

ADVANCING  
A WORKFORCE DEVELOPMENT AGENDA  
FOR TORONTO

**ICE**  
Intergovernmental Committee for  
Economic and Labour Force Development

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## EXECUTIVE SUMMARY

The immediate purpose of this report was to develop options in response to the provincial government's employment services transformation and its eventual roll-out in Toronto. One of the significant features of the province's changes has been to place greater emphasis on longer-term employment outcomes for individuals who are further removed from the labour market. The employment services transformation is part of several being undertaken by the province, including social assistance modernization as well as a workforce development and training review.

In terms of the broader context, there has been a widening recognition in recent years of disturbing long-term trends in our labour market, such as the growing spread of precarious work, the rise of the gig economy, the increase in working poverty and income inequality, and the threats posed by automation and artificial intelligence. The impact of these trends is often felt by marginalized populations and those working in lower-skilled occupations, such as women, youth, racialized groups, Indigenous Peoples and immigrants. The inequities faced by these populations has been recently highlighted by the COVID-19 pandemic, evident both in the vulnerability of front-line and essential workers, as well as the disproportionately high levels of unemployment experienced by these categories of workers.

This paper proposes that better employment outcomes for these populations will require more effective engagement with employers, which necessitates a workforce development approach. The current workforce development landscape in Toronto is broad and varied but would benefit from better coordination and targeted support.

It is necessary to be clear on what is meant by workforce development. To some extent, this term has been adopted to apply to the higher end of the labour market, with the attention paid to talent, the urgency placed on skills, the promotion of learning organizations and the expectations of individuals to constantly improve themselves to maintain their position in the labour market.

Workforce development in relation to individuals further from the labour market and/or experiencing barriers to employment has a different focus, starting with the steps needed to facilitate entry or re-entry into the labour force, which often includes preparatory support in advance of employment, connection with other services and opportunities to acquire workplace experience. It also often requires developing robust relationships with employers, to understand their needs, to support them in receiving these job candidates and to engage with employers to make jobs better, to the benefit of the company and of the workers.

These two ends of the labour market, these two contrasting labour market outcomes (including under COVID), these two different ways of interpreting workforce development, warrant attention because they are a reflection of two worlds which intersect with decreasing frequency. This is not only a comment about widening inequality and polarization, it is also a warning: the lived experience of those struggling in the labour market can be a remote abstraction for those whose co-workers, neighbours, family and friends share the same education and career trajectory, such that notions of what is needed to succeed at one end of the labour market may not have equal application at the other end of the labour market.

For a brief moment, COVID has made clear the essential importance of these lower-skilled occupations to our economy, as well as the degree to which disparate labour market outcomes are unevenly distributed across our diverse population groups. The call to build back better is based on a recognition of these inequities.

Labour market outcomes for workers at the lower-skilled, lower-paid end of the labour market have been more affected by what has happened to the quality of jobs as opposed to the quality of the available workforce over the last few decades. It is increasingly being recognized that improving the quality of these jobs would benefit not only those workers, but also the businesses who employ them, and the broader economy as a whole. For that reason, the goal of good jobs needs to be a prime objective of any workforce development initiative.

To move forward, this paper recommends a broad-based workforce development table, jointly sponsored by the City of Toronto and the community sector, to provide a platform for advancing workforce development. Such an initiative would greatly benefit from the active involvement of the provincial government, as well as strong employer leadership. A more integrated approach to workforce development in Toronto has been proposed before, and more recently the City of Toronto's COVID recovery plan has also included a workforce development table as part of a "building back stronger" strategy. This paper provides further rationale for this approach, including a discussion of what is meant by workforce development, as well as specific considerations which could inform this process.

As part of this initiative, this paper also recommends a consultative process to explore the options related to the eventual Employment Ontario Service System Manager function in Toronto. There are important issues to be resolved and interests to be balanced, and these discussions need to take place in advance of a proposal call.

# BACKGROUND

## About the ICE Committee

The ICE Committee was established in 1997 by officials from the Government of Canada, the Province of Ontario, and the City of Toronto, to share information and co-ordinate public sector efforts to support economic and labour force development in the broader Toronto area, as well as to sponsor relevant research studies. Membership in ICE includes representatives from: FedDev Ontario; Immigration, Refugees and Citizenship Canada; Innovation, Science and Economic Development Canada; Service Canada; the Ontario Ministry of Children, Community and Social Services; the Ontario Ministry of Colleges and Universities; the Ontario Ministry of Economic Development, Job Creation and Trade; the Ontario Ministry of Finance; the Ontario Ministry of Labour, Training and Skills Development; the Ontario Ministry of Municipal Affairs and Housing; the Toronto Economic Development and Culture Division; the Toronto Employment and Social Services Division; and the Toronto Social Development, Finance and Administration Division. For more information, see: [www.icecommittee.org](http://www.icecommittee.org).

## Author

Tom Zizys is a Toronto-based consultant who has worked in the public and non-profit sectors for over 25 years. For the last 15 years, he has specialized in labour market issues, undertaking labour market data analyses, designing training and employment projects, and providing broader commentary on labour market trends and policy frameworks relating to employment and workforce development programs.

## Acknowledgements

Over 30 interviews were conducted with key stakeholders and informants, who provided extremely useful context and insights regarding the issues discussed in this paper. Their contribution is greatly appreciated. A list of interviewees (apart from those who spoke off-the-record) is provided in Appendix A at the end of this report.

The analysis presented in this report was much improved by the feedback and discussion which occurred through bi-weekly meetings with a very able and engaged advisory committee:

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## INTRODUCTION

### Purpose of this study

The purpose of this paper is to help inform the future direction of workforce development in Toronto. In 2003, the City of Toronto released its *Labour Force Readiness Plan*,<sup>1</sup> which recommended an integrated and collaborative approach among local labour market stakeholders to ensure the availability of job-ready candidates across the range of skill needs to support the continuing economic growth of the region. In 2012, the City of Toronto followed up this study with *Working as One*,<sup>2</sup> which articulated a demand-driven focus for workforce development services, highlighting the need to cater to two customers, employers as well as jobseekers. These and other initiatives on the part of governments and the community sector have generated an array of innovations over the years in Toronto and Ontario, from sector strategies to community benefit agreements to precisely targeted training projects.

Recently, the Ontario Government has announced a series of programmatic changes which will significantly alter employment services and workforce development in the province:

- Employment services transformation (announced February 12, 2019),<sup>3</sup> including: integrating social assistance employment services into Employment Ontario; a new service delivery model; revised targeting of employment services; a new performance management framework; and selection of service system managers through a competitive process;
- Social Assistance transformation (first announced November 22, 2018 and further updated on February 11, 2021 through Ontario's Ministry of Children, Community and Social Services [MCCSS] vision paper)<sup>4</sup> and the new Ontario Poverty Reduction Strategy (released December 16, 2020),<sup>5</sup> which aims to increase the number of social assistance recipients moving into employment;
- Workforce Development and Training review (announced March 9, 2020),<sup>6</sup> assessing existing skills training programs and local workforce planning, culminating in a provincial workforce development and training action plan.

These various policy statements and program transformations need to be seen in the context of very consequential longer-term trends in our labour market, such as the growing spread of precarious work, the rise of the gig economy, the increase in working poverty and income inequality, and the threats posed by automation and artificial intelligence. These tendencies have had an out-sized impact on marginalized populations and those working in lower-skilled occupations, such as women, youth, racialized groups, Indigenous Peoples and immigrants.

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<sup>1</sup> City of Toronto, *Toronto Labour Force Readiness Plan* (2003).

<sup>2</sup> City of Toronto, *Working as One: A Workforce Development Strategy for Toronto* (2012).

<sup>3</sup> Media release: <<https://news.ontario.ca/en/release/51230/province-helping-job-seekers-and-employers-make-ontario-open-for-business>>.

<sup>4</sup> Media release: <<https://news.ontario.ca/en/release/50486/ontarios-government-for-the-people-announces-plan-to-restore-dignity-independence-and-empowerment-to>>; <<https://www.ontario.ca/page/recovery-renewal-ontarios-vision-social-assistance-transformation>>.

<sup>5</sup> The Ontario Poverty Reduction Plan: <<https://www.ontario.ca/page/building-strong-foundation-success-reducing-poverty-ontario-2020-2025>>.

<sup>6</sup> Media release: <<https://news.ontario.ca/en/release/56189/ontario-exploring-how-to-prepare-more-people-for-good-jobs>>.

The impacts on these populations have been made more apparent as a result of the COVID-19 pandemic and its aftermath. These various groups bore the brunt of the consequences, in terms of labour market impacts measured by unemployment rates, labour force participation and who constituted our essential worker labour force, as well as on the health front, for example, where ethno-culturally diverse neighbourhoods had higher infection, hospitalization and death rates.<sup>7</sup> Indeed, these evident social inequities have in the very recent past generated increased comment and protest, highlighted by the Black Lives Matter and #MeToo movements.

In short, a number of inter-related strands inform the genesis for this report. The continuing impact of long-term changes in our labour market, together with the immediate consequences of COVID, and the implications of several provincial policy changes in this field, have prompted this examination of the employment services and workforce development space in Toronto.

In very concrete terms, the primary questions which this report sets out to answer are:

- 1) What options should be considered in relation to the proposed Service System Manager (SSM) function for Employment Ontario services for Toronto?
- 2) In the context of the SSM, what are some of the key opportunities and considerations in furthering workforce development priorities in Toronto?

## Methodology

In developing recommendations on topics such as these, there is a need to understand how the current employment services and workforce development system operates, as well as how it could operate, based on the perspectives and capabilities of the existing and potential stakeholders. This assignment relied on the following activities to achieve these insights:

- i. A literature review of studies relevant to employment services and workforce development;
- ii. Interviews with key informants and stakeholders, including employment services, workforce development, economic development and career development practitioners, funders and administrators;
- iii. Regular and in-depth deliberations with the project advisory committee, to sort through the implications of these findings and their applicability to Toronto.

This report has three sections:

- Context: An elaboration of the various strands which underpin this report;
- Workforce development: An exploration of the meaning of workforce development and its applicability to the current choices facing Toronto;
- Options for advancing workforce development in Toronto: A set of specific recommendations are offered for consideration.

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<sup>7</sup> Public Health Ontario, *COVID-10 in Ontario – A Focus on Diversity: January 15, 2020 to May 14, 2020* (2020).



## CONTEXT

Several important contexts frame this report which require elaboration, to understand this current moment as well as the priorities which should inform a discussion about workforce development in Toronto.

### Employment Ontario transformation

Employment Ontario is Ontario's employment and training network, funded by the Ontario Government through the Ministry of Labour, Training and Skills Development. This \$1.3 billion program (fiscal year 2020-21) consists of five categories: Apprenticeship; Employment Supports and Services; Skills Training; Adult Education; and Labour Market Development and System Features. Within these categories are programs such as Literacy and Basic Skills, Second Career, the Canada Ontario Jobs Grant and funding for workforce planning boards. Most EO programs and services are delivered through a community-based network which includes employment service providers, literacy providers, public colleges, direct delivery apprenticeship offices and training delivery agents.

The largest single program under the EO umbrella is Employment Supports and Services, which provides individuals with assistance in finding and maintaining employment, dividing job seekers into two categories: Unassisted Clients (those who can carry out their job search independently, relying on access to appropriate self-serve resources and information) and Assisted Clients (those who would benefit from direct help from an employment counsellor). Assisted Clients receive more intensive assistance, including personalized guidance and support, connections to employers, access to training programs or in some cases employer incentives to influence hiring decisions. In 2019-2020, EO Employment Services helped almost 540,000 Unassisted Clients and over 180,000 Assisted Clients across Ontario.

For the purposes of this section, the significant changes to Employment Services being implemented include:

Integration of social assistance employment services into Employment Ontario. Up until this point, recipients of Ontario Works or Ontario Disability Support Program benefits had access to their own employment services programs which were specifically targeted to their own needs and included their own network of service deliverers. That being said, these social assistance recipients also had access to EO services; of all 2019-2020 Assisted Clients in Ontario, 16.2% were Ontario Works recipients, 3.8% were ODSP recipients and 1.0% were dependents of either OW or ODSP recipients.<sup>8</sup>

Revised targeting of Employment Services. Under the transformation, a standardized intake approach is being applied, relying on a *Common Assessment* digital tool which determines each client's service needs and necessary supports to help them achieve their labour market goals. Based on the Common Assessment, clients will be segmented into three categories defined by their relative distance from the labour market, having regard to their level of education, employment history and other factors related to their labour market attachment (for example, how long they have been neither employed nor in an education or training program). This *Client Segmentation* will consist of three streams:

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<sup>8</sup> 2019-20 Employment Ontario Data Reports, prepared for Local Boards and Literacy and Basic Skills Regional Networks, Ministry of Labour, Training and Skills Development (2020).

- Stream A: Low risk of long-term unemployment (27 weeks or more of unemployment)
- Stream B: Medium risk of long-term unemployment
- Stream C: High risk of long-term unemployment<sup>9</sup>

An *Employment Action Plan* will be developed for each client, outlining the services and supports needed to achieve employment outcomes. For social assistance clients, an *Integrated Case Management* approach is being instituted, to coordinate the provision of employment services with the Life Stabilization supports that are provided through social assistance administration.

Creation of Service System Managers. Service System Managers are being created to undertake the planning, design, delivery and oversight of employment services within defined catchment areas, including the management of employment services through third-party local service providers (the SSM can also directly deliver employment services). Fifteen catchment areas have been delineated for the province, corresponding to the Economic Regions which are defined by Statistics Canada, except for the Toronto Region, which is further divided into five areas: Halton Region, Peel Region, York Region, Durham Region and the City of Toronto. A competitive process determines the selection of the Service System Manager (SSM), which can be a municipality, a non-profit or a for-profit organization, or a consortium of two or more such organizations. As part of the roll-out of the EO transformation, a pilot phase has been initiated, with the selection of separate Service System Managers for three prototype areas: Hamilton-Niagara Peninsula (Hamilton; Niagara; Haldimand-Norfolk; Brant); Muskoka-Kawarthas (Northumberland; Peterborough; Kawartha Lakes; Muskoka; Haliburton); and Peel Region.

