

# LESSON 15

## THE PROVINCIAL GOVERNMENT BUDGET

### GUIDING QUESTION

Why should I care about Ontario's provincial budget?

### SUMMARY

Budgets are important planning documents that are used by individuals, businesses, organizations and governments to ensure responsible financial management, and that help outline priorities and achieve long-term goals.

In the 'Minds On' activity students estimate what they believe the breakdown of provincial government expenses and revenues should be for the upcoming year. Afterwards, students review Budget 2018 highlights and examine the government's breakdown of projected expenses and revenue resources. Students consider the impact of the budget on them and their families, and the aspects they agree and disagree with.

### LEARNING GOALS

By the end of this lesson, students will be able to:

- Demonstrate critical thinking skills about spending choices and financial decisions;
- Use the concept of *political significance* to assess how the budget impacts them and their family;
- Use the concept of *political perspective* to analyze the views of the different political parties on the current budget, and determine which party aligns with their own views;
- Use the concept of *stability* and *change* to evaluate factors that influence political change.

### SUCCESS CRITERIA

- I can think critically about provincial budget priorities;
- I can explain how the provincial budget impacts me and my family;
- I can assess how the perspectives of various political parties align with my personal views of the budget;
- I can explain how factors facilitate and/or present challenges to political change.

### CURRICULUM LINKS

*CPC30 – Overall Expectations:*

A1. Political Inquiry: use the political inquiry process and the concepts of political thinking when investigating issues of political importance in various communities and ways to address them;

A2. Developing Transferable Skills: apply in everyday contexts skills developed through investigations related to civics and citizenship education, and identify some careers in which civics and citizenship education might be an asset

B1. Factors Affecting Political Engagement: analyse how various factors can contribute to, and present a barrier to, their own and others' political engagement

*CPC30 – Specific Expectations:*

A1.1 formulate different types of questions to guide investigations into issues of political importance in various communities and ways to address them

A1.5 use the concepts of political thinking (i.e., political significance, objectives and results, stability and change, and political perspective) when analysing and evaluating evidence, data, and information and formulating conclusions and/or judgements about issues of political importance in various communities and ways to address them

A2.2 demonstrate in everyday contexts attributes, skills, and work habits developed through investigations into issues of political importance

B1.2 describe their own personal attitudes towards political engagement, including the extent and type of involvement they think appropriate

C3.1 describe some key characteristics of a democracy, and explain how they affect the practice of making political change

### MINDS ON

1. Ask students if they have ever planned in advance how they spend their money, or if they have ever needed to create a plan to save money for a particular purpose or goal (e.g., university/college, phone, clothes, video games, etc.). Introduce the concept of a budget and distinguish between expenses and income.

- Expenses – the money you spend
- Income – the money you receive/earn
- Budget – a plan to manage your money to balance your income and expenses

2. Explain to students that the Minister of Finance manages the revenue and expenses for the Ontario provincial government. There are seven major spending areas (Children and Social Services, Education, Health, Justice, Postsecondary and Training Sector, Other Programs, Interest on the Debt). Review Handout 15.1.

3. Using Activity 15.2, ask students to imagine that they are the Minister of Finance and ask them how they would spend and collect the approximately \$150 billion needed to operate the provincial government and deliver public services for the coming year. Ask students to estimate the expenditures and revenue as a percentage of the total.

## LESSON 15: THE PROVINCIAL GOVERNMENT BUDGET

4. Give students time to Turn and Talk with a partner and then debrief as a class. Guiding questions:

- Were your income and expenses equal?
- How did you decide which areas of responsibility would receive the most money?
- How did you decide which sources of income would bring in the most money?

