



Office of Management and Enterprise Services: Office Space Utilization

February 2026



Legislative Office of Fiscal Transparency
State Capitol Building, Room 107
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Key Objectives:

- Assess OMES' role in managing and coordinating the use of agency office space.
- Examine the current process for agencies to obtain office space.
- Evaluate how agencies utilize and maintain office space.
- Examine ownership and leasing options for State agencies, comparing cost structures and cost-effectiveness.

Executive Summary

The State of Oklahoma owns nearly 98 million square feet of building space, with 12 percent dedicated as office space for State agencies. The Office of Management and Enterprise Services (OMES) is responsible for managing agency office space, with duties ranging from constructing, maintaining, or improving the buildings to approving whether an agency can lease space from the private sector.

Until 2011, the State did not have a complete inventory of its capital assets. The Legislature began requiring OMES to provide an annual reporting of properties and identify underutilized properties that could be sold, with the proceeds being reinvested in State-owned properties.

With this evaluation, the Legislative Office of Fiscal Transparency (LOFT) sought to examine OMES' management role, assess how agencies use office space, and compare the cost effectiveness of ownership and leasing options.

LOFT's evaluation focused on the 7.4 million square feet of office space occupied by State agencies located in Oklahoma City and Tulsa: 3.2 million square feet directly owned by State agencies, 2.2 million square feet owned by OMES, and 2.0 million square feet of space leased by State agencies from private owners.

This evaluation resulted in three key findings:

Finding 1: OMES is Not Exercising Its Full Statutory Authority in Managing State Property and Relies on Flawed Data for Decision Making and Planning

Oklahoma Statute clearly establishes the Office of Management and Enterprise Services as the entity responsible for managing and overseeing State real property.

74 O.S. § 63 E.

"The Office of Management and Enterprise Services shall have the custody and control of all state property, and all other property managed or used by the state..."

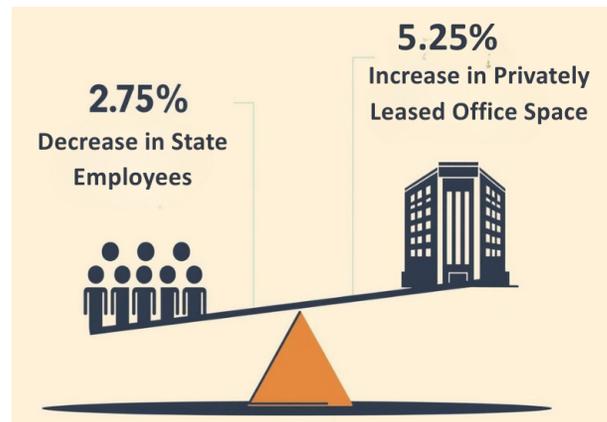
74 O.S. § 94 A.

"Except as otherwise provided by law, the Office of Management and Enterprise Services shall have full and complete authority to designate quarters for every department of state government, and to determine what space shall be allotted."

Additionally, statute establishes a clear preference for State-owned buildings over private leases, with title 74 directing OMES to prioritize agencies' use of State-owned space over leasing, purchasing, or constructing new property. However, **despite the number of State employees declining by 2.75 percent over the past seven years, the amount of office space leased from the private sector increased by 5.25 percent.**

While statute describes OMES as State government's landlord, OMES exercises this role only over the 23 office buildings it directly owns and manages. For example, OMES assigns the space within these buildings to multiple agencies, whereas it does not consider placing other agencies inside of buildings directly owned by another agency. In cases where privately leased office space was reduced, LOFT found these efforts were led by the tenant agencies and not OMES.

Statute also directs OMES to keep "an accurate account" of all property and to "maintain a comprehensive inventory of state-owned real property and its use." In response to these directives, OMES annually produces the Real Property Report. However, OMES does not verify the data provided by agencies. Instead, OMES defers its responsibility for ensuring accuracy to the agencies that report the data. LOFT easily found numerous errors within the data, such as unmappable addresses, entries for which the building was listed as having zero square feet, blank entries, and entries that reported no cost for the building. Last, other entries were found to have zero employees assigned to the building. **Because OMES does not verify the data within the Real Property Report, it has limited value in terms of informing decisions about the State's properties.**



There are also a handful of agencies that do not pay rent to OMES for using space within OMES-owned buildings; OMES refers to these spaces as "appropriated space," although LOFT could find no written guidance or legislative direction for the designation of such spaces.

Finding 2: State Office Space is Not Being Utilized Efficiently, or in Accordance with the State's Own Policies

The State of Oklahoma pays for every square foot of office space it uses, whether the building is owned by OMES, an agency, or a private lessor. LOFT found that inefficient use of space results in two levels of waste: vacant space (space unassigned for agency use by OMES) and unused space (space given to an agency but unused by employees).

To determine how efficiently office space is used, LOFT sought to use a space allocation standard based on OMES' rules. However, OMES' administrative rules – and OMES' application of them – does not provide a consistent standard from which to determine optimal capacity of office space. **While OMES' rules state that space, "shall ordinarily not exceed the product of 150 square feet," per person, that is rarely, if ever, the standard by which they allocate space.** According to OMES' rules, "This standard is not an entitlement per individual employee. It is a standard allocation to the agency as a whole." However, LOFT's review of space allocation documents found instances where the amount of space allocated to an agency for "special" purposes were equal to or exceeded the total amount of space allocated for employee workspaces, even though the spaces described were not unusual to an office space. The additional allocations for "special spaces" effectively renders the per person space allocation standard meaningless.

Additionally, LOFT identified instances where an agency overrode the square footage allocation calculated by OMES' allocation forms to request a space larger than what was justified on the form. In some cases, the total amount of space requested exceeded the total of the per-employee allocation plus the special space square footage.

To determine capacity, LOFT instead adapted standards from a 2023 Government Accountability Office study of federal property, using a standard allocation of 216 square feet per employee. Using this figure, LOFT measured the number of employees duty-stationed to a building compared to the building's total capacity to determine the reported utilization of a building. Then, LOFT used an average daily attendance, based on badge swipe data where available, to determine a building's actual utilization. LOFT's interest in attendance is relevant to determining how a space is used; LOFT did not examine agencies' remote or hybrid work policies. The amount of space an agency requires to conduct its work is based, in part, on the extent to which employees use the building.

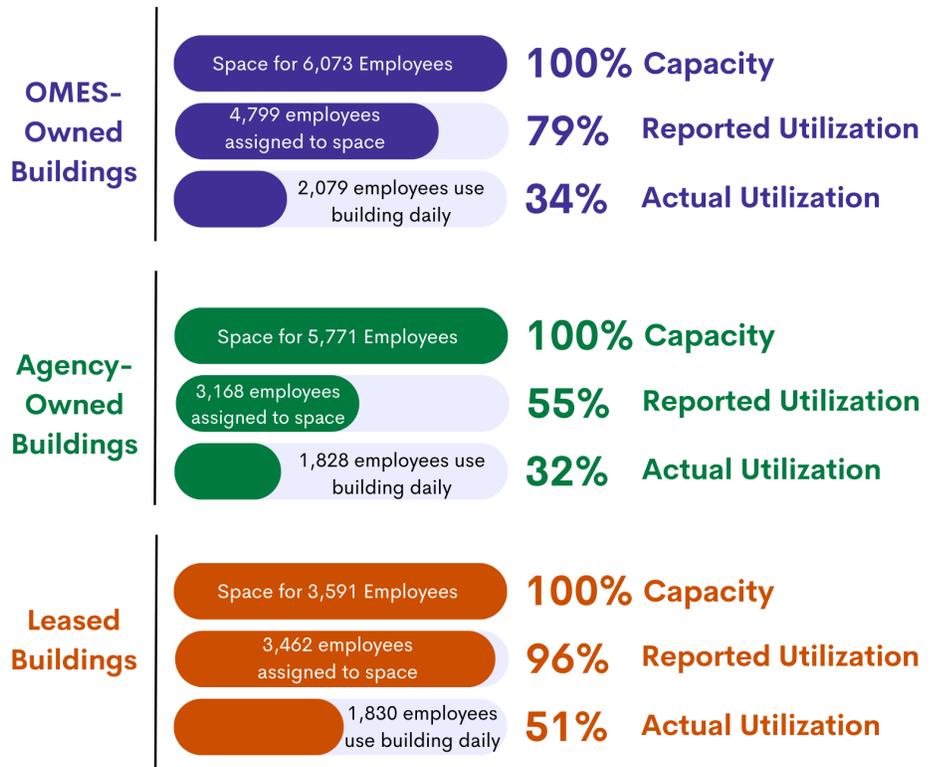
LOFT examined three categories of buildings in the Oklahoma City and Tulsa metros: those owned and managed by OMES, those owned by State agencies, and leased space in buildings not owned by the State. From this, LOFT observed a clear pattern: buildings are capable of housing more employees than are currently assigned to the space, and for those workers who are assigned, about half report to the office on a daily basis.

LOFT’s observations during site visits confirmed the conclusions from the badge swipe data; LOFT routinely observed less than half of all desks being used at any given time.

One of the greatest missed opportunities to maximize use of State-owned buildings is with the Jim Thorpe Building, which is currently under renovation. Prior to the comprehensive renovations, the nearly 160,000 square foot building had capacity for 735 employees. Yet, just 442 were assigned to the building. Post-renovation, 10,000 square feet of space will be used as event space instead of office space. Subtracting this as available office space, the building should be able to accommodate 685 offices. However, planned use is for just 458. If every employee assigned to the space were to use the building on a daily basis, the building would be used at just 67 percent capacity.

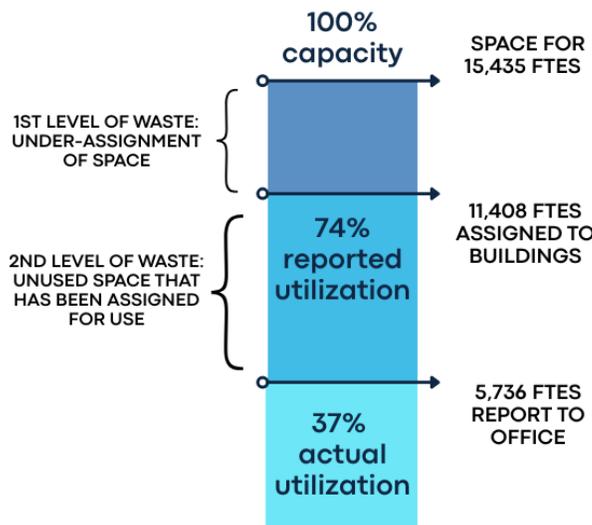
In the 64 buildings that LOFT was able to evaluate, there is an estimated 2.1 million square feet of wasted space that, if used efficiently, could generate significant savings for the State in avoided rent, maintenance, utilities, insurance, and other office space costs.

Space Efficiency Comparison



LOFT applied a benchmark of 216 square feet per employee to calculate capacity

64 Buildings Evaluated includes 14 owned by OMES, 18 owned by agencies, and 32 leased by agencies



100% CAPACITY

The 64 buildings have a combined 3.5 million sq. ft. of space. Assuming that these spaces could be aligned with the GAO-adapted standards of 216 square feet per employee, at full capacity the buildings could house 15,435 employees.

74% REPORTED UTILIZATION

If every employee assigned to the building spaces were to report to the office on the same day, the building space would be used at 74% of its full capacity.

37% ACTUAL UTILIZATION

Based on attendance data, approximately half of the employees assigned to the buildings report to work each day, resulting in two-thirds of the space not being utilized.

In response to an executive order requiring State employees to return to the office by February 1, 2025, some agencies have requested more office space. If OMES were to assess the capacity of space in State-owned buildings and leverage employee data from OMES’ Human Capital Division (such as the number of remote employees or primary duty station), those needs could likely be met within property already owned by the State.

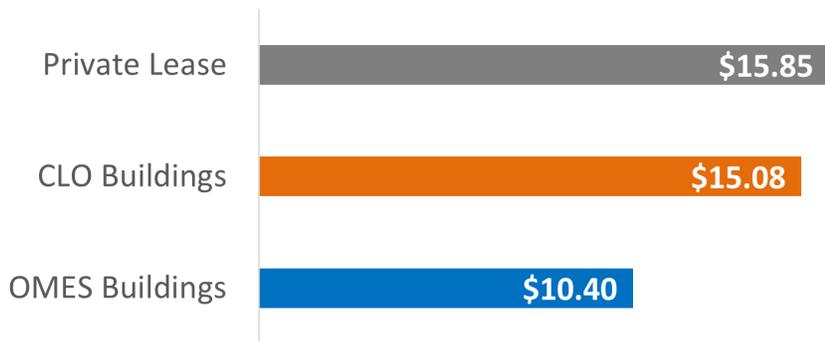
Finding 3: Maximizing State Owned Property Can Save Tens of Millions in Private Lease Costs

Statute clearly expresses a State goal of prioritizing use of State-owned buildings over private leases, yet the amount of leased space has increased by 5.25 percent over the past seven years despite a declining State workforce. Meanwhile, the State has experienced a 1.6 percent decrease in space owned by the State.

The State pays a premium for using space that is not owned by the State; agencies that rent from the private sector spend approximately 52 percent more than agencies that rent from OMES.

LOFT estimates the State potentially spends close to \$35 million annually on rent. Lease costs vary depending on what is included or excluded from the lease, such as janitorial and utility costs. Additionally, some agencies incorrectly code expenses for storage costs and other indirect costs under the category for rent.

Average Rent Per Square Foot



In 2020, OMES received a commissioned report from a real estate research and consulting firm, which also found that OMES was not enforcing the State’s real estate policies. The Oklahoma Legislature established in statute a clear vision for the State’s management of real property: a centralized authority in OMES to exert custody and control over all State property, except for the specific exemptions; prioritization of State-owned property over private leases; and a comprehensive and accurate record of the State’s real property inventory. Counter to statutory intent, Oklahoma currently permits a decentralized model where agencies have significant discretion in selecting and acquiring space type and determining allocation. Meanwhile, growth in private lease space is outpacing the amount of space in State-owned buildings and the agency managing real property accepts a foundation of flawed data from which to execute decisions.

