



**OKLAHOMA**  
Office of Management  
& Enterprise Services

# Office of Management and Enterprise Services

**FY 2027 Budget Hearing Presentation**

**Submitted by: David Ostrowe, Interim Director**

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The Office of Management and Enterprise Services (OMES) delivers shared services to state agencies in key areas such as finance, budgeting, procurement, insurance, property management, human resources and technology.

Established in 2012, OMES now includes the following divisions: Information Services; Human Capital Management; Capital Assets Management; Grants Management Office; Finance; Budget, Policy and Gaming Compliance; Central Accounting and Reporting; Central Procurement; Risk, Assessment and Compliance; and Administrative Services.

# 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 2025-FY 2026

- 1) Reduced headcount by approximately 13 percent, resulting in approximately \$12.7 million in salary savings.
- 2) The Grants Management Office has disbursed \$1.18 billion of pandemic relief funding, representing 63.15% of total funds, with 24 initiatives fully disbursed to date. The Grants Management Office voluntarily supports state agencies with federal regulatory guidance needs, helping build a statewide community of practice and serving as a central point of expertise.
- 3) Capital Assets Management was entrusted with \$56.25 million for statewide deferred maintenance and critical infrastructure repairs, and has allocated \$56.05 million across 32 projects, with five completed, nine underway, and the rest scheduled.
- 4) By using new technology in FY 2025, Risk, Assessment and Compliance realized a 92% decrease related to improper direct statewide purchase orders compared to FY 2024. Risk, Assessment and Compliance also achieved a 65% decrease in statewide sole source purchases in FY 2025 compared to FY 2024.
- 5) Information Services has negotiated a new colocation to support the state's disaster recovery data services. The new facility exceeds previous capabilities and better protects state data, all while saving the state about \$3.5 million. That money has been reinvested toward the future of IT operations.
- 6) The Job Catalog project is complete, successfully creating hundreds of new job profiles and assigning thousands of state employees to profiles that more accurately reflect their work. This significant effort culminates in new and revised pay structures for seven job families, which now align with market standards and set the midpoint at 90% of comparable private sector compensation, fulfilling the requirements of HB 1794.



# Analysis of agency challenges

	<b>Challenge description</b>	<b>Current actions</b> (Briefly describe how the agency is currently addressing the challenge.)	<b>Planned actions</b> (Briefly describe how the agency plans to address the challenge going forward.)
<b>1</b>	Legacy systems in critical technology, hardware and infrastructure may impact goals relating to performance and cybersecurity standards.	Operate within current infrastructure.	Request appropriations.
<b>2</b>	Rising costs of construction materials may impact state projects.	Operate within current funding.	Request appropriations.
<b>3</b>	Retaining top talent.	Created OMES University, which serves as a strategic business asset designed to build a unified leadership and culture model that clearly aligns the agency's values, behaviors and expectations from the top down.	Continue to implement educational programs that encourage agency participation, involvement and buy-in.
<b>4</b>	Ability of customer service to increase agility and focus on timely, effective solutions.	We are supporting agencies in consolidating their call centers to provide more efficient and consistent service. This delivers value to taxpayers and state employees who depend on OMES for reliable technology services.	Request appropriations.



