



Moving Ideas Into Action

STRATEGIES FOR OKLAHOMA'S SECOND CENTURY

2006 TOWN HALL FINDINGS REPORT

NATIONAL CENTER FOR EMPLOYMENT DEVELOPMENT

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INTRODUCTION

The Oklahoma Academy's 2006 Town Hall considered the topic "Strategies for Oklahoma's Future." This theme was chosen in recognition of the state's upcoming centennial celebration: a time to take stock in the accomplishments and events of a century, but importantly a time to look forward. In doing so, it was the expectation that our Town Hall would make a contribution to the centennial commemoration by providing one view of what the next hundred years could mean to us and those who follow us.

Our goal is to produce a series of "transformational" policies that will result in a new era of prosperity for our people. This is not an unimportant task, for prosperity has been an elusive object. Our hard times were hard and of historical proportion. Americans know, through history, literature and movies, that the Dust Bowl was just as pitiful as, say, the Irish Potato Famine.

The comparison of those two cataclysmic periods is fitting because, as we note in this report, we take inspiration from the transformation of Ireland into the "Celtic Tiger." We were urged to do so by the opening keynote speaker, Sir Ken Robinson, who also pressed us to adopt the patience practiced by those in the Orient and to defer gratification for several generations. That's fine to say, but we are, after all, the Sooner State and that means we are a little uneasy with waiting to stake our claim.

We have set ambitious objectives, but we believe it is appropriate to the occasion.

SETTING THE STAGE

Transformational Ideas

The Town Hall considered the development of "transformational" public policy ideas, i.e., those ideas that would propel Oklahoma towards greater prosperity and a better quality of life. Transformational ideas are "big and bold" rather than "pedestrian" or incremental.

Examples of historical transformational ideas were found internationally. The policies behind the emergence of Ireland as the "Celtic Tiger" should be inspirational to Oklahomans, given the comparable populations of Ireland and our state. On a macroeconomic level, the introduction of international free-trade zones was transformational to Mexico and Canada as parties to the North American Free Trade Agreement.

The Federal government has initiated several transformational policies, particularly in response to the Great Depression and World War II. These include:

- the social security system
- Medicare
- the interstate highway system
- GI Bill

Transformational ideas specific to Oklahoma that have influenced or are showing signs of influencing our state's prosperity and quality of life include policies in these areas:

- Economic: EDGE
- Education: HB 1017; MAPS for Kids
- Culture: MAPS (OKC); Vision 2025 (Tulsa); Oklahoma Arts Institute
- Technology: Oklahoma Medical Research Foundation; OCAST; State Question 680/681
- Energy: E-rate; Oklahoma Energy Act
- Infrastructure: McClellan Kerr Navigation System

Transformational programs often come during a time of crisis where leaders realize a dramatic, radical change needs to happen. With the exception of the founding of Oklahoma Medical Research Foundation (OMRF), all of the above occurred in the last 20 years and were, to a great degree, a response to Oklahoma's depression in the 1980s. The oil bust forced Oklahoma to diversify its economy and think differently. Similarly, other conditions that have created or have the potential to stimulate transformational policies for Oklahoma include: droughts, energy crises and urgencies in education.

Transformational ideas often have ancillary or unforeseen consequences. The impact of Indian gaming could not have been known at the time of Federal treaties (dating back to the 19th century) or even at passage of Federal gaming laws. The impacts of

the enormous explosion in gaming have yet to be settled. What is known, however, is that this policy – developed through treaties, statutes and regulations over decades, even centuries – is transformational to Oklahoma. The force of tribal sovereignty has considerable effects on our environment, economy, regulatory system and social dynamics. Harmonization between tribal governments with state government is necessary.

Another example of unforeseen consequences is the effects of urban sprawl and deterioration of central urban areas which were occasioned by the vast expansion of the interstate highway system.

Oklahoma Assessment

The Town Hall assessed Oklahoma's ability to achieve transformation of its opportunities for prosperity and high quality of life. In doing so, the Town Hall organized its deliberation following STEEP analysis, i.e., a consideration of Social, Technological, Economic, Environmental and Political factors. The Town Hall applied these factors for an assessment of Oklahoma's strengths, weaknesses, opportunities and threats over the next five to 10 years.

Strengths / Opportunities. Historically, the Town Hall acknowledged that Oklahoma's historic strength is based on natural resources, i.e., oil, gas, minerals and water. And the value to our state of these resources is evolving. The growing potential of biofuels (particularly the use of native switch grass) and wind power as energy sources could be transformational in and of themselves. The abundance of water is a strength that must be managed to ensure its maximum value to the state.

Other strengths include agriculture, our aviation and space industry, our state's park system, public land, military installations, ecological diversity and emerging fields of academic research excellence, such as biomedical and weather. Other factors such as our low cost of living, central location and small population can be strengths as larger transformational policies are implemented. Although the benefits of tribal sovereignty to State government and non-Native Americans are not fully understood, the economic power of tribes can be a strength for all Oklahoma as it competes in the world economy.

The Town Hall also observed, however, that Oklahoma's strengths can be much deeper, if not more definite: a rich cultural diversity, heritage of work ethic and community spirit. Oklahomans have the opportunity to change the State's image internally and externally by capitalizing on the many positive heritage and cultural aspects of the state.

Weaknesses. Some of our State's strengths, such as the energy industry and growing impact of tribal sovereignty, provide challenges as well as opportunities. The state is still dealing with a century of environmental degradation by oil and gas production and mining.

The low cost of living masks a competitive weakness in our state's historically low per capita income. The lack of overall wealth requires entrepreneurs to seek capital from distant financial centers, which stifles economic expansion and diversification.

Similarly, a low population base is in many situations an absence of critical mass for a rich cultural and economic environment. This results in an insufficiently sizable artistic or cultural community to extend greater support or opportunity to the creative class.

Oklahoma benefits from a large military presence, but the dependence on military employment is only as secure as the next round of base closures.

