



**OKLAHOMA**

**Center for the  
Advancement of  
Science and  
Technology**

# Oklahoma Center for the Advancement of Science and Technology

**FY 2025 Budget Hearing Presentation**

**Submitted by: Jennifer McGrail, Executive Director**

# Jennifer McGrail

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

- Industry Innovation Programs
- STEM Internship Pipeline Program
- Research and Development Assistance
- Capital Access Programs
- Oklahoma Technology Commercialization Center
- Inventors Assistance Services
- Small Business Research Assistance
- Manufacturing Assistance

#### Office of Science and Innovation

- 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 2023 – FY 2024

### 1) **Expansion of US Treasury State Small Business Investment Program**

In FY23, we successfully rolled out the US Treasury State Small Business Investment Program, significantly enhancing access to capital for small businesses across our state. This initiative will inject an impressive \$82 million into our local economy that will be matched by at a minimum of \$1-to-\$1 of new private investment. This program also solidified partnerships with 5 strategic innovation partners to assist with the program and mission of fostering economic growth and innovation. OCAST is currently standing up technical assistance programs to support these efforts through a \$2 million investment from the U.S. Treasury.

### 2) **Record Growth in Oklahoma Applied Research Applications**

FY23 and FY 24 both showed impressive growth in application to the Oklahoma Applied Research program directly of innovators and industry. During the current fiscal year, we achieved a remarkable milestone with a record-breaking 60 applications. This reflects the continued commitment to fostering research and development in our state, driving innovation and job creation.

### 3) **Full Establishment of STEM Internship Pipeline Program**

In FY23, we fully established and prioritized the STEM Internship Pipeline program. After a successful pilot collaboration with MidAmerica Industrial Park, and continued interest in the program we are excited to announce the pilot of the program's year-round availability. This initiative will bridge the gap between education and industry, cultivating our future STEM workforce.

### 4) **Successful Launch of Oklahoma Accelerator Program**

We are proud to report the full implementation of the Oklahoma Accelerator program in the past fiscal year. This achievement involved finalizing contracts with three separate entities, initiating the first cohorts, and garnering crucial legislative support for funding structure and fund transfers. This program promises to drive entrepreneurship and innovation in our state.

### 5) **Inaugural Innovation Day at the Capital**

In FY23, we hosted the inaugural Innovation Day at the Capital, attracting over 300 attendees, 36 innovators, and numerous resources from across the state. Building on this success, we are excited to announce plans to expand this event into a two-day conference and expo in 2024, further promoting collaboration and innovation within our state.



# Challenges

## Top Challenges (current & upcoming years)

### 1) **Limited Funding Impacting Project Selection**

One of our front and center challenges is the limited increase in funding, which restricts the number of applications OCAST can support. As we shift our focus towards addressing industry needs, we are witnessing a growing number of exceptional projects that cannot be funded due to budget constraints. This funding shortfall represents a loss of more than \$245 million to the state's economy, highlighting the urgency of securing additional resources.

### 2) **Unfunded STEM Industry Pipeline Program**

The STEM Industry Pipeline program, despite its significant need and demand, did not receive adequate funding. To support this vital initiative, OCAST had to reallocate operating dollars from other crucial programs, including our data plans and additional staff. Balancing the funding needs across programs remains a pressing challenge.

### 3) **Expanding Opportunities with Data Analytics**

The addition of a Data Analytics Program Manager has already shown significant improvement in our agency's transformation. However, we are only beginning to tap into the immense potential of this initiative. Realizing the full extent of possibilities and integrating data analytics effectively will be a continuous challenge and opportunity for growth.

### 4) **Navigating Federal and Private Funding Landscape**

While the availability of federal and private funding opportunities is extensive, OCAST must position itself as not only a strategic partner but also a key funder to ensure that these opportunities align with the state's needs. Effectively mobilizing resources and coordinating funding in the most efficient and impactful manner remains a complex challenge in an ever-evolving landscape.



