Office of Management and Enterprise Services

FY 2026 Budget Hearing Presentation

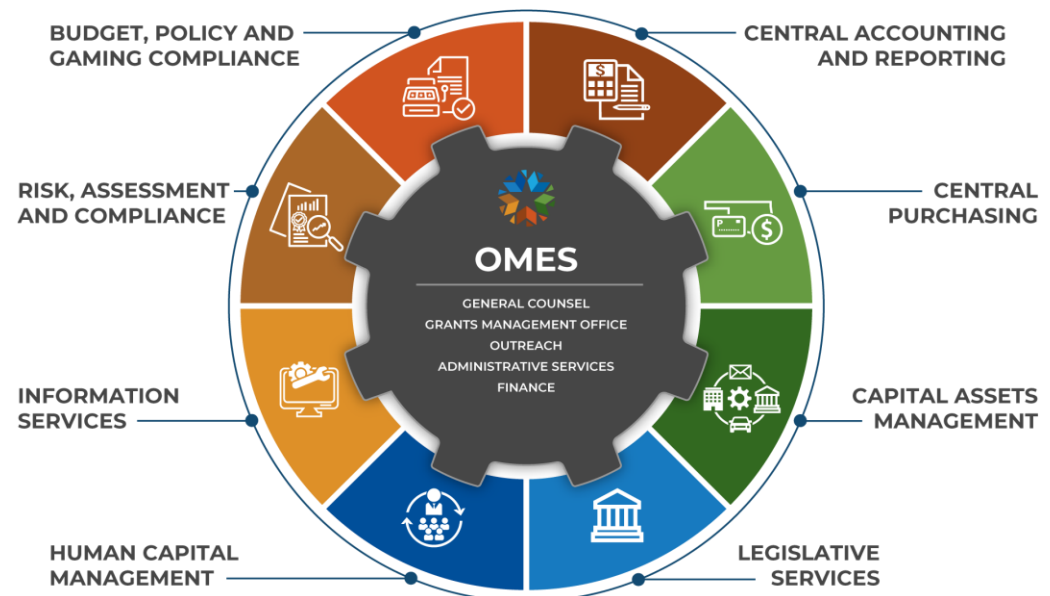**Submitted by: Rick Rose, Director**

Rick Rose

Director

The Office of Management and Enterprise Services (OMES) was created by the Legislature in 2012 to save agencies money by providing shared services.

Composed of the divisions below, OMES provides the finance, human resources, property management and technology services state agencies need to succeed.

Agency vision, mission and core values

Vision: Serving those who serve Oklahomans.

Mission: To provide excellent service, expert guidance and continuous improvement in support of our partners' goals.

Core values: We are shared services. We are solely designed to save the state money through consolidation, providing efficiencies and solving state problems.

Accomplishments

Top accomplishments for FY 2024-FY 2025

(List up to 5 major, measurable, quantifiable accomplishments.)

1. **Celonis LOFT**: In response to EO 2023-04 and the April 2023 LOFT report, OMES Risk, Assessment and Compliance implemented Celonis, a data and process mining tool, to review all purchase orders in real time.
2. **CAM Deferred Maintenance Plan**: OMES CAM developed a Deferred Maintenance Plan, allocating $56.25 million to deferred maintenance needs in FY 2025. 28 priority projects are in process with two under construction. All $56.25 million will be allocated to construction problems by the end of the fiscal year. This fiscal year project will set the standard for the remaining seven years.
3. **SLAs and CSAT defined for all OMES services**: OMES defined service level agreements and developed continuous customer satisfaction surveys for all OMES services to monitor service quality and delivery.
4. **Improved procurement timelines by 25-50%**: In FY 2022, it took 435 days from solicitation receipt to award a contract to a vendor. Following recent LOFT recommendations, this timeline has been significantly streamlined, with the average procurement duration reduced to 61 days in FY 2024.
5. **MSA for all services online**: To address agency, legislative and LOFT feedback, OMES Finance better aligned the Master Service Agreement (MSA) Rate Packets with the state budget cycle, making them available on the Performance Improvement Graph (PIG) webpage. Previously, billing didn't start until agencies signed, creating cash flow issues at the front end of the fiscal year. With the improved timeline, agencies now have OMES shared services budgetary numbers for the new fiscal year.

