Surrey Board of Trade &
Children's Partnership of Surrey – White Rock
BUSINESS & FAMILIES POSITION PAPER

Children's Partnership
Surrey – White Rock

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Canadian Context: Families With Young Children Being Squeezed

Excerpt from 'Fast Facts for a New Deal', by Dr. Paul Kershaw, University of BC, CFIS, HELP
Canada has become a country in which it is far harder to raise a young family, even though the country's economy has doubled in size since the mid-1970s, producing on average an extra $35,000 per household. Despite this additional prosperity, the average household income for young Canadian couples has flat-lined (after adjusting for inflation) even though the share of young women contributing to household incomes today is up 53 per cent. With their stalled incomes, young families must pay far higher housing prices, which increased 76 per cent across the country since the mid-1970s.

The generation raising young children today is squeezed for time at home, squeezed for income because of the high cost of housing, and squeezed for services like child care that would help them balance earning a living with raising a family. Yet, international comparisons consistently rank Canada among the worst industrialized countries when it comes to investing in young families. Canada's slow policy response to the decline in the standard of living for the generation raising young kids is not consistent with our proud tradition of building and adapting policy in response to our social and economic environment – a proud tradition that includes public schools and universities, veterans' benefits, workers' compensation, unemployment insurance, the Canada Pension Plan and the Canada Medical Care Act.

The Facts

- The Canadian economy has grown 108% since 1976, controlling for inflation. On average, the economy now produces an extra $35,000 per household compared to 1976.
- Controlling for inflation, average household income for young Canadian couples has flat-lined since the mid-1970s. It used to be $65,160. Today, it is $68,300.
- Household incomes are stagnant for young couples even though far more young women earn employment income today. In the mid-1970s, 54% of Canadian women age 25-44 contributed to household income. Today, the figure is 82%.
- Average housing prices in Canada have skyrocketed since the mid-1970s. Adjusting for inflation, the average cost of housing in 1976 was $192,390. Today it is $339,045. That's an increase of 76%.
- Canadians age 25-44 perform more employment hours and more unpaid caregiving than any other age group.

- Canada's national debt has increased 114% since the majority of Baby Boomers came of age as adults in the mid-1970s.
- UNICEF ranks Canada last today when it comes to investing in families with kids under age six. The Organization for Economics, Cooperation and Development (OECD) ranks Canada last for investing in child care services for children under six.
- A typical Canadian couple will go without $10,000-$12,000 in after-tax income when parents share a year of parental leave to care for a newborn. People in Sweden and Germany make different policy choices which mean the same couple does not lose any after-tax income in those countries.
- Workplace standards in Canada mean the typical employee works 300 hours per year (that's over 8 weeks) more than the typical Dutch, Norwegian and German employee.
- For children under age six, child care services cost most parents the equivalent of a second mortgage, even though researchers raise concerns about the quality of many services. The cost of regulated child care services erodes take-home pay for employed parents more than taxes do.
- Although labour force participation rates for men and women have converged, women spend 70% more time doing unpaid housework than men, and 100% more time providing child care.
- The decline in the standard of living for the Generation raising young kids means it doesn't get its share of economic growth.

The Context For Surrey

Growth & Diversity

Surrey is a young city that is growing at a phenomenal pace of 900 new families per month coming to live here and is projected to surpass Vancouver's population in the next 8 years. Population projections depict that the overall population will increase from 483,260 in 2011 to 578,830 by 2021 – an increase of 95,570 people over a 10 year period. Considering the exponential growth that has already occurred in the last ten year period from 2000 (370,630) to 2010 (474,070) an increase of more than 100,000 people, it seems likely that even these projections are highly conservative.

In particular, over the next ten years, selected town centres such as Cloverdale are projected to grow (from 62,490 to 79,650); Newton (from 126,810 to 151,260) and South Surrey (from 79,660 to 104,890). Combined, South Surrey and Newton equals the entire population of the City of Burnaby (202, 799). Immigrants comprise almost 40% (151,000) of the population in Surrey; the majority resides in Newton (about 50,000), Whalley (about 36,000) and Guildford (about 23,000). More than 41% of all refugees to BC reside in Surrey.