It is frequently said that Oklahomans have struggled with a negative collective self image, which can be a detraction to advancing an otherwise transformational “big idea.” Other weaknesses identified included low rankings in overall health statistics, lack of health insurance, low rankings in education funding, high incarceration rates and the burden of prison funding, urban/rural and Tulsa/Oklahoma City competition, lack of adequate telecommunications access to rural areas, lack of economic diversity, and rural population demographics and decline. Social factors such as teen pregnancy, divorce rates, high dropout rates and breakdown of the family structure were also noted.

Threats. A common theme identified by the Town Hall as a threat was the tendency of Oklahomans to not think in a transformational manner or to see the “big picture.” Similar attitudinal concerns were identified in a lack of social tolerance, the failure to nurture creative and artistic individuals or communities and a tendency to devalue art, culture and music. Growing political polarization is another trend that can frustrate transformational movements. Expansive immigration is viewed by some as a threat, as can be the accompanying hostility to the trend.

The instability of globalization and the volatility of the energy markets and the roller coaster effect on our economy (i.e., "boom or bust") are significant economic threats. Also identified as threats are: unemployment and other accompanying social issues; the negative overall health of our populace and barriers to access to healthcare; threats to water quality and external demands for water; loss of rural population; and a disconnect of the public from public education.

Urban, Rural and Otherwise

Consistent with the national trend, Oklahoma is experiencing an increasingly pronounced urban-rural dichotomy, as population shifts from rural communities to the metropolitan areas. Many believe that Oklahoma's political divisions are more starkly drawn urban versus rural than Republican versus Democrat. This presents challenges when trying to establish an effective "transformational" policy because the strengths and weaknesses of the areas are so different and one size does not fit all.

Rural Needs and Challenges. The principal challenge of rural Oklahoma, as in the rest of the United States, is developing sustainable economies of highly educated or trained

workforces. Migration from rural to urban areas is driven by economic and employment factors, but quality of life factors are affected by these shifts as well. Consequently, transformational policies for these areas are predicated on infrastructure (human as well as physical) and connectivity.

In terms of human infrastructure, education and healthcare are the principal concerns. The delivery of state-of-the-art medicine in rural areas is a challenge in a rapidly evolving healthcare industry. The emphasis on physician specialization requires larger and larger pools of patients to support a market. Spiraling capital costs for modern equipment and devices make it even harder for rural communities to maintain competitive delivery of services. At a minimum this requires greater regionalization or hubs of healthcare in rural areas, and expanded telemedicine services should be developed.

Educating a rural population has its own challenges. Many rural school districts face declining enrollments and are forced to consider consolidations, while districts that do have increasing enrollments have special needs, such as recruiting teachers capable of communicating with an expanding Hispanic student body. Those areas with a chance of success must have ready access to higher education, given the trend for college graduates to leave rural homes to locate in urban areas. Additionally, funds which were designed to be straight forward funding are now being restricted, placing stress on rural school districts.

Another infrastructure issue is access to water. Uneven distribution of water resources, increased demands, new federal regulations on water quality, and drought cycles can lead to increased competition for water resources.

Connectivity in a wired sense is of vital importance to rural Oklahoma. The creation of policies which encourage and eliminate barriers to advanced broadband and high speed internet, for example, is a major priority.

But connectivity has other dimensions. Farmers must be connected with an ever-expanding global market. The state must provide farmers with market awareness and access. Better market opportunities can sustain the agriculture industry in rural Oklahoma.

Rural communities do provide benefits to urban areas. Rural areas can provide a beneficial lifestyle for city commuters. Rural areas also provide water resources and a consumer market that pays sales taxes in the urban areas. The assumption is that all communities will get money back except Oklahoma City and Tulsa. Many suburban and regional centers would experience a sales tax reduction in excess of any gain received from the largest urban areas, making it very difficult to meet the demands of infrastructure and services demanded of these regional trade centers.

Transformational policymaking at the state level requires a smart allocation of resources; this is a simple function of scarce resources and a vast rural territory to cover. An honest assessment must be undertaken to determine which communities have a chance of successful sustainability, so that state resources can support the

communities that are most viable. Solutions should be drawn with a regional perspective and not a county basis. The issue of resource allocation must be resolved through an understanding among all of Oklahomans, because a declining rural population weakens the overall interest of Oklahoma.

Urban Needs. Urban areas have a different set of issues. Education is a challenge in the inner cities as growth in student populations continues the forty year shift to the suburbs. This shift puts continued pressure on urban school districts. Low performing schools, crime and gang influence are problems of modern urban America, including Oklahoma's cities.

The costs of maintaining infrastructure improvements and the lack of adequate public transportation are urban challenges. Sprawl puts greater stress on delivering municipal services.

Maintaining a highly educated work force is a constant issue. To be competitive with the other major cities, Oklahoma's cities must provide a rich environment to attract workers for a knowledge-based economy. Oklahoma City and Tulsa have made strides to address these quality of life issues with the respective MAPS and Vision 2025 initiatives.

Suburban Needs. Challenges affecting suburban areas include uncontrollable growth leading to inability of infrastructure to support that growth. Communities tend to plan for growth and not for quality of life and an integrated assessment of all aspects of community life must be factored into policymaking. This lack of community is exhibited in the suburban "island effect," where residents need only be concerned with their small bubble.

Keeping up with suburban growth and providing a necessary level of quality services (i.e., water, sanitation, etc.) and competition between suburbs and urban centers over sales taxes are major issues.

Areas of Commonality. The Town Hall believes that greater efforts should be made to bridge the urban-rural divide. A campaign should be undertaken to reduce differences across Oklahoma and encourage collaboration and recognition of the needs of both urban and rural areas. Urban and rural areas share many problems that can be addressed in similar ways. Poverty, for example, is universal.

SOCIAL

Demographics and Immigration

The composition of Oklahoma's population is changing. As noted in the urban/rural discussion, the population has migrated from rural to urban and from west to east. The population is aging as well. This implies a greater requirement for assisted living facilities, occupations for seniors and resources for the larger number of retirees. The challenge for Oklahoma is to recognize these trends and manage – possibly even capitalize – on these changes in a transformational effort. Immigration is also having

profound demographic, social and economic effects. These demographic movements are vital to an understanding of Oklahoma's direction and potential.

