

Stemming the Gray Tide

2018

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In the summer of 2015, the Toronto Workforce Innovation Group (TWIG) embarked upon an ambitious agenda to understand the *lived experiences* of Toronto's unemployed. We held numerous focus groups and interviewed over 100 job seekers across the city. These interviews yielded a rich source of data and gave us the opportunity to examine employment challenges and barriers related to various sub-groups of job seekers (immigrants, youth, long-term social assistance recipients, older workers, etc.). Many of these job-seekers were optimistic about their prospects and excited to be embarking upon the job-search journey. Others were far less optimistic about their job search. The focus groups, interviews and data collection informed that year's local labour market plan, *95 Months Later: Turbulent Times in Toronto's Labour Market*.¹

When we disaggregated the data, the results specific to one demographic stood out. The majority of youth (18 – 29) had positive feelings in respect to their employment prospects. However, more mature job-seekers (55+) without post-secondary attainment and/or who were single were particularly worried about their employment future, sometimes verging on desperation. A number of themes emerged from conversations with these mature job-seekers. These observations included:

- Most had been unemployed for over 6 months and many had been unemployed for over two years.
- Some had 'given -up' in their search for work.
- Their unemployment was overwhelmingly involuntary and structural, a result of lay-offs, downsizing or technological change/disruption.
- Many held the perspective that they had been displaced by automation or younger workers,
- In many cases, life savings had eroded or disappeared,
- Most reported physical or mental health challenges,
- They felt 'unwelcome' at job-search centres that appeared to be more interested in youth.
- They reported that employers were being incentivized to prioritize youth over older job seekers.
- Many had little interest in retraining at this juncture in their lives.

These observations led us to closely interrogate job-seeker data related to employment and social assistance for the City of Toronto. The data confirmed older job seekers who have low educational attainment and/or who are single, are less likely to be employed than the general population. These job seekers have substantially longer spells of unemployment, up to three times as long and are far less likely to be participating in the labour force, meaning that they are neither available nor looking for work.

Given the graying of both Toronto's and the province's population, challenges related to unemployment and labour force participation rates among older individuals are likely to increase over the foreseeable future. Yet, with the demise of Ontario's Targeted Initiative for Older Workers, there are no specific employment interventions for individuals from this demographic in the Province of Ontario. There are, however, signals from senior policy makers from all levels of government that there may soon be renewed interest in issues related to older workers and job seekers.

The Issue

An OECD report by Broecke and Swaim (2016)ⁱⁱ notes that once unemployed mature workers often face greater challenges in re-employment. Their re-employment rate within one year is low, at 32% for older workers compared with 52% for prime-age workers.

While youth unemployment has captured the imagination and attention of policy makers, the myriad of challenges faced by older workers has gone largely unnoticed. There are some signs that this is changing.

The Federal Government's hand-picked Advisory Council on Economic Growth issued a report in February of this year highlighting Canada's low labour force participation (LFP) rate among individuals 55+ when compared with other industrialized nations. The Council's report points out that "the workforce-participation rate of older workers is 62 percent in the top performing OECD countries—Sweden, Norway, the United States, Japan, and New Zealand. But in Canada, it is only 54 percent."ⁱⁱⁱ

The council was particularly concerned about the substantial loss of tax revenue and labour force challenges in the next decade if we do not increase the LFP rate of older individuals. The report noted that closing the older worker participation gap between Canada and other nations could add \$56 billion to our gross domestic product. These recommendations were reflected in the 2017 Federal Budget that included a number of provisions to support the potential of older workers, and to find ways to assist their continued participation in the workforce through skills development funding. In short, the council indicated that Canada faced economic stagnation if it failed to raise labour force participation rates among older Canadians.

The 2017 Budget also articulated concerns about the low income rates of unattached individuals over the age of 45. The low income rate of this particular demographic now surpasses those of single parents, persons with disabilities, recent immigrants and off-reserve aboriginals.