The Most Children: the Most to Gain & the Most to Lose

With the largest number of children and youth than anywhere else in B.C. (approximately 110,000 as of 2006 census), Surrey's school district has experienced unprecedented growth with 873 new students enrolled in 2011 for a total of 70,018 students in 127 schools, of which 38,662 are in elementary schools. We have 23 Strong Starts operating out of 22 schools throughout the District; and a Community School Partnership with 4 Community School coordinators working with 17 community schools. Through the City's Community Recreation Services, we have developed nine multigenerational sites, one stand-alone youth centre and 2 new facilities - Kensington Prairie Early Years Community Centre and Cloverdale Recreation Centre recently opened. Along with the current and extensive library services & programs for children, youth and families the new City Centre Library has excelled in its creation of child and youth friendly spaces and programs.

The Links between Affordable Housing – Family Debt & Child Care

Recent research reports through the CGCA of Canada, the Payroll Association of Canada, the Vanier Institute of the Family and the Conference Board of Canada all consistently refer to the increasing family debt load for Canadian families and the crunch to find both affordable housing and child care for those with young families.

According to the CGA Canada (June 2011) report, "households with an income of $50,000 and under were six times more likely to be financially vulnerable in terms of debt-service ratio. Single-parent families were the only category where debt increases with age, and they have two-thirds more debt than couples with no children" (p.13). "British Columbia stood out as the province with one of the highest household debt-service burdens in 2009. Households in that province paid 9.4% of their disposable income to service debt interest payments" (p.15). "In three provinces – Alberta, British Columbia and Saskatchewan – the number of mortgages in arrears continued to increase in 2010 while declining in all other provinces" (p.17).

In 2010, Surrey ranked #4 in the "Top Canadian Investment Cities" study by the Real Estate Investment Network. In 2009, Surrey was named the #1 place in BC to invest in real estate by the Real Estate Investment Network.

By contrast, based on the 2006 census we know that:

- There were 103,210 Surrey families living in poverty
- We have high transiency rates with 4 of 7 neighbourhoods having 18 – 20% of renters who moved within the year.
- There are 10,430 renter households in core housing need with a median income of $20,591
- The most recent Early Development Index (EDI) results for Wave 4 (2011) reflect the increasing stress on families where overall vulnerability rates for children in Kindergarten have increased from 28% to 32% in Surrey – White Rock.

Based on the 2011 Child Care Gap Assessment by the Children's Partnership of Surrey – White Rock, Surrey has only nine licensed spaces for every 100 children aged 0 – 6. According to a Metro Vancouver Child Care report (2011), Surrey and Langley have the lowest ratio of spaces to children (compared to West Vancouver with 25 spaces for every 100 children and Vancouver with 18 spaces for every 100 children).

The Costs To Business And Community

The Implications For Business: Higher Costs, Lower Productivity

Since parents are an integral part of the labour market, the business community pays a price when employees with young kids bring their time and service squeeze to their jobs. The work-life conflict experienced by parents raising young children today is costly for employers. The result is higher absenteeism rates for this group of employees, greater turnover, and increased use of extended health benefits – all of which employers pay for.

In collaboration with Warren Beach (CFO) and his CA colleagues at Sierra Systems, UBC's Dr. Paul Kershaw and his team estimated that work-life conflict among employees with preschool-aged children costs the B.C. business community in excess of $600 million annually, and the Canadian business community more than $4 billion. The stress from work-life conflict among adults with young kids costs the Canadian health care system 2.5 billion annually, and the child welfare system another 1.2 billion per year.

In addition to these direct costs to business, the 'squeeze' experienced by families today also contributes to rising costs of crime, poverty, education and health care. Over the long term, research shows that Canada's inaction in support of the generation raising young kids is compromising the quality of our future labour force and our competitiveness. A 2009 study commissioned by the Business Council of BC reports that unnecessary vulnerability among the Generation raising young kids is the real brain drain, costing the BC economy $401 billion. The pan-Canadian cost is closer to $2 trillion. For children under age six, child care services cost most parents the equivalent of a second mortgage, even though researchers raise concerns about the quality of many services. The cost of regulated child care services erodes take-home pay for employed parents more than taxes do.

In Surrey, 32% of children in Kindergarten are considered vulnerable and not ready for school in terms of their physical development, social maturity, or ABCs/123s. (For Canada, 27% are considered vulnerable). These kids are more likely to go to jail, and less likely to earn grades to go to post-secondary schools. At least two-thirds of this early vulnerability could be avoided.

