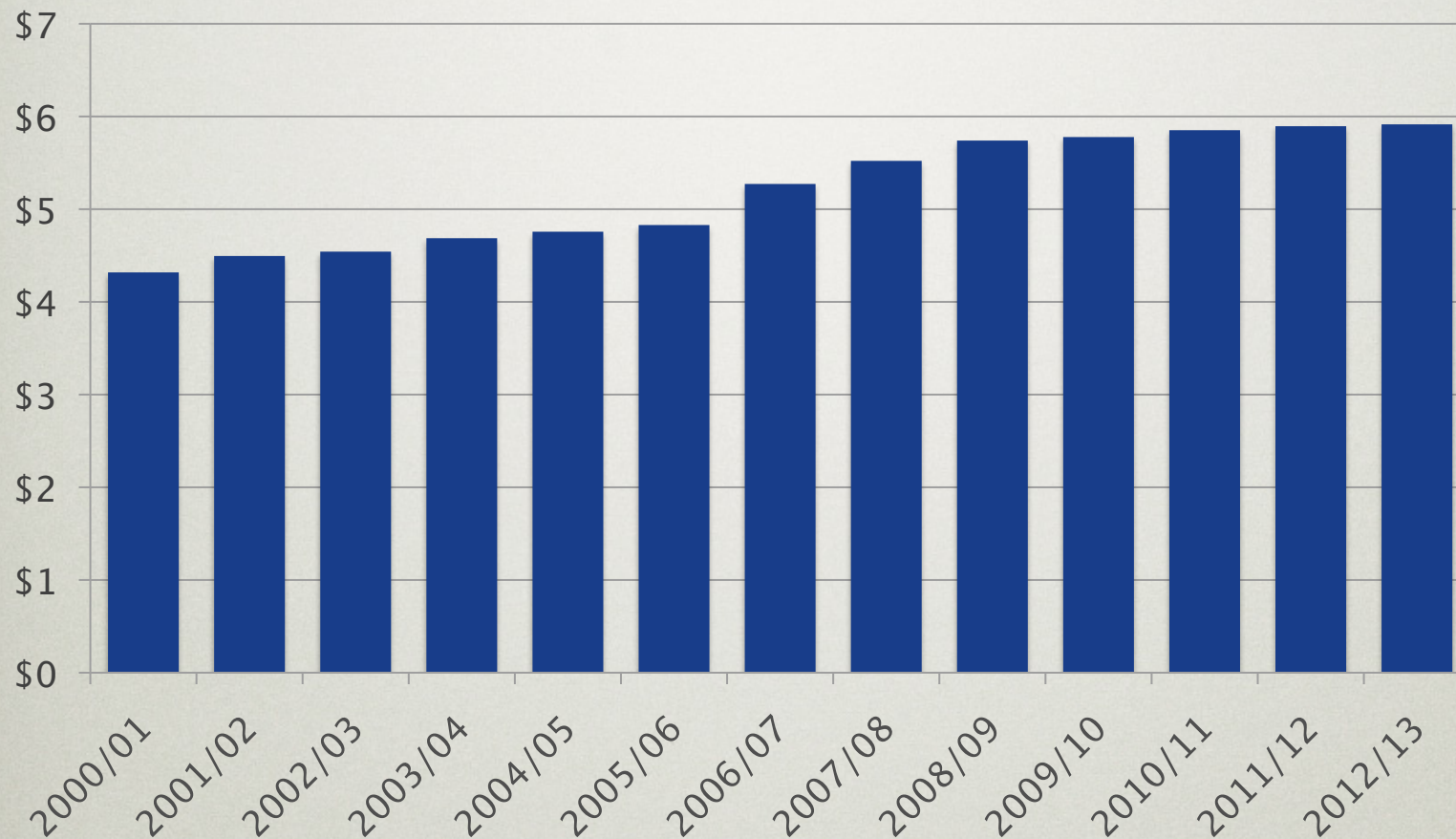


K-12 Funding Problems in Context: BC After a Decade of Tax Cuts

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February 2, 2011

Provincial Funding for K-12 Education in BC

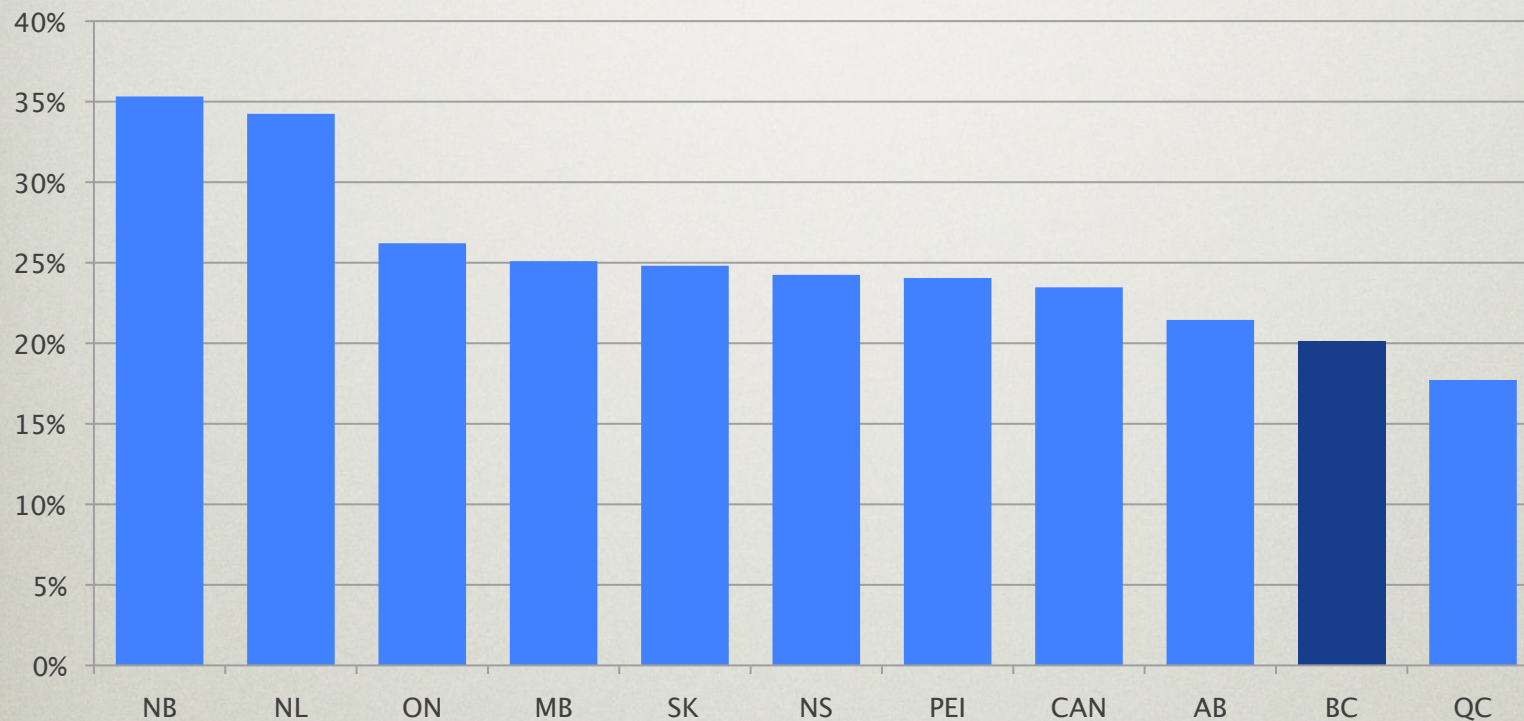
\$ billions



Source: BC Economic and Fiscal Update 2010 and BC Budget 2010.