# Savings & efficiencies (current or planned)

Savings or efficiency name	Brief description of how savings were achieved	Savings in unit of measurement*	FY 2025 (Actual \$ savings)	FY 2026 (Projected \$ savings)	FY 2027 (Projected \$ savings)
<b>Mail costs</b>	Interagency Mail has added the Corporation Commission as a metering customer, allowing the agency to save approximately 13.5% on its mail costs as well as reassigning half of an employee's duties.	<i>Dollars saved</i>	\$4K-5K <i>Addition of Corp Commission occurred end of FY 2025.</i>	\$35K-\$45K <i>(\$15K for meter &amp; \$20K-\$30K for labor).</i>	\$35K-\$45K <i>(\$15K for meter &amp; \$20K-\$30K for labor).</i>
<b>Real property report</b>	Real Estate and Leasing Services partnered with Risk, Assessment and Compliance to combine annual real property surveys to create a single annual real property survey, eliminating duplications in efforts and creating a single source of truth for real property owned and leased by the State of Oklahoma.	<i>Time saved</i>	N/A – Project is still underway.	Anticipated savings: \$115K for agencies & \$40K for OMES annually.	
<b>Procurement compliance</b>	OMES reviewed 100% of purchase orders, requisitions and exemption transactions within PeopleSoft in FY 2025. In addition, beginning in the fourth quarter of FY 2025, OMES further extended the evaluation of P-card transactions by requiring receipt attachments for all transactions. OMES also saw a 65% decrease in statewide sole source purchases compared to FY 2024. The division achieved these improvements while operating with one fewer FTE than in FY 2024.	<i>Reduction in utilization of sole source purchases</i>	<b>65%</b>	<b>27%</b>	<b>10%</b>



\* Hours, FTE, square feet, etc.

# Savings & efficiencies (current or planned)

Savings or efficiency name	Brief description of how savings were achieved	Savings in unit of measurement *	FY 2025 (Actual \$ savings)	FY 2026 (Projected \$ savings)	FY 2027 (Projected \$ savings)
<b>Job Catalog</b>	Job Catalog project is complete, successfully creating hundreds of new job profiles and assigning thousands of state employees to profiles that more accurately reflect their work. This significant effort culminates in new and revised pay structures for seven job families, which now align with market standards and set the midpoint at 90% of comparable private sector compensation, fulfilling the requirements of HB 1794.	<i>Response time improvement</i>	<i>N/A – project completed July 1, 2025.</i>	<i>Two-hour response time; improved from up to two weeks.</i>	<i>Two-hour response time; improved from up to two weeks.</i>
<b>Oklahoma Purchasing Manual</b>	Central Purchasing created the Oklahoma Purchasing Manual to serve as the official guide for state agency procurement staff, consolidating all applicable statutes, rules, policies and procedures under the Central Purchasing Act.	<i>Time saved</i>	<i>N/A – recently created.</i>	<i>1,215 hours each month.</i>	<i>1,215 hours each month.</i>

\* Hours, FTE, square feet, etc.



# Savings & efficiencies (current or planned)

Savings or efficiency name	Brief description of how savings were achieved	Savings in unit of measurement *	FY 2025 (Actual \$ savings)	FY 2026 (Projected \$ savings)	FY 2027 (Projected \$ savings)
<b>Disaster recovery</b>	Negotiated a new colocation site to strengthen the state's disaster recovery and business continuity – saving taxpayers about \$3.5 million. Additional savings will be realized in FY 2027 as future cloud migrations continue.	<i>Dollars saved (but reinvested)</i>	\$3.5M	\$0	\$1.5M

\* Hours, FTE, square feet, etc.



# Agency goals and key performance metrics

Goal		Metric	FY 25 target	FY 25 actuals	FY 26 target
1	Ensure the ACFR is released within six months of fiscal year-end (Dec. 31).	Date of publication	TBD	TBD	Dec. 31, 2027
2	Improve statewide fleet operations by enhancing customer experience and ensuring efficient spending, which will be achieved by consolidating decentralized shops, motor pools, and fleet management staff and resources to reduce redundancy and establish statewide standards.	Number of vehicles	8,875	9,188	8,500
3	Stabilization of property insurance.	Minimization of premiums	\$47,131,858	\$45,687,401	\$49,200,000
4	Increase use of statewide contracts.	Total spending by agencies	\$960M	\$1B	\$1.1B
5	Support responsible, efficient statewide AI adoption through strong governance, workforce training, and measurable business and citizen outcomes.	Adoption rate	N/A	N/A	Eight agencies piloting AI use cases.



