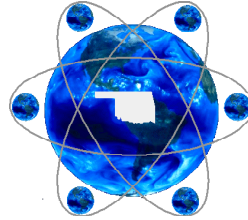


# Proceedings

The Oklahoma Academy Town Hall 2001



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Proceedings of the Oklahoma Academy Town Hall 2001  
**Competing in an Innovative World**  
October 14-17, 2001



**A Context**

The Academy will suggest that Oklahoma become a national leader in transforming its public education systems to achieve educational relevance and excellence. Public relations campaigns and shallow efforts will no longer do. Transformational change and quantum improvements must occur.

There are thirteen southern states who are members of the Southern Growth Policies Board (Policies Board). Oklahoma is the westernmost member.

The Policies Board has made three broad recommendations. This 2001 Academy Town Hall has reinforced them. The Policies Board recommendations are:

1. create a culture of learning in the South in which the acquisition, creation, and application of knowledge is viewed as central to our health, happiness and prosperity;
2. encourage and support innovation and entrepreneurship;
3. and create and sustain a quality of life that is attractive to globally competitive businesses and employees.

The Town Hall findings will be similar.

## **The Town Hall**

The theme of this Town Hall, "Competing In An Innovative World," is descriptive of Oklahoma's challenges in the new, global economy. The essential elements of this innovative world are; people, capital, research, policy, infrastructure and clusters. They provided the template for the Town Hall discussions.

### Competition and Innovation

Competitiveness implies individuals and their collective ability to envision an objective, then undertake the necessary preparations to successfully attain that objective.

It is not the successful application for a grant or the submission of a bid. It is more visceral and collective. The ability to maintain a comparative advantage in a world of emerging technology permits relatively underdeveloped countries to compete with developed countries in the production of goods and services. As Lester Thurow stated, "in the economy of the future those with third world skills will earn third world wages even if they live in the first world."

Innovative is a quantum leap from being clever or manipulative. Innovative implies extraordinary creativity, depth of thought and transformational actions.

The development and implementation of new technology not only creates new products and provides solutions to many existing problems, but also significantly alters the structure of the economic system.

### Quality of Life

Growth sectors historically located near raw materials, transportation hubs, labor pools, or market delivery points. There was little concern for the amenities offered by the location. In the high-tech growth sector the amenities of the communities are the "essential raw material" in the decision of where to locate a new enterprise. The freedom of workers in the high-tech sectors to base their location decisions on the amenities of a community, such as the quality of the school system, the research ability of the universities, the availability of recreational and cultural venues, low crime rates and other related characteristics are quality of life considerations important to the new economy.

For purposes of state public policy, quality of life is the net total of the personal satisfaction (or dissatisfaction) of Oklahoma residents...and the presumed satisfaction (or dissatisfaction) of those who do not live here. Quality of life has little to do with earnings or material possessions; and a lot to do with perceptions and well-being.

During the 1990s, new regions of economic growth emerged around the country. These new centers of economic activity not only were growing more rapidly than the U. S. economy, they were also generating a high standard of living and quality of life for their residents. These regions, known as "High-Tech" or "New Economy" growth centers, share many characteristics that are fundamental to their growth.

### New Economy

The characteristics of the New Economy do not represent a repeal of the basic economic laws or forces that drive a market economy, but rather represent the consequences of applying new technology in the U.S. market-oriented economy to address the fundamental issue of satisfying human wants with limited resources.

As occurred with the Industrial Revolution over a century and a half ago, the New Economy of the twenty-first century has created new opportunities for growth, while at the same time reducing the growth potential in many sectors that previously provided the stimulus for expansion in the U. S. economy.

Generally, these New Economy communities have based their growth on the innovations derived from the explosion of knowledge and technology in the last thirty years. Education, science, technology and quality of life amenities have all contributed to the success of these new growth centers.

#### Growth Centers

High-tech growth centers are based on innovations in science and technology and share the common characteristics of a highly skilled workforce, world class educational institutions, an innovative research and development organization, the availability of venture capital funding, a high-tech infrastructure, the clustering of many types of tech-related enterprises and a community culture that fosters an atmosphere of change. These components occur in these regions because leaders from the community, business and government collaborated to form alliances to make their region a high-tech growth center. These alliances have combined public and private funds and other assets to achieve their goal. Also, without exception, these growth centers did not spring up overnight, but rather were the result of very focused long-range planning that, in all cases, did not bear the fruit of their effort for nearly two decades.

In developing these alliances and strategies, these leaders also recognized other more subtle issues that would influence their success. They were careful to focus on a plan that would create a diversified high-tech sector. This meant developing the fundamentals consistent with the New Economy and allowing the high-tech cluster to develop from this foundation.

#### Social

They also were aware of the possibility of a digital divide, where less skilled workers in the region might not share in the bounty of the New Economy growth and took steps to help ensure social equity.

#### Policy and Planning

Finally, there was the recognition that the planning process would never end. That it would be necessary to continue to foster flexible markets and respond to the churning that is inevitable in the rapidly changing high-tech sector.

The challenge for Oklahoma policy makers is to develop a process that addresses each of these key elements of high-tech growth. This process must establish the priority for each element and measurable results for achieving the desired results within each element. The goal of the 2001 Town Hall is to facilitate this process and provide distinct and achievable recommendations to foster Oklahoma's ability to compete in an innovative world.

The following represents the collaborative discussions of the Town Hall participants.

## Assessing Oklahoma

### *Town Hall Question 1*

*The Sunday evening speaker was Jim Clinton, Executive Director of the Southern Growth Policies Board.*

- *What was your reaction to his assessment of Oklahoma and the South?*
- *What is your general assessment of Oklahoma's ability to compete in an innovative world?*



Our strengths are our people, communities, certain elements of our educational system and recent advances in governmental policies. The strengths of our people are their work ethic and their diversity. Communities provide the opportunity to build on the strengths and diversity of the entire state, both culturally and in special abilities and histories. The strength of our educational system is the ready access to affordable education and its ability to leverage and export the products of our knowledge. We also have government programs that are on the cutting edge, such as the Quality Jobs Program and TIPS program.

Our quality of life is a two-edged sword. One of the tenets of the Oklahoma Mainstreet program is to capitalize on human capital as well as financial assets. This approach fosters community pride and harnesses our individual personal assets for the community good. While we attract jobs through cheap labor, cheap wages and cheap taxes, CEO's and corporate executives do not want to live in our state. Negative ramifications may exist when the headquarters of a company are not located within our state. While jobs do exist, companies extract wealth and take it back to states where they are headquartered. Consequently, there is less community involvement, less research and development and a projected sense of inferiority.

One critical factor is a consistent commitment to education so we can stay on the crest of the knowledge economy. This requires creative institutions as well as financing, which could include sales tax revenues to finance K-12 education. We must create an educational process that envelopes competency at all levels so that when combined with the capital, tax and other entrepreneurial incentives, we have the resources necessary to compete in an innovative world.

Oklahoma is not well positioned to compete in an innovative world.

Although our people have a great work ethic, their passion for excellence or "motivation to greatness" needs to be developed, and the diversity of the populace to be recognized and leveraged. Along with developing a passion for excellence, we need to capitalize upon the strengths of our history to develop pride in our state. The starting point is to begin articulating how good we are and accentuating and promoting the strengths of Oklahoma. Leadership cannot be myopic, but must change its focus for the best interest

of the community. We need to pool our assets to support our communities and the assets that exist within those communities.

Another weakness is that the work ethic is not being leveraged to create capital investment and develop infrastructure. We should seek investment in both physical and human /social capital. In short, we have all the tools and the raw products to progress and compete globally, but we have to decide to use them and we have serious challenges that need to be addressed and overcome. The methods in which we attack these challenges need to be focused and specific. Oklahoma tends to focus on existing industries such as energy, agriculture and aerospace. We tend to be price-takers rather than price-makers. However, by using our educational institutions and creating the educational infrastructure necessary to increase our knowledge economy, we can enhance our existing economic base and develop additional community gross profit. To accomplish our goal, Oklahoma must agree on one unified vision to pursue our place in the innovative world.

Oklahoma must have a more technologically educated workforce to compete. We must be able to provide a workforce proficient in the skills necessary to attract businesses that will result in an importation of cash.

Maximizing competitive advantages as a state needs a good deal of work. We must embrace our human capital and invite that capital to return to Oklahoma whenever we can. We have the capability, but we really must want to compete.

Without a change in attitude, we cannot expect to change our experience relative to progress. This lack of a good state "self image" has been an ongoing concern for participants in conferences similar to this one. We may be too comfortable and need an urgency to change. People do not have confidence that the government is focused on doing what is right for the state on a bipartisan basis. Oklahoma bashing is self-fulfilling. "If you tell a lie often enough, it will become true." We must take action to stimulate business by recognizing that "time is wide." There are no great people, just great challenges that ordinary people face up to.

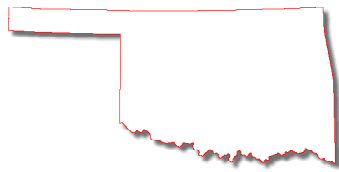
We need to recognize the assets we have. We do have some competitive advantages; we need to come away from this meeting recognizing a new generation of assets and how we can maximize those assets.

## Oklahoma Characteristics and Trends

### *Town Hall Question 2*

*What are the defining characteristics and emerging trends of Oklahoma's current economy and business environment?*

*Consider how the listed trends are likely to influence Oklahoma's future (social, cultural, economic, rural/urban, demographic, environmental, political and technological).*



A defining characteristic of Oklahoma is the rural and urban differences. The differences have been exacerbated by the shift from an extraction economy (oil and gas) to an information economy; and by a concurrent migration from rural to urban areas.

### Oklahoma's Regions

Oklahoma tends to be separated in six distinctive regions. Within these six regions we see that the productive portion of our population is aging. Our population growth tends to be urban rather than rural. Many regions have less population now than at statehood. We are the only state west of the Mississippi to lose a congressional seat.

In spite of this, there are significant resources in the rural areas that need to be developed and improved. The first step is to develop a process whereby the rural and urban areas can open a dialogue both among themselves and with the businesses and individuals they seek to attract. Once the process is in place, the focus should be on filling that process with content that matches specific resources to specific needs. Some of these needs are attracting high performance companies to attract and retain our college graduates and high performance workers, attracting individuals with leadership capacities to staff leadership positions in rural communities and shifting the state's priorities to focus on increasing the value placed on education. These needs cannot be addressed by super-imposing solutions, but by developing solutions at the local level in partnership with other communities.

### Arts and Culture

On a more positive note, Oklahoma is expanding its cultural/arts basis. To continue this trend, we need to integrate arts and humanities within the curriculum of schools. Teaching the arts in schools will help students become more critical thinkers. It must be recognized that the arts and music are core subjects. In order to accomplish these goals, teachers must be trained in how to use arts to teach core subjects.

