



January 28, 2002

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TO: Progress Board Members

FROM: Jeff Tryens
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SUBJECT: Oregon Progress Board November 20, 2001 Meeting Minutes

JOHN A. KITZHABER M.D.
Governor
Chair

BRETT WILCOX
Vice Chair

LINDSAY BERRYMAN

NEIL BRYANT

BOBBIE DORE FOSTER

DAVE FROHNMAYER

STEVE HARPER

MICHAEL JORDAN

DIANE SNYDER

ED WHITE LAW

MICHAEL GREENFIELD
Ex Officio

HEATHER KAPLINGER
Student Ex Officio

JEFFREY TRYENS
Executive Director

Governor Kitzhaber called the meeting to order at 12:30 p.m. Other members present were Lindsay Berryman, Ron Daniels, Bobbie Dore Foster, Michael J. Jordan, Brett Wilcox, Mike Greenfield and Heather Kaplinger. Neil Bryant joined by phone.

1. Governor's comments

Governor Kitzhaber reiterated that the challenge of the Progress Board is to be relevant to the legislature in applying benchmarks to the budgeting process. The move to Department of Administrative Services (DAS) will help that, and will help to institutionalize the Progress Board. He also stressed that the new DAS arrangement does not lower his commitment to the independence of the Board.

The Governor expressed gratitude to Ron Daniels for nine years of service on the Progress Board, giving Ron a plaque and a small gift. He reflected that Ron's extensive experience and knowledge has added significant credibility to the Board's work during his tenure of service.

Finally, Governor Kitzhaber noted that the Children's Plan highlights the importance of risk factors in school performance and, as a result, a lot of energy is being directed into this area. He expressed a desire to discuss whether the ready-to-learn benchmark adequately addresses this.

2. September Minutes

The Board approved the minutes.

3. Assessing Progress Toward Achieving Oregon's Workforce Goal

Jeff introduced this agenda item and presenters by stressing that Oregon's workforce is a marquee issue in *Oregon Shines*. In order to evaluate progress, he and Willamette University Professor Tom Hibbard began talking with workforce partners about how the strategy is working. This raised the question, "What does a 'good' workforce mean – more college graduates, or most appropriately trained workers for projected jobs?" What does the Progress Board mean by this? What is the standard against which to judge success? Jeff introduced two speakers to present their perspectives on these issues: Annette Talbot, Governor's workforce policy coordinator and Duncan Wyse, President, Oregon Business Council and former executive director of the Oregon Progress Board.

Annette Talbot, Governor's Workforce Policy Coordinator:

Annette welcomed the Board's discussion. She noted the importance of having benchmarks that are measurable and attainable, and argued that making them strategic would better direct the state's scarce resources. The state plays a large role in getting jobs, 47 percent of which require only short or moderate on-the-job training. She agrees that quality K-12 education is critical, but said Oregon doesn't have enough resources to give everyone a college degree. Annette said Oregon needs to be more strategic about adult-level workforce education. (Written testimony is enclosed at the end of this document.)

Duncan Wyse, Oregon Business Council President:

In the late 80s, every industry sector put workforce at the top of their list. He said investigators found Oregon had almost no data on workforce. That was part of the impetus for the benchmark measurement system. He said components of workforce include 1) basic academic skills, 2) work ethic and 3) technical and professional skills and degrees. Our ability to assess K-12 exceeds that for higher education. Measuring the "percent with degrees" does not necessarily capture skills in reading and math. Measures for literacy and continuing education also need improvement. Ten years from now, knowledge will be critical. Some of this relates to technical programs, but that does not represent total workforce quality. Oregon needs a workforce training market that can quickly respond to changing conditions and it needs bedrock academics, then work-related skills. The economy will gravitate to the skill level of the workforce.

Jeff clarified that the project being proposed is not about assessing the state's workforce program. The issue for the board is what standard should workforce changes be judged against: the 'field of dreams' strategy – a highly educated workforce that will attract jobs that use those skills or an appropriately trained workforce that meets projected employment needs?

Discussion followed:

The Governor agreed with Duncan, citing the fact that people change jobs three to four times. How do you continually train for that? Higher education teaches people to think and take advantage of opportunities. The high tech industry is here because of advantages like tax incentives and direct flights to Asia. Creating good players is key in keeping that. The Governor also stated a personal opinion about the health care industry: it is the fastest growing sector in the economy, but the value added is not compensatory. Lindsay restated the issue, does the health care system exist to employ people, or keep them healthy?

