

Moving On? How Students Think About Choosing a Place to Live After Graduation

Higher Education Strategy Associates Intelligence Brief 10

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Higher Education Strategy Associates (HESA) is a Toronto-based firm specializing in research, data and strategy. Our mission is to help universities and colleges compete in the educational marketplace based on quality; to that end, we offer our clients a broad range of informational, analytical, evaluative, and advisory services.

The Intelligence Brief series is designed to provide readers with up-to-date insights from our proprietary student panel and our Policy Warehouse.

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Table of Contents

Table of Contents.....	1
Table of Figures.....	1
Introduction	2
Section 1 – Sample Description and Methodology	3
Section 2 – Next Places, Next Steps	4
Section 3 – How Likely Are You to Move?	6
Section 4 – How Much Would It Take?	8
Section 5 – Who Is Willing to Move?	13
Conclusions	15

Table of Figures

Figure 1: How respondents rate quality-of-life factors when choosing where to live.....	4
Figure 2: Post-Graduation Plans	5
Figure 3: Percentage of respondents likely to consider relocating to another province.....	6
Figure 4: Likelihood to consider moving within Canada	7
Figure 5: Additional salary required to move to destination province	9
Figure 6: Percentage of respondents willing to work in a different province for an additional \$5000 or less	12

INTRODUCTION

The ability to attract and retain highly educated people is the lifeblood of local economies. In Canada, the hunt for talent is evident everywhere; in the east, the battle to retain young people is framed in terms of declining demographics and the need to remain economically vigorous. In the west, the discussion is framed in terms of attracting skilled labour from elsewhere in order to maintain strong economic growth in the face of labour or skilled shortages.

Though discussions about talent are often framed in terms of attracting it from outside the country, there is one highly mobile group within the country that deserves more attention. Each year, over 185,000¹ undergraduate students receive their degrees, and they are never more mobile than at that point in their lives. In recognition of that, over the past decade, four provinces - Saskatchewan Manitoba, New Brunswick and Nova Scotia – have introduced very generous sets of tax credits in order to induce post-secondary graduates to come to or remain in the province (Nova Scotia rescinded its tax credit in its 2014 budget).

But there has never yet been a significant inquiry into the question of how graduates make their decisions about where to settle after school. What factors do young people look for when thinking about choosing a permanent residence? To what extent does remuneration play a role in mobility? This latter question is a key one for public policy, as the idea that a couple of thousand extra dollars per year might tip the scale is the only justification for provinces spending millions of dollars on their graduate tax credit programs. The purpose of this paper is to fill this knowledge gap by reporting on the results of a survey of students conducted on this subject in the fall of 2011.

Section 1 of this report describes this paper's sample and methodology. Section 2, *Next Places, Next Steps*, sets out students' responses regarding their overall life plans and where they plan to live after graduation. The next two sections investigate relocation preferences in two different ways: section 3 looks at how students rate their willingness to live in another part of the country while section 4 poses the relocation question in a slightly different way, asking students what salary they would need to be offered in order to consider moving to another province (in effect allowing us to look at the differentials in "reserve wages" that they would be willing to accept in each province). Finally, section 5 tries to analyze whether and how the students who are more willing to move to other provinces differ systematically from the others.

¹ Statistics Canada. No date. Table 477-0020 *Postsecondary graduates, by Pan-Canadian Standard Classification of Education (PCSC), Classification of Instructional Programs, Primary Grouping (CIP_PG), sex and immigration status annual (number)* (table). CANSIM (database).

SECTION 1 – SAMPLE DESCRIPTION AND METHODOLOGY

Between 2010 and 2013, Higher Education Strategy Associates' Canadian Education Project conducted an online panel survey, with a membership of over 13,000 university students and recent graduates. During this time period, HESA periodically invited these panel members to complete a survey on a variety of issues pertaining to life on and off-campus. The response rates for these individual surveys varied but were usually in the range of 15-25%. The present report is based upon a survey conducted in 2011, in field from 20-30 September, with a sample size of 1,859. The sample only included students who were enrolled in an undergraduate program at a Canadian degree-granting university in the 2011-2012 academic year and had not yet graduated from their degree program.

It should be noted that the resulting sample for this and other of HESA's Canadian Education Project surveys is not a purely random one – members of the panel must have previously responded to the Globe and Mail Canadian University Report Survey, the HESA Canadian Student Satisfaction Survey, or another survey administered by Higher Education Strategy Associates (either directly or as part of its Canadian Education Project). Since they are not based on random probability samples, the concept of "margin of sampling error" is not applicable to the results described in this report².

As is the case with most opinion polling in Canada, females are slightly over-sampled, as they appear to be more likely to respond to surveys than males. Our panel is also slightly oversampled in Atlantic Canada, Saskatchewan, and Alberta, and slightly under-sampled in francophone universities in Quebec. Because initial recruitment to the Canadian Education Project panel occurred after the end of the academic year in which a respondent participated in the Globe and Mail or CSSS surveys, all respondents would implicitly have completed at least part of their first year of university studies. Hence, our panel membership is skewed towards upper-year undergraduate students (which in this particular case is useful since the matter being examined relates to events immediately following graduation).