Immigration. Illegal immigration is an important current political issue. Enforcement to address illegal immigration and defensive measures (e.g., border fences and barriers) are a Federal responsibility. Regardless, the fact of immigration – legal and illegal – is having a real impact on state decisions.

Although the debate over immigrants is largely over illegal immigration, America and Oklahoma requires the skills and talents of people from other countries. Although principally a Federal issue, reform of the immigration system is necessary. Any substantive approach to the immigration issues must take into account:

- Costs and benefits of immigrant labor, e.g., on social services,
- National security issues.

Public policy should include initiatives to encourage acceptance of legal immigrants into American society while promoting positive linguistic and civic integration.

Graying of Oklahoma. Oklahoma can work to nurture the idea of our state as a retirement destination. This is an opportunity to capitalize on some of our strengths, such as our quality of life and cost of living to attract retirees to our state. An influx of retirees can present long and short term benefits, such as attracting capital from other states and people in creative and professional classes that can enrich a community. Improved technology allows retirees to enjoy some of the cultural assets of urban areas while living in rural areas. Retirees in Oklahoma can have a high standard of living. Grand Lake is a model of a successful retirement community. An increased investment in the arts can also encourage retirees to move here.

Conversely, the state should avoid policies that discourage retirees from living here. It is recognized that Oklahoma's current tax structure provides disincentives for wealthy retirees in Oklahoma.

Many of our wealthy retirees move, at least part time, to establish residency in a state with a different tax structure. Elimination of the estate tax was a concept that encountered strong opinions pro and con at the Town Hall. A further exemption of income tax for retirees may be warranted. The State should consider more creative strategies or policies to reorganize the estate tax in conjunction with changes to other taxes such as the income tax, property tax, or gross production tax. Tax policies favorable to military retirees also have encouraged movement to Oklahoma. Tax Increment Finance districts (or TIFS) in urban areas also represent an opportunity for urban development by retirees who enjoy amenities of urban services. The state may consider tax policy reform where a gradual tax incentive for Oklahoma workers accrues until retirement and is then redeemed at retirement. Property tax relief might make sense for some states, but Oklahoma already has a lower property tax than most. Other tax incentives might be useful: estate tax, geographically targeted incentives,

and community service tax credits. Tax incentives for businesses developing planned communities geared to senior citizens might prove successful.

However, in developing any new tax structure, we cannot ignore our younger population or our middle population. For example, tripling property taxes will hurt those with lower incomes who also own capital assets. We must have balance. We must also keep in mind how our state's marketing as a retirement community affects our ability to attract younger residents. We need to focus on our quality of life. This will create a family structure that people will not want to leave, both the graying population as well as the young. If we build our community to provide quality of life, culture and diversity, we will not have to depend as heavily on tax breaks to attract and keep people.

There is a growing trend of university towns as retirement destinations for alumni and other retirees. These cities must address infrastructure needs for an increasing aging population.

The state should re-evaluate its attitude toward the elderly. The state could develop a partnership between the elderly and schools. Local schools can become community centers for local areas, and can build on current models of schools providing social services to community. Universities might also benefit from tuition policies to encourage retirees to become more active in accessing higher education classrooms. Internal roadblocks may prevent growth of schools as community liability and security concerns may surface.

Barriers to developing this resource include our state's nursing shortage and rising health care expenditures.

The attractiveness of being a retirement destination can have its limits, particularly if the cost of public services utilized by the retirees exceeds their contributions. The issue is not just providing support to the graying population but also bringing in new growth and stabilizing the current economy. If the current economy is stabilized, it is probable that the support for the aging population will be available.

Better public transportation systems are required or there is a risk of marginalizing this large and growing segment of the population; better public transportation allows people to stay connected. However, the costs of such a system present a large challenge, since Oklahoma may not have the density of population to support an expansive system.

Also, the full cost and burden on our public and private retirement systems must be acknowledged.

Oklahoma government and businesses have a large percentage of workers retiring in coming years. Businesses need to be creative in communicating to upcoming retirees about ways to continue some kind of service or to better allocate resources in transition of workforce. Improved health and nutrition can also address aging health concerns.

The jobs that are becoming available are not numerous enough to attract young employees. Oklahoma should provide incentives such as public/private partnerships for loan forgiveness to keep our young graduates and professionals, as well as attract those from other states and the world. Because job availability is diverse, increasing both college degrees and career tech opportunities need to be enhanced to meet the diverse needs of students.

Family Structure

The Town Hall considered the effects of family structure on education, prosperity and achievement. Family structure, whether traditional (mother, father, children) or nontraditional (extended, same sex, adopted) is an organizational unit fulfilling needs both within that structure as well as within the larger societal framework. Definitions of family structure are varied, can include several elements, and might change at different life periods. A family structure is generally referred to as a unit to which an individual belongs that provides structure, guidance, support and stability. A family structure commonly includes extended, multi-generational family members. A family structure also associates with group responsibility. One panel defined the family structure as a "household," an economic unit that models certain values -- positive or negative. It could also be considered as a commitment to continuous economic interdependence. Family structure is the primary institution through which values are transmitted from one generation to the next.

Some pointed out that the strongest family structure includes a mother and father in marriage provided the parents are functional and supportive. Research indicates children do best with a traditional nuclear family. It is possible to transcend a troubled family life, but family structure does influence the pursuit of excellence and prosperity. Raw ambition, for example, whether innate or otherwise, can be sufficient motivation for that transcendence.

Recognizing there are potential problems with trying to "legislate" family structure issues, a society can look at circumstances that jeopardize strong families including but not limited to drug and alcohol abuse, teen pregnancy, mental illness and poverty. Programs that address underlying problems and provide needed resources will ultimately cause an increase in the stability and quality of family life. Community organizations have an opportunity to play an important role in the improvement of the family structure.

When considering the definition of a family structure, related to educational success, other policy considerations include the educational level of family members or parents and the socioeconomic status of the family. It is also helpful to examine family structure based on the resources and characteristics of the community.

When examining the role of a family structure, we need to focus on the isolation of some members of the community where some members have no mentors or connections. Given the various family structures or types of support, we should not condemn those brought up under different structures.