Duncan pointed out that the key is making higher education responsive to changing needs, and alternative funding models allow for choices. For example, many companies pay for higher education services. Intel spends \$50 million annually on higher education and other systems.

Annette asked about measurement of lifelong adult learning. What is Oregon getting for its \$2-3 million in workforce grants? Jeff responded that Oregon has been largely unsuccessful in measuring this.

Michael Jordan raised the question of the relationship between workforce and economic health of a community. We can train for jobs, but what if jobs are not there? It is critical to discuss which skill sets are most economically viable. This becomes a policy issue. Who gets to make policy?

Tom Hibbard noted that absence of a vision neglects the long pipeline between birth and work. He said that although Annette's issues cannot be ignored, the benchmarks are designed to look out into the future. The assessment ought to look at these broader issues, he said.

Duncan noted that literacy is a good measure, and that Oregon out-performs the nation. Bobbie then expressed concern that this does not reflect the 50 percent failure rate of African-American youth and asked if we need a separate benchmark for that. Jeff explained that is why the Board does race and ethnicity reports, which will be completed when the Census Bureau releases new race and ethnicity data.

In general, the Board expressed a preference in pursuing the 'field of dreams' strategy versus that of an appropriately trained workforce meeting projected employment needs. This assumes that a highly educated workforce will attract higher-level, better-paying jobs. It also means that the Board's standards for judging workforce changes would focus as much or more on a highly educated workforce as on basic work force skills.

4. Review of Recommendations of the Health Outcomes Study

Dr. Howard Leichter reviewed the recommendations that he and Jeff developed for the Milbank Memorial Fund funded study on health outcomes in Oregon. They conclude that the benchmarks accumulated episodically, without cohesion, and recommend that the benchmarks be organized thematically. Whatever the theme, it needs to be coherent, and one that directs which benchmarks are tracked. Possible themes are:

- Profile of health status. The approach selects benchmarks that span a lifetime – infancy, old age, etc., so that you have a quick way of looking at the health of Oregonians.
- Critical health problems. This approach can help motivate people to improve their health. Unlike current benchmarks that highlight areas where no further significant progress can be expected (e.g., infant mortality), new benchmarks could represent possible improvements. Americans are 100 times more likely to die of heart disease than AIDS, and Oregon is 8th highest in the nation for this. But Oregon doesn't have a benchmark for heart disease.
- Predictors or determinants of other benchmarks. For example, which health goals are connected to the environment, workforce or education? This spotlights which benchmarks can help to achieve other goals and benchmarks.
- Benchmarks that express a particular philosophy. That might be what Oregonians believe to be the most important thing about health, or it could be a philosophy of health promotion and prevention. This might lead to a benchmark on the reduction of obesity, for example.

Dr. Leichter also stressed the importance of community ownership of the benchmarks. He suggested following the Department of Transportation's method of encouraging organizations and communities to "adopt a benchmark" for enhanced private participation.

The Governor questioned the necessity of doing further study before debating which of the proposed approaches should be used. He said he is eager to debate these policy issues and get on with the work to be done.

Discussion followed:

Jeff explained that this presentation was in preparation for the biennial benchmark update process, which generally looks at benchmarks one by one. However, with the *Oregon Shines* updates and the *Oregon State of the Environment Report 2000*, the Board steps back to get the bigger picture.

Brett Wilcox noted that the Board should move quickly to take advantage of the Governor's expertise in this area.

Jeff suggested that the Board could choose to take on health outcomes in the next benchmark update. That would allow time for hearings and focus groups. He also noted that another group of benchmarks needing similar work is community development.

Lindsay Berryman thanked Howard for helping the Board focus on issues that matter. Michael Jordan agreed that Howard was right, and that the Board should be evolving to a thematic approach.

Board members were generally in agreement that this work should be carried forward. Howard agreed to write-up his comments for circulation to the Board.

5. Benchmark Updates

Jeff referred members to a handout describing possible benchmark updates. Changes will be in two categories. 1) New benchmarks that are not replacing old ones, and which will, therefore, affect the numbering system. There are seven candidates. The Board will tackle these first so numbering changes can be made in time for the 2003-05 budget instructions. 2) Revisions to existing benchmarks, of which there are many more. Jeff asked that the Board to plan to stay till 4:00 p.m. at the next meeting. Neil Bryant suggested a strong gavel - three to five minutes each.

