



Category: Affordability
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Whereas,

In 2006, the Nova Scotia government implemented a Graduate Tax Credit Program. The purpose of a graduate tax program was to reward those who had graduated from an accredited Nova Scotia post-secondary institute, and had decided to make their living in Nova Scotia. The program rewarded those graduates with an initial rebate of \$1000, which was increased to \$2000¹ in the year 2008. The government recently decided to expand on the existing program. An increase of funding included in 2009 provincial budget will provide graduates who stay a tax rebate with up to \$2500 annually for up to six years, deductible from taxes payable, for up to \$15 000 dollars. This enhanced program was motivated by a desire to increase the number of graduates that stay in Nova Scotia, and the government has indicated its desire to ensure education is accessible in their inaugural speech from the throne².

Though this program has been established in Nova Scotia for more than three years, there are no studies that have been done that are specific to the Province. However, as this rebate program is not one that is unique to Nova Scotia, there do exist studies that examine the success of graduate tax credits in other provinces, more specifically, results from the study of graduates from Manitoba and New Brunswick, the two provinces with the most significant graduate tax credit program. No survey indicates that this program has been successful in its mandate. The National Graduates Survey (NGS) conducts studies on a five-year basis, and examines the movements of Canadian PSE graduates. The results of the survey of the class of 2005 have just been released. The results of the NGS indicates that, in the provinces that have implemented graduate tax programs (Manitoba and New Brunswick), there has been no change in the likelihood of a graduate staying in the province after completing studies despite the government's spending roughly \$100 million on the tax credit program. Essentially, these two provinces have spent \$100 million "in funding that's doing exactly nothing other than providing windfall gains to people doing exactly what they were going to do anyways³."

The tax credit program is intended to create incentives for students who studied in the province, to stay here after graduation, and to contribute to the work force. Unemployment among Canadians between the ages of 19 and 24 is at 21% as of July 2009, which is the highest it has been since unemployment has been recorded⁴. The government intends for this tax credit to be a retention measure for graduates.

¹ Government of Nova Scotia, ND. Graduate Tax Credit – Questions and Answers. Retrieved on 19 October 2009 from <<http://www.gov.ns.ca/snsmr/access/individuals/graduate-tax/questions-answers.asp>>.

² Government of Nova Scotia, 2009. Budget Documents (2008 – 2010). Retrieved on 19 October 2009. From <http://www.gov.ns.ca/finance/en/home/budget/budgetdocuments/2008_2010.aspx>.

³ Usher, A. (2009). *Damn the facts! Just declare victory*. EPI Commentary—Friday September 4, 2009.

⁴ Statistics Canada. (2009). Labour Force Survey. The Daily for Friday August 7, 2009. <<http://www.statcan.gc.ca/daily-quotidien/090807/dq090807a-eng.htm>>.

What has been overlooked is the fact that there are few jobs that are available to these graduates. In order to increase the likelihood that students who attended Post-Secondary in Nova Scotia will remain in the province following their graduation, the province should shift their focus from tax credits to the creation and strengthening of a knowledge economy. The creation of a knowledge economy will encourage economic development in Nova Scotia, which will attract graduates to the possibility of staying in the province.

Not only do studies indicate that tax credit programs will have no impact on the likelihood of a graduate to stay in Nova Scotia after completing their studies, there also exist no studies that show that tax credits will have any effect on increasing accessibility to PSE in Nova Scotia. A graduate tax rebate rewards students on the wrong side of a degree program. For 19 of the last 20 years, Nova Scotia has had the highest PSE tuition in the country. An income tax credit, that at most will be worth \$15 000 that comes at the end of a degree program, will not help those who have no way of accessing PSE to begin with. This program is budgeted to cost \$14 Million this year, \$16 Million next year and \$23 Million, totaling \$53 Million over the next three years. That is \$53 Million with no proof that it will indeed be successful in retaining graduates, and with no evidence that such a program will increase the number of people who can access the Post Secondary system in Nova Scotia.

Therefore ANSSA,

- *Calls on* the provincial government to focus its contributions to the Post-secondary system to increasing accessibility through the creation of up-front grants programs, rather than on back-end tax credits
 - *Calls on* the provincial government to invest in the knowledge economy in order to stimulate the creation of jobs that will attract and retain recent graduates of Nova Scotia's Post-Secondary Institutions.
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