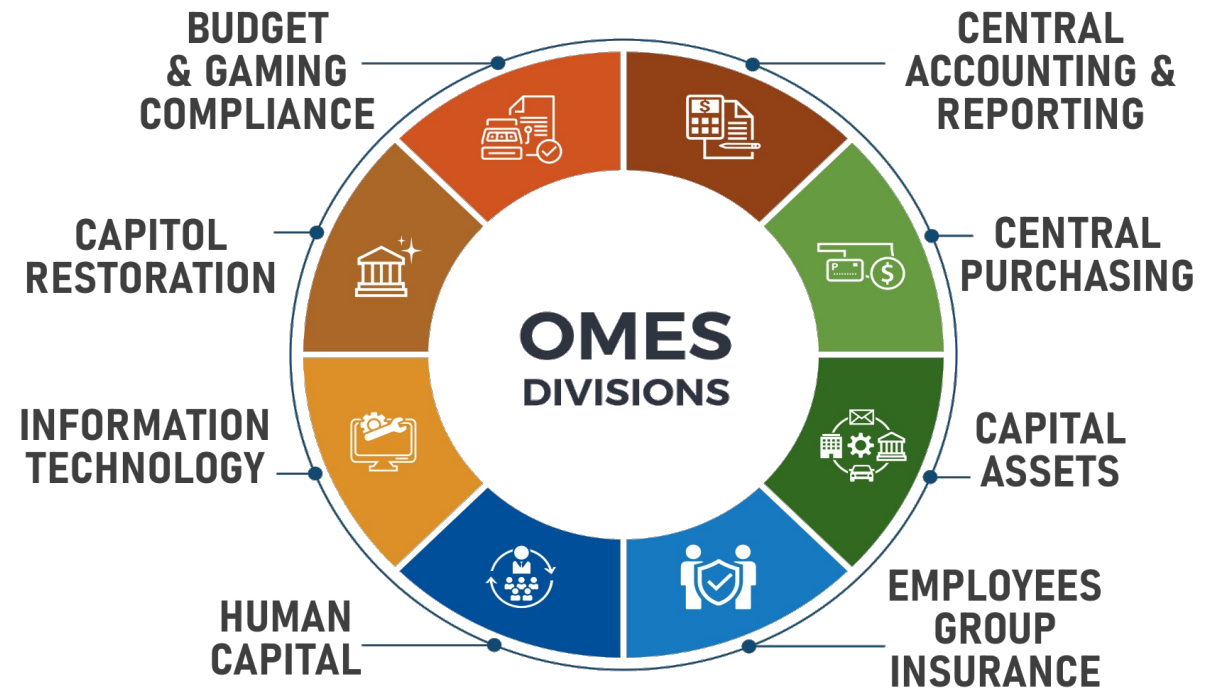# Office of Management and Enterprise Services

FY 2023 Budget Hearing Presentation

Submitted by: Steven Harpe, State COO and OMES Executive Director

Steven Harpe
State COO &
OMES Executive
Director

OMES partners with state agencies and manages statewide operations for the state's accounting and reporting, budgeting, capital assets, information technology services, human capital, state employee health plans and state purchasing.

OMES DIVISIONS

- BUDGET & GAMING COMPLIANCE
- CENTRAL ACCOUNTING & REPORTING
- CENTRAL PURCHASING
- CAPITAL ASSETS
- EMPLOYEES GROUP INSURANCE
- HUMAN CAPITAL
- INFORMATION TECHNOLOGY
- CAPITOL RESTORATION

Agency Vision, Mission and Core Values

Vision:

Serving Those who Serve Oklahomans.

Mission:

Dramatically change the experience of providing central services for the State of Oklahoma by focusing on human capital management, building deep relationships with all we serve, infusing modern business process operations to improve citizen experience, all while being fiscally responsible.

Core Values:

We are servants. We are servant-leaders. We are open communicators. We are collaborative. We are respectful, humble and we get stuff done!

