 2 per cent of British Columbians are getting (\$227 million).

9. BC is not getting a fair return on our publicly-owned natural resources. Natural resource revenues are projected to fall by 7 per cent in 2015/16. Revenue from resource royalties is at a near record low, even as natural gas production is at an all-time high.

BC collects more money from post-secondary tuition fees than from natural gas royalties. Natural gas royalties and Crown land tenures combined are projected to bring in \$1.1 billion vs \$1.6 billion from tuition. BC collects about twice as much from MSP premiums as from our natural gas resources.

10. Budget 2015 admits defeat on the BC Jobs Plan. In Table 3.6.3 on page 80, the government projects that job growth will continue to be lower than the growth of the working age population until at least 2019.

11. There is no action on climate change in this budget. This is disturbing as we see an increase in severe weather events and other consequences of climate change.

The carbon tax, which was supposed to be revenue neutral, is continuing to give away \$400 million per year more in tax cuts than it collects in revenues. Most of those are funding business tax cuts. If we made the carbon tax truly revenue neutral, BC would have an additional \$400 million every year to spend on meaningful climate action investments.

Budgets are about choices and priorities. We ended 2014 with nearly \$1 billion surplus. The economy is projected to grow by 13 per cent over the next three years (nominal GDP). The government can no longer plead poverty and can certainly afford to begin implementing the \$10/day childcare plan and a comprehensive poverty reduction plan. Unfortunately, Budget 2015 prioritizes recording a large surplus over real action on pressing economic, social and environmental problems. This is a short-sighted budget that lacks vision and leadership.

Iglika Ivanova is a senior economist at the CCPA-BC.

BC collects more money from post-secondary tuition fees than from natural gas royalties.

A YES to new transit and transportation funding benefits lower-income households

By Seth Klein, Marc Lee and Iglia Ivanova

A choice is before us. Metro Vancouver's upcoming transportation referendum is a rare opportunity to significantly enhance transit services, boost local employment and tackle climate change.



PHOTO: MARK WOODBURY / FLICKR

The status quo of increasingly congested roads, long delays and overcrowding is not a viable option.

Metro Vancouver voters are being asked to support a 0.5 percentage point increase to the provincial sales tax (PST), which would raise \$2.5 billion over ten years. Together with contributions from federal and provincial governments this means an overall \$7.5 billion capital plan for transit and transportation.

New funding will not go to existing Translink operating costs, but rather is earmarked for new infrastructure and transit capacity—a commitment that will be independently audited.

The full ten-year transportation plan is designed to improve mobility for all of us in this region. It will mean road and bridge improvements, and substantial new transit

infrastructure, including 400 new buses, new rapid transit lines in Surrey and Vancouver, and new bike routes.

These transit enhancements are especially vital for low-wage and immigrant workers, who often have to commute long distances, and who frequently work night shifts, when transit options are currently limited (the Mayors' plan would see an 80 per cent increase in night bus service). They're also of special importance to youth and seniors, who rely more heavily on transit, and to seniors and people with disabilities who rely on HandyDART services (which would be boosted by 30 per cent).

The status quo of increasingly congested roads, long delays and overcrowding is not a viable option. With Metro Vancouver's population expected to grow by a million people, we desperately need more transit (for reasons related to both equity and climate), and we have to collectively pay for it one way or another.

That said, many are understandably worried about the impact of a sales tax increase on low-income people. As social justice researchers, we share those concerns. But whether or not the tax increase is fair depends on how the tax is structured and what we use the money for.

It is true that sales taxes in isolation are regressive, meaning that while upper-income households pay more in dollars, lower-income households pay more as a share of their income.

However, the PST does not apply to core necessities such as rent, groceries, and child care, so much of what lower-income households spend their money on is exempt from the tax. For

The CCPA-BC speaks out on the Metro Vancouver transit referendum

This op ed was published in the *Vancouver Sun* shortly after the release of *Why we're voting YES to new transit and transportation funding: a primer on the Metro Vancouver referendum*. In the seven-page primer, Seth Klein, Marc Lee and Iglia Ivanova respond to six common questions about the impact of a yes vote, and argue that the benefits far outweigh the negatives.

Check out tinyurl.com/why-yes-transit to find answers to questions like: "What does this mean for the local economy and jobs?" and "Shouldn't municipal governments be able to cover the \$250 million a year by re-directing some of their future revenue increases?"