Agency utilization of space and the management thereof is primarily a matter of executive branch leadership. The head of the executive branch is responsible for empowering its overseeing agency to lead from the front and exert its full statutory authority over the other executive branch agencies for space utilization.

Other states – as well as the federal government – have launched efforts to better utilize government-owned office space. It’s been said that you can’t manage what you can’t measure. If OMES were to exert its statutorily-given “custody and control” over all State office buildings, it could evaluate critical metrics of efficiency, occupancy, and utilization. LOFT’s analysis demonstrates the value of assessing individual building occupancy and efficiency metrics to reveal whether an agency is maximizing efficiency or allowing wasted or excess space. OMES could likewise collect agency badge swipe data and make space management decisions based on the efficiency analysis. The results of these efforts should be used to fulfill the State goal of maximizing State-owned space and reducing private lease costs.

Summary of Policy Considerations and Agency Recommendations

The Legislature may consider the following policy changes:

- Prior to authorizing the sale of any property on the “five percent Underutilized Property Report,” require that OMES assess whether the property can be used to reduce private lease square footage before being sold and provide a copy of the assessment to the Long-Range Capital Planning Commission (LRCPC).
- Require any agency that fails to reach 60 percent actual utilization for three consecutive years to undergo an automatic space review by OMES to reevaluate the agency’s space.

The Office of Management and Enterprise Services should:

- Exert the full scope of its statutory authority to oversee all use of real property.
- Require coordination between its Real Estate and Leasing Services and Human Capital Management division to confirm the accuracy of agencies’ duty station assignments for employees.
- Verify the quality and accuracy of the data submitted by agencies before publishing the Real Property Asset Report.
- Use actual space utilization analysis to submit a list to the Long-Range Capital Planning Commission of private leases that could be eliminated through relocation of personnel to State-owned building.
- Amend administrative rules to redefine “special space” as areas that are not ordinarily included in an office.
- Amend administrative rules to establish a uniform and consistent space allocation standard.
- Format the Real Property Report tool (Column H of the Real Property Asset Report) to include expanded property type categories that differentiate between customer-facing spaces, circulation space, spaces for utility and maintenance, restrooms, break rooms, kitchens, conference rooms, exercise areas, quiet rooms, podcast rooms, true office space and other special use rooms.
- Maximize actual utilization in State owned buildings to achieve a minimum 60 percent building capacity on a daily basis.
- Require all State agencies to submit regular intervals of badge swipe data to OMES to assist in assessing actual building utilization.
- Develop a rent strategy that accounts for natural economic fluctuations in the cost of managing State facilities.
- Allocate space based on the percentage of time an employee spends in the office, not status as part-time or full-time employee.
- Conduct unannounced site visits/space reviews to both confirm data and assess utilization.
- Require Human Capital Management to have Workday capture the percentage of time an employee reports in-office; examples include hybrid or fully remote.
- Upon executing any new lease or lease renewal for office space in the private sector, record within the property management database the cost of any value-added benefit included within the rental rate, such as utilities, furnishings, parking, space modifications, and maintenance.

Introduction

The State of Oklahoma owns 97.9 million square feet of space and leases almost 6 million square feet in private sector-owned buildings.¹

97,959,755 sq. ft.



State-Owned Space

5,837,887 sq. ft.

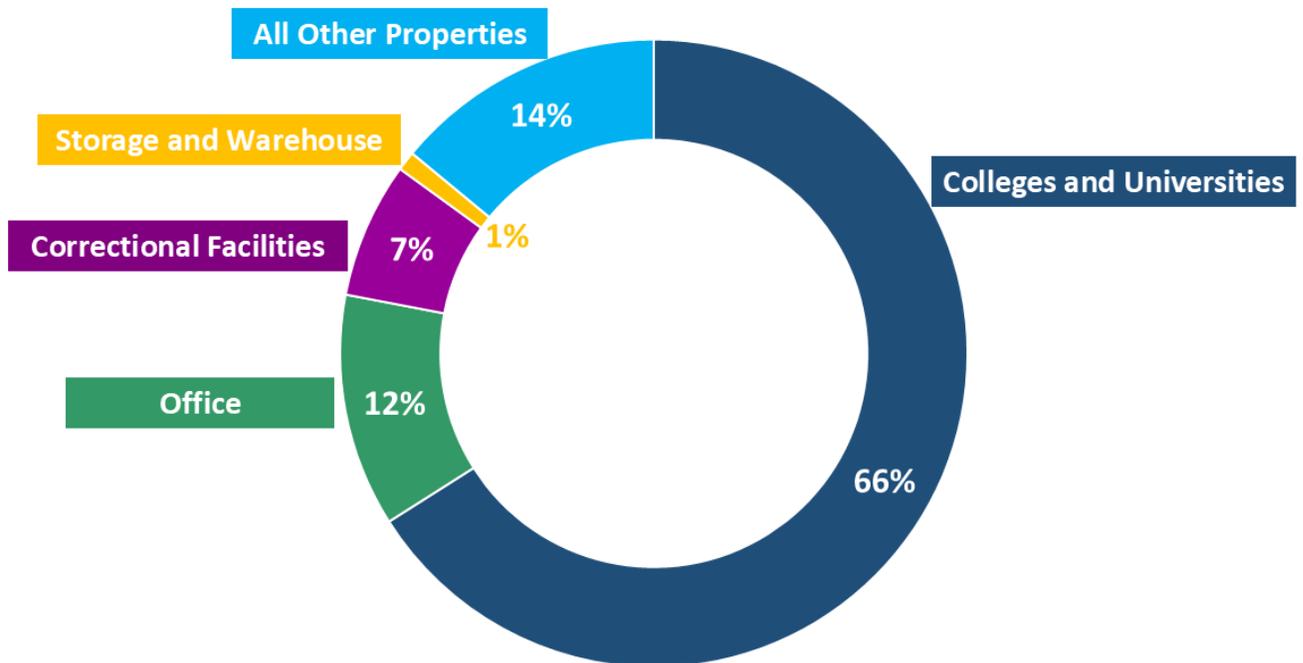


Leased in Private-Owned Buildings

According to the annual Real Property Report published by the Office of Management and Enterprise Services, 66 percent of the 97.9 million square feet is used by colleges and universities, and 12 percent is designated for use as office space for State agencies. While the State owns various types of properties, such as correctional facilities, hospitals, academic campuses, and warehouses, this evaluation focuses only on space that is designated as office space.

Exhibit 1: Primary Use of State-Owned Buildings. (Colleges and universities comprise the largest category of use for state buildings. This evaluation examines office space, which comprises 12 percent of category of use for state buildings.)

Predominant Use of State Owned Buildings and Structures



Source: OMES 2024 Real Property Asset Report.

1 OMES 2024 Real Property Asset Report.

Governance

There are several entities that have a statutory role in Oklahoma state government's real estate landscape:

- The Office of Management and Enterprise Services (OMES) is the agency responsible for overseeing State property, whether owned or used by the State.
- The Commissioners of the Land Office (CLO), which buys, holds, or leases property in order to generate revenue for Oklahoma's system of public schools.
- The Long-Range Capital Planning Commission (LRCPC), which oversees the maintenance and transfer of State capital assets.

The Office of Management and Enterprise Services

Statute vests "full and complete authority to designate quarters for every department of state government" in the Office of Management and Enterprise Services (OMES), except as otherwise stated in law.² Elsewhere, statute affirms this authority, stating that OMES "shall have the custody and control of all state property, and all other property managed or used by the state".³ There are certain types of properties that OMES is statutorily exempted from having custody or control over, such as both chambers of the State Legislature, military stores, State Banking Department properties, and the University Hospitals Authority.⁴

Most State entities must receive approval from OMES before:⁵

- Entering into new property leases
- Renewing existing property leases
- Purchasing or constructing a building

The Capital Asset Management division (CAM) is the second largest division in OMES by budget, after the Information Services Division. CAM has over 70 employees and a FY25 budget of \$171.2 million.⁶ As shown in Exhibit 2 there are six restricted funds within the CAM budget, totaling almost \$125 million.⁷ These are restricted funds and not part of the CAM operating budget.

2 74 O.S. § 94.

3 74 O.S. § 63.

4 74 O.S. § 63 exempts buildings operated by the University Hospitals Authority from the purview of OMES. 74 O.S. § 63 also exempts military stores, the two chambers of the Legislature, 61 O.S. § 327 exempts real property under the supervision of educational districts and those under the authority of the Commissioners of the Land office from being subject to the requirement to lease, acquire, dispose, or transfer real property through OMES. 61 O.S. § 327 also exempts the Oklahoma Ordinance works Authority, the Northeast Oklahoma Public Facilities Authority, the Oklahoma Historical Society, the Oklahoma Department of Transportation, the Turnpike Authority, lands managed by the Department of Wildlife, and the Grand River Dam Authority and its lands from the requirement to lease, acquire, dispose, or transfer real property through OMES. 74 O.S. § 61.8 exempts lands, properties, buildings, funds, and revenue applicable to the Commissioners of the Land Office, Oklahoma Ordinance Works Authority, Department of Transportation, Turnpike Authority, and Grand River Dam Authority from the purview of the Long-Range Capital Planning Commission.

5 74 O.S. § 61.8.

6 PeopleSoft Financials.

7 Data received from OMES on Jan. 14, 2026.

Exhibit 2: OMES Capital Asset Management Division budget FY25. (\$46,305,735 of the \$171,263,491 is for CAM's use. Six special funds totaling \$124,957,756 are for restricted purposes and pass through.)

Departments	Type of Budgets	Amounts
Cam Admin	Operating	\$ 1,302,768
	OMES Wide Computer Services ITAM (includes other OMES divisions for leasing/purchasing IT items	\$ 1,186,060
	*OCIA Bond Payments	\$ 23,222,944
	*Pass through payment for DOC	\$ 949,877
	*Special Funding Legacy Capital Funds	<u>\$ 33,133,113</u>
Total Admin		\$ 59,794,763
Facilities	Operating	\$ 22,491,749
	*Special Fund Def. Maintenance	\$ 56,250,000
	*Special Fund Legacy Capital Fund	<u>\$ 1,701,821</u>
Total Facilities		\$ 80,443,571
LRCPC	*Special Fund LRCPC Statewide Program	<u>\$ 9,700,000</u>
Total LRCPC		\$ 9,700,000
Central Printing	Operating	<u>\$ 1,940,169</u>
Total Central Printing		\$ 1,940,169
IAM	Operating	<u>\$ 1,196,152</u>
Total IAM		\$ 1,196,152
State Surplus	Operating	<u>\$ 4,227,951</u>
Total Surplus		\$ 4,227,951
Federal Surplus	Operating	<u>\$ 929,900</u>
Total Federal Surplus		\$ 929,900
Fleet	Operating	<u>\$ 13,030,987</u>
Total Fleet		\$ 13,030,987
		\$ 171,263,491

Source: Office of Management and Enterprise Services.

Note: Asterisks denote restricted funds.

The Capital Asset Management division within OMES is responsible for managing and overseeing the State's capital needs, including property management, real estate acquisition and leasing, construction, fleet vehicles, surplus, and printing and distribution. Capital Asset Management is run by an Administrator who reports to the OMES Director, as shown in Exhibit 3. As of November 2025, 8 employees report directly to the CAM Administrator. Within CAM are individual departments dedicated to various types of assets:

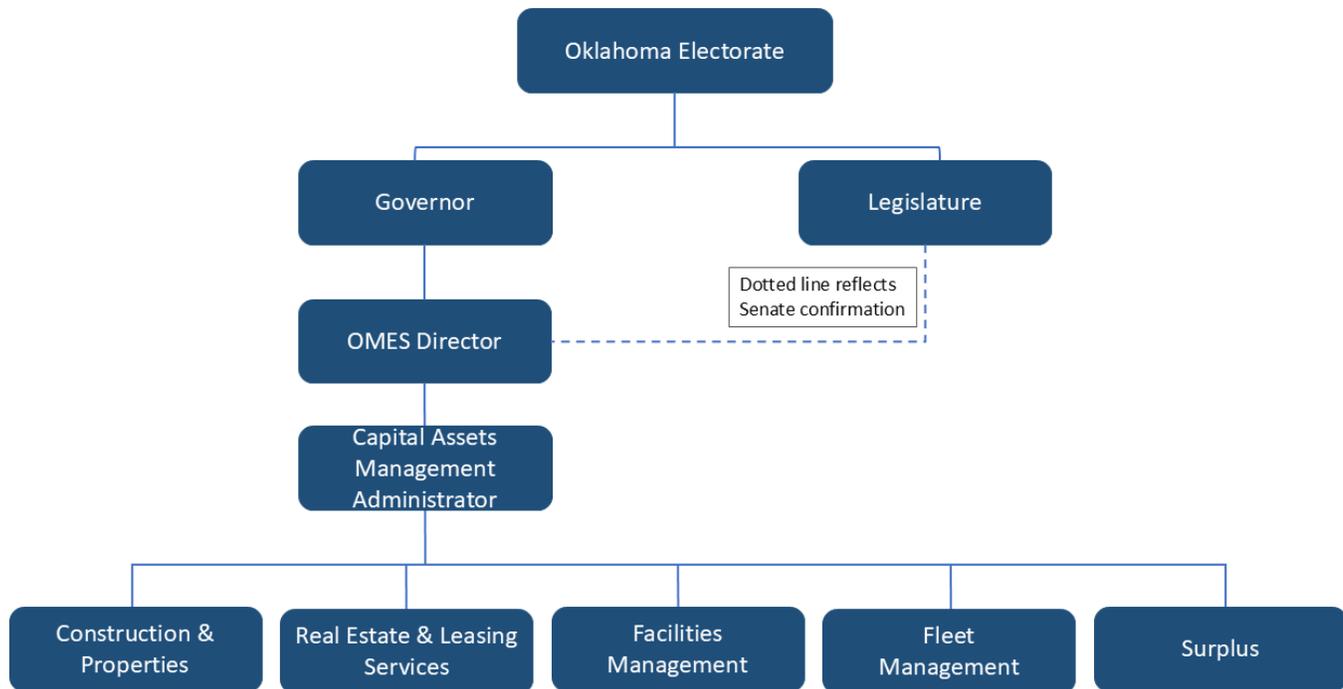
- The Construction and Properties department reviews and approves all construction plans, awards contracts for State agencies, and establishes design standards.⁸ Construction and Properties is led by a director who has ten full-time employees.⁹
- Real Estate and Leasing Services (REALS) assists State agencies with acquiring space, including leasing services, title research, property disposal, and negotiating contracts between agencies and property managers. At least four different titles of law vest OMES with the authority to administer the State's leasing program for real property. REALS has seven employees.
- The office of Facilities Management directs the maintenance and operations of the 23 OMES-owned buildings and 150 acres of landscaped grounds. This office's director and 62 employees are on site at agencies in OMES-owned buildings fulfilling maintenance tickets and evaluating capital needs.¹⁰

⁸ 61 O.S. § 204.