HUMAN CAPITAL   **RELATIONSHIPS**   **BUSINESS PROCESS OPERATIONS**   **FINANCE**

Accomplishments & Challenges

TOP ACCOMPLISHMENTS FOR FY 2021

1) Successful implementation of the state's first redundant data center with the Statewide Disaster Recovery project.

2) Implemented PeopleSoft Financials Cloud Migration, resulting in faster processing and overall efficiencies.

3) Consolidated OMES divisions to two primary locations and reduced agency footprint by over 36,000 sq. ft.

4) OMES employee performance calibration completed.

5) Significant improvement in communication to agencies on rates and services with the creation of agency *Anchor Packets*.

6) Executed the inaugural *State Suppliers Expo* adding over 60 new Oklahoma companies to the state vendors list.

CHALLENGES FOR UPCOMING YEAR

1) Guiding PeopleSoft Financials implementation and working with state agencies to develop statewide standards and processes.

2) Completion of *BrightPath Project* (statewide HR platform) and new HCM & Civil Service rules and processes.

3) Global supply chain shortages causing delays in service and product delivery.

4) Continue working with agency partners to improve communication with further developments of agency Anchor Packets.

5) Ongoing implementation and service improvements for agencies with state partner NTT Data.

Goals & Projects for FY 2023

GOALS

1) Completion of the BrightPath Project (statewide HRIS platform) to ensure a smooth transition statewide for agencies.

2) Central Purchasing's implementation of the state's first eProcurement central system.

3) Complete modernization of the state's PeopleSoft Financials platform and usage across agencies.

4) Continue development and expansion of the state's unified data sharing platform to improve citizen experience and agency services.

5) Introduce and implement the state's Performance Informed Budgeting and Government Efficiency metrics.

PROJECTS

1) Hosting of the *State Suppliers Expo* to enable more Oklahoma companies to be registered state suppliers and showcase the state's needs and initiatives.

2) Complete implementation of a central real estate system that will allow more data-driven insights into the state's infrastructure needs for the future.

3) Per HB 1146 (2021) HCM will create the Civil Service Department by Jan. 1, 2022, to govern complaints and create a process to serve state employees.

4) BrightPath Project (HRIS Workday platform) is scheduled for completion Spring 2022.

5) Closing out construction on the State Capitol Restoration project in Spring 2022.

Savings & Efficiencies

> **Payroll shared services**

Total estimated savings to the state of approximately $7.5 million annually.

> **OMES staff consolidation from multiple locations to two primary locations**

Saving $606,000 annually and reducing overall footprint of the agency by over 36,000 sq. ft.

> **Reduced sq. ft. per employee metric by 27.9%**

Sq. ft. averages were reduced from 323 sq. ft. per employee to 233 sq. ft. per employee. This was done by implementing an agency-wide 50% telework model and utilizing collaborative and hotel office spaces.

> **Two consecutive years of 0% premium increase on HealthChoice medical plans**

$45 million in state savings from pharmacy discounts and rebates.