Analysis of agency challenges

	Challenge	Current actions (Briefly describe how the agency is currently addressing the challenge.)	Planned actions (Briefly describe how the agency plans to address the challenge going forward.)
1	Hybrid workforce/space constraints.	Post-COVID hybrid workforce has led to disjointed teams. This results in inconsistent service delivery and poor customer experience. Also facing space constraints to bring teammates back in office.	Actively looking for additional space. Bring teammates back in office minimum of 3 days a week.
2	Retention vs. the market.	Tight labor market, small labor pool, inability to offer competitive salaries.	Refining job descriptions and KSAs, being intentional about locations to post, grassroots through professional and other memberships, internship program, college fairs.
3	Budget cycle vs. pace of demands.	Difficult to plan for state needs up to 18 months in advance when various service markets move at a much quicker pace, resulting in the state's identification of needs requiring more immediate attention than the budget cycle allows.	Better strategic planning, better partnership with agencies on long-term goals.
4	Communication.	Active emphasis on customer service orientation; all performance reviews have accountabilities re: communication – timely and responsive.	Employ more intentional communications; decrease volume of messages with concentrated, targeted newsletters; be clearer and more concise in messaging with regards to industry lingo; prioritize messaging and prospective audiences when scheduling communications.

Savings & efficiencies (current or planned)

Savings or efficiency name	Brief description of how savings were achieved	Savings in unit of measurement	FY 2024 (actual $ savings)	FY 2025 (projected $ savings)	FY 2026 (projected $ savings)
Cellphone reduction	Reducing cellphone count (started with IS in FY 2024) and requiring exceptions for the remaining phones.	386 phones.	$217,412	$270,000	$270,000
Time sheet entry/approval reminder	Automated process to remind employees to enter time and supervisors to approve time, removing manual process to run Workday timesheet reports and send emails.	133 hours of processing time per year.	N/A	$5,719	$5,719
Records management and disposition	Implement a records management discipline and action against agency disposition schedule.	Dollars.	N/A	$41,315.56	$41,315.56
Survey	Combined a Capital Assets Management survey and a Risk Management survey into a single survey.	Processing time in hours.	N/A	$151,920	$151,920
Automate invoice entry	Automate process to input invoices into PeopleSoft which is currently performed by manually opening email attachments and keying in data.	Reduction in headcount.	N/A	$27,000	$108,000

* Hours, FTE, square feet, etc.

Agency goals and key performance metrics

	Goal	Metric	FY 2024 Target*	FY 2024 Actuals	FY 2025 Target	FY 2029 Target
1	Employee engagement – Increase percentage of fully engaged OMES employees as measured by annual Employee Engagement Survey.	Human capital		80%	89%	95%
2	Statewide real estate footprint reduction – Reduce office space square footage per employee statewide by transitioning to increased telework capabilities to reduce maintenance and energy costs, as measured in annual survey.	Business processes	305	307	305	300
3	Supervisory credit hours – Increase compliance of statutorily required credit hours completed by OMES supervisors.	Human capital	100%	Available January 2025	100%	100%
4	Procurement savings and cost avoidance – Increase annual total savings and cost avoidance for spend associated with statewide contracts, agency acquisitions, agency reported savings on spend within their threshold, and the P-card program.	Finance	Savings $160M Spend: $850M	Savings $182M Spend: $1B	Savings: $190M Spend: TBD	Savings: $200M Spend: TBD
5	New standard device time – Decrease new standard device (computer) delivery time after request receipt and delivery detail confirmation.	Business processes	3 days	3.56 days	3 days	2.5 days
6	Security Resiliency Index – Improve the resiliency of the state's cybersecurity defenses by decreasing the Security Resiliency Index.	Business processes		70.2	60	50
7	State reserves and unencumbered funds – The amount of state reserves in constitutional funds and funds not yet encumbered.	Finance	Not continuing	Not continuing	Not continuing	Not continuing

Projects for FY 2025

List and briefly describe up to 5 current or upcoming projects for the current fiscal year that support the goals and strategies of the agency's mission.

1. **Celonis AI:** Utilizing Celonis AI will enhance the efficiency, transparency and effectiveness of the State of Oklahoma's processes, leading to better outcomes and value for the state.

2. **Improve Workday@OK statewide employee lifecycle:** Implemented in 2022, Workday@OK allows the state to efficiently handle our people-related activities and lifecycles in a post-COVID-19, hybrid working environment. All these functionalities are now part of a single, unified system. It also offers real-time workforce data and insights, helping state leadership anticipate, adapt and make data-driven decisions about workforce developments.