Establishment of a Performance Management Framework. The Performance Management Framework defines specific key indicators (clients being served, progress towards employment, employment outcomes and client satisfaction), but, more significantly, it also provides minimum targets for the number of clients to be served under each segmentation stream, as well as the funding which will be provided for specific outcomes. These latter two features articulate in concrete terms the ultimate goal of the transformation: to serve more clients who are further from the labour market by ensuring they can sustain employment for a longer period of time.

The Call for Proposals for the SSMs in the three prototype areas illustrates these goals:

- In terms of the minimum number of clients to be served under each stream, the proportion of Stream C clients is a little over half to two-thirds of the total minimum target (for Hamilton-Niagara, it is 68.2%; for Muskoka-Kawarthas it is 64.9%; and for Peel it is 56.7%); so, in terms of clients to be served, the emphasis is clearly on Stream C clients;
- The average outcome payment per client under each stream:<sup>10</sup>

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<sup>9</sup> As part of the tender documents for the pilot SSM projects, examples were provided to illustrate these Client Streams : A Stream A client was: typically, between 24 and 36 years old; completed a post-secondary credential; unemployed for between 2 and 15 months; and had limited labour market barriers overall; A Stream C client was: typically, between 33 and 56 years old; completed Grade 12 or less; had employment experience only in low-skilled occupations; had been unemployed for between 5 months and 4 years; faced additional barriers in the labour market (for example, disability). From *Addendum 3, Call for Proposal for Service System Managers, Employment Services Transformation*, Ministry of Government and Consumer Services, October 1, 2019.

<sup>10</sup> These figures are from the Request for Proposals for the three prototype areas.

- \$344 per Stream A client;
  - \$1105 per Stream B client;
  - \$3230 per Stream C client;
- Thus, greater returns (as well as greater costs) for Stream C clients;
- The funding formula is weighted towards an increased amount of funding the longer a client is employed (see Appendix B for the actual formula and the percentage distribution by employment milestone). In terms of the overall allocation for an SSM, approximately 20% is based on performance outcomes.<sup>11</sup>

Tracking of client outcomes. The linkage of funding to performance outcomes up to 12 months after employment placement means that the SSM and its local service providers will have far greater need to track clients beyond their initial exit from the program, as a considerable proportion of funding is directly linked to longer-term employment.

### Social Assistance transformation and new Ontario Poverty Reduction Strategy

Social assistance transformation. The province is proposing significant changes to municipal social assistance delivery functions, which will impact three core areas:

- *Financial assistance administration:* Currently, social assistance benefits are administered through municipal and district OW administrations and provincial ODSP local offices. The province intends to centralize and deliver these functions (application, eligibility determination and administration of benefit payments), including streamlining and automating various processes;
- *Employment services:* As noted in the earlier section, all employment services, including for OW and ODSP clients, will be managed by service system managers through a transformed Employment Ontario network;
- *Life stabilization:* Municipal administrations will focus on life stabilization services to people, including persons with disabilities. The focus here is to assist individuals to access the necessary services and support that can allow them to achieve greater independence and/or employment; these supports include access to housing, childcare, parenting and family supports, health care and mental health and addiction services; the eventual goal is increasing integration of these various services and support into one human services delivery mechanism.

The relevance of these changes to employment services are two-fold: (i) the integration into Employment Ontario of employment services that had previously been exclusive to social assistance recipients; (ii) the need for coordinated case management of employment services with the life stabilization services that will be provided by municipal administrations.

New Ontario Poverty Reduction Strategy. While the Social Assistance changes emphasize the goal of moving more social assistance recipients into employment, the Ontario Poverty Reduction Strategy articulates the target: specifically, to increase the number of Ontario social assistance recipients moving to employment each year from 35,000 in 2019 to 60,000 by 2024.

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<sup>11</sup> From *Addendum 1, Call for Proposal for Service System Managers, Employment Services Transformation*, Ministry of Government and Consumer Services, September 20, 2019.

## Workforce development and training reviews

The province has also been busy reviewing other aspects of the employment and workforce development landscape. It has, among other activities, undertaken an assessment of the skilled trades environment, completed third-party evaluations of the SkillsAdvance Ontario project and of local planning boards, and it disbanded the Local Employment Planning Council (LEPC) pilot projects, which were enhanced versions of workforce planning boards. Currently, as part of its Workforce Development and Training Review, the province has commissioned a study to support the creation of a Workforce Development Action Plan, whose purpose is to consider the wide range of training and workforce development programs, with the goal of condensing them into three or four streams as well as providing options for better coordination of local labour market information and local planning.<sup>12</sup>

With specific regard to the workforce planning boards, the Request for Proposal for this project states:

“Recent evaluation activities and other inputs (including changes to employment services) suggest that while this network of organizations show some interesting results and insights, there is a need to improve on or replace the current approach.

A new, more robust approach is needed to better support communities and foster strategic coordination between local efforts (including identification of local needs) and broader provincial activities and priorities.”

In short, in addition to employment services transformation, one can expect changes across training and workforce development programs as well.

## Employment Ontario clients – pre-SSM

Given that a Service System Manager will be selected for Toronto in the near future, it is useful to understand the profile of EO Employment Services clients and how that will likely change as a result of the transformation.

Table 1 provides some illustrative profiles of Toronto’s EO Assisted clients for the most recent fiscal year.<sup>13</sup>

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<sup>12</sup> This information is from the Request for Proposal document. The in-scope programs are: Second Career; Canada-Ontario Job Grant; SkillsAdvance Ontario; local workforce planning boards; Ontario Labour Market Partnership Program; Sector Partnership Planning Grant; Ontario Job Creation Partnerships; Ontario Bridge Training Programs; Literacy and Basic Skills Programs; Skills Catalyst Fund; Career Ready Fund; Micro-credentials/RapidSkills; and LMI and local workforce planning.

<sup>13</sup> For the remainder of this report, EO will refer to Employment Ontario’s Employment Services.

**Table 1: Select data regarding Toronto’s EO Assisted clients, 2019-2020<sup>14</sup>**

|                                   |         |                                       |     |                    |     |
|-----------------------------------|---------|---------------------------------------|-----|--------------------|-----|
| <b>Unassisted clients</b>         | 126,989 |                                       |     |                    |     |
| <b>Assisted clients</b>           | 43,521  |                                       |     |                    |     |
| <b>Income</b>                     |         | <b>Designated group</b>               |     | <b>Age groups</b>  |     |
| No source of income <sup>†</sup>  | 57%     | Internationally trained professionals | 39% | 15-24 years old    | 18% |
| Ontario Works                     | 18%     | Newcomers                             | 33% | 25-44 years old    | 58% |
| Employed                          | 7%      | Visible minority                      | 23% | 45-64 years old    | 23% |
| Employment Insurance              | 6%      | Person with a disability              | 6%  | 65 years and older | 1%  |
| ODSP                              | 2%      | Member of an Aboriginal group         | 1%  |                    |     |
| Dependent of OW or ODSP recipient | 1%      |                                       |     |                    |     |

<sup>†</sup> “No source of income” refers to the individual, not the household.

- With 43,521 Assisted clients, the Toronto EO network serves almost a quarter (23.7%) of Ontario’s EO Assisted clients;
- A Toronto SSM would not only have the largest client population in Ontario, it would have at least twice as many clients as the second largest SSM in the province;
- Around one in five EO Assisted clients are social assistance recipients (OW or ODSP);
- Belonging to a designated group is self-reported by clients; for that reason, the share of clients who report being a member of a visible minority is improbably low (visible minorities make up slightly over half of the City of Toronto’s population);
- The proportion of newcomers (33%) is high (a newcomer is an immigrant who has been in Canada for five years or less; newcomers typically make up 7% to 9% of the unemployed in the Toronto Census Metropolitan Area); the proportion of internationally-trained professionals would span all years of admission and they constitute 39% of all EO Assisted clients;
- Youth are under-represented among EO Assisted clients; in 2019-2020, they made up 18% of clients, while youth typically make up 27% to 32% of the unemployed in the Toronto CMA;
- Among EO Assisted clients in Toronto, 43% have been unemployed for six months or more at the point of intake; by comparison, 14% of Ontario’s unemployed have been unemployed for six months or more.<sup>15</sup>

Chart 1 presents the distribution by level of educational attainment of EO Assisted clients in Toronto, the jobs from which they have been laid off and the jobs where they found employment after receiving EO services, classified by the level of education typically required for that occupation.

Chart 1 conveys several striking observations:

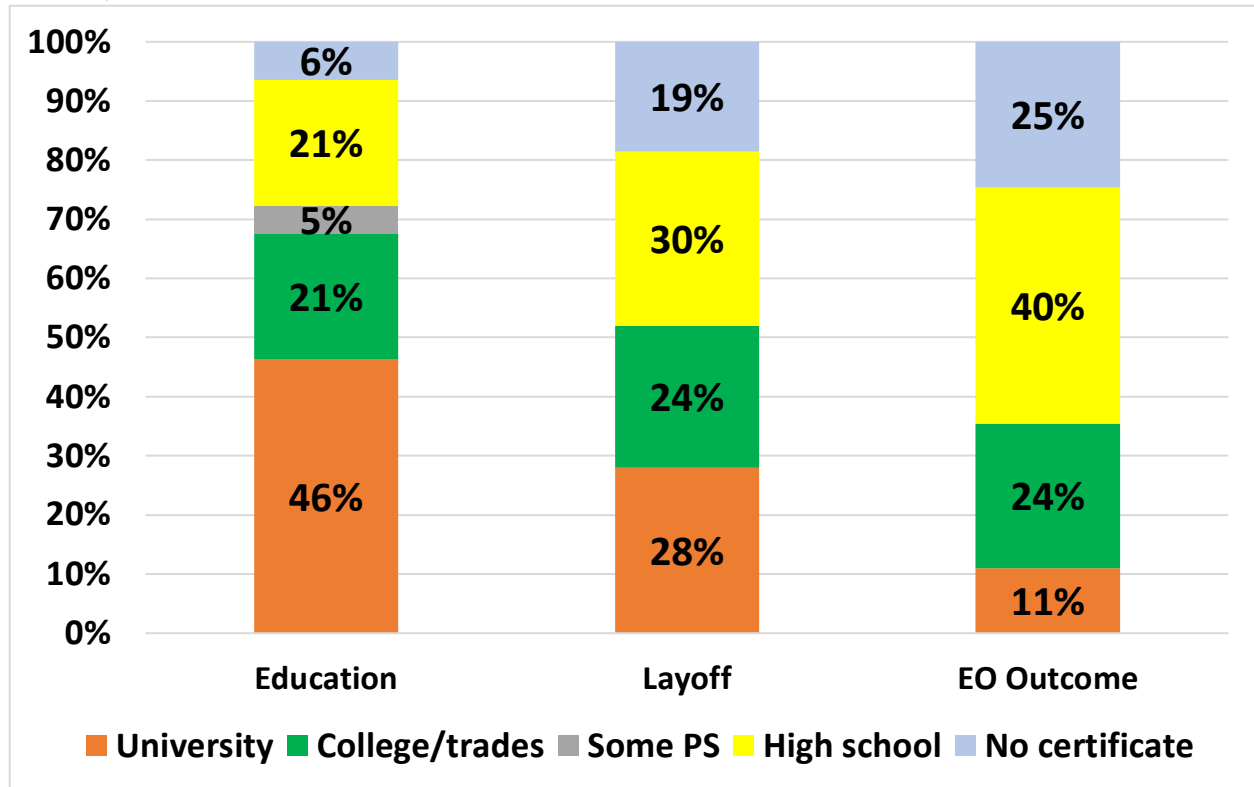
- Two-thirds (46% + 21%) of EO Assisted clients hold a post-secondary certificate (almost half possess a university degree);
- Yet their most recent job was often not commensurate with their level of education; almost half (30% + 19%) had most recently worked in an occupation which required no more than a high school diploma;

<sup>14</sup> 2019-20 Employment Ontario Data Reports, prepared for Local Boards and Literacy and Basic Skills Regional Networks, Ministry of Labour, Training and Skills Development (2020).

<sup>15</sup> The data for the newcomer and youth proportions of the unemployed is from Statistics Canada *Labour Force Survey* for 2016-2020. The data for length of time unemployed is also from the *Labour Force Survey*, covering the period April 2019 to March 2020, to match the EO client data. This data is only available at the provincial level.

- The EO data which is publicly available does not allow for an investigation of the characteristics of those who do obtain employment, that is, we do not know if it is university degree holders or those with only a high school diploma who are finding jobs; what is known is that two-thirds (40% + 25%) of clients with outcome data end up in jobs that require no more than a high school diploma.

**Chart 1: Education levels of EO Assisted clients, their prior lay-off job and the subsequent hire, Toronto, 2019-2020**



Lay-off data is available for only 42% of all clients. In large part, this may be due to the fact that many clients may not have a prior employment history, being newcomers or youth. But even in the rest of Ontario, this data is only available for 55% of all Assisted clients, in areas where there are far fewer newcomers. The EO outcome data is much more sparse. Among EO Assisted clients in Toronto who exit with an employment outcome, data on what kind of job they obtained is only available for 10% of these clients (the Ontario figure of 17% is only somewhat better). Clearly, the ability to collect data on client outcomes, not only at exit but for a year afterwards, together with continuing case management and on-going job retention support, will need to improve significantly under the SSM, in order to maximize the performance-based funding.

### Projected SSM EO clients

The current EO Assisted client base in Toronto has a large proportion of individuals who would likely fall within the Stream C category under the proposed SSM:

- 43% have been unemployed for six months or more;

- 21% are recipients of either OW or ODSP or a dependent of a recipient;
- 49% had previously worked in a job that requires a high school diploma or less.

The absorption of OW and ODSP employment services into EO, the heightened focus of EO services on those who are further from the labour market, and the desire on the part of the province to increase the number of social assistance recipients moving into jobs will mean that the EO services will be serving clients with more barriers to employment. At this pre-SSM moment, what does the OW and ODSP client profile look like?

Ontario Works. Ontario Works is the main income support program for individuals and families who are facing financial hardship. In most situations, there is an expectation that a benefit recipient will participate in program activities which will contribute to their ability to find employment.

In 2018, Toronto Employment and Social Services served 110,373 OW cases, which together with family members represented 192,898 individuals.<sup>16</sup> The number of cases is evenly split between males and females. Table 2 provides additional profiles.