### ACTION

1. Using Slide Deck 15A, provide an overview of the following key budget terms and their relevance at the provincial level:

- Every year the Ontario government must prepare a budget for the upcoming year (April 1 to March 31.). In order for it to pass (and be implemented), it must be approved by more than half of the Members of the Provincial Parliament (MPPs). Key terms:
  - **Revenue:** ‘money in’, money received, money earned;
  - **Expenditures:** ‘money out’, money spent, costs, payment for goods or services;
  - **Surplus:** excess, when you have more revenues than expenses, a positive fiscal balance;
  - **Deficit:** deficiency, when you have more expenses than revenues, a negative fiscal balance, budget shortfall; and
  - **Debt:** the amount you have borrowed over time and need to repay, an accumulation of months or years of a deficit, an amount of borrowings.

2. Using Slide Deck 15B, review the percentage breakdown of Government of Ontario’s expenditures in Budget 2018.

- The Ontario government expects to spend a projected \$158.5 billion during the current fiscal year (April 1, 2018 to March 31, 2019).

*Teacher Note: Use Handout 15.3 to review Ontario’s seven budget sectors*

3. Ask students to compare their own breakdown of expenses from the ‘Minds On’ activity to the government’s projections. How does the government budget compare to student estimates? How do student estimates compare to each other?

4. Using Slide Deck 15B, provide the percentage breakdown of the Government of Ontario’s revenue sources in Budget 2018.

5. Ask students to compare their own breakdown of revenue sources from the ‘Minds On’ activity to the government’s projections. How does the government budget compare to student estimates? How do student estimates compare to each other?

### CONSOLIDATION

Review the announcements associated with the Budget 2018 (video, backgrounder and highlights – <http://budget.ontario.ca/2018>). Use the following guiding questions to have a class discussion:

- What is the impact of the budget on you and your family?
- Are you satisfied with the budget and related announcements? Why or why not?
- Do you strongly agree or disagree with any political or media responses to the budget?

Sample media reports to provide analysis:

- “How much will all the ‘freebies’ in Wynne’s budget cost? Brace yourself, Ontario,” *Financial Post* (April 3, 2018)
- “Can the Ontario Liberals’ spending spree keep them in the election race until June 7?,” *Toronto Star* (April 2, 2018)
- “Wynne’s ploy to buy Ontarians’ votes is admirably shameless,” *CBC News* (March 28, 2018)
- “Ontario Liberals table an NDP budget — so why not vote NDP instead?,” *National Post* (March 28, 2018)
- “Ontario budget: Kathleen Wynne gambles voters won’t mind a deficit,” *CBC News* (March 28, 2018)
- “Ontario budget highlights: Key facts and figures you need to know,” *CBC News* (March 28, 2018)
- “How a Liberal budget begets a pre-election campaign platform in Ontario,” *Toronto Star* (March 26, 2018)

### ASSESSMENT IDEAS

A) Have students reflect on their views of Budget 2018, summarize a personal connection and link to their political orientation (Activity 15.3).







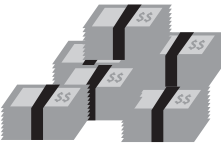
- One or two ways you agree with how the government has allocated funds
- One or two ways you disagree with how the government has allocated funds
- One personal connection you have to the budget
- Two explanations for how your views about the budget connect with your political leanings (position on the political spectrum)

B) With a provincial election coming this spring, the government’s budget – and how each of the opposition parties respond – can be viewed as a preview of the respective party platforms to come during the campaign.

Using media reports and political party communications, ask students to write an analysis of the 2018 provincial budget from different perspectives. Where applicable, incorporate information about the political spectrum to explain the responses or positions of the major political parties.

# HANDOUT 15.1: ONTARIO GOVERNMENT SPENDING SECTORS

The Ontario provincial government has seven major spending areas of which the 30 ministries fall within.