⁹ The Construction and Properties department was created by the Legislature in the Public Building Construction and Planning Act of 1983. At that time, Construction and Properties were designated as a division of the Department of Central Services, which predates the creation of OMES.

¹⁰ OMES owns 28 buildings, 23 of which are used for office space. LOFT's evaluation will focus on these 23 office buildings.

Exhibit 3: Governance Chart for OMES Capital Assets Management. (This division within OMES is responsible for managing State properties and facilitating agency office space.)



Source: LOFT statutory review.

The Commissioners of the Land Office

Unless specifically exempted, agencies are statutorily prohibited from selling, leasing, exchanging, or disposing, property until that agency, or OMES acting on behalf of the agency, presents certain property information to the Secretary of the Commissioners of the Land Office (CLO).¹¹ After receiving the information, the CLO Secretary has 20 days to provide a proposal for either the acquisition or disposal of the property.¹² The Commissioners of the Land Office is a five-person body charged with managing a permanent trust fund for the benefit of public school districts and certain public universities.¹³ Both the Commissioners and the trust were created by the State Constitution at the time of statehood. The initial trust assets were lands and money given by the federal government to the new state of Oklahoma. The trust is now comprised of assets that include real estate, minerals, and financial securities. Statute created the position of the Secretary of the Land Office, who is charged with executing the laws under supervision from the Commission.¹⁴

The Long-Range Capital Planning Commission

The Oklahoma Long Range Capital Planning Commission (LRCPC) was established in 1992 to “advise and assist the Legislature in providing for real property capital facility needs for this state.”¹⁵ The nine-member body consists of three appointments made by each of the President Pro Tempore of the Senate, Speaker of the House, and Governor. The Commission’s statutory duties are to work toward decreasing the amount of State-owned property and return it to the private sector, to maintain the State’s capital assets, and “whenever possible,” to “eliminate the practice” of State agencies leasing privately-owned property.¹⁶

11 See 73 O.S. § 63 for a list of exempt agencies.

12 61 O.S. § 327.

13 Oklahoma Constitution Article 6, § 32.

14 64 O.S. § 1005.

15 62 O.S. § 901.

16 74 O.S. § 61.8.

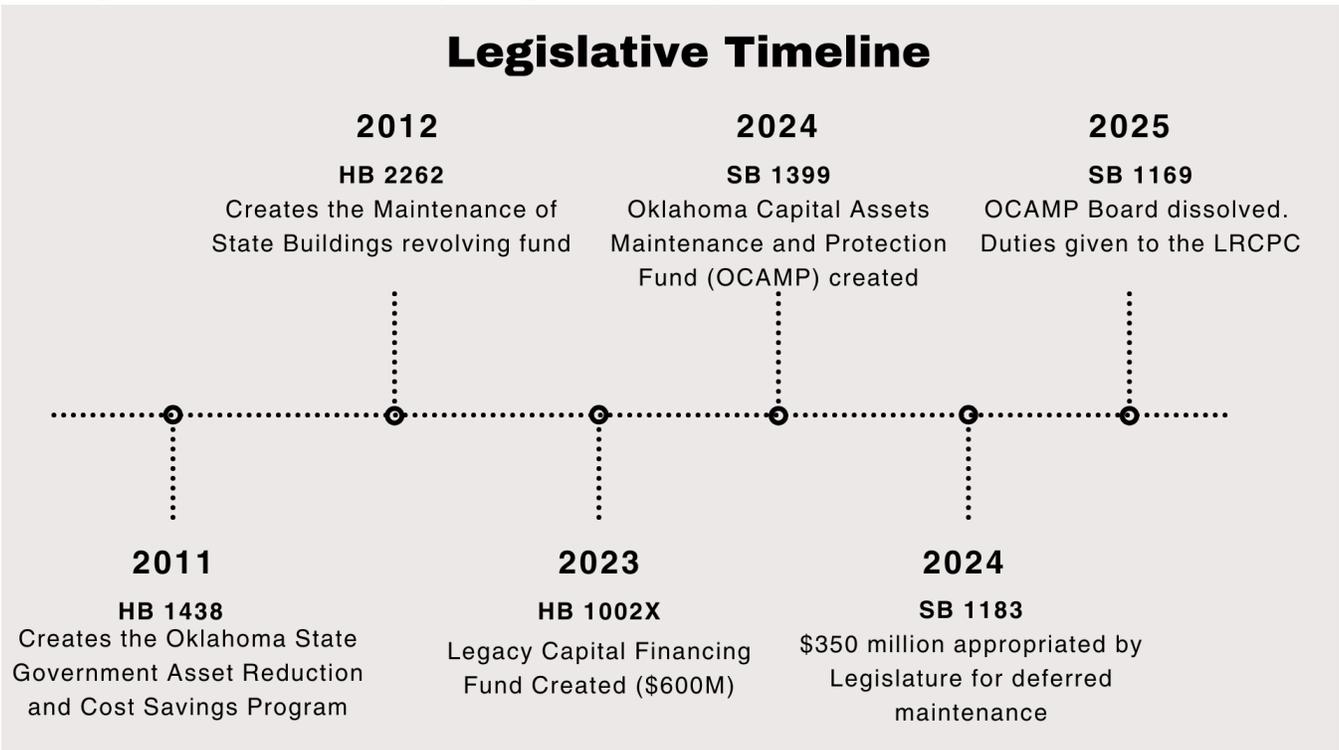
The Office of Management and Enterprise Services and the Deputy Treasurer for Debt Management are responsible for staffing and supporting the Commission. Statute empowers the Commission, with the help of OMES, to prepare and publish rules and standards for State agencies to use for capital planning and budgeting.

Statute directs the LRCPC to submit a prioritized list of proposed capital plan projects to the Governor and Legislative Presiding Officers within the first seven days of regular legislative session.¹⁷ After receipt of the plan, the Legislature has 45 days to pass a concurrent resolution disapproving the plan in part or in whole. In absence of such a concurrent resolution, the proposed plan is statutorily deemed to have legislative approval. Upon such approval, OMES is allowed to expend funds from the Maintenance of State Buildings Revolving Fund in the order outlined in the LRCPC’s capital plan. The LRCPC must prepare an annual capital plan and an annual budget to address state capital facility needs. This plan is to be submitted to the Governor, Speaker of the House of Representatives, and President Pro Tempore of the Senate on December 1 each year.

Legislative History

The Oklahoma State Government Asset Reduction and Cost Savings Program of 2011 originated Oklahoma’s current structure for State property management and marked the first time in State history that the government inventoried and examined capital needs. HB1438 established two annually required reports from OMES: the annual Real Property Asset Report and a report identifying the most underutilized state properties. The first review of underutilized properties resulted in an auction sale of the former Oklahoma Educational Television Authority studio in Tulsa for \$130,000 in 2013.

Exhibit 4: Legislative Timeline for State Facilities. (The Oklahoma State Government Asset Reduction and Cost Savings Program of 2011 originated Oklahoma’s current structure for State property inventory, indexing maintenance needs, and funding mechanisms.)



Source: LOFT Statutory Review.

In subsequent years, the Oklahoma State Government Asset Reduction and Cost Savings Program grew through a series of legislation. In 2012, the Maintenance of State Buildings Revolving Fund was created to receive the monies generated from the sale of State-owned properties. Sale proceeds were to be used “exclusively for maintaining and repairing State-owned properties and buildings.”¹⁸ The Legislature provided a \$30 million appropriation in FY14 to kickstart the Maintenance of State Buildings Revolving Fund. This legislation directed an index prioritizing the “most necessary” capital improvements to be expended from the Maintenance of State Buildings Revolving Fund.

Legislation in 2025 consolidated duties under the Long-Range Capital Planning Commission by transferring over to the Commission all duties of the Oklahoma Capital Assets Management and Protection Board.¹⁹ This change eliminated the inefficiency of multiple oversight bodies over the same fund and simplified the process for agencies seeking approval for capital requests.

Funding for Capital Needs

An agency has a handful of options for how to fund their building as Exhibit 5 depicts. An agency may utilize federal funds, either in the form of grants or via the Statewide Indirect Cost Allocation Plan (SWCAP), which is an option for State agencies that implement federally mandated programs to directly bill or be reimbursed by the federal government. Federal program-heavy agencies such as the Department of Human Services and the Department of Agriculture can avail themselves of SWCAP funds.

Some agencies can self-fund a building or facilities project. For example, a non-appropriated agency that derives its revenue from fees could self-fund a new building or facility addition with its own revenue stream, with funds from the Legacy Capital Financing Fund, or with bonds.

The Oklahoma Capitol Improvement Authority (OCIA) is established in Title 73 as an instrumentality of the State to issue lease revenue bonds to, among other things, fund capital projects “to provide adequate and suitable space for offices and other necessary uses for all departments and agencies of the state.”²⁰ OCIA, which is staffed by the State Treasurer’s Office, enters into use and lease agreements with State agencies to fund capital projects on the buildings and facilities they utilize. As of December 31, 2025, OCIA had an outstanding principal of \$1.5 billion.²¹

In addition to bonds, OCIA has a second and newer mechanism by which agencies may receive funding for capital projects. In the first special session of 2023, the Legislature created the Legacy Capital Financing Fund under the authority of OCIA for the purpose of capital projects specifically authorized by law.²² The Legislature appropriated \$600 million to the Legacy Capital Financing Fund in FY24, \$177 million in FY25, and \$491.6 million in FY26.²³ The legislation empowered OCIA to enter into memoranda of understanding with State agencies for expenditures and deposits from the Legacy Capital Financing Fund.

The third and newest funding mechanism given to OCIA is the Oklahoma Capital Assets Maintenance and Protection Fund (OCAMP Fund) created in 2024.²⁴ That year, the Legislature appropriated \$350 million to OCAMP, with an initial disbursement of \$56.25 million to both OMES and to the State Regents for Higher Education, and \$12.5 million to the Department of Tourism and Recreation. The remaining \$225 million will be spent pursuant to the plans submitted to and approved by the Long-Range Capital Planning Commission.

The Maintenance of State Buildings Revolving Fund, which is exclusively for maintenance and repair of State-owned properties and buildings, had a balance of \$10,669,786.40 in FY25.²⁵

18 62 O.S. § 908.

19 O.S. 73 § 188A. SB1169 (2025).

20 HB2262. 62 O.S. § 908.

21 Data fulfillment from Office of the State Treasurer, Dec. 31, 2025.

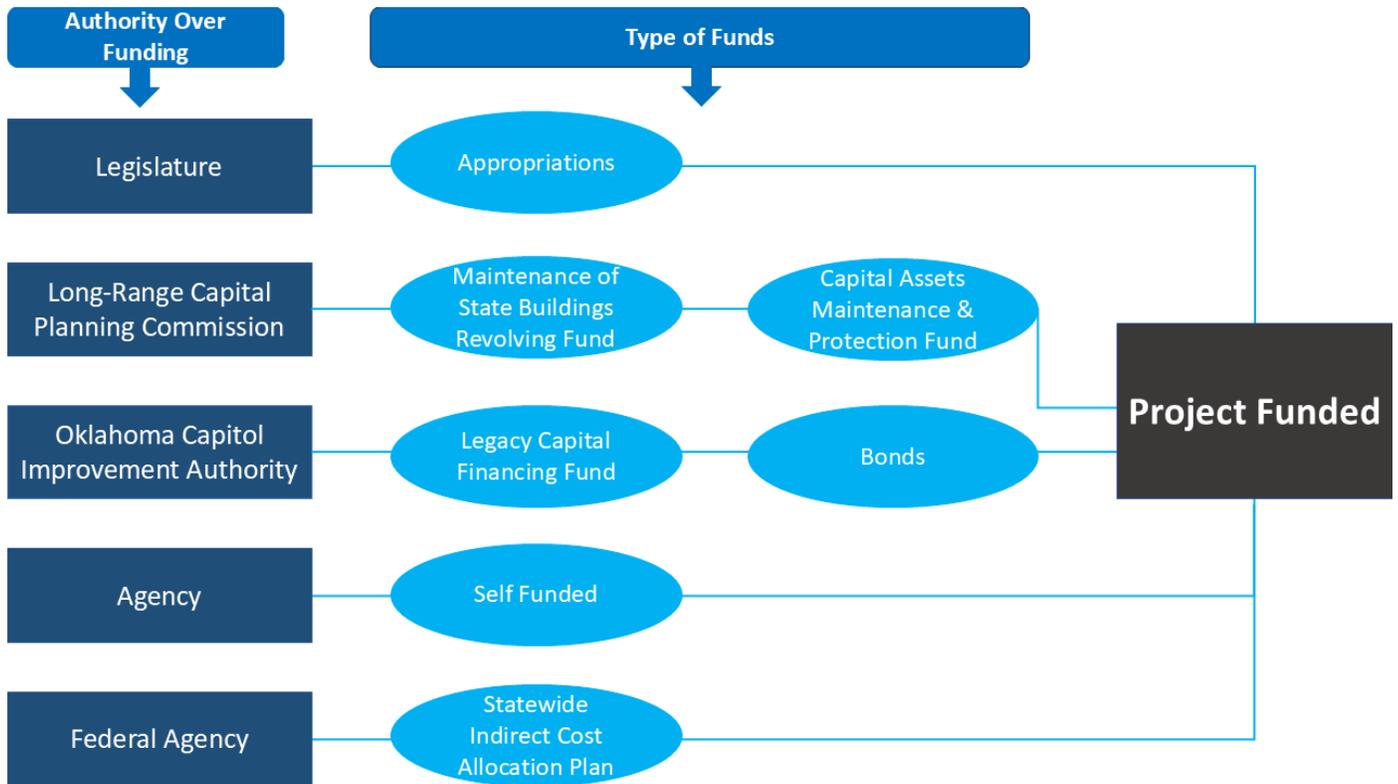
22 HB1002X.

