



MEETING MINUTES

Date: April 4, 2014
Time: 9:00 a.m.
Place: Oklahoma State University – Oklahoma City

Call to Order/Welcome

Chair Steve Hendrickson was unable to attend the meeting due to a cancelled flight in Dallas the night before. Council member Gilbert Hall substituted for Steve.

Mr. Hall called the meeting to order, welcomed everyone, and gave a brief overview of the day's agenda. Gilbert added that the NAWB Conference was great and Gov. Fallin did an excellent job on her keynote speech. He also added that Deidre Myers was the new Deputy Secretary of Commerce for Workforce Development.

Approval of Minutes

A motion was made by Homer Nicholson to approve the minutes of the January 24, 2014 meeting and was seconded by Vic Bird. The motion carried unanimously.

Roundtable Discussion – Wealth Creation

Deidre Myers gave a presentation on wealth creation and the continued efforts of developing the Council's dashboard and measuring the performance of the State's Workforce System. She said that an impetus to a lot of what we've been doing is because of the Governor's initiative with the National Governors' Association, *America Works: Education and Training for Tomorrow's Jobs*.

There are four objectives to the initiative:

- ✓ Promoting a statewide vision
- ✓ Aligning and using state data
- ✓ Expanding effective partnerships
- ✓ Modifying the use of resources and incentives to support an integrated vision

Deidre asked the Governor's Council what are we going to do and how are we going to show results? She said, in the past Workforce Development has had:

- Programs
 - Workforce/WIA
 - UI Benefits
 - Human Services
- Education
 - Common Ed
 - Career Tech
 - Higher Ed
- Employment
 - Industry

Deidre said that we have industry that have complained that they weren't getting the workforce that they wanted, and workforce complained that they weren't getting the partnership they wanted from industry, and people were pointing the finger at someone else because they weren't getting what they needed.

She stated that they started with the vision of the Governor and would work cohesively as a team to move Oklahoma forward. They started out looking at some data to find out where we are and where we need to go.

Deidre said that the methodology they are looking at is Wealth Generation, Growth Potential and Competitive Advantage.

- Wealth Generation
 - Sales Revenue
 - Export Share
 - Wages
- Growth Potential
 - New Markets
 - Industry Trends
 - Number of Establishments
- Competitive Advantage
 - Location Quotient
 - Physical Assets
 - Workforce

There are the Ecosystems, both the drivers and the complementary systems, that we have in our economy in Oklahoma:

- Driver Systems (drive wealth)
 - Aerospace & Defense
 - Agriculture & Bio
 - Energy
 - Information & Financial Services
 - Transportation & Distribution
- Complementary Systems (expand wealth)
 - Construction
 - Health Care
 - Education
 - Creative Industries

Deidre said the complementary systems expand the economy so that more people can be involved in the wealth that is created by our driver systems.

In the past, for goals and targets, programs and activities have been measured. The Governor's goal for Oklahoma is wealth generation. Every Oklahoman is going to have the ability to create his own future by having enough wealth in their household that they will be empowered to make decisions for a successful future.

How do we get to that goal? We have to change our paradigm – we no longer have silos, we are all working together. That is what the Governor’s Council is all about. We have a team that represents all of the partners that come together in the state to create a dynamic, growing, flourishing workforce. This is how we are going to do it.

Those activities as partners are the activities creating Career Readiness. If someone is ready, then they should be participating in the workforce. If they are participating in the workforce, then that means they are employed – leading to employment growth. If we have the right type of employment growth, we should then be creating wealth generation. Sixty percent of Oklahomans earned the majority of their wealth from wages.

System Partner > **Career** > **Workforce** > **Employment** > **Wealth**
Activities **Readiness** **Participation** **Growth** **Generation**

Referencing the draft Dashboard Data handout, Deidre went over some of the metrics that they came up with for wealth, employment and workforce. She said that Oklahoma is doing exceptionally well for increasing per capita personal income – 93.36% (% of US). Oklahoma’s per capita disposable income is doing great too – 95.21% (% of US). The median household income and median new worth are doing pretty good but could use some improvement. The income poverty rate (16.6%) has increased over the last couple of years and is higher than the U.S. average (14.9%). This tells us that we also have an increase in the bottom side of our household that is expanding in terms of number.

Wealth Generation		
Measure	OK	US
WEALTH		
Per capita personal income (% of US)	93.36	
Per capita disposable income (% of US)	95.21	
Median household income	24046	28051
Median net worth	53881	70359
Income poverty rate	16.6	14.9
Per capita income maintenance	791	851
% of households with savings account	60.0	69.2
Homeownership rate	0.4643	0.4757
Gini Index	0.4643	0.4757

Oklahomans percent of households with savings account needs to improve. The homeownership rate is doing pretty good.