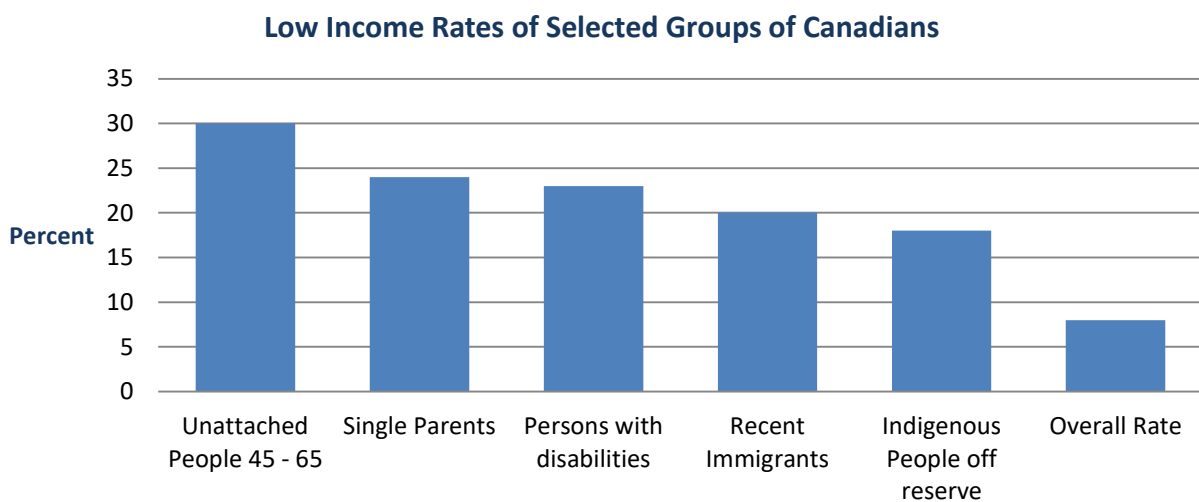


Figure 1. Federal Budget (2017)

Why is this Important Now? Toronto's Demographic Challenge

For the first time, Canada has more people over the age of 65 than under the age of 15. The age group that now encompasses the boomer generation – 50 to 69 – makes up 27 per cent of the population, compared with 18 per cent in that age group two decades ago. The number of people over 65, the traditional retirement age in this country, makes up 16 per cent of the population – double their proportion in 1971.

Fields et al (2017)^{iv} in a Statistics Canada report stated that in 2016, individuals aged 55 and over accounted for 36% of the working-age population, the highest proportion on record since 1976. By 2026, that proportion could reach 40%. While ageing population could be a factor behind declining participation rate, according to this report between 1996 to 2016, the labour force participation rate of individuals aged 55+ increased from 24% to 38%, reaching a record high in 2016. Changes in age, family structure and educational factors explained 44% of the increase in the labour market participation of older Canadians from 1996 to 2016. More than half of the overall increase in the labour market participation of seniors is due to other factors like an increase in the debt levels of older Canadians, increased wages and more favourable employment opportunities, or better health.

Labour force growth is a key ingredient in the production of more goods and services, and without these, economic sustainability becomes difficult. One of the few ways to soften the economic impacts of an ageing population is to increase and sustain the labour force participation rates of older workers/job-seekers.

According to the EDC Annual Labour Force Summary (2017)^v, between 2008-2016 city residents aged 55 and older accounted for all full-time employment growth (+49.7% or +80,770) and a part-time employment increase of (+17,080 or +39.2%). While the numbers appear to be positive for the mature workers, anecdotal evidences and the focused group discussion conducted by TWIG with mature workers suggest that in many areas, older potential workers are not finding work.

It would be insightful to investigate what kind of work are the employed mature workers doing to learn whether or not it matches or follows logically from what they were doing before the period of unemployment.

