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MEDIA RELEASE | December 8, 2011

Harder for Albertans to raise a family but easier to retire: UBC study

Even the good economic times over the last decade have not shielded Alberta's families from a harsh Canadian reality: parents today have less money and less time to raise young children than the Baby Boomer generation before them.

"What we're seeing in Alberta, and across the country, is something I call 'Generation Squeeze,'" says Paul Kershaw, a professor at the University of British Columbia. "The Generation raising young kids 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."

Kershaw and colleague Lynell Anderson led a new study comparing the cost of living, household incomes and services available to families today with the1970s. The researchers found that the average household income for young Albertan couples has increased by only 12 per cent since the mid-1970s (after adjusting for inflation) even though the share of young women contributing to household incomes today is up 42 per cent and the proportion of men age 25-44 who work long hours in Alberta is higher than any other province. While household incomes increase slightly, young families simultaneously struggle with the costs of living because housing prices increased 58 per cent. Alberta is now second only to BC in terms of the high average cost of housing.

This decline in the standard of living for families raising young children in Alberta is made worse by the fact that Alberta allocates less than any other Canadian province, as a share of GDP, to child care and kindergarten services that help parents balance caring and earning.

According to Kershaw and Anderson, the time, income and service squeeze doesn't just hurt young families. The Alberta business community pays more than $497 million annually because work-life conflict among parents of preschool children results in higher absenteeism, employee health insurance premiums and recruitment expenses. The problem also contributes to rising costs of crime, poverty, education and medical care.

And while the generation raising young families is struggling, Kershaw's research shows that the generation about to retire is doing better. Average household income for Alberta couples approaching retirement increased 34 per cent since the mid-1970s - nearly three-times the increase reported for couples age 25-34. Alberta is now home to a generation of soon-to-be-retirees who have the highest earnings in Canada.

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The researchers also found that in 1976, the low-income rate among seniors in Alberta was 26 per cent. As of 2009, it was two per cent. By contrast, the low-income rate for families with children is 9 per cent. Kershaw's study shows Canada is among the worst industrialized countries when it comes to adapting to the declining standard of living for young families.

"Canada now needs a new policy to restore the standard of living for the generation raising young kids," says Kershaw, who has calculated that the policy changes required would cost $22 billion annually or 2.8 per cent of the economic prosperity enjoyed today in Canada compared to 1976.

Kershaw's proposed policy changes would enable mothers and fathers to stay at home with newborns until they reach at least 18 months of age, provide child care services that cost no more than $10 per day, and allow employees and employers to use flex-time to better balance time spent at work with time spent at home.

Kershaw will discuss his recommendations for "A Canada That Works For All Generations" at the invitation of the YMCA of Edmonton on December 8 at 9:30 a.m. and 1:30 p.m. at the Don Wheaton Family YMCA, 10211 102 Avenue NW. For more information visit: http://blogs.ubc.ca/newdealforfamilies

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