23 HB1004X (2023), SB1125 (2024), and HB2766 (2025).

24 SB1399 (2024).

25 HB2262; PeopleSoft Accounting System.

Exhibit 5: How a State Building Gets Funded. (A State agency can seek funding from any of the entities on the left side of the image.)



Source: LOFT statutory review.

LOFT’s Scope

The statutorily required Real Property Report Inventory List published annually by OMES denotes several property types, including, but not limited to:

Academic building	Boat slip	Cafeteria	Cemetery	Chapel	Clinic
Correctional Facility	Fleet	Hangar/airport	Hospital	Library	Mineral interest
Museum	Office	Parking garage	Storage Space	Toll booth	Warehouse

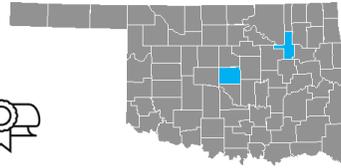
Based on scoping criteria and the availability of data, this evaluation will examine office spaces located in Oklahoma City and Tulsa that are occupied by State agencies. This totals 2,038,353.65 square feet of privately leased space, 3,246,975 square feet of agency owned space, and 2,159,590 square feet of OMES owned space.²⁶ For agencies whose office footprint is spread across multiple buildings around the State, this evaluation will focus on the agency’s headquarters where its central office is located.

This evaluation was guided by the four key objectives within the scope set forth by the Legislative Oversight Committee:

1. Assess OMES’ role in managing and coordinating the use of agency office space.
2. Examine the current process for agencies to obtain office space.
3. Evaluate how agencies utilize and maintain office space.
4. Examine ownership and leasing options for State agencies, comparing cost structures and cost effectiveness.

3.2 million sq. ft.

Agency-owned space 



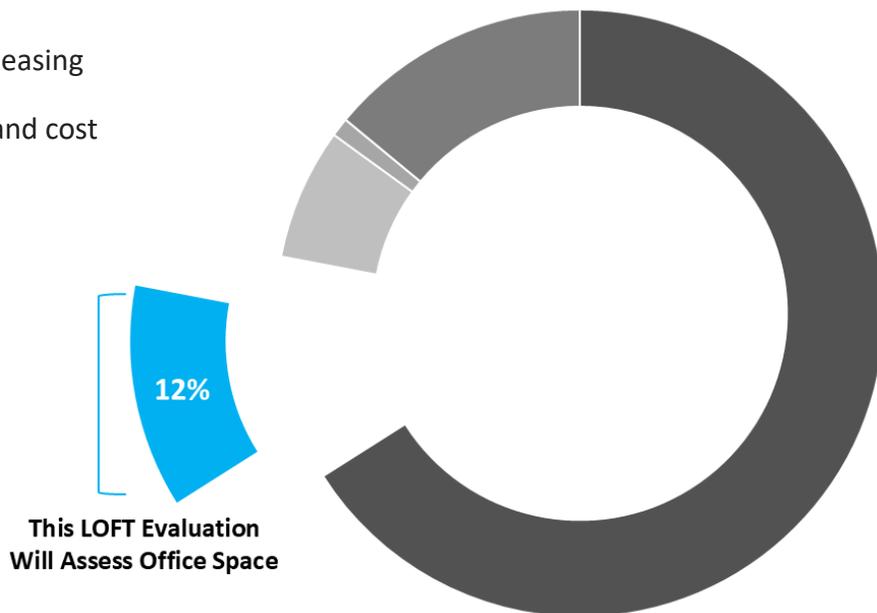
2.0 million sq. ft.

Leased space 

2.2 million sq. ft.

OMES-owned space 

This evaluation will analyze office spaces located in Oklahoma City and Tulsa that are occupied by agencies.



Definitions

Below is a list of definitions for terms that are referenced throughout the report:

Capacity: Total gross square feet divided by a utilization benchmark of 216 square feet allotted for each employee.

Building Utilization: Badge swipes divided by building capacity.

Reported Utilization: The physical location a State employee is officially assigned to report to for work, as recorded in the State's HR software program (Workday).

Actual Daily Attendance: Badge swipes divided by reported utilization.

Net usable square feet: The square footage of a building that is used for agency operations: offices, conference rooms, copy rooms, and mail rooms, etc.

Rent: The cost charged by a building owner to the tenant, usually including janitorial services, basic maintenance, and utilities.

Agency-owned space: Office space that an agency owns as the purchaser of a building or floors, independent of OMES.

OMES-owned building: A building that OMES owns. As the legal title holder, OMES may rent out its owned buildings and charge its tenants rent.

State-owned space: Any space the State government of Oklahoma owns. This includes a mixture of OMES-owned buildings as well as spaces that individual agencies own.

Finding 1: OMES Is Not Exercising Its Full Statutory Authority in Managing State Property and Relies on Flawed Data for Decision Making and Planning

Oklahoma statute clearly establishes the Office of Management and Enterprise Services as the entity responsible for managing and overseeing State real property and reaffirms this authority throughout Oklahoma’s statutory code.

Statute uses defined and robust language to assign OMES’ authority, vesting “custody and control” of “all state property” used by the State and bestowing “full and complete authority” to assign lodging for “every department” of state government. Additionally, statute gives OMES authority to designate the amount of space allotted to agencies.

74 O.S. § 63 E. “The Office of Management and Enterprise Services shall have the custody and control of all state property, and all other property managed or used by the state...”

74 O.S. § 94 A. “Except as otherwise provided by law, the Office of Management and Enterprise Services shall have full and complete authority to designate quarters for every department of state government, and to determine what space shall be allotted.”

Statute names the properties exempt from OMES’ authority:

74 O.S. § 63 exempts buildings operated by the University Hospitals Authority from the purview of OMES. 74 O.S. § 63 also exempts military stores and the two chambers of the Legislature.

61 O.S. § 327 exempts real property under the supervision of educational districts and those under the authority of the Commissioners of the Land Office from being subject to the requirement to lease, acquire, dispose, or transfer real property through OMES. CLO and district boards of education are also exempt from OMES’ inventory of state-owned real property.

74 O.S. § 61.8 exempts lands, properties, buildings, funds, and revenue applicable to the Commissioners of the Land Office, Oklahoma Ordnance Works Authority, Department of Transportation, Turnpike Authority, and Grand River Dam Authority from the purview of the Long-Range Capital Planning Commission.

62 O.S. § 908 requires OMES to report on state real property, the five percent most underutilized property, and make recommendations for the sale of state-owned properties. Exempted from being subject to this are the lands, properties, buildings, funds, and revenue of the Oklahoma Ordnance Works Authority, the Commissioners of the Land Office, and institutions of Higher Education.

Other than the specific exemptions listed above, statute clearly bestows upon OMES authority over State real property across the entire process flow of real estate: from construction, to acquisition, to insurance, to maintenance and repair, and if needed, disposal.

61 O.S. § 327 B. “Every state agency shall request the Office of Management and Enterprise Services to dispose of real property upon:

- a. legislative authorization,
- b. authorization by the Long-Range Capital Planning Commission, or
- c. a determination, in writing, by the Office of Management and Enterprise Services or the state agency that a parcel of real property subject to its jurisdiction is no longer needed.”

61 O.S. § 327 C. “Unless otherwise provided by law, the Office of Management and Enterprise Services shall review and approve state agency real property transactions. A state agency shall not lease or acquire real property, or lease, dispose of or transfer state-owned real property until the Office provides notice of transaction approval to the state agency...”

74 O.S. § 63 B. “The Office of Management and Enterprise Services shall have charge of the construction, repair, maintenance, insurance, and operation of all buildings owned, used or occupied by or on behalf of the state... except as otherwise provided by law...”

In three different titles of law, statute tasks OMES with maintaining “accurate records” and a “comprehensive inventory” of State real property and its usage.

74 O.S. § 63 F. The Office of Management and Enterprise Services shall keep an accurate account of all property purchased for the state or any of the departments or officers thereof, except that purchased for and by the two houses of the State Legislature...”

61 O.S. § 327 E. “The Office of Management and Enterprise Services shall maintain a comprehensive inventory of state-owned real property and its use excluding property of the public schools and property subject to the jurisdiction of the Commissioners of the Land Office.”

62 O.S. § 908 B. “No later than December 31 each year, the Director of the Office of Management and Enterprise Services shall publish a comprehensive report detailing state-owned properties.”

62 O.S. § 908 C. “The report mandated in accordance with the provisions of this section shall list the five percent (5%) most underutilized state-owned properties.”

OMES is empowered to take action based upon the findings of the reports it is required to produce.

62 O.S. § 908 G. “In addition to the requirements of subsection C of this section, the Office of Management and Enterprise Services may make recommendations for the sale of other state-owned properties based upon the value of the property and the potential for net gain for the state based upon the data obtained for the Oklahoma State Government Asset Reduction and Cost Savings Program.”

LOFT found that while OMES meets some of its obligations, such as approving leases and facilitating space acquisition, in other areas it fails to exercise the full scope of authority granted to it in statute. LOFT observed a gap between the extent of authority established in statute and that exercised by OMES.

Additionally, statute establishes a clear preference for state-owned buildings over private leases and gives the Long-Range Capital Planning Commission a mandate to work toward eliminating the practice of private leases.

74 O.S. § 61.8 “Prior to approval or referral pursuant to subsection C or D of this section, the Office of Management and Enterprise Services shall determine if the applicant entity can utilize already existing state-owned real property as an alternative to leasing non-state-owned real property or purchasing or constructing new real property.”

74 O.S. § 74.1 “The Office of Management and Enterprise Services shall assist any state agency authorized to establish and maintain regional service offices in obtaining adequate and suitable quarters, office space or facilities for any such regional service offices. Priority for obtaining adequate quarters, office space or facilities shall be given in the following order: State-owned buildings, county or municipal-owned buildings, public trust or building authority-owned buildings or private vendor-owned buildings.”

74 O.S. § 61.8 A. “The Long-Range Capital Planning Commission shall work to decrease the amount of property owned by Oklahoma state government, return state-owned property to private sector

ownership, better maintain and utilize the state’s needed capital assets, and, whenever possible, eliminate the practice of state agencies leasing real property not owned by the state.”

OMES Oversight of State Property

Statute bestows OMES with “custody and control” over “all state property.” Aside from the specific exemptions delineated in Titles 61, 62, and 74, OMES has authority over all State property. The State of Oklahoma owns almost 10.2 million square feet of office space and 9,367 structures of all types statewide.²⁷ Of that, OMES owns and manages 2.2 million square feet of space across 23 office facilities, constituting 21.6 percent of the total square feet of office space owned by the State.²⁸ LOFT observed that OMES only exercises full authority over the buildings it directly owns and maintains, however, statute is clear that its authority extends to nearly all the remaining buildings.

74 O.S. § 63 E. “The Office of Management and Enterprise Services shall have the custody and control of all state property, and all other property managed or used by the state...”

Even though statute clearly defines OMES’ scope of authority as being over all State-owned property, agencies that own their buildings receive different treatment from OMES. For example, buildings built or owned by individual agencies are not considered as an option by OMES to relocate or place other agencies that are seeking space. An agency like the Department of Agriculture, which rents its space from OMES, has had six agencies placed by OMES inside the building alongside the Department of Agriculture. However, OMES has never required an agency that owns its building to do likewise. This discrepancy is mostly due to the nature of how the Executive Branch is managed. In Oklahoma, agencies that generate their own revenue without Legislative appropriations are allowed greater independence from the authority of OMES, even though statute confers onto OMES the custody and control over those buildings as well. Muscular executive branch leadership would empower OMES to fulfill its full scope of stewardship over State property, but currently, OMES shared that it has been instructed to interact with agencies as a partner who assists agencies rather than a manager who directs and enforces compliance with space standards. Under this paradigm, OMES fulfills its duty. However, this evaluation contends that the paradigm set by executive branch leadership is one that fails to embrace the full scope of authority set by statute.

OMES “may make recommendations” to the Long-Range Capital Planning Commission for the sale of State-owned property.²⁹ The 20 most recent OMES recommendations for the sale of property span from 2018 to 2024, averaging two recommendations per year. LOFT found that 11 out of the 20 most recent OMES recommendations for the sale of property stemmed from a DHS-led initiative to reduce office space. While OMES fulfilled its statutory duty to make a presentation on behalf of DHS to the Long-Range Capital Planning Commission in order to secure approval for the disposal of the property, the recommendation was not from OMES’ assessment but instead it was DHS that assessed and took initiative to reduce its office footprint.

62 O.S. § 908 G. “... Office of Management and Enterprise Services may make recommendations for the sale of other state-owned properties...”

