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Beyond the Sticker Shock 2008: A Closer Look at Canadian Tuition Fees

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Executive Summary

This is the second iteration of a paper first released by the Educational Policy Institute in 2006. Beyond the Sticker Price attempted to provide a new approach to understanding the real net costs of education of education. This paper continues on the path set by the earlier document by updating the data to the 2007-08 academic year.

The cost of university tuition is the topic of endless conversations in the education policy community. For the last few years, the dominant theme of these conversations in government circles has centered on the perception that costs for students and their families are rising quickly and need to be brought under control. However, this perception is being driven by a single statistic – that of tuition alone, unadjusted for inflation – and does not take into account either the changes in the overall costs on the economy, or – more importantly – the major changes in tax policy which have evolved to help people pay for tuition increases.

Every post-secondary student in Canada receives tax credits which offset tuition to some degree, though the amount varies from jurisdiction to jurisdiction. One of the central findings of this paper is that since 1999-2000, these credits have completely offset out the effects of any increases in tuition. It turns out that once tuition is adjusted for inflation and tax credits (using a measure developed in this publication two years ago as "Everybody's Net Tuition" or ENT), it is no higher now than it was eight years ago. In part, this is due to slower tuition growth in recent years, in part it is due to significant increases in federal tax credits in 2000, and in part it is due to some absolutely enormous increases in tax rebates in Manitoba and New Brunswick

This national figure is somewhat misleading, however, as the situation varies significantly on a province-by province basis. At the extremes, British Columbia has seen increases of 50 or 60% in ENT (depending on which year one uses as a baseline), while in Manitoba, ENT has dropped by over 100% and is now actually negative. That is to say, taking tax credits and rebates into account, tuition is now actually free in Manitoba, though for reasons best known to the government itself, it chooses not to portray the data that way.

Introduction

Each fall, Statistics Canada publishes the results of an annual summer survey of institutions with respect to tuition fees. Each fall, this report is the focus for a predictable round of claim and counter-claim about the threat to accessible PSE which is posed by rising tuition fees.

This survey's numbers are accurate, so far as they go. The weighted provincial and national fee totals accurately reflect the amount of tuition charged by institution. And yet, the survey results are also a completely inadequate tool for measuring what students and families actually pay in order to attend post-secondary education and it is a disservice to rational debate about education in Canada to allow these numbers to stand as the definition of educational costs.

The fact of the matter is that while students and their families pay tuition, they also receive transfers from governments – education tax credits and, in some cases, grants - which are specifically designed to offset tuition. As a result, Statistics Canada's tuition figures bear only the most passing resemblance to what students and their families actually pay in "net" tuition.

In 2006 the Educational Policy Institute released the first edition of 'Beyond the Sticker Price: A Closer Look at Canadian University Tuition Fees'. The report presented a new way by which to look at the prices and costs associated with university tuition, an alternative to the annual tuition fee report produced by Statistics Canada which more accurately reflects what students and their families actually pay in tuition fees once all various subsidies are taken into account.

The purpose of this paper is to build upon the research and analysis conducted for this paper's original release. This paper will present available data from a ten year period, from 1997-98 to 2007-08 and look at real changes in tuition fees, educational tax credits and tax rebate programs over that period. Of particular importance in this paper is the effect of the introduction of new tax rebate programs in four provinces since the last report. These programs have reduced the net cost of education substantially, particularly in Manitoba and New Brunswick. This new data will permit us to generate some alternative calculations of net tuition which are substantially more accurate as measures of cost than the simple tuition fee data. These measures, in turn, will permit us to see precisely how changing government policies on education tax credits and programs are affecting the people who receive them.

A Note on Methodology

In order to create this report the authors employed several different sources in order to most effectively represent the information.

Real Dollars – The authors have chosen to represent all monetary figures in terms of 'real dollars' employing the Consumer Price Index as reported by Bank of Canada, representing the value of the Canadian dollar in May of 2008.

Tuition – The figures provided by Statistics Canada in their annual report have been employed to represent tuition in this report. The figures used also represent the most up to date revisions, after being imputed in relation to the Real Dollars definition explained above.

Fees – The figures used are also an imputation of those provided by Statistics Canada. The method employed is as follows; In order to properly calculate ancillary fees (that is, compulsory fees payable to institutions covering matters other than tuition), one would need to know the amount of ancillary fees paid by each individual student. Statistics Canada, unfortunately, does not have this; instead, it has a "high" and "low" ancillary fee and, when reporting "average" fees, tends to use a midpoint. Here, the authors have done the same and calculated ancillary fee midpoints for every institution in every year. To derive provincial averages, the fees have been multiplied by each institution's proportion of provincial enrolment and the results summed.

Tax Credit Amounts – The values of tax credits are calculated for each province and each year by multiplying the prevailing federal and provincial tax credit allowances by, (respectively) the lowest marginal federal and provincial tax rates and summing the result.

Tax Rebate Amounts – The value of tax credits are calculated as per the publicly available descriptions of each individual provincial rebate program.