**Table 2: Select data regarding Toronto Employment & Social Services OW clients, 2018**

| Age groups          |     | Family type              |     | Barriers to employment                   |     |
|---------------------|-----|--------------------------|-----|--|-----|
| Under 30 years old  | 27% | Single                   | 66% | Reported at least one barrier            | 85% |
| 30-49 years old     | 50% | Single parents           | 24% |  |     |
| Over 50 years old   | 24% | Couples with children    | 8%  | Reported poor health                     | 29% |
| Education           |     | Couples without children | 2%  | Reported lack of Canadian experience     | 26% |
| No certificate      | 30% |                          |     |  |     |
| High school         | 36% |                          |     |  |     |
| Post-secondary      | 32% | Length of stay on OW     |     | Reported lack of education and/or skills | 22% |
| Immigration status  |     | 12 months or less        | 32% |  |     |
| Born outside Canada | 65% | 13-24 months             | 19% |  |     |
|                     |     | Over 24 months           | 49% |  |     |

Compared to the EO Assisted client profile, the OW cases consist of a higher proportion of immigrants and significantly lower levels of educational attainment (two-thirds with a high school diploma or less). As well, two-thirds of the caseload has been in receipt of social assistance for over a year, with half at two years or more.

Under Employment Ontario, the primary goal is employment, however, it is also recognized that there are steps towards employment, such as training programs or returning to school. Similarly, under OW, there are intermediate steps to improve one's circumstances, the primary one being in need of life stabilization supports and services, addressing personal issues such as strengthening one's life skills, obtaining counselling for mental health concerns or assistance to overcome an addiction, as well as accessing services or resources to obtain adequate housing or receive childcare services.

OW provides employment programs, which can range from pre-employment programs (addressing employability barriers) to skills training. In 2018, around 3,800 TESS clients entered such programs. In

<sup>16</sup> All TESS OW data in this section is from Toronto Employment and Social Services, *Annual Report 2018*.

addition, OW clients can earn income up to specific thresholds, to supplement their OW benefits. In 2018, 11% of TESS clients earned such employment income. Around 5% of the TESS caseload exits the caseload each month, and 13% of that figure leaves for employment. Thus, while a considerable proportion of OW clients engage in either preparation for employment programs or are actually employed for limited hours, a much smaller proportion leave OW for employment.

The circumstances of singles among the OW caseload warrant further comment. Not only do singles constitute the largest proportion among family types (increasing their share of Toronto's OW caseload from 38% in 1999 to 66% in 2018), they have also been staying on OW longer, increasing from an average of 21 months in 1999 to 34 months by 2016.<sup>17</sup> While seniors and families with children have been helped by a wide array of targeted income benefit programs, singles have borne the brunt of cutbacks in social assistance supports. For example, annual welfare income levels for singles fell in Ontario from \$13,331 in 1992 to \$9,646 in 2018 (in 2018 dollars), while for a single parent with one child it declined from \$26,245 to \$21,463, while parents received increasing assistance from child benefit programs.

In addition to the various barriers to employment these singles often have in common with other OW recipients (lower levels of education, lack of skills, longer time being unemployed), their reduced levels of income support relegate them to constantly engage in survival strategies simply to combat homelessness and food insecurity. These living conditions contribute to poorer mental and physical health, further exacerbating their plight and making it less likely that they can successfully transition to the labour market.<sup>18</sup>

Ontario Disability Support Program. The Ontario Disability Support Program is intended to provide financial support for individuals with a substantial mental or physical impairment that is continuous or recurrent, expected to last one year or more and directly results in a significant restriction on a person's ability to work, to care for themselves or to take part in community life. Thus, by definition, ODSP recipients are considerably distant from the labour market and the program places no formal expectation on ODSP recipients to be preparing themselves for employment. Nevertheless, ODSP does provide employment services so that ODSP recipients can acquire skills, engage in part-time employment and/or transition to full-time employment.

Some statistical profiles of ODSP recipients (data is for all Ontario, March 2017):<sup>19</sup>

- 79% are singles;
- 53% are listed as having a mental disability (includes psychoses, neuroses or developmental delay);
- 35% are listed as having a physical disability;
- ODSP recipients are on average older than OW recipients – 58% are 45 years or older compared to 31% of the province's OW recipients;

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<sup>17</sup> Dean Herd, Yuna Kim and Christine Carrasco, *Canada's Forgotten Poor? Putting Singles Living in Deep Poverty on the Policy Radar*, Institute for Research on Public Policy Report, September 2020

<sup>18</sup> Nick Falvo, *Lifting Singles Out of Deep Poverty: The Case for Increasing Social Assistance Benefits*, Institute for Research on Public Policy Insight, December 2020

<sup>19</sup> The data for this section is drawn from Ministry of Children, Social and Community Services, *Social Assistance Trends -- Ontario Disability Support Program*, March 8, 2018  
<[https://www.mcsc.gov.on.ca/en/mcss/open/sa/trends/odsp\\_trends.aspx](https://www.mcsc.gov.on.ca/en/mcss/open/sa/trends/odsp_trends.aspx)>.



- ODSP recipients are very often long-term cases: 67% have relied on the program for 5 years or longer and a further 12% have been on ODSP for 3 to 5 years.

Approximately 11% of ODSP recipients earn employment income (in a similar way to OW clients), with average net earnings of \$854 per month.

Thus, the incorporation of OW and ODSP employment services clients adds two population groups which generally have considerably more barriers to employment than what has currently been the case with the EO client profile.

### **Labour market trends for workers with fewer skills and/or lower levels of educational attainment**

Labour market trends for workers with fewer skills and/or with lower levels of education provide a further context for understanding how these population categories can best be served through employment services and workforce development to achieve better labour market outcomes.

Chart 2 offers some insights regarding occupation numbers and educational levels of employed Toronto residents working in lower-skilled occupations.<sup>20</sup>

This data refers to the jobs which Toronto residents are employed in, not the jobs which are present within the City of Toronto. That being said, 81% of Toronto residents who leave home for work commute to a job within the City of Toronto.

Between 1996 and 2019, the share of all Toronto residents who were employed in occupations which typically required a high school diploma or less declined from 41% to 33%, as more jobs requiring higher levels of education were added to the labour market. However, because Toronto's labour force grew during this time, the actual number of residents employed in these lower-skilled jobs also still grew, from 443,000 to 491,000 workers. Strikingly, the number of these jobs filled by residents with a post-secondary education rose from 144,000 to 278,000 during this period – in short, the proportion of these jobs filled by residents with a post-secondary education increased from a third (32.6%) to over one half (56.5%).

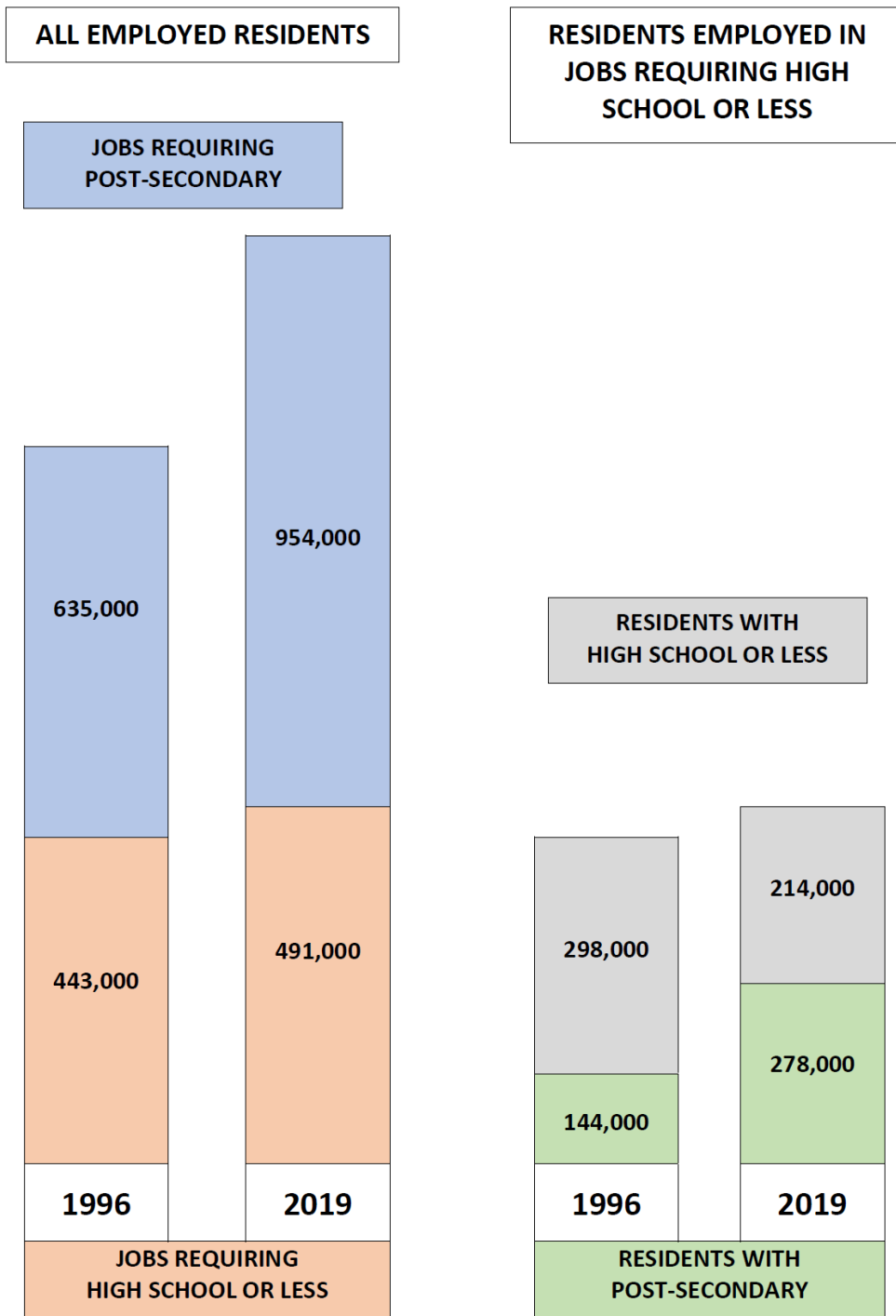
The data cannot tell us why this happened. It is possible that faced with the choice, employers were more inclined to hire someone with a post-secondary education than someone without one, even if this might present difficulties in keeping an over-qualified employee engaged in the job. It may be that these employers view a post-secondary certificate as proof of perseverance or staying on task. Others have suggested that skill expectations for what have been entry-level jobs have increased.<sup>21</sup>

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<sup>20</sup> This data relies on the Statistics Canada Labour Force Survey available at the City of Toronto level.

<sup>21</sup> Essential Skills Ontario, *Menial No More: A Discussion Paper on Advancing our Workforce through Digital Skills*, 2011.

**Chart 2: Number of occupations requiring a high school diploma or less and number of Toronto residents with a post-secondary education<sup>22</sup> working in a job that requires a high school education or less, 1996 and 2019**

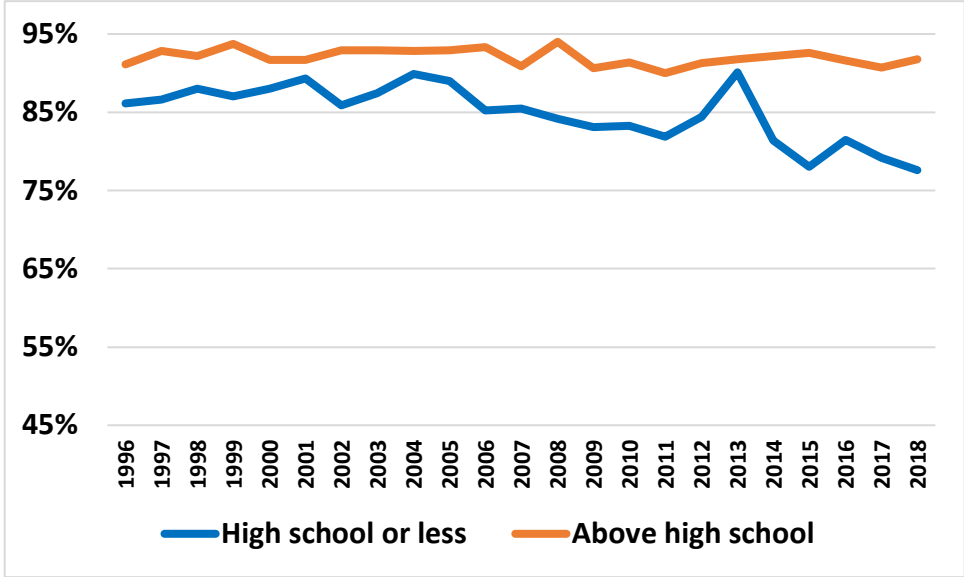


<sup>22</sup> A post-secondary education includes a trades certificate, a college diploma or a university degree.

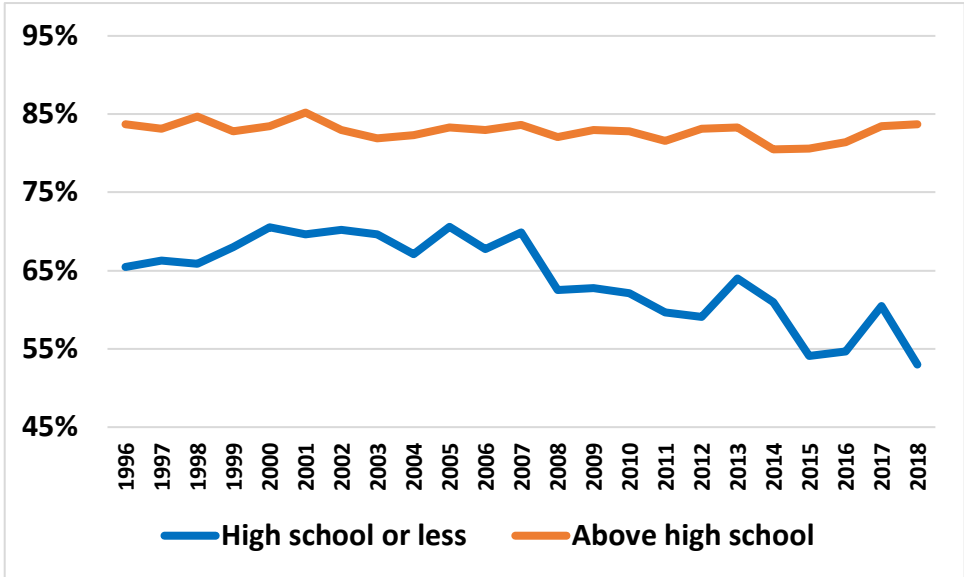
But if more individuals with a post-secondary education are working in jobs that only require a high school diploma or less, what has happened to those individuals who only have a high school diploma or less? Some of them have simply dropped out of the labour market.