### Technology

The computer to student ratio is low in Oklahoma and adversely affects student technology education. OneNet is an emerging trend in technology that is nationally recognized as a model for bringing technology to rural communities to give those communities the opportunity to take part in the New Economy if they so choose.

The development of OneNet was once a tremendous head start on the rest of the



country, but we failed to take advantage of it. We have nearly lost that advantage. Technology can contribute to rural development through OneNet if we take advantage of the opportunity. Collaborative partnerships will be the tool of choice; we have the tools to change and move forward if we can overcome our rugged individualism.

Workforce development is in crisis because of recent changes in technology that require automation and retraining. Crisis should result in change. We can use “crisis” to move in a positive direction.

#### Branch Office State?

We have also begun to recognize the need to develop an identifiable culture. For too long we have been a “branch office” state because we have not offered CEO’s and young professionals the kinds of cultural community to attract those populations.

While we have quality philharmonic, opera, theater and other cultural focus, such as Quartz Mountain, we have not really achieved the “urbanization” that some growing communities offer. Because we are a branch office state without sufficient company headquarters or sufficient research and development, we are economically vulnerable. In order to bring more headquarters to Oklahoma, we need an infrastructure that will enable those persons to take part in our culture as well.

#### Community

There are certain natural characteristics we can never attain, but we can dream different dreams. Educating communities about “visioning,” teaching our community members how to dream, is one of the trends being used by the Mainstreet program. Trends are a consensus of goals. In order to “brand” Oklahoma, we need public and private sector input and vision. If we recognize that communities do not live in a vacuum, we will begin to create collaborative partnerships. Without a vision of what we want to be in order to prioritize our “issues” or “trends,” we are captured by the past.

Our trends are not peculiar; they are national trends. Oklahomans like to “buck” trends instead of getting on the bandwagon and running with them. We have to recognize that corporate headquarters do not move; you need to grow your own. To grow your own you have to have the environment. If you buck trends, you will not have the environment to “grow your own” headquarters.

If we can positively impact any part of the state, we will positively impact the whole state. In other words, we have to let go of our lack of a “group awareness.” This may be solely a matter of re-educating ourselves out of this isolationist attitude. The process involves increasing awareness of our need for unity from the lowest level to the highest level.

#### Criminal Justice

A significant trend in Oklahoma is an increase in incarceration. This high rate of incarceration, especially in respect to women, is a drain on the productivity of our state. This needs to be addressed by decreasing the existence of incarceration and by improving the development of those incarcerated. The incarcerated population unfortunately reflects the negative demographics of our state. There is a high social cost to these demographics. Methamphetamine is the biggest law enforcement problem and is a tremendous drain on resources. Also important would be to shift focus from punishment to treatment. Oklahoma has historically high teen pregnancy and divorce

rates and an image of not being tolerant of different races, nationalities and religions.

### Migrations

The trend of college graduates and other highly skilled workers leaving the state should be of significant concern to us. We are educating the productive workers of other states. Focusing on education and specific programs can produce more college graduates. But this focus needs to be coupled with retaining those graduates and highly productive workers once they have completed their degrees. In particular, we need to retain graduates with skills that fit the high performance companies we have and seek to attract.

We should also leverage our contacts with residents who leave the state, including workers who leave the country or who otherwise have international experience. Similarly, the migration of high quality educators from Oklahoma to other states is of concern. These educators are necessary to the development of our human capital. We need to focus on retaining these educators, along with college graduates and highly skilled workers in the state especially in the particular communities that need their participation and leadership.

### Natural Resources

Another emerging trend is the ability of our natural resources to attract people and business. Our natural resources have recently led to the growth of the private electricity generation business. These new businesses reflect the attractiveness of the state's environment and its low cost of doing business. In addition, our lakes are attracting residents, as is evidenced by our fastest growing counties in terms of percentage population, that are located adjacent to our major reservoirs.

Our water resources are also a source of pride in our state and provide a focal point for tourism and recreation, which should be leveraged to promote the quality of life that exists in Oklahoma. This quality of life is attractive to leaders, to new businesses and to retirees.

### Senior Citizens

We have great assets to attract retirees, except that we have to compete with states with no income tax. The legislature has focused on keeping young people from leaving, but may want to consider incentives for keeping our senior citizens here. We have great lakes and shorelines as well as a great location. We do not have to only focus on becoming a Silicon Valley. Oklahoma is being rediscovered by retirees which we need to promote by looking at our tax structure.

Many of the trends in Oklahoma are positive. Our unemployment rate is low, our cost of doing business is low, and we are enrolling more college students than is the national average. Another trend we have had is that taxes in Oklahoma have been steadily decreased. It is unlikely that this trend can continue and provide the same or higher level of state services to its residents.

### Health

Another trend is that our number of residents who are uninsured for health care purposes is increasing. This trend is in the opposite direction of the nation in general. Health care in the state also faces the burden of providing health care to rural residents. Related to this is the trend of unhealthy life-style habits related to diet and exercise. Health care

education and prevention can be used to address these trends in the total population, the rural population and in other specific populations such as the Native American community. In contrast to these certain negative trends in respect to health care, the state has significant health care resources, especially at the cutting edge of technology.

### Cultures

Culturally, Oklahoma may not be taking advantage of its multi-cultural population. As a result, many of our minority professionals may gravitate to Texas and other regions and many persons within productive ages may not be provided the tools necessary to meet Oklahoma's business needs. Also, many of our regions may not want to encourage business development in their own backyard.

### Populism

We may also have an inherent distrust of government and the policies implemented by our legislature. For example, we have diminished the legislator's ability to generate tax revenues. We also have term limits on our legislators that could also have a significant impact on our political and economic landscape. Oklahoma needs stronger legislative leadership to assist its residents in the related businesses to succeed in the current economy and business environment. We also need to find other sources of funds for our future political and educational needs, whether by tax structure or debt issuances.

### Quality of Life

Although many Oklahomans prefer to keep things as they are, many also want the quality of life provided by an exuberant economy. Many have not been educated as to the quality of life they may experience in a growing economy. Community leaders can provide the leadership, as well as the vision, to each Oklahoma region for the opportunity to choose their business and economic future. Education and leadership are key to empowering each region in Oklahoma to accomplish the quality of life they choose. Marketing is also important to this effort to insure our residents and others have a favorable perception of the state and the assets it has to offer. The state will probably see an increase in the use of initiative petitions to propose legislative and tax initiatives.

### **Oklahoma is not "OK".**

### Mindsets

We must change the Oklahoma mindset. We are a young state with strong ties to our past. We must embrace our past because we are proud of who we are, but we must take advantage of the opportunities presented by such things as technology as we move forward.

Oklahomans are hard working people with good ethics. Oklahoma is a great place to raise a family. But people are leaving our state and moving to cities, especially our young people. Quality of life seems to be the reason rural communities are desperate for young leaders to have a place at the table. We need to keep opportunities within the state so that young people, if they choose to do so, may remain here. We do not offer people a diverse society. Younger people feel there are few extra-curricular activities available. There is only one predominant religion. We pay lower wages. Advisors at high schools encourage our brightest students to leave the state.

As a people, we don't know the advantages that exist within the state. Oklahomans are uninformed as to the things that make us a great state. There is a momentum that is

being created and we must continue to support it. For example, we have some of the top scientists right here in Oklahoma; Bricktown is an OKC success; the biotech community of companies; the state university scholars are the brightest in both our state and the nation. These are just a few of the Oklahoma success stories in which we should be proud. How do we communicate to Oklahomans the good and the new within the state? We need journalists capable of telling Oklahoma's success stories. Politicians and leaders throughout the state should focus on the positive and good in the state and be messengers of the positive as well as the negative. Key elected officials need to be cheerleaders for the state.

With regard to technological companies, specific ingredients are necessary to be successful. They include venture capital, transportation, money, quality of life and quality of resources. We need to address these issues to be successful within the industry.

## Urban and Rural Oklahoma

### *Town Hall Question 3*

*How can perceived urban and rural differences be best reconciled to maximize competitiveness (business and income growth) in an innovative world?*

*Are these differences an impediment to being competitive; or do they foster healthy competitiveness; or are they merely an interesting socio-demographic artifact?*

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Urban and rural differences are a fact of life in Oklahoma and must constantly be addressed. Oklahoma needs to expand its access to technology in rural areas to allow businesses to fully operate from rural areas. This will allow people to work and live in rural areas, but still be capable of leveraging urban resources to improve the quality of life in rural areas. Technology collapses time and distance, however, significant questions exist as to the feasibility of this goal due to finite resources.



Oklahoma is a state of small communities. Towns and communities that want to survive must be given access to technological revenues. In order to survive, one suggestion is to make sure that rural areas of the state have access to broadband services.

While we all want to see the state succeed, the real conflict is the inherent competition for the limited resource of state funding. The mindset in Oklahoma is geared toward getting government money brought into the community rather than attracting private industry. The mindset between rural and urban seems to be a fight for resources that help their respective community at a detriment to the state overall. The allocation of our assets is challenged because it must be allocated among 77 counties. This is an issue that should be addressed by our legislature. If we can consolidate our counties, we could save money. This must be done in cooperation with local leaders and with a commitment to ensure that isolated areas continue to receive basic services. Rural Oklahoma must not be left behind.

This conflict is deepened by other splits, like the Tulsa-Oklahoma City split, and by the reality that our legislators want to be re-elected. The way to be re-elected is to “bring something home” to their constituents. Historically, our legislators have protected their rural or urban territories to a fault. While we cannot predict the actual effect of term limits or redistricting and the historic rural dominance of our legislature, both of these factors may contribute to a resolution of this issue.

We are not currently focusing on the “healthy competition” which fosters economic development. The “3 Ps” of economic development are planning, prioritizing and partnership. If we could convert our focus from Friday night competition on the local football field to focus on partnering, we may increase our forward movement.



Infrastructure and incentives are key elements to giving the residents of rural areas the choice of living and educating their children in small communities. The cattle industry is a \$4 billion industry, yet the average age of the Oklahoma farmer is 65 and in 2000, 90% of the net income of the average farm family came from off-farm sources.

One area we could partner would be urban-generated research and development and agriculture. This would allow us to maximize an existing resource to create high-tech jobs. Our urban constituents can reach out to our rural residents to apply research. Environmental research and development, plant research and other agricultural biotech may be Oklahoma's "low hanging fruit." In the process of maximizing our historical agricultural strengths, we do not have to ignore high-tech sector jobs.

Conversely, many Oklahoma residents are content with the rural/urban split. Rather than reconcile competitive differences in rural and urban ones, Oklahoma may take advantage of both. Our challenge is to refocus Oklahomans from thinking absolutely to thinking relatively. While we have made progress, we are not keeping up. We need to stimulate creative thinking about these differences and how to maximize relationships between rural and urban communities.