# Savings & Efficiencies (Current or Planned)

Savings or Efficiency Name	Brief description of how savings were achieved	Savings in Unit of Measurement*	FY 2023 (Actual \$ Savings)	FY 2024 (Projected \$ Savings)	FY 2025 (Projected \$ Savings)
<b>Reallocation of FTE to other duties</b>	OCAST performed an analysis on workload and temporarily reallocated a director level position and staff level position to other areas with greater needs for staffing and increase payroll. Both of these will be needed back in FY25 to ensure we can maintain existing workloads including all new programs.	2 FTE	N/A	Level Staffing	N/A

\* Hours, FTE, square feet, etc.



# Agency Goals and Key Performance Metrics

Goal		Metric	FY 22 Actuals	FY 23 Actuals	FY 24 Target	FY 29 Target
1	Foster statewide collaboration amongst Oklahoma's research institutions, industry, and businesses to facilitate knowledge transfer, technological innovation, and research commercialization through the Oklahoma Innovation Ecosystem.	Amount of collaborative grant funding and investment secured because of Innovation Ecosystem partnerships created. <i>(measured through reports of follow-on funds awarded, for all grantees)</i> <i>*FY23 numbers are still being finalized.</i>	\$299,484,978	\$208,944,629*	\$315,000,000	\$1.28B (assumes pilot program is funded)
2	Creating an easy transition from innovation to market impact in biotechnology, aviation/autonomous systems/defense, and energy by bridging the gap between research outputs and commercialization.	Increase in profitable gains from gross sales that are generated from commercialization of research outputs <i>(measured through self reporting of impact on gross sales in annual impact survey)</i> <i>*FY23 numbers are still being finalized.</i>	\$325,083,885	\$301,943,619*	\$375,000,000	\$500,000,000
3	Promote STEM and workforce development by partnering with educational institutions and industry leaders to provide high quality STEM internships directly related to the active industry growth of Oklahoma businesses.	Increase the number of OCAST-funded industry internships <i>(measured by number of Intern awards made during the FY)</i>	11	8	22	45 (assumes pilot program is funded)
4	Improve access to capital for Oklahoma innovators, startups, and small businesses.	Increase the number of startups, small businesses, and innovators receiving technical assistance, grants, financing, investments, and loans from OCAST and its innovation ecosystem partners. <i>(measured by total count of clients served by OCAST and partners)</i>	New metric for FY24; FY22 data not available	New metric for FY24; FY23 data not available	1,175	3,500
5	Support hiring and retention of high-wage and/or high-skill jobs in Oklahoma's biotechnology, aviation/autonomous systems/defense, and energy fields.	Increase the number of jobs created or retained in high tech fields because of OCAST funding. <i>(measured by #jobs created/retained based on impact survey)</i> <i>*FY23 numbers are still being finalized.</i>	518	1,030*	1,250	2,500



# Projects for FY 2024 - 2025

## Projects

### 1. **Expansion of Innovation Partnerships**

We are committed to continuing the growth of our Innovation Partners programs, a success story that has seen us expand from 4 to over 15 engaged and funded partners in just the past year and a half. Strengthening these partnerships will provide innovators across the state with the resources they need, propelling innovation forward by leaps and bounds.

### 2. **Enhanced Small Business Support**

We plan to maintain our momentum by further rolling out the State Small Business Credit Initiative Program and introducing the Technical Assistance Program. Our goal is to effectively communicate these funding opportunities, provide crucial assistance to funded businesses, and actively pursue additional technical assistance funds when available.

### 3. **Evolving OCAST Programs**

We recognize the dynamic nature of the innovation economy and are committed to evolving our programs to meet its ever-changing needs and gaps. This includes developing a proposal for the Oklahoma Technology Commercialization Center, enhancing the Small Business Research Assistance Service, and evaluating other programs for future proposals. It is essential to ensure these initiatives thrive and remain responsive to the evolving landscape.

### 4. **Continuous STEM Internship Pipeline**

To best serve Oklahoma companies, we are aiming to open the STEM Industry Pipeline Internship Program on a continuous basis. This will allow businesses to access interns and assistance at times that align with their opportunities, rather than being constrained by short funding windows or academic calendars. Increased funding will be necessary to maintain this flexibility.