Charts 3 and 4 illustrate the participation rates of Toronto males and females aged 25-44 years old over this same period. The participation rate indicates whether a person is employed or actively looking for work. The age range is the prime age for working. Among those with a post-secondary education, the participation rate has not changed at all, yet for those with a high school diploma or less, the rate has declined by 8.5 percentage points for males and 12.5 percentage points for females.

**Chart 3: Participation rates for Toronto males aged 25-44 years old, by educational attainment, 1996-2018**



**Chart 4: Participation rates for Toronto females aged 25-44 years old, by educational attainment, 1996-2018**

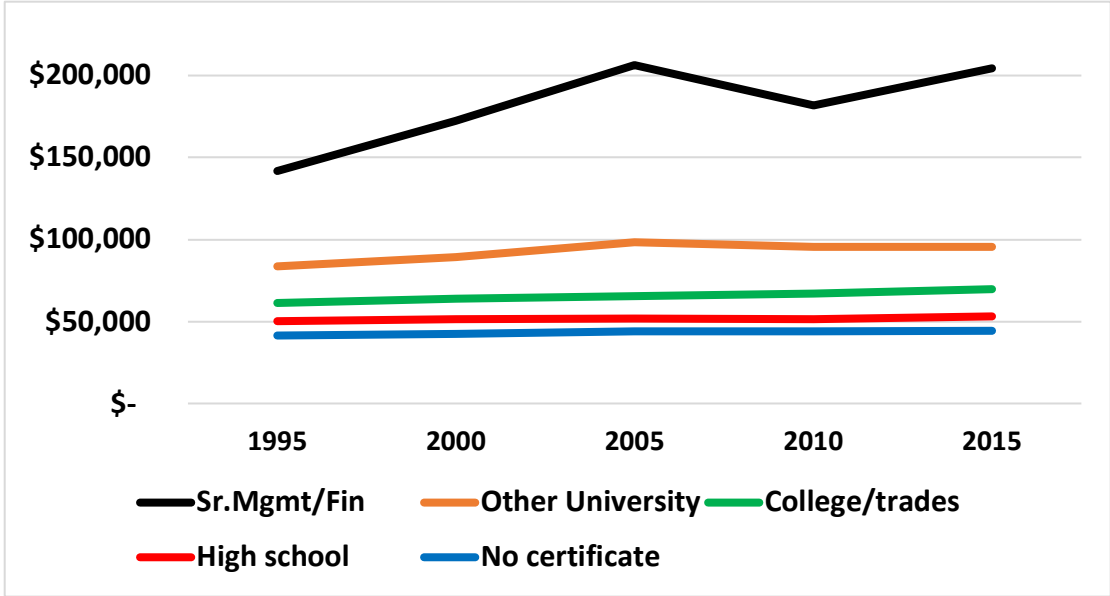


Trends regarding employment income reveal significant disparities. Charts 5 and 6 provide the annual average employment income (2019 dollars) for male and female employees working full time (30 hours a week or more), full year (worked 49 weeks or more a year) by the educational level typically required by their occupation.

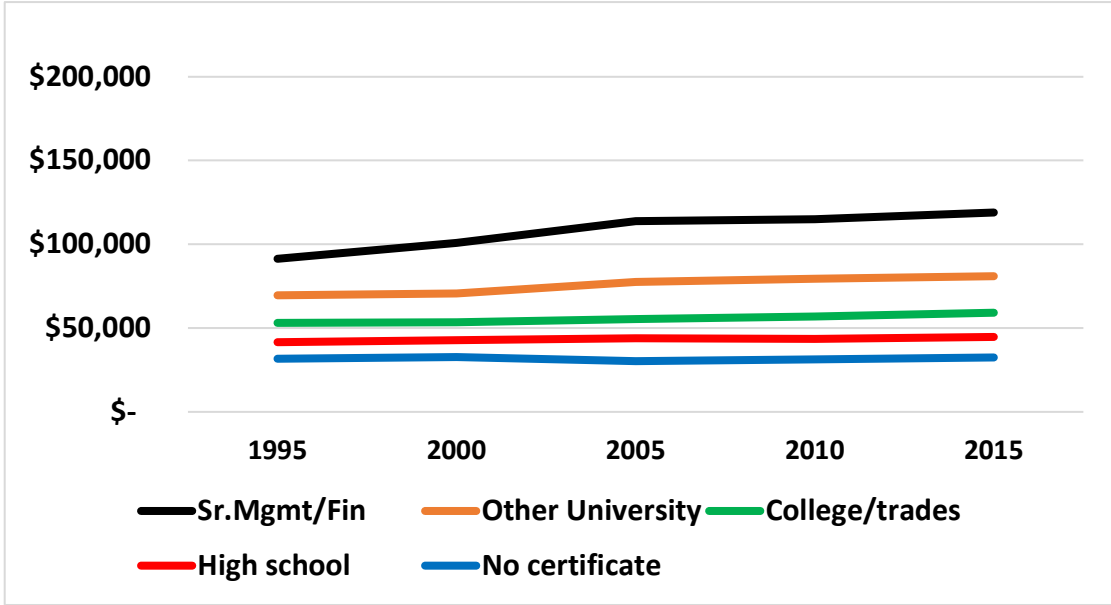
The occupations usually requiring a university degree have been split into two categories:

- Senior Management/Finance/Legal, representing (by National Occupational Classification Code):
  - 00 Senior management occupations
  - 01-05 Specialized middle management occupations
  - 11 Professional occupations in business and finance
  - 411 Judges, lawyers and Quebec notaries
- Other University, representing all other jobs requiring a university degree.

**Chart 5: Average employment income, Toronto males working full time/full year, by select occupational categories, 1995-2015 (2019 dollars)**



**Chart 6: Average employment income, Toronto females working full time/full year, by select occupational categories, 1995-2015 (2019 dollars)**



Several observations emerge from these two charts:

- The lower the education level expected of a job, the lower the increase in wages over the last 20 years: jobs requiring a high school diploma or less have seen their average incomes grow between 3% and 8%; for jobs requiring a trades certificate, a college diploma or other university degree, the growth has been between 11% and 16%; for the high-end jobs in senior management and finance, the growth has been 30% for females and 44% for males;
- Because this represents only full time/full year jobs, the actual differences between job levels has been understated – jobs at the lower end of the skill spectrum are more likely to be part-time, seasonal, casual or gig jobs, all of which earn proportionately less;
- While not shown in this chart, it bears pointing out that wages for youth in constant dollars have actually declined over the last 35 years;<sup>23</sup>
- The difference in average earnings between males and females is stark: at each skill level, for full time/full year work, males earn around 20% to 40% more than females, and for the most senior management and finance/legal occupations, the difference is 72%.

In addition to unequal outcomes by the skill level of the job and disparate outcomes by gender, one also finds inequitable labour market outcomes when viewed through a racial lens. Table 3 shows the proportion of each of these categories of jobs which are filled by members of a visible minority among Toronto residents.

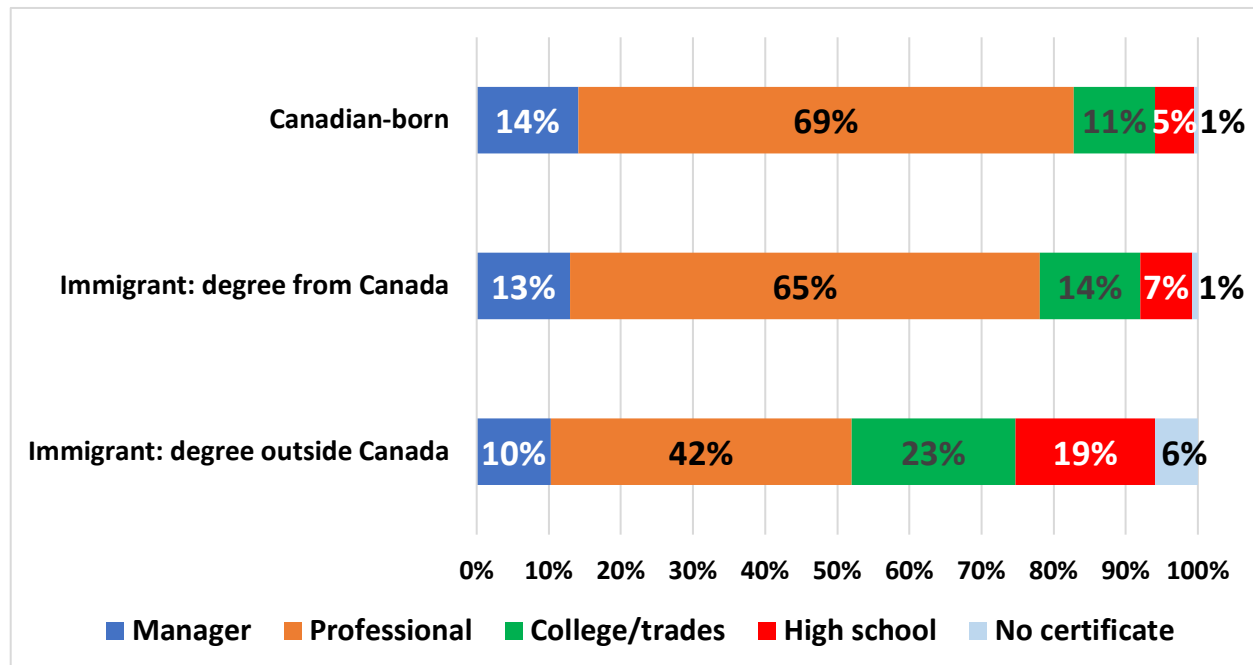
<sup>23</sup> For example, for Ontario as a whole, average employment income for male youth aged 20-24 years old working full time/full-time declined from \$38,845 in 1980 to \$35,287 in 2015 (2019 constant dollars); for females in this category, their incomes declined from \$29,701 to \$27,743. From Tom Zizys, *Youth and Entry-Level Jobs in Ontario, Simcoe and Muskoka – A Historical View: Investigating the Challenges of Recruiting and Retaining Young Workers*, Simcoe Muskoka Workforce Development Board, 2021.

**Table 3: Share of visible minority Toronto residents employed by select occupational categories, 2016**

| Education level                       | Percent held by visible minorities |
|---------------------------------------|------------------------------------|
| <b>ALL OCCUPATIONS</b>                | <b>48%</b>                         |
| Senior management/finance/legal       | 35%                                |
| Other university                      | 40%                                |
| College diploma or trades certificate | 46%                                |
| High school diploma                   | 60%                                |
| No certificate                        | 65%                                |

Given the large proportion of Toronto immigrants who use EO services, as well as among the OW caseload, it is important to point out that their higher levels of educational attainment result in better labour market outcomes primarily if that degree is earned in Canada. Chart 7 focuses on an extreme example, women with a university degree above a Bachelor, and illustrates the level of occupation they are employed in (jobs requiring a university degree in represented by two categories: Managers and Professionals). The data represents the Greater Toronto Area (more specifically, the Toronto Census Metropolitan Area – CMA, which includes the City of Toronto, Peel Region, York Region, most of Halton Region, and parts of Durham Region and Simcoe County).

**Chart 7: Distribution by occupation level of employed female residents with post-graduate degree, 25-54 years old, by immigration status and location of degree, Toronto CMA, 2016**



Statistics Canada, Table 98-400-X2016272

There is almost no difference between the labour market outcomes by occupation between the Canadian-born females and those immigrants who earned their degree in Canada. On the other hand, female immigrants who earned their post-graduate degree outside Canada fared considerably worse; indeed, 25% of them are working in a job that requires a high school diploma or less (compared to 6% among Canadian-born and 8% among immigrants who earned their degree in Canada).

Moreover, these post-graduate females who earned their degree outside of Canada were two-and-a-half times more likely not to be in the labour force than their Canadian degree-holding immigrant sisters: 21% had not been in the labour force in the year prior to the census (2016), compared to 8% of immigrant females who earned their degree in Canada, and 6% of the Canadian-born post-graduate females.

To sum up all this data:

- Average employment incomes have barely increased over the last 20 years for those working in jobs requiring a high school diploma or less, compared to comparatively large increases among those in senior management or finance/legal positions;
- Among youth, average employment incomes have declined;
- Males consistently earn more than females, even when holding for the same skill level and for full time/full year employment;
- Visible minorities are over-represented in lower-skilled, lower-paying jobs and under-represented among higher-paying occupations;
- Individuals holding a high school diploma or no certificate are participating less in the labour force, possibly being displaced by individuals with post-secondary education;
- Immigrants with a degree earned outside Canada have distinctly poorer labour market outcomes than immigrants or Canadian-born who earned their degree inside Canada.

These outcomes are a reflection of how employers are perceiving or valuing workers and job candidates based on their educational attainment levels and/or their demographic characteristics, and this issue will be explored further in relation to employment services and workforce development.

Two other trends are worth citing in advance of a discussion regarding the impact of COVID on the labour market:

- The impact of automation and artificial intelligence: starting around ten years ago, a new view was starting to emerge regarding technological change; the general consensus had been that while technological change causes disruptions, over time it contributes to productivity growth which in turn generates more employment; more recently, a view has been emerging that this time it will be different: the rapid pace of technological advancement and the capabilities of artificial intelligence and machine learning will result in a net shrinkage of jobs;
- The decline of good jobs: Secure and well-paying permanent jobs have increasingly been displaced through out-sourcing, temporary and contract work, including redefining the employment relationship through the platform economy, resulting in more precarious and poorer-paying jobs.

