



A New Era in British Columbia: A Profile of Budget Cuts across Social Programs*

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**The information for this paper has been gleaned from government websites, ministry service plans and budgets, and nonprofit agency websites. Every attempt has been made to check for accuracy and currency. However, due to reporting inconsistencies, reversals of some cuts resulting from political pressure and jurisdictional issues (e.g., most of the health budget is devolved to health authorities), some measures may have changed since the publication of this report.*

Background

The BC Liberals were elected in May 2001 with a stunning majority, having campaigned on a platform of hope and prosperity. With promises not to cut health care and education, and with commitments to increase the supply of affordable housing, reduce youth unemployment, improve programs for at-risk children, expand affordable child care, promote wellness and preventative care, reduce domestic violence and ensure equal access to legal representation and justice, the BC Liberals began to implement their '90 Day Plan' and 'New Era' program.

One year later, after bringing in \$2.1 billion in income and corporate tax cuts, and introducing legislation requiring balanced budgets by 2004-05, the new government is undertaking what many consider to be an overhaul of social programs in British Columbia. The government is commencing a program of radical reform and budget cuts to health care, education, welfare and legal aid – an effort some observers are characterizing as an anti-poor agenda.

The following is a summary of some of the more substantive budget cuts as they affect the lives of children and youth, seniors, women, low-income people, persons with disabilities and visible minorities. The budget cuts outlined below summarize the situation in a province struggling to address a projected deficit of \$4.4 billion – a deficit attributable not only to a poor provincial economy but also to significant tax cuts.

Under the shadow of balanced budget legislation, the government's plans include budget cuts averaging 25 percent across all ministries (with the exception of Health and Education) over three years. These amount to \$500

million in cuts in year one, \$1.2 billion in year two and \$1.9 billion in year three, with many thousands of direct job losses. Taken together, they are among the largest budget and public sector cuts in Canadian history.

The following is a summary of the first phase of cuts as they apply to social program ministries.

Health Care

In their election campaign, the Liberals made a commitment to maintain the health care budget and, indeed, increased it from the previous year, from \$9.5 to \$10.2 billion. However, this budget appears not to have provided sufficient funding for doctor and nurses' agreements, escalating drug costs, demographics, inflation and other health care pressures. Health authorities must find ways to reduce expenditures by \$550 million over the next three years. Underfunded health care regions have been forced to introduce budgets with a range of health care cuts, including:

Health Care Services

- 1,500 to 2,000 acute beds cut with some conversion to sub-acute beds.
- A number of planned community hospital closures (a reduction from 75 to 64), with some conversion to community health centres.
- 1,000 long-term care beds will be phased out, though 3,500 supported and assisted living beds are to be created.
- Immediate or phased closure of 10 to 15 long-term care facilities.

- Cuts to services to cancer patients, including closure of patient beds, reducing mammography screening to those over age 50 and rehabilitation staff cuts.
- Cuts to maternity and pediatric services, including ante-partum and pediatric bed and nursery closures.
- Limits in night-time operation of some emergency rooms.
- Cuts in psychiatric and mental health beds and mental health treatment programs. Staff in the Adult Mental Health division will be cut by 70 percent and the Mental Health Advocate position was eliminated.
- Home Support Redesign will be implemented which, in some cases, will reduce home support utilization rates (i.e., number of clients, number of hours and hours by care level). In some areas, cuts to home support will reduce house cleaning or food preparation services to the frail elderly and persons with disabilities. Increased fees for home services also are contemplated.
- More than 6,500 health care worker positions will be eliminated, with an uncertain number of these positions transferred to contract service providers.

To address the funding shortfall, health authorities are considering public/private partnerships; revenue generating opportunities such as user fees, retail operations and surgeries for non-residents; and increased use of private labs. Income-testing for the non-health care costs of home and community care services is being considered. Changes to legislation and contracts will enable health authorities to close, privatize or contract out services.