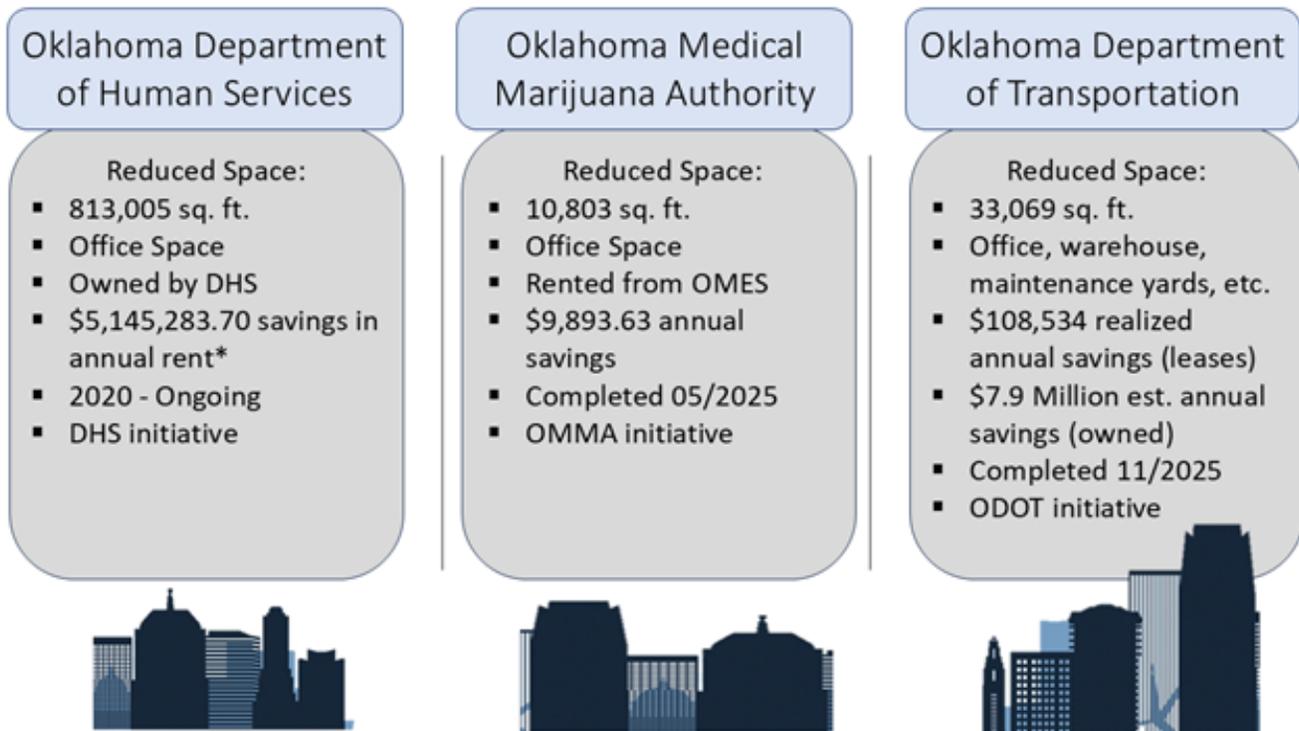
The Oklahoma Department of Transportation, Department of Human Services, and Medical Marijuana Authority all reduced their physical footprints within the past three years. In each of these cases, the effort was initiated by the agency’s leadership, demonstrating the State’s current practice of relying on individual agencies to steward their properties for the present and future as opposed to a centralized agency utilizing data to make more efficient use of State property.

27 2024 Real Property Inventory List Owned, filtered property type and predominant use to isolate office space, and excluding campuses, correctional facilities, and hospitals.

28 Data provided by OMES on July 25, 2025.

29 62 O.S. § 908.

Exhibit 6: Recent Agency Reduction in Footprint. (DHS, OMMA, and ODOT's recent footprint reduction was agency driven, not initiated by OMES.)



Source: Data provided by DHS, OMMA, and ODOT.

Note: *DHS' savings were calculated by summing the annual rents of each of the eliminated buildings. Since that time, DHS has acquired more square footage, the cost of which exceeds the savings. ODOT reduced its footprint in both owned facilities and space in private leases.

All three agencies noted the assistance of OMES in supporting changes necessary for the agencies to carry out their space-reduction initiatives.

Statute Outlines One Building Manager; In Practice, Owning Agencies Take on This Role

74 O.S. § 63 B. "The Office of Management and Enterprise Services shall have charge of the construction, repair, maintenance, insurance, and operation of all buildings owned, used or occupied by or on behalf of the state... except as otherwise provided by law..."

While statute describes OMES as the State's landlord, OMES exercises this role only over the 23 buildings that they own and not over the other 9,344 structures that house the government entities that carry out the State of Oklahoma's work.³⁰ This distinction is demonstrated in how OMES handles deferred maintenance of buildings.³¹ OMES attends to the maintenance and deferred maintenance of the 23 buildings it owns, expending \$54.9 million in deferred maintenance costs from FY15 to FY24 in addition to daily maintenance costs.³² According to OMES CAM, capital needs have not been adequately addressed since the 1980s due to lack of funding. They estimated the infrastructure debt to be over \$100 million.³³ Due to the Legislature's 2024 appropriation for deferred maintenance, OMES Capital Asset Management (CAM) division can attack this longstanding issue at a greater scale and pace.³⁴ Statute directs these funds to be expended according to a state plan.

30 OMES 2024 Real Property Asset Report, p. 27.

31 See Appendix D for map of deferred maintenance needs across the country.

32 OMES data fulfillment on July 25, 2025.

33 CAM Newsletter, June 2024.

34 SB1183 (2024).

Agencies that wish to be eligible for this funding must submit their building assessments to OMES who will then align those buildings with OMES' criticality and priority criteria.³⁵

OMES established a deferred maintenance plan for the buildings it directly manages based on the intersection of two criteria:

1. Priority: on a scale of 1 to 5, with 1 being the highest priority. Priority is based on system's life expectancy within set time increments, from currently viable (5) to the system being in failure (1). In short, priority measures likelihood to fail within certain calendar time frames.
2. Criticality: on a scale of 1 to 5, with 1 being the most critical. Criticality is based on the severity of impact on the building's ability to remain open. In short, criticality measures the severity of the impact of failure.

Based on this rubric, OMES CAM's Deferred Maintenance Plan outlines three phases of projects totaling \$95 million, as well as proposed projects after that through FY32. Due to Oklahoma's decentralized system, the State must rely on individual agencies to consider and take action on their own respective deferred maintenance needs on the other 9,344 structures where State agencies reside.³⁶

OMES limiting its authority to only the 23 buildings it owns results in missed efficiency gains in other agencies. In the past five years OMES has saved \$138,270.92 from simple lighting retrofit projects in five of its buildings.³⁷ OMES confirmed that agencies in State-owned non-OMES buildings are not required or expected to seek out and implement efficiency projects like this.

OMES Administrative Rules

OMES has promulgated administrative rules to carry out their duties. Key rules include:³⁸

Title 260:95-1-3: mandates that state agencies should be placed in state-owned buildings whenever feasible. In the absence of adequate space, OMES may give agencies permission to seek space in privately owned buildings. OMES must approve the lease before an agency can enter a private agreement; OMES may waive this requirement at its discretion.

Title 260:95-1-4: The purpose of this rule is to define a "uniform and consistent method" for determining the amount of space required to support the program or agency in all real property leases, purchases or construction. According to the rule:

- Agencies are required to implement these standards.
- The final decision concerning the allowable amount of square footage for a given space request shall be made by the Office of Management and Enterprise Services.
- Space standards are set at 150 square feet per full-time employee, however, for those employees in the office less than 60 percent of the time, the allocation decreases to 70 square feet.
- Private offices may not exceed 300 square feet.
- Agencies can request additions to the amount of space they would like through "special space" such as conference rooms and reception areas.

Title 260:95-1-5: When a request for expansion of existing space is received, the OMES Director of Real Estate and Leasing Services may review the currently assigned area prior to authorizing additional space. The rules require an effort shall first be made to absorb the expansion through a more efficient rearrangement of the existing space. After a complete review of the agency's request for space, OMES will present available state-owned space to the agency. If suitable state-owned space is available, **the agency will be required to utilize the state-owned space.** The agency can appeal the decision.

Title 260:95-1-6: If no State-owned space can be procured, OMES may approve the agency to seek

35 Long Range Capital Planning Commission meeting July 30, 2025

36 OMES 2024 Real Property Asset report, p. 27.

37 OMES Data fulfillment on Nov. 5, 2025.

38 See Appendix C for full description of rules.

space from the private market. Agencies cannot begin to look for space until a space request has been submitted and approved by OMES. The evaluation and selection of the best and most economic proposal shall be made by the agency and submitted to the Office of Management and Enterprise Services for final authorization.

Space Acquisition Process

74 O.S. § 63 E74 O.S. § 94 A. “Except as otherwise provided by law, the Office of Management and Enterprise Services shall have full and complete authority to designate quarters for every department of state government, and to determine what space shall be allotted.”

LOFT observed that OMES Real Estate and Leasing Services (REALS) has established clearly defined processes for space acquisition and adopted or developed tools to assist both internal staff and external agencies with individual points in the process map. OMES REALS uses an asset management platform designed by Oracle specifically for capital asset workflow, portfolio management, and operations. OMES REALS also provides resources and tools to agencies who engage with them to acquire space.

Unless an agency is statutorily exempted, the process for obtaining space begins with OMES. The Real Estate and Leasing Services (REALS) department within the Capital Assets Management division manages this function. Their Space Acquisition webpage provides guidance to agencies, including an overview of the space acquisition process, as depicted in Exhibit 7.

Other resources REALS provides to agencies on this webpage are:

- Space Acquisition Request
- Space Evaluation Worksheet
- Items to Consider When Evaluation Space
- Lease Draft Checklist
- Request Space Template
- Special Terms Checklist
- Suggestions for Locating Space

LOFT analyzed the 20 most recent space acquisition request forms submitted by agencies to OMES and found that seven of the 20 requests overrode the form’s auto calculated total square footage request – which is a mathematical sum of all the previous fields filled by the requesting agency. In these seven forms, agencies entered a total square footage number higher than the total estimated from the sum of the previous fields.³⁹

OMES conducts site reviews to agencies that submit the form for new or additional space. REALS staff visits the agency and tours the location to ascertain functional needs and space needs.

³⁹ See Appendix K for example.

Exhibit 7: OMES Space Acquisition Form for Agencies.

SPACE ACQUISITION PROCESS



1. Customer submits a space acquisition request.
2. Space search and selection are conducted.
3. OMES teams engage in space planning and project planning meeting.
4. Negotiation of rates and improvements is conducted.
5. Construction estimates and quotes are provided, if applicable.
6. Lease agreement and OMES IS statement of work is approved and executed.
7. If applicable, inspections and permits are requested.
8. If applicable, construction work is conducted.
9. Network and physical security are installed.
10. Space walkthrough is conducted and then reviewed for acceptance and completion.

Source: OMES Website. Capital Asset Management Division, Space Acquisition webpage.

expenditure category recognized by the Legislature. An example of this is the Department of Agriculture building. Unlike other agencies who must budget and pay for their rent costs every year, agencies such as the Department of Agriculture, the Worker's Compensation Commission, and others do not have to plan or pay for rent as it is automatically covered by legislative appropriations to OMES. However, the other agencies that reside in the Department of Agriculture building – Conservation Commission, Horse Racing Commission, Optometry Board, Tobacco Settlement Endowment Trust, Arts Council, and Conservation Commission – do pay rent to OMES out of their agency budgets annually. These rental rates range from \$9 per square foot to \$12.50 per square foot. There is no set rental rate, and each agency is subject to different terms.

4. Private leases. Some agencies are in buildings owned by commercial real estate companies. The owner is responsible for amenities and maintenance of the facility, which relieves the agency of planning and budgeting capital needs like deferred maintenance. Service Oklahoma is an example of this model as its main headquarters are in a building leased from the Chesapeake corporation.

5. Private leases with subleases. Agencies may sublease to other state agencies. The subleasing agency does not need to be an owner to do this. The Oklahoma Health Care Authority rents its building from a private company and subleases two of its floors to fellow State agencies Department of Corrections and the

Methods for Obtaining Office Building Space

Through fieldwork at various agencies, LOFT found that there are three types of office space and state agencies have six ways to enter one of those space options:

1. OMES owned property. An agency can rent office space from OMES. Their rent will be based on a cost recovery model where OMES charges the agency the cost of maintaining the space. OMES has only raised rent rates on agencies once in the past decade, in 2022 as a result of winter storm Urie causing utilities to surge. OMES also owns buildings which were built and previously owned by other agencies and later transferred ownership to OMES, such as the Pharmacy Board.

2. Agency owned space. Under this model, agencies own their own building and are responsible for all utilities, maintenance, insurance, upkeep, and improvements. For example, the Department of Wildlife built and owns its building. They do not receive any legislative appropriations and operate on revenue from licenses and fees.

Another example under this model is the Insurance Department. Though a self-funded agency, the Insurance Department utilizes OMES construction services for major renovations, such as an ongoing project to repair water damage incurred in 2022, which required a complete overhaul of the exterior facade. The Insurance Department, like many agencies who own their own building, employs full-time maintenance staff who is responsible for attending to current and planning for future facility needs.

3. Appropriated space. Instead of charging rent to certain agencies, OMES uses appropriated funds to cover what it terms "appropriated space." Note that "appropriated space" is a term coined by OMES, not an official

Pardon and Parole Board. According to lease documents provided to LOFT, ODOC pays \$14.44 per square foot for 34,498 square feet, which is \$82,825.43 per month.⁴⁰

6. Commissioners of the Land Office. The Commissioners of the Land Office have the constitutional duty to generate revenue for the benefit of public education, including through the leasing of CLO-owned office space. State statute allows agencies to rent from CLO. For example, the Department of Health, Department of Tourism and Recreation, and the Lottery Commission lease floors from CLO in the Strata Tower in downtown Oklahoma City. Renting agencies pay rent, which includes a fee to a private management group to provide utilities, amenities, cleaning services, basic supplies, security, and maintenance of Strata Tower.