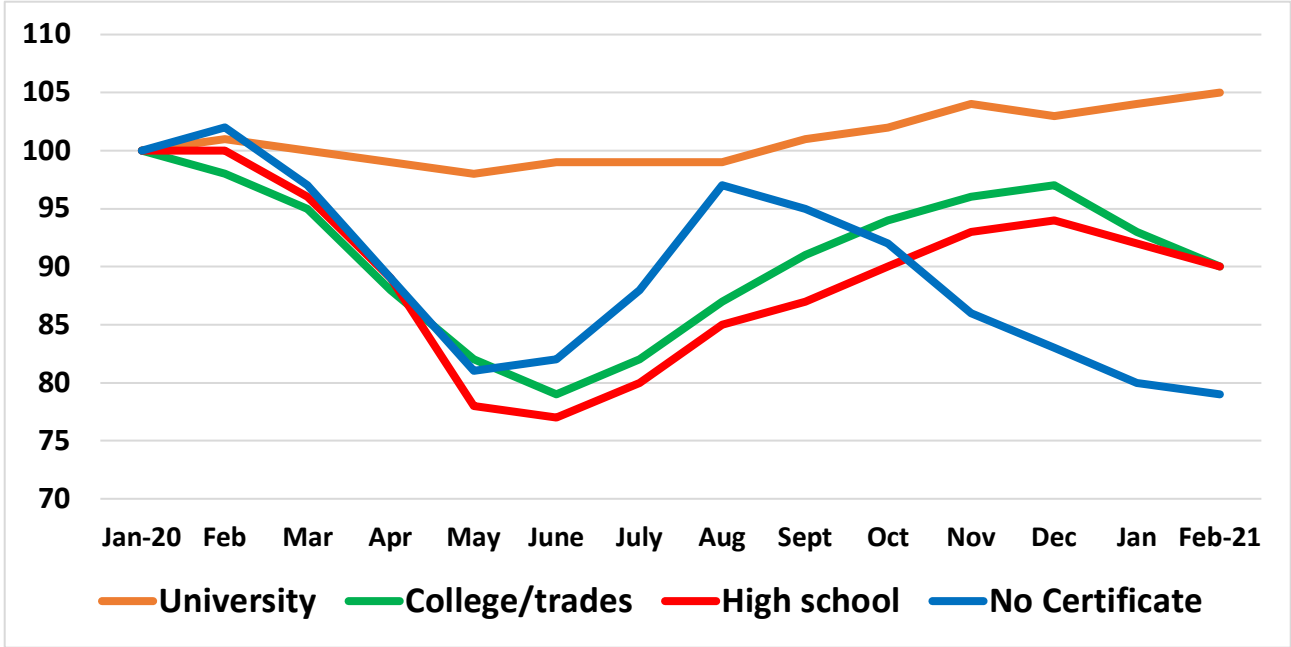
These trends have had and will continue to have a disproportionate impact on those with fewer skills and/or with less leverage in the labour market.

**Impact of COVID-19 on the Toronto labour market**

It is well established that the COVID pandemic and the subsequent lockdowns disproportionately affected lower-skilled jobs. Chart 8 illustrates that impact by comparing levels of employment among different occupational categories for the Toronto CMA. In order to allow for easier comparisons, the level of employment for each category as reported in January 2020 is given a value of 100, and then each subsequent month is reported as a ratio of that January figure.

This data, relying on a survey and involving sub-categories of occupations and geography, results in Statistics Canada reporting the figures for any given month as a three-month moving average. Thus, the data for May is actually an average of the data for March, April and May, to ensure a more robust sample which can then be further dissected for analysis. However, the three-month moving average explains why the employment trough in Chart 8 appears later in the early summer than its actual occurrence in the spring.

**Chart 8: Number of employed by level of education of occupation, three-month moving average, Toronto CMA, January 2020 to February 2021 (January 2020 = 100)**



Except for occupations requiring a university degree, all the other categories of occupations experienced significant declines of employment. Through May and June, these other three categories fell to between 77% and 82% of their January employment levels. There were recoveries at different stages, but by February 2021, jobs requiring a high school diploma or a college or trades certificate had fallen again to 90% of their January 2020 levels, while jobs requiring no certificate had dropped to 79% from the start of the previous year, their lowest level yet. Jobs requiring a university degree were minimally affected, at worst declining to 97% in May, but starting in September this category increased past its January 2020 employment figure, rising to 105% by February 2021.



These impacts, together with the consequences of being employed as essential workers or the additional domestic responsibilities arising from childcare closures and on-line schooling, resulted in burdens being unevenly distributed across population groups during the pandemic period, including:

- A significant increase in youth unemployment rates in the Toronto CMA, rising to three to four times those for adults aged 25 years and older;
- A very large increase in the rate of NEET youth (not in employment, education or training); in Ontario, the proportion of NEET youth aged 18-24 years of age rose from 11% in February 2020 to 24% in April 2020;<sup>24</sup>
- Proportionately higher unemployment rates and a larger drop in participation rates among females;
- Proportionately higher unemployment rates for immigrants who have been in Canada for five to ten years (unemployment rates for recent newcomers at first rose significantly, but over time declined because so few newcomers were entering the country);
- Because of how occupations are distributed by skill level, we can project a greater increase of unemployment among visible minority populations;<sup>25</sup>
- Individuals working in part-time employment or temporary employment (that is, more precarious jobs) experienced far greater job loss.<sup>26</sup>

Beyond labour market impacts, visible minorities were far more likely to contract COVID-19. While racialized people make up 52% of the Toronto population, they accounted for 83% of COVID-19 cases between mid-May and mid-July, 2020. Black people had six times the rate of cases compared with white people, while Latin American as well as Arab, Middle Eastern or West Asian populations had nine times the rate.<sup>27</sup>

The pandemic brought into sharp relief the different realities for workers at the two ends of the labour market, but in truth it only magnified disparities which have been present for decades. Because of the composition of the workforce among lower-skilled, lower paid and more precarious occupations, these outcomes were much felt much more by women, youth, immigrants and racialized populations.

Of greater concern should be the prospect of further threats to employment among lower-skilled workers as a result of the pandemic. These consist of the following:

Greater tendency to reduce costs during and after a recession: Because they place strains on company balance sheets, recessions often cause employers to cut labour costs, either by reducing hiring or by replacing labour through automation.

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<sup>24</sup> Sylvie Brunet, "Impact of the COVID-19 pandemic on the NEET (not in employment, education or training) indicator, March and April 2020," *Education Indicators in Canada: Fact Sheet*, Statistics Canada, September 24, 2020.

<sup>25</sup> Statistics Canada has only recently begun to estimate unemployment by visible minority status via the Labour Force Survey. For example, a recent study reported that the three-month moving average unemployment rate in January 2021 for all Canada for the following age groups: 25 to 54 years old: Black Canadians – 9.4%; non-visible minority Canadians – 6.1%; 15-24 years old: Black Canadians – 30.6%; non-visible minority Canadians – 15.6%. "Study: A labour market snapshot of Black Canadians during the pandemic," *The Daily*, Statistics Canada, February 24, 2021.

<sup>26</sup> Most of the data in these bullet points refers to Toronto CMA data and can be found in: Peel Halton Workforce Development Group, *Peel-Halton Action Plan – Local Labour Market Report 2021-2022*, pp. 20-35.

<sup>27</sup> Cherise Seucharan and Dakshana Bascaramurty, "83% of COVID-19 cases in Toronto among racialized people from May-July, data suggest," *The Globe and Mail*, July 30, 2020.

COVID greatly accelerated technology trends. This particular recession has its own unique flavour, with remote work, e-commerce and automated processes to reduce human contact all resulting in a technological shift far ahead of what trends had previously predicted. Companies are not likely to completely discard their reliance on technology replacing labour even when the requirement to maintain social distance is no longer needed.

Remote work. The necessity of working from home has revealed the convenience and cost-savings associated with this option, without any significant trade-off to productivity, ensuring that some proportion of workers will continue to do so, even on a part-time basis. The same holds true for business meetings and conferences that can be conducted via on-line platforms. While this may be much appreciated by professionals and office workers who can reduce their commuting and business travel, it will have negative impacts for lower-skilled workers, as a result of lower demand for “building cleaning, security and maintenance service; hotel workers and restaurant staff; taxi and ride-hailing drivers; and myriad other workers who feed, transport, clothe, entertain, and shelter people when they are not in their homes.”<sup>28</sup>

Higher expectations for minimum skills. The greater reliance on on-line tools and e-commerce, such as for receiving and filling orders, has elevated elementary digital skills to be as essential a requirement as literacy and numeracy. If the working from home tendency remains (as is likely), then the digital divide comes into play, with unequal access to broadband or the necessary equipment. At the same time, this period of flux and transition has raised the bar for soft skills such as adaptability, problem-solving and interpersonal skills. This changing skills landscape is happening at the same time as a likely change in the mix of lower-skilled occupations, from fewer jobs in hospitality or services to buildings or businesses to more jobs in logistics or health care, resulting in job transitions which will be difficult for some to navigate.

### Summing up: what this means for employment services and workforce development

It is not a revelation to enumerate how workers in lower-skilled occupations have fared poorly over the last couple of decades in our labour market, measured in terms of employment income, the increasing precarity of their jobs or falling rates of labour force participation, among other indicators.

It is noteworthy, however, that their contrasting outcomes have received greater attention of late. The realization on the part of the rest of society on the reliance we place on essential workers has been magnified during the pandemic, as those who work from home and shelter in place depend on this cadre of workers to keep goods and services available. At a time when there has been a broader reckoning over issues of equity, there has also been greater recognition that this divide in the labour market has socio-economic, gender and racial dimensions.

The call to build back better after COVID is an acknowledgement that, besides the “thank you” lawn signs and the temporary hazard pay for front-line workers, there is a desire for labour market outcomes that are fairer and more equitable. Growth in productivity in Canada has not been matched by wage growth across all occupations; rather, it has been unevenly distributed, disproportionately rewarding

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<sup>28</sup> David Autor and Elisabeth Reynolds, “The Nature of Work after the COVID Crisis: Too Few Low-Wage Jobs,” *The Hamilton Project*, Brookings Institute, July 2020, p. 3.

workers at the higher end of the pay scale, while at the same time the share of our Gross Domestic Product going to wages generally has declined.<sup>29</sup>

The goal of Ontario's EO transformation, to place a greater emphasis on serving those further from the labour market, is a welcome prioritization of the challenges faced by those typically employed at the low-paid end of the labour force. As earlier sections of this report outline, this varied population group often has a diversity of barriers to overcome, from acquiring appropriate work experience to strengthening their employability skills, from requiring supports that can stabilize their life circumstances to translating education and work experience acquired outside Canada to commensurate employment in Canada.

But this emphasis on preparing the job seeker for work is only part of the equation. The expectation placed on longer duration employment outcomes will steer EO service providers towards employers who have lower rates of turnover and who are willing to be active partners in supporting effective retention measures. It will also require engagement with employers regarding their skill requirements, not only for the current vacant job but also forecasting into the near future, so that training programs can better match market demand. A system that worked in this way would benefit not only job seekers but also businesses.

Such a vision is what workforce development seeks to accomplish and employment services are only one component of that strategy. In advance of proposing options for Toronto's future employment services and workforce development landscape, it is necessary to be clear about what workforce development is and how it intersects with the other dynamics which impact a city's economic and labour force development. This is the purpose of the next section.

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<sup>29</sup> James Ugucioni, Andrew Sharpe and Alexander Murray, *Labour Productivity and the Distribution of Real Earnings in Canada, 1976-2014*, Centre for the Study of Living Standards, 2016.

## WORKFORCE DEVELOPMENT

### What is workforce development?

*To foreigners, a Yankee is an American.  
To Americans, a Yankee is a Northerner.  
To Northerners, a Yankee is an Easterner.  
To Easterners, a Yankee is a New Englander.  
To New Englanders, a Yankee is a Vermonter.  
And in Vermont, a Yankee is somebody who eats pie for breakfast.*

Attributed to E. B. White, American author

E. B. White would have written a longer ditty had his observation been about workforce development. For a bland term that could have been concocted by a committee, workforce development has a wide variety of meanings.

At its most expansive definition, workforce development refers to all those activities which ensure that the necessary labour supply is available to meet the demand of employers. These activities can be divided into two broad categories: job-matching (connecting an individual to a job) and human capital development (making certain an individual has the necessary skills for a job). Understanding how these functions have evolved helps to untangle the various facets of workforce development.

Prior to the 1970s, much of the effort related to skill development took place within a firm, as workplace training and development supported advancement along internal career ladders. In part to cut costs, some firms sought to reduce their reliance on entry-level workers, though automation, out-sourcing or making use of more temporary forms of employment, while hiring “just-in-time” for higher-skilled positions.<sup>30</sup> Soon thereafter, in the 1990s, there emerged the view that income support recipients should more actively take steps to re-enter the labour force.

Together these two trends expanded the scale of job-matching activities, in particular, how to find job openings (support for acquiring job search techniques, accessing labour market information and job boards, or using networking to find jobs) and how to present oneself (tips on resume writing and job interview strategies).

Human capital development activities proceeded along a range of paths:

- Acquiring credentials became more important, leading to higher secondary school completion rates and post-secondary school enrolment;
- Firms increasingly began to view the highest-skilled workers as the path to success, and so attracting and retaining “talent” became an important part of the human resources function;
- In the case of lower-skilled workers, employers often sought other prerequisites before vocational skills, such as essential skills, employability skills and soft skills.

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<sup>30</sup> For a thorough elaboration of why these changes came about and what their consequences were, see: Tom Zizys, *Better Work: The path to good jobs is through employers*, Metcalf Foundation, 2014.

It would not be too great a simplification to say that a large portion of what employment services provided fell into the job-matching function, with some resources available to support individual training placements. These services were often delivered to similar categories of clients through broad programs, such as Employment Ontario or the employment services which had been in place for OW or ODSP clients.

On the human capital side, there was a far more fragmented delivery system, because of the various types of educational and training programs which could be targeted by skill deficit, vocational/ occupation skill need or demographic group. For this reason, “intermediary” organizations, which could act as go-betweens for job seekers, employers and educational institutions or training bodies, became a further aspect of what constituted workforce development.

In this context, workforce development also represented a mechanism for aggregating these services (employment preparation, training, job placement) for groups of job seekers with comparable needs, to serve groups of employers with similar skill requirements. For lower-skilled workers, these highly targeted initiatives usually depended on addressing the labour force requirements of a specific industry (sector strategies), while recruiting a manageable enrolment of participants who would receive intensive personal support, training and job coaching upon placement with an employer. In this way, workforce development provides a product that is delivered “wholesale,” while employment services engage with an individual job seeker largely in a one-on-one, “retail” fashion.

Finally, this multiplicity of workforce development programs and projects, as well as employment services, results in calls for greater coordination and better pathfinding, to more effectively assist job seekers, employers and trainers, which gets expressed in a desire for better workforce development *systems*.