Looking at all of the indicators, as an aggregate state, Oklahoma is doing very, very well. On a micro level, we aren’t doing as well – we are losing our middle class.

Deidre said when looking at employment growth, Oklahoma is less than the U.S. because we were so robust after the recession that we lost all of our labor slack very quickly. Right now, we don’t have a large supply of people who have the skills for job openings who are out of work. That is not true with the larger U.S.

The Ecosystem employment has had very good growth. Low-wage jobs in Oklahoma are 31.9%. Low-wage jobs are defined as jobs that are at or below poverty level. We are significantly higher than the U.S. The average annual wage is trending upward due to the ecosystem drivers.

Employment Growth		
Measure	OK	US
EMPLOYMENT		
Nonfarm total employment annual growth rate	0.9	1.7
Ecosystem employment	1.9	
Low-wage jobs	31.9	21
Average annual wage	42110	49612
Small business ownership rate	1.48	1.36
Microenterprise ownership rate	16.8	16.5
Unemployment rate (quarterly rolling average)	5.2	7.6
Labor underutilization U-6 (quarterly rolling average)	10.2	13.8
Youth unemployment rate (16-19)	19.1	24.1

Deidre said that business ownership is important because Oklahoma ranks fourth in the U.S. in terms of the number of entrepreneurship we have in the state. Small business creates wealth.

The unemployment rate is 5.2% (quarterly rolling average) looking back to the fourth quarter of 2013 – U.S. is 7.6%. If ours goes below 4.5%, we should be concerned because if you have a low unemployment rate it creates stress for firms and businesses because they don't have the supply to hire. And once we start looking at regional numbers, there are going to be regions particularly in the western and the northwestern parts of the state where the unemployment rate will be lower.

The labor underutilization U-6 means that all of the people who are unemployed (includes discouraged and underemployed workers). Oklahoma has 10.2% which is one of the lowest in the U.S. which is good.

The youth unemployment rate (16-19) is 19.1%. This is 19.1% of 16-19 year olds who are unemployed and looking for work. This number is slowly trending upwards. We have a lot of adults who are holding low-wage entry-level jobs. So our youth, who by definition don't have the experience, skills or knowledge, that employers want, those jobs are already being held by adults so they can't get into the market. This is not a good indicator. We need for youth unemployment to be very low so that those youth can get experience, get into a market so they can grow into a career pathway and a pipeline.

Workforce Participation		
Measure	OK	US
WORKFORCE		
Labor force annual growth rate	0.8	-1.3
Labor force participation, total	63.8	62.8
HS degree and higher	86.2	85.7
Associate's degrees	6.9	7.7

Bachelor's degree and higher	23.2	28.5
Persons above 18 and under 65	61.4	62.8

Deidre explained that Oklahoma's labor force growth rate is much better than the U.S. rate. She said the reason for the low U.S. rate is because people are pulling out of the labor force. Although Oklahoma has 0.8 for the growth rate, the population rate is 1.2, so it doesn't have the labor force expansion that equals our population.

The labor force participation total is the percentage of people age 20 and above who are working or looking for work. It is above the U.S. but is trending downward. Some of the reasons for this are because people are retiring and for health reasons - such as mental health and drug issues.

High school degree and higher and as well as associates degrees – are trending upward. Bachelor's degree and higher are below the U.S. but are trending upward.

Persons above 18 and under 65 – this is the majority of the workforce. We have been losing population in this area for a number of reasons. One is that we have an over population of baby boomers, then in the 1980's and early 90's we had brain drain. In 15 years, hopefully this number will be much better. Because we don't have the number of people that we need in this area, it is a hit on the workforce system, but it also tells us a larger macro indicator. That is in a democracy, in a capitalist system, people move where there is opportunity. So if we are showing an economy with a system that is working very well, this population will grow because Oklahomans who left will come back and other people who aren't Oklahomans will come.