The Commissioners of the Land Office

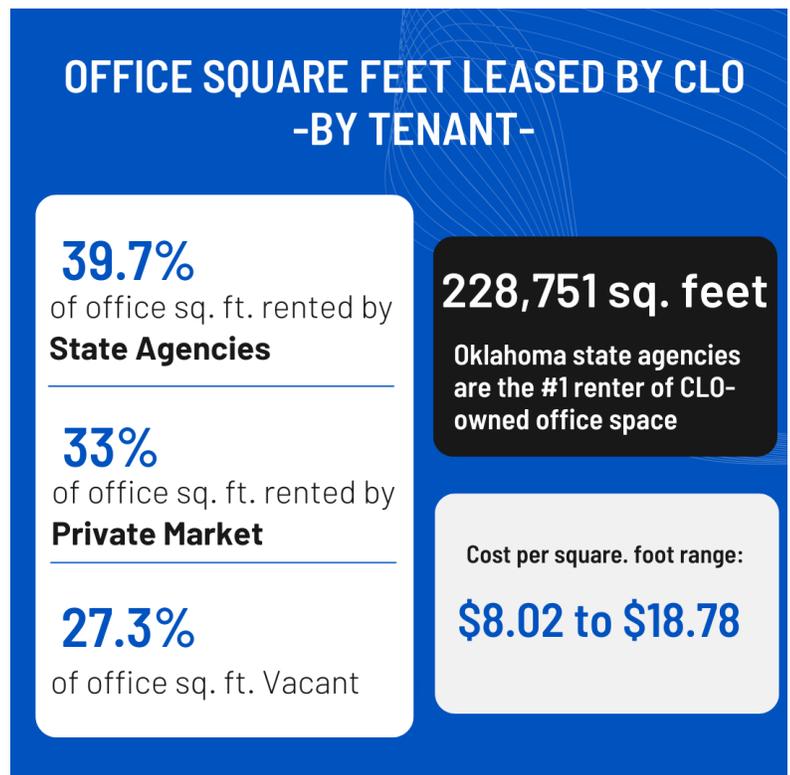
The Commissioners of the Land Office (CLO) is another landlord to State agencies. The agency manages a permanent trust fund for the benefit of public school districts and certain public universities.⁴¹ Both the Commissioners and the trust were created by the State Constitution at the time of statehood.⁴² CLO leases commercial real estate to both private companies and State agencies. The rent paid by these tenants to CLO becomes part of the distributable income CLO sends to educational institutions. While CLO is a State agency, it is more akin to a private lessor, as it leases for profit.

CLO leases office buildings to 24 State agencies across seven buildings in Oklahoma City and Tulsa. Of the 576,921 square feet of office space leased by CLO, State agencies lease 228,751 square feet. Put another way, State agencies rent 39.7 percent of all office square feet owned by CLO. Private market entities rent 33 percent of CLO's office space, and 27.3 percent is vacant. In other words, Oklahoma state agencies are the number one renter of office space owned by CLO.

State by State Comparison

A comparison of regional states found some key similarities in the oversight of state-owned buildings:

- A centralized agency, or division within an agency that is responsible for state-owned property, leasing services and maintenance of state-owned property.
- Mandatory maintenance requirements.
- Operational costs and maintenance funded through use charges, sometimes called rental fees, building use fees, or internal fees.
- Any significant modification, alteration, or major project on state-owned property typically requires approval and oversight from a central authority to ensure compliance and proper procedure.



40 Health Care Authority lease. Provided by Health Care Authority on Sept. 29, 2025.

41 Oklahoma Constitution Article 6, § 32.

42 See Appendix E for more background on CLO.

Each of Oklahoma's border states have a centralized agency, or a division within an agency, to handle responsibilities of real property owned by the state. Each one has the responsibility to oversee state owned property and operate the leasing services for those buildings. Oklahoma is aligned with peer states in including routine maintenance, janitorial services, insurance, landscaping, and other cost recovery items in the tenant's rent.

Exhibit 8: Summary of Regional States' Structure for Oversight of State-Owned Property.

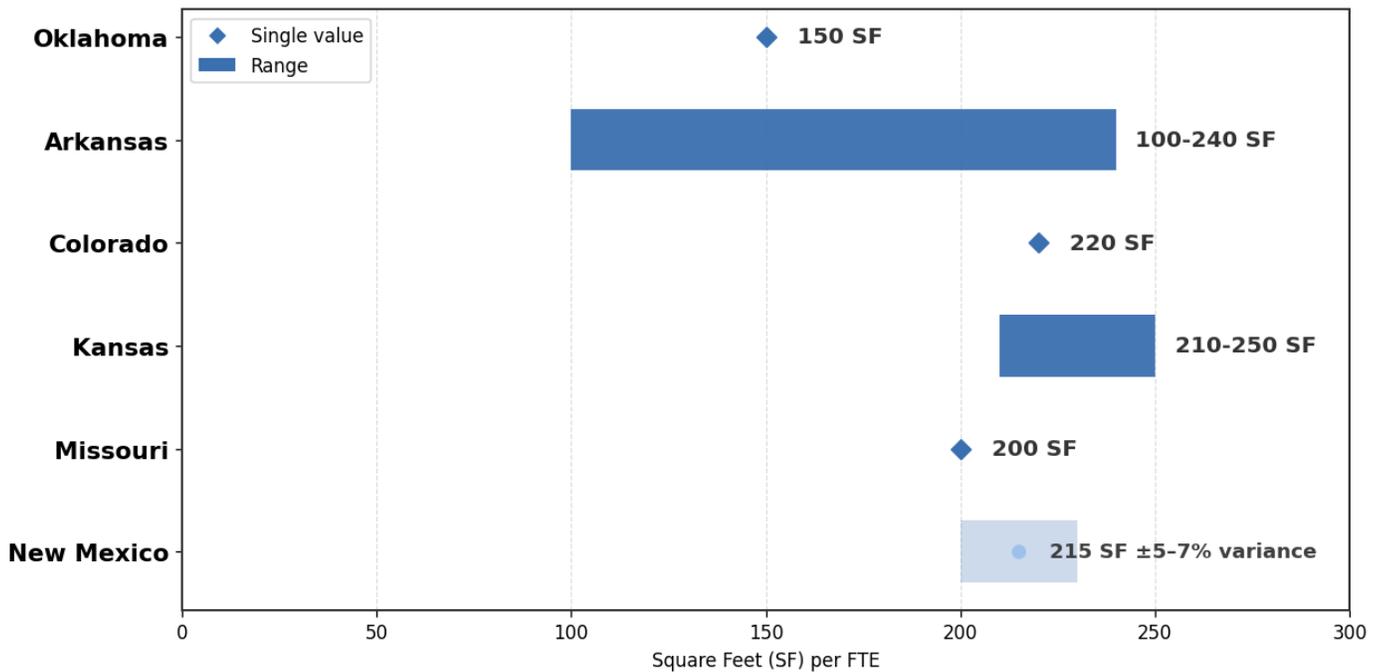
State	Division or Agency Responsible for State Owned Property	Summary of Key Responsibilities
Arkansas	Division of Building Authority (within the Department of Shared Administrative Services)	<ul style="list-style-type: none"> • Owns or leases ~ 5.5 million sq. ft. of office space • Leasing agent for all state agencies and oversight of purchases and sales for most • Acts as the landlord for state-owned facilities with full-service leases ranging between \$11 - \$17 per sq. ft.
Colorado	Capitol Complex Facilities Management (within the Division of Capital Assets)	<ul style="list-style-type: none"> • Manages 18 core state-owned buildings, including leasing and facilities management • Uses a standard rental rate for all facilities based on building class. Lease rates range from \$19.57 per sq. ft. for Class A or B buildings to as low as \$3.06 per sq. ft. for Class C space
Kansas	Office of Facilities and Property Management (within the Department of Administration)	<ul style="list-style-type: none"> • Manages ~ 1.4 million sq. ft. of office space across six state-owned buildings • Services include: engineering, maintenance, design and construction, janitorial, parking and groundskeeping, and asset management • Authority to assign space within the facilities and create policies and procedures for agencies to privately lease space; agency tenants charged a flat fee of \$20 per sq. ft.
Missouri	Division of Facilities Management, Design and Construction (within the Office of Administration)	<ul style="list-style-type: none"> • Manages ~ 6.3 million sq. ft. of space across 397 facilities • Validates agency space requests and allocates use of space in privately-leased or state-owned facilities • Average cost of \$7.64 per sq. ft. for state-owned space; \$13.73 per sq. ft. average for privately leased space
New Mexico	Facilities Management Division (within the General Services Department)	<ul style="list-style-type: none"> • Manages nearly all state-owned property and property leased from the private sector, regulating the use of all spaces • Manages ~ 1.5 million sq. ft. of state-owned space in Capitol area • Charges a building use fee to cover costs, the sum of which cannot exceed \$10M annually
Texas	Texas Facilities Commission	<ul style="list-style-type: none"> • Manages ~ 7.2 million sq. ft. of state-owned office space across six cities • Manages more than 700 active leases for 37 state agencies for office, warehouse, and training purposes.

Source: LOFT review of state statutes, agency websites, and peer agency reports.

Comparison of State Standards for Maximizing Utilization

States also establish strategies and goals for space utilization. It is common for states to prefer housing agencies in state-owned facilities over private leases. All regional states have a statute, mission, or administrative rule that requires that the buildings they own are being utilized to the highest and best possible degree. The exhibit below shows how states differ in the amount of space that is considered ideal for each employee.

Exhibit 9: Space Allocation Standards by State. (Each state allows a different amount of space per full-time employee. Oklahoma, Missouri, and Colorado set a fixed standard for square feet. The other states provide a range.)



Source: LOFT analysis of peer states.

Notes: Oklahoma: Employees working <60 percent in office receive an allocation of 70 sq. ft.⁴³

Arkansas: 240 sq. ft. for Director private office; 100 sq. ft. for staff positions requiring an office.⁴⁴

Colorado: Recommended for general office space. Executive offices have higher space recommendations (275 SF or 350 sq. ft. in Capitol).⁴⁵

Kansas: Total area exclusively used by the tenant.⁴⁶

Missouri: 64 sq. ft. for support staff FTE; 240 sq. ft. for Director level.⁴⁷

New Mexico: Target for new leases; 7 percent variance for collaborative/multi-use areas.⁴⁸

43 Oklahoma Administrative Code. Title 260, Chapter 95.

44 Arkansas Stat 22 CAR § 114-105.

45 Colorado Capitol Complex Master Plan”, Nov. 2024, p. 40.

46 Kansas Department of Administration, Office Space Standards, 2025.

47 Facilities Management Design and Construction, State of Missouri Space Standards, p.5.

48 “Fiscal Year 2024 Annual Performance Report”, New Mexico General Services Department. 2024.

Statute Emphasizes Reducing Private Leases

74 O.S. § 61.8 “... Office of Management and Enterprise Services shall determine if the applicant entity can utilize already existing state-owned real property as an alternative to leasing non-state-owned real property or purchasing or constructing new real property.”

74 O.S. § 61.8 A: “The Long-Range Capital Planning Commission shall... whenever possible, eliminate the practice of state agencies leasing real property not owned by the state.”

74 O.S. § 74.1 “The Office of Management and Enterprise Services shall assist any state agency... in obtaining... regional service offices. Priority for obtaining... office space or facilities shall be given in the following order: State-owned buildings, county or municipal-owned buildings, public trust or building authority-owned buildings or private vendor-owned buildings.”

Statute establishes a clear preference for State-owned buildings over private leases. Title 74 directs OMES to require agencies to utilize available State-owned space before leasing or constructing. Even agency field offices must follow a statutorily stated order that prioritizes State space. Statute also gives the Long-Range Capital Planning Commission a mandate to work toward eliminating the practice of private leases.

Statute requires the Director of OMES to publish a report each year with the five percent most underutilized State-owned properties. The report is intended to identify buildings and properties the State could divest of, with the proceeds going to the Maintenance of State Buildings Revolving Fund. All buildings and properties with more than 50 percent vacancy are compiled by OMES and the bottom five percent of those properties are reported on in the five percent underutilized property report.

OMES reports a total of 289,816 square feet of vacant space office space in State-owned buildings.⁴⁹ Most of the vacant space is located in the Oklahoma City and Tulsa metros, which provides flexibility for the State to house more employees instead of accruing private leases for space.

Oklahoma has seen a slight decline in the number of State employees, reducing nearly three percent from FY17 to FY24.⁵⁰ With this decrease, one might expect a corresponding decline in total leased office space. The opposite is true. During this period, the amount of office space leased from the private sector increased by 5.25 percent.⁵¹

In Exhibit 10, a gray dotted line reflects the data as OMES presents it; the green line reflects LOFT’s correction of the data. While other errors may exist in the data, the dramatic increase in this area led LOFT to investigate what drove a 37.59 percent spike in buildings leased from the private sector. LOFT’s research found that the 640,960 square feet of leased space that resulted in the 37.59 percent peak was actually attributable to County Health Departments being added to the Real Property Asset Report in 2022. Communication with the Department of Health confirmed that this was a reporting error and not reflective of 640,960 new square feet being acquired in 2022.⁵² However, both the reported data and LOFT’s adjusted data show that leased space increased during a period of time over which the number of State employees declined.

