

Key Objectives:

- Identify State funding toward workforce programs.
- Assess future critical jobs, related qualifications, and how the State uses job projections to address workforce needs.
- Examine the role of education in aligning and preparing graduates to meet workforce needs.
- Identify strategies for the State to improve career readiness.

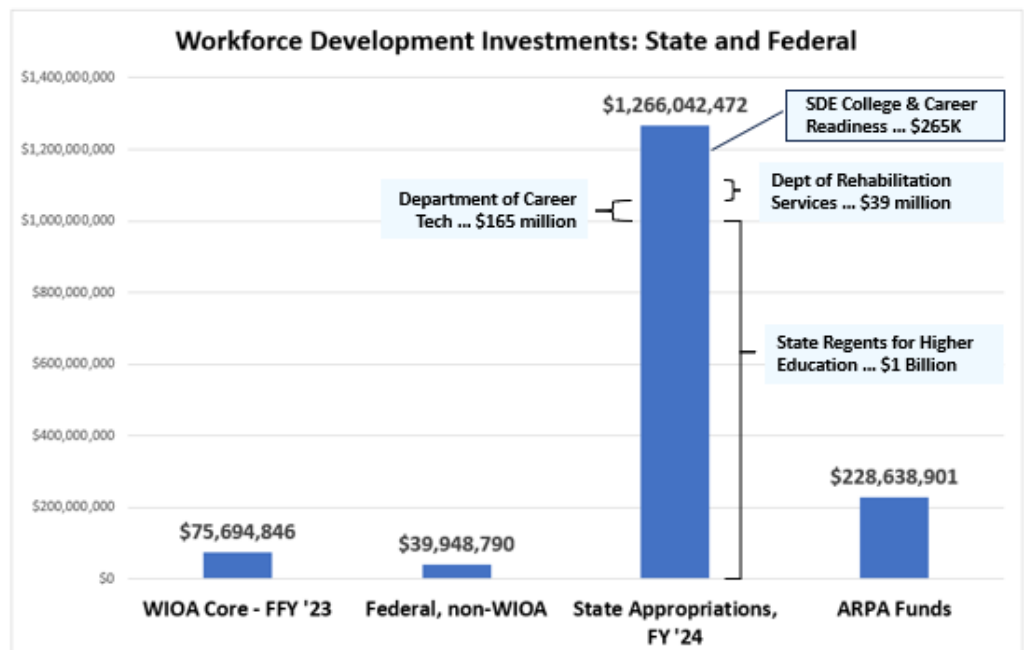
Executive Summary

The goal of workforce development is to equip current and future employees to meet business needs, achieving the dual benefit of facilitating employment and higher wage earnings for the individual and supplying business with the labor it needs to operate. Business leaders have expressed concerns about the ability of Oklahoma's workforce to meet projected industry needs. While the overall availability of workers is a concern – Oklahoma's labor force participation rate is lower than the national average – the ability to find a worker with the required skillsets is of greater concern to businesses. The State Chamber's 2023 Business Leaders Poll reflects that less than 10 percent of respondents rate the quality of Oklahoma's existing workforce "very" satisfactory; the majority found it to be "somewhat" satisfactory/unsatisfactory.

Workforce development takes place across multiple spheres: primary education, higher education, career technology, the business community, economic development agencies, and State agencies dedicated to training; all which directly contribute to workforce quality and readiness. With this evaluation, the Legislative Office of Fiscal Transparency (LOFT) examined where the State currently invests in workforce development, how the State uses data projecting occupational growth, assessed gaps in preparedness, and identified strategies for the State to improve career readiness. This evaluation resulted in four key findings:

Finding 1: Oklahoma Invests at least \$1 Billion Annually on Workforce Development, Delivered Across 30 Agencies.

Each year, the State invests hundreds of millions into workforce development across 30 State agencies. Activities include education, training, recruitment, dropout recovery, scholarship awards, tax credits, and coordination efforts aimed at various occupations and industries.