Provincial Comparisons in Education Funding

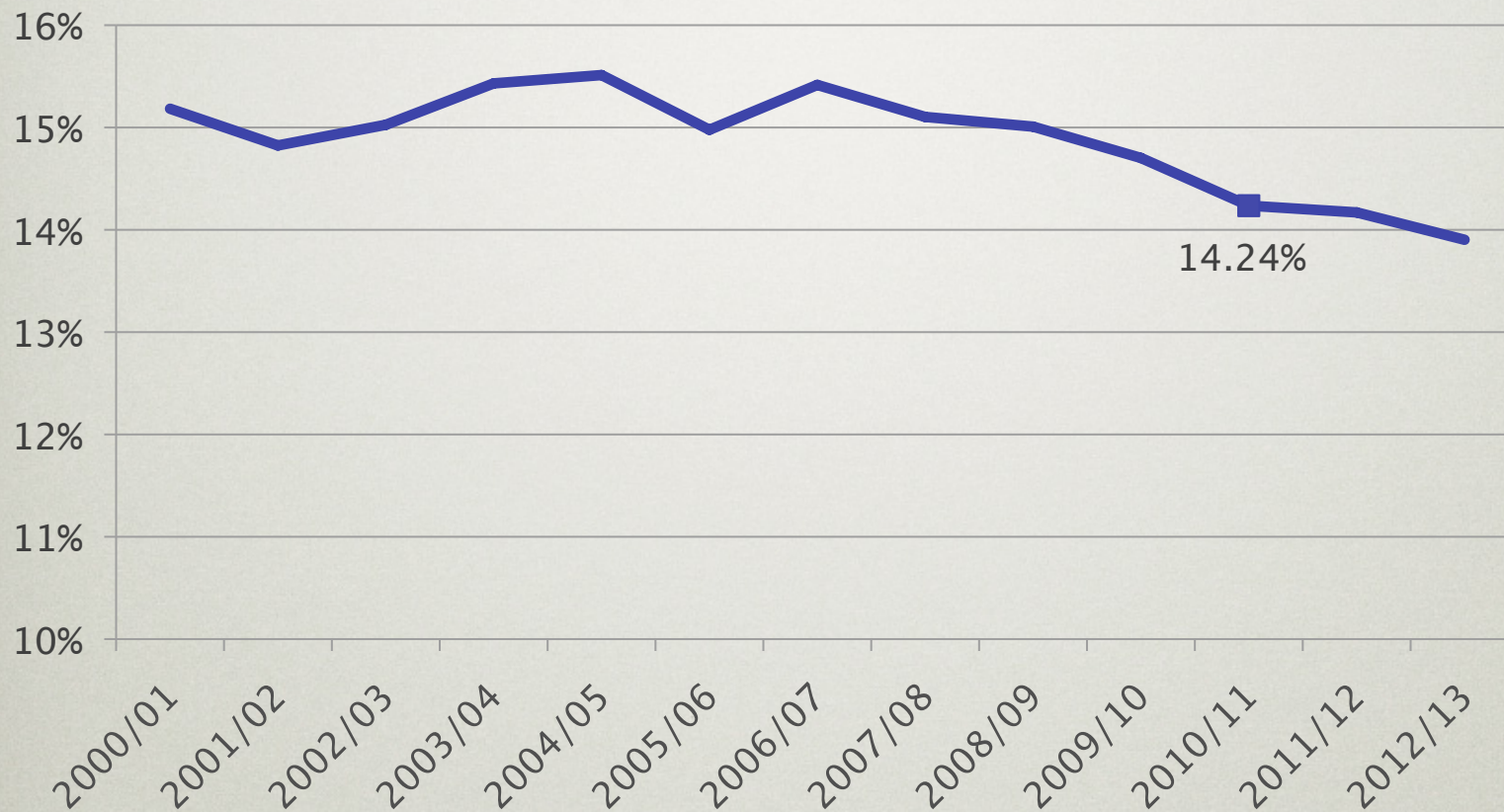
Percentage change in per-student spending in public elementary and secondary schools, 2002/03 to 2008/09



Source: Statistics Canada, 2010. *Summary Public School Indicators for Canada, the Provinces and Territories, 2002/2003 to 2008/2009*. Table A.20.2.

