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AGING WORKFORCE STUDY PROGRAM – SECOND PROGRESS REPORT

The Planning and Economic Development Committee recommends the adoption of the recommendation contained in the following report dated April 1, 2010, from the Commissioner of Planning and Development Services.

1. RECOMMENDATION

It is recommended that this report be received for information.

2. PURPOSE

This report provides a progress update on the Aging Workforce Study Program, highlight key jurisdictional findings and provide an overview of the Youth and Boomer Surveys conducted with York Region residents.

3. BACKGROUND

Assisting York Region employers to mitigate labour supply challenges

The 2005 Economic Strategy identified the complex interplay of demographic changes, economic trends and changing business conditions which is making it difficult to forecast supply and demand for workers. The Aging Workforce Study Program will provide a better understanding of York Region's workforce demographic impact on the economy and initiate actions to improve efforts to maintain effective and adequate skilled labour supply to meet the needs of the future workforce.

The Aging Workforce Study Program, approved by Regional Council in October 2008, is an 18 month employer focused project funded by Employment Ontario, through the Ministry of Training Colleges and Universities (MTCU). The project is managed by the Economic Development Branch and is assisted by an Advisory Committee of stakeholders from private, public and academic sectors.

The Aging Workforce Study Program includes custom research to assess the unique economic impact of the aging workforce effects on York Region stakeholders. Three surveys engaging 1,000 youth, 1,000 older residents and 200 employers will provide information to forecast workforce gaps and trends in retirement and second careering of older workers.

Based on the results of jurisdictional and custom research, a series of employer workshops and a stakeholder conference will be coordinated. Economic Development will produce and distribute guides, employer tools and a final report to employers.

Over the next ten years, an estimated 100,000-150,000 baby boomers in the York Region workforce will begin to retire (Statistics Canada, 2006). The aging workforce will challenge recruitment plans of medium to large York Region employers and succession planning at small entrepreneurial firms that comprise over 70% of firms in the Region.

The Aging Workforce Study Program has five phases

The Aging Workforce Study project consists of five phases beginning April 2009 and ending December 2010. Work activities occur concurrently in multiple phases with different completion target dates.

Phase 1, jurisdictional research and analysis concludes May 2010. Phase 2, custom research and reporting, including small employer focus groups, will be completed August 2010. Phase 3, employer workshops are targeted for October 2010 followed by Phase 4, employer tools and pilot program testing in November 2010. The final report will be prepared during Phase 5 and completed December 2010.

Economic Development reports on results of each phase and includes highlights of aging workforce trends, jurisdictional impacts, and best practices in workforce planning. This is the second in a series of progress reports prepared for Regional Council.

4. ANALYSIS AND OPTIONS

Phase 1 – Older workers are increasing their workforce participation

Old age benefits and pension plans impact early retirement globally and nationally. Almost two thirds of seniors rely on government transfers as the key source of income. Just over a third of Canadian workers have a pension plan. Union workers plan to retire earlier than non-unionized workers and they most often plan to retire before age 60.

Older workers and seniors increased their participation in the labour market both globally and nationally. Almost a quarter of older workers are choosing to remain in the workplace at least on a part-time basis after retirement from a primary career.

Table 1
Jurisdictional Research – Additional Findings

Trends	Facts
Age of entitlement to old age benefit differs across the most advanced economies and impact age of retirement	Among the major advanced economies, Canada is in the middle of the pack when it comes to earliest age of entitlement to old age benefits (Organization for Economic Cooperation and Development, 2004): • Germany – 63 years • The United States – 62 years • Canada – 60 years • Japan – 60 years • Italy – 57 years • Australia – 55 years
Government transfers are the major source of income for seniors	Across Canada, the majority of senior citizens still rely on Canadian Pension Plan and Old Age Security Program (low income seniors may also receive Guaranteed Income Supplement, Allowance or Allowance for the Survivor) as their major source of income. Source of seniors' income: • Government transfer - 63% • Private pensions – 25% • Investment – 6% • Private Wages – 6%
Unionized workers plan to retire much earlier than non unionized workers and have well defined pension plans	The retirement plans of older workers, by union type (Statistics Canada, 2007):

	Unionized	**Non-unionized**
Retire before age 60	40%	24%
Retire at age 65 +	25%	43%

Employees with pension plans, by sector:
- Public Sector – 86% with a pension plan
- Private Sector – 23% with a pension plan

Overall, only 35% of the total labour force (public and private sector which also include self-employed) has a pension plan.