Mike Greenfield pointed out that September 11 will intersect with the emergency preparedness benchmark and how it is discussed. He suggested staff contact Beverlee Vernell at the Oregon State Police regarding changes.

6. Progress Board 2001-03 Work Plan and Performance Measures

Jeff presented the performance measures that staff had developed to accompany the work plan for the biennium. Jeff pointed out that the work plan is more project oriented this biennium and each project has an associated performance measure.

Bobbie asked about the parity issue on the race and ethnicity performance measure (third performance measure under Objective 1.1). Jeff explained that parity relates to whether legislative representatives reflect the degree of race and ethnicity as the general population.

Mike Greenfield moved to approve the performance measures. Ron Daniels seconded and the Board approved.

7. Executive Director's Report

Jeff discussed the Association of Oregon Counties presentation, in which he presented awards to most improved counties in four benchmark categories. This went very well except for economy awards, where data was old and did not reflect current reality. Harney County got this award, but they feel like their economy is in the pits. On the other hand, the Malheur county judge asked Jeff to redo the awards in that county so local residents would feel the positive impact. Jeff said this speaks to the value of the carrot approach.

The first meeting of the statewide Performance Measures Advisory Group went well. Staff needs to get the Performance Measure Guidelines done by the end of January, in time for budget instructions. Mike Greenfield commented that Budget and Management Administrator Theresa McHugh was fine with the process so far, and that the group had good members.

Jeff reported that he is reviewing a proposal from the University of Oregon to do a student-driven project on a sustainability index. He said he would distribute something to the Board before the next meeting. Jeff expressed hope that there would be time to build a GIS component into this work.

Jeff and Rita briefly reviewed the strategic planning and performance measure project with the Department of Land Conservation and Development. That project is on schedule, but has taken up a significant portion of Rita's time.

Jeff briefed the Board on two possible economic assessments that might affect the Oregon Shines III update – one by the Oregon Business Council and one by an off-shoot of the New Economy Coalition. Jeff also asked the Board to think about what an appropriate time for engagement with gubernatorial candidates would be. He pointed out that Board members as well as staff will have to be part of that exercise.

Jeff closed by personally thanking Ron Daniels for his participation on the Board.

Meeting adjourned at 3:00 p.m.

Workforce Objective: Making it More Strategic!

Remarks to the Oregon Progress Board

Annette Talbott, Governor's Workforce Policy Coordinator

November 20, 2001

Thank you for the opportunity to address the board today. I welcome the Progress Board's discussion about the state's workforce objective and benchmarks as the quality of our workforce is critical to the success of Oregon's economy. The Workforce Policy Cabinet and the Oregon Workforce Investment Board, which is the private sector driven board that advises the Governor on workforce issues, have both expressed significant interest in this effort as well. We believe it is critical to design a workforce objective or benchmark that is strategic and aggressive but attainable and measurable. Then the state can best direct scarce resources to the areas that will directly improve the state's ability to compete in the global economy. Identifying what resources are available and who is accountable for supporting whatever is used will also be critical to making it attainable.

The Progress Board's current workforce objective is to have Oregon's workforce "*... be the best educated and trained in America by the year 2000, and equal to any in the world by 2010.*" This objective was to be measured by at least three indicators including: (1) Eighth grade reading/math skills; (2) Oregonians with bachelor's degrees; and (3) Adults with intermediate literacy skills. Reviewing how the state has done over the past decade using these measures would be valuable and given the available resources would be instructive. Even more important however is the development of a more strategic one for the future decade.

Making It Aggressive

At a minimum, the state's benchmark should be linked to having the skilled workforce Oregon's businesses need to be competitive in the global economy. It is understood that training and education play an important role in helping get high wage jobs. Fortunately, high wage jobs are expected to become more prevalent under current occupational projections for 2000-2010. Notably, a larger percentage of these new high wage jobs in the 2000-2010 period will require a post-secondary or higher education degree. One out of 4 jobs or 25% of all jobs for this period will require a Bachelor's degree or higher to meet minimum educational requirements for the position.

In contrast, short and moderate term on the job training will account for 47 percent of the jobs in the same period.

To develop a more challenging benchmark, the state could strategically examine which other industries to attract that can help support and diversify the state's economy. As part of this effort, it is necessary to design a plan to attract and train the workers necessary to meet the demands of these new industries. This will require a closer tie between economic development and the workforce system. Moreover, this plan must have a realistic financial component to make it attainable.