Approximately 80% of Oklahoma's population can be found between a narrow strip of land between Miami and Lawton. Rural Oklahoma has dramatically reduced personal income levels, access to health care and economic opportunities. Many Oklahoma residents travel long distances to maintain rural properties and to pursue economic opportunities in urban areas. This not only results in negative economic impact on the individual, but a "brain drain" migration from rural to urban regions.

A collaboration and partnership between rural and urban communities must occur to foster economic prosperity that improves conditions of all subsets of the state's economy. Oklahoma needs to compete, but it should not compete internally. Communities should cooperate to better compete outside the state.

In order to cooperate, communities that are located in geographic proximity should partner to allow each community, regardless of size, to have access to available resources. Communities should also utilize technology to take advantage of resources outside of their local geographic region. This clustering of assets should focus on rural regions by utilizing the strengths of large towns and small cities. To reconcile the rural/urban differences, we should consider what works for us on a regional basis. This small to big approach should couple with a big to small approach where the large employers located in urban areas should be encouraged and provided incentives to expand into rural Oklahoma.

These approaches can utilize existing resources, such as leadership programs, in rural towns. These approaches can also be used to address specific problems, such as affordable housing, in many locations that might otherwise be able to attract new business. These clustering ideas might also be applied to public resources, such as health care and education, by clustering at least a portion of these resources within a region. Clustering should be specifically targeted and should not be done at the expense of the identities of the local communities within the region. Clustering should also focus

on leveraging the assets, networks, cultures and quality of life for those communities.

Since state and local governments tend to be the largest employer in a rural area, economic development and business growth in rural areas have partially been reconciled with business in urban areas by increased governmental incentives to the business communities, as well as innovation in the private sector.

Legislative allocation of resources and regulatory benefits and burdens can be used to reconcile the competitive and income differences between rural and urban areas. The ability to reconcile urban and rural issues may also occur if and when rural areas execute cooperative agreements among companies, water districts and other governmental jurisdictions, rather than compete for limited resources. Any reconciliation should include collaboration with tribal governments.

One additional thread to maximize the competitiveness between rural and urban areas is a strong, consistent education system. Technology and the Internet use is also key to distributing training, educational and health care services to rural areas. Ultimately, any actions taken to reconcile competitiveness of urban and rural areas should recognize the limited nature of resources and the allocation of those resources in a manner that best benefits the largest number of residents of the state.

## Oklahoma Cultures: Challenge & Opportunity

### *Town Hall Question 4*

*What economic and business challenges and opportunities exist within Oklahoma's various cultures?*

*How should these challenges and opportunities be met and leveraged?*



Oklahoma's diverse population provides opportunities to leverage the many strengths that diversity brings to the community. Oklahomans need to embrace the state's multi-culturalism, as well as take advantage of the knowledge, skills and attributes of each culture. If necessary, Oklahoma should consider providing financial incentives to assist in accomplishing this goal, as well as empowering all cultures to be active and benefit from a growing economy. The synergies between such groups can be used to promote the communities in which those diversities originate. We can further develop the growth of those communities by involving these various cultures in the dialogue about the economy and the development of the state. This involvement should be immediate by bringing individuals into the current discourse, but should also involve education about entrepreneurship and economic development at an early age.

The raw material for economic development exists. We have outstanding natural resources: water, energy, wind and sun. We have sufficient capital available to fund good new ideas. We also have a system in place to train skilled workers. Our career technical system is renowned as one of the leaders in the nation.

However, there are significant challenges that must be confronted and overcome. Female, African-American, Hispanic, Native American and other groups providing diversity are under-represented in the fabric of Oklahoma. These groups face barriers to entry such as access to information and capital, and lack of contacts to bring their ideas to fruition.

We must encourage a "language-friendly" state. We need to be multilingual sensitive in our drivers' license test, our voting ballots, education in our schools and other life experiences. This is an opportunity to make the majority population more intelligent. It also allows Oklahoma to compete in a global marketplace. We must expend resources and teach multiple languages in school at an early age.

We, as a state, must also become more culturally sensitive. We must change the mindsets of Oklahomans. In order to identify the economic and business challenges and opportunities within Oklahoma, we must examine our population, know what cultures make up Oklahoma, how many make up these cultures, what their needs are how these needs are different from those to which we are accustomed. It is a matter of cultural inclusion. In order to attract business, we must be aware of what's going on outside our borders. Many of these businesses are not English speaking American companies. Additionally, by becoming more multicultural, we will attract more employees and



utilize their cultural strengths in the workforce.

We propose an expanded vigor in attracting global businesses to relocate in Oklahoma. This goal must not be left unfunded. The government should direct existing funds into elementary education in order to expose students at a younger age to different languages and cultures. Identifying available resources, the panel also would like to encourage business people or people, with subject matter expertise not certified to teach, to teach in our schools.

Addressing cultural division, bringing greater unity representation to the table, and educating both the minority and majority cultures on developing the quality of life in Oklahoma, can address these challenges. We can also use technological capabilities such as OneNet, which is a great potential resource that is under-utilized. The under-utilization reflects that Oklahoma's cultures are late adopters of technology, and exploration of the reasons why might promote the use of technology in the future.

The key to creating leverage from the opportunities presented by our cultural diversity will require community involvement, but will also require individual leadership to identify future opportunities in a complex and quickly changing world and to push for and seize the opportunities presented. Consensus will need to be built among groups with diverse cultures and across all cultures. The value of education needs to be recognized and promoted.

Oklahoma has the opportunity to expand its economic and business relationships with tribal governments in the state. Opportunities may involve assistance in use of federal funds for state infrastructure and education of youth. One benefit we have is the current tax benefit for development on tribal lands. This and other benefits of Native American sovereignty should be leveraged in order to benefit such communities. Although the use of the tax credit is not affected in this manner, the involvement of Native American communities in our common discourse is hampered somewhat by the systemic difficulties that have existed in dealings between the state and the sovereign tribal nations.

Oklahoma has a tremendous tribal and western heritage that can be leveraged into significant arts business growth. Additionally, the development of our arts/culture should lead to increased tourism. Tourism, however, grows low wage jobs. The retirees that it attracts may be a greater benefit, but affluent people are leaving because of the tax burdens in Oklahoma.

Oklahoma must improve its dependent care and provide assistance to low-income families, especially nontraditional providers. This is the key to workforce development. Possibly tax incentives for dependant care. Oklahoma must make diversity a priority. Oklahoma should have greater training in tolerance of people of different race, nationality, religion, handicap, etc. Possible partial solutions would be education in the corporate environment and begin introducing children to diversity at the day care level. Oklahoma should work to lobby congress to ensure the continuation of the 1993 Indian Tax Act.

We have under-representation of minority youths in high-tech businesses who, if properly encouraged and educated, could increase Oklahoma's goal of production-age individuals necessary to meet the human resource needs of a growing economy. We

have persons who are “under-employed” and, if given training and opportunity, could add to Oklahoma’s human capital. Oklahoma needs to take action both by emphasizing education as a cultural experience and, when necessary, providing basic educational and language instruction to permit all minority youth to stay, succeed and graduate from Oklahoma schools. These actions can be taken by governmental programs as well as through sponsorships by business and community organizations. Similarly, the under-employed should be informed of the opportunities to assist in enhancing their human capital.

We must find ways to make our elderly productive while maintaining a quality of life for them, but at the same time the elderly must be educated in what is necessary to succeed in the new economy.

One panel concluded that the overarching economic and business challenge facing Oklahoma’s cultures is one of poverty, not culture. With regard to culture, however, that panel stated that one of the most obvious challenges facing Oklahoma is the ongoing territoriality of our microcultures. This is not a purely ethnic issue. To meet the challenge we must give members of our poorer communities hope and education. Only then can we gain the trust of these Oklahoma citizens and, over time, provide them with information to foster growth.

Solutions include (1) recognizing differences such as age demographics - the differences between GenX-ers and veterans; (2) getting input from our microcultures; (3) inviting international students educated here to stay in the state; and (4) exploiting our ongoing relationships with international and out-of-state students who have been educated here but who return to their respective homes. Another idea is adopting a community service component to our educational system.

## 21st Century Education and Training Challenges

### *Town Hall Question 5*

*Consider the values and attitudes you see in Oklahoma.*

*What are the challenges Oklahoma faces in meeting the high levels of educational attainment and training needed for an economy that will capitalize on the growth sectors of the 21st century?*



To capitalize on the growth sectors of the 21st century, we must identify these growth sectors, such as high-tech, biotechnology and health care, and then prepare our citizens to meet the demands of these sectors. For example, in an aging baby boom sector there will be opportunities within higher education, medical machinery, medicine and drugs, retirement centers and other industries.

There is also a significant challenge because of the changing definitions of family, community and education. Students do not necessarily have the traditional support structures that have historically encouraged rigorous learning. This places schools in a position of taking on greater roles in the students' lives and limits the time that is allocated to the curriculum. We must prepare our students in the classroom to meet the demands of the growth sector. We may not currently focus on the curriculum that is necessary to meet the demands of these growth sectors, such as math and science. At early levels, we need to take the extra time to assist students throughout their educational years in these courses. Teachers need to think about how they are teaching our children, and focus on missed opportunities in mentoring the brightest students. It is important to show children the relevancy of what we are teaching. OCAST seems to be a successful example of what works in Oklahoma.

We must identify the needs of businesses. We must educate our citizens and be versatile in our learning. In educating the citizens, we need opportunities and not mandates within our school system. While our residents have available educational opportunities, they may not have the appetite for education. Educate to inspire students to maximize their potential. The needs of our workforce are not limited to college degrees and may require other skills and training. We must look at the demands of the businesses within our state and market and promote these opportunities within the communities. At the same time, recognizing the needs of prospective companies, we must provide an adequate pool of applicants from which the corporations may choose. Thus, we must strongly encourage students to prepare to meet those demands.

One panel summarized the challenges facing higher education as: 1) life long learning 2) funding (commitment of tax dollars) 3) opportunities to take higher level classes (the lack of offering the classes) 4) focus on doing what we do and doing it better - professional development and 5) better communication between business and education so that current needs of businesses may be addressed.

Another challenge is providing role models for students. Counselors have a load of 1:400 students. This does not offer enough time to use the assets available like "free

rides,” tuition payment and college credit at career techs.

Raising our educational expectations requires that we look beyond purely economic incentives to employers and consider incentives that address community needs. Ponca City has raised its expectations for student performance by going to a trimester school year to increase the number of hours a student may accrue, and setting a goal of no grade lower than a “C.” We cannot let our kids fall behind in K-12. We are letting our kids fail by not expecting enough and not giving them the resources to succeed. The jobs of the next generation will require post-secondary education to participate in the New Economy. In the U.S., 60% of those who are unemployed have a high school education or less. Similarly, Oklahoma must ensure that social promotion does not occur.