# Projects for FY 2026

- 1) New Annual Comprehensive Financial Report software implementation – to deliver a more timely and comprehensive financial report detailing spending, revenue and debt; enhancing agency transparency; strengthening financial management; and providing clearer information to creditors.
- 2) Invoice intake automation – eliminating the need for employees to manually enter invoices into PeopleSoft.
- 3) AI implementation – the goal is for more than 40 agencies (~55%) to consistently leverage AI in operations; fully integrate the Statewide AI Registry as standard practice; ensure 75% of staff are trained in AI literacy and use; demonstrate measurable outcomes for most AI initiatives; and capture approximately 25% workload efficiency gains in production.
- 4) State Use Program relaunch – OMES Central Purchasing will transition away from its partnership with WorkQuest Oklahoma to better serve the State Use Program and state agencies. This project includes updating the State Use webpage with revised information and ensuring that state procurement resources remain accessible through the OMES Central Purchasing webpage.
- 5) The Jim Thorpe Building project remains on schedule, with major milestones achieved over the past year, including completion of plumbing, venting, the roof terrace, and pressure testing of key mechanical systems. Installation of ceramic tile, carpeting and millwork will begin soon, while discussions continue with tenants. The overall project is slated for completion in August 2026, with several areas expected to finish ahead of schedule.



# Projects for FY 2027

- 1) ACFR implementation expansion – modernizing financial intake of information from partner agencies.
- 2) PeopleSoft insights – provide financial dashboards within the existing system.
- 3) Kelley Building – demolition in the Kelley Building’s main structure and annex is complete, paving the way for a modernized space. Work is progressing on the annex’s mechanical, electrical and framing systems, supporting continued renovation efforts. The project remains on track for completion in August 2026, when the main building will house state agency offices and the annex will open as a day care facility for state employees.
- 4) National Guard Arch and Park – construction has officially begun on the 45th Division National Guard Arch and Park at the State Capitol, with fencing installed and site clearing underway to prepare the monument’s foundation. Established by House Bill 4012 during the 2024 legislative session, the project honors the bravery and sacrifice of Oklahoma’s National Guard service members. When completed, the park will provide a meaningful space of remembrance for visitors to the People’s House.
- 5) Central Purchasing – implement more training opportunities for agency certified procurement officers.
- 6) Central Purchasing – conduct post-solicitation internal audits to improve the quality and integrity of competitive bids.



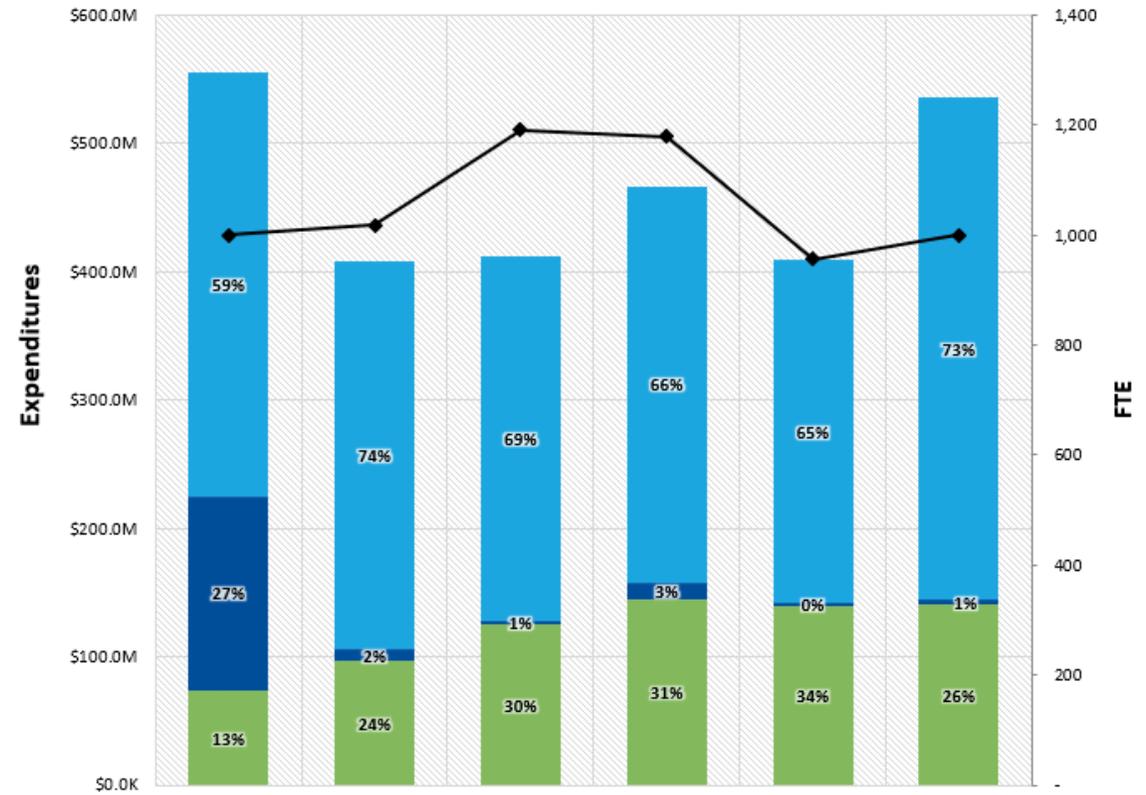
# Total historic actual expenditures (FY 2021-25) and current-year budget (FY 2026)