Education Funding as a Share of the BC Budget

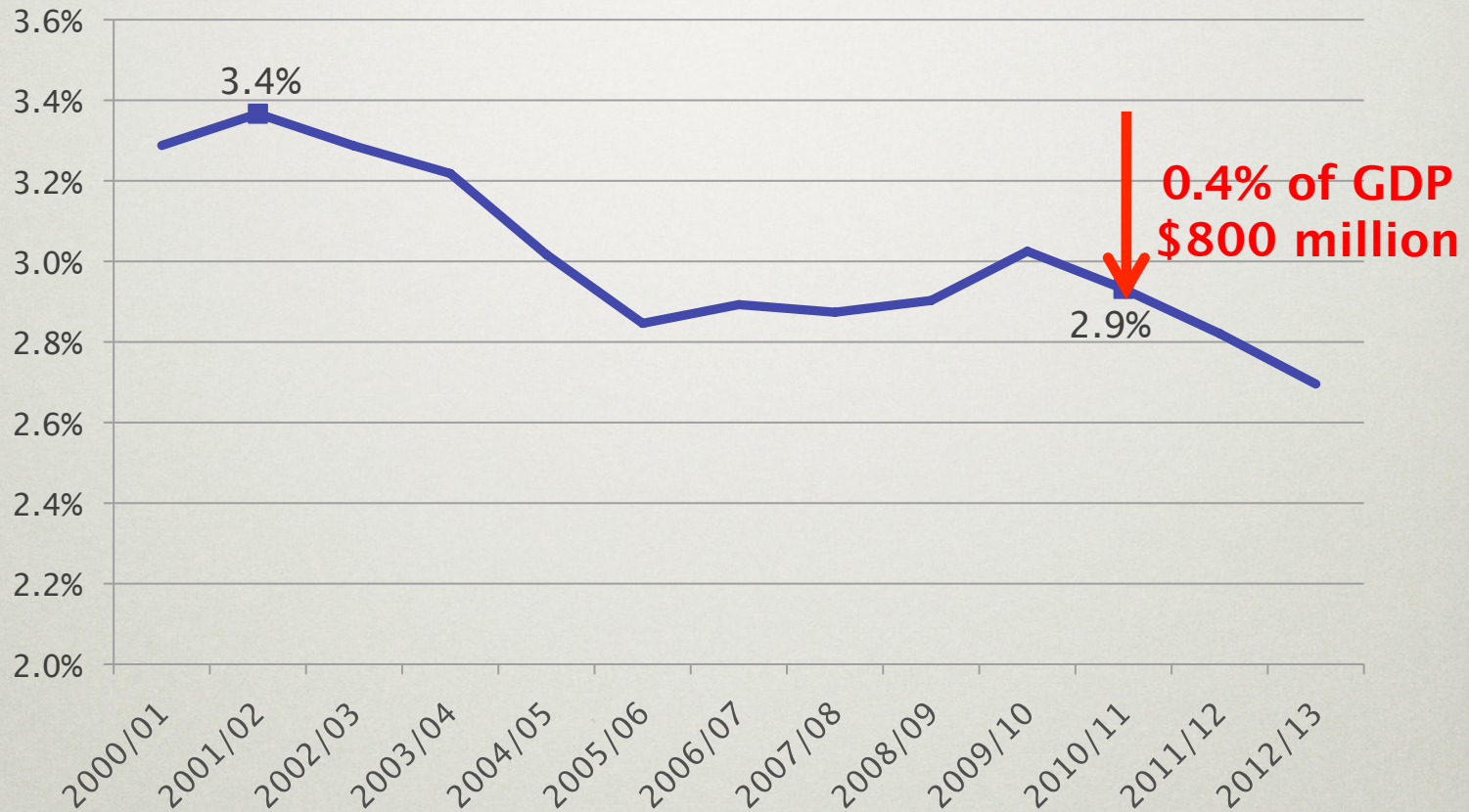
K-12 funding as % of the BC budget



Source: Author's calculations