Schools can tailor programs to provide services and support to students with special circumstances that help to erase life disruptions. School programs targeting teenage mothers or young people released from prison can offer important structure. Adult day care, single-mother educational programs, mentoring programs, parenting programs and faith-based alliances can also reduce isolation of an individual or family. Tangible steps include identifying all possible partners, better collaboration and more direct links to begin seeing what resources are available to improve services to our children.

Our state should recognize the important role and synergies of private and public agencies that work to improve the well-being of a community's families and to reduce isolation.

While the ideal may be having a child reared with both parents, this is not always possible. Structures must be in place to provide opportunities for early intervention. Oklahoma should invest more in programs such as Head Start, which gives a family the ability to improve the economic situation which improves overall family life. Such programs also give children an educational start. It is recognized that early support and not just subsidized support, for years 0-3 is absolutely vital. Innovative programs that have drawn attention are Tulsa EduCare and Smart Start Oklahoma, which are public-private partnerships that work to improve services for families with young children. More programs to help families achieve home ownership should be developed.

Education and Skills Training

Twenty-first century economies place a greater emphasis on knowledge workers than in the past. In the future, the economies that succeed will not be the ones that generate the best things, but the best ideas. The Town Hall generated a variety of proposals concerning education and skills training for workers in the global economy. These proposals are presented by theme (i.e., Curriculum/Programs, Finance, Outreach/Collaboration and Accountability):

Curriculum

- Better equip students for college through experiential learning and community mentoring programs
- Improve transportability between educational systems
- Increased emphasis on career tech and non-university programs
- Increased flexibility to explore educational techniques
- Use educational "clusters" to help students transition between educational systems tailored to meet individual needs
- Flexible school terms to allow students to learn at own pace
- For-profit schools that allow students to learn at own pace, and develop both student and teacher entrepreneurial talents

- Improve inter-relationships among subjects taught to allow more seamless transition between education and workforce
- Increase flexibility and creativity in designing curriculum
- Recognize and acknowledge cultural correlation of liberal arts training
- Develop a public model school of the future that would better integrate curriculum and include pods where students would study different subjects; involve more differentiated teachers
- Coordinate education curriculum with business and technology needs
- Encourage creative thinking and problem solving
- Emphasize multi-lingual curriculum
- Increase curriculum options through distance and internet learning
- Increase emphasis on creative methods of teaching other substantive subjects, i.e., film production to teach science
- Increase emphasis on an integrated curriculum which makes learning more relevant to the student
- Realign of learning expectations with skills necessary for survival in this economy
- "Authentic" teaching and learning techniques
- Increase emphasis on early childhood literacy
- Create an individual education plan (IEP) for every student
- Provide a coordinated plan to meet the students' full educational needs, and inform students of available educational opportunities offered by the state, as well as what is *required* by the State
- Increase emphasis on individualized curriculum, class size and programs
- To achieve a seamless educational system we need to improve levels of communication between all levels of educators and reduce replication issues such as remedial courses

Outreach/Collaboration

- Irish Model: regional focus with extensive business community involvement
- Increase cooperative collaboration between educational agencies and systems
- Increase parenting education as part of early childhood education and development to strengthen family structure and child rearing
- Continue the cooperation between colleges and career tech to maximize opportunities for all students whether exiting directly to the workplace, transitioning to post-secondary studies or desiring retraining due to changes in the work place.
- Open access to educational systems; encourage seamless movement from one educational entity to another
- Create statewide student-to-student mentoring partnerships among colleges and universities, career tech centers, high schools, middle schools and elementary schools to facilitate responsibility and smooth transitions.

Finance

- Leverage purchasing power to reduce administrative costs among schools
- State funding for higher education to students as opposed to institutions, based upon individual needs.
- Reduce or eliminate the economic and structural disparity between poor and more affluent school districts
- Teacher incentives and credits for advanced degrees
- Increase teachers' pay ABOVE the regional average
- Increase competition for students and funding sources
- Establish more aggressive programs providing nutritional meals at school to combat hunger for lower income students

Accountability

- Increase emphasis on continuing teacher education and teacher-in-training programs
- Evaluate and develop a different standard to measure students' success
- Increase students' accountability
- Revamping educational systems to ensure that appropriate levels of competency are achieved for each individual student

Health and Mental Health

Oklahomans are relatively unhealthy by many measures. Oklahomans have the highest cardiovascular death rates in the nation; the highest reported rates of severe mental illness; and Oklahoma ranks 44th in overall measured health status.

The responsibility for improving the health status in Oklahoma lies both with government and the individual. The government administers health care programs and can establish incentives for good health. The individual is ultimately responsible for personal behavior. Some noted that our lifestyle is often influenced by social factors such as an individual's schedule or job responsibilities. All these groups are responsible, and play a role in improving the health status of Oklahoma. It starts with the family in the home and needs to be reinforced through schools, serving nutritional lunches, and educating parents and children. There needs to be collaboration between schools and government to promote general health and welfare, by providing healthy activities, opportunities, and programs.

One suggestion is to develop and promote a pervasive culture of activity for all ages – not only are we more sedentary as adults as a result of technology, but children are as well. The modes of activity have changed.

Another idea focuses more on the individual responsibility of each person to take care of their health. Prevention of unhealthy behaviors and lifestyles could be promoted through a low cost program that would give consumer discounts and low premiums for

healthy lifestyle choices such as smoking cessation and obesity control. One aspect suggested would be to ensure that quality medical providers are involved. Incentives in the tax code could also be provided to those companies that provide educational programs regarding healthy lifestyle choices.

Another issue is the distribution of more healthy foods; often it is more difficult to deliver more wholesome foods to families in poverty. Oklahoma must change its fast food culture at its foundation, parents need to be more involved and willing to take the time to provide their children with a healthy diet. Children should be exposed to outdoor activities than they otherwise would have, such as hiking and trails.