## Explanation of changes and trends

The sizeable reduction of actual expenditures from FY 2021 to FY 2022 was due to the ending of the CARES Act program, which funded large statewide projects through OMES.

The increase from FY 2025 actual expenditures to FY 2026 budgeted expenditures is primarily due to continued work on approved Legacy Capital Financing Act projects and budgeted projects from the Oklahoma Capital Assets Maintenance and Protection Fund.

Historic Actual Expenditures and Current Year Budget



	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026 Current Budget
Appropriated	\$73.6M	\$96.5M	\$124.7M	\$144.3M	\$140.0M	\$140.2M
Revolving	\$330.2M	\$301.9M	\$284.6M	\$308.8M	\$267.6M	\$391.8M
Federal	\$151.6M	\$9.3M	\$3.2M	\$13.8M	\$1.8M	\$4.3M
Total	\$555.3M	\$407.6M	\$412.5M	\$467.0M	\$409.5M	\$536.3M
FTE	1,000	1,018	1,191	1,179	956	1,000



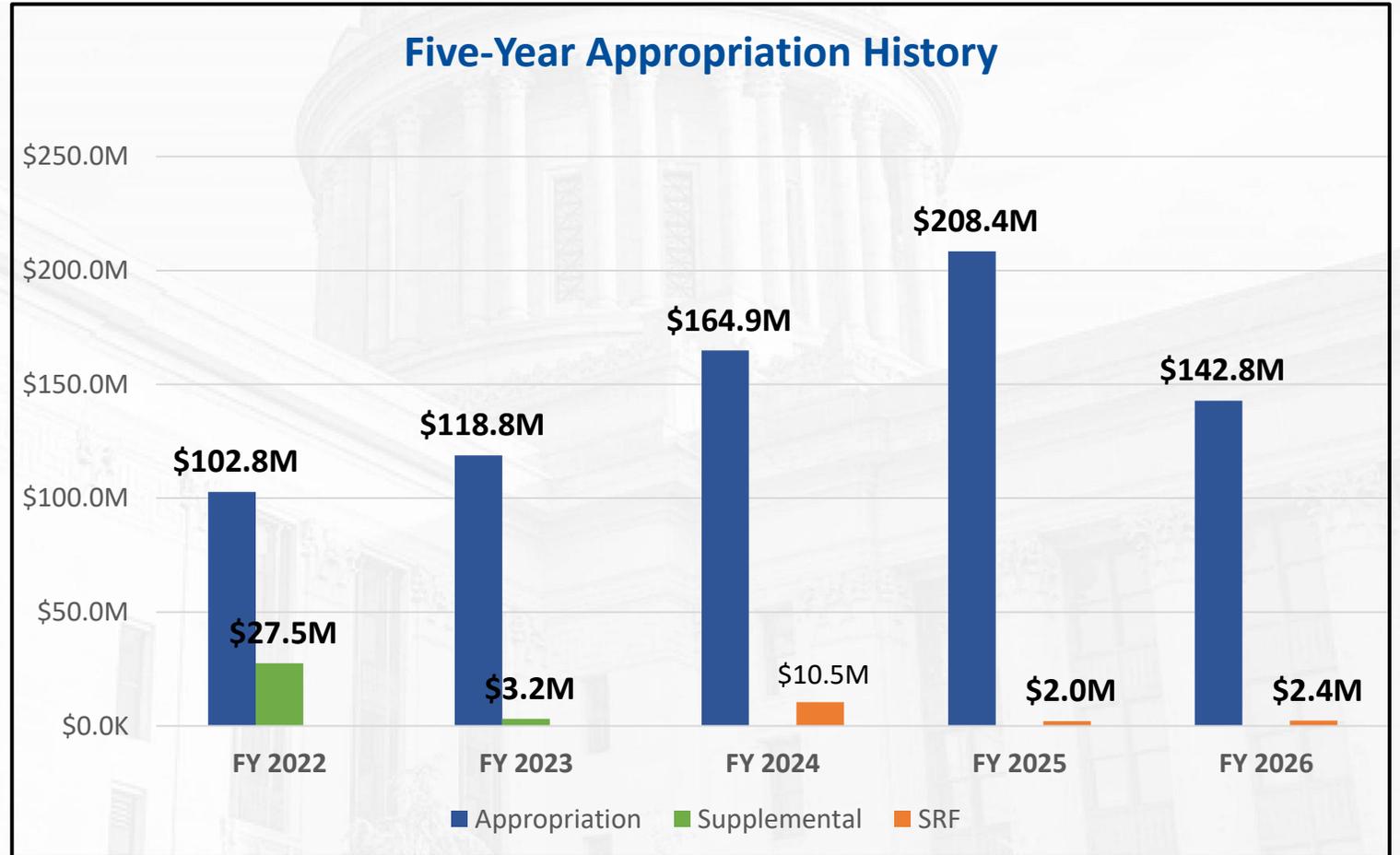


# FY 2026 Budgeted full-time equivalents (FTE)

	FY 2026 budgeted FTE
<b>Total FTE</b>	1,000
<b>Supervisor FTE</b>	111
<b>Supervisors to total FTE ratio (%)</b>	11%
<b>Current budgeted but unfilled FTE</b>	159

# Appropriation history

Fiscal year	Legislated appropriation (\$) (Includes supplementals and SRF/ARPA.)
<b>FY 2022</b>	\$130,281,593
<b>FY 2023</b>	\$121,963,780
<b>FY 2024</b>	\$175,359,616
<b>FY 2025</b>	\$210,405,379
<b>FY 2026</b>	\$145,232,263



*Includes Supplemental and Statewide Recovery Fund (ARPA) appropriations.  
Does not include appropriations received by OMES for Service Oklahoma in FY 2023 (\$35,737,000).*



# Financial resource analysis

Carryover	FY 2022	FY 2023	FY 2024	FY 2025
<b>Total appropriated carryover amount expended (\$)</b>	\$5,016,597	\$12,349,763	\$3,573,418	\$1,977,008

Historical cash balances	FY 2022	FY 2023	FY 2024	FY 2025
<b>Year-end revolving fund cash balances (all revolving funds)</b>	\$132,836,238	\$136,625,083	\$163,266,173	\$246,200,433