National Averages – All tables in this report show both provincial and national averages. We derive national averages from the weighted sum of provincial averages. The weights differ slightly for each year, depending on the national pattern of enrolment (that is to say, each year's data is re-weighted for enrolment). Averages for 2006-7 and 2007-8 use the most recent available enrolment data from Statistics Canada (2005-6).

With these definitions in mind, we can now turn to the data at hand.

Real Tuition Fees

The basic payment for educational services is tuition. As is well known, tuition fees rose substantially in Canada during the 1990s. Since 2000, however, tuition fees more or less stopped rising. A growing number of provinces have either instituted tuition fee freezes or – in two cases – actually legislated reductions in tuition fees over the past few years (see Appendix A for a review of current provincial policies on tuition fees).

As a result, after inflation, tuition fees per se have risen modestly in the past five years, as shown below in **Table 1**. This may come as a surprise to those whose familiarity with tuition fee data does not extend much beyond the annual tuition fee pronouncements of several organizations, which without fail speak of rapidly rising tuition. The reason for the discrepancy is simple: when comparing tuition on year-over-year basis, Statistics Canada never adjusts for inflation and describes changes in tuition fees over time purely in nominal dollars.

Table 1 - Tuition Charges in Canada, 1997-98 to 2007-08 (in May 2008 $)

Year	AB	BC	MB	NB	NL	NS	ON	PEI	QC	SK	CA
97-98	$ 4,068	$ 3,161	$ 3,666	$ 3,799	$ 4,031	$ 4,886	$ 4,133	$ 3,969	$ 2,264	$ 3,858	$ 3,601
98-99	$ 4,350	$ 3,121	$ 3,894	$ 3,987	$ 3,976	$ 5,037	$ 4,500	$ 4,112	$ 2,230	$ 4,054	$ 3,787
99-00	$ 4,496	$ 3,101	$ 4,212	$ 4,045	$ 4,073	$ 5,147	$ 4,932	$ 4,225	$ 2,190	$ 4,066	$ 4,019
00-01	$ 4,541	$ 3,013	$ 3,741	$ 4,167	$ 3,920	$ 5,382	$ 4,946	$ 4,067	$ 2,114	$ 4,263	$ 4,007
01-02	$ 4,633	$ 2,904	$ 3,728	$ 4,440	$ 3,489	$ 5,581	$ 5,163	$ 4,265	$ 2,118	$ 4,459	$ 4,112
02-03	$ 4,657	$ 3,551	$ 3,515	$ 4,680	$ 3,051	$ 5,829	$ 5,112	$ 4,351	$ 2,070	$ 4,793	$ 4,149
03-04	$ 4,924	$ 4,457	$ 3,443	$ 4,865	$ 2,845	$ 6,064	$ 5,247	$ 4,510	$ 2,036	$ 5,070	$ 4,339
04-05	$ 5,320	$ 5,085	$ 3,475	$ 5,069	$ 2,799	$ 6,447	$ 5,189	$ 4,698	$ 2,028	$ 5,438	$ 4,448
05-06	$ 5,054	$ 5,085	$ 3,481	$ 5,262	$ 2,723	$ 6,606	$ 5,153	$ 4,853	$ 1,985	$ 5,289	$ 4,399
06-07	$ 4,869	$ 4,846	$ 3,393	$ 5,592	$ 2,692	$ 6,565	$ 5,270	$ 5,030	$ 1,975	$ 4,880	$ 4,498
07-08	$ 4,964	$ 4,855	$ 3,384	$ 5,733	$ 2,633	$ 5,878	$ 5,381	$ 4,440	$ 2,025	$ 4,774	$ 4,524

Statistics Canada's habit of not adjusting historical tuition levels for inflation substantially overstates the real change in tuition, especially over a long period of time. For instance, the data in Table 1 shows that nationally, tuition has risen by 26 percent over the period 1997-98 to 2007-08. Unadjusted for inflation (as Statistics Canada portrays the data) the increase is more than twice that: 58 percent.

Tuition is not, of course, the only formal expense payable by students. They also need to pay increasing amounts of ancillary fees. Over the past ten years, these have risen at a higher rate than tuition fees. Since 1997-98 we have seen ancillary fees rise at a rate of 55 percent, considerably out jumping the tide in tuition. Statistics Canada tends to portray ancillary fees in a highly disaggregated manner, which befits the fact that these

fees tend to vary more within an institution than tuition fees. Indeed, for many years, Statistics Canada would not even aggregate average ancillary fees at a provincial level. As a result, it never shows *combined* tuition and ancillary fees, which are of course the real education charges levied on students. Table 2, however, does precisely this, using a consistent method across time to calculate average ancillary fees at the provincial level.