In this report, as in all HESA reports based on data from the Canadian Education Project panel, the data has been post-stratified based on Statistics Canada data on gender and province of enrolment³.

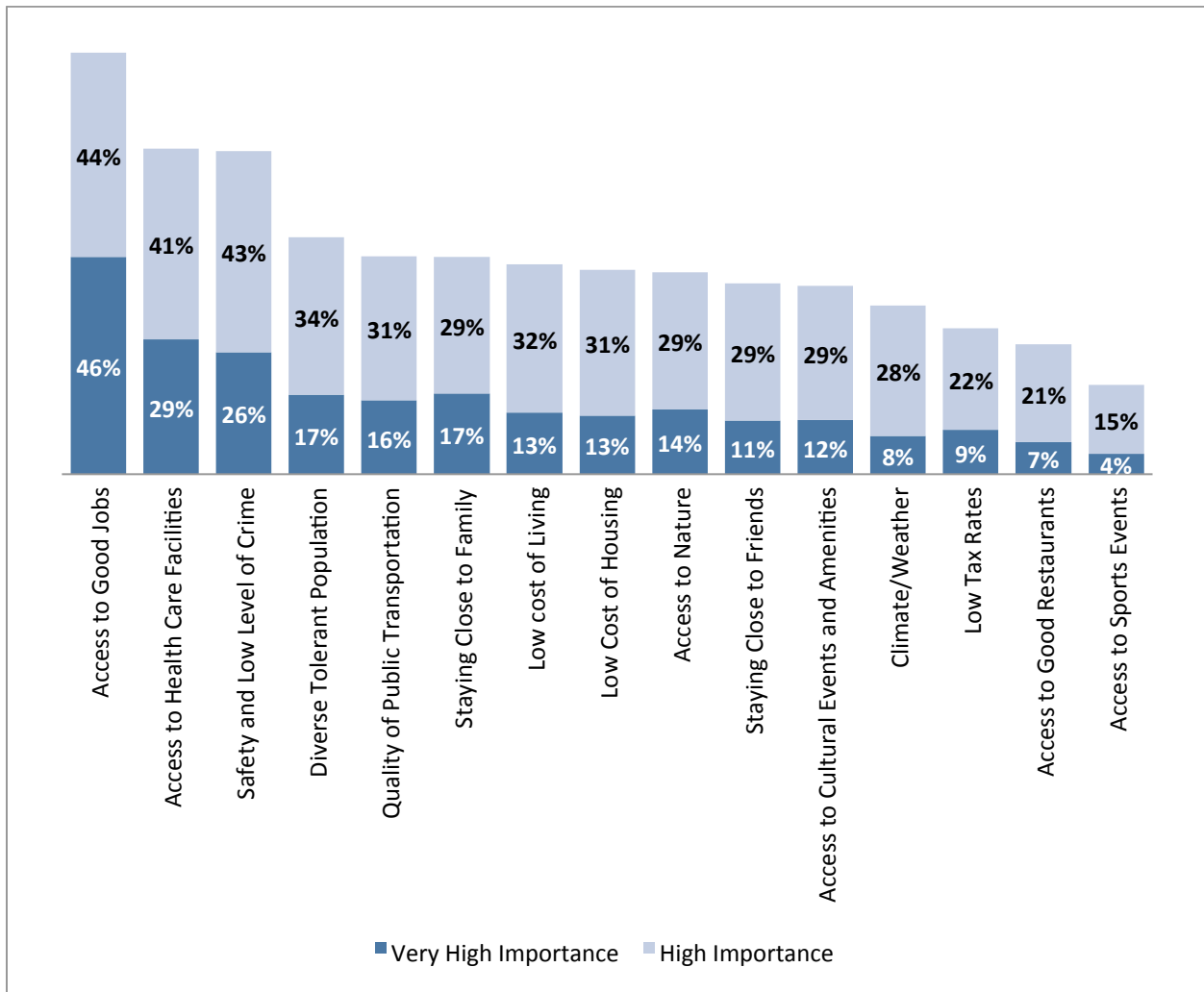
² This is consistent with the Market Research and Intelligence Association's (MRIA) current code of practice. For more information, refer to <http://mria-arim.ca/sites/default/uploads/files/MRIAConduct-Dec2007REV2010.pdf>.

³ Authors' calculations, based on Statistics Canada. 2011. Special tabulation, based on 2010 Postsecondary Student Information System (PSIS).

SECTION 2 – NEXT PLACES, NEXT STEPS

Drawing on the work of urban studies theorist Richard Florida, our survey began by asking students to rank on a 5-point Likert scale a series of ‘quality of life’ factors (Figure 1, below) which might affect their decision to locate in one city rather than another. Florida’s work has popularized the notion that members of the “creative class” - the highly educated knowledge workers that our respondents presumably will become upon graduation - prioritize access to unique cultural amenities and novel experiences when choosing a place to live. The students in our survey however had other – more practical and prosaic – priorities. The factors which respondents rated most important were those related to stability: “access to good jobs”, “healthcare facilities”, and “safety and low level of crime” (see Figure 1, below). Factors relating to the cost of living, such as low cost of housing ranked next in importance. Culture and leisure – access to good restaurants, cultural events, amenities and sports events ranked as relatively less important.