<table>
<tr><th>Trends</th><th>Facts</th></tr>
<tr><td>Senior citizens have increased their participation in the labour force</td><td>
Labour force participation rates of older adults have been increasing across Canada and among Organization for Economic Cooperation and Development countries.
Participation rates of people aged 65 to 69 (Statistics Canada, 2009):
<table>
<tr><th></th><th>Canada</th><th>Ontario</th></tr>
<tr><td>2001</td><td>11.8%</td><td>13.3%</td></tr>
<tr><td>2009</td><td>22.3%</td><td>23.7%</td></tr>
</table>
Participation rates of people aged 55 – 64 (Statistics Canada, 2009; Organization for Economic Cooperation and Development, 2006; Statistics Canada, 1996 & 2006):
<table>
<tr><th></th><th>Canada</th><th>Organization for Economic Cooperation and Development</th><th>Toronto Census Metropolitan Area</th></tr>
<tr><td>1994</td><td>48.1%</td><td>48.7%</td><td>56.5%</td></tr>
<tr><td>2005</td><td>57.9%</td><td>54.2%</td><td>66.1%</td></tr>
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</td></tr>
<tr><td>Older workers see part-time work as an alternative after retirement</td><td>
Older workers intentions after retirement (Statistics Canada, 2008):
<table>
<tr><th></th><th>Canada</th><th>Ontario</th><th>Toronto Economic Area</th></tr>
<tr><td>Retire completely</td><td>19.6%</td><td>17.5%</td><td>14.6%</td></tr>
<tr><td>Remain in work-place full-time</td><td>1.5%</td><td>1.6%</td><td>N/A</td></tr>
<tr><td>Remain in work-place part-time</td><td>24.4%</td><td>23.8%</td><td>21.7%</td></tr>
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Phase 2 – York Region youth are university bound while boomers seek new career opportunities

Two custom surveys are complete and a total of 1,000 youth and 1,000 boomers were surveyed. The employer survey will be completed by May 2010.

Four focus groups will be held summer 2010 to assess and report on small business' perspective on the aging workforce. Chambers of Commerce and Boards of Trade are working in partnership with Economic Development to host the focus groups.

Boomers plan to work past age 65

York Region boomers are highly motivated to continue to work past 65 years of age. Employers may find recruiting and retaining older workers a solution to addressing skilled labour shortages. To leverage the older workforce, employers will need to offer reduced, flexible work schedules.

Table 2
Boomer Survey – Research Findings

Boomer Retirement Plans	Key Findings
Boomers are not planning to retire soon	• Boomers (aged 55-64) plan to leave workforce in 3 or more years (60%). Ideal retirement age: • 53% plan to retire before or at age 65 • 21% continue to work past 65 or never retire • 25% unsure of retirement plans
Top boomer occupations – need for succession planning	• Finance, insurance, real estate and leasing – 12% • Public administration: policy, enforcement and civil service – 10% • Health care – 10%
Phased-in retirement interest is high	• Two thirds (69%) interested in reducing workload or responsibilities or taking on mentoring or training roles • One third (31%) prefer traditional retirement
Boomers likely to second career	• Almost two thirds (62%) boomers are interested in taking on a new occupation such as volunteering, starting a business or working full time for a different employer after retirement
Flexible work schedule most important	• Availability of a flexible work schedule was cited as the most important factor (25%) in boomers' decision to second career followed by high salary (14%) and making a real difference (11%)
Education/ training interest mixed reaction	• Almost half (47%) of boomers were interested in undertaking additional training or education after retirement • More than a third (36%) were not likely to train for a new job

Youth are positioning themselves for a knowledge-based economy

Youth are educating themselves in science and engineering and business with industry interests in self-employment, management and education. A skilled labour shortage may result due to youth's low participation in skilled trades. Given boomer and youth entrepreneurial interests, there may be growth in small businesses.