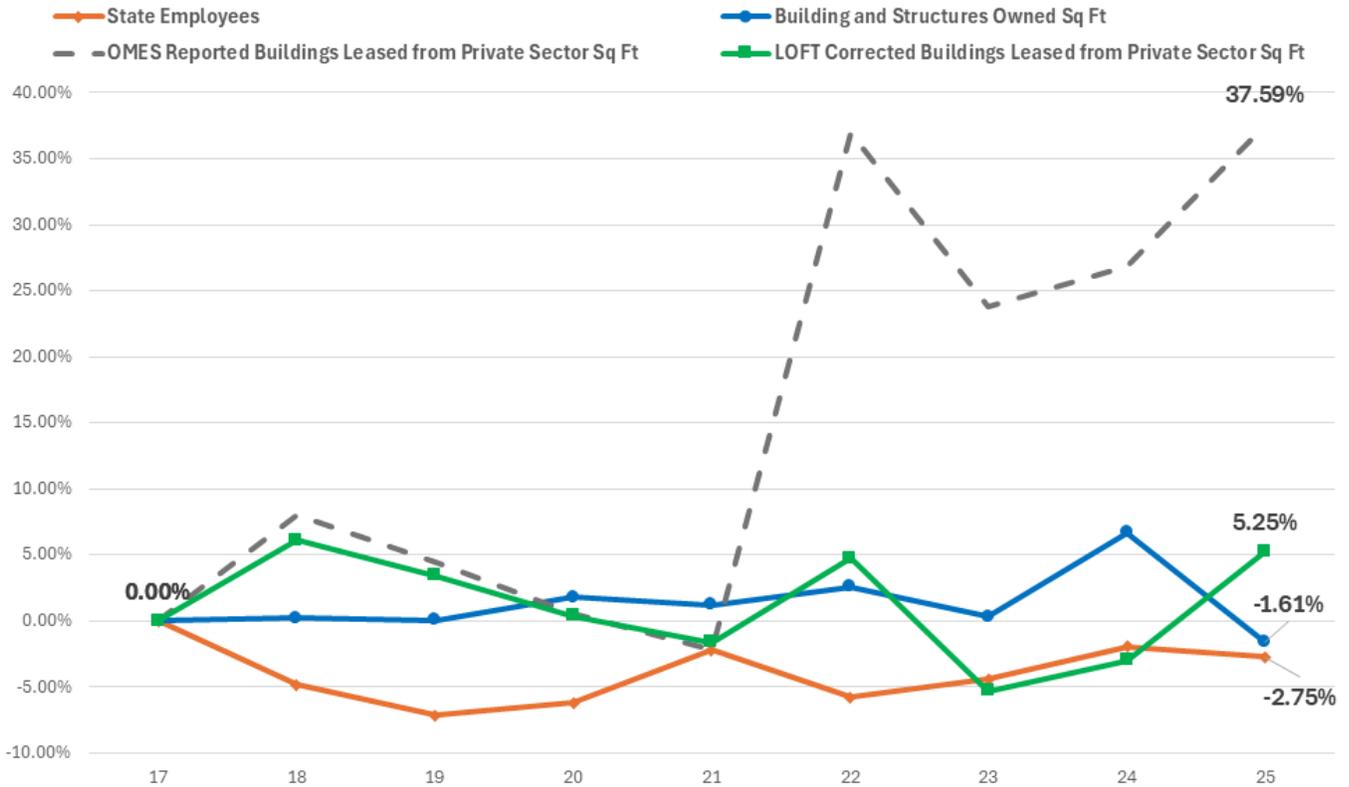
49 OMES 2024 Report of 5 Percent Most Underutilized Properties. See Appendix H for list of vacant OMES office space.

50 “FY26 Executive Budget,” Office of Management and Enterprise Services, Feb. 3, 2025. Figure does not include employees of the legislature, the courts, or institutions of higher education.

51 2017-2024 “Real Property Asset Report,” Office of Management and Enterprise Services, various dates.

52 Phone call with the Department of Health in Jan. 30, 2026.

Exhibit 10: State Employees vs. Owned and Leased Buildings. (The total number of square feet of State-owned space declined slightly between 2017-2025. The total amount of leased space increased 5.25 percent, while the number of employees decreased almost three percent. OMES’ data reported a 37.59 percent increase in private leased square footage, but LOFT discovered this was due to existing property being reported in 2022 that was previously omitted.)



Source: LOFT creation using data from the FY26 Oklahoma Executive Budgets and 2022 OMES Real Property Asset Reports.

Note: Total square footage for owned and leased buildings only includes office space from non-higher education institutions. “Leased from Private Sector” also includes leases from governmental entities.

Error-Ridden Data

74 O.S. § 63 F. “The Office of Management and Enterprise Services shall keep an accurate account of all property purchased for the state or any of the departments or officers thereof...”

61 O.S. § 327 E. “The Office of Management and Enterprise Services shall maintain a comprehensive inventory of state-owned real property and its use...”

LOFT was able to easily identify errors and inaccuracy in the data behind the Real Property Report. As noted in the above statutory citation, Title 74 makes OMES responsible for keeping an “accurate account of all property purchased for the state.” Title 61 specifies that OMES must maintain a “comprehensive inventory” of State-owned property and its use. Yet, in OMES’ annual Real Property Asset Report, OMES defers to data provided by agencies and waives its role in ensuring accuracy. While State agencies are certainly responsible for reporting correct information, statute ultimately holds OMES responsible for the accuracy of the data.

The Oklahoma State Government Asset Reduction and Cost Savings Program of 2011 established the State's first property inventory via the statutorily mandated annual Real Property Asset Report and a report identifying the most underutilized state properties.⁵³ OMES REALS prepares this report, which identifies the number of State-owned and privately leased buildings and square feet; acres of land owned by the State; square footage and building structures per agency and per locality; property condition; use of building; and more.

OMES creates the Real Property Asset Report from survey data collected from state agencies, boards, and commissions. In 2024, OMES, for the first time, used data gathered in the State Risk Management survey disseminated by the newly created Risk, Assessment, and Compliance office. OMES compared the survey data with their 2023 Real Property Asset Report survey data to identify and work with agencies to correct any discrepancies.⁵⁴ OMES' stated objective is "limited to compiling" a list of what agencies provide and clarifies that the properties have not been verified by OMES.⁵⁵

LOFT discovered errors in the list of properties reported by agencies. For example, some entries contained addresses that, when entered into map software, did not appear to exist.⁵⁶ In another instance, LOFT found several entries where an agency's office building was listed as having zero square feet. A few of such zero square feet entries also reported that their building was being used at 100 percent utility. Other entries, when entered into the State's human resource system (Workday), were found to have zero staff assigned to it. Some entries showed the building had zero cost. In another example, a reported building did not exist in the Workday system, which could be either a failure to report accurate data in the Real Property Report or a failure of the agency to maintain accurate data in Workday. One agency reported that their building was being used at 200 percent utility. Some buildings were tagged as office space that were clearly not. For example, one entry should have been tagged as a hospital but was tagged as office space. Many fields were simply left blank.

Because OMES does not verify the data within the Real Property Asset Report, the report has limited value in terms of informing decisions about the state's properties. While OMES is to be applauded for its 2024 reconciliation of property data against the new State Risk Management survey, LOFT found that opportunities still exist for the Real Property Asset Report to provide a higher level of accuracy and usefulness.

Right-Sized Rent Proposal

In August 2025, OMES produced and publicly disseminated a document titled "Right-Sized Rent." In this document, OMES presents three options for revising rental rates in OMES owned and managed buildings to recover costs associated with maintaining the buildings. All three of the options propose a gradual increase in rental rates, but each model is based on a unique assumption:

- **"All Buildings Pay Rent:** All tenants in all buildings will begin paying adequate rent."
- **"Status Quo:** Non-rent paying tenants will continue to pay no rent; cost will be shifted to rent-paying tenants over time with continued funding for deferred maintenance."

53 HB1438 (2011).

54 OMES 2024 Real Property Asset Report, p. 2.

55 Ibid.

56 Data provided by OMES shows directional addresses and not physical addresses such as "0.5 MI S OF JCT US-77 & SH-32" Line 2588 of excel data "Owned Property Non-OMES Bldgs FTE Counts."

“

The accuracy, authenticity and integrity of the data reported to OMES are the responsibility of the reporting ABCs. OMES' objective is limited to compiling the data into a comprehensive listing, providing public access to the reported data and updating the comprehensive listing in a timely manner when changes are received from state agencies.

”

OMES 2024 Real Property Asset Report, p. 2

- **“With Deferred Maintenance:** Non-rent paying tenants will continue to pay no rent. Cost will be shifted to rent-paying tenants over time and deferred maintenance projects will not be funded. Cost will need to be included in rent rate.”

Exhibit 11: OMES “Right Sized Rent” Proposal and LOFT Analysis. (The Right Sized Rent proposal, which was finalized in August 2025 and provided to the Legislature, includes incorrectly summed figures. Upon being made aware of the error, OMES corrected the document to account for the \$2.3 million difference that was originally omitted.)

OMES Managed Building	Estimated FY 2025 Rent Income	FY 2024 Operating Expenses	Difference
ABLE Commission Building	\$ 137,124.00	\$ 93,245.20	\$ 43,878.80
Agriculture Building	\$ 204,093.96	\$ 772,276.18	\$ (568,182.22)
Agriculture Lab	\$ 438,606.84	\$ 440,603.08	\$ (1,996.24)
Allen Wright Memorial Library	\$ -	\$ 576,830.46	\$ (576,830.46)
Attorney General Building	\$ 685,377.00	\$ 610,745.54	\$ 74,631.46
Central Printing		\$ 118,359.92	\$ (118,359.92)
Denver Davison Building	\$ 181,851.48	\$ 933,202.41	\$ (751,350.93)
Governor’s Mansion and Grounds	\$ -	\$ 1,414,077.13	\$ (1,414,077.13)
Jim Thorpe Building	VACANT	\$ -	
Lincoln Data Center	\$ 1,457,899.80	\$ 1,171,696.75	\$ 286,203.05
M.C. Connors Building	\$ 1,135,483.68	\$ 1,214,495.90	\$ (79,012.22)
Oklahoma Judicial Center	\$ -	\$ 1,546,708.50	\$ (1,546,708.50)
Oliver Hodge Building	\$ 1,234,096.56	\$ 982,883.52	\$ 251,213.04
State Banking Dept. Building/Annex	\$ 93,777.96	\$ 123,321.11	\$ (29,543.15)
State Board of Pharmacy Building	\$ 65,833.68	\$ 79,048.35	\$ (13,214.67)
State Capitol Building	\$ -	\$ 2,544,640.17	\$ (2,544,640.17)
Sequoyah Building	\$ 1,562,225.52	\$ 1,363,975.91	\$ 198,249.61
Transportation Building	\$ 2,228,149.20	\$ 1,674,373.51	\$ 553,775.69
Vezey Veterans Complex	\$ 187,603.20	\$ 145,263.64	\$ 42,339.56
Will Rogers Building	\$ 1,175,012.88	\$ 1,372,178.53	\$ (197,165.65)
OMES Calculations	\$10,787,135.76	\$19,519,834.24	(\$8,732,698.48)
LOFT Calculations	\$10,787,135.76	\$17,177,925.81	(\$6,390,790.05)
Appropriation to OMES to Operate State Buildings			\$ 4,178,036.00
OMES Reported Deficit to Operate State Buildings			\$(4,554,662.48)
LOFT’s Calculated Deficit to Operate State Buildings			\$(2,212,727.05)

Accurate FY 2024 Operating Expense:
\$17,177,925.81

OMES Reported Expenses:
\$19,519,834.24

Accurate Deficit:
\$6,390,790.05

OMES Reported Deficit:
\$8,732,698.48

Legislative Appropriated Rent Dollars:
\$4,178,036.00

Apply the Appropriations to Deficit:
\$6,390,790.05 – \$4,178,036.00 =
\$2,212,727.05 Remaining Deficit

Source: OMES Right-Sized Rent Document.

LOFT identified errors in the “All Buildings Pay Rent” model that was presented to the Legislature. OMES states that estimated rental income is \$8.7 million short of operating costs for all buildings. However, there is an error in that figure’s calculation. The FY24 Operating Expenses column sum displays a \$2.34 million overstatement of cost. The document states that the operating expenses total \$19.5 million, but when summing the column manually, the total is \$17.2 million. Consequently, this changes the deficit calculation.

Exhibit 12: OMES “FY 2024 project cost” by Building

OMES-managed building	FY 2024 project cost
Agriculture Building	\$ 98,365.88
Agriculture Lab	\$ 73,987.50
Denver Davison Building	\$ 73,264.32
Governor's Mansion and Grounds	\$ 80,648.99
Lincoln Data Center	\$ 152,533.36
M.C. Connors Building	\$ 145,460.61
Oklahoma Judicial Center	\$ 196,460.00
Pharmacy Building	\$ 33,584.92
State Capitol Building	\$ 169,633.62
Transportation Building	\$ 365,097.52
Will Rogers Building	\$ 952,871.71
Total Project FY 2024 Project Costs	\$2,341,908.43

Instead of the reported \$8.7 million deficit, there is actually a \$6.4 million deficit. Of that, \$4.2 million was covered by appropriated dollars, leaving a \$2.2 million true operational deficit. The reduction in the deficit impacts every subsequent figure and argument in the rest of the document.⁵⁷

In a project close out meeting held February 5, 2026, LOFT communicated the error to OMES. OMES attributed the error to the accidental omission of approximately \$2.3 million in “FY24 project costs,” which were funds for unforeseen, non-recurring expenditures.⁵⁸ OMES corrected the document and re-submitted it to LOFT with an additional column showing “project costs.”

Even with the correction in the first model, the next two models lack key information:

The “Status Quo” model fails to explicitly state the rentable square feet. As this model includes buildings where some tenants do not pay rent, it is necessary to know how many square feet of the building is generating

revenue. This omission prohibits any evaluator from verifying the rental rate presented on page three of the Right Sized Rent document.

The “With Deferred Maintenance” model does not describe the impact of the recently dedicated funds for deferred maintenance and whether the costs depicted are separate from those that would be covered with the fund. It is also unclear whether deferred maintenance includes existing or future deferred maintenance, or both.

In order for this proposal to be useful to the Legislature, OMES should delineate the underlying variables that drive the conclusions associated with each model.

Appropriated vs. Non-Appropriated Space

There are multiple ways in which State agencies acquire and pay for the space that they use. Agencies can pay OMES rent for space in buildings that OMES owns, purchase their own space, or rent space from the private market.

