



OKLAHOMA

Center for the
Advancement of
Science and
Technology

Oklahoma Center for the Advancement of Science and Technology

FY 2024 Budget Hearing Presentation

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Executive Director



The Oklahoma Center for the Advancement of Science & Technology (OCAST) serves as the state's agency for technology-based economic development. OCAST's mandate is to "grow and diversify Oklahoma's economy and provide new and higher quality jobs for Oklahomans" by encouraging "...the development of new products, new processes and whole new industries in Oklahoma." (O.S.74, Sections 5061a and 50602A)

Established in **1987**, this agency now encompasses the following divisions:

Finance

- Human Resources
- Finance

Programs

- Research
- Investments
- Product Development and Engineering Support
- Manufacturing Assistance

Technology Information Systems transitioning to Office of Science and Innovation in FY24

- Marketing and Communications
- Government Affairs
- Data team to help guide performance, improve Oklahoma's rankings in innovation reports

Agency Vision, Mission and Core Values

Vision: Make Oklahoma broadly recognized as a research, technology, and innovation corridor by embracing partnerships and collaboration between our academic enterprise, our industrial complex and supportive government programs and policies.

Mission: to foster innovation in startup and existing businesses by supporting basic and applied research; facilitating technology transfer between research laboratories and businesses; providing seed capital for innovative firms in the development of new products or services; and helping Oklahoma's small and medium-sized manufacturing firms become more competitive through increased productivity and modernization (O.S. 74, Section 5060.3).

Core Values: Service, Accountability, Transparency, Professionalism, Growth, Teamwork, and Collaboration



Accomplishments

Top accomplishments for FY 2022

- 1) Provided input to the Legislature to officially create the Oklahoma Intern Partnership STEM Workforce Pipeline Program. This program will continue to provide valuable support to Oklahoma companies through enabling the creation of paid internships on commercially viable projects for Oklahoma STEM college students.
- 2) Created a communications campaign to increase awareness of science and technology in Oklahoma through increasing exposure to stories of research and innovation. Initial results show in the first 5-months of the campaign, almost 19% of Oklahomans had been reached and different campaign elements had been seen over 8.6 million times.
- 3) Worked with innovation stakeholders and provided input to the Legislature to encourage creation of the Oklahoma Research and Development Attraction Act. This bill targets companies from outside the state in order to encourage them to relocate in order to partner with the world-class resources available within the state.



Challenges

Top Challenges (current & upcoming years)

- 1) Limited increase in funding limits the number of applications OCAST can fund. With the shift to becoming more focused on the needs of industry, we are seeing an increasing number of exceptional projects that cannot be funded. This lack of funding creates a loss of more than \$245M to the state's economy.
- 2) Inadequate funding to offer high-demand industry internships year-round. This challenge has the dual impact of inhibiting Oklahoma businesses from access to skilled knowledge for specific projects to grow innovation within Oklahoma as well as limiting internship opportunities for Oklahoma STEM college students.
- 3) Using existing staffing and resource levels to manage the additional projects awarded to OCAST. These new projects all come with increased administration, reporting, and management expectations.
- 4) Lack of sufficient funding to become a data driven organization.
- 5) Attracting qualified program reviewers who understand the science and innovation process to best benefit high-tech industry growth.



Agency Goals and Key Performance Metrics

Goal	Metric	FY 21 Actuals	FY 22 Actuals	FY 23 Target	FY 28 Target
1	<p>Please see budget request number 6. OCAST will work within this goal to develop new KPM's to better reflect achieving objectives to move Oklahoma forward in diversifying our economy through technology based economic development.</p> <p>While OCAST currently tracks a significant number of KPM's, these metrics are only useful at determining year-over-year results. As part of our new data-driven model, these results will now track metrics towards a much larger objective of fulfilling the agencies mission and bring operations into alignment to execute the State Science and Innovation Strategic Plan.</p> <p>OCAST can provide performance metrics and totals based upon prior budget and strategic requests if desired. We are in the data validation process for our FY22 Impact Report and will provide that information once it is verified.</p>				
2					
3					



