

A children's budget? You've got to be kidding

Michael Goldberg, SPARC BC's Research Director, writes his annual analysis of the BC Budget.

THE B.C. GOVERNMENT TOUTED the budget presented on February 21st as “a children's budget.” According to the press release accompanying the budget, Finance Minister Carol Taylor said: “Every budget is an opportunity for our province to take another step forward. The first budget in our renewed mandate focused on seniors. Today, I'm pleased to take another step forward with a budget designed to improve services for children.”

But is this really a budget that makes a big difference for *all* children? While it appears that “children at risk” matter, it seems as if no others do. There was no announced increase in the support or shelter allowances for families with children on income assistance, other than for the 26% of children in families classified as disabled. That leaves 22,895 children with no increase, where they have seen no change in income assistance

rates since the roll-backs in 2001.¹ Carole Taylor did mention that the school start-up supplement would double, but the amounts pale in comparison to the tax reductions also announced in the

budget. Nor was there any mention about a possible increase in the minimum wage that would greatly aid families who are struggling to make ends meet. Both income assistance rates and the minimum wage have declined in terms of their real purchasing power over the last five years.

Another disturbing trend is that most of the increases to social programs, such as those in the “children's budget” or the budget items concerning “improvements to communities” are “back-end loaded.” That is, almost 43% of the children's budget items and almost 50% of the community budget items will not go into effect until 2008/09.

Let's look more closely at some of the figures. The Finance Minister said, “*Balanced Budget 2006* provides an additional \$421 million to help ensure the well-being of vulnerable children, to

“Is this really a budget that makes a big difference for all children? What about the 22,895 children with no increase at all, or any change in income assistance since the roll-backs in 2001.”

¹ See *Left Behind: The Adequacy of Income Assistance Rates in BC* available on the SPARC BC web site <www.sparc.bc.ca>.

Table 1. Programs for Children (in \$ millions)

Program	2005/06	2006/07	2007/08	2008/09	Total
Children at risk		22	26	24	72
Additional children services		20	30	50	100
Child and youth mental health plan			17	17	34
Children and youth with special needs		7	13	16	36
Aboriginal governance of child and family services		5	13	13	31
Family Independence fund	30				30
Fight against crystal methamphetamines		0.5	0.5	1	2
Investment in the K-12 education system		27	28	57	112
School Start-up supplement		1	1	2	4
TOTAL	\$30	\$82.5	\$128.5	\$180	\$421

Source: Budget and Fiscal Plan 2006/07 to 2008/09, Table 1.5, page 14.

enhance services for children with special needs, and to better support caregivers and family members carrying for children and youth at risk.” These budget improvements are shown in Table 1.

Table 1 shows that almost 25% of the new funds are for “additional services to children” described in the budget as “including government’s response to the recommendations of the various external reviews of the child protection system.” One cannot help but wonder if the provincial government knows something that the rest of us do not at this stage. Nonetheless, being prepared for what will likely be “bad news” ahead of time could be beneficial.

Another 26% of these new funds are earmarked for investments in education, the specifics of which are not described in the budget. Other new funds are allocated to further improve mental health services for children and youth and to provided additional services to children and youth with special needs. Of course, it

is good to see that the government is restoring services that were reduced over the past five years.

The only funds mentioned in the budget that will go directly to the families of children on income assistance are the increases to school start-up supplement. According to the budget document:

“The School Start-up supplement is provided to assist families on income assistance, with school-aged children, with the costs of a new school year. Beginning the 2006/07 school year, the Ministry of Employment and Income Assistance will increase the School Start-up supplement from \$42 to \$84 per year for children between the ages of 5 and 11 years and from \$58 to \$116 per year for children between the ages of 12 to 18 years. The School Start-up supplement was last increased in 1993. Approximately

continued on page 18

2 BC Budget and Fiscal Plan 2006/07 to 2008/09, p. 16.

continued from page 17

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29,000 children on income assistance will benefit and we calculate that the cost of doubling the supplement will be approximately \$1.5 million per year.”²

But government always makes choices in their revenue and spending decisions. The budget speech announced further tax reductions of \$733 million, significantly more than the amount allocated to children *over three years* and almost 500 *times* larger than the school start-up funds allocated to children whose family is on income assistance. These tax reductions include \$309 million this fiscal year to improve the homeowners grant program. It is interesting that expensive tax reductions are mostly front-end loaded while the less expensive spending on social programs is back-end loaded. A cynic might conclude that the slow pace of implementing the new funding was designed with the next election in mind (May 2009). Those less cynical may suggest that the government was only being prudent in its spending choices.

While some prudence can be a virtue, excessive prudence means that our opportunity to do better is delayed. In this budget, the Minister of Finance has generated very conservative revenue estimates. Nonetheless, the budget shows a surplus of \$1.45 billion for 2006/07. The Minister

seems tentative, however, for while including a \$270 million contingency fund for programs spending she has also put aside \$850 million as a forecast allowance to reduce the stated surplus to \$600 million.

With so much money, one would have hoped that the provincial government would have created a “real children’s budget,” one that addressed the needs of *all* B.C. children. While some children will do better under this budget, for the poorest of children, this budget offers nothing but peanuts. ■



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