A range of cuts to community-based services have been implemented or are being considered, such as prenatal classes, vision and dental health programs, transportation, school-based eye and hearing testing, alternative medicine programs, health promotion and prevention services, and child care inspections. However, it is difficult to compile these details on a provincial basis. Many of the pending cuts to community health programs likely will be implemented in future years.

Health Insurance and Pharmacare

In order to increase revenues and further cut costs, the government also raised medical premiums and deductibles while reducing health care coverage:

- Increase in medical insurance premiums by 50 percent.
- De-listed eye exams, physiotherapy, chiropractic care, massage therapy, naturopathy and nonsurgical podiatry services, though still covering low-income people – albeit on a reduced basis.
- Increase in pharmacare deductibles by \$200, with plans to replace the current system with income-testing.
- Cuts in prescription drug coverage.

These premium increases and cuts in coverage have the effect of whittling away the tax benefits granted by this same government. For example, the average person earning \$30,000 saved \$430 from the reductions in personal income taxes. The 50 percent increase to the Medical Services Premium (MSP) alone eliminates half of this savings for people who are single and pay their own premium.

When combined with the cuts to planned and ongoing facility construction, these health care reductions will result in reduced access to acute, emergency and long-term care, increased health care costs to families and a loss of community health promotion and home support programs – with a potential threat to the health of British Columbians.

K-12 Education

The new government committed to maintaining education funding, and did so to the tune of \$4.86 billion. However, this amount does not provide for population and wage increases and inflation. As with health services, the province allocated to school boards a budget inadequate to fund programs and cope with higher health insurance costs and inflationary pressures at the school district level. For example, the government imposed a three-year collective agreement upon teachers, providing a wage increase of 2.5 percent per year. However, school boards will be responsible for funding the second two years of the wage increase while the government will pay for the first year only.

With an estimated \$200 million budget shortfall, nearly 2,000 teaching positions are expected to be cut and more than 50 schools are threatened with closure, primarily in rural BC. At the extreme, these changes will result in about 200 staff positions terminated in Vancouver, nearly 150 in Surrey and 130 in Richmond. Up to 12 schools will be closed in Prince George and Vancouver will see a budget cut of about \$25 million. No school district is left untouched.

There is considerable unrest in the school system as a result of these cuts and the previously imposed essential services legislation placing limits on teachers' right to strike. Col-

lective agreement provisions limiting class sizes at all grade levels also were stripped from the contract. The legislation wiped out staffing formulas for counselling, librarians, special education and English as a Second Language teachers – paving the way for cuts in these areas. To deal with their reduced budgets, school districts are increasing class sizes across the board. For example, a Vancouver high school physics teacher will be instructing up to 35 students this September in labs designed for 24.

In addition, many special education assistant positions crucial to inclusion have been eliminated. The end of targeted funding and staffing formulas for special education may erode support services to special needs students and ultimately threaten their inclusion in the schools.

Youth and Postsecondary Education

Consistent with their commitments not to reduce the education budget, the government maintained funding for postsecondary education at its budget of \$1.9 billion. However, this is not the good news it appears. The opportunities for youth, particularly disadvantaged youth, to invest in their careers are severely curtailed under the Liberals' first budget. For example, the government:

- reduced the minimum wage for youth entering the workforce (the new 'training' minimum wage rate for the first 500 hours of work is \$6.00 an hour – \$2.00 below the regular \$8.00 rate), creating an incentive for employers to let them go after they reach this cut-off period.
- cancelled the tuition freeze that had been in place under the previous government

and deregulated tuition fees entirely, thereby giving universities liberty to raise them to much higher levels. As a result, tuition fees across the province have jumped dramatically from 25-300 percent depending on the program and institution.

- abolished first-year grants for post-secondary education.
- a number of youth employment programs.
- has closed or plans to close 10 apprenticeship offices.

It remains to be seen how the Liberal government plans to keep its commitment to reducing youth unemployment and helping young people to advance in society.

Income Assistance

The budget for the Ministry of Human Resources, which delivers income assistance and employment programs, is slated for cuts of up to 30 percent by 2004-05. More than 450 staff will be let go over this period, including those providing training and job counselling. Income assistance caseloads are expected to decline even though the unemployment rate is expected to remain high.