NEXT STEPS

April 12	<ul style="list-style-type: none"> • State trend data submitted to partners
May 15	<ul style="list-style-type: none"> • Partner draft dashboards due
Council Summer Meeting	<ul style="list-style-type: none"> • Council vote to recommend state dashboard • Partner final dashboards presented to Council
NGA Summer Meeting	<ul style="list-style-type: none"> • Governor Fallin reports to states' governors on OK's progress implementing <i>America Works</i>
Council Fall Meeting	<ul style="list-style-type: none"> • Regional data presented to Council

Deidre reminded the Council of their roles and responsibilities. She said the Governor's Council was established by statute in 2006 and the majority of members come from private sector employers because industry drives the economy. The state agency directors are on the Council to make sure business and industry has what they need to be successful. Council members are charged in the development, monitoring and aligning of the workforce system with economic development strategy – at the 50,000 foot level. This includes the following:

- Identifying human resource investment needs of Oklahoma business and industry
- Increasing academic capability and technical skills
- Strengthening collaboration between public and private sectors
- Enhancing rural economic development capacity

The Council makes recommendations to the Governor of what works and what doesn't work. If it is not working, it needs to be fixed. If something needs to be fixed, the Governor can turn

around and tell the system partners, we're not doing a good enough job. She said the Council needs to focus and get the work done. Then we will put it into action and hopefully seek change then it will feed right back into industry. Industry Council members will tell us if we are doing a good job or not and your recommendations will flow back to the Governor. It's meant to be a feedback loop. As an advisory council, you will be able to have a voice for industry to the Governor so that her administration and as the chief executive officer, she can support Oklahoma business the way it needs to be supported.

Deidre said that at the Council's summer meeting we will have a dashboard and a much bigger and robust report which will include graphs and trends. There will be an aggregate of the partners' dashboards showing that all partners have a common goal.

Updates

- **Governor's NGA Summit and Initiative – Katie Altshuler, Governor's Office**
Katie said that the governor is excited about this work and thanked everyone for participating on the Council and helping to drive this forward. She said the NGA Summit that was held last week in Oklahoma City on the Governor's initiative, *America Works: Education and Training for Tomorrow's Jobs*, was very successful. On March 26, they brought together about 250 Oklahoma people and had a great session. They developed an *America Works* app for those who have a smart phone and will continue to push out information on that. Following that meeting, on March 27-28, they had a national summit where 30 states were represented. They had doubled the estimated attendance. There was a lot of energy and excitement around this issue.

One good thing to report about Oklahoma is that we are much further ahead of the thought process on this issue than most other states. Now is the time to put that thought process into action. The Governor is very committed to this effort and she has said that it will take every person in this room to make it happen. Governor Fallin is committed to making policy and funding decisions in the state based on this information. Her challenge to the Council is to help her move the numbers.

Katie added that as a result of the NGA initiative, NGA will have a Policy Academy that 6-8 states can compete for to receive additional technical assistance and funding over the next year or two. Oklahoma will be applying for the Policy Academy and these metrics and dashboards will be a big part of the application for them. They don't have a hard deadline yet but it will be over the next couple of months, so they really have a lot riding on this work.

- **Agency Partners' Meetings – Deidre Myers**
Deidre said that in the past we have had an Agency Directors meeting and also there is a team called the Workforce Solutions Staff Team (WSST) that has met. These consist of representatives from different agencies that have gotten together to talk about how we are doing things. As we are moving off into a new direction, we got the directors together for the agencies and decided they are not going to call it a directors meeting any more, but a partners meeting because that is what they are. We are all partners on a team. It consists of agency heads for every agency that may affect workforce as well as the Oklahoma Board of Private Vocational Schools.

The partners have had two or three meetings now and have decided to put on pause the WSST meetings because we want to be very deliberate. They don't want them meeting just to be meeting. That is not efficient or effective. Agency heads decided they wanted project teams so if they have a particular project, they can assign the right person with the skill and authority needed from their agency to make that project work. The next partners meeting will be in May to discuss their dashboards. Drafts are due then.

- **Legislative Update – Deidre Myers**

Common Core – Deidre reminded the Council that last August it voted to support the Common Core. The legislative process that it has been going through has been challenging. One of the challenges is educating everyone what the Common Core is – it is not a Federal mandate. It is a set of standards that the National Governors' Association came up with to try to elevate the educational performance of all of our children so they have the skills, knowledge and ability to be successful in a career or college.

Senate Bill 39 – Quality Workforce Act – Deidre said that this is a good example of how Oklahoma's partners work together. The Oklahoma Health Care Authority, under the leadership of Nico Gomez, met with the Governor's team because there are some real problems we are facing in terms of Medicaid and Sooner Care. The Governor's office suggested they meet with Commerce and some other partners. We came up with some ideas that could be a game changer – that is using the concept of Quality Jobs to create a rebate that employers can get that would pay for the tuition fee and materials for an associate's degree, credential or a certificate for a potential or incumbent employee.

