

SCHOOLS & MONEY

HANCOCK HINTS AT TRIMMING, AND AT BUDGET POLICY

By Mark Lisac, *Insight into Government* Dec. 18, 2009

Alberta legislators are slowly leaning toward making important statements on the Internet, sometimes in fairly obscure corners of the Net. That's better than never saying anything, although it tends to make political debate a game of hide and seek.

This week's Internet prospecting turns up two major comments on Education Minister **Dave Hancock's** blog, one from his staff and one from Hancock directly. (He's to be congratulated for distinguishing what comes from him and what from his staff — not a universal practice.)

Edmonton Journal reporter Sarah O'Donnell did fine work this week on probable changes to the education budget in 2010-11, and to the School Act. A posting by Hancock's staff endorsed her stories as "outstanding." That suggests the minister agrees with O'Donnell's estimates.

Her first call: a 60% chance that the department will cut the nine-year-old Alberta Initiative for School Improvement, which is costing \$78.7 million this year. She gives a 50% chance for action on teacher salaries, perhaps a wage freeze, and 30% for cuts to the initiative to reduce class sizes (cost this year: \$222 million).

The several other possibilities include revisions to school bus funding, centralization of services such as payroll functions, and reductions in testing, especially Grade 3 provincial achievement tests. Many of these ideas have been talked about publicly. Most important, they fit Hancock's view that programs should be checked for effectiveness and dropped if they aren't delivering much.

Financial policy has also attracted Hancock's attention. He is one of the few members of cabinet who sits on both Treasury Board, which makes final decisions on spending, and the agenda and priorities committee, which broadly approves policy directions. In a personal post, Hancock outlined what sounds like a probable approach to future budgets: "(I)o save non-renewable resource revenue we must move closer to where we pay our current expenses from our current revenue. We are not too far off that if we consider the amount dedicated to multigenerational infrastructure, but we do need to make prudent, not massive, adjustments and allow the economy to grow past us."

That suggests ending the 1990s-era policy of paying for infrastructure with cash — and using borrowed money instead. The government has been sliding in that direction in the last year without making a major point of it. Removing the \$4.3 billion in capital grants from the operating expenses now forecast for 2009-10 would wipe out all but a few million dollars of this year's deficit. To be consistent, current revenues should be required to cover debt payments as well as operating expenses.