SECTOR	DESCRIPTION
 <p><b>Children and Social Services</b></p>	<p>The children and social services sector includes the Ministry of Children and Youth Services and the Ministry of Community and Social Services. This sector seeks to provide programs and services to support children and youth and those in need of support (such as those with differing abilities) develop and achieve their potential.</p>
 <p><b>Education</b></p>	<p>The education sector includes the Ministry of Education. The education sector manages the province's publicly funded education and child care systems to help students in achieving personal success, and to ensure that the provincial curriculum outcomes are achieved.</p>
 <p><b>Health</b></p>	<p>The health sector includes the Ministry of Health and Long-Term Care. The health sector manages the province's hospital and nursing homes, and is responsible for administering the health care system and providing services like health insurance, drug benefits, care for the mental health issues, long-term care, home care, public health and disease prevention.</p>
 <p><b>Justice</b></p>	<p>The justice sector includes the Attorney General and the Ministry of Community Safety and Correctional Services. The justice sector seeks to create a justice system that is modern, focused on prevention, community-based and people-centred by focusing on initiatives that will increase community safety and well-being, enhance system effectiveness and efficiency, improve outcomes for those in contact with the justice system.</p>
 <p><b>Postsecondary and Training</b></p>	<p>The postsecondary and training sector includes the Ministry of Advanced Education and Skills Development. This sector ensures that Ontario has the best higher education and training system to provide high-quality education and relevant skills possible to prepare people for good jobs that will improve the competitiveness of Ontario's economy.</p>
 <p><b>Other Programs</b></p>	<p>Spending on other programs includes all other provincial government ministries, including the Ministry of Agriculture, Food and Rural Affairs, the Ministry of Citizenship and Immigration, the Ministry of Energy, the Ministry of the Environment and Climate Change, the Ministry of Francophone Affairs and the Ministry of Natural Resources and Forestry.</p>
 <p><b>Interest on the Debt</b></p>	<p>When the provincial government has a deficit (more expenditures than revenues), they must borrow money to cover the shortfall. The money borrowed becomes the provincial debt, and the total debt is the accumulation of annual deficits. The government pays interest charges on the money borrowed over the years and not yet repaid. This spending is separate from that for provincial government ministries.</p>

## ACTIVITY 15.2: MY VERSION OF THE PROVINCIAL BUDGET

### PART ONE – PROVINCIAL EXPENDITURES:

1. The Government of Ontario will spend approximately \$158 billion this year. Use percentages to indicate how much you would dedicate to each category if you were the Minister of Finance. Your total must add up to 100%.

Afterwards, compare your expenditures breakdown to your peers', as well as the provincial government's actual estimates for this year.

	Your % of the budget or amount allocation	Actual % of expenditures in the most recent budget	Rationale (explain your thinking)
Health Sector			
Education Sector			
Children and Social Services Sector			
Postsecondary and Training Sector			
Justice Sector			
Interest on the Debt			
Other Programs (all other Ministries)			
<b>TOTAL</b>	<b>100%</b>	<b>100%</b>	

2. What are the two provincial expenditure areas where you would spend the most money, and why? Are there any personal connections you can make to explain your choice (e.g., self, family, community)?

## ACTIVITY 15.2: MY VERSION OF THE PROVINCIAL BUDGET

### PART TWO – PROVINCIAL REVENUES:

1. The Government of Ontario will bring in approximately \$152 billion from various revenue sources. Using percentages indicate how much you would aim to earn or collect from each source, if you were the Minister of Finance. Your total must add up to 100%.

Afterwards, compare your revenues breakdown to your peers, as well as the provincial government’s actual estimates for this year.

	Your % of the budget or amount allocation	Actual % of expenditures in the most recent budget	Rationale (explain your thinking)
Personal income taxes			
Corporate taxes			
Sales Tax (provincial portion of the HST)			
Federal Transfer Payments			
Non-Tax Revenues			
Government Enterprises/ Businesses			
Other revenues			
<b>TOTAL</b>	<b>100%</b>	<b>100%</b>	

2. Which two sources would your government collect the most revenue from? Why?

## ACTIVITY 15.3: MY VIEWS ON THE BUDGET

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1. One or two **ways you agree** with how the government has allocated funds:

2. One or two **ways you disagree** with how the government has allocated funds:

3. One **personal connection** to the budget:

4. Provide two explanations for how your views about the budget connect with **your political leanings** or your position on the political spectrum.