

GROWING A

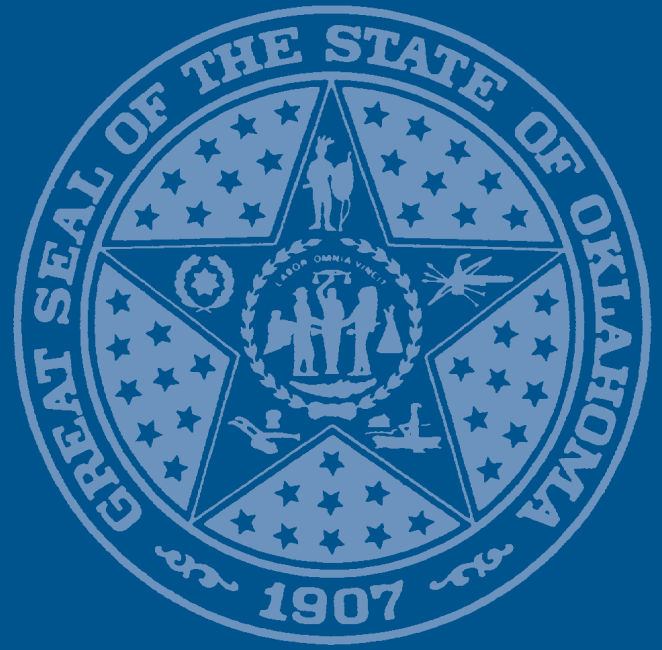
KNOWLEDGE-BASED

ECONOMY

TAKES A

KNOWLEDGE-BASED

WORKFORCE



GOVERNOR'S COUNCIL FOR WORKFORCE
AND ECONOMIC DEVELOPMENT
2008 ANNUAL REPORT

TABLE OF CONTENTS

The Urgency to Grow Oklahoma	1
The Strategy to Grow Oklahoma.....	2
Growing Oklahoma in 2008	4
Workforce and Economic Development Summit	
Working with Educators	
Developing Our Sector Strategy	
Documenting Work Readiness	
Communicating Issues and Answers	
Recruiting Talent	
Reaching Out to Youth	
Growing Oklahoma in 2009	9
Council Members.....	11

OKLAHOMA'S WORKFORCE TRANSFORMATION

Oklahoma's competitive future depends on developing more good jobs and qualified workers to fill them. We need to bring more people into the workforce, lift low-skilled workers into the middle class, and recruit more knowledge workers.

As Chairman of the Governor's Council for Workforce and Economic Development, I meet often with our state's business owners. Aerospace, construction, manufacturing, financial services, health care, energy – all of them need creative employees ready to use new technologies, implement fresh ideas, and commit to lifelong learning.

Oklahoma's jobless rate continues to be one of the lowest in the nation. However, too many Oklahomans are underemployed, working below their potential, and, in more than half a million cases, making poverty-level wages. Meanwhile, our high-wage knowledge-based sector, desperate for educated and skilled workers, is lagging behind other states, holding down the earning potential of the entire state.

While job losses are grabbing our attention, we can't lose sight of the continuing need for workers with the right education and skills that will allow our best employers to succeed. New and expanding companies were once projected to create 15,448 new jobs and invest \$1.59 billion in Oklahoma over the next year. Even assuming lower, recessionary growth rates, we still must continue to improve our main resource: our workforce.

Charged by Governor Brad Henry to integrate workforce and economic development, the Governor's Council and its Grow Oklahoma campaign bring together leaders from across a variety of private and public sector organizations to achieve the following:

- **Make education and training more responsive to employer needs**
- **Expand Oklahoma's workforce**
- **Increase high school graduation rates**

As Oklahoma business, education, and government work together, we will create a culture of lifelong learning, a workforce ready to meet any challenge, and an ever-increasing quality of life for all our citizens.