Table 3
Youth Survey – Research Findings

Youth Career Aspirations	Key Findings
Youth seek post-secondary education	Most (95%) youth plan to obtain post-secondary education. After high school: • 83% plan to attend university • 12% plan to attend college • 2% plan to obtain a trade certificate
Top educational programs – science and business strength	University top programs: • Science and Engineering - 24% • Liberal Arts - 19% • Business Administration - 17% • Health Care – 14% College top programs: • Business Administration – 38% • Legal, Justice Studies and Public Administration – 18%
Trades – few enrolled but strong interest	Skilled trade interest: • 1% currently work toward a trade certificate • 2% planning a career in trades • One third (33%) youth were at least somewhat interested in pursuing a trade as a career when asked about potential boomer vacancies in trades
Industry sector career interest	High career interest: • Self-employment or owns a business – 70% • Management – 66% • Education - 64% • Health Care - 53% Low career interest: • Transportation, warehousing and trucking – 70% • Agriculture – 68% • Forestry, fishing, mining, oil and gas – 67%

Youth Career Aspirations	Key Findings
Not job market ready until after 2012	Youth employment: • Majority (54%) plan to start working full-time more than three years from now, most will be aged 20-24 • 12% are currently working • 19% expect to start within the next year
Job selection factors – work/life balance important	Job selection factors: • High salary - 19% • Work environment/ team atmosphere - 14% • Make a real difference - 9%

Phase 3 – Employer Workshops will increase employers' understanding of the aging workforce and its economic impacts

Research findings will be presented at a series of four geographically dispersed, business-clustered, employer workshops planned for August - September 2010. Employers will increase their awareness of aging workforce impacts, discuss best practices, access tools and resources and consider developing action plans to respond to the aging workforce trends.

Advisory Committee members offered to host the employer workshops and Economic Development will work with local Economic Development Officers, Chambers of Commerce and Boards of Trade to promote and send employer invitations to the workshops.

Phase 4 – Employer Pilot Program will validate employer tools

Economic Development will coordinate a pilot program for testing of employer tools, resources and human resources best practices with York Region firms starting October with results assessed in November 2010. Case studies will be developed and presented to employers at the stakeholder conference.

Five medium to large size employers are interested in participating in pilot programs. More employers may be recruited, at employer workshops, to test workforce planning strategies and tools yet to be identified and developed.

Phase 5 – Final Report will provide employers with information and tools for workforce planning actions

The final report will be released at a Stakeholder Conference December 2010. Employers will be provided with aging workforce research, employer tools, pilot program results, case studies and resources to develop workforce action plans.

5. FINANCIAL IMPLICATIONS

Employment Ontario approved $518,000 funding for the Aging Workforce Study Program. Direct costs covered include two dedicated project staff, research, employer guide and tools development, pilot program coordination, delivery of workshops and stakeholder conference, and production and distribution of a final report. Employment Ontario approved a project timetable extension to December 2010. There are no direct financial implications for York Region.

6. LOCAL MUNICIPAL IMPACT

Municipalities and Chambers are working collaboratively to inform employers

Addressing the aging workforce trend will have an economic impact on all nine municipalities by uncovering strategies that can be acted on to support workforce development to the year 2025. Municipal Economic Development Officers are provided with detailed presentations of the research results.

Chambers of Commerce, the Markham Board of Trade and Economic Development Officers are working in partnership to market and host small employer workforce planning focus groups and promote employer workshops.

7. CONCLUSION

Employer workforce planning needed to mitigate labour supply challenges

Younger workers may not be available in sufficient supply to keep pace with York Region economic growth. Older workers are a large source of skilled labour and are interested in continued employment. Employers will be encouraged to develop older worker recruitment and retention strategies, adopt phased-in retirement programs and offer flexible schedules, to mitigate the loss of skilled labour.

Educational institutions critical to meet future labour need

Youth are very interested in a college or university education, investing three or more years in post-secondary education. Educational institutions will need to offer the right programs, with adequate enrolment capacity, to prepare youth for a knowledge-based economy.

Skilled trades enrolment is low, but surveyed youth have interest in the trades. New strategies need to be developed by businesses and colleges to create more apprenticeship opportunities and market the trade program to youth and second career boomers.

Given boomers' interest in second careers, colleges and universities will need to develop certificate programs and training to meet employers' educational requirements.

The Aging Workforce Study project is showing progress and is on-track to be completed by the revised timeline of December 2010. Custom and jurisdictional research has generated meaningful insights and the project includes opportunities for ongoing Regional stakeholder input.

For more information on this report, please contact Patrick Draper, Program Director, Economic Strategy and Tourism at (905) 830-4444 Ext. 1503 or Susan Bergman, Aging Workforce Study Program Coordinator at Ext. 1492.

The Senior Management Group has reviewed this report.