"Work-life conflict among employees with preschool-aged children costs the B.C. business community in excess of $600 million annually"

We Can Do Better For Business & Families: A Better Deal

The New Deal recommendations are from Paul Kershaw's ground breaking report and his editorial series for the Vancouver Sun. Canadians require strong families to build a strong economy and a healthy society.

Canadians require strong families to build a strong economy and a healthy society.

- Families need a New Deal to provide more time at home for moms and dads with newborns, $10/day child care services, and flex-time that enables employers and employees to balance successfully earning a living and raising a family.
- Businesses need a New Deal for Families to improve their bottom line.
- Society needs a New Deal for Families to build a strong economy and promote gender equality, population health, poverty reduction, crime reduction and a fair start for kids.

The New Deal is centered on three core policy changes:

1. New Mom and new Dad Benefits will ensure all parents, including the self-employed, have the time and resources to be at home with their newborns, at least until children are 18 months.
2. Thereafter, $10 a day child care services will ensure that parents can afford enough employment time to manage the rising cost of housing and stalled household incomes.
3. These will be supported by flex-time for employees and employers to remedy workplace standards that too often make it standard practice to ignore the family.

Rationale for Child Care Services Fees at $10/day for full employment-day spaces, $7/day for part-time, and no charge for families earning less than $40,000 annually:

Affordable child care fees are essential to relieving the income squeeze faced by the generation raising young children today because of the high cost of housing. $10/day child care ($2,500 annually) facilitates stronger parental attachments to employment, while encouraging better balance at home between dads and moms.

Currently, BC has among the highest child care fees in the country. Consider that the average undergraduate tuition fees at BC's universities are $5,000 annually. In comparison, families with a 2 year old child will pay on average $9,000 annually in child care fees and those with a 4 year old pay $7,000. Families in large cities such as Vancouver pay an average of $14,000 for child care for their toddler. Meanwhile, Manitoba families pay only $4,500 and Quebec families pay $1,800 for both age groups.

Specifically, the recommended fee levels were established to ensure that:

1. Affordability is not a barrier to access and, in fact, most families benefit financially.
2. Quality in programming is consistent, rather than varying depending on parents' ability to pay.
3. Fee collection is administratively simple and efficient (options such as sliding scales and subsidy systems require individualized assessments of families,which requires more administration) Finally, the fee levels are higher than those established in Quebec, to respond to the critique that Quebec fees are insufficient to ensure that a high quality system is sustainable.

What are the Costs and Benefits to Government, the Economy and Society?

In B.C., the net cost to federal and provincial governments will be $2.17 billion in the first full year of implementation. Thereafter, the net costs decline. $2.17 billion represents:

- $1.67 per adult per day, one-third less than a cup of coffee and doughnut at Tim Hortons.
- Around 1 percent of the B.C. economy.
- Less than one-third of what we pay for Old Age Security and RRSP subsidies.
- 13 percent of public medical care expenditures (The Canadian Institute for Health Information projected that 2010 public medical care spending was $17.2 billion in B.C.).

Over the medium-term, the net costs of the New Deal will further decline as:

- Education costs are reduced because there are fewer children with additional support needs.
- Crime costs among youth and young adults are reduced by one-third, because children who experience quality early care at home and in the community are less likely to engage in criminal behaviour; and because reducing generational inequalities decreases the risk of social confrontation.
- Additional taxes are generated, because more employees are retained in the labour market.

The New Deal will also set in motion concrete strategies to achieve significant social and economic priorities over the long-term, such as:

- Containing and sustaining medical care expenditures, because the New Deal will produce a healthier generation of young children, who will in turn become a healthier population.
- Promoting gender equality, because the New Deal will eliminate barriers that reinforce the glass ceiling, and invite men to share equal opportunity to care at home.
- Improving the quality of the future labour supply in Canada, and our economy's resulting human capital and competitiveness, because children who are school ready when they start kindergarten are more likely to be job-ready when they graduate.

The New Deal will have no net cost to society in the first full year of implementation, if each Canadian adult values these and other social and economic priorities at just 36 cents per day. If we value these priorities at more than 36 cents per day, then the New Deal provides a return on investment to society in the very first year. Benefits continue to grow thereafter. Long term projections reveal that the New Deal will return $6 for every $1 invested over the working lives of children who start kindergarten today.

Recommendations To Provincial Government

Families need a New Deal to provide more time at home for moms and dads with newborns, $10/day child care services, and flex-time that enables employers and employees to balance successfully earning a living and raising a family.