Figure 1: How respondents rate quality-of-life factors when choosing where to live



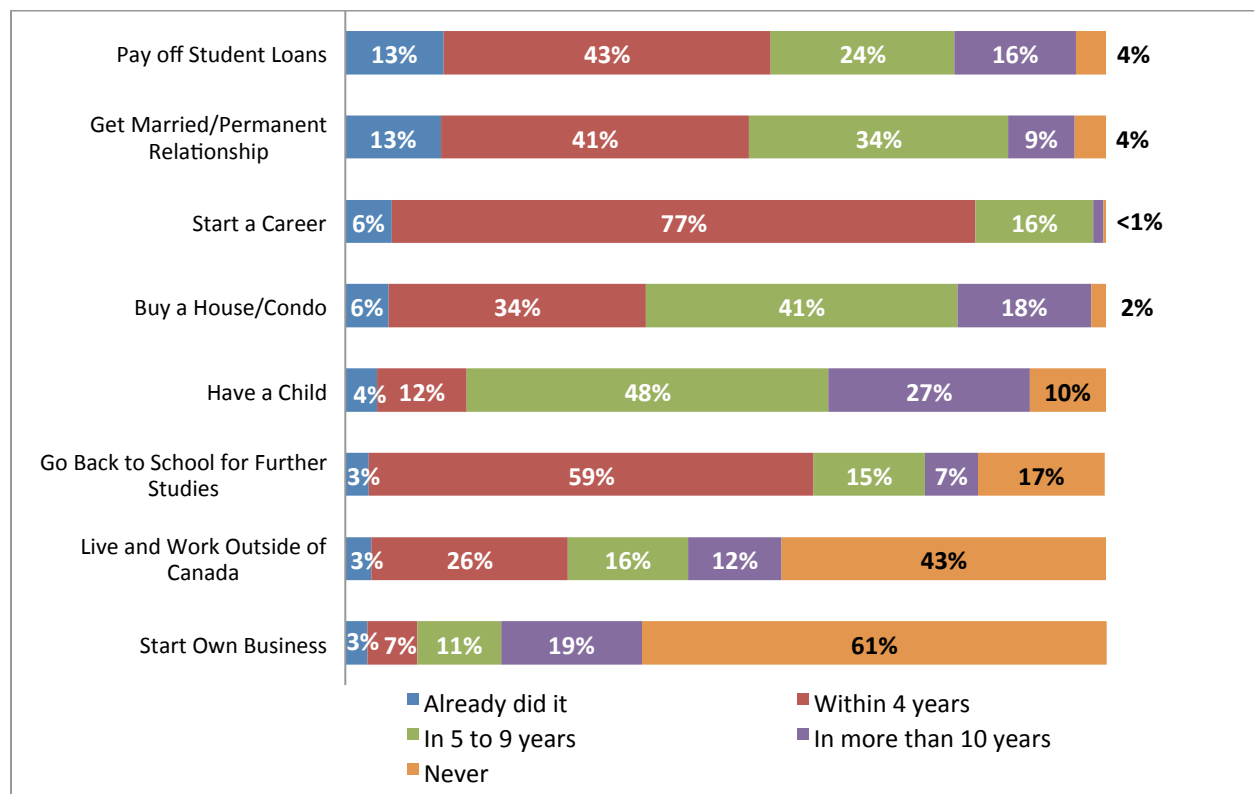
We next asked students about their prospective timelines for achieving a variety of life goals, such as starting a career and having a child. The results (see Figure 2, below) show that the vast majority of respondents plan to begin their careers soon after graduation. Most of these, moreover, plan on returning to school for further studies within four years of graduating.

Interestingly, fewer than half of the students surveyed planned on starting their own business, while slightly more than half expected to live or work outside of Canada.

“Setting down roots” and starting a family ranked relatively high on many respondents’ list of priorities. Most saw buying a house or condo, entering a permanent relationship, and having a child as goals to be attained within the first nine years after graduation.

Repaying student debt was another important goal for most respondents. Eighty per cent of those who had received government aid planned to repay it in full within 5 to 9 years of graduating, while thirteen per cent had already repaid.