Our challenge is to transform the attitude of the state as a whole to value education, beginning at grade school levels. Oklahoma has the opportunity to inspire a thirst for knowledge; this challenge goes to our method of teaching and communicating. Many Oklahomans do not share a clear, consistent understanding of how to formulate and reach our educational goals. One panel expressed concern that Oklahomans are reluctant to set solid standards to measure achievement, and that we need to increase and tighten the standards for college entrance. The core elements of education are often not the focal point of either the parents or the schools at the primary, secondary or higher education level. To the extent there is a focus it is often limited to the top 25% of the class. The focus needs to be not only on the top 25%, but on the middle 50% and the bottom 25%. We need to educate parents on the importance of education, treating it as a value to be respected.

There seems to be a general attitude in Oklahoma that education is not a valuable goal in and of itself, and a lack of recognition of the quality of life benefits that education can provide. There is in effect a bias against education. Oklahoma experiences the benefits and detriments of an individualistic culture, or a “me first” attitude, rather than a collective culture focusing on the benefit to the whole. This culture invades our public colleges and universities as they wrestle over limited resources. Historically, education was not as important as having a strong back to attain a good job, and many have acquired a satisfactory quality of life without higher education. This bias can be attacked through marketing the values of education to children, parents and the community. In addition to increasing the respect for education, the frame works in which education is viewed needs to be enlarged to educate the states citizenry about education’s interrelationship with society as a whole.

We do not have the ability to analyze the success of our high school programs through the use of data systems. We cannot determine a student’s postgraduate destination, which could assist us in structuring our high school curriculum. We may have a fear of failure and a culture that shies away from changing the way things have been done in the past. Further, our educational institutions are not free to provide the desired curriculum because the board of regents imposes franchise restrictions on the institutions.

We may heighten our expectations of our college students by adding community service requirements to their schoolwork load, and in some cases, job expectations. As a result, many may not be able to graduate in four years and drop out of school.

We may not create the educational and cultural clusters of students, non-profits, private

business necessary to permit student interaction to fully develop the students' education and training skills needed for a high-tech economy.

One casualty of these changes in focus may be a shifting of focus away from extracurricular activities, especially athletics. The focus on these matters needs to shift more towards the basic core education and the development of a curriculum that emphasizes core subjects of math, science, reading and history.

## Oklahoma Public Education: Assets and Liabilities

### *Town Hall Question 6*

*What are the strengths within Oklahoma's public education systems (common education, higher education, career tech) that enable it to meet the demands in successfully preparing students for the workforce of the 21st century?*

*What are the weaknesses with the education system that will significantly hamper that preparation?*

*What can be done to leverage the "strengths" and minimize the "weaknesses?"*

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### Educational Strengths



Oklahoma has many examples of educational excellence.

Our higher education system includes such things as the medical center, the weather center and other world class facilities. Our common education system is improving and there are many promising aspects, such as the Oklahoma School of Science and Mathematics, the Great Expectations Program, merit scholars and Oklahoma City Maps for Kids. Our career tech system is nationally renowned, provides a skilled and educated work force, is known for its innovative programs, such as the TIPS program and is geographically accessible. We have dedicated teachers, and public and private leaders who have focused attention and fund-raising on the education system. Our education system has developed notable centers of excellence. Higher education systems are also reasonably available on a geographic basis.

The panels highlighted the following specific strengths within Oklahoma's public education system:

- Availability and affordability of education. If you can get into college, you have a good opportunity to receive financial assistance.
- As the governing body, the state board of regents provides uniformity in educational standards and asset allocation.
- Strong career tech training facilities with strong reputations.
- Community and business involvement in the development of students and continuing education and training of graduates.
- Our major universities cooperate both internally and with out-of-state universities in research and development to enhance our facilities.
- Career technology centers and community colleges have a flexible governance system and funding source.

- The gifted and talented programs in common education are effective. (These types of programs, however, should be infused in the curriculum for ALL students.)
- Oklahoma has more National Board of Professionally Certified teachers (NBPT) per capita than any state. Oklahoma should continue to encourage teachers to attain this certification.

#### Educational Weaknesses

The panels also identified the following weaknesses within Oklahoma's public education system:

- Centralized boards of regents represent very different institutions and may prevent the board members from understanding the educational needs of a particular region of the state and hinder the ability of a college or university to change its mission to meet the needs of a new economy.
- Salaries of recent graduates from Oklahoma's colleges are not as great as in other states. As a result, the return on investment may be less if the student remains in Oklahoma.
- Access to resources from a financial standpoint is limited, and competition for limited resources is a detriment to the participants in the education systems.
- Boards of Regents may not focus on student issues. More emphasis may be devoted to administrative issues and allocation of funds used for administrative programs. As a result, students may attend other universities in other states.
- The state does not compete effectively for R&D dollars because we may lack the critical mass of R&D faculty and facilities in our major universities. Further, our PhD programs do not rank well on the prestige scale. The state and the major universities, in cooperation, must enhance our state R&D faculty and facilities and increase the level of federal funding.

Opportunities do exist within the schools, but are not being maximized. For example, computers may be in each classroom, but many teachers do not know how to use them. Oklahoma is also 41st in per pupil expenditure. The distribution of resources must be examined.

We must address the issue of consolidation of school districts for the more efficient use of limited resources. With consolidation, more funds could be channeled into academics. To address the concerns of smaller school districts, a virtual consolidation of districts, but with the retention of current school boards could be used. A reduction in administration would also re-channel funds into academics. Care should be taken, however, to ensure that access to basic education is available in our isolated areas. Attention should also be given to the level of education performance achieved by each school in an effort to keep high performing rural schools open. There should be a study conducted to verify this information and make recommendations before action is taken.

We must also do a better job of providing national merit scholars, and all scholars, with the opportunity to be mentored and challenged at the university level.

We must address funding between common education, higher education and career technology so that there is cooperation and not competition.

Connection between career technology and higher education must be strengthened in order to meet the needs of the communities. Local communities should guide and aid this connection.

We must provide good access to education. In addition, we have some corporate support for our citizens. We are not, however, willing to pay our teachers competitive salaries and we have low teacher morale.

Manufacturers are working with career-techs to create programs that produce graduates with skills needed in the workplace. Professional entities are not similarly communicating their needs to the system of higher education.

In addition, when parents are not involved in the process, the students have bigger hurdles. Apparent poverty may create problems of self-esteem and attitude that may be resolved by requiring school uniforms.

Another issue exists by virtue of the lack of communication between teachers and social workers of kids whose families receive state aid.

We have to stop congratulating ourselves for a job half done and create a 21st century educational system. We devalue career technology and have artificial barriers that stymie the progress of our kids. There is more than one way to win. We should explore different teaching styles, increase our mentoring programs, update our libraries and review the available statistical information to see what is working in other states. The charter school model is working and may be expanded.

With regard to teacher salaries, the educational system must differentiate between quality needed to provide a career track and rewards to performance.

Other ideas include pre-k students as a part of the educational funding system, the use of alternative ratifications to get more businessmen and women in the classroom, and encouraging a philosophy of Pre-K through 14 education with accessible and affordable opportunities available for all students providing the creation of a more a basic K-14 system, perhaps by adopting career technology out of high schools and letting career technicians convert some degrees.

Our most challenged students are also under-served. Many of the teachers of these students lack the belief in the potential of their students. These students need teachers who believe in their ability to succeed at the highest levels. Some lack of belief may be referred to as a lack of self-efficacy.

Although many of the panel participants felt that the super majority requirement for school bond issues is a weakness, a minority disagreed with this assessment.

Oklahoma continues to export its best and brightest high school graduates. We must find a way to keep our brightest high school graduates in Oklahoma colleges/universities.



Although Oklahoma does more with fewer resources in higher education, we must improve the funding. Oklahoma needs to increase its endowed chairs at colleges. The Advanced Placement testing and distance learning programs are strengths that need to be enhanced and leveraged.

The comprehensive state universities should cooperate to avoid overlapping programs to develop more effective programs at each and avoid wasting resources.

We need to make better transition from elementary to junior high to high school.

We should convert the perceived weakness of having too many colleges by narrowing their mission to ensure they have adequate resources to meet their limited mission. The technology of distance learning between the small colleges can conserve those resources, by providing broader access to programs.

## Oklahoma Research & Development

*Town Hall Question 7: According to "Meeting Challenges in the New Economy," financial resources are critical to generating new knowledge and creating new businesses.*

*In the critical research & development areas, Oklahoma currently ranks anywhere from 37th to 41st in attracting university and industry research & development dollars.*

*What specific steps should the state take to import new capital and improve Oklahoma's ranking?*



Oklahoma needs to address its capital needs to fund the generation of new knowledge and the creation of new business in a very aggressive and targeted manner. R&D funds come from three sources university awards, federal labs, and the private sector. The annual, national expenditures toward these areas of R&D total \$20 billion, \$80 billion and \$160 billion respectively. Oklahoma currently has a shortfall on the amounts received from each of these sources relative to the amounts received by other states. Some of this shortfall can be traced to our historical focus on attracting branch plant operations in order to attract jobs, efforts which have been successful to an extent, but which may now represent a misallocation of focus and resources.

New businesses in Oklahoma also face specific challenges. There are four layers of funding for private businesses: seed capital from friends and family, angel investments from high net worth individuals, venture capital and public markets or acquisitions by larger companies. One specific challenge facing new businesses is the capital gap between the seed funding and the venture capital funding layers. Another specific challenge is the ability to attract venture capitalists to the state to invest in businesses, which is hampered by our lack of direct air connections to the East and West coasts.

In order to increase our access to capital we need to take the following steps and take them in an aggressive and targeted manner:

- Market the state and the great successes we are currently enjoying, such as the Oklahoma Technology Commercialization Center, OCAST and Career Tech. Marketing is a tool for research that drives business.
- Focus business development on attracting corporate headquarters.
- Focus small businesses on obtaining SBIR grants by educating them about the availability and means of obtaining such grants.
- Stimulate competition and collaboration between the universities.
- Increase funding for OCAST by an additional amount of approximately \$5-\$22 million.

