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## Fiscal Policy and the Funding and Reform of Health Care and Other Social Programs

### Course Outline

The course will begin by establishing the foundations for the current funding of health care and Canadian social programs. When the federal government created an array of social programs during and after World War II, it established an important framework for future Canadian fiscal policy. The cost of the programs contributed to the fiscal crisis of the 1990s and the federal transfer payments to the provinces to fund the programs complicated the design, administration and fiscal accountability of the programs.

The course will consider important federal-provincial issues, such as the changes in federal transfers for health care, post-secondary education and social programs. It will consider the implications of cutting the transfers for these programs in 1995. It will also assess the 2007 federal budget that provided long term funding for Canadian social programs.

The course will consider the main elements of a budget. The major assignment for the class will involve students working together to compile a provincial budget.

One side of budgeting is the raising of revenue or taxation. The taxation issues to be discussed include: the principles underpinning current Canadian tax policy, the advantages and disadvantages of various forms of taxation, such as co-payment plans and user fees, and the debate about whether or not the provincial sales taxes of provinces like Saskatchewan and Ontario should be harmonized with the federal Goods and Services Tax (GST).

The other side of budgeting involves expenditures. The course will consider various forms of spending and will focus specifically on the social programs created during and after World War II, such as (Un)Employment Insurance, the Canada Pension Plan, Medicare, Social Assistance and various programs to support families and universities. Discussion will focus on the affordability of such programs. Why did many of these programs become unaffordable? What policy changes were adopted to make the programs affordable? Is the current medicare system fiscally sustainable and why has it been so difficult to change health care programs?

### Assignments:

The class will include both lecture and seminar formats. Students will be expected to read all material carefully and critically and will be graded on their contributions to class discussions.

Students will also be required to prepare a briefing note on one of the topics described in the class outline. The briefing note should include: a precise definition of the issue, background information, an analysis of the various dimensions of the problem, and a recommended response. An overview of the briefing note will be presented orally

during the class in which the issue is being covered. A final written copy of the note, which should be from 8 to 10 pages in length, will be due on November 18.

The topics for the briefing note and the dates for the presentation are as follows:

- 1) Do the provinces have sufficient funds to properly finance health care and the other social programs that are provincial responsibilities? Write a briefing note for the federal government assessing the merits of the argument by the provinces and the territories that there is a vertical fiscal imbalance. Include a communications strategy. To be presented Sept. 30.
- 2) Did the 2007 Federal Budget provide a stable, long-term foundation for funding health care and social programs? Write a briefing note for the Saskatchewan government assessing the 2007 federal budget and its implications for funding health care and social programs and for stabilizing provincial finances. To be presented on Oct. 7.
- 3) Is it good social policy to allow single income families to split their income and thereby reduce the taxes they pay? Is it good fiscal policy? Write a briefing note for the federal government discussing the advantages and disadvantages of income splitting. To be presented on Oct. 14.
- 4) Write a briefing note for the government of Saskatchewan on the issue of addressing the fiscal problems of health care by instituting either user fees for some services or by making some health care services a taxable benefit. To be presented on Oct. 14.
- 5) Can Canadians afford a universal child care program? Write a briefing note for the federal government discussing the affordability of implementing a universal child care program. To be presented on Oct. 21.
- 6) Should social programs be available to all, despite income or financial need, or should they be targeted to those in need? Write a briefing note for the Government of Saskatchewan on the advantages and disadvantages of universal versus target social programs. To be presented on Oct.21.
- 7) Does the Romanow Report on health care provide solutions to the problems of Canada's health care system from a provincial perspective? Write a briefing note for the province of Saskatchewan assessing the major implications for provincial governments of the Romanow Report (Building on Values: Report of the Commission on the Future of Health Care). To be presented on Oct. 28.
- 8) Does the Kirby Report on health care provide solutions to the problems of Canada's health care system from a provincial perspective? Write a briefing note for the province of Saskatchewan assessing the major implications for provincial governments of the Kirby Report (The Health of Canadians: The Federal Role.). To be presented on Oct. 28.

The other main assignment will involve working with other students to compile a provincial budget. Each student will be assigned a specific ministry, such as the ministry of finance, health etc. and will be responsible for compiling the appropriate budget material for that ministry. However, students will also act as Treasury Board Ministers and work as a group to make the decisions about the allocation of the available resources to the various ministries and the development of an overall theme for the budget. To prepare for the budget, students will have to consult relevant background material, such as what the mandate letters given to each Minister by the Premier, and the general issues involved in the area. Students will be expected to prepare a budget package which will include: an analysis and overview of the main issues and challenges involved in the area, the pre-budget messages that should be communicated to the public, the budget allocations in the area and the rationale for these allocations, the part of the budget speech that deals with the particular ministry and the post-budget communication strategy. Each student will present the overview of the budget for their ministry to the class. The final written version of the budget package, which should be approximately 15 to 20 pages in length, will be due on December 2.

The marks will be allocated as follows:

Class Participation.....40%

Briefing Note oral presentation  
and written assignment..... 20%

Budget oral presentation  
and written assignment.....40%

As well as the required readings, the class will track media coverage of important current fiscal policy issues that will be discussed on an ongoing basis in class. This year we will be tracking the current debate over changes to Canada's Employment Insurance program. Students should scan the Star-Phoenix and the Globe and Mail ( available on-lone) to monitor the unfolding of this ongoing controversy.