Figure 2: Post-Graduation Plans



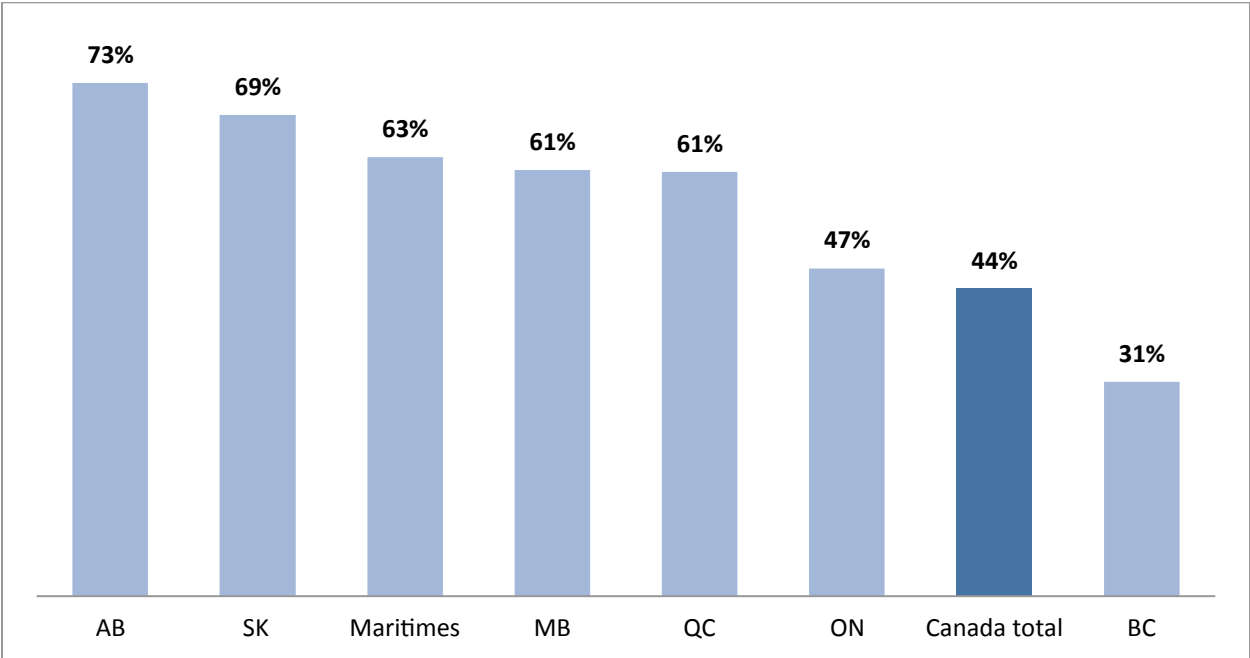
*Among respondents who have received government student aid

SECTION 3 – HOW LIKELY ARE YOU TO MOVE?

Students were asked in which province or territory they expected to get their first job. We refer to this as the students’ “work province”: it is not necessarily the province in which the student will graduate nor the province in which he or she resided prior to attending university.⁴

Respondents were also asked whether, once they graduated, they would be open to considering work in a province other than the one in which they currently expect to work. The results are shown in Figure 3. Students who expect to work in Alberta and Saskatchewan were the most open to the possibility of moving to another province; students who expected to work in British Columbia were by some distance the least open to moving to a different province or region.

Figure 3: Percentage of respondents likely to consider relocating to another province



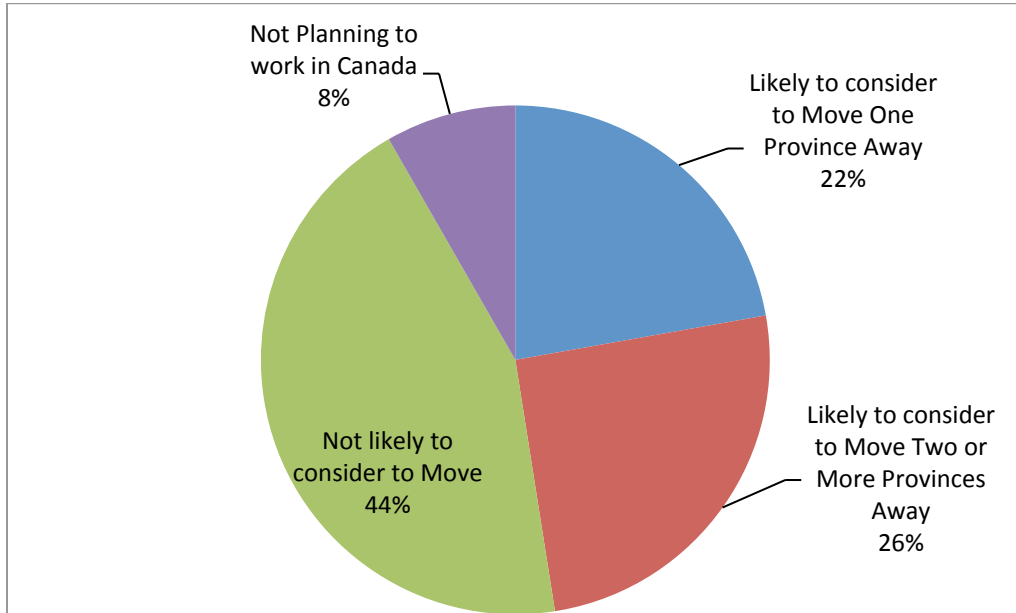
Notes: Respondents were asked to rate their willingness to move to another province/territory on a 5-point Likert scale. Percentages are based on respondents who rated at least one province/territory, other than their work province, as “very likely” or “extremely likely”.

*The above figure excludes respondents who plan on working outside of Canada immediately after graduation

⁴ The concept of work province (i.e. where students expect to end up working) is a somewhat complicated but necessary way of looking at the question of mobility. It is distinct from “Home province” (i.e. where a student finished secondary school) and “study provinces” (i.e. where they are conducting their studies). One in five of those who plan to work in Canada expect to work in a different province from the province in which they are studying, and close to 30% plan to work in a province other than the province where they completed secondary school.

The concept of having a student reconsider their anticipated work province requires some qualification, however. Although just over half (52%) of the students planning to work in Canada⁵ indicated that they would consider moving to another province or territory, only about half of these would be open to moving more than one province away from their work province. Since most students intend to work either in their home province or their study province, this likely reflects an understandable unwillingness to be too far away from friends and/or family.