- Seek additional funding to OMRF.
- Target funding on promising projects, such as the genome project and MesoNet.
- Encourage interest at a young age on engineering and other needed advanced fields.
- Focus on the ability of philanthropy to leverage the successes of the state.
- Establish a think tank of persons of national and international experience and exposure to address Oklahoma's challenges.
- Have other Oklahoma cities adopt the model used by Ponca City to attract new businesses. The Ponca City Summit has invited business leaders to Ponca City for input on what the city needs to do to attract those leaders to Ponca City. This type of effort, along with others, can help change incorrect negative perceptions of Oklahoma.
- Any plan must be developed in such a manner that it can be implemented at the local level. There needs to be a focus on external challenges such as attracting investors, but at the same time there needs to be a strong focus on leveraging Oklahoma's strong communities and providing local leaders and communities with a plan to implement development and growth. The local leaders have the ability and desire to implement new strategies and they should be provided with the tools to accomplish great goals. These leaders can also connect these projects to individuals' daily lives.
- Market and enhance the success of SQ680 and SQ681. These needed provisions allow research professionals through the universities to partake in the benefits and profits of their research and development. Further, there should exist an aggressive effort to keep spin-offs in Oklahoma.
- Continue to support Oklahoma Tech Commercialization Center. The technological expense provides assistance in start-up efforts, marketing and viability.
- Build on existing partnerships between military bases and the states research universities.
- We can continue to fund and promote the Endowed Chair fund, which receives state matching funds. We should demand that Oklahoma fund its portion of this and other endowed chairs and super endowed chairs, as well as match endowed chairs presently not receiving state matching funds.
- Develop Oklahoma's existing space industry. The diversity of this type of industry would help to reduce the vulnerability that comes from reliance on a single product or industry.

In order to facilitate these goals we need to keep our congressional delegation informed. We need our representatives in Washington to be our cheerleaders, moving aggressively towards seeking federal research dollars. There is no reason we should be 49th out of 51 in federal dollars awarded in R&D. We are not asking for enough monetary assistance

from Washington. The congressional delegation should be pounding on doors, going after significant dollars for the state and telling others what is going on right here in Oklahoma. We recognize that politics are involved in obtaining federal grants, but you normally have to match them dollar for dollar. We cannot cut our state matching funds once we receive federal funding or we are left with nothing.

We also need to encourage dialogue within the business community in order to share the expertise available in the state and the benefits of collaborative efforts. Companies must continue to partner in a collaborative effort to ensure the interest of venture capital in Oklahoma.

Increased OCAST visibility through increased funding and collaborative relationships with public television and cable companies is crucial. Private money could fund this initiative. Through a professional marketing effort, OCAST will better reach citizens of our state with its message. Success brings success. OCAST must share success stories and share the opportunities that exist and are offered through its organization. We recommend that OCAST and other state bodies encourage the continued development of business opportunities in Oklahoma.

Although OMRF and our universities have a large number of researchers, cooperation and collaboration between researchers, the universities and other non-profit organizations must occur. Further, the number of our state researchers must be increased to a critical mass. The three major research universities in Oklahoma have the infrastructure to facilitate research growth, but need significant additions to research faculty. Ultimately, the increase of state funds is expected to increase private funds as well as matching federal funds. We recommend a total investment in these areas of \$300-500 million. We expect this investment will ultimately result in high-tech business for our state. These are aggressive recommendations to accomplish aggressive goals and would require tough choices for the state. To accomplish these goals, tax revenues must be diverted from other uses.

Also, we recognize that in poor economic times business may reduce their R & D departments, and as a result may reduce business' desire to fund collaboration with nonprofit researchers. Oklahoma needs leaders in the legislature and private industry to challenge historic assumptions, review present allocation of resources and make potentially difficult reallocation decisions. This may include, if legally available, tobacco settlement funds, reallocation of corporate budgets or otherwise utilizing dedicated appropriations that fall outside of the political process. Ultimately, our leaders must proceed cautiously but aggressively to insure funds are utilized responsibly, and results are measurable and measured, if possible.

One panel recommended converting state assets that are currently sitting idle into productive usable cash. Examples would be selling state equity positions in the State Insurance Fund and the GRDA. A state lottery may be an additional source of money. These funds should be placed in endowments to fund things such as OCAST and matching funds. Another possible source of money is to use state pension funds to invest in new and existing technology companies through private equity and venture capital funds that have potential to bring in research and development. Also, Oklahoma could offer one-time exclusions of income from the income tax on the sale of business and incremental tax incentives for the commercialization of technologies. This would keep capital in Oklahoma by stopping the drain to income tax free states. However, the

more general overriding solution is the creation of a dedicated income source, whatever that may be.

## Oklahoma's Public Infrastructure

### Town Hall Question 8

*Considering Oklahoma's infrastructure systems - air, road, rail and digital - which areas are most critical to position Oklahoma to be competitive in an innovative world?*

*What specific steps need to be taken to develop and finance any necessary improvements?*



All four elements of our infrastructure - air, road, rail and digital - are critical and need to be approached with an integrated plan. Our air infrastructure limits us because of the lack of direct flights. Our roads require capital improvements. High-speed rail may offer some promising opportunities to the state. A digital infrastructure across the state will be necessary to the development of the knowledge clusters and centers of excellence we hope to promote. How our digitally based infrastructure “meshes” with the rest of the world is crucial. A knowledge based economy is crucial for our state's success. It will also be necessary to support the growth of business in the rural areas. In addition to these four infrastructure areas, we also need to include our navigable waterways in our discourse about infrastructure.

Although there are infrastructure problems, our infrastructure holds promise and we know that it needs to be straightened out. It may be appropriate to study how best to allocate our limited resources among their various needs. We must take a careful look at the relation between ground, air, rail and water and how the infrastructure, in general, can be both financed and enhanced for importing and exporting capital, goods and services. We must also identify our assets. Once we identify them, we must develop a collaborative use of these assets and leverage them in a way that benefits the state. We must share our teaching and resources within our state and link these to business within the state. One panel endorsed the suggestion appearing in a report issued by SRI International that OCAST sponsor a study on Oklahoma's technology infrastructure status.

To improve the infrastructure, the funds to make such improvements must come from growth, reallocation of funds or from external sources. The potential climate for raising taxes is unfavorable, and therefore it would be difficult to raise taxes to fund programs. Oklahoma is a state that is very adverse to tax increases. In spite of these concerns, areas that might be explored are reallocation of existing resources or an increase on the fuel tax. These are difficult questions, but they are questions that must be asked. We also need to encourage private companies to invest in the infrastructure. For example, the telecommunication companies and cable companies can provide digital services to rural areas.

The state needs to look forward; ask where we want to be in 25 years; start asking the hard questions and make the difficult choices necessary to get there. One panel states that we need to “put our money where our mouth is” and be willing to invest in our communities by supporting our infrastructure and doing so in a manner that receives a

good return on investment. The panel suggests a six-cent revenue increase on the fuel tax earmarked to fund \$150 million to the Oklahoma Department of Transportation. These funds will be raised in approximately one year and each dollar would be matched by four dollars from the federal government. This will create construction jobs in the state, which will assist the state to face what many predict is an impending recession.

Our limited airline service is going to suffer now that the airlines are cutting flights. Unfortunately, traveling to Oklahoma on business already takes, in many instances, an entire day's time. That equates to lost productivity for companies doing business in Oklahoma. We must find alternative solutions that may allow companies to maintain their viability in the national and international markets. The modernization of telecommunications, video conferencing and the Internet provides Oklahoma with the opportunity to conduct business right from home. But in many instances, the best way to conduct business is face to face and airlines such as Great Plains Airlines may be one solution. Coast to coast travel will attract business to Oklahoma. One panel suggested that Oklahoma subsidize coastal flights until such flights reach 60% occupancy. We need to continue to work on making Oklahoma a "one stop" travel destination, whether it be for business or pleasure. We should continue to work to fly not only from coast to coast but to destinations throughout the country.

We stress that easy access from all points of the world is critical to enticing new business to come to Oklahoma. Regional jets have changed the landscape of air travel. Through creative financing, tax incentives and access to property, regional airlines have and may continue service to Oklahoma City and Tulsa. Access to the coasts remains an issue even if municipalities capture a regional airline. Turnpikes are one of the urban finance tools. Ultimately, termination of the airline hub system may be the first step in solving this problem. Also, many cargo airlines ship to Oklahoma and truck into Texas or surrounding states in order to meet their guaranteed delivery times.

OneNet is a reliable resource for public and private research. However, "OneNet is a super highway to dirt roads." OneNet may be the victim of the "last mile" syndrome. Also, OneNet hardware is aging and tech support may be diminished. Our digital environment and the availability of connectivity is critical to Oklahoma being competitive in an innovative world. OneNet is but an example of our digital infrastructure. The City of Tulsa has collaborated with local cable companies to permit continued expansion of its public digital infrastructure. This model could be used by municipalities to take advantage of franchises for other contracts with cable, telephone or utility companies to lay additional fiber optic when they lay lines for their business. Similarly, municipalities could permit or require conduits to be laid when roads, sidewalks or other infrastructure are being replaced or laid.

As it expands, OneNet could provide a preliminary, but potentially inefficient statewide, redundant network to private industry. While OneNet has proven to be successful in the public sector, it needs to be expanded to reach the business sector. There must be private access to new emerging Internet technology through the commercial use of OneNet. This model could also insure rural areas receive reliable, redundant service and potentially mitigate the urban/rural split. Access to the OneNet system should be provided to private industry to assist in funding its maintenance. The Office of State Finance and the Board of Regents presently govern OneNet. This governance model should be reviewed, and all or partial private governance should be strongly considered. The possible sale of OneNet could create capital for further improvements and provide

broad state access to the private sector.

Oklahoma should also expand its use of its waterways. The Port of Catoosa has been very successful and should be promoted to businesses that rely on water access for importation of large amounts of raw materials.

The most important infrastructure to improve is telecommunications. To attract technology companies to Oklahoma, we must have high bandwidth to the financial centers. We could collaborate with the private sector to wire the state and manage it, while Oklahoma sells bandwidth. We should be laying fiber optic lines in existing rights of way such as when roads are built and through sewer lines. Digital infrastructure must also be updated constantly.

Oklahoma could volunteer to act as a test bed for telecommunications through public/private partnerships in order to influence the creation and design of the newest systems. This could be used as an interim solution until the state is fully wired. Oklahoma, however, must be careful to ensure subsidies do not retard private growth or entry into the sector.

One panel suggested the scope of the Oklahoma Transportation Authority should be expanded to include other infrastructure needs. The Authority could use its tremendous financing capacity to expand infrastructure and bridge gaps between unprofitable enterprises and profitable enterprises. This group could fund and operate OneNet and even subsidize direct coastal flights, among other things. The first step should be a conference of representatives of the involved sectors for specific recommendations. Oklahoma should increase its roads infrastructure through broader use of toll roads.