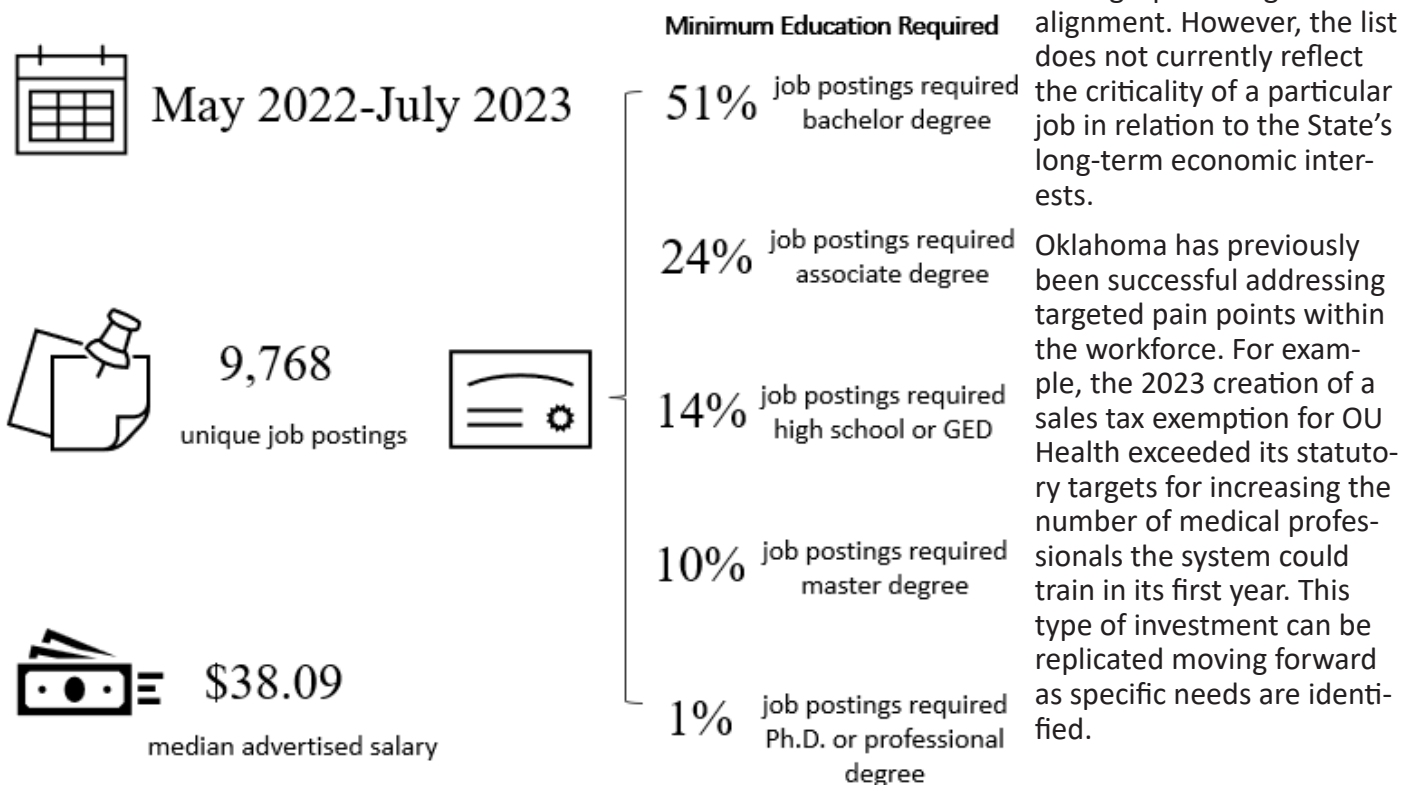
Key State investments include the Department of Career and Technology Education, which defines its mission as “securing Oklahoma’s future by developing a world-class workforce.” Other State investments include the Department of Rehabilitation Services, which works to expand employment opportunities for Oklahomans with disabilities. Federal funding also contributes significant investments in Oklahoma workforce development, primarily through the Workforce Innovation and Opportunity Act (WIOA). The programs under this act exist to help individuals with barriers to employment. WIOA requires the State to have a network of local workforce development professionals, though their focus is on helping only those individuals eligible for WIOA. In program year 2021, WIOA programs served 25,070 citizens; approximately one percent of Oklahoma’s labor force in that year.

Finding 2: Oklahoma Has a Gap Between Current Workforce Training Levels and Degrees Required for Projected Growth Sectors

Oklahoma currently faces a worker shortage, with 52 available workers for every 100 job openings, ranking 25th nationally. While this metric is promising for worker mobility, it creates challenges for a state seeking to grow its economy, especially in worker-heavy industries. Oklahoma’s key employment sectors have remained relatively stable for the past ten years, although the mix of jobs within those sectors has changed over time. These industries are: Construction; Manufacturing; Leisure and Hospitality; Education and Health Services; Business Services; and Trade, Transportation, and Utilities.

Workforce projections from all major sources agree that future jobs will require more education, especially bachelor’s degrees in STEM, managerial, and professional fields. As shown below, analytics of jobs posted across multiple job boards by Oklahoma’s twenty largest employers show that 86 percent required an associate degree or higher. Recent studies have shown that Oklahoma is facing a significant gap in work skills. In 2016, almost half of the State’s workforce (46 percent) did not complete high school or earned only a high school diploma. The remaining 54 percent completed some form of post-secondary education, such as training at a trade school, community college, or university.