Projects for FY 2023 - 2024

Projects

- 1) Complete the process of ensuring OCAST programs are integrated and focused on supporting industry innovation by providing funding and services to accelerate completed R&D to commercialization.
- 2) Efficiently and effectively administer the authorized programs within the State Small Business Credit Incentive allocation and deploy dollars to positively impact Oklahoma based businesses.
- 3) Establish new metrics to guide agency towards addressing issues impacting the commercialization ability for new technologies in Oklahoma. Then ensure these metrics are used in all OCAST programs to guide results and determine funding priorities.
- 4) Finalize a communications plan to effectively communicate with our constituents and build awareness of the innovation possibilities accessible within Oklahoma.
- 5) Increase agency funding to be able to invest more dollars into building an innovation economy as outlined in the 2021-2026 Science and Innovation plan, including building more innovation partnerships and identifying other funding sources to further increase the return on investment of Oklahoma dollars.



Savings & Efficiencies (Current or Planned)

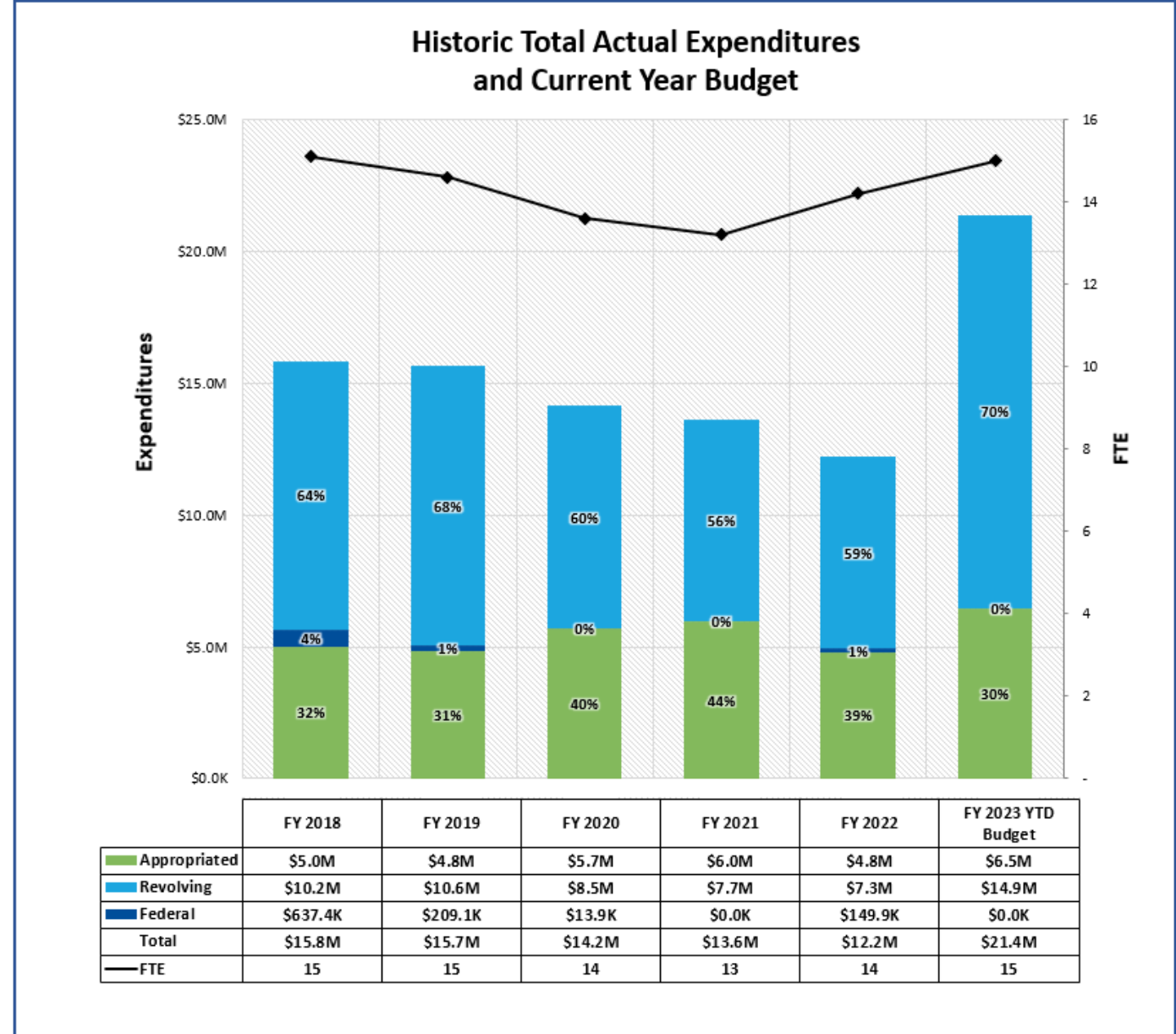
Savings or Efficiency Name	Brief description of how savings were achieved	Savings in Unit of Measurement	FY 2022 (Actual \$ Savings)	FY 2023 (Projected \$ Savings)	FY 2024 (Projected \$ Savings)
Reallocation of FTE to other duties	OCAST performed an analysis on workload and will be able to reallocate 2 existing FTE to other job duties to meet increased needs due to the addition of the Oklahoma Accelerator Program, SSBCI Funds, and ARPA Program Administration	2 FTE	N/A	Level Staffing	N/A