How these dynamics play out are described in two diagrams below, with text to provide the connective narrative for the major themes. The first diagram elaborates the several ways in which the term workforce development is used and then delves deeper into the focus on talent, while the second diagram concentrates on workforce development in relation to meeting the needs of individuals further from the labour market.

For Diagram 1: Workforce development – Talent

- 1**     Employment services  
Employment services is that component of workforce development whose primary focus is the job search process and matching individuals to a job opening. Success is measured by the accumulation of one-on-one transactions, where a job seeker finds work with an employer. Most of the service is directed toward preparing and supporting the job seeker.
  
- 2**     Workforce development  
In contrast to employment services, workforce development seeks to improve processes and systems, supporting the transition from school-to-work as well as re-entry into the workplace, and career advancement, viewing employers as well as job seekers as their clients, forging on-going relationships to ensure a pipeline of labour supply that matches employer demand.

3

### Talent

The workforce development view that focuses on meeting employer demand finds its expression at both ends of the occupation spectrum, and this section highlights those efforts targeting high-skill jobs, which came to be known as “talent.” The transformation which took place in North American labour markets through the 1980s and 1990s included extensive corporate restructuring, downsizing and lay-offs. It was only towards the end of the 1990s that alarms began to be sounded about shortages among the top, critical functions within a corporation.<sup>31</sup> What was initially a concern about the elite corps of a company over time expanded to include most occupations requiring a post-secondary degree.<sup>32</sup>

4

### HR practices of firms

Initially, the talent challenge involved how to find and recruit those senior-level individuals best matching a company’s skill needs, followed closely by retention strategies, offering opportunities to acquire further skills and advance in their careers. This dynamic interplay between talent and a company’s performance over time expanded to include company-wide learning, to drive innovation and competitiveness.

5

### Expectations of individuals

The more companies expect job candidates to possess the full range of competencies on their first day of work, the greater the pressure on individuals to constantly upgrade their skill set through life-long learning. This is largely self-driven and self-directed, with a vast industry that has emerged to provide the resources for constant self-improvement, by offering information about labour market trends, guideposts matching training to career aspirations and a plethora of educational, training and certification programs.

6

### Technology paradigm

Our current era of accelerated technological transformation influences our thinking and frames our reactions. Reports on skills gaps are written with the same breathless urgency as reports on the need for technology upgrades: change is rapid and inevitable and thus so is our need to be “nimble,” “agile” and to “pivot” quickly. The further assumption is that technology, such as via on-line platforms and apps, can best deliver solutions that are at a speed, scale and price that match the disruptions technology has caused in the first place.

7

### COVID

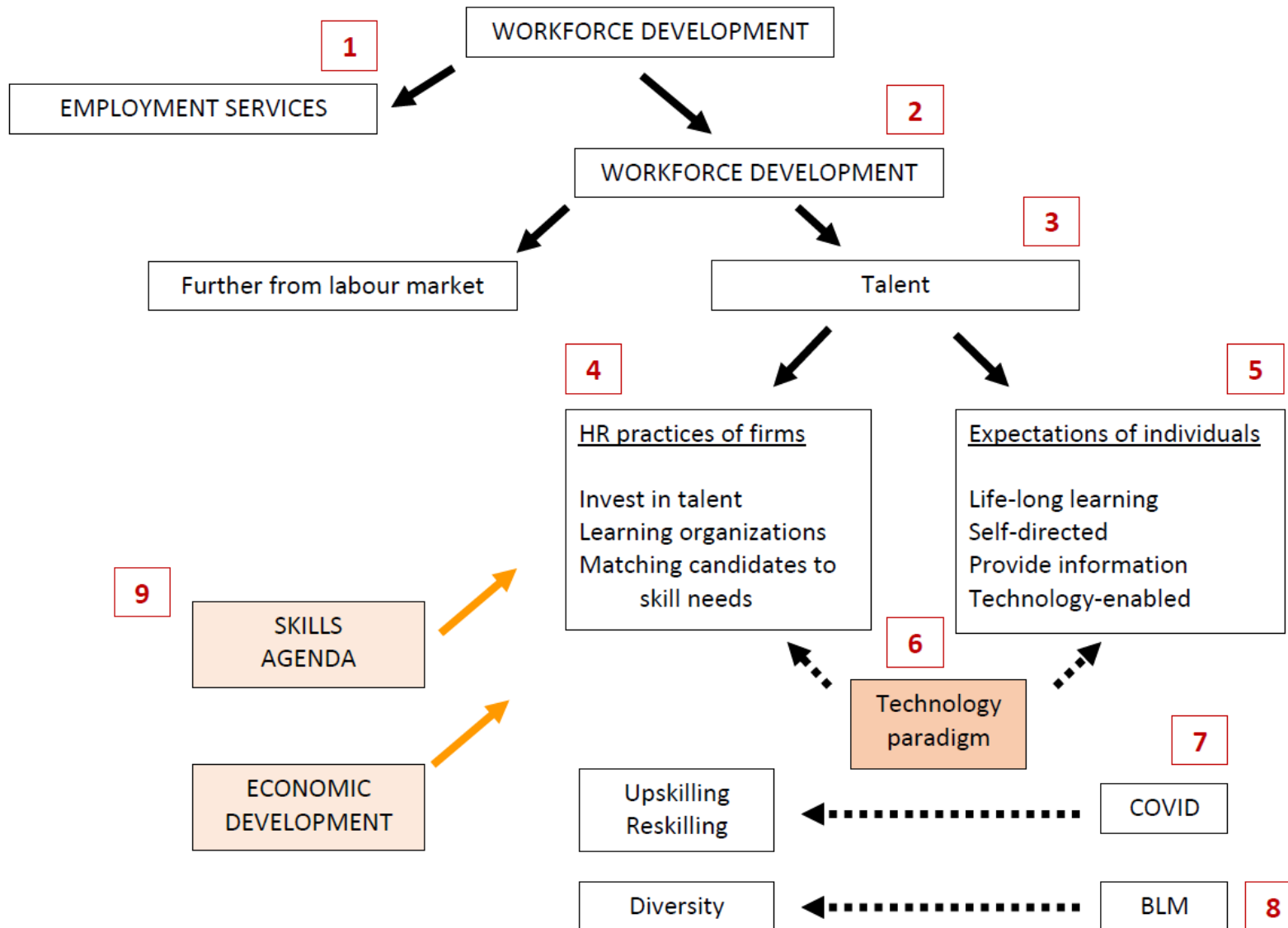
In this context, the pandemic has greatly accelerated the reliance on technology, on the part of consumers as well as in relation to work, and thus the call for upskilling, to ensure widespread adoption of those skills necessary for this new reality. These changes will negatively impact certain occupations and industry subsectors, and so there will also be a need to reskill individuals transitioning to other employment.

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<sup>31</sup> Elizabeth Chambers et al, “The War for Talent,” *The McKinsey Quarterly*, No. 3, 1998.

<sup>32</sup> National Governors Association, *Aligning State Systems for A Talent-Driven Economy: A Road Map for States* (2018).

**Diagram 1: Workforce development – Talent**



**8**

Black Lives Matter

The emphasis on talent is often defined in terms of the longer-term benefits for the company. This utilitarian view thus often leads to inclusivity being expressed in terms of widening the talent search base, having a workforce which reflects one's customer market and promoting greater innovation and adaptability through teams which are diverse and heterogeneous.

**9**

Skills agenda – economic development

The “talent” category of workforce development forms a major part of the skills agenda, with an emphasis on post-secondary education, higher level skills and the interplay with technology. This accords with the agenda of municipal economic development offices, which pay particular attention to growing, high valued-added industries, emphasizing highly educated residents in their business attraction literature or linkages with universities when advancing innovation clusters. (In fairness, municipal economic development also often focuses on manufacturing and construction as well.)

In many respects, these issues and the constellation of players engaged in advancing the talent agenda are a world quite distinct from that of a different range of stakeholders seeking better employment outcomes for those further from the labour market.

For Diagram 2: Workforce development – Further from the labour market

**10**

Further from the labour market

The typical circumstances of those with greater barriers to employment bear repeating, which include: lower levels of educational attainment; employment experience in lower-skilled occupations; an employment history in precarious work arrangements, together with uneven employability skills; literacy and numeracy challenges; limited Canadian work experience, non-recognition of credentials or work experience obtained outside Canada and/or English language difficulties; complicated life circumstances, such as inadequate housing, food insecurity, poor physical health, mental health or addiction challenges, domestic difficulties. The point is, these usually need to be identified and addressed in concert with the transition into employment.

**11**

Employment services

Employment services for this category of job seekers often involve wrap-around services (a case management approach to address multiple challenges), pre-employment preparation (enhancing employability behaviours, participating in work placements to acquire experience and demonstrate suitability) and financial incentives for employers to influence their hiring decisions.

**12**

Workforce development

A demand-focus (employer as client) is so much more important in this instance because:

- The employer's expectations need to be properly understood to better prepare and match the job candidates;



- A better appreciation of employment conditions can ensure better targeting for decent jobs; placing individuals in precarious employment will not result in a sustainable solution;
- An on-going relationship with the employer allows for more effective, longer-term job retention support;
- That relationship includes influencing employer practices, to better receive and retain job candidates;
- The most useful workforce development combines targeted training with business process improvements to support company productivity gains and employee wage increases.

To achieve sophisticated insights into employer needs, constraints and opportunities, interventions should target employers in the same industry sector and engage other stakeholders, with the goal of creating a wider foundation for continuous skills improvement across an industry sector.<sup>33</sup>

### **13** Equity argument

The impact of COVID reminds us of the inequitable outcomes generated by our labour market, apparent along different occupational and skills categories, made more obvious by gender and racial imbalances. This requires creating opportunities across all marginalized groups. At this end of the labour market spectrum, employability is often the priority concern. However, COVID has lifted digital literacy to be a prerequisite, essential skill.

### **14** Expectations of individuals (i.e. does not apply here)

The notion of self-serve, on-line career and employment navigation should be applied in a much more sensitive way for this population, given the digital divide that exists in relation to access to and versatility with technological aids. Moreover, this is a population which will often need personalized assistance in diagnosing the challenges, as well as human support and encouragement to overcome expected and unexpected barriers, of the sort that cannot be delivered in the form of Peloton-style life coaching.

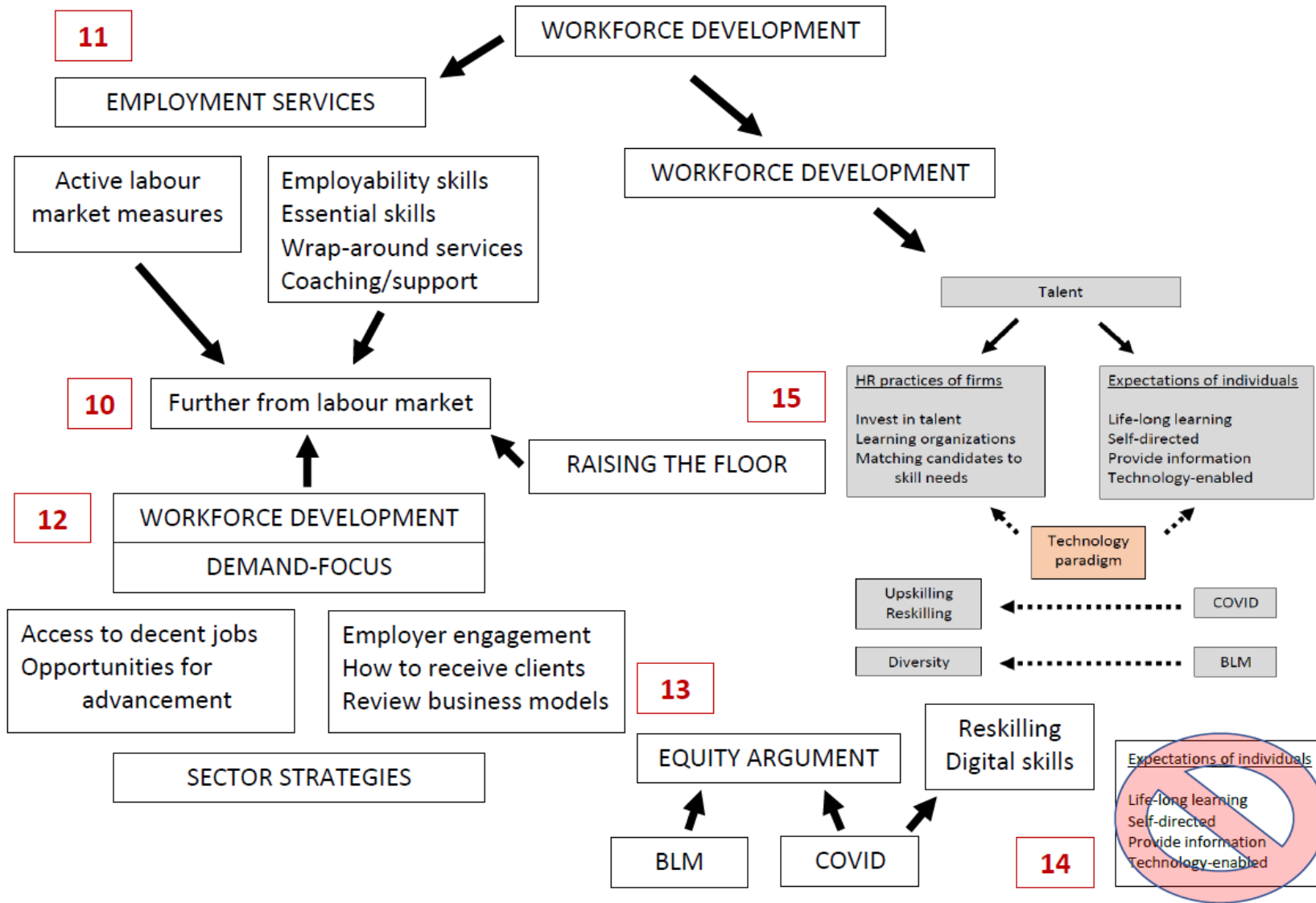
### **15** Raising the floor

Despite preparing individuals for employment, as well as supporting employers in the provision of decent work, it remains important that minimum standards that apply to all jobs be consistently enhanced and enforced, particularly in relation to the minimum wage, employment health and safety regulations, and other employment standards, notably the definition of what constitutes an employment relationship. Much of the gig economy depends on a business model which requires circumventing these standards and it is important to resist the dilution of these protections.