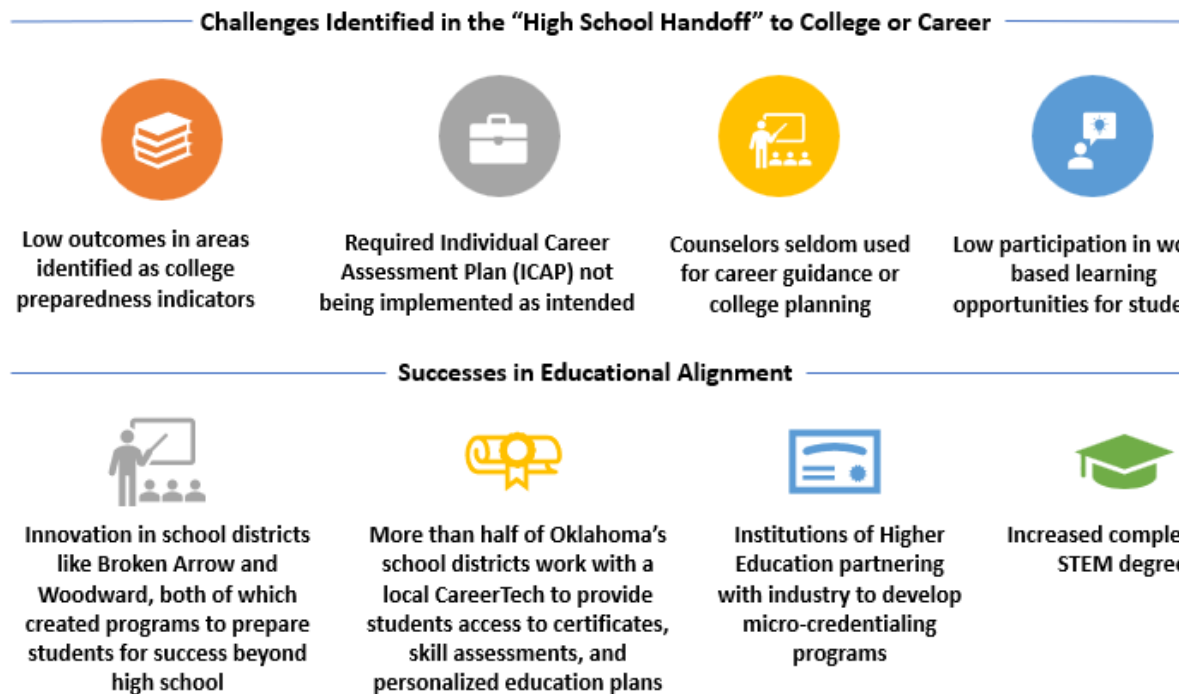
The State maintains a list of in-demand occupations that is used by multiple State entities in developing strategic plans or goal alignment. However, the list does not currently reflect the criticality of a particular job in relation to the State’s long-term economic interests.



Oklahoma has previously been successful addressing targeted pain points within the workforce. For example, the 2023 creation of a sales tax exemption for OU Health exceeded its statutory targets for increasing the number of medical professionals the system could train in its first year. This type of investment can be replicated moving forward as specific needs are identified.

Finding 3: Most High Schools Are Not Prioritizing College & Career Readiness; Postsecondary Programs Succeed When Responsive to Industry Needs

Each component of Oklahoma’s education system has a role in preparing individuals for a successful career. If the workforce pipeline begins in the classroom, then the first critical link in that chain is the point of exit from high school into the workforce or postsecondary education: the high school handoff.