Amtrak service and high-speed rails should be increased. Nonstop service via train should be included in this effort to make Oklahoma a reachable travel destination. We have more state-owned rail lines than any other state in the U.S. There is an emerging need for high speed passenger rail to develop commerce. We are in one of ten high speed rail corridors designated by the Federal Railway Administration. The FRA will match state funds 4:1. If we raise our gas and diesel taxes, which are currently lower than other states, an aggregate of four cents and contributed one cent to rail, we could have a \$1 billion benefit for a cost of \$180 million, and have three cents left to maintain our roads. We also have a nationally recognized rail contractor in Oklahoma who could help support this issue. We could afford to raise the gas tax, but we have to dedicate it to rails and roads. We have to build and maintain our roads to serve our agriculture industry.

We also need to promote the newly designated trucking corridor through the Panhandle and any other efforts to increase focus on that part of the state.



## The Oklahoma Tax Code

**Town Hall Question 9:** *Investment capital, whether imported or re-invested from within, is a critical component to economic growth.*

- *Are there any features in Oklahoma's tax system that create disincentives for investment in Oklahoma?*
- *What specific changes to Oklahoma's overall tax code, including complete revision, are needed to make Oklahoma more competitive?*

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Oklahoma has a high marginal income tax rate that starts at a low-income level, a narrow base subject to sales tax and low property taxes. Oklahoma can provide incentives to business to originate, remain and relocate to Oklahoma by decreasing its top marginal income tax rates while increasing the base subject to sales tax to include more services and other transactions not presently subject to sales tax. Oklahoma should be able to accomplish this by tinkering with the existing system rather than engaging in a fundamental change in the tax system.



Oklahoma should also seriously consider the tax structures of other states to understand the beneficial and detrimental aspects of each. Oklahoma should “adopt the beneficial and avoid the detrimental”. This includes considering a state lottery similar to the model developed by Georgia, reassessment of tax incentives provided to individuals and businesses alike and considering a flat tax.

We should develop a tax system that entices businesses to locate and operate in Oklahoma. Changing any tax structure is a complex issue with far reaching ramifications due to changing tax mixes. The question always returns to “whose ox is being gored?” We must be careful to avoid unintended consequences.

While acknowledging the difficulty of changing the state tax structure, significant potential opportunities do exist. These opportunities need to be targeted to specific needs of the state and generally need to be revenue neutral with respect to any tax cuts. Some of the possibilities that should be discussed are tax incentives for targeted high performance industries, such as allowing not yet profitable companies to sell their net generating losses to profitable companies for cash, and lowering capital gains tax on gains from capital investments.

Also, tax increment financing can provide tax incentives for business to locate in Oklahoma. Other proposals included limiting the elimination/reduction on tax on capital gains to capital reinvested in Oklahoma, reduction or elimination of the gross production tax and only require a simple majority for passage of bond proposals. These targeted ventures if properly structured could potentially provide incentives to invest in Oklahoma companies. Mechanisms can also be explored with respect to alternate asset class investments by Oklahoma based pension funds.

Oklahoma benefits from significant natural gas reserves. These reserves are currently

being depleted by four of five wells operating in Oklahoma. This natural resource is generally being produced and exported out of the state. The state levies a 7.085% severance tax on natural gas. Numerous electric power plants are currently being constructed across the state. These power plants will use our natural gas to produce electricity, approximately 80% of which will be placed on the grid and sold out of state.

A small tax on kilowatts of electricity can produce significant revenue, and the burden will fall mostly outside of the state. These new revenues could be earmarked for specific goals such as education, technology development or to replace other problems in the tax code. Such an earmarked fund could be similar to the permanent endowment fund that benefits the University of Texas educational system. While the proposal is supported, the details will need to be developed. For instance, low-income individuals in Oklahoma could be protected from the tax impact by off setting tax credits.

We should continue to look to the issue of restructuring taxes in Oklahoma to make a “business friendly” tax system, but at the same time preserve our revenue within the state to address infrastructure needs. With regard to businesses in Oklahoma, we should consider eliminating the income tax on capital gains that affects stock options and other non-cash incentives frequently used by start-ups. Before taking any action, however, we should examine investments of capital gains in other states and how other states tax these same investments. We should also consider eliminating or lowering the corporate income and franchise tax and replacing those “nuisance” tax structures with other alternatives.

The key issue with regard to income tax in Oklahoma is one of perception. Perception is reality. Oklahoma enjoys a low tax burden but we are constantly compared to our neighboring “income tax free” state, Texas. Yet Texas does in fact tax its real estate heavily. Their total tax burden is higher than ours. Perhaps it is worth investigating the possibility of lowering our income tax rather than eliminating it all together. If we eliminate the income tax, the money will have to be made up somewhere. With regard to Oklahoma’s sales tax rate, our tax code is burdened with exemptions. Perhaps we could eliminate some of the exemptions, expand our tax base and lower the sales tax rate.

Related costs to businesses that need to be taken into consideration include the examination of workers compensation. There may be disparity between the premiums employer’s pay in other states as compared to Oklahoma with regard to Workers Compensation insurance.

We recommend that we take a close look at current legislation to determine if it is beneficial to increase the requirements for companies who invest through Oklahoma Capital Investment Board as to the amount of money they are required to invest in Oklahoma deals. Also, we must tap venture capitalist opportunities and study places like Dallas, Albuquerque and St. Louis. We must examine current barriers that may exist in our state in attracting these investments.

Finally, the existing benefits of our tax structure and any additional incentives need to be marketed to encourage businesses in the state to expand within our borders and to encourage others to invest in the state, although we should recognize that some predatory companies may take advantage of those incentives and then leave the state.

## Quality of Life and Oklahoma

### *Town Hall Question 10*

*The Southern Growth Policies Board states that “quality of life” is a fundamental requirement to attaining and maintaining competitiveness and prosperity.*

- *In assessing Oklahoma’s “quality of life,” what strengths can we capitalize upon and how?*
- *Where do we need to improve and how?*
- *What do Oklahomans think of our “quality of life” ... and what do others think? Is there a difference?*



The strengths of Oklahoma’s quality of life can be organized in four major categories: assets, culture, networks and communities. All of these aspects affect our quality of life. We have various assets, such as water and energy resources, OneNet and a central location. We have a pioneer spirit, a unique Native American culture and a mix of diverse cultures. We have strong health care and education networks. Our communities are filled with talented people who look you in the eye with a “down home” attitude, but can shine on an international level. Our communities have a diverse urban/rural mix with a relatively low cost of living. Other positive traits are our arts, the time that is available to our residents, our sense of community, our natural resources, readily accessible recreational opportunities, low traffic, low crime and low utility costs.

These characteristics should form the foundation of a marketing plan that will convince, first our citizens, and then others of our excellence and uniqueness. This effort should create a sense of pride in our state within our communities, and a sense of respect in others. Marketing takes money to reach people. We must consider the option of privatizing or partially privatizing this effort. As part of this marketing campaign, we need to be cognizant of the fact that people viewing it from differing perspectives will view our quality of life differently. Our quality of life should be marketed in a manner to take advantage of this and we should look at ways in which to make our quality of life accessible to people from diverse cultures. This marketing plan should also be targeted to specific audiences.

When looking at attracting businesses and individuals to come to our state, we need to focus on the aspects of quality of life which families focus on when changing locations. Many of these are health care, school systems, the crime rate and access to amenities such as theatres, restaurants, etc.

Some current circumstances limit our quality of life, including poor general health, high rates of incarceration, child abuse and teen pregnancy, a high divorce rate, and the general level of education. One panel suggested that the health issue be addressed, in part, by raising the tax on cigarettes by 15 cents per pack. The funds raised from this tax

could be earmarked for the currently stated constitutional purpose of the health care trust for health and education.

Our quality of life has also proved to be attractive to retirees. It should be considered to the extent to which the state needs to be actively attracting additional retirees.

Quality of life is reality based upon perception. Quality of life is different for every community. While many citizens recognize that Oklahoma is a family friendly state, many others feel the burden of intolerance and isolation. We should celebrate our quality of life and continue our progress toward excellence in all areas of human development.

We must foster positive attitudes in Oklahoma. We should incorporate this into our school system. Children must be educated about Oklahoma history throughout their educational experiences.

Panel members submitted the following suggestions:

- Use education in schools to improve awareness of litter and have students clean up their campuses.
- Marketing of state image. Most people don't think about Oklahoma . . . we are not even on their radar screen.
- Certified full-time arts and music teachers in every school.
- Build a better library system.
- Need 1 1/2 % assessment of new construction for the arts.
- Eliminate income tax on retirement.
- Taxing golf courses as agriculture and clubhouses at normal ad-valorem rate would allow us to further develop golf courses.
- Stop "bowling alone" and encourage group events.
- Focus on improving the health of our citizens - issues such as teenage pregnancy, disease prevention.
- Address wise vs. smart growth.
- Quality of life is a platitude with regard to business relocation. People say they want it but when it comes down to it, that is not their focus.

Hold "summits" of present and former community leaders to discuss what it takes to create a memorable community or a memorable state. Such elements that have previously been discussed by such summits included:

- 1) Branding an identity
- 2) Beautification

- 3) Festivals and Events
- 4) Education

### **Oklahoma's Benefits**

Many of our rural towns have deteriorated. With the exception of Mainstreet, we generally do a poor job of planning the rebuilding of our rural cities. Oklahoma needs to take a larger role in assisting our rural towns to rebuild downtown areas and community spirit.

We need a diverse multicultural experience. We must do a better job of embracing our diverse heritage and ensuring all Oklahomans can experience the quality of life offered by Oklahoma. We need to encourage arts, entertainment and other aspects of our diverse heritage. We must also be vigilant in our efforts to prevent prejudice and segregation in all forms so that all people can enjoy Oklahoma's quality of life and we can re-establish a sense of community among all heritages.

Although we may not be a destination location, we have a centrally-located, second-tier city with reasonable weather, smaller population, affordable education, affordable energy costs, affordable housing, southern hospitality, safe communities to raise families, strong work ethics of our citizens, arts and museums, the ability to be "a big fish in a small pond" and equal access to all the benefits offered by the state.

Oklahoma must create a positive image outside of Oklahoma. Oklahoma has tremendous positive attributes that should be accentuated. Oklahoma should create partnerships with Oklahoma companies to include Oklahoma's positive attributes in their commercials. These include a great climate, world-class museums, strong work ethic, community caring and an "easy living." A great need is to market these positives. First, however, we must sell Oklahomans on the greatness of Oklahoma. We should start educating our children at very early ages on the positives of Oklahoma. We should support the Centennial Planning Commission.

Although we have a good quality of life, it is questionable whether we have the quality of life that will attract hi-tech companies. Perceived religious intolerance may detract from the quality of life of 18-30 year olds. Change is often hindered by the excuse that "we cannot do that because we are in the Bible Belt."