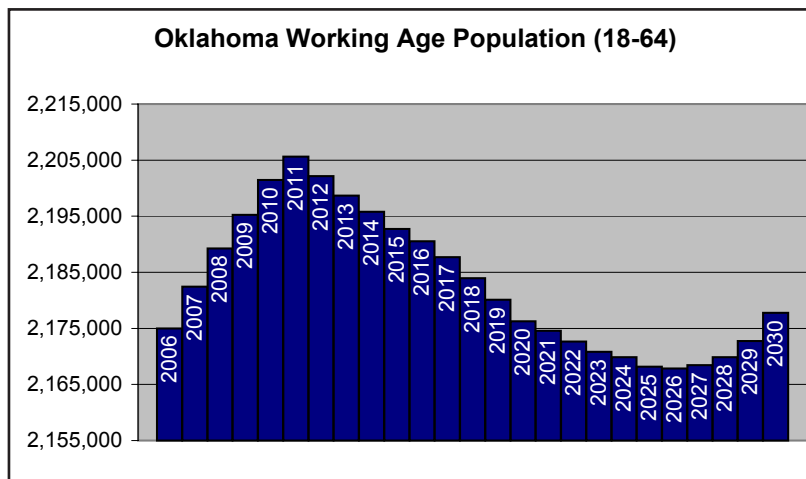


Steven B. Hendrickson, Chair
Governor's Council for Workforce and Economic Development

THE URGENCY TO GROW OKLAHOMA

Before the recession, Oklahoma employers were passing up expansion and sales opportunities because of vacancies they could not fill. Major industries reported shortages in key occupations, including nurses, engineers, mechanics, and machinists. Most Oklahoma businesses reported difficulty finding employees with the right skills. And at least 20 important expanding businesses took 10,000 jobs – worth an estimated \$350 million a year to the state’s economy – elsewhere in 2007 and 2008.

Those were the costs of Oklahoma’s skills shortage. In an economic downturn, those problems can seem less pressing, but they don’t go away. A workforce with the education and skills sought by business is at least as vital to weathering and emerging from a recession as it is to prospering in an expanding economy. Even in these shifting times, the primary issue facing Oklahoma’s



employers and workers is one of skills development. The primary question remains: Do the workers available have the skills employers need, and can they move quickly from one job or industry to another in a churning economy?

Adding to the urgency to ensure Oklahoma workers have the skills needed by Oklahoma employers is the coming decline in the size of the workforce. Oklahoma’s traditional working age population is expected to peak in 2011 and head into a 15-year decline, losing 2,500-3,000 potential workers a year.

Oklahoma’s skills gaps exist from entry level workers to potential CEOs, from the ability to read and calculate to the ability to engineer and manage and lead. Recession or boom, Oklahoma needs more young people graduating from high school, from CareerTech, and from college, as well as more seasoned professionals from outside the state.

Toward a Knowledge-Based Economy

To compete in a global market, Oklahoma must move aggressively toward a knowledge-based economy – a high-wage economy built around industries that employ workers with college degrees and advanced skills. Medical research foundations, architectural firms, hospitals, law offices, accounting services, oil and gas companies, alternative energy research companies, aerospace and other advanced manufacturing – all of them are clamoring for knowledge workers. As of 2007, Oklahoma ranked 40th among the 50 states in support of a knowledge-based economy, according to the Kauffman Foundation’s State New Economy Index.

Oklahoma’s knowledge-based sector pays average wages of \$52,900 a year, more than 50 percent above the state’s overall average wage of \$34,600. Knowledge worker jobs pump more money into the state economy, generating more activity, more services, more tax revenue, and, even more significantly, more wealth. They are also the jobs with more upside potential. Earnings of college graduates have risen over the last 20 years, while workers with less education saw their earnings fall. If Oklahoma had the same proportion of knowledge-based jobs as the nation, our economy would expand by \$1.8 billion and add 34,300 more jobs.

“Business and industry must forge partnerships with education at all levels.”