Figure 4: Likelihood to consider moving within Canada



Furthermore, not all students are equally disposed to move. Those who intend to work in Quebec, Alberta, or the Atlantic provinces are the most likely to consider moving to a neighbouring province or region. On the other hand, students intending to work in the prairie provinces of Manitoba and Alberta are the only groups who would be willing, in significant numbers, to move as much as three provinces away. In addition, students who plan on finding employment in Manitoba and Ontario, ranked British Columbia as a preferred destination and those expecting to work in Alberta, selected Ontario as a preferred destination.

⁵ Roughly 8% of students do not plan on working in Canada after they graduate. International students, understandably, are slightly overrepresented in this group. Nonetheless, over 90% of those who plan to start their careers abroad are Canadian citizens. The percentage is highest among commerce students, and lowest among health science students.

SECTION 4 – HOW MUCH WOULD IT TAKE?

In the previous section, we looked at students’ openness to switching provinces and their commitment to a chosen work province. In this section, we test the strength of the commitment testing whether a financial incentive would convince them to move to a province different from the one in which they expect to work.

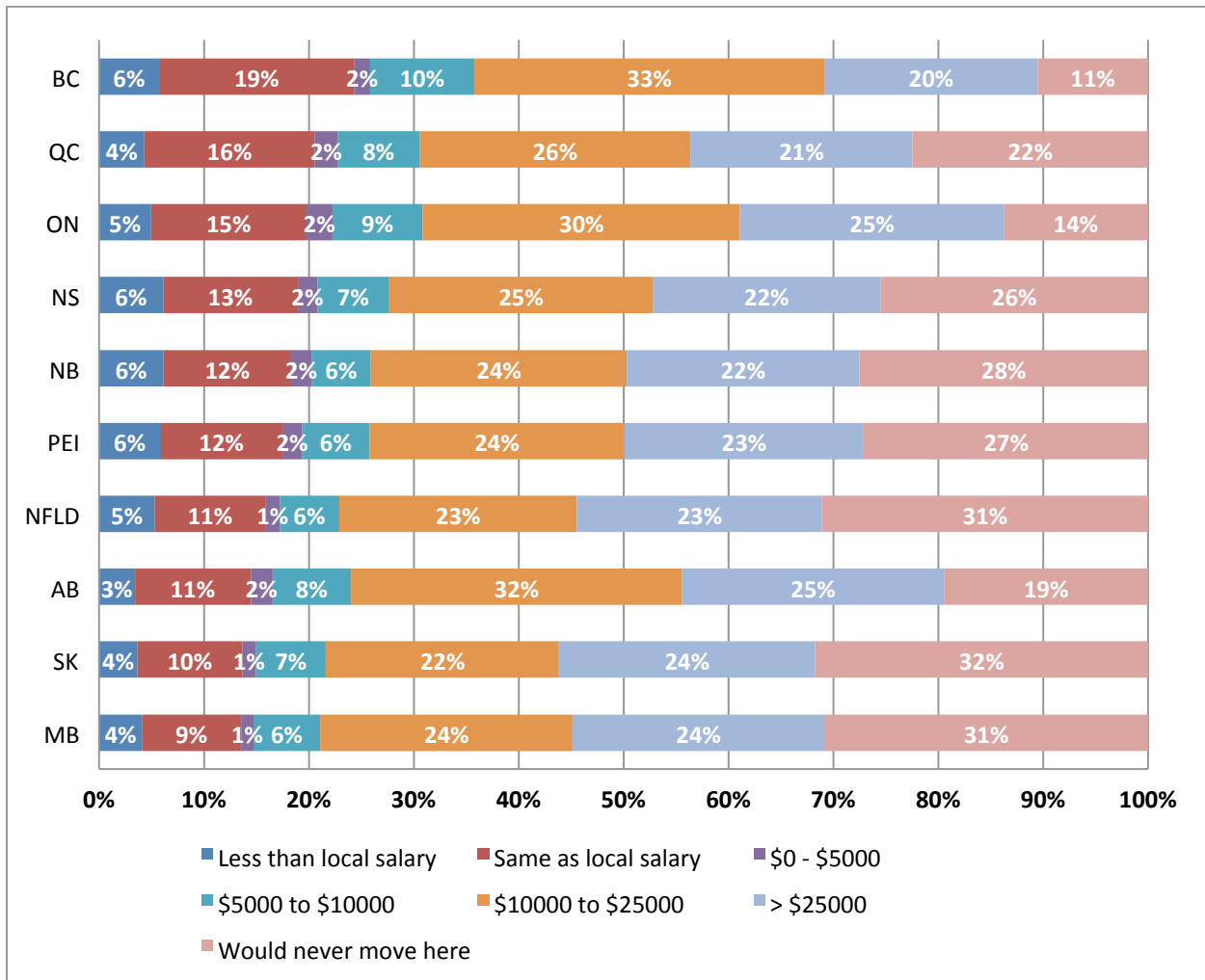
To begin with, we asked students what salary they expected to earn in their first post-graduation job in their planned work province (Table 1). Those who planned on working in Alberta expected the highest salaries, while the salary expectations of those who planned to work in the Atlantic provinces were considerably lower. Although the dollar expectations of students are somewhat optimistic the overall pattern is consistent with reality; graduates who plan on working in Alberta correctly guess that their pay will be higher than that of students planning on working in the Atlantic (and vice-versa).