The way it would work is a company identifies a potential or incumbent employee that they feel would be a great asset to their company and give them the opportunity for additional education or training at no cost to the employee. The employee must choose within the critical occupations which would result in the granting of an associate degree by an accredited public or private institution of higher education or an industrial or vocational licensing or certification program. Once the employee successfully completes the program and is employed with that company, the company is eligible for a rebate that pays for the cost. This empowers employers to select employees they want to invest in. We know that this means the employee will be more productive for that company and more productive for the state. This will be a fiscally positive investment for the state because the employee will have more in terms of income and more disposable income for consumption.

The companies that are eligible for this have to be eligible for 21st Century Quality Jobs, which means that they have to be in a wealth-generating industry, and provide a basic health benefit plan. Deidre said they are going to be working with OKJobMatch to create a section for people who are interested in this program or who sign up for Sooner Care or is a veteran so employers can find and recruit these individuals to invest in. There is a 5% bonus for the company if they choose a veteran to invest in or if they choose someone who is on Sooner Care.

The bill passed appropriations Wednesday night 20-0 and will go to the House. The Senate author is Bingman and the House author is Hall. She is very excited about this bill as there is nothing like it in any other state.

- **NAWB Update – Gilbert Hall**

Gilbert reported that keynote speaker, Arianna Huffington, Chair, President and Editor-in-Chief of the Huffington Post Media Group, gave a good address. She was very successful in terms of fortune, hard work and career achievements but said that she knew she was out of touch when she found herself laying on the floor unconscious and bleeding from her head because she had passed out in her office. She said that when she woke up she realized just how successful she was. Her point being that in an effort to become successful, she neglected to take time for other important things in life, like well-being, wisdom, wonder and giving. We need to take time out in our lives to figure out a harmonious balance between work and rest.

Gilbert said that he was invited to attend a DOL meeting with Secretary of Labor Thomas Perez and all of the Regional Administrators were there as well as staff and deputy directors to Perez. Secretary Perez gave a good talk and was full of energy. He came up in the ranks in the Department of Labor and has done a lot of things.

They had the Oklahoma meeting at NAWB and Deidre led the meeting because Steve Hendrickson was unable to do it. Deidre said that everyone was impressed with the forum. She mentioned a couple of points that came out that she thought was very interesting and timely. One was about the rural/urban challenge. This is particularly true when we look at the Workforce Investment Areas and you have a community, city or town and then you have a number other areas around you that are very rural. How do you balance that metro, urban and rural difference with your services? That was very good information and something that we are going to look at.

Also, there was a comment about how to really balance the variety of meetings that we have for example with Higher Ed, Career Tech and Common Ed? If you talk about one, does that mean that you are excluding the other? That happens because we have limited resources and everyone thinks in terms of funding and if you are talking about one, they think that means you don't want to fund the other, which isn't the case whatsoever. So we need to think in terms of all of them. We need to think of all three of them and how we can create a robust asset for the state.

Deidre added that Steve Hendrickson said that he would fund a reception for anybody who shows up next year to the forum so she is inviting all to come. Steve said that he has an entertainment budget and would buy drinks and hors d'oeuvres.

Oklahoma was very well represented at the NAWB Conference. Steve Hendrickson is the Chair of NAWB, Jeane Burruss, Donnalla Miller and their team presented Best Practices, and Governor Fallin was a speaker.

- **System Certification – Richard McPherson**

Richard said that due to the shooting that happened at Ft. Hood, Donnalla Miller will not be giving the update today. Her daughter lives at Ft. Hood so she went to see her and give her support. Her daughter was not involved or injured in the shooting.

Richard reported that all areas have completed their orientations. The Northeast area is being led by private sector board members. They have facilitated a meeting with their leadership group to move forward this last week. The South West and South Central areas have sessions scheduled this month for mapping services and processes. The Northwestern area has an initial service mapping session scheduled with Enid for later in the month. In the Eastern area, they are doing a very good job. In the Southern area, they've implemented pieces of their mapping results. All of the areas are progressing very well.

Richard said that he attended a workshop that Ricki Kozumplik, Jeane Burruss, Donnalla Miller and Gil Hall put on at the NAWB conference and it was very well received. He heard that Ricki had received 25 business cards from folks from other states who were very impressed with what we are doing here in Oklahoma and how we are tackling this from the System perspective rather than from the Center perspective. It was a very well presented workshop and it also validated the work we are doing here in Oklahoma and the Council.