3. **Statewide call center:** The statewide call center will improve efficiency and reduce headcount by over 1,000, creating a salary savings of approximately $40 million annually.

Projects for FY 2026

List and briefly describe up to 5 continuing (from a prior year into FY 2026) or upcoming projects for next fiscal year that support the goals and strategies of the agency's mission.

1. **Treasury system replacement:** The new system will replace the current legacy systems for a more modern, high availability, redundant, secure solution. The project aims to make manual processes more streamlined and automated, eliminating unnecessary or duplicative processes, allowing integration with other technologies and agency solutions, and making data more accessible for key stakeholders.

2. **Statewide call center:** The statewide call center will improve efficiency and reduce headcount by over 1,000, creating a salary savings of approximately $40 million annually.

3. **Transparency website maturity:** The goals of this project are to post and maintain accurate and up-to-date public government data for better accountability and efficiency; build a single, all-encompassing citizen/business, service-consumption dashboard saving time for citizens and businesses; and provide each agency with essential 21st century digital tools of engagement and service workflow at little or no cost.
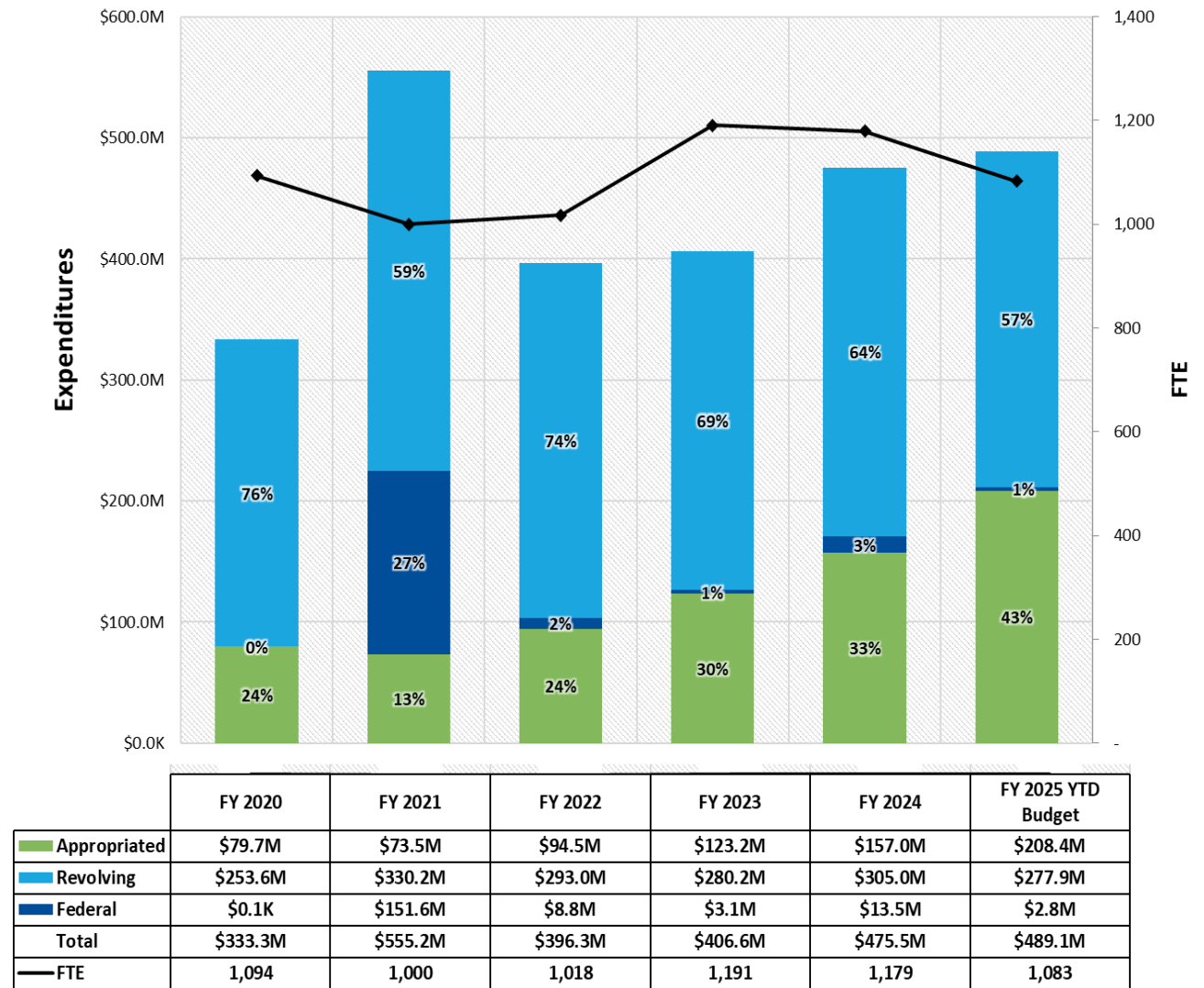
Total Historic Actual Expenditures (FY 2020-24) and Current Year Budget (FY 2025)