Total Historic Actual Expenditures (FY 2018-22) and Current Year Budget (FY 2023)

Explanation of Significant Changes and Trends

The agency has seen the largest decline in expenditures from FY2020 through FY2022 mostly due to the affects of COVID. Vendors were not completing program award projects due to various reasons such as lack of staffing, equipment, supplies, etc. Vendors requested extensions in order not to lose their funding for their two-to-three-year projects.





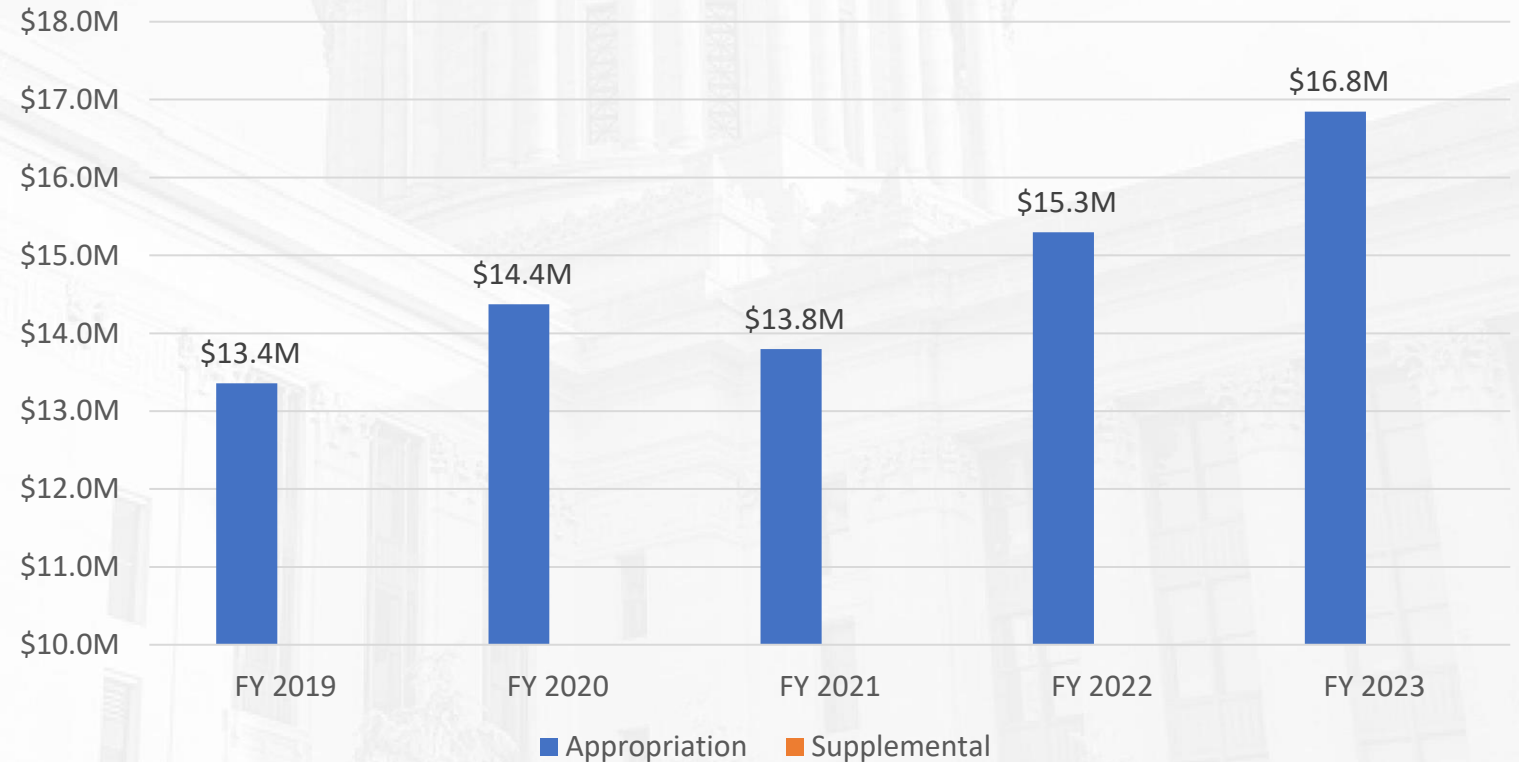
FY 2023 Budgeted Full Time Equivalents (FTE)

	FY 2023 Budgeted FTE
Total FTE	15
Supervisor FTE	3
Supervisors to Total FTE Ratio (%)	20%

Appropriation History

Fiscal Year	Legislated Appropriation (\$) <i>(Include supplemental if applicable.)</i>
FY 2019	\$13,356,927
FY 2020	\$14,371,398
FY 2021	\$13,796,542
FY 2022	\$15,296,542
FY 2023	\$16,846,542

Five-Year Appropriation History



Financial Resource Analysis

Carryover	FY 2019	FY 2020	FY 2021	FY 2022
Total appropriated carryover amount expended (\$)	\$298,225	\$560,765	\$806,860	\$270,564

Historical Cash Balances	FY 2019	FY 2020	FY 2021	FY 2022
Year End Revolving Fund Cash Balances <i>(All Revolving Funds)</i>	\$6,294,853	\$4,750,800	\$6,773,543	\$8,826,344

Revolving Class Fund # <i>(Unrestricted only)</i>	Revolving Class Fund Name <i>(Unrestricted only)</i>	Current cash balance (\$)
2000	Research & Support Revolving Fund	\$7,503,153
#		\$
#		\$
#		\$
#		\$
#		\$
	Total Current Unrestricted Revolving Fund Cash balance:	\$7,950,479

Fiscal Year	Agency's plan to deploy unrestricted cash (including amounts):
FY 2023	Any funds remaining in FY22 will be rolled over to FY23 and expended for expenses not budgeted or planned for in FY23. The remaining funds will be used to pay current outstanding encumbrances plus any monies awarded through the agency's application process.
FY 2024	Any funds remaining in FY23 will be rolled over to FY24 and expended for expenses not budgeted or planned for in FY24. The remaining funds will be applied to out-year awards (awards previously approved by the board that are two-to-three-year projects).
FY 2025	Any funds remaining in FY24 will be rolled over to FY25 and expended for expenses not budgeted or planned for in FY25. The remaining funds will be applied to out-year awards (awards previously approved by the board that are two-to-three-year projects).