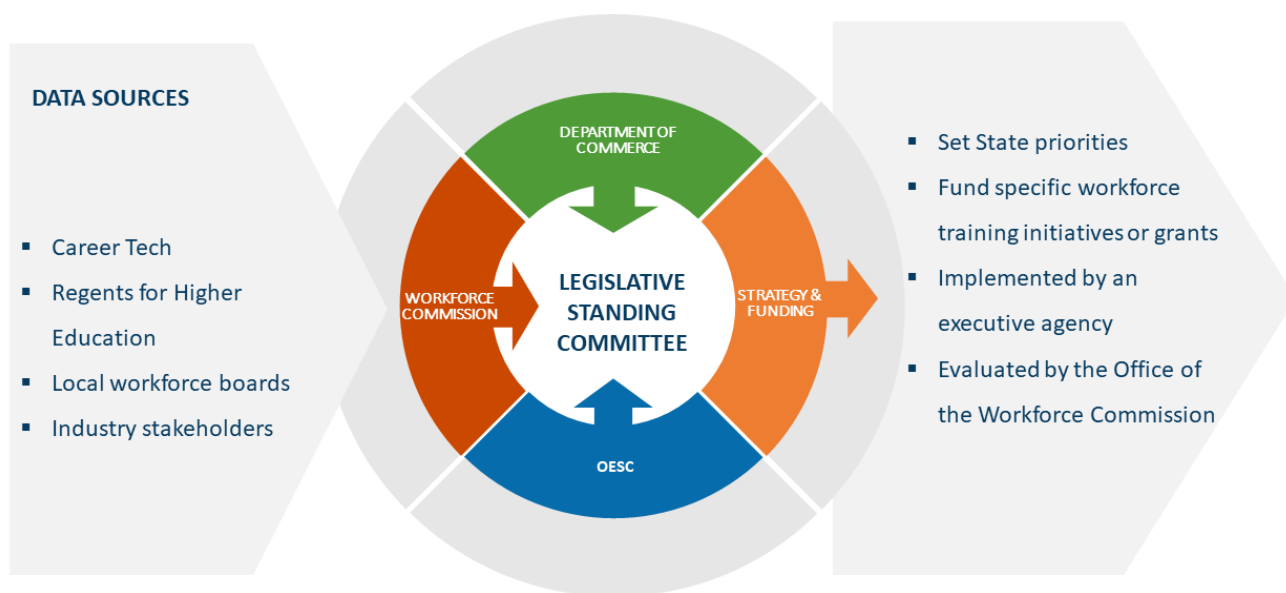
In 2017, a Governor-led initiative created a pilot program intended to ensure that students had a post-graduation plan, designed in conjunction with parents and educators. The Individual Career Assessment Plan (ICAP), which the Legislature later made a graduation requirement, was meant to align student interests and skills with realistic career trajectories. However, responses to an annual survey by the State Department of Education reflect ICAP is not being implemented as intended. School districts cited lack of school counselor access (46 percent), and lack of access to a work-based learning opportunity (36 percent) as their biggest barriers to ICAP implementation. Additionally, only 53.4 percent of Oklahoma educator survey respondents reported their students had completed a work-based learning activity as part of ICAP.

LOFT identified examples of innovation occurring at the secondary and post-secondary levels, as well as programs to connect educators to industry. In high school, a teacher’s ability to link class work to careers can improve student attitudes toward learning content and increase engagement. For education occurring after high school, career alignment can lead to higher completion rates and employment levels. For example, nearly all graduates of CareerTech found employment or continued their education. Institutions of higher education are also developing micro-credentials programs to quickly meet the needs of industry partners and provide marketable skills to students. Over the past decade, enrollment in institutions of higher education have been on a decline, however, the total number of STEM discipline degrees granted by Oklahoma institutions have increased by 24 percent over that time, with the majority earned from the State’s two research universities. STEM academic programs are vital to the State’s workforce needs as they are required for many occupations within Oklahoma’s top industries, such as energy and aerospace. Among those earning a STEM degree from one of Oklahoma’s public universities, more than 84 percent remain working in the State after one year, and more than 70 percent are still working in the State after five years.

Finding 4: The Legislature Is the Appropriate Owner of State Workforce Development; The Commission and Executive Agencies Can Support This Function

The effective coordination of a statewide system requires collaboration between the legislative and executive branches. The newly created Workforce Commission, and the Office it is empowered to create, can play one or more of several roles as the State moves to a more cohesive workforce development system. These roles could include administering longitudinal workforce data, identifying workforce gaps, serving as the point of contact between policymakers and industry stakeholders, and evaluating the success and efficiency of workforce initiatives.

However, the Commission, as currently composed, cannot engage in executive functions like grantmaking or administering programs because Legislative appointees compose a majority of the Commissioners. If the Legislature wants new executive functions performed around workforce development, it will either have to change the composition of the Commission to include more executive appointees than legislative, or it will have to task an executive agency with those functions. The Legislature also has the opportunity to use the Commission in conjunction with an executive agency to inform a standing legislative committee empowered to lead policymaking in the workforce development space, as depicted below.



Enacting programs and appropriating funding are exclusively legislative functions, but implementation of any statewide plan will require designation of an executive agency. To be responsive to Oklahoma’s changing workforce needs, the Legislature could put in place a grant model to fund programs on an as-needed basis and ensure intended outcomes are achieved.

Designating the Legislature as the “owner” of workforce development helps realize the promise of the Oklahoma Workforce Transformation Act, which directs the Workforce Commission to serve as the coordinating body for the State’s workforce development activities but prohibits it from exercising governing control over other entities.