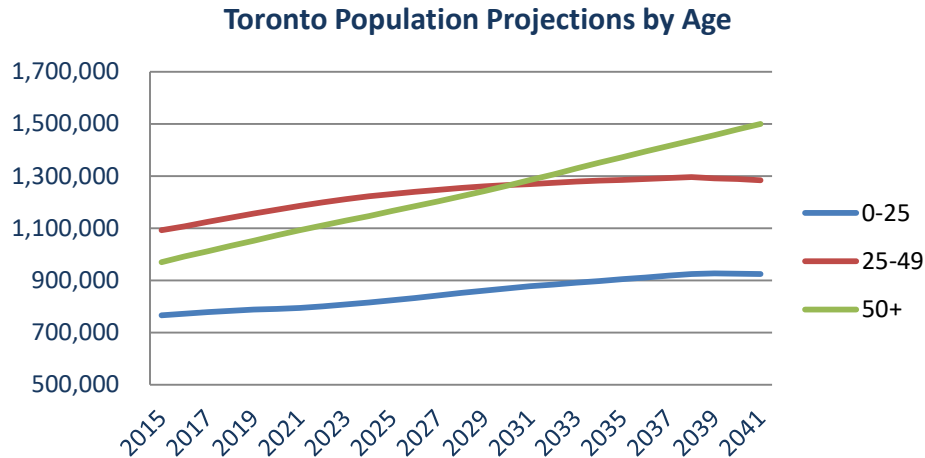
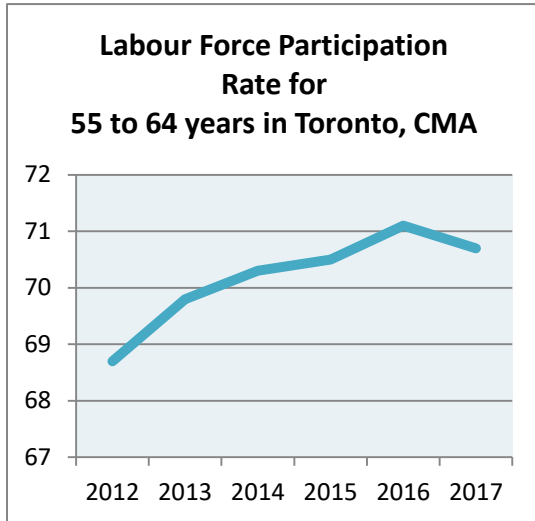


Figure 2. Ministry of Finance, Province of Ontario and Stats Canada (2016)

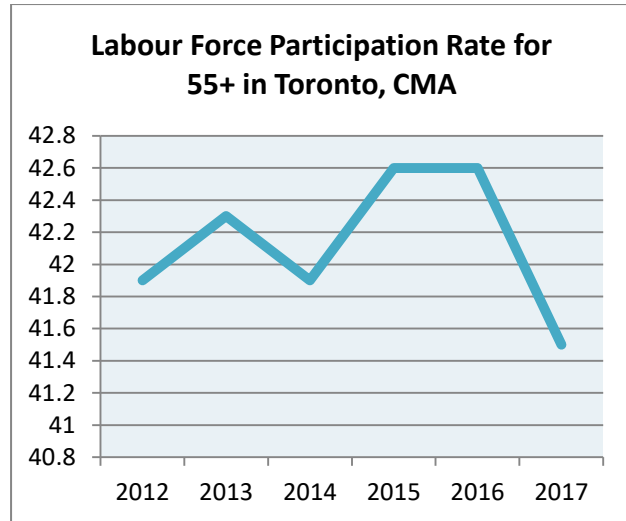
According to the Census 2016, the average age of the population in The City of Toronto is 41 years^{vi}. Toronto, while younger than most parts of Canada, is not immune from issue of aging demographics. Population projections provided by Ontario’s Ministry of Finance should sound alarm bells for the city of Toronto. Even when accounting for significant immigration, the number of individuals at or near retirement (50+) will surpass the number of prime working age individuals in 2030. Not only will there be serious labour shortages and decreased tax revenue, current Ontario Works (OW) data suggests Toronto could be facing increased social assistance costs, with older and single job seekers making up a significant percentage of all long-term unemployed, those over 3 years in receipt of assistance.

While the LFS data on employment of mature workers reported above suggested significant growth in employment between 2008-2016, the data on mature workers’ reliance on OW is concerning. According to TESS (2017)^{vii}, between 2010 and 2016, the average age of the caseload increased from 38 to 39 years. In 2016, older adults comprised 31% of those on assistance for 3 years or more. This is an increase from 2010 when older clients made up 24% of cases receiving OW for three years or more. This indicates that mature workers are more likely to be long term unemployed.

Additional data derived from Stats Canada’s Labour Force Survey (LFS) gives a better sense of the scope and characteristics of the challenge.