Table 1: Expected Salaries by Expected Province of Work

Expected Province of Work	Average Expected Salary
Alberta	\$51,526
Manitoba	\$49,164
Newfoundland and Labrador	\$48,657
Ontario	\$46,909
New Brunswick	\$46,066
Quebec	\$45,926
Saskatchewan	\$44,534
British Columbia	\$44,227
Nova Scotia	\$43,247
Prince Edward Island	\$40,268

Having been asked about the salaries that they expected to earn in their work province, students were then asked about the lowest salary that they would accept (i.e. their reservation wage) to move to and work in the same job in each of the other nine provinces. The expected wage in the work province was deducted from the reservation wage for each of the other provinces, to show the size of the financial incentive required to persuade students to move to each province instead of the one in which they intended to work. The results are shown in Figure 5.

Figure 5: Additional salary required to move to destination province



*The above figure excludes respondents who plan to work outside of Canada immediately after graduation

These results suggest that while there is some variation in the perceived desirability of different provinces - as measured by the size of the financial incentive required to persuade students to consider relocating - the differences are not particularly large. All provinces are attractive enough that between 3% and 6% of respondents indicated that they would be willing to take a pay cut to take a job there (note: this is not a same 3-6% who would “go anywhere”; the population willing to take a cut to go to one province has only limited overlap with the population willing to take a cut to go to another). Furthermore, all provinces are attractive enough that another 9-19% of respondents indicated that they would accept a job in that province for no additional salary over what they would be offered in their work province.

Provincial combined totals for “those who would move for less or the same amount of money” may be thought of as a general proxy for the perceived desirability of living in a given province. A quarter of respondents would move to BC for lower or equal pay, while 20% say they would move to Ontario and

Quebec for no additional compensation. At the other extreme, only 13% of respondents would move to Manitoba for lower or equal pay.

From a policy perspective however, the most important number is the proportion of students who say that they would move for an extra \$2,000 or \$5,000 (Table 2). Since 2008, a number of provinces – Saskatchewan, Manitoba, Nova Scotia, and Newfoundland - have developed “graduate tax rebate programs”⁶ based on the theory that providing an incentive in the low thousands of dollars per year would help to retain or attract graduates. The data here strongly suggests that is not the case. Table 2 shows that the percentage of students who would consider moving for an additional \$0-\$5,000 is only 2-3%. This is significantly less than the proportion who would consider relocating for a lower salary, suggesting that the impact of graduate tax rebate programs on student preferences is effectively nil.

In effect, then, the rebates amount to a windfall gain for students who would in any event have remained in the province. Increasing the salary bump to between \$5,000 and \$10,000, increases the proportion of those prepared to move by only another 6-10% (depending on the province); this, however, is not a level of incentive that any provincial government has yet contemplated or is likely to contemplate any time in the near future.

As students’ additional salary demands increase beyond about the \$10,000 level, interpreting their intentions becomes more difficult. In practice, “would never move there” and “would move if I were paid an additional \$25,000” may be identical, as this is not a differential that any employer and/or provincial government is likely to pay for recent graduates. That said, British Columbia comes out best on this measure, with only 11% saying that they would never move there, and another 20% saying that it would take \$25,000 or more to move there. Ontario is the next most attractive province, with only 14% who would never move there and 25% who would require an additional salary of \$25,000 or more to move there. Saskatchewan is worst off, as 32% of respondents are unwilling to move there and 24% would require an extra \$25,000 or more to move there.

We can take our exploration of the willingness of students to relocate for relatively small amounts of money a step further, by taking both home and destination provinces into account. Table 2 shows the percentage of students from each province would consider moving to every other province for a change in salary of \$5,000 or less (including those who would move for equal or lower pay). Albertans (61%) and Nova Scotians (57%) were likeliest to indicate openness to moving, but their horizons were somewhat limited: Albertans were primarily interested in a move to British Columbia; Nova Scotians were most likely to be interested in moves to New Brunswick and Prince Edward Island.

⁶ Saskatchewan was the first to adopt a tuition rebate program 2008. In quick succession, they were followed by New Brunswick, Manitoba and Nova Scotia. Nova Scotia rescinded its program in 2014.

Table 2: Percentage of respondents willing to work in a different province for an additional \$5000 or less