### 5. **Comprehensive Data Program**

We are committed to establishing a comprehensive data program that includes data dictionaries, formulations, and the introduction of these tools to the entire innovation ecosystem. This will ensure that all data is captured, calculated, and reported in a consistent, accurate, and timely manner, providing valuable insights for informed decision-making.





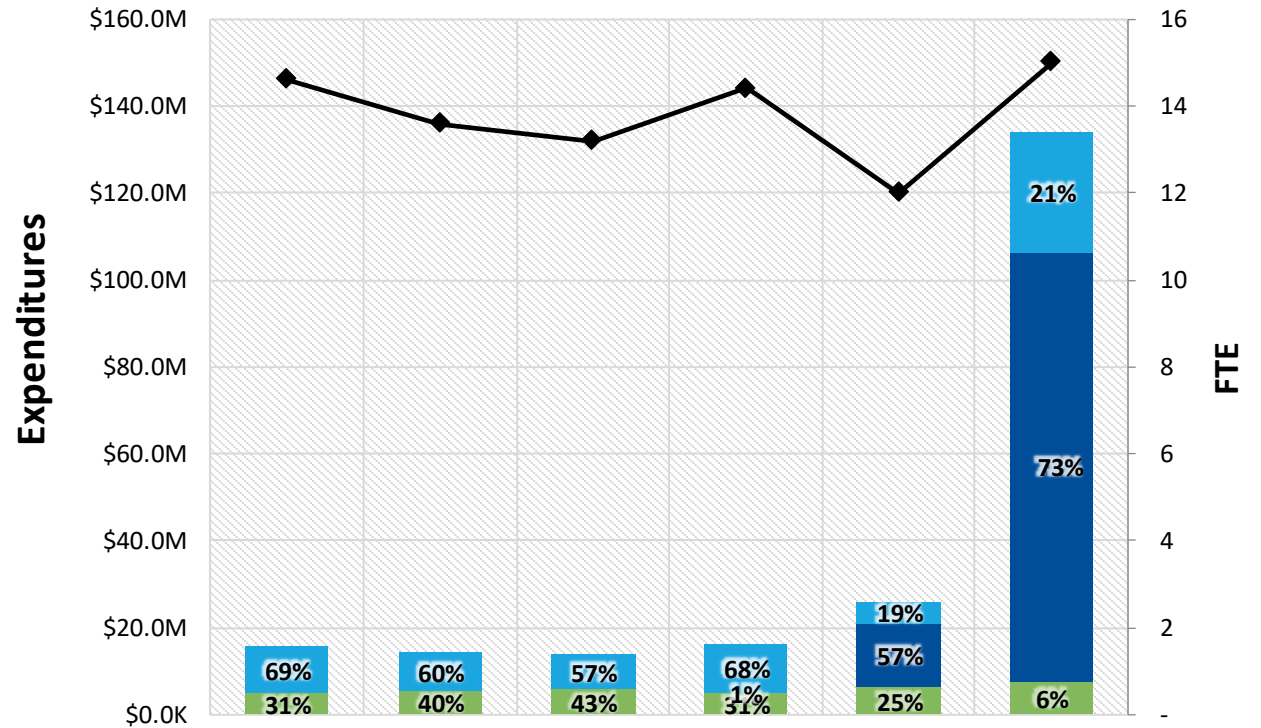
# Historic Actual Expenditures (FY 2019-23) and Current Year Budget (FY 2024)

## Explanation of Significant Changes and Trends

The agency has 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 a variety of reasons such as lack of staffing, equipment, supplies, etc. Awardees requested extensions in order not to lose funding for their two-to-three-year projects.

FY2023 increase was from limits bill increasing the states support for a specific federal match for the Manufacturing Extension Program along with slight increase for other programs. Additionally, in 2023 OCAST received a federal funds from the U.S. Treasury for the State Small Business Credit Initiative. In FY2023, OCAST also assumed responsibility for the Oklahoma Accelerator program and the remaining funds were transferred in FY2024. OCAST also assumed responsibility for 9 separate ARPA projects during FY2023.