**Gordon Andersen
Special Projects Manager
Pelco Products, Inc.
Edmond, OK**

The Governor’s Council for Workforce and Economic Development has developed a strategy to expand and improve Oklahoma’s workforce, promote a knowledge-worker economy, and make the state more competitive globally. The following pages outline that strategy and the actions that were taken this year to move the state forward.

THE STRATEGY TO GROW OKLAHOMA

Vision: Oklahoma has a competitive advantage through integrated workforce and economic development objectives.

Mission: Oklahoma advances a demand-driven workforce and economic development system.

Result: Oklahoma achieves wealth-creation for businesses and individuals and enhances quality of life in communities throughout the state.

Oklahoma's economic future depends on the strength of our workforce. Leaders from across the nation acknowledge the friendliness, determination, and work ethic of Oklahoma workers. But in too many cases, employers need more than that and can't find it in Oklahoma. Oklahoma workers have the potential to deliver, but they need more preparation. And Oklahoma, fortunate to be as insulated as it has been from the worst of the world's economic turmoil, deserves the robust, unstoppable economy that an uplifted workforce provides.

As part of the 2008 plan of work, the Agency Directors Forum established three task forces to develop strategies in three critical areas: System Transformation, Recruitment and Retention, and Educational Alignment. These groups, plus a task force on developing underutilized populations, produced white papers that are now serving as the foundation of the Council's strategic action plan for 2009.

Task forces developed additional partnerships with SEHRF (Senior Executive Human Resource Forum) and with the Oklahoma Chapter of SHRM (Society for Human Resource Management), which has been developing a prototype employee-retention tool kit. Several focus groups in conjunction with these employer groups helped to guide and to validate the Council's work and ensure that a wide variety of employers were consulted. They also made certain that the strategic direction continues to be demand-driven based on employer needs.

In addition, as part of its continuing industry sector strategy work, the Governor's Council met with Oklahoma leaders from manufacturing, energy, aerospace, construction, and health care. Each of these major economic drivers identified the following as their primary concerns and asked the Council to take their messages to local and state elected officials:

Better connection between business and education – education days, career fairs, career exploration by industry, better engagement of K-14, more business feedback, and better access to available talent.

Better communication with the public and public officials – access to legislators, policymakers, Workforce Investment Boards, local boards of education, elected officials, and parents, all leading to improved workforce legislation, policy and practices.

Pipeline development based on industry sector skills gap analysis – incumbent and transitioning worker training, lifelong learning to upgrade skills, improved career pathways within industry sectors, and improved training of underutilized populations, all based on accurate occupational and skills data.

Better funding and spending – funding from business associations, chambers of commerce, philanthropic organizations and foundations, public/private partnerships and other sources, better use of public resources, and combining programs and projects that have common objectives, all leading to streamlined operations and more help for more people.

GROWING OKLAHOMA IN 2008

The Governor's Council for Workforce and Economic Development was a growing presence in 2008, building connections across the economy; developing and refining strategies; initiating and strengthening initiatives to build Oklahoma's economy; and communicating our critical needs, successes, and paths for productive participation by all.

During 2008, several Council-supported summits occurred across the state, connecting business with education, workforce, and economic leaders and addressing the number one request from Oklahoma businesses: to "create a better connection between business and education."

Workforce and Economic Development Summit

A statewide conference in October centered around Council recommendations for 2009. The final session featured Council leaders from education, economic development and workforce development describing how they are building a pipeline of agile and skilled workers in Oklahoma.

"Changing teachers' perception of manufacturing is one step toward shifting students' perceptions."

**Scott Fry, OSU/MAIP Training Center
Manager, Okmulgee**

Some of the more significant 2008 developments include the following:

- passage of tax incentive legislation to lure engineers to Oklahoma's aerospace industry;
- launch of Project Boomerang to recruit former Oklahomans back to the state;
- continued development and improvement of the GrowOklahoma.com website to help career planners optimize their Oklahoma opportunities;
- designation of Grady County, Mayes County and Alva as the nation's first Work Ready Communities.