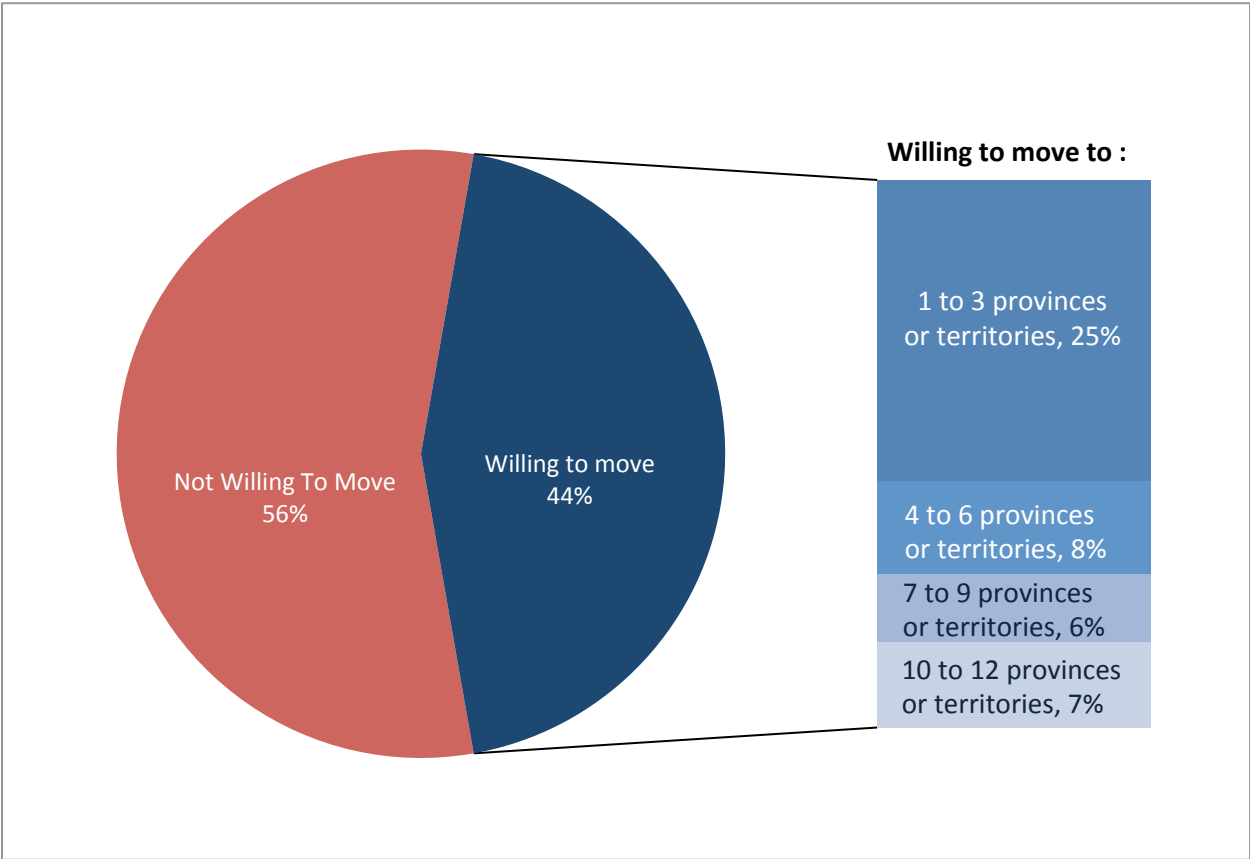
		Alternative province of employment										
		BC	AB	SK	MB	ON	QC	NB	PEI	NS	NFLD	Any other province (average)
Province in which respondent wants to work	BC		19%	11%	13%	22%	17%	17%	16%	18%	12%	37%
	AB	46%		25%	17%	28%	20%	20%	22%	21%	19%	61%
	SK	8%	17%		25%	17%	10%	19%	17%	17%	19%	40%
	MB	17%	22%	29%		18%	26%	31%	32%	29%	27%	49%
	ON	26%	17%	14%	16%		27%	20%	17%	21%	17%	42%
	QC	14%	12%	10%	9%	20%		13%	18%	17%	11%	31%
	NB	14%	10%	7%	7%	14%	14%		28%	32%	24%	43%
	PEI	6%	11%	11%	11%	11%	6%	24%		16%	11%	33%
	NS	20%	17%	12%	16%	27%	19%	42%	39%		29%	57%
	NFLD	27%	17%	13%	8%	21%	13%	16%	13%	44%		46%
	Overall	26%	17%	15%	15%	22%	23%	20%	19%	21%	17%	44%

*The above figure excludes respondents who plan on working outside of Canada immediately after graduation

As shown in Figure 6, 44% of the student body is at least theoretically open to a move *somewhere* for a salary change of \$5,000 or less. This also demonstrates that the majority of graduating students are not prepared to move *anywhere* for a small salary change of \$5000 or less. For example, although approximately 46% of those expecting to work in Alberta would consider moving to British Columbia for less than \$5,000, only 6% of Prince Edward Island residents would consider moving to British Columbia for less than \$5,000. This suggests that the distance from one’s work province is a significant factor in students’ willingness to relocate.

Figure 6 shows the percent of students willing to move for less than an additional \$5,000 in salary to any number of other provinces or territories. Of those willing to move for \$5,000 or less, more than half limit their choices to between one and three other provinces. Only 13% of the population indicate that they would be willing to consider seven or more provinces and territories.

Figure 6: Percentage of respondents willing to work in a different province for an additional \$5000 or less



*The above figure excludes respondents who plan on working outside of Canada immediately after graduation

SECTION 5 – WHO IS WILLING TO MOVE?

In order to better understand the characteristics of “those who would move for less than an additional \$5,000 in demand salary”, we divided the respondents into three categories: Those not willing to move, those willing to move to up to three different provinces/territories (moderately mobile) and those willing to move to between four and twelve different provinces/territories (highly mobile).