## Historic Actual Expenditures and Current Year Budget



	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024 Budget
Appropriated	\$4.8M	\$5.7M	\$6.0M	\$5.0M	\$6.4M	\$7.9M
Revolving	\$10.8M	\$8.5M	\$7.8M	\$11.0M	\$4.8M	\$27.7M
Federal	\$0.0K	\$0.0K	\$0.0K	\$149.9K	\$14.8M	\$98.3M
Total	\$15.7M	\$14.2M	\$13.7M	\$16.2M	\$26.0M	\$133.9M
FTE	15	14	13	14	12	15



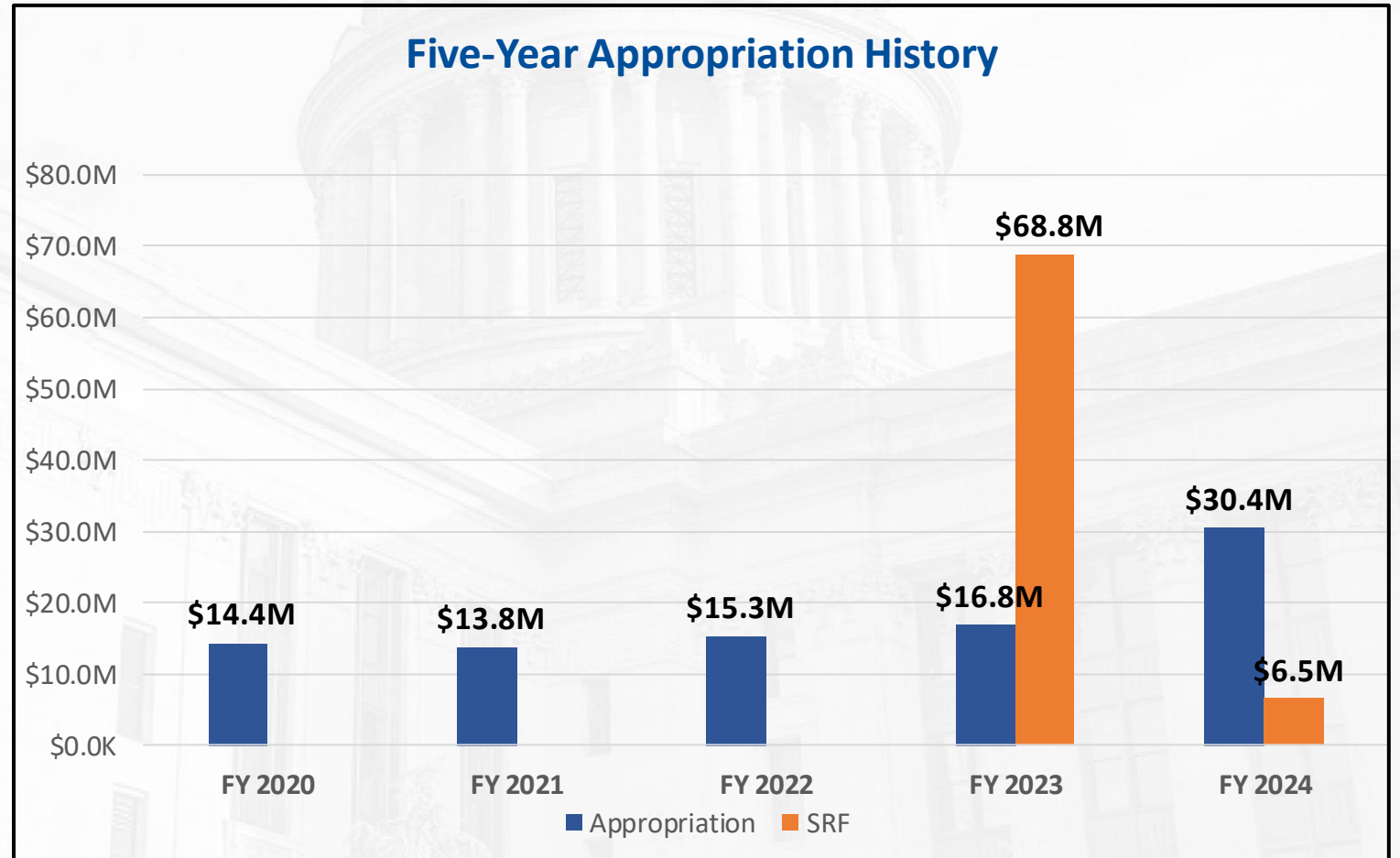


# FY 2024 Budgeted Full Time Equivalents (FTE)

	FY 2024 Budgeted FTE
Total FTE	15
Supervisor FTE	3
Supervisors to Total FTE Ratio (%)	20%

# Appropriation History

Fiscal Year	Legislated Appropriation (\$) (Includes supplementals and SRF/ARPA.)
FY 2020	\$14,371,398
FY 2021	\$13,796,542
FY 2022	\$15,296,542
FY 2023	\$85,596,542
FY 2024	\$36,938,209



\*Includes Supplemental and Statewide Recovery Fund (ARPA) appropriations.



# Financial Resource Analysis

Carryover	FY 2020	FY 2021	FY 2022	FY 2023
Total appropriated carryover amount expended (\$)	\$560,725	\$806,860	\$270,564	\$153,516
Historical Cash Balances	FY 2020	FY 2021	FY 2022	FY 2023
Year End Revolving Fund Cash Balances <i>(All Revolving Funds)</i>	\$4,750,800	\$6,773,543	\$8,826,344	\$36,449,035

Class Fund # <i>(Unrestricted only)</i>	Class Fund Name <i>(Unrestricted only)</i>	Current cash balance (\$)
193	General Revenue Fund Carryover	\$193,492
194	General Revenue Fund	\$1,302,233
200	Research & Support	\$9,589,382
#		\$
#		\$
#		\$
	<b>Total Current Unrestricted Fund Cash balance:</b>	\$

Fiscal Year	Agency's plan to deploy unrestricted cash (including amounts):
<b>FY 2024</b>	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).
<b>FY 2025</b>	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).