Explanation of significant changes and trends

› The large uptake in actual expenditures in FY 2021 was due to funds awarded for CARES Act projects.

› Current year budget and actual expenditures have trended upward over the last several fiscal years, as we have been charged legislatively with increasing project oversight (i.e., OESC technology upgrades awarded in FY 2024 and OCAMP funds appropriated in FY 2025).

Historic Total Actual Expenditures and Current Year Budget

	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025 YTD Budget
Appropriated	$79.7M	$73.5M	$94.5M	$123.2M	$157.0M	$208.4M
Revolving	$253.6M	$330.2M	$293.0M	$280.2M	$305.0M	$277.9M
Federal	$0.1K	$151.6M	$8.8M	$3.1M	$13.5M	$2.8M
Total	$333.3M	$555.2M	$396.3M	$406.6M	$475.5M	$489.1M
FTE	1,094	1,000	1,018	1,191	1,179	1,083

FY 2025 Budgeted Full-Time Equivalents (FTE)

	FY 2025 budgeted FTE
Total FTE	1092
Supervisor FTE	134
Supervisors to total FTE ratio (%)	12.27%
Current budgeted but unfilled FTE	84

Appropriation history

Fiscal Year	Legislated Appropriation ($) *(Includes supplementals and SRF/ARPA.)*
FY 2021	$88,856,169
FY 2022	$130,281,593
FY 2023	$121,963,780
FY 2024	$154,583,826
FY 2025	$210,405,379