The Surrey Board of Trade recommends that the provincial and federal governments implement the following policy recommendations:

1. Child Care Supports

Reform the child care subsidy system so that parents pay no more than $10/day (full-time) and $7/day (part-time) making it free for families earning less than $40,000/year. Ensure quality services by providing ample funding for caregivers on site so that children spend their time in developmentally stimulating activities and play, including children with extra support needs. Caregivers will have appropriate training in child development and will be paid pay equity wages.

2. Flexible & Family Friendly Workplaces

Create and implement tax incentives to support employers to develop family friendly workplaces that include features such Family Responsibility Leave, a culture that supports work life balance, alternative work arrangements, and recognition of child and elder care issues.

3. Healthy Child Check In

Introduce a healthy child check-in and parenting support program during a child's first 18 months.

4. Parental Leave

Conduct additional research and explore how to extend parental leave beyond 12 months.

"Surrey has 9 licensed spaces for every 100 children compared to Vancouver with 18 spaces for every 100 children"

Appendix: A Closer Look At The New Deal Recommendations

New Mom And Dad Benefits

Why?

To transform the uneven access to parental leave into a benefit system that ensures all parents, including the self-employed, have the time and resources to be home with their newborns.

How?

Extend parental leave from 12 months to 18 months, generally reserving the extra six months for dads (with exceptions for lone parents and same-sex couples). Introduce a healthy child check-in and parenting support program during a child's first 18 months to monitor for early developmental delays and to answer parents' questions regarding children's feeding, sleeping, crying, etc.

Details

Benefits would be available to ALL single- and dual-earner households regardless of parents' attachment to the labour market (including the self-employed). Moms and dads who currently do not qualify for leave would see their after-tax income increase by at least $11,000 in the 12 months following the birth of their child. Leave would be made affordable by insuring 80 percent of parents' income up to $60,000 a year. This increase will double the existing maximum benefit. The new minimum benefit will be $440 weekly, enough to eradicate child and family poverty for this age group The New Deal would pay a Time Dividend. Just as the average dividend paid by Dow Jones Industrial stocks is 2.8%, a Time Dividend should support the generation raising young kids with 2.8% of the economic prosperity produced today compared to the mid-1970s. This equals $22 billion annually

$10/Day Child Care Services

Why?

To remedy the current system of unregulated, unaffordable child care services, thus ensuring that parents can spend enough time in employment to manage the rising cost of housing and stalled household incomes.

How?

Reduce child care service fees to no more than $10/day (full-time) and $7/day (part-time) making it free for families earning less than $40,000/year. Ensure quality services by providing funding for ample caregivers on site so that children spend their time in developmentally stimulating activities and play, including children with extra support needs. Caregivers will have appropriate training in child development and will be paid pay equity wages.

Details

Universal, affordable child care services would support healthy child development by supplementing, but never replacing, the care that families provide directly. Families could choose to use the services regardless of parental employment. Families could also choose to access parenting support even if they do not use child care services. Programs will reflect the diverse cultures in local communities. Where numbers permit, families could choose programs that feature a language other than English or French in recognition that Canadian families speak many languages at home. For Indigenous citizens, funding is allocated to enrich services that prioritize exposure to the languages and cultures of First Nations, Métis and Inuit as part of Canada's commitments to Truth and Reconciliation.

Flex-Time

Why?

To remedy workplace standards that ignore the family by ensuring all employees can choose to combine work and family successfully.

How?

Adapt overtime, Employment Insurance and Canada Public Pension premiums paid by employers to make it less costly for businesses to use employees up to 35 hours per week, and more costly for hours thereafter. Overtime will kick in at 35 hours a week (averaged over a year). Overtime premiums will be paid either as cash or earned time away from work.

Details

With new incentives, employers would reduce the work week by 3-5 hours on average for the half of men and the third of women who currently work more than 40 hours/week. These employees would trade some after-tax wages (or future wage increases) in order to gain four more weeks of time per year. In negotiation with employers, this time could be taken in chunks, or as earned hours away from work each week throughout the year. Changes to the National Child Benefit Supplement will ensure any reduction in employment hours does not reduce income in low-earning families. This may be especially important for some lone parent households. Employees who currently work part-time hours would gain opportunities for more employment. Within two-parent homes, flex-time may not change the total hours that parents work, but redistribute them more evenly between dads and moms.