Source: Statistics Canada, Labour Force Survey



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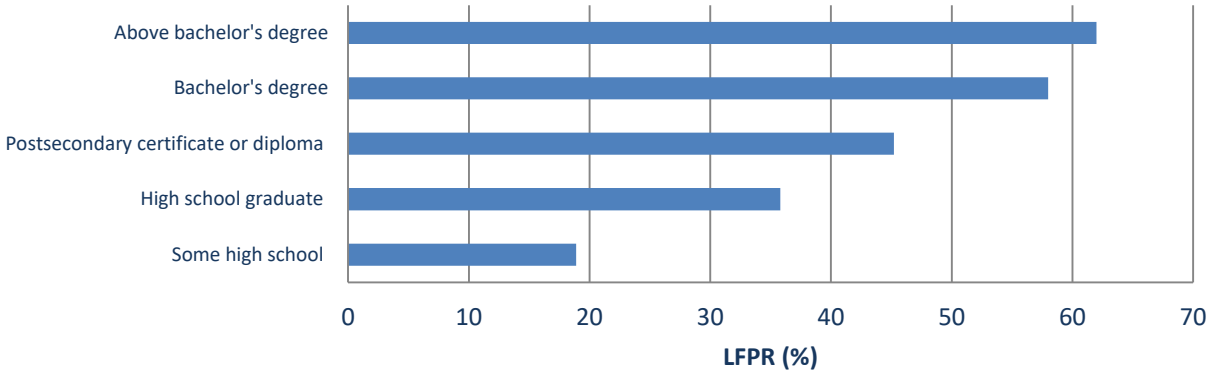
The labor force participation rate (LFPR) measures the total labour force (comprised of those who are employed and unemployed) relative to the size of the working-age population. In other words, it is the share of the working-age population that is employed or looking for work.

In order to understand the participation rate for mature workers, we analyzed data for two age categories—workers aged 55-64 years and workers aged 55+. Disaggregating data in this manner gives us a detailed insight on the participating mature workers.

The labour force participation rate for mature workers in the age category 55-64 years in Toronto, CMA has persistently increased between 2012 and 2016. However it declined in the past one year. LFPR data for workers aged 55+ in Toronto, CMA has fluctuated between 2012-2015. It stagnated between 2015 and 2016 until it fell to 41.5% in the year 2017.

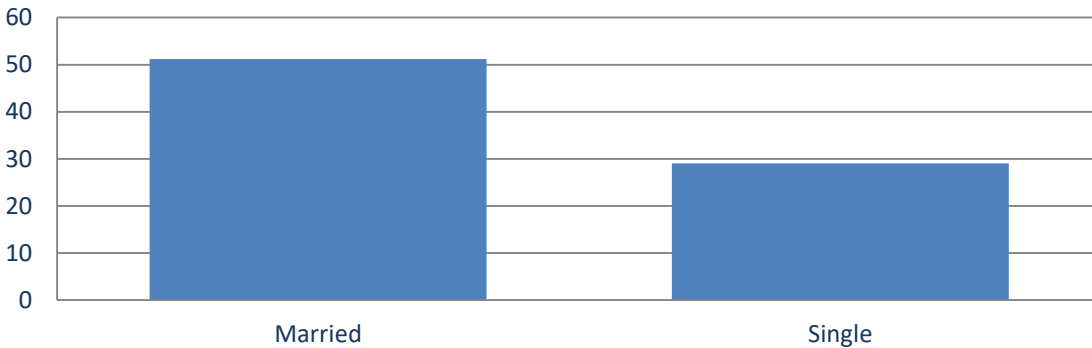
Toronto LFS data indicates that individuals 55+ with high school attainment or less have significantly lower labour force participation rates than those of their peers.

Labour Force Participation by Education, Individuals 55+ in Toronto CSD: 2016



Furthermore, and as reflected in the Federal Budget, there are very strong correlations between marital status, income and labour force participation rates.

Labour Force Participation by Marital Status Age 55+ Toronto CSD



The data above strongly suggests that older individuals who have low educational attainment and/or are single have significant labour force challenges, that is, difficulty finding and keeping a job. In summary, the bottom line is that Toronto is in the process of a dramatic demographic change – the rapid aging of the population – and that change has implications for the monthly participation and unemployment figures. We believe that the design and testing of a new and innovative employment intervention for older job-seekers is warranted.

What Works for Mature Job Seekers?