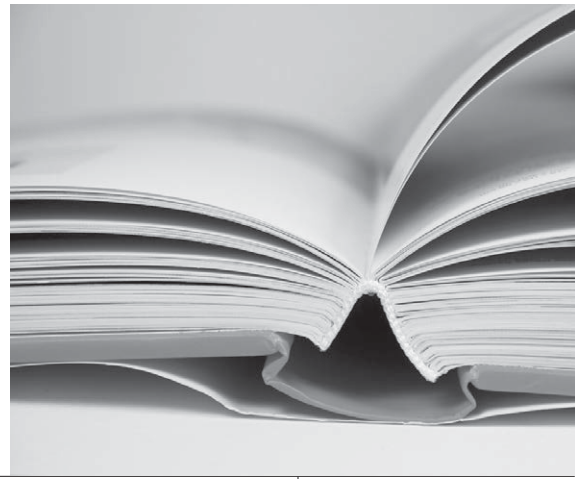
We were pleased to see the primer receiving broad attention in the news media and on social media, particularly Twitter. The primer was welcomed by activists and community members fighting for better transit infrastructure, and praised by leaders like municipal planning expert Brent Toderian.

Visit tinyurl.com/seth-early-ed to hear Seth discuss the transit primer on CBC's *Early Edition*.

Cuts to adult basic education make it harder to escape poverty

By Suzanne Smythe and Shauna Butterwick

Adult basic education – tuition-free high school level courses – can open up a wide range of possibilities for single parents, older workers laid off from resource industries, new immigrants and younger people who could not complete high school. Adult basic education is essential for people to qualify for skills and trades programs, access post-secondary education and find a career that pays a living wage.



Unfortunately, access to adult basic education in BC has been significantly eroded over the years, and recent changes by the BC government may well be the final nail in the coffin.

In December, the government reversed their policy to offer free basic education to adults. Starting January 1 of this year, colleges and universities are able to charge tuition for high school level classes. On May 1, school districts will no longer be able to offer basic education courses to students who have graduated from high school but need to upgrade their marks or take courses for further study or work.

Vancouver Community College has announced that tuition for adult basic education and English Second Language will be \$1,600 per term. This is as much as SFU and UBC charge for some of their Masters' and Doctoral level programs.

The BC government has defended the change as fair, but a closer look at their claims reveals serious reasons for concern.

Government claim: Graduated adults have already benefited from public K-12 education. If they choose to return to school to upgrade their qualifications they should be expected to pay tuition, and can probably afford it.

Reality: The vast majority of basic education students are low-income earners who enroll because their high school marks or courses do not qualify them for entry into trades or other college and university programs. John* was laid off from his job near Quesnel last year, after 25 years of steady employment. Now in his mid-40s, assessments place his reading level at Grade 9 and his math skills at Grade 10. To gain access to a trades program and to

employment, John will need at least one and a half years of basic education courses to pass the English 12 and Math 11 requirements, and he cannot afford tuition.

The new tuition policy will be particularly hard on Aboriginal British Columbians, because many Aboriginal communities are served by school districts that do not offer basic education. Aboriginal people are also less likely to have internet access for online learning. Charging tuition seems counter to the spirit of the government's 2012 commitment to improving access for Aboriginal students.

Government claim: The new Adult Upgrading Grant will address the concerns of low-income students.

Reality: Many students who can't afford the tuition will not qualify for the grant. The grant starts getting clawed back at pre-tax income of \$23,647 for a single adult and \$29,439 for a single parent with one child, thresholds that are below Statistics Canada's Low Income Cut-Off before tax for Vancouver.

Lea*, a single parent, earns \$33,000 per year as a homecare worker. She hopes to become a nurse practitioner but needs to take the chemistry, math and biology classes she did not take when she was in high school five years ago. She will not qualify for the government grant. Thousands of basic education students are in the same situation.

Government claim: We can't afford to continue providing tuition-free basic education for adults.

The new tuition policy will be particularly hard on Aboriginal British Columbians, because many Aboriginal communities are served by school districts that do not offer basic education.

Making a just transition

By Karen Cooling, Marc Lee,
Shannon Daub and Jessie Singer

The steady stream of bad news from Alberta's oil patch is a potent reminder of the boom-and-bust nature of resource commodity exports. It's a story deeply understood in Canada's resource communities, as decisions made halfway around the world dictate whether or not you'll have a job tomorrow.



A coherent managed approach would allow for planned transitions for workers that include income supports, advanced skills training programs and apprenticeships.

The outlook for fossil fuel exporting industries is likely to get even worse if governments negotiate a deal to limit carbon emissions this year.

It is now widely recognized that two-thirds to four-fifths of fossil fuel reserves must be left in the ground to avert catastrophe, but Canadian politicians continue to push for more bitumen, coal and LNG exports. What does all this mean for people whose livelihoods rely on these industries?