based on data in BC Economic and Fiscal Update 2010 and BC Budget 2010.

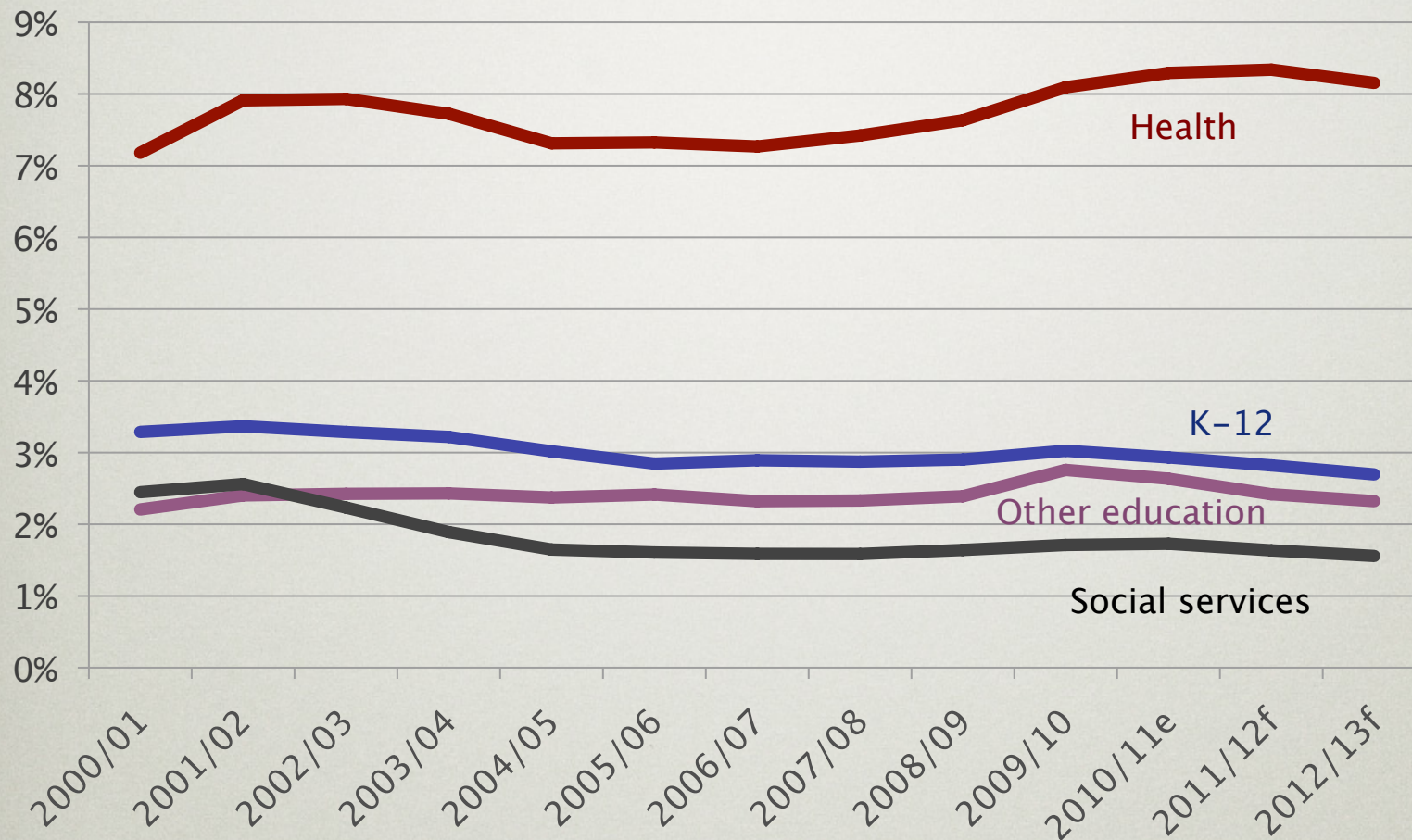
What Happened to Education Funding in BC?