Other proposals advanced at the Town Hall include:

- Expanding Oklahoma Health, a mentoring program that proactively addresses state employee health, to other employers.
- "MAPS" for Oklahoma's health: statewide initiative for the promotion of a healthier Oklahoma. Through the use of a dedicated funding source, such as a cigarette, alcohol or "sin" tax, programs can be initiated promoting a healthier Oklahoma through prevention, education, health care and other health based programs and research, and recreational facilities.
- Adoption of health conscious programs in every public school.
- Development of employer sponsored health programs modeled after the Cherokee Nation's program for its employees, which utilizes not only education and wellness programs but incentives to encourage and maintain healthier lifestyles.
- "Fit Kids" Coalition and non-profits working to improve nutritional content of food to children.
- Encourage community initiatives in the health care and feeding of low-income community.
- End hunger in Oklahoma.
- Develop a more effective and comprehensive sex education program.

It is well recognized that poverty, family structure, health, education and mental health are all interrelated. To fully address health issues, mental health treatment should be included in any analysis of health care. Mental health issues are prevalent in schools and are not being sufficiently addressed. Likewise, mental health issues are prevalent throughout the prison population. Increased emphasis on mental health must be encouraged. Increased funding for school counselors, funding guidance counselors through the Department of Mental Health and Substance Abuse Services or Department of Human Services, more community-based mental health care facilities throughout the state and increased access to federal funding for mental health programs were cited.

Finally, Oklahoma must identify the root cause and address the tremendous problem of the high number of uninsured. It is impossible to separate economics from health coverage, as lower-income states tend to have higher uninsured rates. Oklahoma must develop a health insurance system to meet the needs of a multi-cultural, 21st Century economy and society through a more accessible, portable and affordable health

insurance. This system could take advantage of such concepts as statewide public/private purchasing pools, insurance that rewards health care professionals, companies and individuals for healthier lifestyle decisions and vouchers for participants to encourage utilization of statewide community health centers, and chamber of commerce-sponsored small business health insurance networks and risk pools.

TECHNOLOGY

Research: Old and New Considerations

The Academy's 1998 Conference emphasized the importance of Oklahoma becoming competitive in the world technology economy. Specifically, that Conference recommended that Oklahoma leverage its existing centers of excellence in weather technology and develop a cluster of economic activity in that field. That recommendation has been realized. The Town Hall was tasked with envisioning other new fields for continual expansion of our economy so that it is congruous with the global technology economy.

As a general principle, Oklahoma should be open to all areas but focus on our traditional strengths and insist on quality and sustainability. The focus of this effort, however, should not be limited to what currently exists, but should be receptive to new ideas. While Oklahoma can not necessarily pick winners and losers, we can provide an atmosphere for creating an environment where our best technologies fit with industries that are likely to be the workhorse economies of the future.

The Town Hall identified three areas for concentration for state initiatives: aerospace, energy and biotechnology. However, the importance and synergy with other technological strengths in the state (e.g., nanotechnology, information security, etc.) was also recognized.

Energy.

In order for Oklahoma to regain prominence as a major force in the energy industry, the state needs to be on the cutting edge of new types of energy, such as renewable energies, i.e. wind, solar as well as alternative fuels. Oklahoma also needs to obtain the requisite knowledge base to identify and promote these new alternatives, recognizing all various options for growth in the energy industry. The state has great intellectual capacity and university programs such as petroleum engineering. It was suggested that the state form partnerships and sharing of resources and information in the energy industry through the creation of a consortium bringing together the various players in the energy industry. This collaboration must involve not only universities but corporations such as Devon and Chesapeake along with private capital and federal and state funding.

Renewables, energy efficient innovations, and alternative energies such as biofuels, wind power, fuel cells and nuclear, etc. will play a major role in Oklahoma's future as a leader in the evolving energy industry. Diversification of energy sources is

important in order to avoid or minimize the impact of energy shortages and dependency on foreign fuels. Therefore renewable sources of energy such as alternatives, renewables, energy efficient innovations and conservation should be emphasized as areas which could create significant economic value to the state in coming years.

Oklahoma is tenth in the nation in wind power energy and should continue research, development and investment in this valuable energy infrastructure. Further, while nuclear power has met with strong resistance in the state in the past, Oklahoma should reconsider investing in its energy independence through nuclear power. The fact that nuclear power utilizes newer and safer technologies, along with the avoidance of production of greenhouse gases, compels a renewed exploration of the feasibility of this energy source for our state.

Biotechnology.

The mapping of the human genome has made it possible to create countless new drugs and therapies never before imagined. Drawing on existing strengths in medical and agricultural biotechnology, Oklahoma can become a major force if we chose to sufficiently invest in such areas. We need to continue to expand the knowledge base putting forth the time and resources to guarantee the maintenance and expansion of such technologies. Oklahoma needs to further develop the necessary infrastructure, especially in rural areas, to better connect the state and to deliver any products the state develops.

Universities need more resources to improve how university research is commercialized, but Oklahoma must recognize limits of universities in commercializing its research. Collaborative ideas from the natural strengths of the comprehensive universities can come together to use resources from different areas.

In addition, a research consortium may facilitate private enterprise and product development in conjunction with university resources. Ultimately, the state must have a rich and vibrant venture capital community to stimulate the transfer of technology from university laboratories to the marketplace.

Oklahoma has established strengths and the opportunities to leverage comparative advantages in:

- Auto immune diseases
- Cardiovascular research
- Glycobiology and glycomics
- Infectious disease microbiology
- Plant genomics and transgenics
- Vision and ophthalmic neuroscience

Oklahoma needs to focus squarely on these niches maximizing opportunities. Oklahoma should capitalize on its universities to attract the top doctors and researchers in these identified fields.

Funding mechanisms such as the EDGE endowment should be fully funded to maximize research opportunities.

- Oklahoma could promote and obtain world class research in these narrowly defined areas with the strategic focus of our efforts and the dollars from research endowments such as EDGE. Funding the EDGE endowment at an accelerated pace, i.e. through surplus revenues, the selling of state assets and/or sales tax is imperative. Finally, unlike the energy industry where there exists a wealth of executives and technical teams to staff new enterprises, the talent pool for biotech resides on the east and west coasts.
- Thus, Oklahoma needs to develop programs to recruit managerial talent who can raise venture capital and move products into the marketplace. Universities can provide graduates and MBA students, but more senior experience is needed to make these companies successful.

ECONOMIC

The Town Hall examined how to cultivate the proper business climate, considering how to balance the economic stimulus of government spending with the need to keep taxes low.