<b>FY 2026</b>	Any funds remaining in FY25 will be rolled over to FY26 and expended for expenses not budgeted or planned for in FY26. The remaining funds will be applied to out-year awards (awards previously approved by the board that are two-to-three-year projects).

# FY 2022 Incremental Appropriation Review

<i>Purpose of appropriation increase / decrease</i>	<i>Amount of increase or decrease (\$)</i>	<i>Included in FY24 appropriation? (Yes/No)</i>	<i>If yes, included in appropriation for same purpose? (Yes/No)</i>	<i>If not included for same purpose, please explain.</i>
<b>FY 2022</b>				
No adjustments	\$			
	\$			
	\$			
	\$			
	\$			
	\$			
	\$			
	\$			
<b>Total adjustment</b>	\$			



*\*Do not include SRF / ARPA appropriation increases.*

# FY 2023 Incremental Appropriation Review

<i>Purpose of appropriation increase / decrease</i>	<i>Amount of increase or decrease (\$)</i>	<i>Included in FY24 appropriation? (Yes/No)</i>	<i>If yes, included in appropriation for same purpose? (Yes/No)</i>	<i>If not included for same purpose, please explain.</i>
<b>FY 2023</b>				
No adjustments	\$			
	\$			
	\$			
	\$			
	\$			
	\$			
	\$			
	\$			
	\$			
<b>Total adjustment</b>	<b>\$</b>			



*\*Do not include SRF / ARPA appropriation increases.*

# FY 2024 Incremental Appropriation Review

<i>Purpose of appropriation increase / decrease</i>	<i>Amount of increase or decrease (\$)</i>	<i>Does this need to be included in your FY 2025 appropriation? (Yes/No)</i>	<i>If yes, included in appropriation for same purpose? (Yes/No)</i>	<i>If not included for same purpose, please explain.</i>
<b>FY 2024</b>				
Oklahoma Accelerator Program	\$13,591,666.64	NO		Funds were transferred from Commerce for OCAST to assume full responsibility for this program.
	\$			
	\$			
	\$			
	\$			
	\$			
	\$			
	\$			
<b>Total adjustment</b>	\$13,591,666.64			