Table 2 - Combined Tuition and Ancillary Fee Charges in Canada, 1997-98 to 2007-08 (in May 2008 $)

Year	AB	BC	MB	NB	NL	NS	ON	PEI	QC	SK	CA
1997-98	$ 4,554	$ 3,471	$ 4,091	$ 4,017	$ 4,282	$ 5,187	$ 4,680	$ 4,417	$ 2,726	$ 4,045	$ 4,056
1998-99	$ 4,852	$ 3,404	$ 4,298	$ 4,207	$ 4,383	$ 5,338	$ 5,068	$ 4,569	$ 2,632	$ 4,428	$ 4,243
1999-00	$ 5,006	$ 3,378	$ 4,699	$ 4,264	$ 4,505	$ 5,504	$ 5,612	$ 4,700	$ 2,661	$ 4,570	$ 4,547
2000-01	$ 5,021	$ 3,414	$ 4,123	$ 4,358	$ 4,762	$ 5,751	$ 5,545	$ 4,527	$ 2,590	$ 4,744	$ 4,516
2001-02	$ 5,095	$ 3,278	$ 4,144	$ 4,643	$ 4,321	$ 6,088	$ 5,803	$ 4,742	$ 2,605	$ 5,027	$ 4,647
2002-03	$ 5,162	$ 4,026	$ 4,076	$ 4,925	$ 3,550	$ 6,328	$ 5,826	$ 4,851	$ 2,777	$ 5,376	$ 4,782
2003-04	$ 5,429	$ 5,093	$ 4,019	$ 5,119	$ 3,336	$ 6,595	$ 6,010	$ 5,021	$ 2,786	$ 5,690	$ 5,023
2004-05	$ 5,840	$ 5,672	$ 4,138	$ 5,324	$ 3,288	$ 7,042	$ 5,912	$ 5,255	$ 2,650	$ 5,914	$ 5,085
2005-06	$ 5,590	$ 5,581	$ 4,274	$ 5,561	$ 3,208	$ 7,169	$ 5,890	$ 5,459	$ 2,618	$ 5,765	$ 5,044
2006-07	$ 5,629	$ 5,416	$ 3,901	$ 5,935	$ 3,178	$ 7,266	$ 6,019	$ 5,774	$ 2,746	$ 5,374	$ 5,193
2007-08	$ 5,711	$ 5,475	$ 3,895	$ 6,071	$ 3,109	$ 6,739	$ 6,139	$ 5,177	$ 2,783	$ 5,217	$ 5,229

Table 2 shows that combined tuition and fees have risen at a pace very similar to tuition alone. Over a ten-year period, the increase is approximately 29 percent in real terms. However, increases have slowed considerably in recent years. Indeed, combined tuition and fees in 2005-2006 were actually *lower* than they were the previous year although since then we have seen the costs creep up modestly as well as continue to fall in some provinces. The resulting national trend demonstrates that costs of education are increasing at a real rate of just over 2 percent per annum since 2000.

None of this, however, takes into account the real and very large changes in the pattern of universal subsidies for education over the past ten years and the effect these changes have had on the "net" tuition paid to individuals. It is to this subject that we now turn.

Tax Credits and "Everybody's Net Tuition"

Both the federal and provincial governments provide a variety of tax benefits for education (see Junor and Usher 2004, Usher 2006). Of these, two in particular benefit students during their studies: the tuition tax credit and the education amount tax credit. In 2006, the federal government also introduced the Textbook and Technology tax credit which supplemented the federal credit system, in a parallel fashion.

In 1995, the tuition tax credit simply covered tuition and the education credit was worth $80/month for a full-time student. Over the next five years, the Government of Canada significantly expanded these credits in a number of ways. In 1997, the tuition tax credit was expanded to include ancillary fees. In 1996, the education amount was raised to $100/month, then to $150/month (1997), $200/month (1998) and finally, $400/month (2000). Part-time students were also given education amount credits for the first time, worth $60/month (1998) and then $120/month (2000). In 2006 a new federal textbook and technology credit was introduced, which is functionally identical to the monthly education amount, added $65/month to the tax credit per full time student and $20/month for part time.

These tax credits were always transferable to another individual, such as a parent or spouse, but in 1997 they were also made transferable in time, with students given the option to carry-forward the credits for up to seven years. The most recent tax data suggests that 45 percent of all tax credits are used by students themselves in the year in which they are granted, 35 percent are transferred to parents or spouses, and 20 percent are carried forward to a future year.[1]

In addition to federal tax credits, provinces also have their own tax expenditures related to education.[2] Prior to 2000, when provinces collected taxes based on federal tax payable, these expenditures were effectively *implicit* – whenever the Government of Canada decided to reduce tax payable on students, their provincial taxes were simultaneously reduced as well[3]. After 2000, provinces switched to a system of collecting taxes based on individual income. In this scheme, federal tax credit changes no longer automatically changed provincial tax policy. All provinces which had been on the federal system maintained the education tax credits which had been in place until

[1] Department of Finance annual tax expenditure report, 2005

[2] A "tax expenditure" is the notional net revenue lost to government as a result of not reducing tax payable through a particular tax credit

[3] This was not true of Quebec, which has its own separate tax system

2000 (i.e. $200/month); however, only four provinces (Alberta, Ontario, Manitoba and Saskatchewan) matched the federal move to $400/month that same year. Alberta and Ontario actually went a step further and indexed the credits to inflation, so that their value now sits at roughly $460/month. Quebec does not have a monthly education amount tax credit.