The proper balance of tax-funded services to rates of taxation is found in the ability of government to pay for basic services and programs already implemented within the state. That balance is tested by the public's willingness to pay for public services not covered by current tax revenue. Another indicator of proper balance is the existence of reliable revenue streams utilized in the best and most efficient manner.

The Town Hall considered ways to generate sufficient revenues to provide necessary government services and produce fewer distortions. Various methods of taxation were identified; such as:

- modifying corporate income tax structure from the current three-prong factor approach to a single factor approach, based solely on sales within the state,
- single taxation rate tied to the federal tax rate,
- taxation rates based on demographics and populations, and
- consumption taxation as opposed to products/services taxation.

Variants on these methods included tax increment financing districts, review and possible reduction of state supported services depending upon needs and alternative revenue streams of the public entity (re: GRDA) and modified budget cycles. The municipal tax structure should also be considered because our state's ability to compete in the global market is tied to both the state's tax structure as well as that of our municipalities. Another aspect of the total tax structure would be a move to a bi-annual budget as opposed to an annual budget. This permits more time for review as well as more time for substantive legislation.

One concern is that the relationship of our state's tax structure to the provision of services by cities and counties. This structure can restrain cities and counties from adequately providing front line government services. Additionally, funding streams in the current structure are a concern because city and county operations are funded by a high sales tax while property taxes are kept low. Another source of funding should be considered.

Before any fundamental tax structure changes are made, a program should be developed in order to provide information to the general electorate statewide and allow them to truly understand the current system before voting on more changes.

Turning from taxation to spending, it is recognized that government can play a part in helping Oklahoma improve its economic condition. **Education, specifically higher education**, has an impact on economic development within the state. As seen in Ireland, progress can be made if society as a whole truly buys in to the education of its citizens.

One panel introduced the following ideas as a way of maximizing the economic impact of higher education and post-secondary education:

- Combine portable higher education and career tech vouchers with open access to all high school graduates to a state advanced education institution. This would increase the number of Oklahoma students who obtain advanced degrees, credentials or certifications.
- Changes can also be made to existing programs to increase the number of college graduates. For example, increasing OTAG funding will allow lower income students to cover most of the costs associated with attending college.
- Provide funds for a student's educational opportunities to obtain credential/post secondary associate degrees through a career tech and/or higher education.
- A pool could also be created to make loans to qualified Oklahomans which could later be forgiven if the student graduates within certain time and meets certain academic standards. Upon graduation these achievers would not face the financial constraints of student loans, thereby enhancing their ability to take risks to pursue the entrepreneurial spirit needed for success in a knowledge and creativity base world.

Another panel suggested that waste and consumption taxation as well as products and services taxation (trash, solid waste, junk foods, soft drinks, large vehicles).

Another panel suggested that the state implement certain tax policies to encourage a talented work force to live in Oklahoma. One idea was to exempt from state income tax those college graduates under age 30. The panel also suggested tax credits or tax exemptions for other residents less than 35 in selected careers such as science, technology or nursing.

Another panel suggested that the state implement certain tax policies to encourage a talented work force to live in Oklahoma. The role of government in economic development is not limited to education. Infrastructure improvements, for example, play a significant role. To improve the business climate, the state needs to provide a robust infrastructure and create incentives to attract businesses. Introducing an improvement such as statewide wi-fi is a conceivably appropriate role for government. Social policies can affect the quality of life within a state and either provide incentives or disincentives to attract workers to the state.

Engaging the private sector into public policy debates and decision-making in matters of taxation and spending is essential. The interplay of tax sources and spending must be adequately explained to the people to allow an informed decision about what changes should be made. Ways to engage the public include: a statewide summit, a series of town halls, or even a computer game on our new statewide internet system. The goal is educating the public. It is recognized that funds are necessary to create this program.

Although the state government, specifically the legislature, certainly would play a part in any program to stimulate the economy through either revenue or taxation, there was no consensus regarding the level of involvement. Some feel that any such program should not be political while others feel that citizens should force the legislature to take a leadership role in this process.

Vision, strong leadership, and programs that capture the public's attention, like the MAPS program, encourage private sector participation in policy debates. The coupling of quality of life themes with economic development has been very successful in Oklahoma, such as Oklahoma City MAPS and Tulsa Vision 2025. We need to incentivize private developers to create quality-of-life developments in urban areas. Some advocated policies encouraging denser population of young talented residents and retirees.

Any consideration of economic expansion should not ignore the need to provide meaningful employment to all citizens and to provide necessary safety nets. As one author stated in the Town Hall materials, "a great state takes care of its weakest members first and foremost." The working poor population in Oklahoma is growing and it is not being addressed or served appropriately. The housing market also plays a role in this.

Meaningful employment means at a minimum, being able to pay bills. We should raise minimum wages but also look at providing services such as health care for the working poor. Minimum wage is not a living wage. Services would include health care, transportation, among others. One proposal was that the earned income tax credit can help to raise income base for the working poor and should be raised from \$90 to \$109. Another option is to raise the income eligibility cap for state assistance to aid the working poor.

Worker training is an important social service and we must upgrade the skills of current Oklahoma workers to meet the elements of an ever-changing job market. An Oklahoma career readiness certificate process builds skills in areas that employees are lacking through career tech and other means. Revision of secondary education and career tech curriculum would be another means to close the gap between the skills in the workforce and those needed by employers. This will display to potential new businesses coming to this state we have the proper skilled work force to meet their needs.

ENVIRONMENT

To achieve prosperity, the state must also be balanced. This means making hard tradeoffs and balanced judgments that take everyone's interests into account, including those of our children and grandchildren. We must draw from all walks of life – environmental and business leaders, social activists, researchers and scientists, government officials and citizens of all ages and cultures.

As we enter Oklahoma's second century we must take inventory of our natural resources and develop a comprehensive plan to provide sustainable growth in our economy while at the same time protecting the environment. We must understand that there is a great responsibility to maintain and conserve our natural resources.