*\*Do not include SRF / ARPA appropriation increases.*

# Budget & Supplemental Request Summary

	Request Name	FY 2025 Appropriated Request Amount (\$) {or FY 2024 for Supplementals}	Type of Request: Operating, One-time, or Supplemental
1	Oklahoma Research and Development Attraction Act	\$1,000,000	Supplemental / Operating
2	Oklahoma Industry Innovation Program – Creating an easy, fast, and profitable transition from innovation to market for Oklahoma innovators.	\$10,000,000	One-time (4-year pilot)
3	Improving access to capital in existing “gap” areas.	\$1,500,000	One-time (3-year pilot)
4	Promote STEM Education and Workforce Development	\$3,000,000	One-time (4-year pilot)
5	Enhance Agency Operations and Efficiency	\$1,725,000	Operating
6	Foster Statewide Collaboration	\$1,500,000	Operating
7	Enhance Agency Operations and Routine Program, Services, and Operational Expenses	\$16,846,542	Operating





# (1) Budget Request

<b>Oklahoma Research and Development Attraction Act</b>	
Type: Supplemental FY24	\$ 1,000,000
<p>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.</p> <p>This bill went into effect on 11/1/2022 and no FY23 or FY24 appropriations were made to allow us to execute the act.</p>	



# (2) Budget Request

## Oklahoma Industry Innovation Program – Creating an easy, fast, and profitable transition from innovation to market for Oklahoma innovators.

Type: One-Time / Operating

\$10,000,000/yr. – 4- year Pilot

OCAST has undertaken a strategic initiative to streamline all commercialization, research, and development, programs into a single, unified model, aiming to maximize efficiency and effectiveness in serving innovators across the state. This shift has led to a notable increase in commercially viable projects seeking funding. In FY23, we had the funding capacity to support 7 projects, leaving over 30 viable projects without the financial backing they needed. This funding gap represents a missed opportunity for Oklahoma, depriving us of the potential creation of high-paying jobs and substantial revenue for businesses within our state.

In addition to our regular funding efforts, OCAST is eager to embark on a 4-year pilot program designed to expand our capacity to fund more projects as the move from idea to customer. This pilot will also ensure that funding opportunities are available throughout the year, rather than being limited to a single month. Throughout and at the conclusion of this pilot program, OCAST will provide a comprehensive report detailing the return on investment, using this valuable information to seek additional funding sources to strengthen and sustain the program. It's crucial to note that this program requires a \$1 for \$1 match to qualify for reimbursement of funds, ensuring that the state is guaranteed a minimum investment equal to the level of program funding expended. This innovative approach will empower Oklahoma to harness its full innovation potential and drive economic growth.



# (3) Budget Request

## Improving access to capital in existing “gap” areas.

Type: One-Time / Operating

\$1,500,000/yr. – 3- year Pilot

This one-time request to pilot a new program holds paramount importance in addressing the critical capital access gaps that have long hindered our innovative businesses. There exists a well-identified gap between the pre-seed and seed stages of funding that has historically remained unaddressed, posing a significant obstacle to innovation. Private market funders have been reluctant to cater to this segment due to longer payback times, smaller funding amounts, and comparable administration and due diligence costs to larger, more mature deals.

With the recent addition of SSBCI funding to the state, this gap is poised to widen further, posing a substantial threat to Oklahoma's innovators who might otherwise have access to readily available funding. This pilot program represents an opportunity to bridge this critical funding divide, unlock the potential of our innovators, and drive economic growth in our state by ensuring that no viable project is left without the necessary support to thrive.