K-12 Funding as a Percent of Provincial GDP



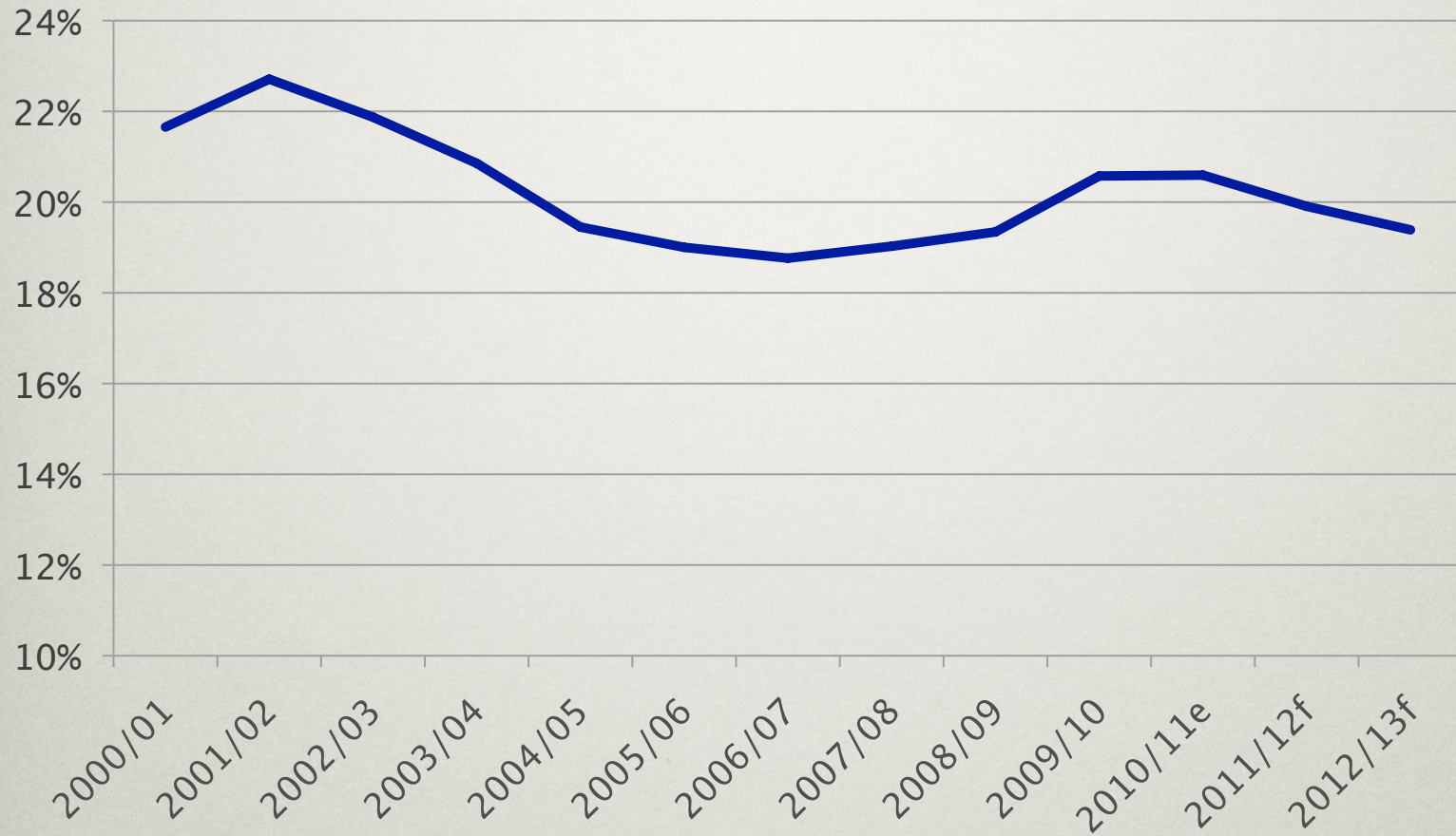
Source: Author's calculations based on data in BC Ministry of Finance documents and BC Stats.