- **Career Pathways – Gordon Andersen**

Gordon reported that the committee decided to start meeting more often. They need boots on the ground to help tie together business and industry and everything we've talked about this morning. They need to get business and industry to buy-in to these things. He said the committee has talked about Common Core, the challenges with internships, the process for Career Pathways (CP) and the need to develop a statement or policies related to CP. They talked about taking an inventory of CP activities around the state, and a campaign of getting employers to enlist employees to talk to their children about what work is like and what skills, knowledge and abilities are needed.

On the Manufacturing side of the Committee, they are in the process of implementing the Dream It. Do It. campaign. There are pilot programs in north eastern Oklahoma and one in Duncan. They have been talking about the possibility of a second annual CP conference. The one last year was very successful. They talked about the possibility of providing externships for instructors in the secondary school system. Gordon reiterated that they have to get buy-in from the private sector.

- **Youth Council – Chuck Mills**

Chuck commented on Common Core and said the business community is extremely disappointed that it didn't pass and feels that the legislators are saying that business isn't important in creating jobs in the state. He said the fact that we are falling behind other states, much less the rest of the world, is disturbing.

Katie Altshuler said that she wanted to weigh-in on the Common Core issue since Chuck brought it up. She said that she wanted to be sure that everyone in the room really understands how difficult the politics of this issue are. The increased rigorous standards are of huge importance to the Governor and to the state. Unfortunately, the opposition has been far better organized on this issue than the proponent has been. The legislators need to hear from you. They need to hear from the people who work for you and from anyone you know that supports more rigorous standards in the classroom. The legislators

are only hearing from the opposition and right now they don't have any reason to do anything but vote against it. So they need to hear from you now and in large numbers.

Gordon Andersen added that he has read the Common Core and know what it is and what it isn't. Legislators haven't read them. He has sent copies of a document he prepared to the House and the Senate and has tried to talk to them.

Chuck reported that the Youth Council is a dynamic group. They have had two Strategic Planning sessions and they have come up with a goal which is to create Career Pathways and exploration opportunities for youth utilizing business workers and parents in supporting the statewide STEM system. From that, Jeff Downs, Executive Director of STEM, State Dept. of Education, brought us a very interesting proposal about a professional development training program for educators. At today's Youth Council meeting, we will be discussing the proposal further and have invited the Career Pathways Committee to join us in this endeavor.

The objective of the proposal is to facilitate and oversee the creation and implementation of an industry relevant K-12 education career pathway awareness campaign and professional development program that is comprehensive, but yet developmentally age and grade level appropriate. The overarching goal of the project is to create Oklahoma career awareness and industry relevancy with Oklahoma educators. The main objective of the project will be to forge strong public private partnership opportunities for school districts and their local wealth generating industries to engage in. As a collaborative partnership, teams will be formed to create a comprehensive professional development program that will embed relevant career pathway awareness and guidance into new emerging instructional practices that will be used in Oklahoma classrooms.

Chuck said that we have been focusing on this for a long time. If we as employers can talk to our employees and show them the value and importance of getting involved with the early education of their children to prepare them for school, then if the schools are set up in a way that business people can help them explore and develop career pathways that will create relevancy to that rigor. Students will understand why they need to take algebra when a business person comes in and explains how to use it every day in their job.

The Youth Council is going to look at creating an MOU where they will start recognizing partners and may develop a survey to get feedback on what's needed. Jeff has done a fantastic job putting this proposal together. Chuck said that once it gets tweaked and fine-tuned, he will bring it to the Governor's Council and hopefully it will be adopted.

Other

- Steve Sheplewich said that he was at the Governor's NGA Summit on March 26 and heard Deidre's presentation on the ecosystems and had asked Deidre for some more detailed information on it. She and her research analyst, Jon Chiappe, followed up on it and gave him the best information and it was just what they were looking for. He just wanted to recognize her and her staff for doing that.
- Doug MacMillan asked about OKJobMatch. Terry Watson said that it has been up and running. What they are in the process of doing right now is integrating with OESC.

They are in the process of scheduling training and the go live date for that is set for June 1st. The Labor Insight module has been available.

Announcement

- May 7-9 is the Workforce Oklahoma Partners Conference, Sheraton Hotel, Downtown Oklahoma City. Governor Fallin will give the welcome and opening remarks which will be followed by a State System Partners panel discussion. The frontline staff will get a first-hand look at what's happening and how they can be involved. For more information or conference agenda: <http://www.ok.gov/okworks/>.

Next Meeting Date

Deidre Myers stated that the next meeting of the Governor's Council will be not be on July 11 because the Governor wants to attend and she can't that day. We are working with the Governor's office to find another date on her schedule and once we do, it will be announced.

Adjourn

The meeting adjourned at approximately 11:10 a.m.

*Respectfully submitted,
Linda Emrich*