Revolving Class Fund # (Unrestricted only)	Revolving Class Fund name (Unrestricted only)	Current cash balance (\$)	Projected FY 2026 year-end cash balance (\$)
20000	Revolving Fund	\$779,268	\$0
20300	Communications Revolving Fund	\$2,980	\$2,980
20400	Tribal Gaming Revolving Fund	\$1,643,344	\$804,144
21000	Telecommunications Revolving Fund	\$1,155,285	\$0
24500	Building & Facility Revolving Fund	\$4,099,697	\$0
29400	OK Print Shop Fund	\$82,374	\$0
29800	HCM-HR Revolving Fund	\$30,853	\$0
<b>Total Unrestricted Revolving Fund Cash balance:</b>		<b>\$7,793,801</b>	<b>\$807,124</b>



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

# FY 2024–2025 appropriation change review

<i>Purpose of appropriation increase or decrease</i>	<i>Amount FY 2024</i>	<i>Amount FY 2025</i>	<i>Total amount received FY 2024-25</i>	<i>Total amount expended by Nov. 1, 2025</i>	<i>Included in FY 2026 approp? (Yes/No)</i>	<i>If not expended fully, please explain.</i>
NACEA Debt Service	\$24,835	\$0	\$24,835	\$24,835	Yes	
Data Center and Command Center	\$18,610,421	\$0	\$18,610,421	\$18,610,421	Yes	
Salary Study Payback	\$1,965,000	\$0	\$1,965,000	\$1,965,000	No	
OESC Technology Upgrades	\$19,000,000	\$0	\$19,000,000	\$6,796,589	No	Project is currently in flight. Due to project planning, first expenses were not incurred and paid until July 2024.
LCF Debt Service – Jim Thorpe	\$3,500,000	\$0	\$3,500,000	\$3,500,000	Yes	
LCF Debt Service – Capitol Complex	\$950,000	\$0	\$950,000	\$0	Yes	Full amount paid to OCIA on Nov. 5, 2025.
LCF Debt Service – Kelley Building	\$1,316,115	\$0	\$1,316,115	\$1,316,115	Yes	
LCF Debt Service – Libraries	\$880,250	\$0	\$880,250	\$0	No	Per OCIA, OMES will not be billed for this debt service for FY 2024, as project did not begin until FY 2025.



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

# FY 2024–2025 appropriation change review

<i>Purpose of appropriation increase or decrease</i>	<i>Amount FY 2024</i>	<i>Amount FY 2025</i>	<i>Total amount received FY 2024-25</i>	<i>Total amount expended by Nov. 1, 2025</i>	<i>Included in FY 2026 approp? (Yes/No)</i>	<i>If not expended fully, please explain.</i>
Rightsizing IT (O365 & PeopleSoft)	\$0	\$5,409,857	\$5,409,857	\$5,409,857	Yes	
SB 1333 Volunteer Firefighter to OMES	\$0	\$75,000	\$75,000	\$0	No	FTE for program not yet hired.
VPN costs	\$0	\$2,937,295	\$2,937,295	\$2,937,295	Yes	
LCF Debt Service – Capitol Arch	\$0	\$215,000	\$215,000	\$215,000	Yes	
Broadband Office – Pathfinder need	\$0	\$105,000	\$105,000	\$0	Yes	Funds not yet requested.
<b>Totals</b>	\$46,246,621	\$8,742,152	\$54,988,773	\$40,775,112		



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

# FY 2026 appropriation change review

<i>Purpose of appropriation increase or decrease</i>	<i>Amount of increase or decrease (\$)</i>	<i>Does this need to be included in your FY 2027 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>
OCIA Debt Service Adjustment – AICCMTA	(\$2,135,707)	No		
OCIA Debt Service Adjustment – Capitol Complex	(\$7,156,521)	No		
<b>Total adjustment</b>	(\$9,292,228)			