The massive expansion of tax credits has been commented upon – usually in a negative light – on many occasions, most notably Finnie, Schwartz and Lascelles (2003), Finnie Usher and Vossensetyn (2004) and Junor and Usher (2006). But these critiques have focused on the aggregate amount of money spent on tax credits rather than the amount received by individuals, and indeed the whole topic of tax credits as they apply to the individual has been overlooked in the existing literature. The value of tax credit to individuals has never even been calculated on a combined federal-provincial basis before, let alone tracked over time.

And yet, it is not particularly difficult to make these calculations. Given the structure of Canadian education tax systems, the value of available tax credits to individuals in each province depends on three things:

- **Tuition (and ancillary fees)**. All other things being equal, provinces with higher fees will have a higher value of tax credits.

- **Education Amounts**. The federal education amount is standard across all provinces; however, the provincial education amount varies somewhat from province to province. All other things being equal, provinces with higher education amount credits will have a higher value of tax credits.

- **Tax rates**. Again, the federal tax rate is standard across all provinces, while the provincial tax rate varies substantially across provinces. Ontario and BC have the lowest marginal tax rate at 6.05 percent and 5.7 respectively. Nova Scotia, Prince Edward Island and Alberta have set their lowest rates at between 9 and 10 per cent. Manitoba, Newfoundland and Labrador, New Brunswick and Saskatchewan have set their lowest rates between 10 and 11 percent while in Quebec the rate is 20 percent. All other things being equal, tax credits will have a higher value in provinces with high tax rates than in provinces with low tax rates.

- Table 3 applies these lessons, calculates the total amount of tax credits in each province in each year and then multiplies the amounts by the prevailing federal and provincial tax rates to derive the value of tax credits to an individual.

Table 3 - Value of Available Tax Credits per Full-Time University Student, 1997-98 to 2007-08 (in May 2008 $)

Year	AB	BC	MB	NB	NL	NS	ON	PEI	QC	SK	CA
1997-98	$ 1,285	$ 1,055	$ 1,222	$ 1,290	$ 1,775	$ 1,570	$ 1,348	$ 1,371	$ 1,505	$ 1,195	$ 1,363
1998-99	$ 1,384	$ 1,076	$ 1,309	$ 1,370	$ 1,841	$ 1,644	$ 1,446	$ 1,456	$ 1,470	$ 1,333	$ 1,420
1999-00	$ 1,519	$ 1,163	$ 1,504	$ 1,486	$ 1,979	$ 1,795	$ 1,627	$ 1,600	$ 1,499	$ 1,452	$ 1,547
2000-01	$ 1,881	$ 1,106	$ 1,714	$ 1,685	$ 1,965	$ 1,894	$ 1,672	$ 1,581	$ 1,404	$ 1,889	$ 1,601
2001-02	$ 1,901	$ 1,076	$ 1,720	$ 1,758	$ 1,808	$ 1,981	$ 1,736	$ 1,636	$ 1,372	$ 1,965	$ 1,623
2002-03	$ 2,185	$ 1,496	$ 1,957	$ 2,086	$ 1,816	$ 2,221	$ 2,000	$ 1,920	$ 1,690	$ 2,315	$ 1,916
2003-04	$ 2,259	$ 1,732	$ 1,942	$ 2,136	$ 1,711	$ 2,287	$ 2,047	$ 1,964	$ 1,654	$ 2,400	$ 1,963
2004-05	$ 2,296	$ 1,771	$ 1,900	$ 2,104	$ 1,600	$ 2,296	$ 1,934	$ 1,940	$ 1,512	$ 2,370	$ 1,888
2005-06	$ 2,256	$ 1,774	$ 1,955	$ 2,184	$ 1,552	$ 2,352	$ 1,956	$ 2,012	$ 1,474	$ 2,353	$ 1,884
2006-07	$ 2,332	$ 1,795	$ 1,917	$ 2,373	$ 1,529	$ 2,427	$ 2,043	$ 2,147	$ 1,553	$ 2,307	$ 1,956
2007-08	$ 2,466	$ 1,783	$ 1,916	$ 2,407	$ 1,479	$ 2,303	$ 2,073	$ 2,155	$ 1,532	$ 2,266	$ 1,968

Table 3 shows that tuition credits have grown – or shrunk - at different rates in different provinces over the past decade. In British Columbia and New Brunswick, provinces where tuition has risen significantly, tax credits have almost and effectively doubled. The rise in the value of credits has been much more muted in Quebec, where tuition is relatively constant (if not falling from year to year). While in Newfoundland and Labrador where tuition is down almost 30%, tax credits have fallen around 17 percent. Nationally, the value for tax credits per full-time student has risen by 45 percent over the decade.