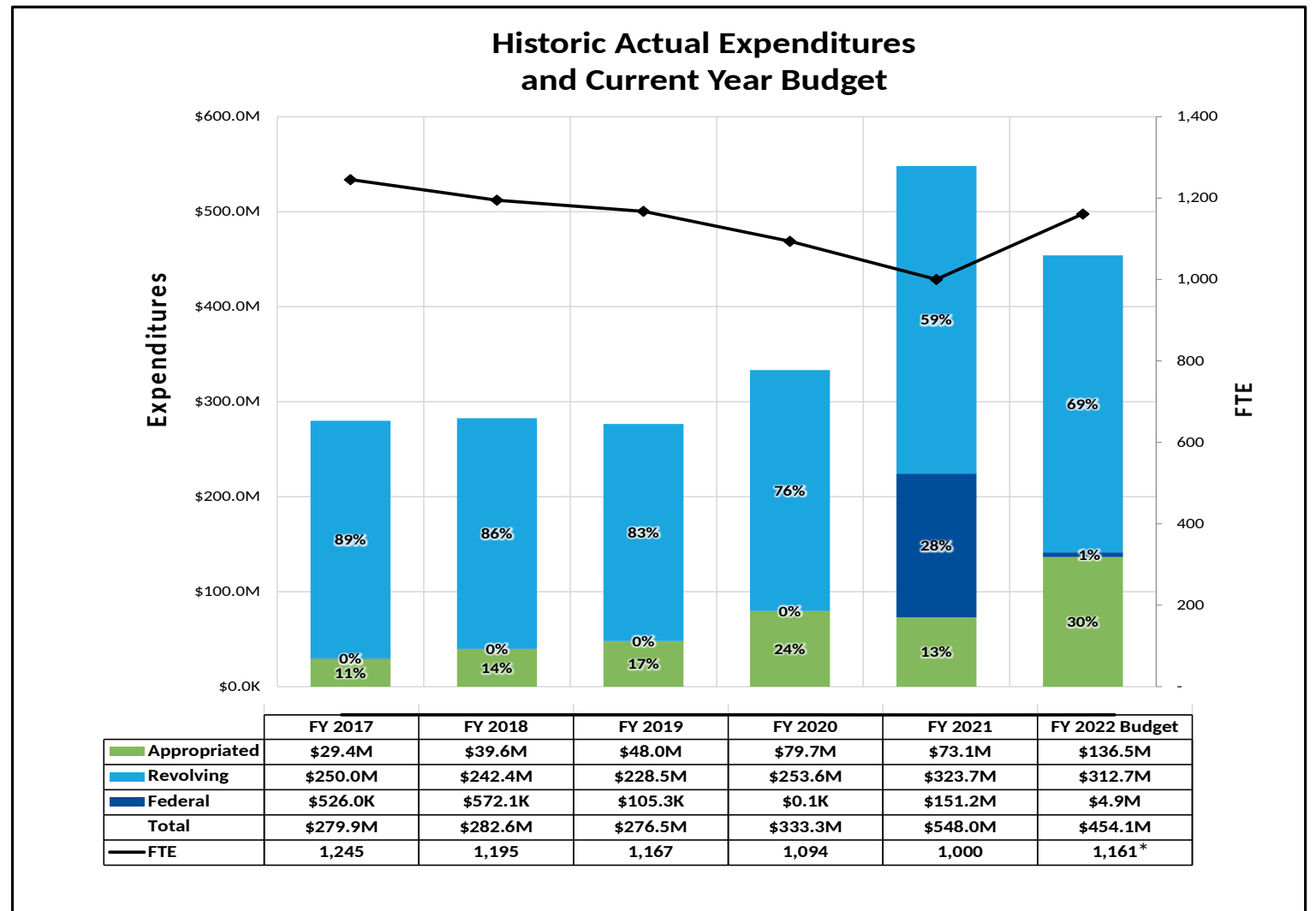> **Renovation and leasing of the Connors Building**

As of January 1st the Connors building is fully leased by 8 state agencies, with full occupancy occurring by July 2022, realizing a reduction of 13,000 sq. ft. and an annual savings of over $100,000 in annual lease costs.

> **Procurement savings to the state**

$116.9M was recorded in total estimated savings to the state for goods and services through competitive bidding, solicitations and contracts.

Historic Actual Expenditures (FY 17-21) and Current Year Budget (FY 22)

Historic Actual Expenditures and Current Year Budget

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022 Budget
Appropriated	$29.4M	$39.6M	$48.0M	$79.7M	$73.1M	$136.5M
Revolving	$250.0M	$242.4M	$228.5M	$253.6M	$323.7M	$312.7M
Federal	$526.0K	$572.1K	$105.3K	$0.1K	$151.2M	$4.9M
Total	$279.9M	$282.6M	$276.5M	$333.3M	$548.0M	$454.1M
FTE	1,245	1,195	1,167	1,094	1,000	1,161*