How will these reductions be achieved? The BC government has introduced sweeping changes to the welfare system under the guise of an employment agenda. The changes are far-reaching and affect refugees, single parents, people with disabilities, families, youth and students. Eligibility, benefit rates, duration of benefit and exemptions will be reduced across the board and workfare programs will be introduced. Here are a few examples:

Rates

- Welfare benefits for 'employable' single-parent families are cut \$50 a month. A child advocacy group (First Call) reports that approximately 60,000 children will be affected.
- Benefit rates for employable welfare recipients between 55 and 64 have dropped between \$47 and \$98 per month; employable couples aged 55 to 64 will see their rates drop by \$94 to \$145 a month if they are employable.
- Single parents are no longer entitled to keep up to \$100 per month of family maintenance payments.
- Shelter allowances for families with two or more children are reduced.
- There will be a 100 percent clawback of earnings. Previously, welfare recipients could keep up to \$100 of earnings (\$200 for families) and 25 percent of their earnings in excess of \$200. However, this work incentive still will exist for persons with disabilities, who have seen their exemption increase from \$200 to \$300.

Time limits

- Welfare time limits have been introduced. Employable people without children may receive welfare for only two years during any five-year period. Once the two years are up, their welfare is cut off.
- Employable parents (with children over age 3) can receive full benefits for two out of five years, after which time their benefits will be cut by 11 percent.

Eligibility

- Single parents are now expected to work after their youngest child reaches age 3, down from the current age of 7. First Call reports that approximately 15,000 children will be affected by this move.
- Dependent children of clients will be required to attend school as a condition of a family's eligibility.
- There is no eligibility for the first three weeks, when applicants are expected to be looking for work.
- Legal guardians are no longer eligible for income assistance.
- Full-time postsecondary students are no longer eligible for welfare if they are receiving government student loans.
- Those found guilty of fraud are banned from receiving income assistance.
- Young adults are required to be independent for two years after leaving their parents' home before becoming eligible for welfare, except where abuse is involved.

Additional cuts or changes which will most affect the poor include the following:

- The government adopted a \$6 an hour 'training wage' to apply during the first 500 hours of paid work for a worker in his or her first job, substantially reducing the minimum wage for new work entrants from the \$8 minimum wage in place for all other workers.

- Cancellation of the debtor assistance program which helped 70,000 BC families a year cope with their debt problems.
- The legal aid budget will be cut by 39 percent over three years. Poverty law coverage will be reduced to pamphlets and self-help material. Legal aid no longer will cover legal problems that threaten physical or mental safety or health and individuals' ability to feed, clothe and provide shelter for themselves and their dependents. Cases involving income assistance, pensions, Employment Insurance appeals and residential tenancy disputes no longer will be covered. As many as 100,000 clients, most of them poor, are expected to be affected by the legal aid budget cuts.
- The consultation draft of the proposed new Residential Tenancy Act recommends an increase in the amount of security deposit to one month's rent, creating hardship for low-income people. Rent protection – preventing huge rent increases and economic evictions – has been deleted from the draft Act, pending consultation. If the government proceeds to abolish rent review, given BC's tight rental market, tenants could see their already high rents double with no recourse.

The full impact of the welfare measures can be seen from the perspective of single parents, mostly women, who may have their monthly income reduced by \$350 or more. Their benefit rate has been reduced by \$50, they are not permitted to keep their child support (previously \$100) and they are not allowed to keep any earnings (previously \$200 per month and 25 percent of earnings above this amount). They also will likely have their shelter rates reduced.

These welfare cuts and changes to services and programs will create an inhospitable environment for low-income households throughout BC. Coupled with the cuts to health care and some for children-at-risk, those struggling to live a meagre existence will be even more impoverished.

Children

The Liberal government is implementing cuts of 23 percent by 2004-05 (\$460 million) to the Ministry of Children and Family Development that will involve a reduction of more than 1,000 staff – including social workers – over three years. These cuts will be managed by targeting clients most in need, encouraging families to contribute to the cost of services for their children, increasing the role of families in addressing their children's risks, and instituting a new local authority and service delivery structure.