It is important to understand that these tax credits act as a kind of "tuition rebate". When a student in Alberta pays $5,711 in university tuition and fees, he or she also receives a $2,466 in tax credits to offset this amount. This is not quite the same as reducing tuition by $2,466, but it is awfully close. True, the payment is delayed until tax time in April (and presumably it is of less value than if it were reduced at source the previous September). Even then, in about 20 percent of cases students either cannot use or choose not to use the credit in that calendar year but instead carry it forward to a subsequent year. But in a strict accounting sense, the timing of the payment is irrelevant. Tax credits reduce the "net cost" of tuition dollar for dollar.

"Net Cost" is a key concept in the (primarily American) studies which look at relationships between cost and accessibility (see for example St. John 2003, McPherson and Shapiro 1991 and Leslie and Brinkman 1987). Put briefly, the term refers to the cost of tuition minus the cost of any non-repayable assistance that has been given to students. Typically, the term "non-repayable assistance" has meant grants, although newer studies are beginning to apply this logic to tax credits as well (Berkner 2006).

In Canada, not every post-secondary student receives grants, but everyone receives tax credits. As a result, subtracting tax credits from tuition and fees gives us what for lack of

a better term shall be called "Everybody's Net Tuition" (ENT). ENT can now be derived simply by applying the results of Table 3 to the results of Table 2. The resulting figure is shown below in Table 4.

Table 4– "Everybody's Net Tuition" – Average Tuition & Fees Minus Available Tax Credits, Full-Time University Students, 1997-98 to 2007-08 (in May 2008 $)

Year	AB	BC	MB	NB	NL	NS	ON	PEI	QC	SK	CA
1997-98	$ 3,269	$ 2,416	$ 2,868	$ 2,726	$ 2,507	$ 3,617	$ 3,333	$ 3,046	$ 1,221	$ 2,851	$ 2,694
1998-99	$ 3,468	$ 2,329	$ 2,989	$ 2,837	$ 2,542	$ 3,695	$ 3,621	$ 3,113	$ 1,162	$ 3,095	$ 2,822
1999-00	$ 3,487	$ 2,214	$ 3,195	$ 2,778	$ 2,526	$ 3,709	$ 3,985	$ 3,100	$ 1,161	$ 3,119	$ 2,983
2000-01	$ 3,139	$ 2,308	$ 2,409	$ 2,673	$ 2,797	$ 3,856	$ 3,873	$ 2,946	$ 1,186	$ 2,855	$ 2,876
2001-02	$ 3,194	$ 2,202	$ 2,425	$ 2,885	$ 2,513	$ 4,107	$ 4,067	$ 3,106	$ 1,232	$ 3,061	$ 2,985
2002-03	$ 2,977	$ 2,529	$ 2,118	$ 2,838	$ 1,734	$ 4,106	$ 3,826	$ 2,931	$ 1,087	$ 3,060	$ 2,877
2003-04	$ 3,171	$ 3,361	$ 2,077	$ 2,983	$ 1,625	$ 4,307	$ 3,963	$ 3,057	$ 1,133	$ 3,290	$ 3,083
2004-05	$ 3,544	$ 3,901	$ 2,237	$ 3,221	$ 1,688	$ 4,746	$ 3,978	$ 3,315	$ 1,138	$ 3,544	$ 3,182
2005-06	$ 3,335	$ 3,807	$ 2,320	$ 3,377	$ 1,656	$ 4,817	$ 3,934	$ 3,446	$ 1,144	$ 3,411	$ 3,114
2006-07	$ 3,296	$ 3,621	$ 1,984	$ 3,562	$ 1,650	$ 4,839	$ 3,976	$ 3,627	$ 1,193	$ 3,067	$ 3,178
2007-08	$ 3,245	$ 3,692	$ 1,979	$ 3,664	$ 1,630	$ 4,436	$ 4,066	$ 3,022	$ 1,251	$ 2,950	$ 3,212

Table 4, which shows the actual tuition paid minus all tax credit subsidies, reveals a starkly different picture than the one shown by unadjusted figures in regards to educational costs. Nationally, ENT has only risen by 19 percent over the decade and in four provinces – Alberta, Quebec, Manitoba, Newfoundland and Labrador, and Quebec - it has declined by 1 percent, 1 percent, 31 percent, and 35 percent, respectively. In British Columbia however, ENT has risen by 52 percent over the decade. Similarly New Brunswick, Nova Scotia, Ontario and Quebec we have seen increases in Net Costs of 34 percent, 23 percent, 22 percent and 2 percent respectively. Each province represents a drastically different picture from one another, given the series of actors affecting the figures; tuition, fees, and tax credits.

An even more startling picture emerges when one uses 1999-2000 – the last year before the major increase in tax credits at the federal level - as the baseline instead of 1997-98. For the sake of comparison, the authors have also employed the initial release date of this paper as a baseline, to see how far we have travelled since then. Changes in ENT using the three different baselines are shown below in Table 5.