Five-Year Appropriation History

Legend: ■ Appropriation ■ Supplemental ■ SRF
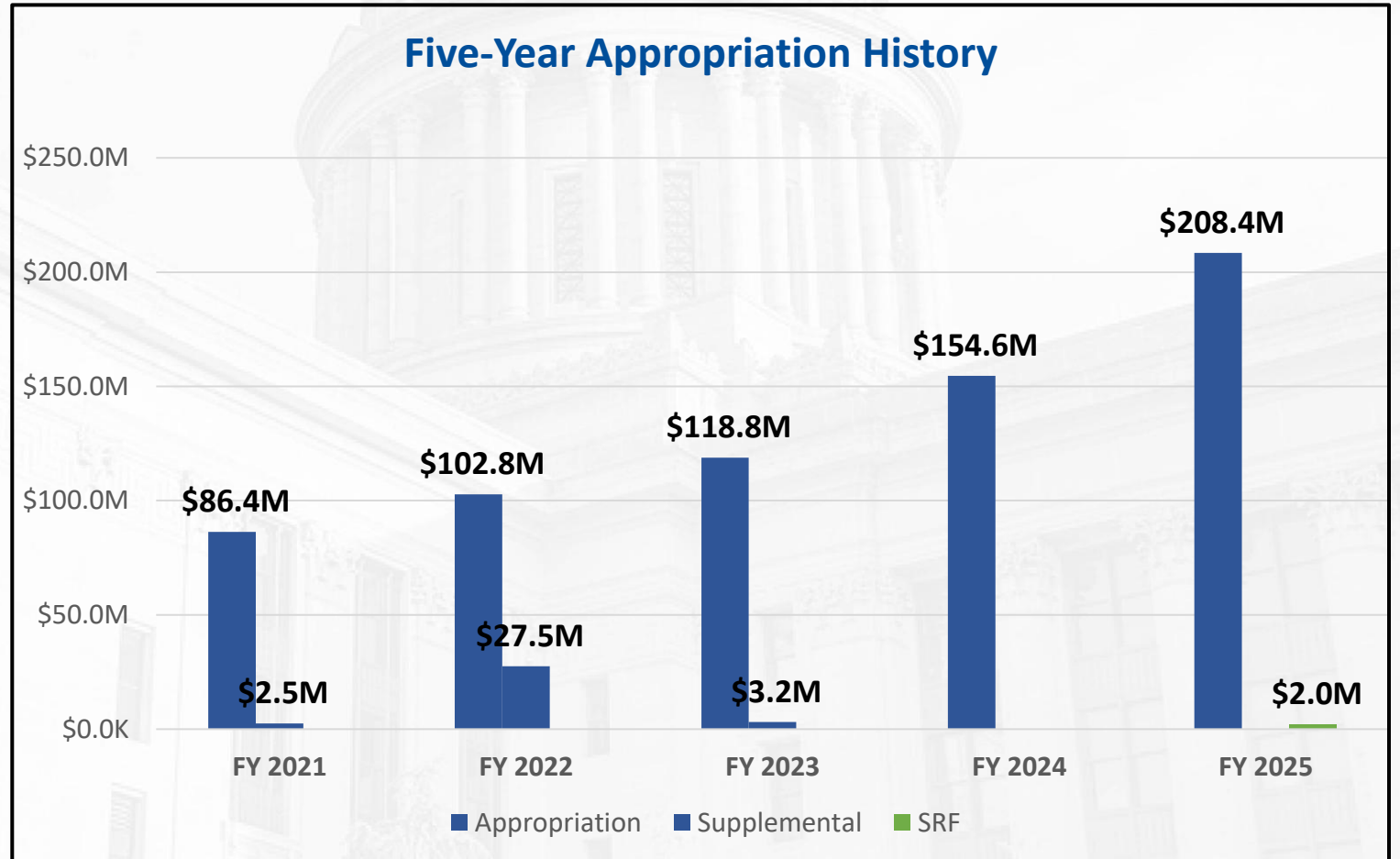
Includes Supplemental and Statewide Recovery Fund (ARPA) appropriations.
Does not include appropriations received by OMES for Service Oklahoma in FY2023 ($35,737,000).

Financial resource analysis

Carryover	FY 2021	FY 2022	FY 2023	FY 2024
Total appropriated carryover amount expended ($)	$1,421,005	$5,016,597	$9,055,684	$5,334,631

Historical cash balances	FY 2021	FY 2022	FY 2023	FY 2024
Year-end revolving fund cash balances *(all revolving funds)*	$148,804,428	$132,836,238	$132,625,083	$163,266,173

Revolving class fund # *(unrestricted only)*	Revolving class fund name *(unrestricted only)*	Current cash balance ($)	Projected FY 2025 year-end cash balance ($)
20000	Revolving Fund	$1,681,859	$0
20300	Communications Revolving Fund	$9,155	$0
20400	Tribal Gaming Compliance	$1,578,720	$0
21000	Telecommunications Revolving Fund	$2,271,129	$0
24500	Building & Facility Revolving Fund	$3,852,934	$0
29400	OK Print Shop Fund	$180,469	$0
29800	HCM-HR Revolving Fund	$101,439	$0
Total unrestricted revolving fund cash balance:		$9,675,705	$0

Unrestricted funds are those that are not limited by state or federal law, rule, regulation, other legally binding method or donor restriction.

FY 2023-FY 2024 appropriation change review

Purpose of appropriation increase or decrease	Amount FY 2023	Amount FY 2024	Total amount received FY 2023-24	Total amount expended by 11/1/2024	Included in FY 2025 approp? (Yes/No)	If not expended fully, please explain.
Commission on the Status of Women	$150,000	$	$150,000	$111,422	No	Final expenses for this appropriation paid after 11/1. Remaining funds lapsed 11/20.
Capitol debt service	$26,679	$	$26,679	$26,679	Yes	
DaaS	$15,847,666	$	$15,847,666	$15,847,666	Yes	
NACEA debt service	$	$24,835	$24,835	$24,835	Yes	
Data center and command center	$	$18,610,421	$18,610,421	$18,610,421	Yes	Funds carried into FY25 as project details are solidified.
Salary study payback	$	$1,965,000	$1,965,000	$1,965,000	No	
OESC new operating system	$	$19,000,000	$19,000,000	$125,395	Yes	
LCF debt service – Jim Thorpe	$	$3,500,000	$3,500,000	$3,500,000	Yes	
LCF debt service – Capitol Complex	$	$950,000	$950,000	$0	Yes	OMES has not been billed by OCIA for this project.