Other developments involved work with educators, refinement of the state's industry sector strategy, expansion of the Career Readiness Certification program, new public communication initiatives, the creation of new recruiting tools, and numerous events reaching out to our state's young people.

Working with Educators

No one is more important to Oklahoma's workforce development than its educators. Numerous industry-educator connections were forged in 2008, including several eye-opening, hands-on activities.

**Grady County/
Chickasha and
Pryor/Mayes County
were the first
communities, not
only in Oklahoma,
but in the nation, to
be certified as
“work ready.”**

A Teacher Externship Program introduced McAlester area teachers to local manufacturing firms and other businesses, giving them information and insights they can pass along to students. Manufacturing Excellence sponsored a similar externship in southeastern Oklahoma, allowing teachers to job shadow at eight area businesses. In northeastern Oklahoma, 96 educators toured American Castings, LLC, and Labinal, Inc., and learned about manufacturing careers from industry leaders.

Additional events across southern Oklahoma also gave educators and industry a chance to discuss issues and build awareness. The Southern Oklahoma and North Texas Education Summit brought

together teachers, principals, superintendents and business leaders to work on ways to prepare students for the transition to work. The Southwest and South Central Workforce Investment Boards joined to host 70 educators in a Workforce/Education Summit. The two WIBs also sponsored the Southern Oklahoma Impact Coalition conference with approximately 70 representatives from education, economic development and business examining innovation and collaboration issues. The Southwest WIB and the Southwest Oklahoma Development Authority sponsored a day-long summit on creative childcare solutions for working parents attended by representatives from youth, education and business.

All these events served to forge alliances and build understanding that will help today’s students prepare for productive, rewarding roles in tomorrow’s workforce.

**“Work Ready Communities
gain a competitive
advantage because they
can quantify a skilled
workforce to an existing
employer or a new business
considering Oklahoma
for a new location,”**

**Norma Noble, Deputy
Secretary of Commerce for
Workforce Development.**

Developing Our Sector Strategy

Oklahoma has organized its workforce efforts around key industry sectors that drive our economy. Aerospace, manufacturing, energy, and health care have been identified as our state’s “super sectors.” In addition, transportation, construction, tourism, food processing, and distribution are top regional industry sectors. The sector strategy grew out of the NGA’s Policy Academy, which in 2006 selected Oklahoma as a participant. Further development came through NGA’s Learning Network.

**“It is our goal for
the Career Ready
Certification to be
as coveted as a
driver’s license.”**

**Jim Glaze,
Superintendent of
Schools, Chickasha**

As part of Oklahoma’s Industry Sector Initiative, the Council sponsored Working Hard, Working Smart, a statewide Sector Strategies Institute in January. Eleven teams representing the Council, all levels of education, industry, economic development, youth programs, people with disabilities, TANF, Workforce Investment Boards and others worked to develop better ways to

serve the needs of businesses within their regions. The institute laid the groundwork for regional industry sector teams to identify needs and plan strategies to meet those needs on a local level.

The Research Division of the Oklahoma Department of Commerce completed the Regional Employment Analysis, the Oklahoma Workforce Report Card, the 2008 Employment Briefing reports, and several other workforce and economic development reports. All are available at www.okcommerce.gov/workforce.

The Central Oklahoma WIB scored two firsts, becoming the nation's first workforce board to sponsor a registered Department of Labor apprenticeship program, a program which is also the nation's first apprenticeship program for the customer care contact center industry. On another front, the Central Oklahoma WIB hosted a summit with construction industry representatives to identify their primary workforce challenges.

“Aerospace is an extremely important industry for the future of our state and its people. The challenge is to grow the industry across Oklahoma by ensuring that we have an educated and trained workforce with the right credentials.”

**Robert J. Conner,
Executive in Residence, Center for Innovation and Economic Development,
Oklahoma State University**

In southwest Oklahoma, the Oklahoma Department of Commerce partnered with the Southwest Oklahoma Impact Coalition in a \$2.5 million U.S. Department of Labor grant to develop the workforce and targeted industry sectors in 2009. The initiative stems from a changing mission that will transfer thousands of soldiers and their spouses to Ft. Sill.