Table 5 – Absolute and Percentage Changes in Everybody's Net Tuition (in May 2008 $)

	AB	BC	MB	NB	NL	NS	ON	PEI	QC	SK	CA
$ Change since 97-98	$ (24)	$ 1,277	$ (889)	$ 938	$ (877)	$ 819	$ 733	$ (24)	$ 30	$ 100	$ 518
% Change since 97-98	-1%	53%	-31%	34%	-35%	23%	22%	-1%	2%	3%	19%
$ Change since 99-00	$ (242)	$ 1,478	$ (1,216)	$ 886	$ (896)	$ 727	$ 81	$ (79)	$ 90	$ (168)	$ 230
% Change since 99-00	-7%	67%	-38%	32%	-35%	20%	2%	-3%	8%	-5%	8%
$ Change since 05-06	$ (90)	$ (115)	$ (340)	$ 287	$ (26)	$ (380)	$ 132	$ (425)	$ 107	$ (461)	$ 36
% Chance since 05-06	-3%	-3%	-15%	9%	-2%	-8%	3%	-12%	9%	-14%	1%

Table 5 shows that in the 8 years since 1999-2000, British Columbia has had by far the largest increase in ENT (66 percent), though sizeable increases have also occurred in both Nova Scotia and New Brunswick. More importantly, however, ENT has dropped in five out of the ten provinces and increased modestly in the remaining two. The largest decrease in cost has come in Manitoba, where ENT is down by almost 40% since 1999-00.

The most significant column in table 5 is the one which shows that nationally, ENT has actually only increased by 19 percent. In other words, far from skyrocketing out of sight and becoming unaffordable for the middle classes, the "net" tuition paid by all students has risen only modestly in the last decade and has increased less than half of that (eight percent) since the turn of the Millennium. Far from being a "threat to access" (Canadian Association of University Teachers 2006), the actual cost of education to all students, has been holding fairly stable, all things considered.

However, this is not quite the end of the story. Tax credits are not the only set of subsidies available to students which affect "net cost". Since the initial 'Beyond the Sticker Price', several provinces have created a new series of 'tax rebate' programs which drastically modify the cost of education picture as is displayed above. It is to this new topic to which we now turn.

Education Tax Rebate Programs

Outside of the already existing tax credit systems as explained and demonstrated above, there are a series of newly formed rebate programs across the country. Since 2005-06, four provinces – Manitoba, New Brunswick, Nova Scotia, and Saskatchewan – have created programs which all, through different methods and circumstances distribute a secondary tax credit, on top of formally understood tax credit programs. The programs are explained individually below (Usher and Junor 2007), and their value per year (from the perspective of an individual student, based on average or standard figures) is demonstrated in Table 6.

Manitoba: Introduced in 2007, the *Manitoba Tuition Fee Income Tax Rebate* provides post-secondary graduates with a 60 percent income tax rebate on their eligible tuition fees. The rebate can be claimed over a period of 6 to 20 years by any graduates who have completed studies at a postsecondary education institution after January 1, 2007 and now work and pay taxes in Manitoba.

New Brunswick: The *Tuition Tax Cash Back Credit* provides graduates from an eligible post-secondary institution, who live, work and pay provincial personal income tax, eligibility for a non-taxable rebate of 50 percent of their tuition costs to a maximum of $2,000 per annum (maximum lifetime rebate of $10,000). The graduate has 20 years to utilize the tax credit.

Nova Scotia: The *Graduate Tax Credit* is available to anyone living and working in Nova Scotia who graduated from an eligible post-secondary program on or after January 1, 2006. The Tax Credit is only accessible by application and can reduce the provincial portion of income tax by $1,000 for a single year (unused portions can be carried forward for up to two years). In 2008, the credit has been expanded to $2,000.

Saskatchewan: Introduced in 2007, the *Saskatchewan Graduate Tax Exemption* replaced the Graduate Tax Credit (whose value was increased in 2004 from $350 to $500 with a target of $1,000 by 2007) allows graduates of any recognized post-secondary institution to be exempt from provincial income tax for $10,000 per year, or $50,000 during the first five years following graduation. The exemption is likely to result in annual tax savings for a graduate of $1,100 or $5,500 over five years.

The programs in Nova Scotia and Saskatchewan are essentially “flat” rebates in that their value is the same regardless of the length of time spent in PSE. The more generous New Brunswick and Manitoba programs, on the other hand, vary in size depending on the amount of tuition paid. Because of these features of the 2, the authors of this paper have opted to evaluate the rebate programs in relation to the ‘cost of a four year

degree'. Table 6 combines the ENT figures minus the value of Tax Rebates (based on the year of graduation), of a four year degree. The following assumes, the tax rebates are used to their full potential, and the graduating student is completing a four-year undergraduate degree, as a full time student.