Class Outline:

Sept. 9: Introduction

Introductions, overview of the class, explanation of assignments and general discussion of public policy and current issues in public policy

Sept.16: Key Issues in Fiscal and Social Policy: Canada's Aging Population and the implications for health care and other social programs.

Required Readings:

David Osborne, Ted Gaebler, Reinventing Government: How the Entrepreneurial Spirit is Transforming the Public Sector, pp. 25-48.

Janice MacKinnon, Minding the Public Purse: The Fiscal Crisis, Political Trade-Offs and Canada's Future, pp. 3-56.

"Canada's Demographic Revolution: Adjusting to an Aging Population," Conference Board of Canada, March 2006 ([www.conferenceboard.ca](http://www.conferenceboard.ca)).

Janice MacKinnon, Employment Insurance, Policy Options, Sept. 2009 ([www.irpp.org](http://www.irpp.org)).

Sept. 23: The Fiscal Crisis of the 1990s and the Impact of the 1995 federal budget on health care and other social programs

Minding the Public Purse, pp 12-130; pp. 1-11, pp. 205-228.

Newspaper reading Employment Insurance

Sept. 30: The 1995 Budget and its Implications for health care and social programs; the fiscal imbalance.

Required Readings:

Minding the Public Purse, pp. 191-228.

Conference Board of Canada, Vertical Fiscal Imbalance: Fiscal Prospects for the Federal and Provincial/territorial Governments, August 2002. [www.conferenceboard.ca](http://www.conferenceboard.ca)

Conference Board of Canada, Fiscal Prospects for the Federal and Provincial/Territorial Governments, September 2004. [www.conferenceboard.ca](http://www.conferenceboard.ca)

Briefing Note Presentation on Fiscal Imbalance

Oct 7: Equalization, funding for social programs and the 2007 Federal Budget.

Required Readings:

Minding the Public Purse, pp. 155-191.

Roger Gibbins, "Federalism in the 21<sup>st</sup> century: defining the common economic space," Policy Options. March 2007. [www.irpp.org](http://www.irpp.org)

“Restoring Fiscal Balance for a Stronger Federation,” Aspire: Budget 2007.

Briefing Note Presentation on the 2007 Federal Budget

October 14: Canadian Tax Policy, carbon taxes and the Green Shift, user fees and other funding mechanisms for health care:

Required Readings:

Jack Mintz, Nancy Olewiler, “A Simple Approach for Bettering the Environment and the Economy: Restructuring the Federal Fuel Excise Tax,” Sustainable Prosperity, [www.sustainableprosperity.ca](http://www.sustainableprosperity.ca)

Federal Liberal Party, The Green Shift: Building a Canadian Economy for the 21<sup>st</sup> Century

Janice MacKinnon, “Dion’s Carbon Tax: The devil is in the details,” Globe and Mail, June 11, 2008.

Thomas Courchene, John Allan, “The carbon footprint belongs to ...the nations that produce the fossil fuels or the nations that consume them?” Globe and Mail, July 17, 2008.

Premier Brad Wall, “Don’t Discount Saskatchewan’s Approach to Fighting Climate Change,” Globe and Mail, August 5, 2008.

Briefing note presentations on income splitting and helping to fund health care through user fees or making health care a taxable benefit.

October 21 : Social Programs, their costs and changing them.

Required Readings:

Minding the Public Purse, pp. 228-256.

Kevin Milligan, “Of Beer and Popcorn: Federal Policy on Child Care and Child Benefits,” The 2006 Federal Budget: Rethinking Fiscal Priorities, pp. 147-162.

Rose Ann Devlin, “Comments”, The 2006 Budget: Rethinking Fiscal Priorities, pp. 163-168.

Dianne Rinehart, “The Daycare Campaign Revisited: From Baby Steps to Beer and Popcorn,” Policy Options, December 2007-January 2008. [www.irpp.org](http://www.irpp.org)

Briefing note presentations on the affordability of a universal child care program and on the advantages and disadvantages of universal versus targeted social programs.

October 28: The Fiscal Problems of Health Care and Federal Reports for Reform of the System:

Required Readings:

Minding the Public Purse, pp. 228-56.

Paul Boothe, Mary Carson, “What Happened to Health-Care Reform,” C.D. Howe Commentary, Dec. 2003 ([www.cdhowe.org](http://www.cdhowe.org)).

Michael J.L. Kirby and Wilbert Keon, “Why Competition is Essential in the Delivery of Publicly Funded Health Care Services,” Policy Matters, IRPP, Sept. 2004 ([www.irpp.org](http://www.irpp.org)).

Briefing Note Presentations on the Romanow and Kirby Reports.

Nov. 4: Provincial Reports on Reforming Canada’s Health Care System:

Required Readings:

Donald A. Mazankowski, A Framework for Reform: Report of the Premier’s Advisory Council on Health (Alberta).

Kenneth J. Fyke, Caring for Medicare: Sustaining a Quality System: Report of the Commission on Medicare (Saskatchewan).

Nov. 11: Remembrance Day Holiday

Nov 18: Budget Presentations:

Nov. 25: Budget Presentations:

Dec. 2: Review and Conclusions