As Table 3 (below) shows, the distribution of students across mobility categories by *work province* is broadly similar to the pattern we saw previously in Figure 3. For example, a majority of students planning to work in Quebec, Ontario and British Columbia are unwilling to accept less than \$5,000 to move elsewhere within Canada. Students from the Prairie and Atlantic provinces (notably Manitoba and Alberta) were substantially more likely to have students in the “highly mobile” category.

Table 3: Distribution of mobility types within provinces

	Province	Not Willing to Move (%)	Moderately mobile (%)	Highly mobile (%)
Intended province of work	NL	57%	26%	17%
	PE	71%	18%	12%
	NS	43%	28%	29%
	NB	51%	22%	27%
	QC	67%	20%	12%
	ON	58%	23%	20%
	MB	51%	22%	27%
	SK	60%	19%	21%
	AB	39%	36%	25%
	BC	63%	21%	16%

*The above figure excludes respondents who plan on working outside of Canada immediately after graduation

An important question from the perspective of those who might wish to attract students to their province is whether or not highly mobile students differ systematically from others – that is, do they share certain characteristics, which might make them easier to target for information purposes - or do they have other particular qualities, which might make them desirable?

The answer seems to be “yes”, though the degree of difference appears to be small. As shown below (see Table 4) there is no difference in mobility between men and women, for instance. Looked at by field of study, students in the physical and biological sciences appear to be slightly more mobile than the rest of the student body, but the difference is not too large (25% highly mobile vs. 17-18% for other fields of study). Other demographic characteristics such as age, gender, visible minority status, mother tongue, and parental educational attainment do not differ meaningfully between the three groups.

Table 4: Demographic/Life Goals characteristics of mobility groups

		Not willing to move (%)	Moderately mobile (%)	Highly mobile (%)
Gender	Male	58%	24%	18%
	Female	55%	24%	21%
Field of study	Arts/social sciences/education	58%	24%	18%
	TEM	56%	26%	18%
	Physical/life/health/agri sciences	52%	24%	25%
	Commerce	59%	25%	17%
Get married	Already complete	65%	21%	14%
	Within 9 years	55%	25%	20%
	Never	53%	19%	27%
Have a child	Already complete	70%	15%	15%
	Within 9 years	57%	23%	20%
	Never	53%	22%	25%
Buy real-state	Already complete	60%	28%	11%
	Within 9 years	57%	23%	20%
	Never	53%	0%	47%
Start a business	Already complete	62%	22%	17%
	Within 9 years	58%	27%	16%
	Never	33%	0%	67%

*The above figure excludes respondents who plan on working outside of Canada immediately after graduation

When we look at students' willingness to move based on the life goals discussed in Section 2 we again see some slight differences. Those who do not wish to have a child (see Table 4), do not wish to own real estate or do not wish to open a business are all slightly more likely to say that they are "highly mobile" (i.e. they are open to moving to 4 or more provinces). All of these differences are statistically significant at the $p=0.05$ level. Those saying that they are not planning on marriage are also slightly more likely to say that they are highly mobile, but this difference is not statistically significant.

Overall, the results suggest that there are no clearly defining demographic features of "mobile-positive" students; in most-respects, they look pretty much like the rest of the student body. There is some evidence to suggest that openness to mobility is correlated with a general unwillingness to be tied down by permanent responsibilities. While statistically significant, this relationship is not particularly strong, however.

CONCLUSIONS

This brief examination of students' post-graduation plans for life and work has revealed the following:

- 1) The current fad for marketing cities as being “hip” or “creative” may be somewhat wide of the mark as far as attracting educated graduates is concerned; students' main priorities in finding a place of residence are access to good jobs, healthcare services, and a low crime rate. Students also, for the most part, plan on taking on larger life responsibilities such as purchasing real estate or having children within the first several years after they graduate. This suggests that provinces and municipalities can attract new graduate talent generally by selling themselves as places of opportunity. Students have relatively clear life plans; all they need is a bit of convincing on where to make their plans become a reality.
- 2) Graduate mobility is high in theory but limited in practice. While 52% of respondents are at least theoretically open to relocating from their intended province of residence and 44% are open to doing so for a bump in salary of \$5000 or less, not all provinces are seen as equally attractive, and students' preferences are influenced by a range of factors. Of those willing to move, most have three or fewer alternative destinations in mind. For example, there are significantly fewer people willing to move to Manitoba and Saskatchewan for an extra \$5,000/year or less than there are willing to move to Ontario or British Columbia for the same amount (not coincidentally, these are the two provinces which also have the fewest students open to out-bound migration).
- 3) Financial incentives such as tax breaks may be unlikely to entice a meaningful proportion of graduates to consider changing their plans. While 44% of students are willing to move to at least one other province if they are given a financial incentive of up to \$5,000, most of these students would do so for nothing. Adding an extra couple of thousand dollars barely moves the needle as far as student intentions are concerned. It therefore seems likely that for the most part, provinces currently administering tuition rebate programs are largely just giving money to graduates for doing what they would do anyway. In light of this, Saskatchewan, Manitoba and New Brunswick should all consider the benefits cancelling their graduate rebate programs and re-allocating the money to other, more urgent priorities.



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