The following decisions could better balance our use of natural resources:

- Innovative land use planning, balancing the need to maintain our farm land with the benefits of the increasing urbanization, in a process ensuring representation from different sectors (urban, rural, suburban) to guarantee widespread comprehension and cooperation. The Water Resources Board/Conservation Commission and other groups that understand the issues should help steward this process.
- With respect to water conservation, we need to more closely look at where water supply will come from for heavily water dependent facilities, especially in the Panhandle where water is being used faster than it can be replenished. The state needs a 100 year water plan including gray water systems in cities and at universities. Public education on laws and options needs to be bolstered. The water plan should address fragmentation of water authorities, overlapping agency jurisdictions, surface and ground water regulation, and tribal sovereignty issues. Promotion of research on improved management of lagoons, of fertilizers used and their effects on water quality. Expansion of the REAP program is needed.
- Our state should include an environmental sustainability vision. Some noted that several parties should be included in drafting any vision, including local, state and federal agencies, non-profit, private business and tribes. Others noted territorial concerns and individual interests of these stakeholders, and suggested that a non-partisan, independent group draft a vision publication and then solicit comments from interest groups. Another idea would gather the individual stakeholders and charge the stakeholders with choosing independent group to draft a sustainability plan. Such an approach may make parties more likely to adopt the plan. Regardless of how a plan is devised, several parties should be involved at some point, including but not limited to:

Fish and Wildlife Service; EPA; State Water Resources Board; State Department of Environmental Quality; Oklahoma Sustainability Network; selected industry groups (Oklahoma Farm Bureau, Oklahoma Farmers Union, Chambers of Commerce, land owners, tribes, local governments, and surrounding states [advisory only]).

- A part of any integrated sustainability plan must take into account all natural resources, such as energy, soil, air, carbon production, solid waste disposal and water in all areas of the state. Additionally, the economic value of unused resources, such as topsoil and forest areas, must also be taken into consideration.
- A sustainability vision should also include standards by 2015 where 10% of our energy is from renewable resources. The supply of energy could be tailored to the specific area of the state. It is recognized that this would be difficult for businesses to accommodate.

In 50 years, we envision an Oklahoma in which we have:

- Stable aquifers, usable and swim-able rivers and lakes
- Reclamation rules and regulations are changed to permit wider use of water from waste water plants
- The number of native plants and animals are stable or increasing as a result of conservation practices on land.

Natural Resources

We must strike a balance between economic growth and the protection of our natural resources, through balanced regulations that manage growth and protect natural resources and promote conservation. This necessarily requires coordination between public and private sectors to develop strategic plans and educate Oklahomans about our natural resources. Other protections could include tourism, i.e. natural attractions and parks, land use and conservation easements, conservation programs and appropriate and balanced zoning regulations. Urban and suburban sprawl presents unique challenges with respect to infrastructure as society moves towards new developments into "Greenfield" areas. Statewide land use regulation may not control the trends in this direction. Instead we need to create policies and incentives to encourage use practices and restoration redevelopment of "brown field" areas. Such programs include conservation easements, tax breaks and other restoration incentives to builders and developers. Likewise restoration ecology practices through funding to rebuild ecosystems and urban blight may play a major role in preserving and protecting lands that are ripe for future development. Local and state laws should be streamlined to make redevelopment of condemned and deteriorating sites attractive to private industry. Other challenges resulting from urban sprawl include reduction of farmlands with resulting environmental repercussions and economic repercussions, air quality concerns.

Infrastructure

In order to establish the elements of infrastructure critical for a successful 21st century, we need a complete assessment of infrastructures within the state to ensure that future

needs are met. Any assessment must include a timeline for restoration, repair or replacement as well as identifying funding sources, especially for public infrastructures. While we may see a shift towards restoration and reclamation in some areas, there are other areas, especially transportation, in which new systems are needed.

In looking at infrastructure, it is critical that we look not only at the current landscape of Oklahoma but also at the future landscape, especially in terms of population trends within the state.

Any analysis of infrastructure should look at alternate funding sources and have procedures in place to objectively determine when new structures are needed or when new alternatives for current systems should be explored.

Any infrastructure planning needs to take into account future demands of existing infrastructure and emerging infrastructure needs for years ahead with future industries. Planning should provide for increased capacity. Future infrastructure issues most critical to the state include improved connectivity across the state, improved airport facilities, and infrastructure that will enable new industry to develop. The state also needs to develop more transmission lines in rural areas and to improve connections with the national power grid. Others noted that infrastructure needs include roads, bridges, school buildings, and possible light rail and high speed rail systems.

Infrastructure discussions must also consider quality-of-life issues and development of a "knowledge infrastructure" that reflects history and diversity of state. Density in urban areas will increase revenues and provide improvements to quality of life.

The state should also examine the rail system and possible increases in rail travel to offset trucks on the road.

Critical infrastructure – roads and bridges – has historically been supported by gasoline tax. However, gasoline tax collections have fallen short to adequately maintain and improve our roads and bridges. One proposal is a statewide bond issue supported by multiple sources such as gasoline tax revenues, and partnerships with Indian tribes.

One panel identified a statewide water policy as one of the most critical elements for a successful 21st Century economy. The focus of this statewide plan should include all aspects of water use and conservation, including the priority of keeping water within the state. Other elements for consideration should include waste delivery to water treatment plants in urban communities, water rights, regulatory treatments and tribal sovereignty.

Another panel discussed the following transformational ideas for infrastructure:

- Universal broadband access (Internet access in rural areas)
- High-speed rail
- Research parks where infrastructure is present to develop new industry

- Develop a method (such as a pipeline) to transfer problem nutrients from Eastern Oklahoma to Western Oklahoma.
- Development of regional air taxis to expand direct routes from Oklahoma airports.

Another panel discussed a high speed rail from Dallas to Oklahoma City to Tulsa to Kansas City, with light rails in Oklahoma City and Tulsa areas, connecting both cities with the one international airport for both Oklahoma City and Tulsa to become a hub/gain access to nonstop flights.

Another panel suggested reexamination of the underlying issues with prison and incarceration including the problems that ultimately lead to incarceration and how to prevent them. Possible solutions to overcrowding in prisons include career tech training programs, drug programs, mental health programs and GED programs would be available, in accordance with the law, to all inmates being release from prison. Pre-evaluation of inmates in these areas is also a necessity.