Table 6 - ENT minus Tax Rebate Programs, Cost of Four Year Degree (May 2008 $)

	MB			NB			NS			SK		
Graduating	ENT	Rebate	Cost of Degree	ENT	Rebate	Cost of Degree	ENT	Rebate	Cost of Degree	ENT	Rebate	Cost of Degree
2005	$8,857	$ -	$8,857	$11,927	$ -	$11,927	$17,267	$ -	$17,267	$12,955	$1,875	$11,080
2006	$8,752	$ -	$8,752	$12,419	$ -	$12,419	$17,977	$ -	$17,977	$13,305	$2,375	$10,930
2007	$8,618	$8,276	$ 342	$13,143	$10,394	$ 2,749	$18,710	$2,000	$16,710	$13,312	$3,125	$10,187
2008	$8,520	$8,240	$ 280	$13,824	$10,828	$ 2,996	$18,839	$3,000	$15,839	$12,973	$3,725	$ 9,248

*****while a student is able to claim 50% of tuition up to $2000/per year, the theoretical cost per year is still based upon the full 50% figure, given that over the extended period, the student will receive the full credit.

The above table is interesting to say the least. It highlights in particular, the massive amount of resources being transferred to students in Manitoba and New Brunswick in particular as a result of their rebate programs.

Having shown the data on a 4-year basis, it is possible to return to the more familiar year-on-year calculations simply by dividing the total degree benefit in 4 and applying the result to the ENT figures shown in Table 4. Table 7 below continues the study of 'net tuition' faced by a student, on a year to year basis, with the special tax rebate programs factored in.

Table 7 - ENT Considering Tax Rebate Programs, (in May 2008 $)*

Year	AB	BC	MB	NB	NL	NS	ON	PEI	QC	SK	CA
1997-98	$ 3,269	$ 2,416	$ 2,868	$ 2,726	$ 2,507	$ 3,617	$ 3,333	$ 3,046	$ 1,221	$ 2,851	$ 2,694
1998-99	$ 3,468	$ 2,329	$ 2,989	$ 2,837	$ 2,542	$ 3,695	$ 3,621	$ 3,113	$ 1,162	$ 3,095	$ 2,822
1999-00	$ 3,487	$ 2,214	$ 3,195	$ 2,778	$ 2,526	$ 3,709	$ 3,985	$ 3,100	$ 1,161	$ 3,119	$ 2,983
2000-01	$ 3,139	$ 2,308	$ 2,409	$ 2,673	$ 2,797	$ 3,856	$ 3,873	$ 2,946	$ 1,186	$ 2,505	$ 2,876
2001-02	$ 3,194	$ 2,202	$ 2,425	$ 2,885	$ 2,513	$ 4,107	$ 4,067	$ 3,106	$ 1,232	$ 2,711	$ 2,985
2002-03	$ 2,977	$ 2,529	$ 2,118	$ 2,838	$ 1,734	$ 4,106	$ 3,826	$ 2,931	$ 1,087	$ 2,710	$ 2,877
2003-04	$ 3,171	$ 3,361	$ 2,077	$ 2,983	$ 1,625	$ 4,307	$ 3,963	$ 3,057	$ 1,133	$ 2,790	$ 3,083
2004-05	$ 3,544	$ 3,901	$ 2,237	$ 3,221	$ 1,688	$ 4,746	$ 3,978	$ 3,315	$ 1,138	$ 2,869	$ 3,182
2005-06	$ 3,335	$ 3,807	$ 2,320	$ 3,377	$ 1,656	$ 3,817	$ 3,934	$ 3,446	$ 1,144	$ 2,561	$ 3,114
2006-07	$ 3,296	$ 3,621	$ (52)	$ 766	$ 1,650	$ 3,839	$ 3,976	$ 3,627	$ 1,193	$ 1,967	$ 2,947
2007-08	$ 3,245	$ 3,692	$ (51)	$ 798	$ 1,630	$ 3,436	$ 4,066	$ 3,022	$ 1,251	$ 1,850	$ 2,980

*Provinces with 'tax rebate programs' in place, are highlighted on the chart, where the program comes into place. (Noting Saskatchewan already had a graduate tax credit in place, which was replaced in graduate tax exemption in 2007)

Table 7 shows is identical to table 4 in the six provinces where no graduate tax credits exist; however, in the other four provinces the numbers have changes substantially. In

Manitoba, the graduate tax credit is now in fact large enough to make tuition *negative* for all students, while New Brunswick's tuition falls to the second lowest in the country. This also has an effect on the national picture, dropping ENT below $3,000, effectively to exactly where it was in 1999-2000.