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

Budget & Supplemental Request Summary

Request Name		FY 2024 Appropriated Request Amount (\$) {or FY 2023 for Supplementals}	Type of Request: Operating, One-time, or Supplemental
1	Oklahoma Research and Development Attractions Act	\$1,000,000	Supplemental for FY23 (this request is then included in the requested amount in request #4 for operating purposes in FY24 and beyond)
2	OCAST Intern Partnership for STEM Workforce Pipeline	\$1,019,167	Supplemental for FY23 (this request is then included in the requested amount in request #4 for operating purposes in FY24 and beyond)
3	Build upon the success of the Oklahoma Innovation Partners	\$7,000,000	Operating
4	Implement most successful programs framework in all OCAST programs	\$12,500,000	Operating
5	Maximize capital funding opportunities for the state	\$3,000,000	Operating



Budget & Supplemental Request Summary

Request Name		FY 2024 Appropriated Request Amount (\$) {or FY 2023 for Supplementals}	Type of Request: Operating, One-time, or Supplemental
6	Become a data driven organization	\$1,700,000	Operating
7	Provide necessary resources for success	\$2,800,000	Operating



(1) Budget Request

Oklahoma Research and Development Attraction Act

Type: Supplemental FY23 (program is then included in operating request 4 in FY24 and beyond)

\$ Amount Requested
\$1,000,000

Describe why these funds are needed.

Provide funding for the Oklahoma Research and Development act (5003.10F) for matching grants for eligible companies that partner with Oklahoma research universities or nonprofit research institutions to foster research and development in the key areas of the Science and Innovation strategic plan.

This bill went into effect on 11/1/2022 and no FY23 appropriations were made to allow us to execute the act.



(2) Budget Request

OCAST Intern Partnership for STEM Workforce Pipeline

Type: Supplemental FY23 (program is then included in operating request 4 in FY24 and beyond)

\$ Amount Requested
\$1,019,167

Describe why these funds are needed.

Increase in funding will allow OCAST to keep the Intern Program open year-round (or until funding is exhausted) to allow for Oklahoma businesses to provide internship opportunities for STEM workforce students as projects become available. Currently OCAST has a single application window for when projects must be applied for.



(3) Budget Request

Build upon the success of the Oklahoma Innovation Partners	
Type: Operating	\$ Amount Requested for FY 2024 \$7,000,000
Describe why these funds are needed. With this request we will continue to fund the statutory requirements to fund the Inventors Assistance Service, Small Business Research Assistance, Industrial Extension Services, Oklahoma Technology Commercialization Center, and grow additional partnerships to address gaps in the Research and Development Commercialization Pipeline. Additionally, we will work to build all of these programs and grow Private and Public Partnerships to address these needs. This will bring access to additional revenue through private, public, government, foundation, and corporate partnerships and funding. Additionally, OCAST will work to develop specific performance metrics to tie funding to delivery in moving forward with addressing how to expand innovation in Oklahoma.	



(4) Budget Request

Implement most successful programs framework in OCAST programs	
Type: Operating	\$ Amount Requested for FY 2024 \$12,500,000
Describe why these funds are needed. This funding will allow us to pull all the research specific programs into one framework to allow OCAST to provide clients with access to the best possible support system. Additionally, this single framework has been proven to provide the greatest return on investment for the citizens of Oklahoma and greatest success for the Oklahoma based businesses and researchers. This programming will also allow OCAST to utilize the opportunities leveraged in the Intern Partnership Program and Research and Development Attraction act to diversify Oklahoma's economy through technology based economic development within the three areas set forth in the state Science and Innovation strategic plan.	