It is too early to assess the community and service impacts of these changes, particularly given the Ministry's slight budget increase in 2002-03. But the government is committed to reducing the average cost per child in care and to reducing the number of children in care overall. Reports are that services for at-risk teens, youth in care and post-majority youth coming out of government care have been reduced. One program axed in this budget year provided assistance to at-risk youth (minors) in achieving independence through life skills and education – for a savings of \$1.5 million.

The government's declared commitment to early child development (\$20 million in fiscal 2002-03) may be reversed by an erosion in services to at-risk children and youth.

Justice

In addition to the legal aid cuts to poverty law identified above, the following services and programs have been or are slated to be cut:

- The Crown Victim Witness Services which provided rape crisis counsellors and other supports to victims in their preparation as witnesses.
- Pain and suffering awards for victims of crime.
- The Family Advocate Program, which provided government funded legal representation for children in contested custody and access cases.
- Policing in rural communities of fewer than 5,000 people.
- Summary advice services – basic legal information provided by paralegal staff at legal services offices – will be phased out starting this year, affecting about 25,000 people.
- Grants for more than 75 public legal education and community development programs run by community organizations.

A number of legal aid offices, court houses and probation offices also will be closed. When combined with the cuts listed above, these changes will limit access to justice for thousands of British Columbians.

Women

In addition to rolling back the pay equity legislation established by the previous govern-

ment, the Liberals instituted a number of cuts that negatively affect women, including:

- The Ministry of Women's Equality was eliminated, as was the Women's Health Bureau.
- The \$16 million universal day care program – launched by the previous government but not yet implemented – was cancelled.
- The Child Care BC Program, which provided before- and after-school care for children from kindergarten to age 12, has been eliminated.
- Funding for child care resource and referral services, which provided assistance to parents looking for quality child care and training to child care providers, will be cut by 2004-05.
- Core funding for women's centres (\$2 million) is slated to be cut by 2004-05, affecting 38 centres and a range of services including peer and crisis counselling, family court advocacy, support for abused kids, and free meals for women and children.
- Funding for court ordered assaultive men's treatment programs will be cut by 50 percent.
- Expenditures for family law will be reduced by \$10 million in 2004-05. Family law cases where violence is not involved (the focus of the cuts) affect roughly 8,000 cases a year.
- Service fees will be implemented to partially recover costs for the Family Maintenance Enforcement Program, resulting in less money going directly to child support.

In addition, women's issues have been rolled into the Ministry of Community, Aboriginal and Women's Services which, when coupled with the above cuts and changes, leads many to believe that the Liberal government does not give priority to women's concerns.

Persons with Disabilities

As this report goes to press, the BC government is introducing legislation designed to restrict eligibility for disability benefits and to reduce monthly rates from \$786 to \$510 for possibly thousands of persons with disabilities. Under this legislation, clients no longer defined as disabled also will lose their extended medical coverage, bus pass and access to basic dental care and no longer will be entitled to the \$300 a month earnings exemption (the amount that a person on a disability benefit may earn working or volunteering with no reduction in their income assistance).

By defining disability more narrowly, the government is hoping to make progress towards its targeted budget reductions of \$581 million by 2004-05 in the Ministry of Human Resources. Under the current definition, applicants may qualify for disability status if they can demonstrate they need assistance or have disability-related costs. Under the new definition, the length of time it takes someone to complete a daily living activity, such as bathing and dressing, becomes irrelevant. Even if this task takes a few hours, this reality will have no bearing on eligibility.

In addition, the costs incurred in managing a disability now have no relevance. This change will affect, for example, people with soft tissue injuries, those who are HIV-positive and individuals who may not need assistance but who have ongoing costs related to their disability. To qualify for disability benefits, applicants will

have to be restricted directly and significantly in their ability to perform daily living activities. They will need to show that they require help with specific activities.