## **Competing in an Innovative World What Do We Need To Do?**

### ***Town Hall Question 11***

*This Town Hall has focused upon factors and characteristics to competitively position Oklahoma in the 21st century.*

- *What are the most important goals Oklahoma should set for itself in the next 5-10 years?*
- *Are there specific measures as to know whether we have attained these goals?*
- *Identify the most important state policies (legislative, legal, regulatory, economic and social) that will best serve to achieve those goals.*
- *What specific steps/actions should be taken to pursue and achieve those policies, strategies and goals?*

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The Town Hall participants identified 53 strategies or objectives for Oklahoma. They were grouped under four general goals. This post-Town Hall draft was sent to each Town Hall participant for suggested rank ordering. Participants were asked to rank the top five recommendations in each of the four categories. The responses were then weighted and grouped. The initial goals and recommendations, with scored priorities, are listed at Appendix A.

The Town Hall has made findings and recommendations in four areas. They are:

1. Create a culture of learning in Oklahoma.
2. Encourage and support science and technology based innovation, entrepreneurship and economic competitiveness.
3. Create and sustain a quality of life that is attractive to globally competitive businesses and employees.
4. Promote Oklahoma as a focus of innovation and development.

## Culture of Learning



The Town Hall suggests that Oklahoma become a national leader in transforming its public education systems to achieve educational relevance and excellence. The participants believed that the normal common education expectations must be lengthened from K-12 to preK-14; and that Oklahoma be the first to adopt this standard.

The importance of education preparation has become so critical, that public relations campaigns and shallow, incremental efforts will no longer do. Transformational change and quantum improvements must occur.

The Town Hall members provided 18 specific actions that would improve the culture of learning in Oklahoma. They have been distilled to the three most important items described as follows:

1. PreK - 14 Education Systems

Adopt a “PreK through 14” educational philosophy with every child and student ready to learn. Ensure that 13 and 14-year opportunities are accessible and affordable for every Oklahoma student. Become the first state to adopt a PreK through 14 educational system with every child ready to learn.

2. Supplemental Financing

We should consider proposing an initiative petition to adopt a statewide lottery to provide as much as \$300M of additional financing for the state. The proceeds of this lottery should be placed into a “phased” endowment and used to improve science, technology and education. The proceeds should not be used to fund or replace funding in the state’s operating budgets.

3. Higher Education Systems

Retain and maximize human capital by striving for high school and postsecondary graduation rates that exceed the national average, and finding ways to not only import human capital but keep Oklahoma students in state, especially in the areas of science, engineering, manufacturing, information technology, the health sciences and other high-skill, high-pay areas.

## Maximize Competitiveness and Innovation



The Town Hall members provided 27 specific actions that would maximize competitiveness in Oklahoma. They have been aggregated into six recommendations organized into three groups: (1) research & development (2) infrastructure coordination (3) digital infrastructure improvement and (4) create public endowment.

### 1. Research & Development

Increase significantly public and private R & D in Oklahoma through the cooperative effects of existing research institutions and also of business development. Increase inflow of federal dollars with help of our congressional delegates.

### 2. Restructure OTA

Expand the mission of the Oklahoma Transportation (Turnpike) Authority to include other forms of transportation and communication. The new Communications and Transportation Authority would be authorized in 2003 and would consider:

- Direct air flights and potential direct subsidies.
- Expansion of telecommunications including OneNet
- High speed rail traffic connecting Tulsa and OKC to Dallas and KC
- Support for Oklahoma's waterways
- Expanded highways and highway maintenance

### 3. Enhance Public Digital Infrastructure

The four separate recommendations, below, combine to suggest that Oklahoma capitalize upon existing public digital networks and expand capability and access.

- Actively support the ongoing private sector market analysis re: the feasibility of providing broadband telecommunications services to all towns and cities, urban and rural within five years.
- Encourage growth and development of a statewide broadband and digital telecommunications network by supporting state and federal policy changes which encourage private investment in digital and broadband telecommunication technologies.
- Facilitate the exploration of responsibly allowing private business access to OneNet services; and provide responsible assistance to the State Regents for Higher Education as the organization & management of OneNet is internally considered.

### 4. Public Endowment

Identify state owned nonproductive assets and ownership interests to be converted to productive public cash endowments. Such sales and endowments would be conducted by contracting through competitive bidding with an investment bank to manage the sales.



## Quality of Life



The Town Hall members provided 6 specific actions that would create and sustain an attractive quality of life in Oklahoma. By separate action on November 9, 2001, the Academy Executive Committee has selected “Oklahoma’s Health” as the topic for the 2002 Town Hall. This topic will focus upon the physical and mental health of Oklahomans, though the specific focus of the

Town Hall is to be developed. This 2002 Town Hall will undoubtedly address many of the suggested issues listed below.

The 2001 recommendations have been distilled to the two most important items described as follows:

1. Develop awareness of social issues within the state. Oklahoma must reduce instances of child abuse, divorce and teenage pregnancies and increase access to health care in our state. A reduction in the instances of these social ills and others will result in a reduction of criminal activity and thus a decrease in the overall incarceration rate.
2. Create community health benchmarks that encompass issues like teen pregnancy, illegal drug use and smoking to make significant improvements in every category. Refer to State of the State Health Report Card for specifics. Analyze results by charting progress reported in annual reports that contain both absolute and relative measure.

## Oklahoma Image



The Town Hall members provided several recommendations and comments concerning the importance of a more positive internal and external image of Oklahoma. The most actionable item, and the one receiving the most Town Hall participant interest, is listed below:

1. Broaden the Oklahoma Department of Commerce image enhancement program to emphasize an extensive internal image campaign to promote state pride in addition to the external economic development campaign.

### **The Next Steps**

It is recognized that the goals, suggestions and recommendations contributed by the Town Hall participants are not necessarily viable actionable items. The conversion of a good idea into an actionable item is a post-Town Hall responsibility of the Academy's Executive Committee and Implementation Committee. That said, any created actionable agenda item will maintain the integrity of the Town Hall consensus.

The Town Hall findings will be transferred to our Implementation Committee. That group will immediately begin testing, presenting and debating these ideas. Policy leaders and citizens alike will be engaged.

It is exciting to think of the myriad of ways that Oklahoma could focus upon the pursuit of transformational excellence. That said, one cannot dismiss potential and real legal, cultural and historical barriers to this pursuit.

**Transformational change to insure global leadership and competitiveness is not a sure thing. But given the alternatives, the Academy stands foursquare behind any effort to get there.**

## APPENDIX A

### Prioritized & Categorized Town Hall Findings

#### **Goal 1** **Create a culture of learning in Oklahoma**

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##### **562..... PreK - 14 Education Systems**

- 242 Adopt a “PreK through 14” educational philosophy with every child and student ready to learn. Ensure that 13 and 14-year opportunities are accessible and affordable for every Oklahoma student. (158). Become the first state to adopt a PreK through 14 educational system with every child ready to learn (84).
- 118 In 5 years 95% of our 9th graders should graduate from high school. The implementation of a flexible delivery option for a 4x4 program where students have the opportunity, accessibility, and availability to take the classes, with standardized reading and writing test scores at the 70th percentile.
- 78 Increase capacity of digital and telecommunications capabilities to provide educational opportunities to students in the public school system as well as adults outside the school system.
- 66 Include arts and music teachers in every grade school.
- 32 Seamless integration of grades 11-12 working with career techs or colleges and universities on a system-wide basis.
- 26 Emphasize the importance of public service by promoting community service by students.

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##### **468..... Higher Education**

- 140 Retain and maximize human capital by striving for high school and postsecondary graduation rates that exceed the national average, and finding ways to not only import human capital but keep Oklahoma students in state, especially in the areas of science, engineering, manufacturing, information technology, the health sciences and other high-skill, high-pay areas.
- 52 The state must use a portion of the tobacco settlement to fund Oklahoma’s under-funded endowed chairs, additional and super chairs.
- 78 Increase faculty at Oklahoma’s research universities by 50% within five years in areas that will enhance the economic development of the state.
- 78 Increase faculty at Oklahoma’s research universities by 50% within five years in areas that will enhance the economic development of the state.

- 60 Follow Bachelor, PhD, Masters in Science, Engineering & Math to find out whether we are keeping them in our state and why. Implement a standardized “follow up” program to follow people at all levels of education to examine where they are located, salary levels, types of positions held and whether they are employed in their field of study.
  - 44 Overcome the skill shortages in the following fields by increasing the number of graduates who work in Oklahoma in those fields: science, engineering, information technology (IT) and math.
  - 16 Increase the number of females and minorities who graduate in the IT field to 25% within 10 years.
- 

### **396..... All Education Systems**

- 156 We should consider proposing an initiative petition to adopt a statewide lottery to provide as much as \$300M of additional financing for the state. The proceeds of this lottery should be placed into a “phased” endowment and used to improve science, technology and education. The proceeds should not be used to fund or replace funding in the state’s operating budgets.
- 80 Be recognized for having an educated workforce and an education system with institutions that are safe, high-performing leading organizations, holding expectations high for the achievement of all students, and preparing them for a lifetime of learning and working.
- 72 Elevate the value placed on education and significantly increase the percentage of Oklahomans who graduate and who actively engaged in the process of lifelong learning. Focus on growing people by developing motivation to greatness.
- 66 Improve and enhance workforce through efforts and cooperation by common, career and higher education to enhance our competitive advantage. Support “Brain Gain” objectives that meet or exceed national average in individuals over 25 that hold bachelor degrees. Also support the need for trained technical personnel.
- 32 Enhance visibility and use of intern partnership programs throughout the state and expand their use in career tech, common and higher education.

## **Goal 2**

### **Encourage and support science and technology based innovation, entrepreneurship and economic competitiveness**

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#### **354..... Public Infrastructure**

- 150 Expand the mission of the Oklahoma Transportation (Turnpike) Authority to include other forms of transportation and communication. The new Communications and Transportation Authority would be authorized in 2003 and would consider:
- Direct air flights and potential direct subsidies.
  - Expansion of telecommunications including OneNet
  - High speed rail traffic connecting Tulsa and OKC to Dallas and KC
  - Support for Oklahoma's waterways
  - Expanded highways and highway maintenance
- 100 Study the feasibility of providing broadband telecommunications services to all towns and cities, urban and rural within five years.
- 32 Enhance Oklahoma's intermodal transportation system.
- 26 Encourage growth and development of a statewide broadband and digital telecommunications network by supporting state and federal policy changes which encourage private investment in digital and broadband telecommunication technologies.
- 16 Allow private business access to OneNet.
- 16 Consider privatizing the management of OneNet by leasing the system to the private sector.
- 8 Improve the access of small businesses to information .
- 6 State government should take action to provide information to small businesses. It should improve access to and streamline delivery of information.