(5) Budget Request

Maximize capital funding opportunities within the state	
Type: Operating	\$ Amount Requested for FY 2024 \$3,000,000
<p>Describe why these funds are needed.</p> <p>This small increase will allow OCAST to continue with utilizing the Oklahoma Seed Capital Fund to encourage additional venture capital investment in Oklahoma startups. Additionally, OCAST has been given approval from the OSTRaD Council to allow a slight increase for the contract holder in the usage of these funds specifically for the purpose of getting a startup prepared for full investment. This will allow the selected venture firm the opportunity to ensure more startups are ready to secure funding and successfully deploy investment capital. One change to note is the Oklahoma Seed Capital Fund provider will continue to be selected through a competitive RFP process. OCAST will award these funds to an Oklahoma based investment firm with the best RFP.</p> <p>One other important note for FY24 is with the SSBCI funding brought into the state, this is the time for OCAST to work to develop a longer term, strategic plan to further address access to capital from Oklahoma companies looking to grow in those core areas of the Science and Innovation strategic plan</p>	



(6) Budget Request

Become a data driven organization	
Type: Operating	\$ Amount Requested for FY 2024 \$1,700,000
Describe why these funds are needed. For this operating request, we would like to change our current Technology Information Services Division to the new Office of Science and Innovation. This would continue the current programs functions of providing a central department for all legislative inquires and the department responsible for marketing and communication. Through this change, additional staff will be added to help the agency become data driven and to better tell the stories going on within Science and Innovation in Oklahoma. The new data team would work to set the performance funding metrics for OCAST programs and partners, develop plans to improve Oklahoma's rankings in a variety of national reports, and provide data driven recommendations on all areas surrounding innovation for other state agencies.	



(7) Budget Request

Provide necessary resources for success	
Type: Operating	\$ Amount Requested for FY 2024 \$2,800,000
Describe why these funds are needed. This operating request will fund current operations and administrative functions and provide greatly needed resources. OCAST has operated under very lean budget items in order to deploy the greatest resources to Oklahoma based businesses. This additional amount will allow OCAST to provide much needed tools, training, and development to further staff reach. Additionally, OCAST current location will reach the end of its current lease in FY24 and this will allow the agency to perform a thorough look at space needs, location, and possibly require a move. This request will also allow for extra program staff to distribute the workload in a manner to allow employee longevity and plan for agency succession	





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Appendix

Once in a generation opportunities

Throughout the last 12 months, OCAST has been given the opportunity to manage several projects not reflected in our budget numbers. These projects represent funding that can dramatically quicken the timeline and increase OCAST's ability to diversify Oklahoma's economy through technology based economic development, specifically within the industries outlined in the State Science and Innovation Strategic Plan.

OCAST would like to ensure the legislature has visibility into these programs. Our current budget requests are with these projects in mind. OCAST wants to ensure that Oklahoma executes on these opportunities quicker, faster, and better than every other state. These programs and funds are being administered with existing staffing and resource levels and represent a unique opportunity to gather data, build partnerships, and increase the innovation economy in Oklahoma.

The following slide represents the additional projects and pass-through funding OCAST is currently working to leverage for the betterment of Oklahoma.



Once in a generation opportunities

Oklahoma Accelerator Program

- Ag Launch Oklahoma - \$5,000,000
- Gener8tor Accelerator (OKC) - \$5,000,000
- Tulsa Accelerator (in contract negotiations) - \$5,000,000

State Small Business Credit Incentive Program (SSBCI)

- Investment Program - \$48,906,317
- Loan Program - \$32,740,289

State ARPA Projects

- Fab Lab / Tulsa \$250,000
- BioTech Manufacturing / OKC \$8,400,000
- FISTA Projects \$20,000,000
- Manufacturing Skills Project \$8,100,000
- Aeronautics Workforce Academy \$20,000,000
- Oklahoma Cyber Innovation Project \$12,000,000

Total Opportunities: **\$165,396,606**