Other changes will limit people with a variety of conditions from being eligible, including those with neurological disabilities such as multiple sclerosis, rapid cycling bipolar depression and anxiety disorders. All 45,000 current recipients of the disability benefit will be reassessed under these new provisions.

These changes set the clock back on the gains made by the disability community for the past 10 years as they have worked to have their limited circumstances and employment barriers acknowledged by the government. Now many people with disabilities will be consigned again to a life of poverty and lack of recognition.

Other Vulnerable Groups

It is difficult to track all the changes and cuts across the government, as they are coming at a rapid pace and on so many fronts. However, the following are some additional program cuts which together will increase the vulnerability of the most disadvantaged British Columbians:

- The Office for Seniors has been closed.
- Home support services for the frail elderly and persons with disabilities will be reduced, including house cleaning and food preparation – both vital supports to help maintain independence in the home.
- The majority of BC seniors now pay up to \$25 for each prescription to a maximum of \$275 a year. Previously, the costs were about \$7 per prescription in dispensing fees.

- Meals on Wheels funding will be eliminated within the next two years and subsidies for Meals on Wheels will be cancelled.
- The Senior Citizens Counsellors Program has been abolished, cancelling services provided by 160 senior counsellors who make an average of 6,000 telephone a month and personal contacts to vulnerable seniors.
- The BC Seniors Supplement, which currently provides a \$49.30 monthly pension top-up for the poorest seniors, is being phased out.
- The Ministry of Multiculturalism has been eliminated.
- Funding for multicultural programs has been eliminated.
- All new funding for social housing is directed to ‘assisted living for seniors and disabled.’ No new social housing will be built for low-income people without disabilities.
- The Human Rights Commission is slated for closure.
- The Ombudsman’s Office has been cut by 35 percent.
- Programs helping communities in immediate economic crisis have been cut by more than 60 percent to less than \$3 million. Other programs to assist industries and communities adjust to large-scale lay-offs will be phased out.

Coupled with these service cuts affecting the poor, women, children, youth, seniors, persons with disabilities and the general public

will be staff cuts and office closures across the province (e.g., 24 court houses, five probation offices, 36 human resource offices, 60 legal aid offices and 10 apprenticeship offices). No community will be unaffected, with perhaps rural communities the hardest hit – many of which are already in crisis due to the economic restructuring across rural resource communities.

The government’s social program agenda can be summed up as: restricted eligibility; income-testing; rate cuts; offloading to families and the community; user fees; withdrawal of home support services, cuts to long-term care beds, hospitals and hospital beds; school closures; program cuts to communities in crisis; cuts to child care; tuition increases; and cuts to legal aid, victim services and programs for at-risk youth.

The Liberals promised a New Era. This profile suggests the New Era under way in the province is not the one voters expected. Many observers expect the situation to get worse as additional program cuts in the second and third years of program restraint are rolled out. Most British Columbians will find it hard to identify signs of hope and prosperity in the current climate. As the Liberals work to demonstrate progress on their New Era commitments, at the end of the day they will be evaluated on whether they delivered on their commitment of hope and prosperity. So far, the record is a failure and the future is dim.

Resources

www.gov.bc.ca for Budget 2002 and Ministry Service Plans

www.bcliberals.com/Campaign_2001/Platform.shtml for “A New Era,” the Liberal’s campaign pledge

www.povnet.org for updates on general cuts across sectors and links to other sites

www.policyalternatives.ca/bc for general analysis and commentary

www.tenants.bc.ca for information on Residential Tenancy Act

www.bcnu.org for updates on health care cuts

www.bccpd.bc.ca for information on cuts to programs serving people with disabilities

www.bctf.bc.ca for information regarding K-12 education changes and cuts

www.cfs-fcee.ca for information regarding postsecondary education changes and cuts

www.sparc.bc.ca for information and commentary regarding income assistance

www.firstcallbc.org for information regarding changes and cuts to children’s programs

www.vcn.bc.ca for information regarding community living changes and cuts

www.vsw.ca for information regarding women’s programs

www.vcn.bc.ca/srsnetbc for information regarding seniors’ programs