*Nov 2021 Actuals: 1,006 FTE

FY'22 One-Time/Non-Operational Expenses: $56.7M

> **Capitol Bond Debt Service = $23.6M.**
> **Capitol Complex & Governor's Security = $10M**

> **State-Tribal Litigation Revolving Fund = $10M**
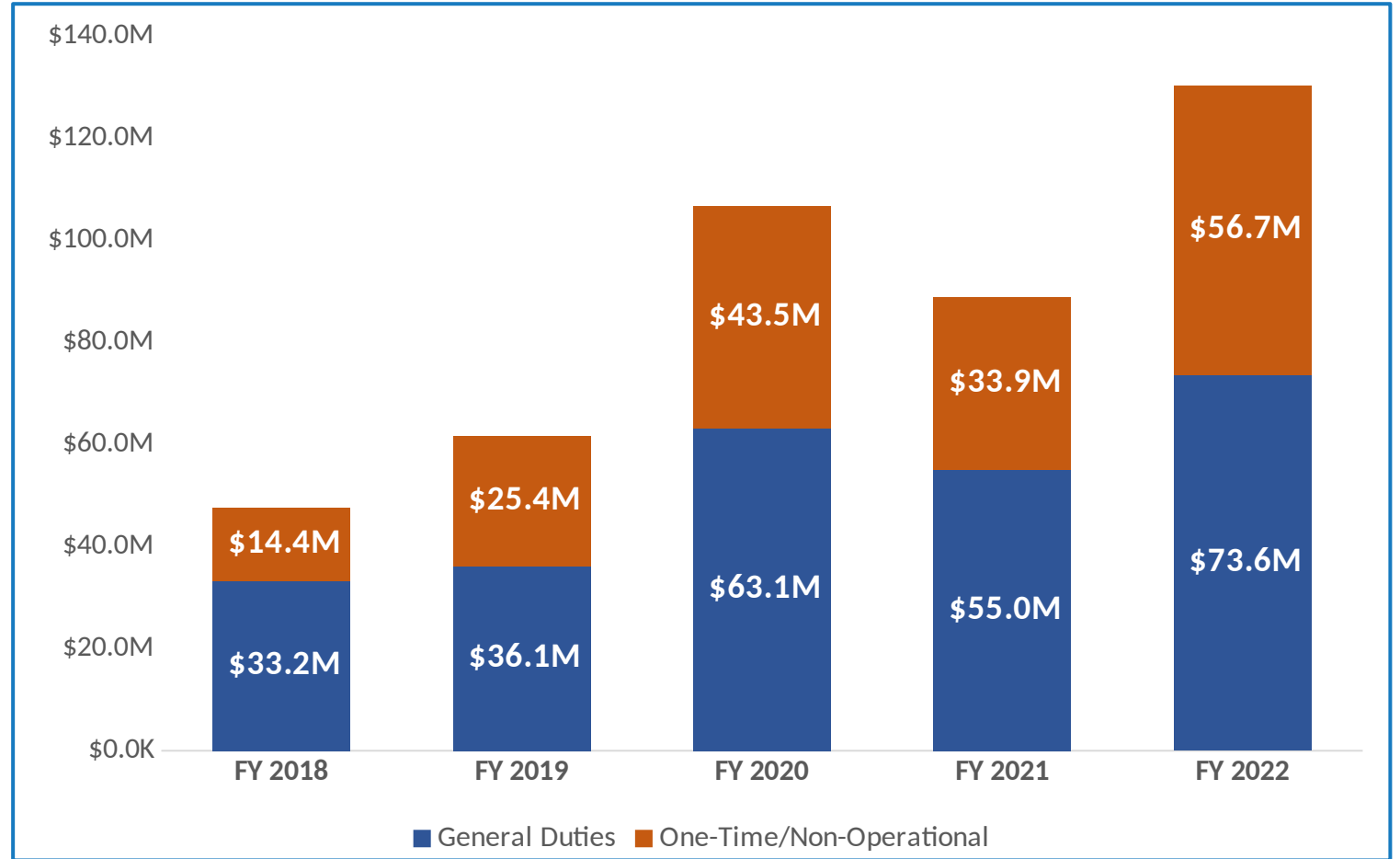> **NACEA passthrough = $5.6M**
> **LRCPC = $7.5M**