We talked with BC resource workers who have experienced boom-and-bust cycles first-hand—especially in forestry, where mill closures have led to job losses and economic insecurity. What we uncovered is an unhappy legacy: resource workers worry that climate action could mean the loss of well-paying jobs.

As we plan for a transition to a zero-carbon economy, we will need to ensure a “just transition” for fossil fuel industry workers, who should not have to pay the price of doing the right thing on climate change.

Income loss can increase levels of stress that lead to drug and alcohol addiction, domestic violence and divorce. When a factory closes, there are also ripple effects throughout the economy, as reduced spending forces the closure of small businesses and service providers, municipal government budgets collapse, and the residential housing market becomes glutted with “stranded assets.”

The lure of work in Alberta's oil sands has already affected life in resource communities, and high pay does not necessarily make for a good quality of life. The movement of workers to “the patch” means fewer volunteer firefighters, Little League coaches, etc at home. Workers would generally prefer to stay in their communities and united with their families.

Stable management of fossil fuel industries over a two- to three-decade wind-down period

with a just transition plan can get us off the resource rollercoaster, and better serve workers, communities and the BC economy.

A lot of work will be required to build the zero-emission economy we need—but we should embrace that. Building green infrastructure for the future includes investments in district energy systems, localized food systems, regional rapid transit, efficient buildings and “zero waste” management of materials—all of which can be a major economic benefit in rural and resource communities.

We also need to stop lumping all resource sectors together. While fossil fuel industries are at the heart of the climate problem, there can and should be a bright future for renewable resources like forestry. With strong stewardship and enhanced value-added, forestry in BC could support an additional 20,000 good permanent jobs—far more than will arise from any LNG development. This means reversing direction on forestry policies that have gutted the industry and its connection to supporting communities.

A coherent managed approach would also allow for planned transitions for workers that include income supports, advanced skills training programs and apprenticeships. This means investing in skills that are transferable from carbon-intensive to green industries. Proactive planning and collaboration across government, industry and unions is critical for ensuring a just transition.

This new “green social contract” will require a reallocation of financial resources. We recommend creating a just transition fund out of resource royalties or carbon tax revenues. The fund could enhance income security for workers, support early retirement initiatives, and help people through retraining and job search.

example, households with income of \$20,000 would see their costs go up by about \$4 per month.

But it's not enough to look at the revenue side alone—what we spend the additional revenue on also matters. For example, Scandinavian countries have much higher sales taxes than we do (Sweden's is 25 per cent), but their public expenditures on universal, high quality services greatly reduce inequality, making the overall tax system much more progressive than ours.

In this case, because the new investments will go mainly to transit improvements, which particularly benefit lower-income people, the transportation plan is progressive overall.

Because the plan will make transit faster and more convenient in every part of the region, it also means more people will be encouraged to switch from commuting by car to transit. Such shifts result in savings on gas, parking, and car maintenance. And if a family finds it can now do without a car, the savings amount to thousands of dollars a year.

Last but not least, any regressive impact of a sales tax increase could be easily fixed. Given

the political will (and enough pressure), the provincial government could increase the PST credit, boost the low-income carbon tax credit or extend the discount student U-Pass to lower-income people.

The proposal before us is imperfect, but it would be a mistake to let the perfect defeat the good. The mayors have presented us with a bold transportation vision for our growing region. We should not let our frustrations with the provincial government or Translink stand in the way of this rare opportunity to improve our quality of life.

If you're angry about the choice of a sales tax increase to fund the transit plan, we invite you to channel your energies into pushing for a fair tax system rather than voting "no" on this proposal. We need new transit infrastructure, but we also need fair tax reform—and we will continue to advocate for both.

Seth Klein is the BC director of the Canadian Centre for Policy Alternatives, and Marc Lee and Iglia Ivanova are senior economists with the CCPA. They are co-authors of a primer on the transit referendum, available at: policynote.ca/why-were-voting-yes-to-new-transit-and-transportation-funding

