Young families sandwiched by bad policy [1]

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If this election were a restaurant, Gen-Xers and Millennials would be staring at a lone option on the social policy menu: a triple-decker sandwich they can barely afford, and that leaves most who try it with indigestion.

On the bottom slice—the foundation—we have the long shadow of the 1995 Paul Martin cuts to transfer payments that directly led to tuition fee hikes and the enduring legacy of student debt.

The fixings include all those years of broken promises to families with children that have resulted in parents paying dearly to ensure their kids have high-quality care, while having to work even harder to make ends meet. Add in the requirement to save whatever they can (many of us through wasteful and poorly structured RESPs) to help reduce the student debt our kids will take on when they graduate high school and pursue their educational goals.

The top slice, pressing down hard on the middle, is the legacy of current government policies: an increase to the retirement age; a badly stretched CPP (even with recent suggestions of "voluntary" increased contributions); an emphasis on private savings mechanisms that privilege the wealthiest, and shamefully inadequate home care for our elderly.

As unpalatable as this sandwich sounds, the impact of every single one of these policies are exponentially worse for socioeconomically marginalized communities, for people living with disabilities, for those dealing with abject poverty, and for First Nations.

Last weekend, I did a few rough calculations to find out what this policy package has cost my family, and some of what we can look forward to if the status quo remains intact.

Student debt for two adults (four degrees, collectively): $70,000. It would have been higher, but luckily I did my first degree in Quebec when fees were low for out-of-province students.

Child care for two kids (4 ½ years apart because of the combined impacts of student debt and child care fees): $130,000, so far.

Cost of two university degrees, one per child (why be greedy?): $140,000 (assuming they might want to go away to school). That's an estimate RESP providers are suggesting for today's costs.

Of course, now that mandatory retirement has been raised to 67, we'll have a whole extra two years to cram as much as we can into one of the private savings schemes that have been promoted instead of enhancing the Canada Pension Plan. As a result, income security in the lead-up to and during retirement is becoming increasingly tenuous.

It's a lot to digest. But what about all the family-friendly policies we've been hearing so much about?

Since 2006, the UCCB (pre- and post-enhancement) has offset some of our child care expenses to the tune of about $16,000 by the end of 2015 (before taxes, of course).

And let's not forget the Family Tax Cut. But since we're both in the same tax bracket we got a penny.

That some of these expenses—tuition fees, and a portion of what families spend on child care—are "compensated" through tax credits is no solution. Universities and colleges do not accept a tax credit as payment. Neither do child care centres or caregivers, the majority of whom are extremely undercompensated for the work they do. The fees are mandatory and required up-front.

Furthermore, to take advantage of a buffet of boutique tax credits, parents are required to spend big (again, up-front) to reap marginal benefits come tax time.

Turning back the clock to "the way things used to be" is not a viable solution either. The mid-1990s cuts to federal transfer payments precipitated a massive withdrawal of provincial public investment in (among other things) post-secondary education. As a result, fees skyrocketed and student debt grew significantly. The effects of that debt—as anyone will tell you—are long-lasting and come in the form of delayed opportunities and life choices.

Turning back the clock will not address the decades of postponed and broken promises about universal child care coming "any day now." A return to the “kinder, gentler” Canada of yesteryear does not address the reality that there are currently half a million Canadian children with two working parents and no available child care space. The current policy “solution” of expensive and ineffective UCCB payments does not even begin to approach the actual cost of child care fees.

Turning back the clock will definitely not create the policies that are required to ensure seniors can retire with a level of dignity that is not dependant on their (in)ability to invest in a private retirement fund.

For those of us in our 30s and 40s, this is the situation we face, the only option on the current policy menu. It’s unsustainable, a recipe for stagnation and wasted potential, and a lifelong debt sentence for younger generations. The solution will involve writing a new menu that recognizes some old and some newer priorities: universal, affordable, quality child care; massive public reinvestment in higher education and immediate debt forgiveness; a stable jobs strategy with liveable wages; robust enhancement of the CPP.

Doesn’t that sound more appealing?

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