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FY 2022 Budgeted Full-time Equivalents (FTE)

	FY 2022 Actual FTE
Total Actual FTE	1,161
Supervisor FTE	196
Supervisors to Total FTE Ratio (%)	16.88% (6:1 Span of Control Ratio)

OMES continues to calibrate the agency to find areas of structural improvements that can be made.

Appropriation History

Fiscal Year	General Duties	One-Time/Non-Operational	Appropriation ($)
FY 2018	$33,211,517	$14,410,807	$47,622,324
FY 2019	$36,088,624	$25,426,360	$61,514,984
FY 2020	$63,116,252	$43,464,193	$106,580,445
FY 2021	$55,004,836	$33,851,333	$88,856,169
FY 2022	$73,599,067	$56,682,526	$130,281,593

FY'22 One-Time/Non-Operational Expenses: $56.7M

- **Capitol Bond Debt Service = $23.6M.**
- **Capitol Complex & Governor's Security = $10M**
- **State-Tribal Litigation Revolving Fund = $10M**
- **NACEA passthrough = $5.6M**
- **LRCPC = $7.5M**

Appropriated Carryover History and Justification

	FY 2017 (Actuals)	FY 2018 (Actuals)	FY 2019 (Actuals)	FY 2020 (Actuals)	FY 2021 (Actuals)	FY 2022 (Planned)
Total appropriated carryover amount expended ($)	$3,769,974	$1,636,096	$ 249,127	$2,614,977	$1,418,179	$6,920,141*

*Amount due to Kerr Edmondson relocation delay ($2.5M), other OMES projects delayed or cancelled, and reduced administrative expenses due to the COVID-19 pandemic response. Projects that were delayed or cancelled included a new Vendor Registration solution, Facility construction, Oracle Chatbot, Work Station technology security (Web Proxy), and support for the configuration and maintenance of wireless network (Wireless Mobility Master). Administrative expenses include electricity, equipment and machinery/other maintenance costs, travel & training.

Fiscal year of the original appropriation	Projected amount carried over to FY 2023 ($)	Describe how projected carryover will be used in FY 2023
FY 2022	$0	Expect to spend full appropriations amount in FY 2022.
FY 2021	$0	All FY 2021 appropriated carryover will be used in FY 2022.
Total projected FY 23 Carryover ($)		

Available Cash Description and Justification

Class Fund #	Available Cash amount ($)
20000	$336,264
20100	$16,135
23100	$281,149
24500	$31,547
29400	$257,645
29800	$717,398
Total Available Cash	**$1,640,137**

Available cash is unbudgeted cash that is not restricted by federal partners, statute or contractual obligations.

Fiscal Year	Agency's plan to deploy available cash (include amounts):
FY 2023	200 - Implementation of the new Vendor Registration System for CAR. 201 - New marketing for events such as the State Suppliers Expo for Public Affairs division. 231 - Central Printing equipment replacement, as several large equipment pieces are reaching end-of-life. 245 - Held for cash flow for emergency repairs of State Facilities. 294 - Central Printing equipment replacement, as several large equipment pieces are reaching end-of-life. 298 - BrightPath Workday project.
FY 2024	No projected available cash at this time for FY 24.
FY 2025	No projected available cash at this time for FY 25.