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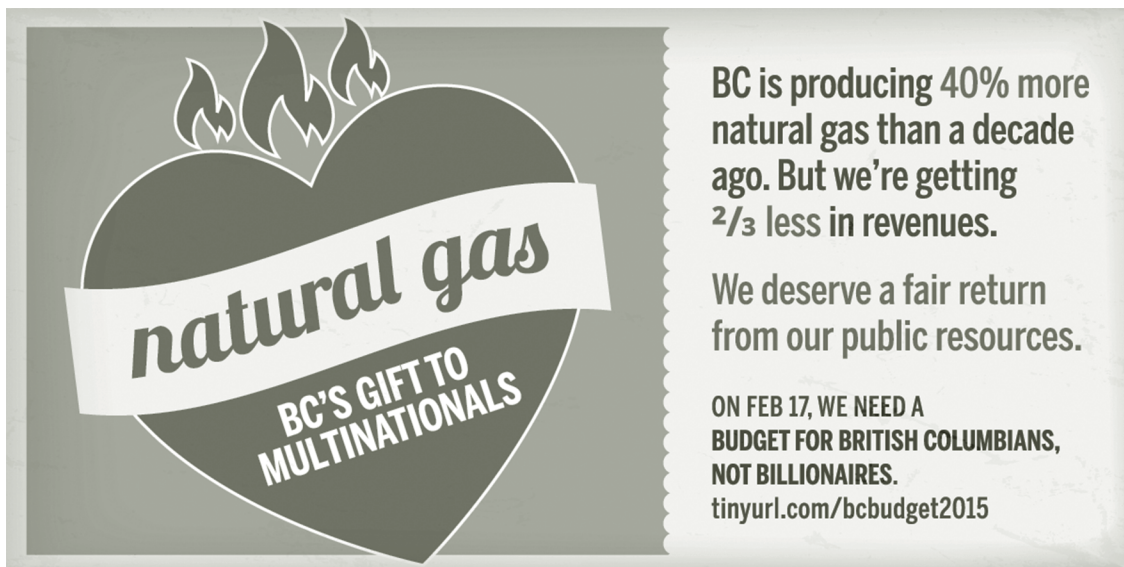
Reality: The funding cuts announced in December will save the province \$15.9 million per year. To say that \$15.9 million cannot be found for basic education is simply not credible with a surplus of \$900 million for 2014 and large surpluses for the next three years. The one-time reinstatement of \$6.9 million as transition funding for 2015/16 is a short-term fix.

When the government introduced free tuition under the Education Guarantee in 2008, it was in recognition of its vital social and economic role. Enrolment increased dramatically, revealing strong demand. In a province with some of the highest levels of poverty and inequality in Canada, slamming the door on access to basic education is exactly the opposite of what we should be doing. If the government is serious about better aligning "skills for jobs" in the province, it must start

by making basic education tuition-free for all British Columbians who want to a better life.

* John and Lea are pseudonyms for real people we have encountered in our research. They are just two examples of British Columbians who will not be able to access basic education under the new policy.

Suzanne Smythe is Assistant Professor at the Faculty of Education at SFU and Shauna Butterwick is Associate Professor at the Department of Educational Studies at UBC. They are both research associates with the CCPA-BC. This op ed originally appeared in The Province.



Continued from page 1
 BC Budget 2015 multimedia

On budget day itself, Igluka travelled to Victoria with Media and Publications Specialist Sarah Leavitt for what's known as the "budget lockup." They spent the day with dozens of other interested organizations, experts and journalists poring over the budget documents in the hours before they were released publicly. Igluka and Sarah worked together to develop a news release, and Igluka wrote the blog post included here on page 2. Sarah and Igluka responded to media requests at the lockup in Victoria, while Communications Director Shannon Daub and BC Director Seth Klein responded from Vancouver.

Both Seth and Igluka were quoted widely in print, television and radio media, and Igluka's blog post was reprinted as an opinion piece by a number of online and print outlets.

We also released a third infographic on budget day (see page 3), highlighting how the budget benefitted BC's wealthiest households much more than those most in need.

The budget itself was disappointing, revealing some lopsided priorities and a huge missed opportunity to create real change in our province. Clearly we're not the only ones of that view—our messages struck a chord with many British Columbians who want leadership from our government on poverty, the environment and jobs, among other core issues. We engaged in stimulating discussions on social media with our supporters (you!), and we were gratified to see

our allies in the labour, environmental and social justice movements turning to our analysis to help them in their own responses to the budget.

Last but not least, it was a positive, energizing experience of teamwork within the CCPA, with everyone contributing expertise and enthusiasm and supporting each other's work. Big thanks to Igluka, Sarah, Shannon, Seth, Lindsey and Terra at the CCPA, and our amazing graphic design contractor Paula Grasdal.

In the future you can expect more of this: quick, multi-faceted responses on the big issues facing our province. We'll be doing the same rigorous research that we always do, but we'll be finding more and more ways to share it with more and more people.

Continued from page 6
 Just transition

Rather than trying to cultivate the next boom (think LNG), our aspirations should be to develop a high-quality, full-employment strategy that supports workers, families and communities to transition beyond fossil fuels.

Karen Cooling is a former representative with the Communications, Energy and Paperworkers' Union. Marc Lee is a senior economist and Shannon Daub is Director of Communications with the CCPA-BC. This op ed originally appeared in The Province and draws on the study Just Transition: Creating a Green Social Contract for BC's Resource Workers.

BC COMMENTARY

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