Having It Attainable

Any objective needs to take into account the resources, both public and private, available to implement it. A workforce objective, perhaps more than others, is particularly dependent upon the status of the national and state economy. In looking back at the history of Oregon's benchmarking process, it appears that these early objectives were more aligned with a vision statement. More recently, the Progress Board has established objectives or benchmarks that are more attainable.

There is no doubt that the new economy requires us to invest in human capital and education and life long learning to assure our workforce has the skills to meet its challenges. However, as we enter the first decade in a new century, projections indicate there will be significantly slower growth in the population and the workforce. Unfortunately, the future isn't what it used to be. The state should expect 12 percent employment growth between 2000-2010. This compares to 29 percent growth rate in the past 10 years.

In the last 12 months, the state has lost almost 30,000 jobs and seen the number of unemployed rise 45 percent. Oregon currently has one of the highest unemployment rates and lowest job growth rates in the country.

Moreover, the current economic condition will adversely affect the state's economy and available public resources through the current and upcoming biennium as Oregon's rate of growth in both personal and corporate income taxes slows. What some call a structural budget problem will likely impact the second biennium of this decade as well.

What is realistic also requires recognizing the types of funding streams that support the workforce programs. First, it is essential to note the private sector contribution to workforce and training. Research suggests that private sector employers contribute the most to current worker training; this is often said to be on a 10 to 1 basis, private to public resources. This fact is key as public-private-partnerships must then be an integral part of the benchmark and factored into how the benchmark is measured. This will hopefully mean that the investment of the public resources is not

the only focus of the objective or the benchmarks. It will also lead to asking the important question on who is accountable for meeting whatever objective or benchmark the state adopts.

Second, many workforce programs are federally funded. These federal funding streams are either directed toward serving specific populations or have specific performance measures that necessitate the funds being spent in a particular fashion to meet these measures. These focus on placement, retention and wage gain and are objective and capable of being measured. The state workforce board is also developing performance measures on workforce readiness, basic skills proficiency, and completion of degrees/certificates and occupational training. The state measures are for all workforce programs regardless of the funding stream as they are designed to take a system approach to performance.

Finally, General Funds support some workforce programs and much of the education system, which is critical to the success of the workforce system. This includes K-12, community colleges and the university system. Yet, these General Funds will be increasingly scarce in the first half of this decade given the slow to moderate economic growth. Using these resources wisely is key. We need to develop desired outcomes but we also need to have a framework for analyzing funding decisions using outcomes based on resources received. This is one reason why the Quality Education Model (QEM) was developed. The QEM provides this framework and sets outcomes and may offer a good approach for determining how to develop a challenging workforce objective for a quality workforce system with outcomes based on available resources.

Meeting The Challenges

These economic and funding challenges underscore the need to design a workforce benchmark that is strategic and helps us direct scarce public resources to the areas that can most directly improve the state's economy.

The Oregon Workforce Investment Board's Strategic Plan has developed a vision statement, which reads:

*Oregon will have a world-class workforce --
well-educated, skilled and working--
to keep Oregon's economy competitive in the global marketplace.*

The statement references what is best for Oregon's economy to be competitive. It is not a comparison of Oregon's system with other systems but is based on workers being skilled and capable of supporting the state's economy. The workforce board has decided to be more focused and more strategic about the dedication of its resources and concentrate on the areas that most need assistance in the next decade. This is one reason why the board is undertaking a Health Care Sector Employment Initiative, an intensive project designed to alleviate skills and staffing shortages in the health care sector, which is faced with high growth in jobs, high turnover and an aging workforce. Its success will be measured over time by the increases in the supply of these workers and the reduction in turnover by addressing staff retention issues. It is also the other reason why the Governor, upon advice from the state workforce board, has leveraged some of the WIA funds to offer competitive skills development grants matched by funds from private employers who need to upgrade the skills of their current workforce. A national professional training and development organization is partnering with the state to develop an objective evaluation tool to measure the actual increase in skills resulting from training. This will enable the state to determine the return on its investment and have the option to direct the funds as necessary to certain sectors as the needs arise.

Conclusion

We look forward to developing a new workforce objective or benchmark with the Progress Board, one that is challenging yet attainable. If the economy is sound then it can provide sustainable and sufficient resources for Oregon to continue to improve its workforce and education system and offer life long learning opportunities that will maintain the state's competitiveness.