Agency Key Performance Metrics

	Metric	Goal	FY 20 Actuals	FY 21 Actuals	FY 22 Target	FY 23 Target
1	Increase percentage of fully engaged employees as measured by annual *Employee Engagement Survey*.	Establish OMES as partner of choice for leadership and employee development in Oklahoma.	82%	84%	86%	87%
2	Reduce real estate footprint; transition to increased telework capabilities to reduce maintenance and energy costs.	Drive cost and innovation to transform OMES statewide services through tech modernization.	323 sq.ft./person	233 sq.ft./person	210 sq.ft./person	180 sq.ft./person
3	Increase compliance of statutorily required credit hours completed by supervisors statewide.	Establish OMES as partner of choice for leadership and employee development in Oklahoma.	89%	Available in Spring 2022	95%	95%
4	Manage health care premium cost growth at or below national 5-year rolling avg for HealthChoice members (measured by comparing costs of national to Oklahoma 5-year rolling avg.).	Drive cost and innovation to transform OMES statewide services through tech modernization.	Oklahoma 5-yr avg = 2.5% National 5-yr avg = 3.2%	Oklahoma 5-yr avg = 2.2% National 5-yr avg = 3.1%	Oklahoma 5-yr avg = 5.0% National 5-yr avg = 5.3%	Oklahoma 5-yr avg = 5.0% National 5-yr avg = 5.3%
5	Increase annual cost savings from statewide procurement contracts; measured through contract management and negotiating discounts for statewide use.	Drive cost and innovation to transform OMES statewide services through tech modernization.	Savings $54.51M (23%), spend $239.86M.	Cost Savings Report under review.	Savings $42M (14%), spend $300M.	Savings $48M (16%), spend of $300M.
6	Decrease new standard device (computer) delivery time after request receipt and delivery detail confirmation.	Improve customer experience with all OMES divisions to improve agency relationships and mission goals.	n/a	5.2 days	4.07 days	3 days
7	Improve the resiliency of the state's cybersecurity defenses by decreasing the *Security Resiliency Index*.	Effective services and accountable government.	181.7	164.4	78.0	65.0

Budget & Supplemental Request Summary

	Request Name	FY 23 Appropriated Request Amount ($)	Type of Request: Operating, One-time or Supplemental
1	Device-as-a-Service (DaaS) Augmentation: New funding needed for ongoing implementation of SB 583 for better desktop service and to support outcomes as state adapts to new work environment presented by the COVID-19 Pandemic.	$17,015,829	Operating
2			
3			
4			
5			

(#1) Budget Request

Name of Request Device-as-a-Service (DaaS) Augmentation	
Type: (Operating, One-time, Supplemental) Operating	**$ Amount Requested for FY 2023:** $17,015,829
Describe why these funds are needed: Continued implementation of SB 583 for better desktop service and support outcomes as state adapts to the new work environment presented by COVID-19. *(More information in appendix.)*	

* Duplicate these slides as needed to describe all requests.

What impact does this appropriation request have on state agencies?

State agencies will realize:

❯ Increase in desktop service performance.

❯ No increases in rates.

❯ Efficiencies for coming years.

❯ More control, accountability and understanding of technology billing.

Appendix

NTT Data Contract
Basis v. Actuals

Timeline:

SB 583 Signed	RFP Posted	RFP Closed	Contract Negotiations	Contract Signed	COVID-19 Pandemic	State Gov't Operational Changes	NTT Data Service Go Live
May 2019	June 2019	Sept. 2019		Jan. 28 2020	March 2020		July 1 2020

Basis:

- Historical ticket data. Baseline was set at **4,437** tickets per month.
- Primarily **in-office** workforce on desktops.
- **Face-to-face** customer support and interaction at set locations.
- **Available** global supply chains.

Actuals:

- Baseline is now closer to **7,154** per month.
- Primarily **remote** workforce on laptops.
- **Remote** customer support and interaction online.
- **Shortage** of global supply chains.

Adapting to a New State Workforce Model

Category	Description	Quantity	Total
Leadership	Overall program leadership	9	$825,163
Tier 1 and 2	Support, deployment, in person deployed to counties	94	$3,093,983
Tools/Fleet	Mileage/ vehicle, software licensing and deployment tools		$2,344,919
Desktop Rate Appropriation	Replacing the Desktop Service rate cost to agencies with appropriated dollars.		$10,751,764
		Grand Total	$17,015,829