Spending on Public Services as a Percent of GDP



Source: Author's calculations based on data in BC Ministry of Finance documents and BC Stats.

Total Provincial Spending as % of GDP



Source: Author's calculations based on data in BC Ministry of Finance documents and BC Stats.

Tax Changes Over a Decade

2001/02

- Income tax rates reduced by 25% across the board
- Corporate tax rate reduced from 16.5% to 13.5%

2005

- Non-refundable tax credit (reduced or eliminated income taxes for the lowest income British Columbians)

2007

- 10% income tax cuts up to the first \$100,000 of income

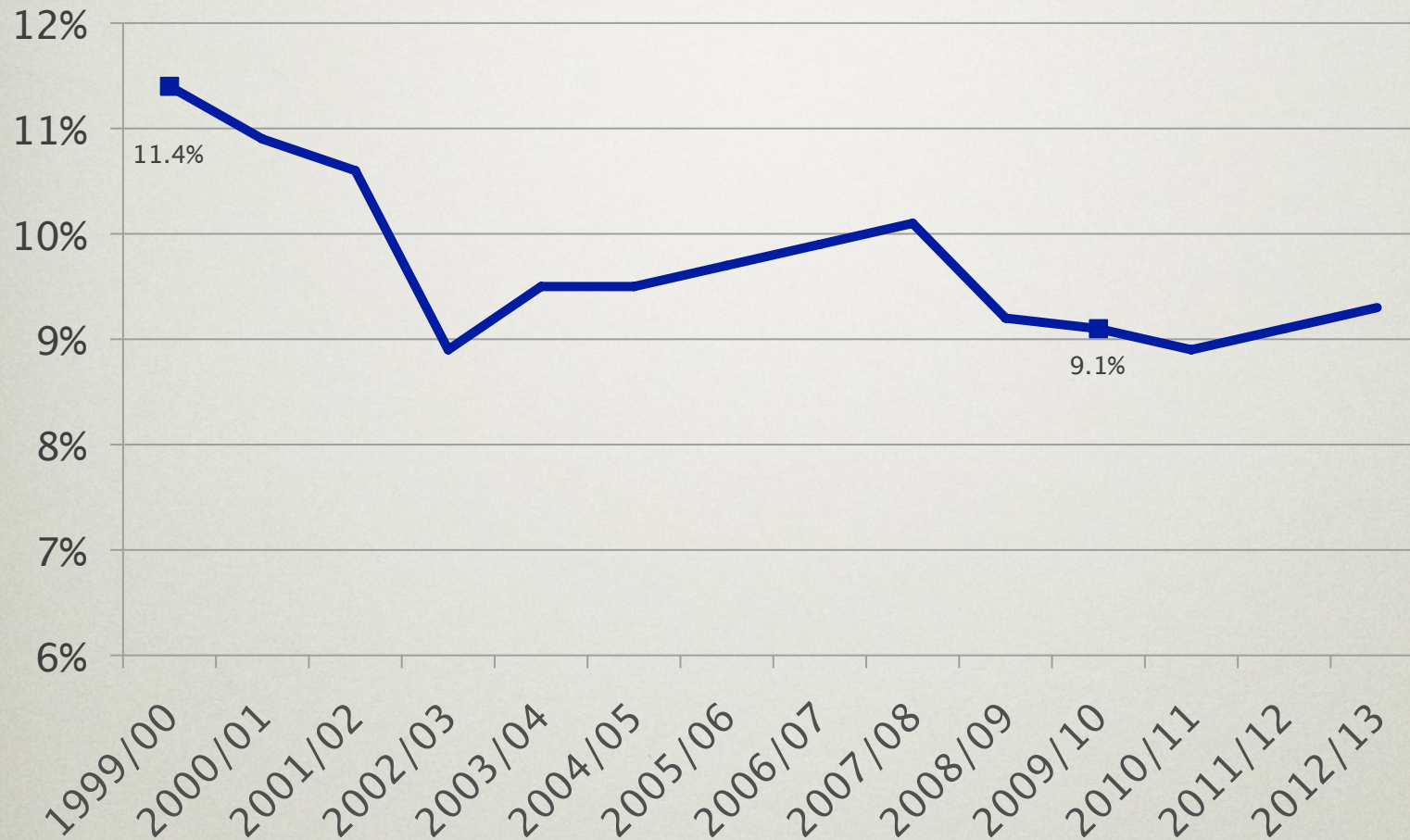
2008/09

- Carbon Tax: with 5% income tax cuts on income up to \$70,000 as part of recycling the carbon tax revenues; low-income carbon credit; corporate income tax cut

2009/10:

- HST, MSP up 18% over 3 years, basic personal exemption up

What Happened to Tax Revenues in BC?



Source: Author's calculations based on data in BC Ministry of Finance documents and BC Stats.