Agribusiness

Agriculture remains a key component of the Oklahoma economy, but it faces many challenges (e.g., drought, increased input costs, environmental challenges, reduced profitability, etc.). The Town Hall considered ways to ensure a sustainable climate for Oklahoma agriculture in the future.

Private land owners can be assisted in this area through various programs, including the state's aggressive promotion of agri-tourism (wineries, dude ranches, wildlife), creation of networks such as food cooperatives, food to school programs through private foundations, utilization of locally grown produce and "Made in Oklahoma" products and encouragement of private land owners to supplement income and land utilization.

The Town Hall also discussed the ethical, legal and social issues related to genetically modified plants and foods. Research needs to precede introduction of genetically modified plants into new environments. Universities could also play a role in public education regarding the benefits and challenges of genetic modification. In light of recent organic trends, there is an opportunity for Oklahoma to produce and export organic foods. Labeling accurately has ever increasing importance.

Research institutions and private foundations should spearhead the effort to determine the effect of these genetically modified foods on Oklahoma and our environment. These institutions can also help with public relations, informing the public of the benefits and the real facts about their products.

The implementation of the National Animal ID System will allow forty-eight hour trace-back capabilities of an animal event occurring reducing the cost to government, industry and consumers.

Appendix of Town Hall Report

The Academy will propose to the Oklahoma State Legislature and regents of higher education the formation of a comprehensive study entitled: Oklahoma 100: Picture of Our Past, Vision of Our Future.

The study should be a comprehensive analytical review of Oklahoma 1907-2007 including topics of health, demographics, economics, education, natural resources and government. Initiate January, 2007 to be submitted to the Governor, Speaker and Pro Tempore May, 2009. It will also include possible future scenarios based on data gathered and trends identified. University research (faculty, undergrad, graduate students) will be responsible for implementation.

To promote graduation of Oklahoma residents for state colleges and universities, the State could establish a fund earmarked for student loans to admissible students from lower and middle income households (defined as less than \$100,000 annual household income).

These full tuition and fee loans (both principle and interest) shall be forgiven upon graduation, provided the student graduates within five years of initial enrollment and achieves strong academic performance (e.g. 3.25 cumulative GPA).

In addition to providing financial assistance and promoting graduation of our top students, these achievers would not face financially onerous student loans, thereby boosting their risk-taking ability and furthering their entrepreneurial spirit needed for success in a knowledge-and-creativity-based world.

Successful students completing the undergrad loan-forgiveness program may elect to re-apply to the program for follow-on graduate degree assistance, provided they meet appropriate grade and degree completion requirements.

Minority Report on High Speed Rail

This Minority Report addresses the comments on high speed rail and Oklahoma becoming a hub for nonstop flights. One of the suggestions is that light rail should be tied to choosing one airport in the state and thereby increasing critical mass and becoming a hub for nonstop flights to the coasts. The idea to have one airport either between Oklahoma City and Tulsa or in one of the cities, would kill an otherwise good idea.

American Airlines, for example, does interestingly provide nonstop service to one of the coasts whenever anyone else thinks of starting new air service, such as the now defunct Great Plains Airlines. This nonstop service lasts until the upstart airline is driven out of business.

Therefore the proposal for high speed rail should be changed to read as follows: “Another panel discussed a high speed rail from Dallas to Oklahoma City to Tulsa or at least Oklahoma City to Tulsa, connecting the two major Oklahoma cities.” (Second full paragraph on page 23). Rail service and airline service are two entirely different regulatory beasts and this proposal needs both cities working together in order to get high speed passenger rail service in the state.

TRANSFORMATION IDEAS FOR OKLAHOMA FROM 2006 TOWN HALL

- Recognizing the importance of building upon research and innovation, it is recommended that an **Institute for the Development of Energy and Agriculture (IDEA) be created.** The institute will develop human resources and ideas; support invention, product development, manufacturing, headquartering of companies, marketing, commercialization, funding, and facilitating tax incentives for traditional energies and new methodologies.
- As we become more and more a global community and workplace, our systems of education must provide a relevant and flexible methodology that meets the needs of ALL students at all levels. We must begin now to develop an overarching plan to **completely restructure the common education, career technology education and higher education systems.**

As the specific steps for the restructuring are being considered, a prototype for the **School (pre-K – 12+) of the Future** should be developed. The creation of this school would serve as a model for other schools. It would include such aspects as a differentiated staff; clover-leaf, three-pod curriculum (arts, sciences and humanities); and a multi-grading looping strategy.

- **Development of Statewide Broadband Universal Connectivity**
Broadband and universal connectivity availability for the entire state is critically important. As new technologies emerge and their reliability is confirmed, they must replace the old technology. The connectivity can be provided by commercial companies, or where cost or distance precludes commercial broadband, the state will subsidize commercial broadband or establish a quasi-public corporation to provide satellite broadband service.

To assist Oklahoma communities in preparing for enhanced economic development opportunities, a \$1 billion bond issue entitled the **Statewide Infrastructure Bond Issue**, will be proposed for approval by the State.

- **Reconstruction of Government**
Conducted in the manner of the 2005 – 2006 Base Realignment and Closure process, this idea will transform Oklahoma in the areas of taxation, investment, governance, education/employment and reconstruction (**TIGER**). The reconstruction process would focus on broad considerations regarding taxation, investment in infrastructure and innovation, governance at the local, county and state levels, and human capital in the areas of education and employment.
- **Technology Fund**
Building upon the current EDGE program, Oklahoma must ensure that technology is a priority. Prioritizing our most critical needs, focus must be placed on private sector investment and federal matching opportunities. The fund would (1) make research funds available to tech firms; (2) create research chairs to a 2 to 1 match to private donations; (3) increase the opportunity fund.
- To aggressively attack the causes of poor health in Oklahoma, we must re-energize the **Strong & Healthy Oklahoma Initiative**. This effort should be sponsored by a multi-agency effort called “Strong and Healthy Oklahoma.” This initiative exists, but it must be energized. In addition to the efforts to improve the health of Oklahomans, we must **create a statewide purchasing pool of**

health insurance by having insurance companies in Oklahoma offer a basic plan of coverage in order to do business here.