The evidence of 'what works' for job seekers over the age of 50 is, at best, mixed. While there have been numerous interventions across Canada and other jurisdictions developed to support more mature job seekers, few (if any), have undergone rigorous evaluation for effectiveness. Both the US Department of Labour and the What Works Centre in the United Kingdom concluded that more research and testing of innovative programming is needed to better understand what active labour market interventions best support the transition of older job seekers back into employment. IZA World of Labour^{viii}, in their examination of the issue

in the paper “Is Training Effective for Older Workers?” concluded that *traditional* employment and training interventions are not effective for unemployed persons over the age of 50. They did, however, conclude that “age-targeted employment training might therefore be a tool for improving the employment prospects of older workers.” The paper goes on to note that older workers learn and retrain differently from other workers so that any retraining program would have to be specifically designed for the learning styles of these workers.

While a literature review on specific approaches/programming for older workers provides inconclusive results, a synthesis of findings suggest that an intervention with the following components would have the potential to deliver positive results for mature job seekers and governments alike. This includes:

- Age specific screening and diagnostic tools,
- An intensive and rapid re-employment approach,
- ‘A different view of case management’ that incorporates robust elements of:
 - Financial mapping and planning that bridges the period to retirement,
 - Enhanced **physical and mental health supports** (or referrals),
 - Understanding about the assets and challenges related to mature workers,
 - Elements of retirement planning.
- An approach which incorporates an understanding of blended working (combination of multiple jobs, contract work, consulting, part-time work, etc.),
- Skills refreshers related to updating occupational requirements (e.g. updating occupational license), and
- Accelerated digital technology training **specifically** and **exclusively** designed for older individuals.

Next Steps

Over the past few years, employment/training services in Toronto have seen an increasing number of mature and unattached job-seekers. These clients are more frequently using services across all business lines. It may be advisable for employment service providers to consider tailoring or targeting services to this group of works. This would involve:

- Designing a mature worker employment support model based on promising practices that combine and integrates a variety of supports focused on the unique needs of older job seekers,
- Adapting and implementing a pilot program based on the designed model,
- Conducting a rigorous evaluation that includes quasi-experimental controls,
- Using strategic communications to promulgate early and ongoing findings,
- Producing research reports on the issue and findings from the demonstration pilot

At this point employment/training service providers are using all resources at their disposal to meet the needs of this group of workers. The problem has been recognized by more than one level of government and the Toronto Workforce Innovation Group creating services for this population in order to take advantage of skills and experience.

Endnotes

ⁱ 95 Months Later: Turbulent Times in Toronto's Labour Market, Toronto Workforce Innovation Group, Fall 2015

ⁱⁱ Broecke, S; Sing, S; Swaim, P. (2016). The State of the North American Labour Market. Retrieved from OECD website: <https://www.oecd.org/canada/The-state-of-the-north-american-labour-market-june-2016.pdf>

ⁱⁱⁱ Tapping Economic Potential Through Broader Workforce Participation, Advisory Council on Economic Growth, 2017

^{iv} Fields, A; Uppal, S and LaRochelle-Côté, S (June 2017). *Insights on Canadian Society: The impact of aging on labour market participation rates*. Statistics Canada. <http://www.statcan.gc.ca/pub/75-006-x/2017001/article/14826-eng.htm>

^v Annual Labour Force Survey Data (May 2017). <https://www.toronto.ca/wp-content/uploads/2017/10/8f90-EDC-Annual-Labour-Force-Summary.pdf>

^{vi} Census Profile 2016. Statistics Canada.

<http://www12.statcan.gc.ca/census-recensement/2016/dp-pd/prof/details/page.cfm?Lang=E&Geo1=CSD&Code1=3520005&Geo2=CD&Code2=3520&Data=Count&SearchText=Toronto&SearchType=Begins&SearchPR=01&B1=Population&TABID=1>

^{vii} Toronto Employment and Social Services. (May, 2017). Report for Action: A Profile of Toronto's Evolving Ontario Works Caseload Profile. Retrieved from:

<http://www.toronto.ca/legdocs/mmis/2017/ed/bgrd/backgroundfile-103798.pdf>

^{viii} IZA World of Labour, Matteo Picchio, Is Training Effective for Older Workers?, Marche Polytechnic University, Italy, and IZA, Germany