The Challenge

- We need to raise more revenues:
 - Poverty reduction
 - Climate change and climate justice
 - Enhanced public services (education, full-day K, dental, pensions...)
 - Strategic investments in the future
 - New social infrastructure
- Which taxes should be raised? What will people see as fair taxation? How do we talk about it?

Foregone Revenues after a Decade



Source: Author's calculations based on data in BC Ministry of Finance documents and BC Stats.

Tax Savings Per Person

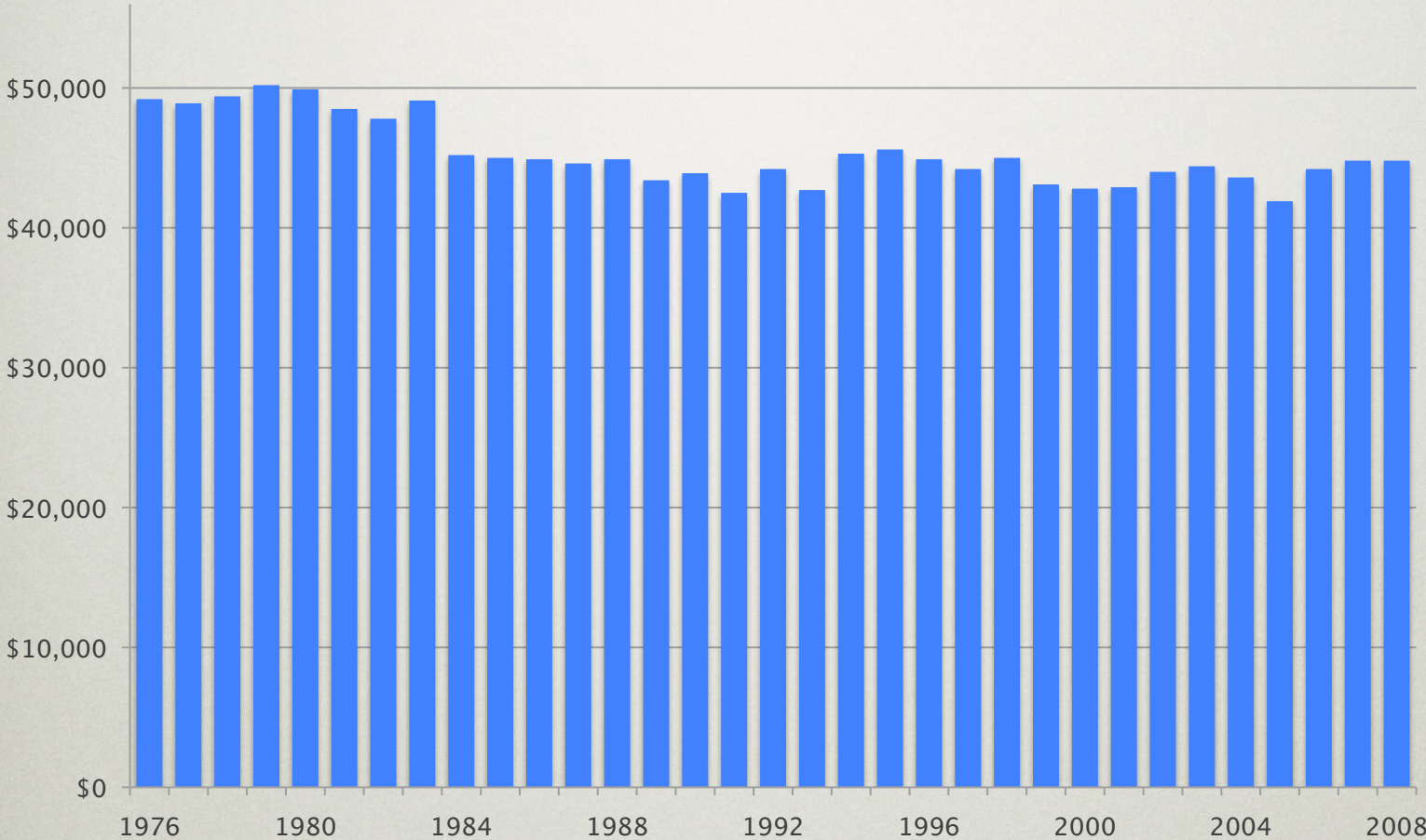
- Personal income tax cuts have given much greater savings to high income earners
- If you earned \$150,000 you saved \$6,867 on your 2010 tax return (compared to what you would have paid in 2001)
- If you earned \$30,000 you saved \$725
- If you earned \$60,000 you saved just under \$2,000

- MSP went up by \$252 per year for individuals

The Context: Inequality in BC

- Rising income inequality since the 1980s
- Among highest income and wealth inequality in Canada
- Median incomes stagnant over the last 20 years
- High poverty and homelessness even during recent boom
- One in seven BC workers earned less than \$10 per hour in 2008 (over 253,000 people)
- The Living Wage family (early claw-backs)

Median Earnings for Full-Year Full-Time Workers



Source: Statistics Canada, *Income in Canada 2010*, Table 202-0101.