# (4) Budget Request

## Promote STEM Education and Workforce Development

Type: One-Time

\$ 3,000,000/yr. – 4- year Pilot

The need for funding to promote STEM education and workforce development in Oklahoma is both urgent and compelling. Our request for a 4-year pilot funding of \$12,000,000 aims to significantly increase the number of STEM internships available in our state. The existing program has already demonstrated tremendous success by not only providing substantial R&D assistance to Oklahoma companies but also offering invaluable experiential learning opportunities to college-enrolled students.

The success of our pilot program with Mid-America Industrial Park has provided a strong framework that can be effectively expanded to benefit other regions of the state. Despite OCAST not receiving increased appropriations to establish this program, its undeniable return on investment has led us to reallocate funds from our operations and services budgets. However, these additional funds are crucial to sustaining the existing program and allowing us to replicate the successful Mid-America model with other industry partners statewide. Moreover, it's essential to emphasize that participating companies are required to demonstrate a minimum of a \$1-for-\$1 match for all funds received, ensuring that the state receives a significant return on its investment while simultaneously bolstering STEM education and workforce development. This funding will play a pivotal role in advancing Oklahoma's innovation ecosystem, creating a win-win scenario for our businesses, students, and the state as a whole.



# (5) Budget Request

<b>Enhance Agency Operations and Efficiency</b>	
Type: Operating	\$1,725,000
<p>Increasing operational funds to enhance agency operations and efficiency is not just a prudent investment but a strategic imperative. OCAST's unwavering commitment to these goals is driven by our dedication to delivering the best possible service to the citizens of Oklahoma and ensuring the optimal use of resources. We recognize that by fortifying our operational processes, leveraging cutting-edge technology, and implementing industry best practices, we can drive significant improvements in efficiency, responsiveness, and overall effectiveness.</p> <p>Equally important, we are committed to securing the future of the agency by developing robust succession plans for key personnel, ensuring continuity in our mission to foster innovation and economic growth. These operational enhancements will not only elevate OCAST's ability to serve our state's innovators and businesses but also position us as a model of efficiency and effectiveness in delivering essential services to Oklahoma.</p>	



# (6) Budget Request

<b>Foster Statewide Collaboration</b>	
Type: Operating	\$1,500,000
<p>The requested increase of \$1,500,000 to foster statewide collaboration is of great importance to OCAST's mission and the economic future of Oklahoma. We are committed to cultivating strong networks that span the state's research institutions, industries, and businesses, enabling seamless knowledge transfer, technological innovation, and research commercialization. By enhancing collaboration, our goal is to transform Oklahoma into a vibrant hub of synergistic research and innovation, attracting and nurturing talent, startups, and established companies alike.</p> <p>This increase in funding will be strategically allocated to OCAST Programs, ensuring that resources are directed to programs and services that can guarantee maximum impact and return on investment. The expansion of collaborative efforts not only strengthens our innovation ecosystem but also paves the way for greater success among Oklahoma-based companies. Through these partnerships, OCAST can lead the charge in making Oklahoma a frontrunner in the innovation economy, diversifying our industries, and ultimately bolstering our state's economic resilience and prosperity.</p>	



# (7) Budget Request

## Routine Program, Services, and Operational Expenses

Type: Operating

\$16,84,542

This amount represents the amount OCAST received in FY24 appropriations. We are once again requesting this amount to ensure we can continue to deliver programs, services, and operations. OCAST will continue to develop our data metrics and make data informed decisions to ensure all programs, services, and operations on delivering on the mission of the agency and in support of technology based economic development strategies to diversify Oklahoma's economy.





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# Appendix



# Explosion of the Innovation Economy

## *OCAST Managed Projects*

### Oklahoma Accelerator Program

• Oklahoma Farm Bureau Rural Accelerator	\$5,000,000
• Gener8tor Accelerator (OKC) -	\$5,000,000
• Build in Tulsa TechStars Accelerator -	\$5,000,000

### State Small Business Credit Incentive Program (SSBCI)

• Investment Program -	\$48,906,317
• Loan Program -	\$32,740,289
• Technical Assistance -	\$2,074,829

### 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
• Rural Technical Assistance -	\$1,000,000
• 36 Degrees North -	\$5,000,000
• The Verge -	\$500,000

