


Deans' Weblog: Dalhousie Graduate Studies

 carolynwatters.typepad.com/deans_weblog/2010/03/nothing-is-certain-except-death-and-taxes.html

"Our new Constitution is now established, and has an appearance that promises permanency; but in this world nothing can be said to be certain, except death and taxes."

Thus wrote Benjamin Franklin in a letter dated November 13, 1789 to his friend Jean-Baptiste Leroy, a French physicist who shared Franklin's interest in electrostatics and lightning rods. In the 2010 federal budget, Canada's post-doctoral fellows learned the truth of Franklin's observation.

In recent years, Canadian "academic" post-docs—at Dalhousie those in their first 3 years post-PhD, and who committed to a program of enrichment coursework beyond their research work—had benefited from their stipends not being taxed by the Canada Revenue Agency. This concession made a modest post-doctoral salary of perhaps \$30-40k marginally liveable for trainees who had often relocated from off-shore, perhaps with dependent partners and children, and without an option for supplementary work that was consistent with their visa status.

The 2010 budget, though, made it clear that this concession was over.

"Budget 2010 proposes to clarify that a post-secondary program that consists principally of research will be eligible for the Education Tax Credit, and the scholarship exemption, only if it leads to a college or CEGEP diploma, or a bachelor, masters or doctoral degree (or an equivalent degree). Accordingly, post-doctoral fellowships will be taxable."

The news landed with a thud. Post-docs who had moved to Canada under the reasonable assumption that their income would be what had been offered, and without a tax bite, now found that they were going to be subject to income tax starting this tax year. What was worse, the budget came down in March and taxation would be retroactive to January of 2010.

Here at Dalhousie, stories of stunned surprise, disappointment, and hardship have come in quickly to the Faculty of Graduate Studies. Many post-docs are feeling badly let down by government and wonder (reasonably) whether Canada values their hard work and the pivotal role that they play in driving forward the national research enterprise. The responses have been poignant and personal. One post-doc put it this way in an email to me:

"For those of us who are PDFs on Temporary Resident Visas, what this re-emphasizes is that we have maximum anxiety and minimum stability. We are faced with choices that simply aren't choices."

For their parts, universities are rallying to do what they can to soften the blow for their post-docs this year as they get their feet under them and as salary offers begin to take the taxation change into consideration. And universities want to make it clear to their post-docs that they are highly valued members of the university community.

In practice it is difficult to challenge the taxation change in dialogue with politicians. The public has a clear sympathy for students who are paying tuition and involved in education in the way that most people understand it; however, a tax-free salary of even \$30,000 is a hard pill to swallow for families who are struggling to get by on similar incomes—and paying taxes on those earnings. Outside the academy, post-docs look like employees, not like students. And that's precisely the viewpoint the taxation change takes (in returning to the status quo of not many years ago). If the training doesn't lead to a degree or diploma, it's a job and the earnings are taxable.

It was curious that the taxation change was a footnote to the announcement in the budget of a set of new, high-paying, post-doctoral fellowships to be offered by the Tri-Councils (NSERC, CIHR, and SSHRC). The announcement recognized post-doctoral studies as building experience, but pointedly not as education:

"Post-doctoral research is a valuable way for recent doctoral graduates to gain additional experience prior to embarking on a faculty or applied research career. Building on the significant investments made since 2006, Budget 2010 provides \$45 million over five years to the granting councils to establish a new and prestigious post-doctoral fellowships program to attract top-level talent to Canada.

The proposed new post-doctoral fellowship program will be designed to be internationally competitive. These fellowships will be valued at \$70,000 each per year for two years. The first fellowships will be awarded in 2010–11. At maturity, the new program will fund 140 fellowships annually."

These new fellowships are consistent with the current government's interest in attracting and supporting stars who are "internationally competitive", all the while retrenching programs that support and encourage the broader research community across the country. One post-doc told me that the announcement looked to him like Robin Hood backwards: robbing from the poor to give to the rich. While it's hard to look \$45M in new post-doc fellowships in the mouth, his point is taken.

In Ben Franklin's day, the American colonists dumped tea into Boston harbour to protest taxation without representation. However, as the humorist Gerald Barzan put it, sometimes "taxation WITH representation ain't so hot either."

— Mike