FY 2023-FY 2024 appropriation change review

Purpose of appropriation increase or decrease	Amount FY 2023	Amount FY 2024	Total amount received FY 2023-24	Total amount expended by 11/1/2024	Included in FY 2025 approp? (Yes/No)	If not expended fully, please explain.
LCF debt service – Kelley Building	$	$1,316,115	$1,316,115	$1,316,115	Yes	
LCF debt service – Libraries	$	$880,250	$880,250	$0	Yes	OMES has not been billed by OCIA for this project.
	$	$	$	$		
	$	$	$	$		
	$	$	$	$		
	$	$	$	$		
	$	$	$	$		
	$	$	$	$		
Totals	$16,024,345	$46,246,621	$62,270,966	$41,527,533		

Do not include SRF/ARPA appropriation increases.

FY 2025 appropriation change review

Purpose of appropriation increase or decrease	Amount of increase or decrease ($)	Does this need to be included in your FY 2026 appropriation? (Yes/No)	If yes, included in appropriation for same purpose? (Yes/No)	If not included for same purpose, please explain.
Removal of salary study payback	($1,965,000)	No		
NACEA debt service	($249,832)	Yes	Yes	
Capitol debt service	($276,625)	Yes	Yes	
Rightsizing IT (Office 365 and PeopleSoft)	$5,409,857	Yes	Yes	
SB 1333 Volunteer Firefighter (Law)	$75,000	Yes	Yes	
VPN costs	$2,937,295	Yes	Yes	
Capitol arch – **Legacy Capitol Financing**	$215,000	Yes	Yes	
Broadband Office – Pathfinder (Year 1 of 5)	$105,000	Yes	Yes	
Total adjustment	$6,250,695			

Do not include SRF/ARPA appropriation increases.

Budget & supplemental incremental request summary

	Request Name	FY 2026 Incremental Appropriation Request Amount ($) {or FY 2025 for Supplementals}	Type of Request: Recurring, One-time, or Supplemental
1	Unfunded mandated responsibilities supplemental	$8,076,050	Supplemental
2	Transparency and efficiency projects	$18,520,000	One-time
3	Underfunded mandated responsibilities	$22,533,120	Recurring
4	Unfunded mandated responsibilities	$3,127,914	Recurring
5			

(1) Supplemental budget request

Unfunded mandated responsibilities supplemental	
Type: Supplemental	$8,076,050

Request is for reimbursement to OMES for costs incurred related to SB 1121, SB 1709, state dollars used for the Grants Management Office and one-time funding for the Volunteer Firefighter Workers' Comp Insurance Program (SB 1333).

SB 1121 Maternity leave reimbursement for funds paid in FY 2024 & projected to be paid in FY 2025 – $183,000.
SB 1709 Payback – Partnership with DHS and OSDH – $93,050.
SB 1333 Volunteer Firefighter Program one-time funding – $7,000,000.
Grants Management office state dollars - $800,000

(2) Incremental budget request

Transparency and efficiency projects	
Type: One-time	$18,520,000
Transparency projects: - Scorecard/Transparency- $2,000,000. - ACFR modernization - $520,000. Efficiency projects: - Call center - $12,000,000. - Statewide Licensing System - $4,000,000	

(3) Incremental budget request

Underfunded mandated responsibilities	
Type: Recurring	$22,533,120
Increase to OMES operational base appropriations, including VPN, cybersecurity (due to expected price increases), CAM administration (for the additional construction projects OMES has been charged with through the LCF and OCAMP funds), the new Assessment and Compliance departments (created after the Central Purchasing LOFT report), the cost of e-Discovery for open records requests, Office 365 (growth and price increase), and the CORE financial and human capital management systems.	

(4) Incremental budget request

Unfunded mandated responsibilities	
Type: Recurring	$3,127,914
Increases to OMES expense due to non-operational items OMES is legislatively mandated to perform, such as the SB 1121 Maternity Leave (FY 2026 projected amount), the incentive evaluation report for the Incentive Evaluation Commission, Volunteer Firefighter Workers' Comp Insurance Program (SB 1333), the Office of Veterans Placement, the Civil Service Division, and the Grants Management Office.	