Documenting Work Readiness

Oklahoma is a leading state in Work Readiness, a program that uses a uniform system of WorkKeys assessments, or tests, to certify worker skills in reading, finding information, and using math to solve workplace problems. The program was developed by the same ACT company that administers college entrance exams and is in use in many states to certify worker qualifications, to help employers hire and promote workers, and, in Oklahoma, to certify whole communities based on certification of their workers.

Career Readiness Certificates

Oklahoma doubled its ranks of certified Career Ready workers this year, bringing the total to 24,995, sixth highest in the nation.

Job Profiling

Seventy-nine Oklahoma companies have completed job profiling, identifying the WorkKeys skills levels needed for 86 individual jobs as a way to facilitate hiring decisions. Based on those profiles, applicants with Career Readiness Certificates (CRC) can easily be matched to appropriate jobs.

Nation's First Certified Work Ready Communities

Oklahoma's Certified Work Ready Communities is an innovative program that elevates the Career Readiness Certification program to a geographical area. In 2008, Oklahoma certified the nation's first Work Ready Communities, Grady County, Mayes County and Alva. A community can be certified Work Ready if 3 percent of its total workforce and 25 percent of its available workforce have a CRC. In addition, it must have a high school graduation rate of at least 82 percent, or 82 percent of its seniors must obtain a CRC.

Communicating Issues and Answers

News and information channels are filled with distressing news of job loss and unemployment across the nation. The problems of worker and skills shortages and what can be done about them are scarcely heard. A series of Council-placed newspaper editorials are helping inform the public about those issues, and GrowOklahoma.com is giving career planners specific details about Oklahoma opportunities.

Grow Oklahoma

The Council rolled out its Grow Oklahoma campaign in 2008, supplying "Oklahoma Hot Jobs" and "Oklahoma's Future Jobs" posters for placement in high schools, libraries, Youth Services, tribal offices, and elsewhere across the state. Each workforce region also received Grow Oklahoma banner displays for job fairs, career days, and other marketing uses.

Increased Awareness

The Tulsa World, the Daily Oklahoman, and other newspapers across the state published "From the Council Chair" articles by Steven Hendrickson in 2008. Topics thus far have included lifelong learning, sector strategies, Certified Work Ready Communities and an upcoming article about Oklahoma's Project Boomerang.

GrowOklahoma.com

GrowOklahoma.com, launched in December 2007, received more than 2 million page views in its first year of operation. It offers career and education planning tools and Oklahoma-specific information on careers, job openings, education and training, business start-up, and lifestyles. The site averages more than 250 user sessions per day.

Recruiting Talent

We need more talent than we can grow ourselves. Oklahoma is using bold and creative strategies to recruit from the outside, as well as from within.

Legislation

The Council's Aerospace Industry Report helped to convince Oklahoma legislators to boost the state's aerospace industry by providing incentives to attract more engineers. The Aerospace Industry Engineer Workforce Bill (HB 3239) provides state income tax credits to new engineers who choose to work for an Oklahoma aerospace company as well as various state income tax credits to the companies that hire those engineers. The initiative was led by the Oklahoma Aeronautics Commission and Director Vic Bird, a member of the Council. The bill

has been recognized across the nation for its innovative approach to skills shortages within the aerospace industry.

Once again in 2007, the U.S. Aerospace Industry had, by a wide margin, the largest trade surplus of any U.S. industry: \$60 Billion. Proudly, Oklahoma is one of the seven centers in the world for the maintenance, repair and overhaul of aircraft. These would not be possible without an adequate and skilled workforce, within which there must be adequate engineers. This bill targets this most severe challenge, and the information in the Council's Aerospace Study was invaluable to the passage of this bill.