Have Tax Cuts Made Us Better Off?

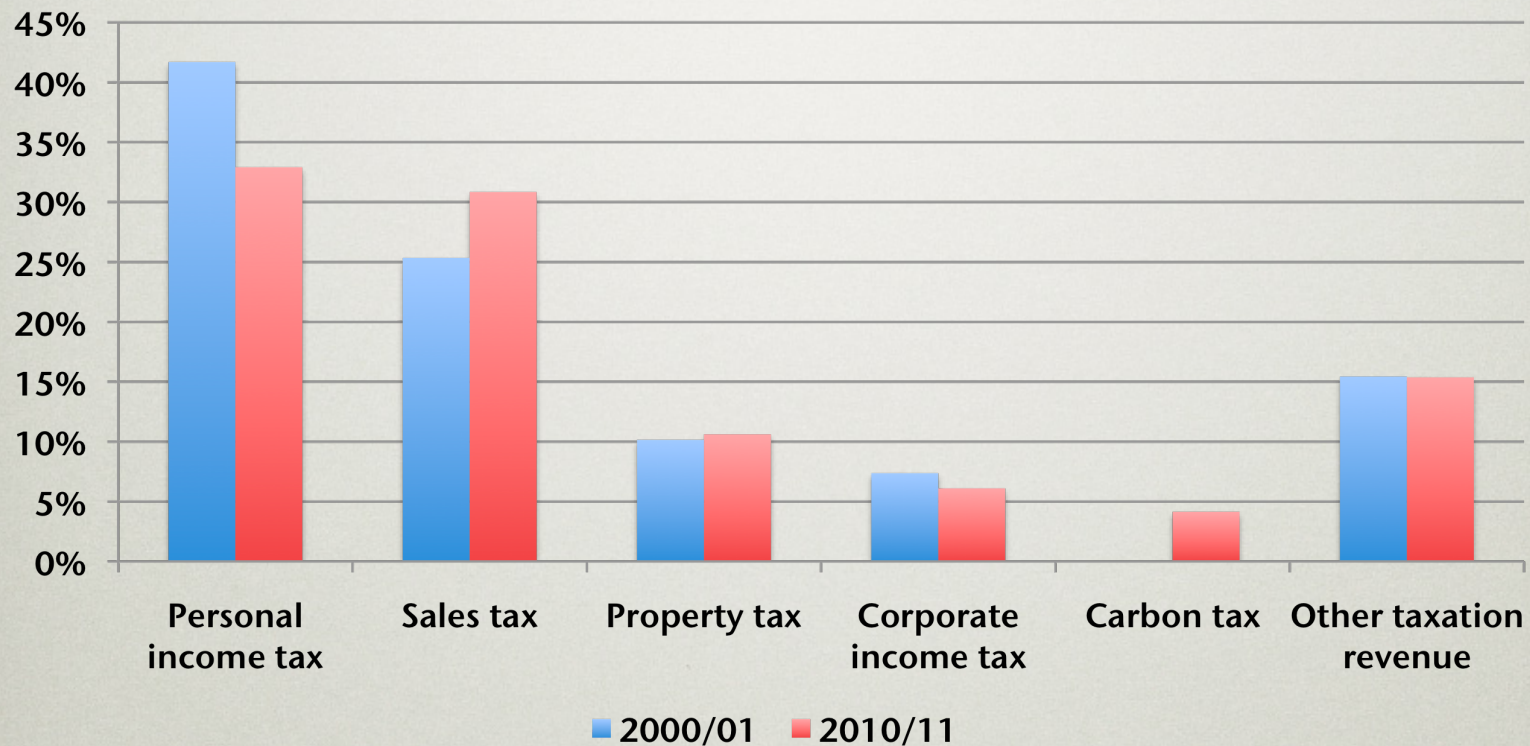
- Tax cuts have not benefitted all British Columbians equally
- Tax cuts have reduced our ability to pay collectively for much needed services
- One way or another, we have to pay:
 - We can pool resources together through taxes, or
 - We can have everyone paying for themselves and their family through user fees.

How to Have an Adult Conversation About Taxes

- Careful with the anti-tax rhetoric
- We need taxes, indeed higher taxes for some
 - Can't just say someone else has to pay more
 - Emphasize all the great things we pay for together
- Shifting times:
 - Poll results
 - US will have to increase taxes
 - TD CEO
 - KPMG report
- Proposal: A Fair Tax Commission
- CCPA Tax Project

The Changing Mix of the BC Tax System

BC Taxation Revenue by Source



Source: BC Economic and Fiscal Update 2010 and BC Budget 2010.