Table 8 - Changes in ENT Considering Tax Rebate Programs (May 2008 $)

	AB	BC	MB	NB	NL	NS	ON	PEI	QC	SK	CA
$ Change since 97-98	$ (24)	$1,252	$(2,919)	$(1,929)	$(877)	$ (181)	$ 733	$ (24)	$ 30	$ (1,000)	$ 286
% Change since 97-98	-1%	52%	-102%	-71%	-35%	-5%	22%	-1%	2%	-35%	11%
$ Change since 99-00	$(242)	$1,453	$(3,246)	$(1,980)	$(896)	$ (273)	$ 81	$ (79)	$ 90	$ (1,268)	$ (2)
% Change since 99-00	-7%	66%	-102%	-71%	-35%	-7%	2%	-3%	8%	-41%	-0.1%
$ Change since 05-06	$ (90)	$(140)	$(2,371)	$(2,579)	$ (26)	$ (380)	$ 132	$ (425)	$ 107	$ (711)	$ (134)
% Chance since 05-06	-3%	-4%	-102%	-76%	-2%	-10%	3%	-12%	9%	-28%	-4%

When we look at Manitoba and New Brunswick, the reductions in ENT are astoundingly large. Since 2000 the provinces have seen reductions of 102 percent and 71 percent respectively in ENT. Table 7 which appears earlier in this section demonstrates that from an accounting perspective, the Government of Manitoba and Government of Canada actually distribute more money in tax rebates and credits to an individual student than they pay in tuition and fees in 2006-07 and 2007-08. Essentially, Manitoba students are earning $50/year while they are enrolled.

Programs impacts are less drastic in Nova Scotia and Saskatchewan, which is to be expected given the smaller sizes of their respective rebates. Still, both provinces have seen reductions in the ENT since implementing these programs; by 10 percent in Nova Scotia and 28 percent in Saskatchewan.

What we can conclude from all of this is that nationally, net tuition is virtually unchanged since the turn of the decade; indeed, were it not for quite large tuition increases in BC five years ago, the tuition picture would be sharply negative. Even over the longer ten-year span where the country as a whole shows a net increase of 11%, seven out of ten provinces still showed net decreases in tuition.

Grants

Tax credits are not the only way governments reduce costs to students; need- or income-based grants, as well as loan remission programs also serve the same function.

In the previous edition of *Sticker Price*, we attempted to show how the increase in the amount of grants was affecting net price. In effect, what we did was to look at the average grant size in each province and deduct it from "ENT" in order to come up with a "Grant Recipients' Net Tuition" (GRNT) which allowed us to examine the net prices facing those students poor or needy enough to require grants. Since these students are presumably considered the country's most vulnerable, this seemed like a good way to check the prices facing those "on the edge".

However, the result was not entirely satisfactory because it is nearly impossible to tell how many students in Canada are receiving grants because there is no way to eliminate double-counting in the figures given by various sources for grants (in order of importance: provincial governments, the Canada Millennium Scholarship Foundation and the Government of Canada). We know that the average grant is *declining* in size, but since more students are receiving multiple grants, the average size of grants received by grant recipients is actually unknown. As a result, we have discontinued this line of analysis until such time as we can get better data on grant recipients.

Summary and Conclusion

Our examination of tuition statistics began by noting that available data has two significant problems. As a time-series measure it significantly overstates tuition growth in real terms because it does not take account of inflation. As a measure of real student costs it fails to take account of various non-repayable subsidies such as tax credits, tax rebates and grants. The annual Statistics Canada tuition announcement is a valuable and accurate piece of data – but it clearly needs to be complemented with other data before it can be utilized either in historical terms or as a present-day measure of affordability.

Our brief excursion into calculating real costs for students revealed the following:

- Education tax credits, which act as a kind of tuition rebate, have expanded by over 45 percent nationally over the past decade on a per-student basis.

- Taking both inflation and tax credits into account, real "net tuition" is up by just 19 percent since 1997-98.

- Since 1999-2000, the growth in tax credits has more than offset the growth in real tuition. Nationally, once tax credits are taken into account, "net tuition" has only increased 8 percent over the last 8 years.

- Very generous tax rebate programs recently introduced in four provinces have seen the "net tuition" figures, once adjusted for these rebates, decrease by as much as 102 percent. At the national level, taking these into account, tuition has actually fallen over the last eight years.

One of the key concepts in this paper is that there is more than one way to measure "net tuition". Governments wishing to pay attention to affordability and accessibility need to pay more attention to these differences. It is possible – by ignoring tax credits and rebates completely – to make a case that net tuition costs in Canada are increasing. A more reasonable interpretation of the data presented here is that tuition is anything but out of control, and that tax credits in most of the country are more than offsetting tuition.

Indeed, it may be time to begin to examine the effectiveness of these credits. Thanks to the introduction of massive tax rebates, the provinces of New Brunswick and Manitoba have seen their net tuition drop by unprecedented levels, in Manitoba's case to the point of actually making tuition free. What exactly are these provinces receiving for these large expenditures? Is enrolment up? Has access improved? If not, why spend this money on tax rebates when it could equally be spent on improving university quality, or

improving outreach services in disadvantaged communities (to take but two possible examples)?

Canadian federalism allows provinces to experiment with social policy; proper evaluation of these experiments is important to allow all provinces to learn what works and what doesn't. On the eve of what could be a serious economic downturn, it would be madness not to take advantage of these experiments to learn how better to use scarce public dollars.