Project Boomerang

This program is designed to lure Oklahoma-linked college graduates back home to build our knowledge-based economy where salaries average \$52,900. The pilot project launched a web portal, developed alliances with university career offices and recruiting firms, and established an online social network. In its first 10 weeks of full website operation, nearly 300 people – from 31 states and two foreign countries – signed up to get the newsletter and connect with employers. Most say they want to move back to Oklahoma within six months. Boomerang focuses on young professionals often referred to as Millennials and Gen-Xers and on Baby Boomers with extensive executive experience.

Talent Acquisition Team

Formed in 2008, the Oklahoma Talent Acquisition Team works with local chambers and economic development groups to identify unique employer needs in their areas, such as hard-to-fill technical and management positions at the OU Health Science Center.

Reaching Out to Youth

The future is young, and Oklahoma is reaching out to youth in two-way communication to solicit their recommendations, orient them toward future employment, and provide new skill-building opportunities.

Youth Summits

Youth Summits such as "X-treme Ability is Power" gather hundreds of youth with disabilities or economic disadvantages along with teachers and counselors in a fun-filled educational and motivational environment. Participants gain understanding of the connection between today's school lessons and the workplace challenges of tomorrow.

Project MOVES

Project MOVES (Manufacturing for Oklahoma's Vital Economic Sustainability) has to date provided workplace training opportunities for 927 people using a \$1.5 million grant through the President's High Growth Job Training Initiative to train manufacturing workers. The program eventually could aid as many as 1,425 current and future Oklahoma manufacturing employees. Giving priority to young people aging out of the state's foster care system and other at-risk youth, Project MOVES works to educate disadvantaged students for the advanced manufacturing work force. Project MOVES funding helped Oklahoma City's Southeast High School for Technology expand its Southeast Academy of Manufacturing program to 11th and

12th grade students. Project MOVES will also fund curriculum expansion to place students in internships.

Project MOVES also funds Youth Career Academies at 10 CareerTech and higher education sites, Thun derbird Youth Academy for at-risk youth, and Oklahoma Shared Youth Vision program for youth in foster care.

GROWING OKLAHOMA IN 2009

The Governor's Council for Workforce and Economic Development has set three overarching objectives for 2009: Make education and training more responsive to employer needs, expand Oklahoma's workforce, and increase high school graduation rates. Specific actions are identified to move Oklahoma toward those objectives during 2009.

“Governors recognize that states’ long-term economic success in the 21st Century depends on their ability to create, attract and retain an educated and skilled workforce...”

**Martin Simon
National Governors Association**

1. Make education and training more responsive to employer needs.

Identify employer skills gaps and expand training to fill them.

Oklahoma's aerospace industry faces shortages of 70 assemblers, 155 engineers, 794 service technician and other specific gaps identified in an industry study and strongly addressed by previous legislation. Additional studies are needed in the energy and other industries to identify crippling skills gaps and find ways to address them.

Get Career Readiness into more high schools.

The nationally recognized Career Readiness initiative, testing basic math and literacy skills, gives an objective score useful to students, adults and employers. Mandatory at Chickasha High School, it helped Grady County become one of the nation's first Certified Work Ready Communities. The program encourages students to think about their futures and provides both a planning tool and motivation to learn.

Expand up-skill training for existing workers.

More than half a million Oklahomans work low-skill jobs and earn wages below the poverty line while vital, high-wage Oklahoma industries are constrained for want of skilled workers. Up-skilling these workers will dramatically advance the state's economy and boost thousands of Oklahomans into the middle class.

2. Expand Oklahoma's workforce.

Pilot regional outreach efforts to nonworking adults.

Less than 63 percent of Oklahoma adults, age 16 and older, are in the workforce. Bringing Oklahoma's workforce to the national average of 66 percent would mean 91,400 new workers. Regional efforts would identify potential workers and ways to bring them into the workforce.

Expand Project Boomerang.