### 302..... Taxes

- 58 We should remedy our tax structure to reduce the top marginal income tax rates, increase the dollar amount at which the income tax begins, expand the sales tax base and eliminate income tax on capital gains. Encourage the next generation of family farmers and ranchers to stay in agriculture by eliminating Oklahoma's death tax, or at a minimum adopting federal exemption levels.
- 54 Eliminate or reduce the state income tax on capital gains.
- 52 Develop and pass the "Electron Development Fund Act" levying a tax on kilowatts of energy and target the funds to improving educational excellence and/or investments in technology and/or to offset the revenue impact other targeted tax cuts.
- Minority Report (Electron Dev Fund Act): Oppose the passage of the "Electron Development Fund Act", appearing on page 45. Electricity is an exportable product. As such, we should encourage the development of that industry which adds value to our energy resources. By taxing electricity as an exported commodity, we discourage development and investment. The net result would be to make Oklahoma products less competitive with producers in surrounding states. This is in conflict with our goal to import dollars to our economy, An "electron" tax on electricity would be no different than a "molecule" tax on all manufactured products (4).*
- 50 Resolve Tax Increment Financing Authorities issues by 2003.
- 46 Initiative petition to raise fuel taxes for infrastructure purposes by 4 to 8 cents.
- 38 Create an incentive on the state's tax code that allows high performance Oklahoma companies to sell net operating losses to other companies.

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### 270..... Research & Development

- 154 Technology and business cluster development. Identify five key industry anchors to promote and market Oklahoma's R&D and corporate assets. Increase significantly public and private R & D in Oklahoma through the cooperative effects of existing research institutions and also of business development. Increase inflow of federal dollars with help of our congressional delegates.
- 116 Generation of emerging technology intensive industries including biotech; bioagriculture, biomedical and other related biological areas, nanotechnology, telecommunications, software and advanced materials.

### **136..... Public Endowment**

- 136 Identify state owned nonproductive assets and ownership interests to be converted to productive cash endowments. Such assets and interests for consideration should include; GRDA, OneNet, State Insurance Fund, State office buildings. A joint business/legislative task force will identify prospective assets and interests and estimate the value of such prospects. Such sales and endowments would be conducted by contracting through competitive bidding with an investment bank to manage the sales. Identify an Academy subcommittee to solicit 3 year sponsors and initiate the first conference February, 2003.
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### **126..... Community /Regional**

- 46 Promote regionalization. Convene leaders from region on how to utilize and leverage resources of region using cooperation and cross-fertilization. One of these groups should be created within each of the four quadrants of Oklahoma.
- 40 Focus on making Oklahoma the most revitalized and vibrant rural state in U.S. Measured by: 100 Certified MainStreet communities and other community group projects; \$1 billion of reinvestment; increase in number of small business; endorsing internal MainStreet measurements
- 40 Community leadership programs expanded to rural Oklahoma; Identify and develop leaders to revitalize rural America incentives for agriculture and create new or expand existing incentives for capturing further value from our extraction based industries such as energy, agriculture, timber, and other natural resources.
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### **114..... Economic Development**

- 60 Economic competitiveness: Attract and grow high performance companies
- 28 Increase the total number of Oklahomans employed by knowledge-based businesses.
- 20 The Department of Commerce needs to be communicating more effectively with chambers, MainStreet and other organizations. The Department of Commerce needs to maintain the Business Incentive Guide and How to Do Business in Oklahoma guide current and up to date and it should be available online. The Department of Commerce should regularly hold educational meetings with local chambers of commerce and business development groups.
- 4 Enhance the quality, quantity and entrepreneurship of Oklahoma human capital.
- 2 We should request the state to match private funds reinvested in the local economy and community. For example, the state could use revenue from one of

the proposed revenue generating policies to fund an endowment that could then provide matching grants to leverage federal grants that require matching, such as SBIR grants.

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**78..... Capital**

64 Increase pool of venture capital in Oklahoma.

14 Encourage Oklahoma pension funds to invest in Oklahoma businesses.



### **Goal 3**

#### **Create and sustain a quality of life that is attractive to globally competitive businesses and employees.**

- 248 Develop awareness of social issues within the state. Oklahoma must reduce instances of child abuse, divorce and teenage pregnancies and increase access to health care in our state. A reduction in the instances of these social ills and others will result in a reduction of criminal activity and thus a decrease in the overall incarceration rate.
- 228 Create community health benchmarks that encompass issues like teen pregnancy, illegal drug use and smoking to make significant improvements in every category. Refer to State of the State Health Report Card for specifics. Analyze results by charting progress reported in annual reports that contain both absolute and relative measure.
- 214 Ensure that a high quality of life accompanies economic progress. We should be particularly attentive to fostering social and entertainment opportunities that make Oklahoma more attractive to younger people.
- 162 Build on the potential strengths inherent in our cultural diversity by overcoming our historic racial and cultural divisions. Establish a series of state sponsored conferences using the Conference on the Status of Women as a model examining the status of diversity issues in Oklahoma. The conference should be initiated by joint resolution in the 2002 session of the legislature.
- 156 Providing for a tax increase on cigarettes of amount not greater than 15 cents, reflecting a desire to protect Oklahoma small business in the state's border communities, and to direct such amounts resulting from said increase to create and support endowed chairs as well as the development of a cancer center in the state of Oklahoma.
- 150 Exceed the national average in personal per capita income and cut poverty in half within 10 years.

### **Goal 4**

#### **Promote Oklahoma as a focus of innovation and development.**

- 330 Broaden ODOC's image enhancement program to emphasize an extensive internal image campaign to promote state pride in addition to the external economic development campaign.
- 280 Initiate a world conference based in Oklahoma that reviews current developments in technology, entertainment and design.

## APPENDIX B 2001 Town Hall Participants

### Town Hall Staff

<b>Chairman</b>		<b>Panel Resources</b>	
Cliff Hudson	Oklahoma City	Tony Hutchinson	Oklahoma City
<b>Panel Chairs</b>		Craig Knutson	Oklahoma City
Doug Branch	Oklahoma City	Mike Lapolla	Tulsa
John Feaver	Chickasha	Mike Metzger	Edmond
Kim Holland	Tulsa	Kent Olson	Stillwater
Steve Kreidler	Edmond	Steve Smith	Midwest City
Bill McKamey	Tulsa	Larkin Warner	Oklahoma City
<b>Panel Recorders</b>		<b>Report Chair</b>	
Mike Blake	Oklahoma City	Marc Edwards	Oklahoma City
Kay Carel	Oklahoma City	Claudean Harrison	Lindsay
David Ketelsleger	Oklahoma City	<b>Media Coordinators</b>	
Terry Kordeliski	Oklahoma City	Andy Paden	Norman
Carrie Leonard	Oklahoma City	Greg Seal	Oklahoma City

### Town Hall Members

Monte Akridge	Edmond	Jacey Fergerson	Edmond
Lloyd Alexander	Bartlesville	Ken Fergeson	Altus
Mike Anderson	Oklahoma City	Glenn Gee	Ardmore
Howard Barnett, Jr.	Oklahoma City	Fred Gibson	Tahlequah
Ann Benson	Stillwater	Susan Dawn Gibson	Oklahoma City
David Braddock	Altus	Steve Gilbert	Tulsa
Larry Briggs	Shawnee	Stanley Glanz	Tulsa
Terry Britton	Midwest City	Kay Goebel	Oklahoma City
Gene Callahan	Tulsa	Randy Goldsmith	Oklahoma City
Clinton Campbell	Tulsa	Jerry Goodwin	Tulsa
Richard Clements	Oklahoma City	Carole Hall Hardeman	Langston
Priscella Coblentz	Oklahoma City	Bill Harrison	Lindsay
Glenn Coffee	Oklahoma City	Brian Healey	Davis
Clay Collum	Shawnee	Mickey Hepner	Edmond
Ron Cooper	Tulsa	Dave Herbert	Midwest City
Ginny Creveling	Tulsa	Karen Hill	Norman
Eleanor Darden Thompson	Oklahoma City	Cal Hobson	Lexington
Charles Day	Roland	James Holland	Tulsa
Chuck Dehart	Tulsa	Teri Holle	Enid
Bruce DeMuth	Stillwater	Sid Hudson	Oklahoma City
Dara Derryberry Prentice	Oklahoma City	Willa Johnson	Oklahoma City
Terry Detrick	Oklahoma City	Tiffany Johnson	Tulsa
Fredrick Drummond	Pawhuska	Larry Keen	Stillwater
Ford Drummond	Pawhuska	Ryan Kiesel	Oklahoma City
Jim East	Tulsa	Lou Kohlman	Oklahoma City
Brian Edwards	Tulsa	John Lambertson	Tulsa
Margaret Erling	Tulsa	Tom Leonard	Ponca City
Julie Evans	Tulsa	Michael Levy	Oklahoma City

Donna Long Schooley	Oklahoma City	Lori Ryan	Tulsa
Greg Main	Oklahoma City	Claudia SanPedro	Oklahoma City
Douglas Major	Ponca City	Sue Lynn Sasser	Edmond
Curtis Matthes	Edmond	Dana Shadid	Oklahoma City
Ken McBride	Oklahoma City	Donna Shirley	Norman
Belinda McCharen	Stillwater	Chad Smith	Tahlequah
LaDonna McCowan	Stillwater	Allen Soltow	Tulsa
Melissa McLawhorn	Norman	Suzann Stewart	Tulsa
Kathleen Miller	Oklahoma City	Sheri Stickley	Oklahoma City
Josh Moore	Edmond	Jim Strate	Enid
Susan Morris	Shawnee	Ross Swimmer	Tulsa
Sarah Mussett	Stillwater	Claudia Tarrington	Tulsa
Jim Norton	Tulsa	Cathy Tatom	Tulsa
Jon Michael Novotny	Tulsa	Kathy Taylor	Tulsa
Carol Olson	Stillwater	James Tolbert	Oklahoma City
Jeanie Parker	Oklahoma City	Gary Trennepohl	Tulsa
Edward Perkins	Norman	Steve Turnbo	Tulsa
Roy Peters Jr.	Tulsa	Jim Utterback	Seminole
John Polkinghorne	Edmond	Joe Ann Vermillion	McAlester
Clay Pope	Loyal	Mac Wall	Oklahoma City
Dee Porter	Oklahoma City	David Walters	Oklahoma City
Kay Powers	Edmond	Alba Weaver	Oklahoma City
Tom Price	Oklahoma City	Matthew Weaver	Oklahoma City
Brian Rader	Tahlequah	Bill Weitzel	Oklahoma City
Oscar Ramirez	Oklahoma City	Beth Weitzel	Oklahoma City
Mary Jac Rauh	Okeene	Paul White	Tulsa
Debi Reynolds	Claremore	Joe Wiley	Claremore
Larry Rice	Tulsa	Mike Winkler	Oklahoma City
Judy Robinson	Drumright	Terry Wolfe	Oklahoma City
Karen Rose	Sand Springs	George Young	Oklahoma City