***Total Opportunities:***

***\$173,971,435***

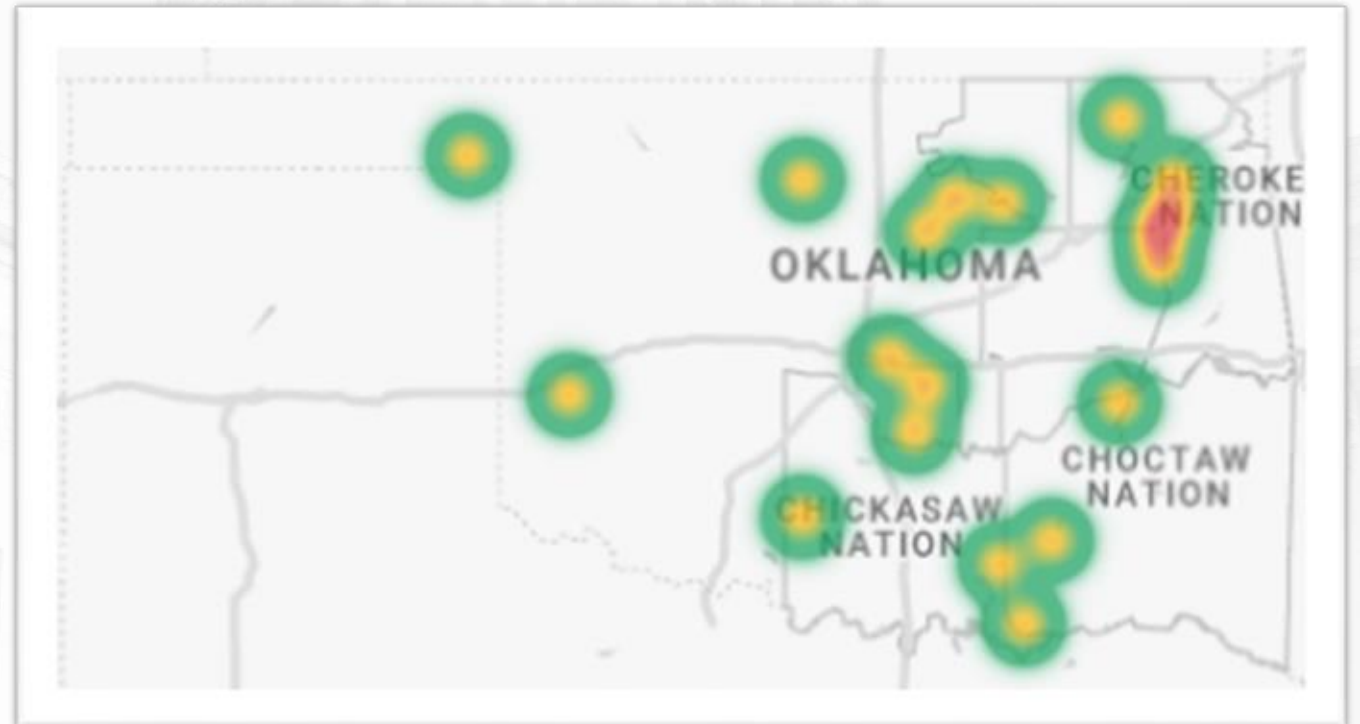


# Rewriting the playbook

Innovation holds the potential to thrive in every corner of Oklahoma, yet our current funding and outreach efforts are reaching only 19 out of the state's 77 counties through our internal programs. It is evident that a significant portion of our population remains underserved in terms of access to innovation resources and opportunities.

However, through data-driven approaches, adequate funding, and strategic partnerships, we have a unique opportunity to change this landscape. Now is the time to commit to ensuring that all Oklahomans, regardless of their location, have access to the countless benefits and opportunities offered by a robust innovation economy.

By extending our reach and fostering a culture of innovation statewide, we can unlock the full potential of Oklahoma's diverse talent and drive economic growth for the benefit of all.



*Heatmap provided represents counties with applications to the FY21 through FY24 Intern and OARS programs.*