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<sup>33</sup> “Rather than focusing on short-term training supply strategies to address skill shortages identified by employers, the concept of skill ecosystems directs attention to the interdependency of multiple actors and policies in creating and sustaining the conditions under which appropriate skills can be developed and deployed in clusters of firms in particular regions.” Richard Hall and Russell Lansbury, “Skills in Australia: Towards Workforce Development and Sustainable Skill Ecosystems,” *Journal of Industrial Relations*, 48(5), 2006, p. 577.

**Diagram 2: Workforce development – Further from labour market**



## Further elaboration of demand focus

The rationale for treating the employer as a client of employment services or workforce development is based on a straightforward logic: without an employer hiring a job seeker, ultimate success is not achieved. It stands to reason that employment preparation and training programs need to have employer expectations define the standards they are aiming for.

It is also the case, however, that employer practices often warrant improvement as well. This is most evident in relation to job retention goals; supervisory and management styles can be a factor in high turnover across different organizations, so that job retention efforts regularly involve counselling employer staff in tandem with providing guidance to the newly hired employee.

Employer operational practices can also have a bearing on the quality of the job outcome. A study of the retail sector observed that a business strategy which relies on limiting wage budgets typically means fewer staff and/or lower-quality staff, which leads to poor operational performance (shelves not getting replenished in time, items being misplaced, customers not finding staff to answer questions or provide directions, longer lineups at check-out), resulting in dissatisfied consumers and lower sales, which places a further squeeze on the wage budget. What is required are those operational practices which can deliver better performance (higher productivity, better returns). Training workers will not produce these results without changes in the operational practices.<sup>34</sup>

Increasingly, emphasis is being placed on how skills are used in the workplace, as opposed to simply ensuring that workers have the requisite skills. The OECD has been promoting the concept of “high performance work practices,” which involve changes to work organization, job design and management practices which facilitate better utilization of employee skills, contributing to higher productivity and lower employee turnover for the firm, as well as high wages and job satisfaction on the part of employees.<sup>35</sup>

It strongly suggests that workforce development would have better outcomes where it could offer technical expertise to help businesses devise operational and labour strategies that benefit both the employer and their frontline workers, with the goal of producing better quality jobs.<sup>36</sup> The OECD has moved from theory to practice in outlining how high performance work practices could be promoted across a specific local labour market (Leeds, United Kingdom).<sup>37</sup>

## The workforce development landscape in Toronto

It can confidently be said that the workforce development scene in Toronto is highly varied, highly active and highly disjointed. A great range of projects, delivered by a wide assortment of stakeholders,

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<sup>34</sup> Zeynep Ton, *The Good Jobs Strategy: How the Smartest Companies Invest in Employees to Lower Costs and Boost Profits*, New Harvest (2014).

<sup>35</sup> OECD, *Workforce Innovation to Foster Positive Learning Environments in Canada* (2020), p.55.

<sup>36</sup> This is a growing theme in the literature: Steven L. Lawson, *Make Bad Jobs Better: Forging a “Better Jobs Strategy”*, The Pinkerton Foundation (2016); Maureen Conway and Steven L. Dawson, *Restore the Promise of Work: Reducing Inequality by Raising the Floor and Building Ladders*, Aspen Institute (2016); Dani Rodrik and Charles Sabel, *Building a Good Jobs Economy*, Working Paper (2019).

<sup>37</sup> OECD, *Better using skills in the workplace in Leeds City Region, United Kingdom*, Local Economic and Employment Development Papers (2020).

supported by multiple orders of government and/or other funders, provides a smorgasbord of services of varying duration and scale, to a diverse mix of demographic groups, targeting a multitude of skills, occupations and industries.<sup>38</sup> The level of activity is a testament to the different and multiple local needs, the various priorities shaping investment, as well as the creativity of local stakeholders in providing a response.

What has been missing is any connective tissue, some way to understand the entirety of this sector or to systemically identify and fill gaps in this collection of individual projects and programs. This is a system that was not planned, yet it was not planned to be this way.

It is illuminating to consider how we ended up here. The transformations which affected our labour markets in the late 1970s and 1980s resulted in extensive government efforts to realign economic development and employment programs, in particular, by placing a greater emphasis on training. In the evolving global economy, the choice was clear:

In the future our prosperity will depend increasingly upon our ability to sustain a sufficiently large base of companies competing in world markets, not on the basis of lower labour or raw materials costs, but rather through technological innovation, skilled labour, adept marketing, and high productivity...When nations cannot maintain productivity growth in their internationally traded goods and services at rates equal to their competitors, they have only one alternative to remain viable in international markets: they must reduce their wages...[which] is nothing more than a program of achieving international competitiveness through steady reduction in living standards.

Ontario Premier's Council, *Competing in the New Global Economy*, 1988<sup>39</sup>

Through the early 1990s, both the federal and provincial governments instituted labour force development or adjustment boards, whose purpose was to restructure employment and training programs to fit the changing economy, guided by the input of business and labour, together with the participation of equity groups and the education and training sectors. One can see that their concerns 30 years ago were the same which drive our present discussions: technology, skills, productivity and the impact on wages.

In Ontario, the notion was that a central provincial body (the Ontario Training and Adjustment Board) would have a key role in directing training programs, to stimulate more workplace training, for re-training laid-off workers and for labour market entry and re-entry. Local workforce development boards were created to be the on-the-ground mechanism for tailoring these efforts to local needs (in some policy versions, these local boards were to develop operational plans and determine the mix of funding); in short, local boards were to be the implementation bodies for local workforce development, by planning strategy and coordinating delivery.

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<sup>38</sup> An illustrative sample of Toronto area workforce development initiatives is provided in Appendix C.

<sup>39</sup> The excerpts are from pages 35-37 of the Premier's Council report, cited in David A. Wolfe, "Institutional Limits to Labour Market Reform in Ontario: The Short Life and Rapid Demise of the Ontario Training and Adjustment Board," in Andrew Sharpe and Rodney Haddow (eds.), *Social Partnerships for Training: Canada's Experiment with Labour Force Development Boards*, Queen's School of Policy Studies (1997), p. 157. The further narrative of this section relies on the analysis in this study.

Within a short period of time, the labour force development and adjustment initiatives ended, yet in Ontario, the creation of local workforce planning boards still took place, a joint undertaking of the federal and provincial governments. With that broader, institutional framework now removed, these local boards were not assigned jurisdiction over services or programs, instead their function was to conduct environmental scans, carry out labour market data collection and analysis, convene local stakeholders to identify local labour market challenges and act as catalysts for local projects. With limited authority and very small budgets, these boards provide useful local labour market intelligence and have implemented a wide range of local projects, but in many respects they are now one of many workforce development stakeholders at the local level, as opposed to serving as the central intermediary for their geographic jurisdiction.

As many other workforce development initiatives have since emerged, it would be both unlikely and ill-advised to impose a top-down framework for organizing these efforts. However, better coordination among these various components and identifying initiatives which could benefit this collectivity of efforts warrants exploration, especially as we plan for a better, more equitable post-COVID world.

How this could be done is the focus of the final section of this report.

## OPTIONS FOR ADVANCING WORKFORCE DEVELOPMENT IN TORONTO

### Recapping the context

This paper presents the following argument:

- The lower-skilled/lower-paying end of our labour market has borne the brunt of changes in our economy over several decades, in terms of their labour market outcomes
- This segment of the labour market is also disproportionately represented by racialized and newcomer populations, highlighting issues of equity and inclusion, as well as settlement for immigrants
- The EO transformation places an emphasis on better outcomes for those further from the labour market

Consequently, it is argued that there will need to be greater consideration placed on the demand-side of the labour market, to achieve higher retention rates and placement into higher quality jobs. To do so will require more emphasis on workforce development approaches.

It is necessary to be clear on what is meant by workforce development. To some extent, this term has been adopted to apply to the higher end of the labour market, with the attention paid to talent, the urgency placed on skills, the promotion of learning organizations and the expectations of individuals to constantly improve themselves to maintain their position in the labour market.

Workforce development in relation to individuals further from the labour market and/or experiencing barriers to employment has a different focus, starting with the steps needed to facilitate entry or re-entry into the labour force, which often includes preparatory support in advance of employment, connection with other services and opportunities to acquire workplace experience. It also often requires developing robust relationships with employers, to understand their needs, to support them in receiving these job candidates and to engage with employers to make jobs better, to the benefit of the company and of the workers.

These two ends of the labour market, these two contrasting labour market outcomes (including under COVID), these two different ways of interpreting workforce development, warrant attention because they are a reflection of two worlds which intersect with decreasing frequency. This is not only a comment about widening inequality and polarization, it is also a warning: the lived experience of those struggling in the labour market can be a remote abstraction for those whose co-workers, neighbours, family and friends share the same education and career trajectory, such that notions of what is needed to succeed at one end of the labour market may not have equal application at the other end of the labour market.

### Advancing workforce development

The initial response from government to the disruptive labour market changes being felt in 1990s was to propose an overarching labour adjustment/workforce development framework to guide local workforce development planning. This approach was abandoned. Our workforce development system (or lack of a system) has evolved in a different way, resulting in a hodgepodge of programs, projects and activities. Our current workforce development landscape can be enhanced and made more effective, and the best

starting point would be to engage with the practitioners and stakeholders who are leading and supporting this sector.

### **1. Establish a workforce development table for Toronto**

For this reason, it is recommended that a Workforce Development table be established, which would be the foundation for deliberations relating to improving and expanding workforce development activities in Toronto. Such a table would need to be widely inclusive, having regard for the great variety of sectors involved in one way or another in workforce development activities.

There is nothing earth-shattering about this recommendation. In terms of the basic functions which a workforce development table would undertake, it is comparable to the activities proposed for a stakeholder group to oversee the process of defining a workforce development system articulated as part of the 2003 Toronto Labour Force Readiness Plan.<sup>40</sup>

More recently, the City of Toronto's COVID recovery plan has similarly proposed convening a workforce development table to develop a strategy:

Different government and community partners all play important roles in advancing workforce development and skills training in Toronto. Only together can we optimize our approach to maximize benefit for Toronto residents. The City should bring these different players to the table to develop and deliver on a coordinated strategy for workforce development that responds to the training and labour market challenges presented by the pandemic, and beyond.<sup>41</sup>

This current report simply provides further justification for, framing of and roadmap by which to follow through on this recommendation.

### **2. Initial convenors: municipal government and the community sector**

Workforce development crosses many policy areas and many stakeholders, and any initiative which is focused on the broader workforce development system requires a collaborative and consultative approach. For this reason, it is proposed that this initiative be at the very least co-initiated by the municipal government and the community sector. The impetus needs to start somewhere, and it should start with a recognition that this is a shared venture.

### **3. Role for other orders of government**

Because this is an exercise aimed at prioritizing and strengthening workforce development initiatives at the local level, it is appropriate that this initiative be instigated among local players. Nevertheless, the provincial government is a critical stakeholder in workforce development. It sets most of the policy framework and provides the largest share of funding for this sector. For that reason, it would be ideal that its participation in this initiative could be secured at the earliest stage. How workforce development

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<sup>40</sup> Elaboration of what this process would look like is articulated in City of Toronto, *An Integrated Labour Force Development System for Toronto* (2003) prepared by Ursule Critoph.

<sup>41</sup> From Recommendation 11, *Building Back Stronger: Report of the Economic and Culture Recovery Advisory Group*, City of Toronto (2020).

can impact the outcomes of an employment services SSM would be of particular interest to the province, and the deliberations of this process could help inform the province's Workforce Development and Training Review and its resulting Workforce Development Action Plan, especially in how it would apply to Toronto.

The federal government would likely wish to track this initiative and can gain insights from this process, given how workforce development as proposed here would be weaving together employment, training, equity and recovery objectives.

#### **4. Role for employers**

This paper has made clear that an essential component of workforce development requires that it be demand-focused. This element can only be assured if the employer sector is intimately involved in the initial design and continuing delivery of workforce development initiatives. It is clear from the workforce development literature that this necessitates the active involvement and leadership on the part of employers, not only for their expertise but also as active champions of the approach. This will require a level of engagement on the part of employers that has not been present in the formulation of broad workforce development strategy in Toronto to-date, even though there have been individual pockets of workforce development activity which have successfully relied upon employer input and commitment. This will require an explicit employer engagement strategy and is a necessary pre-condition for the level of workforce development which is being contemplated.

That role can come in several forms:

- i. As civic champions: Many workforce development initiatives in the United States have business leaders as prime advocates, motivated by the goal of creating better local systems and less so by their separate interests as employers; it is the kind of leadership which generated such local initiatives as CivicAction and the Toronto Region Immigrant Employment Council;
- ii. As representatives of employers: Individual business leaders can act as advocates, but membership organizations are better suited to represent the perspectives of their constituencies; it would be a natural fit to have governments, employers and the community sectors collaborating on this initiative;
- iii. In support of a sector strategy: The actual implementation of workforce development approaches often benefit from a laser-focus on a specific industry or sub-industry, which is where employer input can be of the greatest practical benefit.

Ideally, all three of these roles would be present in the workforce development table being proposed. These various roles can be carried out by separate entities and at different stages of the initiative. A four-legged stool, supported by the municipal government, the provincial government, the community sector and employers, would be a solid and promising beginning.

#### **5. The purpose of the Workforce Development table is to jointly develop an agenda**

A collaborative effort in this field would necessarily require a collaborative development of an agenda. There is no shortage of potential topics. The following categories, with some illustrative examples, are offered as a way to structure the agenda:



### I. System-level issues:

1. Mapping the workforce development landscape: Currently, there is no database of workforce development activities in Toronto; simply mapping these activities would make apparent the scale of these efforts and the social infrastructure that exists for workforce development;
2. A platform for information-sharing and creating opportunities for coordination and linkages: A simple database provides information to all stakeholders about opportunities for client referrals; an active table could serve as a platform for collaborative planning and partnerships;
3. Identify capacity building needs: Engaging the broad workforce development community provides an opportunity to canvass participants regarding enhancing skills and promoting best practices across the sector;
4. Identify labour market information and data analysis needs: Over the past decade, there has been a significant increase in the availability of labour market information; nonetheless, gaps still exist and identifying these needs at a more granular level would contribute to our understanding of local labour market dynamics; this includes ensuring we can make sense of all this data as well;
5. Establish common evaluation metrics: There are no standard frameworks for workforce development indicators across the many projects in Toronto, particularly in terms of outcomes; developing a menu of such indicators would help in evaluating performance across different types of projects, both to convey impact as well as to drive improvements;
6. Gap analysis: Despite the wide range of projects and initiatives in this space, one can be certain that there are unfilled needs and gaps in terms of specific supports or resources; assembling this broad constituency provides a collective means for identifying and addressing those gaps.