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

# Incremental & supplemental request summary

Request name		FY 2027 incremental appropriation request amount (\$) (or FY 2026 for supplementals)	Type of request: recurring, one-time or supplemental
1	Underfunded mandated responsibilities	<b>\$10,174,537</b>	Recurring
2	Maternity leave payments under 70 O.S. § 6-104.10	<b>\$75,000</b>	Recurring
3	Unfunded mandated responsibilities	<b>\$8,084,000</b>	One-time
4	Reserve for emergency services for OMES-managed facilities	<b>\$1,000,000</b>	One-time
5	Transparency and efficiency projects	<b>\$19,750,000</b>	Recurring Year 1 – \$19,750,000 Year 2+ – \$10,000,000



# (1) Incremental budget request

## **Underfunded mandated responsibilities**

Type: Recurring

\$10,174,537

Increase to OMES operational base appropriations, including the software for the Assessment department (created after the Central Purchasing LOFT report), Office 365 (growth and price increase), and the CORE financial and human capital management systems.



## (2) Incremental budget request

### **Maternity leave payments under 70 O.S. § 6-104.10**

Type: Recurring

\$75,000

This requested funding will be used to reimburse the Oklahoma Department of Career and Technology Education, State Department of Rehabilitation Services, the Department of Corrections, and the Office of Juvenile Affairs for expenses related to providing eligible employees with paid maternity leave as described in 70 O.S. § 6-104.10.



# (3) Incremental budget request

## Unfunded mandated responsibilities

Type: One-time

\$8,084,000

This request is to cover increases to OMES expense due to two items OMES is legislatively mandated to perform that OMES has not received funding for – the state parking lots and road and the Grants Management Office.

ARPA-SLFRF's period of performance will end on Dec. 31, 2026. As OMES GMO is largely supported by federal funds from this program, the agency will need state dollars to support this team in performing the required closeout period beginning on Jan. 1, 2027, and to be able to perform the necessary reporting and auditing that will occur during FY 2027 and thereafter.

The state's parking lots and internal roadways serve as critical infrastructure supporting daily operations across government facilities. These assets accommodate thousands of employees, visitors and service vehicles, and they play a vital role in ensuring accessibility, safety and operational continuity. However, many of these surfaces are aging, deteriorating, and in need of urgent repair or resurfacing. To uphold the integrity of state property and ensure a safe, functional environment for all users, we are requesting additional funding to address the growing maintenance and improvement needs of these facilities.



# (4) Incremental budget request

## **Reserve for emergency services for OMES-managed facilities**

Type: One-time

\$1,000,000

The Capitol Complex and the 29 buildings maintained by the Office of Management and Enterprise Services (OMES) represent critical infrastructure supporting the daily operations of state government. These facilities house essential services, elected officials and public-facing agencies, making uninterrupted functionality a matter of public trust and operational necessity. To ensure rapid response and continuity in the event of unforeseen emergencies – such as HVAC failures, electrical outages, plumbing collapses, structural damage or environmental hazards – it is imperative that OMES Capital Assets Management maintain a dedicated emergency reserve of \$1 million. This reserve would serve as a contingency fund to address urgent system failures.



# (5) Incremental budget request

## Transparency and efficiency projects

Type: Recurring

\$19,750,000 for Year 1; \$10,000,000 for Year 2+

Funds requested for four projects supporting statewide services:

Budget Request software – will allow Budget team to move away from agency budget request submissions on spreadsheets and establish system of record for agency budget request data. Platform and data will be shared between executive and legislative staffs as one source of truth for budget request data and will enable the Legislature and state agencies to work from the same budget request copy.

Statewide call center – through centralization and cross-training, 33 call centers could be consolidated into one entity, saving the state more than \$20M annually due to duplicative licensing, services and headcount reduction.

Workday Extend – currently, Workday@OK offers little customization flexibility, resulting in specific needs not being met for 120+ agencies. Workday Extend provides flexibility for setting up items such as automation for employee onboarding, compliance tracking, payroll customization, employee engagement surveys and custom learning modules.

Statewide Purchasing modernization: Modernizing the state's purchasing process with software that unifies procurement processes, improves operational transparency and significantly reduces personnel dependency could result in savings of up to 30% through automation, redundant task consolidation and reallocating staff to higher-value work.