To compete in a global market, Oklahoma must overcome a talent deficit in high-wage knowledge-based fields like health care, science and engineering, and business management. As a pilot initiative, Project Boomerang (OKBoomerang.com) has developed a multi-pronged outreach system, created strong interest among "elsewhere Oklahomans," and gathered success stories from one-time Oklahomans who have boomeranged back to professional careers in the state. It needs funding to continue.

3. Increase high school graduation rates.

Expand guidance, coaching and early intervention efforts.

Oklahoma can take some pride in its above-average high school graduation rate, but the need for improvement is obvious, especially in Tulsa and Oklahoma City, where the rates are much lower. Stronger coaching, counseling and tutoring can make a difference.

Expand dual enrollment in high school and college.

Approximately 6,000 Oklahoma students are taking college courses while in high school, a number that could be expanded. Making sure those students get high school credit for these college hours would help. Making more students aware of that option, as well as the option to get college credit for CareerTech courses, could expand these programs and lift the educational level of the state

MEMBERS OF THE GOVERNOR'S COUNCIL FOR WORKFORCE AND ECONOMIC DEVELOPMENT - 2008-2009

Andersen, Gordon	Central	Pelco Products, Inc.
Beck, Pat	S. Central	SHRM
Berkenbile, Phil	North Central	Career and Technology Education
Bird, Victor	Central	Oklahoma Aeronautics Commission
Brock, Jon	Central	Oklahoma Employment Security Commission
Fish, Jimmy	Central	Oklahoma State Building and Construction
		Trades Council-Local 94
Garrett, Sandy	Central	State Superintendent of Public Instruction
Gerber, Bill	Northwest	Woodward Iodine
Gordon, Roy	Central	AFL-CIO
Gumm, Jay Paul	Southern	State Senator
Hall, Gilbert	Eastern	OG&E Muskogee Power Plant
Hawkins, John	Northeast	Integrated Insurance Services
Hendrick, Howard	Central	Department of Human Services
Hendrickson, Steven	Tulsa	Boeing Company
Johnson, Glen	Central	State Regents for Higher Education
Kaiser, Stephen	East Central	Corrections Corporation of America
Klabenes, Bob	Eastern	OSU - Okmulgee
Koeper, Nancy	Central	Red River district UPS
Ledford, Jeff	Southwest	SKF Sealing Solutions
Lundquist, Laura	Tulsa	SemGroup
MacMillan, Doug, Jr.	Central	One-Call System, Inc.
Martin, Scott	South Central	State Representative
Matlock, Terry	Southeast	Choctaw Electric Cooperative
McLain, Sheryl	Central	Oklahoma Health Care Workforce Center
Mills, Chuck	East Central	Mills Machine
Myers, David	North Central	State Senator
O'Brien, Michael	Central	Dept. of Rehabilitation Services
Peters, Roy	Tulsa	Oklahoma Manufacturing Alliance
Pritchard, Jeff	East Central	Seminole Public Schools
Rampey, Narissa	Tulsa	Air Assurance Company
Robison, Matt	Central	The State Chamber
Shepelwich, Steven	Central	Federal Reserve Bank of KC-OKC Branch
Shirley, Natalie	Central	Oklahoma Department of Commerce
Smith, Janet	Tulsa	Public Service Company of Oklahoma
Stokes, Steve	Central	Office of Disability Concerns
van Rijn, Donnalla	Southern	Big Lots Distribution Center
Watkins, Hardy	Central	Department of Tourism and Recreation
Webb, Ron	Southern	Valley View Regional Hospital
Wright, Erin	Central	Business / Aerospace
Wright, Harold	Central	State Representative



GOVERNOR'S COUNCIL FOR WORKFORCE
AND ECONOMIC DEVELOPMENT

EDUCATION. ECONOMIC DEVELOPMENT. EMPLOYMENT.

OKLAHOMA DEPARTMENT OF COMMERCE

900 NORTH STILES AVENUE • P.O. BOX 26980 • OKLAHOMA CITY, OK 73126-0980 • 405.815.5278
OKCOMMERCE.GOV/COUNCIL