### II. Labour market issues:

1. Post-COVID transitions: The post-COVID recovery needs to pay special attention to that segment of the labour market most heavily affected by the pandemic and the recession; it will require finding a balance between helping those sectors most damaged as a result of this past year while also assisting individuals to transition to other industries to make up for the employment shortfall;
2. Forecasting post-COVID needs: There are very specific labour marketing forecasting issues which need immediate responses, for example: what is the quantum of additional health and personal care workers required and how to ensure there is a reliable supply? How has e-commerce affected the logistics and retail sectors and how have skills requirements changed for these industries?
3. Future of work: The acceleration of technological change brought on by the pandemic has significant implications for lower-skilled occupations, their skill needs and the entire future of work conversation;
4. Equity considerations: There is a pressing need to incorporate equity considerations across these various activities, having regard to varying impacts for Indigenous, racialized and newcomer populations, as well as other marginalized populations.

### III. Decent work:

1. Labour market outcomes for workers at the lower-skilled, lower-paid end of the labour market have been more affected by what has happened to the quality of jobs as opposed to the quality of the available workforce over the last few decades. It is increasingly being recognized that improving the quality of these jobs benefits not only those workers, but also the businesses who employ them, and the broader economy as a whole. This requires a concerted, sophisticated

approach, based on sound analytics and evidence, and is a necessary part of any workforce development strategy.<sup>42</sup>

## **6. Develop a process for consultation in relation to an SSM for Toronto**

Part of the rationale for advancing a workforce development approach at this time is related to the impending employment services SSM for Toronto, with its emphasis on individuals further from the labour market and the consequent need to be able to engage with employers in a more substantive way. That being said, it is also necessary for both the City of Toronto and the community sector to unpack the various considerations and options for responding to the eventual RFP. Given the scale of the undertaking, the many Toronto organizations involved in employment services, the City's interest in advancing inclusive economic development approaches and community benefits, and the continuing role of the City in providing life stabilization support to OW clients, it would be beneficial to explore the different roles which the City and the community sector could undertake, having regard to the different functions required of the SSM. While the timelines for the rollout of employment services transformation in Toronto is not known at this time, given the complexity of the issues, the time to start these discussions is now.

A clear consultation and options analysis process, whether this takes the form of a task force, a series of consultation sessions convened by a neutral party, an impact assessment project or some other approach, should have as its objective what the response of the City of Toronto should be, as there has not been an obvious direction expressed to date.

In many catchment areas across the province, municipalities have been contenders for the SSM role, given their experience in the provision of employment services both through social assistance as well as direct EO service delivery providers. The City has not been an EO-funded service provider and is less familiar with the processes and requirements of this system and its intersection with the other EO program areas such as literacy and basic skills, apprenticeship and other training programs. Nevertheless, there are several arguments to advance for why the City should explore what could be its role in a transformed employment service system:

- The size of the contract requires an organization which has significant financial management and oversight capabilities, as well as the cashflow depth to balance current expenses against future performance compensation;
- The SSM emphasis on individuals further from the labour market will necessarily involve a significant number of OW clients; coordinating life stabilization with employment services and workforce development will operate more smoothly within a system that one has had a hand in designing;
- The City has its own interest in ensuring that the revamped system meets the City's goals for poverty reduction and an inclusive economy.

That being said, this is not an argument for the City taking a lead role. Rather, the approach should be to explore, together with community stakeholders, what is the configuration of an organizational lead and supporting organizations, possibly a consortium, which can both meet the performance expectations of the SSM within the funding framework which has been set out, while also achieving enhanced social and economic outcomes for those with barriers to employment.

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<sup>42</sup> A good example of sector-specific thinking focusing on decent work has been provided by the Ontario Nonprofit Network: <<https://theonnn.ca/our-work/our-people/decent-work/>>.

## The rationale for a municipal government role in workforce development

Long past are the days when municipal governments only concerned themselves with urban planning, municipal services and other issues directly linked to property and place. Cities are engines of economic growth and it behooves municipal governments to encourage that essential function of cities. But cities being places where people live, it is also critical municipal governments enable a feeling of belonging and inclusion for all its residents.

Workforce development of the sort emphasized in this report is what makes for inclusive economic development.

In terms of labour market policy, the federal and provincial governments set the table in terms of their influence over the economy and employment and the direction they provide for education, training, immigration and other portfolios. But labour markets themselves are largely local and they require guidance and support that is locally determined and implemented.

What is being proposed in these recommendations is not that municipal government direct workforce development, but rather that it supports an environment for better planning and coordination of workforce development interventions, together with the wide range of local stakeholders.

This is particularly a necessary role for the building back better which needs to take place in response to the devastation caused by the COVID pandemic and the inequities which this past year have made so glaringly clear.

## The functions for a municipal government in workforce development

As a municipal government, the City of Toronto is especially well-suited to undertake the following:

- Partnering with the community sector: Given its on-the-ground links with communities and its history of engagement with local stakeholders in devising and implementing solutions that respond to local needs and circumstances, the City is well-positioned to invite the community sector to co-lead the various recommendations outlined in this report;
- Embedding workforce development as part of economic development: As an active driver of local economic development, the City is also well-positioned to advance inclusive workforce development as part of its engagement with local businesses, promoting the economic benefits of lower recruitment and turnover costs to Toronto employers while securing the socio-economic benefits of better labour market outcomes for a wider and more diverse range of Toronto residents;
- Supplementing workforce development with business advisory services: The City already provides a range of advisory services to businesses, such as entrepreneurship support for business start-ups, partnerships with Business Improvement Areas, and sector-specific economic development support; cultivating and delivering the expertise to support the goal of high performance/high productivity workplaces which result in better entry-level jobs would be within this same range of functions; an initiative of this sort necessarily needs to start small; it would make sense to initially service small and medium enterprises and to select a limited number of sectors so that the industry-relevant expertise could be developed;

- Providing labour market data support: The City has considerable data and data analytic capability within its operations which could complement the labour market data needs of a more strategic workforce development approach;
- Furthering workforce development through other levers available to the City: There are other ways in which a municipal government as large as Toronto can advance workforce development, as an anchor institution, as an employer, as a purchaser of goods and services, and through its legislative and regulatory powers.

The multiple ways in which a municipality can impact workforce development suggests the City of Toronto may wish to develop an organizing framework for this issue and possibly establish an institutional focus within the municipal government by which to drive these objectives.

### The broader benefits of what is being proposed

The immediate rationale for advancing a workforce development approach is to ensure that the employment SSM model has the breadth and depth of employer engagement to support the placement of its clients into sustainable, good jobs. A workforce development table for Toronto would also serve other purposes:

- Better linkages between workforce development initiatives allows for synergies; this is more likely to occur when there is a better understanding of the range of activities across the workforce development landscape and when there are opportunities to meet and exchange information about projects;
- Such a table provides a focal point for other municipal, provincial or federal programs to engage with services providers in the employment and training fields, both in terms of specific projects but also in terms of policy consultations.

The idea that there should be a coordinating mechanism for enhancing workforce development initiatives in Toronto has already been proposed in previous reports prior to the emergence of the employment SSM, a sign that the benefit of such a platform is not limited to its support of the SSM goals.

## CONCLUSION

This paper casts a wide net in enumerating the policy reasons for prioritizing workforce development in Toronto. The most immediate rationale is for the purpose of developing strong relationships with employers, which will be necessary to achieve the SSM goals of placing in employment more individuals who are further removed from the labour market.

But the broader context makes clear that the circumstances of these individuals reflect the impact of long-term trends in our labour market, which have been borne disproportionately by marginalized populations. Workforce development in this light is thus part of a strategy to remedy labour market inequities and to achieve inclusive economic development.

Toronto has a rich array of workforce development projects and activities. The intention of the recommendations of this paper are to further align these activities with employment services and to create the opportunity for further development and growth of this sector.

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## APPENDIX A: LIST OF INTERVIEWEES

The accompanying designations reflect interviewee roles at the time of the interview.

Michael Andrews  
Manager, Academic Upgrading & Skills Training  
Fleming College

Anne Babcock  
President and CEO  
WoodGreen Community Services

Pedro Barata  
Executive Director  
Future Skills Centre

Adriana Beemans  
Inclusive Local Economies Program Director  
Metcalf Foundation

Donnalee Bell  
Managing Director  
Canadian Career Development Foundation

Joy Boatswain  
Chair, Workforce Development, Employment  
Services & Academic Upgrading  
Centennial College

Anna Cain  
Director, Workforce Development & OW Policy  
Toronto Employment & Social Services

Peter Frampton  
Executive Director  
Learning Enrichment Foundation

Dean Herd  
Policy Development Officer  
Toronto Employment & Social Services

Rob Howarth  
Executive Director  
Toronto Neighbourhood Centres

Sunil Johal  
Director, Business Growth Services  
Toronto Economic Development & Culture

John MacLaughlin  
Executive Director  
Toronto Workforce Innovation Group

Roselle Martino  
Vice President, Public Policy  
Toronto Region Board of Trade

Colette Murphy  
Executive Director  
Atkinson Foundation

Tobias Novogrodsky  
Director, Strategic Program Management  
Toronto Employment & Social Services

Kim Patel  
Director, Employment Services  
The Neighbourhood Group Community Services

Shanthi Rajaratnam  
Director, Workforce Development  
Fleming College

Pat Tobin  
Acting General Manager  
Toronto Economic Development & Culture

Tristram Hooley  
Professor of Career Education  
International Centre for Guidance Studies  
University of Derby

Stephen Vanderherberg  
Director, Family Finance and Employment  
Supports  
WoodGreen Community Services

Sandy Houston  
Executive Director  
Metcalf Foundation

In addition, members of this project's advisory committee were also interviewed individually.

Finally, a further five key informants who were interviewed preferred not to be identified.

**APPENDIX B: SSM FUNDING DISTRIBUTION BY CLIENT STREAM AND MILESTONES**

| CLIENT STREAM                        | At 1 month | At 3 months | At 6 months | At 12 months | Total   |
|--------------------------------------|------------|-------------|-------------|--------------|---------|
|                                      | (\$)       | (\$)        | (\$)        | (\$)         | (\$)    |
| <b>AMOUNT</b>                        |            |             |             |              |         |
| A                                    | 0.00       | 65.00       | 117.00      | 162.00       | 344.00  |
| B                                    | 82.00      | 165.00      | 330.00      | 528.00       | 1105.00 |
| C                                    | 315.00     | 700.00      | 990.00      | 1225.00      | 3230.00 |
| <b>PERCENT DISTRIBUTION OF TOTAL</b> |            |             |             |              |         |
| A                                    | 0%         | 19%         | 34%         | 47%          | 100%    |
| B                                    | 7%         | 15%         | 30%         | 48%          | 100%    |
| C                                    | 10%        | 22%         | 31%         | 38%          | 100%    |

# APPENDIX C: ILLUSTRATIVE SAMPLE OF WORKFORCE DEVELOPMENT ACTIVITIES IN TORONTO

There are numerous organizations involved in some form of workforce development in Toronto, and in certain cases these operate as their own self-contained workforce development system. The apprenticeship program is the best illustration of this, covering as it does numerous occupations, an array of training providers (unions, community colleges and designated training bodies) and formal arrangements engaging employers in the process. Pre-apprenticeship programs exist as on-ramps to that system.

Various sector councils focusing on human resources issues are important aides for workforce development, defining skills requirements for specific occupations, mapping career progression pathways and sponsoring labour market studies relevant to their industries.

By definition, employment services fall under the broad definition of workforce development and are an important part of this landscape. In addition to the direct employment services they provide, many employment service agencies have additional programs and projects which serve as workforce development adjuncts to their main offerings.

Bridging programs for internationally trained professionals would easily qualify as workforce development initiatives. Social enterprises which provide training and work experience for marginalized populations would also qualify, such as projects funded by the Toronto Enterprise Fund or through the Ontario Ministry of Health and Long-Term Care targeting people with lived experience of mental health issues (for example, A-Way Express Couriers). There are also individual workforce development projects funded under government programs, such as SkillsAdvance Ontario or Labour Market Partnerships.

There are numerous national and provincial organizations which provide workforce development resources that benefit their Toronto constituencies, such as CERIC (a national non-profit focusing on research and education to assist career development professionals), First Work (a provincial association of employment centres), or the Ontario Disability Employment Network (an association of employment service providers serving people who have a disability).

In addition to governments, there are an array of philanthropic foundations headquartered in Toronto which have been very active in supporting and advancing workforce development, notably: the Atkinson Foundation, the Counselling Foundation, the Maytree Foundation and the Metcalf Foundation.

The following initiatives illustrate the further breadth of workforce development in Toronto:

- Building Up** A social enterprise which does renovation work and provides a platform for training and employment of individuals who had been further from the labour market and who are interested in a career in construction trades.
- Hospitality Workers Training Centre** A workforce development organization focusing on the hospitality and food service industry, training and helping individuals secure employment.

|   |  |
|---|--|
| NPower Canada                               | An organization which provides digital and professional skills and employment placement for non-traditional and diverse youth for work in the information and communications technology field.   |
| Toronto Finance International               | While focused on preparing talent for the financial sector, this organization functions as a workforce development intermediary, working with employers to identify needs and instituting programs to groom individuals for careers in this sector (originally Toronto Financial Services Alliance).   |
| Toronto Community Benefits Network          | An intermediary which aims to fulfil the goals of community benefit agreements (currently focused on transit infrastructure projects), by identifying candidates for apprenticeship training and professional, administrative and technical jobs, as well as opportunities for procurement from social enterprises, to advance economic inclusion. |
| Toronto Region Immigrant Employment Council | An organization which supports internationally trained professionals to secure employment and careers commensurate with their education and work experience.   |
| Toronto Workforce Innovation Group          | One of the 26 workforce planning boards in Ontario, whose catchment area is the City of Toronto and whose purpose is to identify local labour market issues and coordinate community responses, through research, convening stakeholders and acting as a catalyst for projects.  |
| Workforce Funder Collaborative              | This initiative represents a group of philanthropic minded organizations that have combined their efforts to improve workforce development and advance system change to create a more equitable labour market and economy across the Greater Toronto Area.   |