However, while most agencies occupying an OMES owned building pay rent to OMES, there are some that do not. OMES refers to these areas as “appropriated spaces.” Appropriated spaces are agencies or entire buildings in which the cost for upkeeping the buildings is paid from OMES’ appropriated funds. In these cases, the beneficiaries of these spaces do not pay any rent to OMES while still receiving regular maintenance and support. While this model is primarily used for unique buildings such as the State Capitol, the courts, and the Governor’s Mansion, there are some State agencies that do not pay rent. Apart from the exemptions for the spaces used by the Legislature, Governor and courts, LOFT could find no written guidance for which agencies or buildings are not assessed rent from OMES.

57 See Appendix M for the August 2025 version of the Right Sized Rent document.

58 “Right Sized Rent”, August 2025, p.2. See Appendix N and O for the two versions of the Right Sized Rent document.

Examples of appropriated space include the Worker’s Compensation Commission, located in the Denver Davison building, and the Corporation Commission, located in the Will Rogers building. OMES’ Capitol Assets Management division, which oversees State property, is located in the Denver Davison building and is also an appropriated space, as OMES wouldn’t pay rent to itself.

Agriculture Building

Agency Tenant	Pays Rent	Annual Rent (FY25)
OK Department of Agriculture	N	\$0
Arts Council	N	\$0
TSET	Y	\$75,058
Horse Racing Commission	Y	\$23,535
Optometry Board	Y	\$10,025
U.S. Department of Agriculture	Y	\$20,112
Conservation Commission (partial; has other rent-free space in the building)	Y	\$45,305
Total Maintenance Cost of Building		\$880,000
Total Rent Collections from Tenants		\$174,035
Balance covered from funds appropriated to OMES		\$705,965

Most notably though, the Department of Agriculture, which occupies over 58,000 square feet of space in the Agriculture Building, is an appropriated space. The Arts Council is also located inside of this building under a three-year lease as an appropriated space and does not pay rent to OMES. Other agencies located within the building, such as the Tobacco Settlement Endowment Trust (TSET) and the Horseracing Commission still pay between \$9.20 to \$9.50 per square foot in rent costs to OMES. Because most of the building is occupied by appropriated agencies, the rent paying tenants of the Agriculture Building are slated to pay \$174,000 in FY26 for rent while the total cost of maintaining the building in FY25 was over \$880,000, leaving a funding deficit of over \$706,000.⁵⁹

OMES funds the maintenance and utilities of non-appropriated buildings by charging the agencies that use their space rent. OMES is given appropriations for “maintaining state buildings operated by the Office of Management and Enterprise Services.”⁶⁰ In FY25, OMES received \$4.1 million into their Public Building Fund for this purpose.⁶¹ OMES uses these funds to cover the rental costs for select buildings. There is no written policy for how some buildings were determined to be “non-appropriated.”

59 FY25 Maintenance Cost and OMES Buildings with FTEs. Oklahoma Office of Management and Enterprise Services.

60 SB1125 (2024).

61 SB1125 (2024).

Exhibit 13: List of Appropriated State-Owned Buildings. (This table lists the name of the appropriated buildings with office space and all the agencies inside those buildings whose rent is covered by OMES' appropriated funds.)

State Capitol	Agriculture Building	Denver Davison Building	Governor's Mansion	Judicial Center	Library	Will Rogers Building
Arts Council	Department of Agriculture	Admin. Offices of the Courts	Governor	Supreme Court	Libraries	Corporation Commission**
State Auditor & Inspector	Ag Mediation	Court of Appeals				
Election Board	Conservation Commission	Workers' Comp Comm				
Ethics Commission	Arts Council**	OMES - CAM*				
Governor's Office						
House of Representative						
Legislative Service Bureau						
Lt. Governor's Office						
OETA						
OMES						
Secretary of State						
Senate						
Supreme Court						
Tourism and Recreation						
Treasurer's Office						

Source: The Office of Management and Enterprise Services.

* OMES's Capital Asset Management manages buildings in the State and thus does not pay rent to itself.

** Not paying rent during the renovation of the Jim Thorpe Building.

Finding 2: State Office Space is Not Being Utilized Efficiently, or in Accordance with the State’s Own Policies

The State of Oklahoma pays for every square foot it uses, whether that square foot is in an OMES-owned, agency-owned, or privately leased building. Assessing how and to what extent space is utilized is necessary to determine whether the State is efficient or wasteful, maximizing capacity, or flush with extra room.

State agencies require sufficient space to conduct their work, largely influenced by the number of employees that use office space. Therefore, any determination of space must consider how spaces are used, including how many employees physically office in a building and how the space is arranged. For this reason, LOFT’s evaluation includes analysis of in-person attendance of State employees. LOFT did not assess agencies’ use of remote or hybrid work schedules but rather the patterns of physical use of space.

Building Capacity Methodology

To determine the standard capacity for which to measure State buildings, LOFT sought to use a space allocation standard based on OMES’ rules. However, OMES’ administrative rules outlining agency spaces do not provide a consistent standard for capacity. The details and limitations of OMES’ rules governing the allocation of office space are detailed later in this finding.

Instead, LOFT used the standards provided by the U.S. Government Accountability Office (GAO) in their 2023 study of Real Federal Property. The GAO based their calculation for capacity on recommendations from the U.S. General Services Administration (GSA) and the Office of Management and Budget (OMB), which used a standard allocation of 180 usable square feet. The GAO makes a further distinction between gross square footage and net useable square footage. Gross square footage is defined as an “inclusive measure of all areas on all floors of a building, which includes additional spaces like bathrooms, lobbies, and mechanical rooms.” Net usable square footage discounts these spaces to come up with a figure that only measures spaces that are usable by agencies.⁶²

To distinguish between gross and net usable space, LOFT used data provided by OMES which separated out common space from usable agency space. The total square feet of all OMES buildings (gross square footage) was then divided by the remaining space (net usable square footage) to determine the average percentage of usable space in State buildings, which came to 80 percent. The result was that capacity was calculated by dividing 80 percent of a building’s total square feet by 180 square feet.

Expressed as a formula, this is:

$$\mathbf{80\% \text{ of gross square footage} / 180 \text{ sq. ft.} = \text{Standard capacity of net usable square feet}}$$

To simplify this, the 180 square feet can be increased by 20 percent to account for the non-usable space in a building for a total of 216 square feet. This 216 square feet figure, thus, is the standard LOFT uses to assess a building’s total capacity. For example, a 10,000 square foot office building would have a capacity of 46 employees.

LOFT compared four things in this analysis:

- The number of employees duty assigned at each building (as reported in Workday) with
- That building’s badge swipes, with
- The capacity of offices for each building, for each of the 12 dates
- Building utilization

Badge Swipe Analysis Methodology

There are a few methods for measuring building attendance; LOFT determined that collecting and analyzing employee badge swipe data files was the most practical and reliable method. LOFT consulted with OMES at length to ascertain the best way to obtain badge swipe data from agencies. Although they are the centralized repository of the State's data systems, OMES determined it was necessary to secure explicit permission from each individual agency to release their data to LOFT. On August 20, 2025, LOFT emailed 112 agencies, boards, and commissions to request they provide, or authorize OMES to provide, de-identified badge swipe files to LOFT for a defined list of one day per month for 12 months, starting in July 2024 through June 2025.⁶³ This date range was chosen to run the length of the State's fiscal year. The dates were also chosen to include each day of the week at least once instead of repeating the same day to minimize calendar schedule bias. In the following weeks, LOFT reached out to about a dozen more agencies that had not received the original request.

Definitions Used in LOFT analysis of Building Utilization:

Term	Definition	Note:
Net Usable Square Feet	The square footage of a building that is used for agency operations	This includes offices, copy rooms, mail rooms, customer interview rooms, kitchens, and break rooms.
Gross Square Feet	Inclusive measure of all areas on all floors of a building.	This includes bathrooms, lobbies, and mechanical rooms.
Reported Utilization	The number of FTEs that are reported in Workday as an in-person employee at a particular building.	
Capacity	Total number of people that could fit into a workspace if the space is arranged optimally.	Equation: (workspace square feet ÷ 216 square feet)
Attendance	The number of people that physically used the workspace.	Equation: (Badge Swipes ÷ Reported Utilization)
Actual Utilization	The number of FTEs that used the workspace in comparison to the capacity of the building.	Equation: (Badge Swipes ÷ Capacity)

Certain data constraints should be considered when extrapolating from this analysis.

First, several agencies stated their data systems only retain badge swipe files for a certain period of time. Agencies commonly reported 60 or 90 days or six months as the window of their data system's retention.

Second, 22 agencies responded that their buildings do not have the technological ability to have a badge swipe system.⁶⁴ These agencies either use a touch pad with an access code, a physical key, a locked door that a receptionist opens with a button, or open doors with no locks. LOFT sent these agencies a separate survey in lieu of a request for a badge swipe report.

Third, there were some cases where an agency's security system underwent maintenance during one of the 12 dates LOFT requested, so the badge swipe files the agency provided were incomplete or were for a day as close as possible to one of the 12 dates requested.

63 See Appendix A for date selection process.

64 See Appendix I for a list.

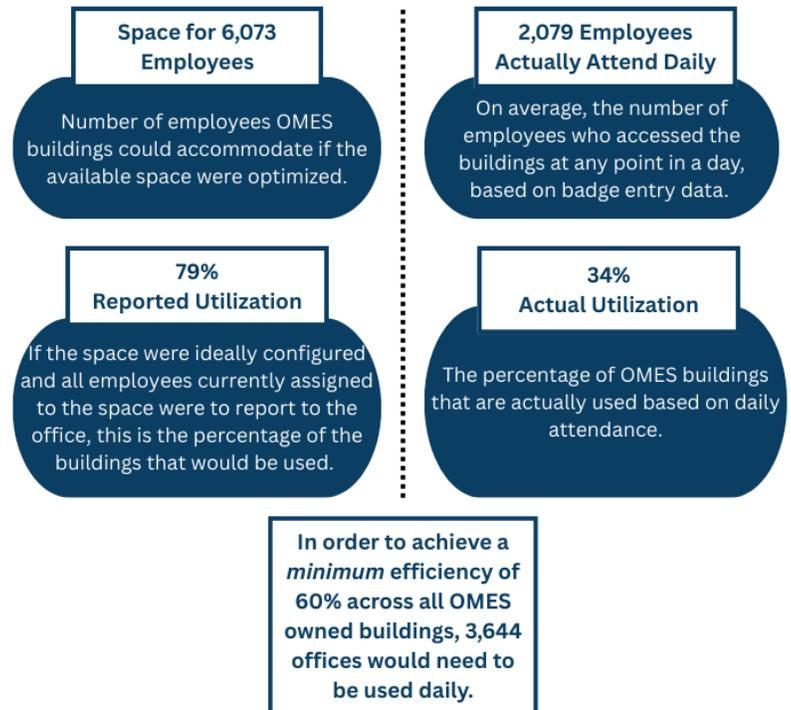
Finally, LOFT is aware that it is common practice for employees to swipe their badge and then hold the door open for a colleague who might also be entering at the same time (also known as “piggy backing”). Several agencies took the time to communicate that “piggy backing” is a common practice among employees.

Utilization of OMES Owned Buildings

OMES owns and maintains 23 office buildings, totaling 2.2 million square feet of space. Excluding the State Capitol, the Governor’s Mansion and Grounds, the Judicial Center, the Agriculture Lab, and the Jim Thorpe Building, LOFT evaluated 1.3 million square feet of space owned by OMES.⁶⁵ Following the adapted GAO capacity benchmark of 216 square feet per employee, there should be 6,073 employees duty assigned to those buildings. However, there was an average of 4,779 employees duty assigned to these spaces in FY25. Even if every employee assigned to these buildings were to report to the office every day, OMES would only be using 79 percent of the space available for offices.

LOFT acknowledges it is unreasonable to expect all employees to be in the office every single day. The private market considers a range between 60 and 80 percent of actual utilization of employees to be an acceptable level of utilization.⁶⁶ LOFT’s analysis adopted the lowest end of this scale, allowing building usage to be deemed efficient when at least 60 percent of employees use an office on a daily basis. When evaluating attendance at the physical office locations, LOFT utilized badge swipe access logs to determine the number of employees using a building at any point during the day. This metric is not a measure of OMES’s management but rather provides a clear picture of how space is being utilized. Of the 4,779 reported staff, an average of 2,079 people (44 percent) used their employee badge in their office building.

Comparing that metric to the others shows a clear pattern: enough workers are not being assigned to a building to match its capacity, and for those workers who are assigned, about half report to their office on a daily basis. In legislation passed in January 2025, Congress established a new standard for federal agencies of 60 percent attendance in office buildings.⁶⁷ According to the new law, if an agency’s building attendance is below the 60 percent standard for two consecutive years, the General Services Administration is authorized to reduce that agency’s space through consolidation, selling of excess space, or other means. OMES has not set a minimum utility rate for agencies. The conclusion from the data matches LOFT’s observations during site visits, where LOFT routinely observed roughly half of all desks being empty at any given time.



⁶⁵ This report does not evaluate the Capitol, Governor’s Mansion, or the judiciary. The Jim Thorpe building is undergoing extensive renovation that required temporary dislocation of employees therefore it was not feasible to obtain any meaningful badge swipe data from that building.

⁶⁶ McKinsey Global Institute “Empty spaces and hybrid places: The pandemic’s lasting impact on real estate” July 2023.

⁶⁷ Utilizing Space Efficiently and Improving Technologies Act (USE IT Act). Section 2302 of P.S. 118-272.

The following case studies illustrate how this pattern creates two levels of waste:

- Inadequate space allocation
- Low space utilization based on attendance

Case Study: Agriculture Building

The Agriculture Building has 98,713 square feet of total space. If the building were to be arranged in an optimal way, it would have capacity for 457 offices. As of the end of FY25, there were six agencies housed within the building. On average, these agencies reported their utilization of 334 employees to the Agriculture Building, below the optimal level of capacity of 457. The badge swipe data reflects an average of 136 people actually utilized the office daily. This means that 70 percent, or 69,455 square feet, of workspace in the Agriculture Building is currently being underutilized or wasted.

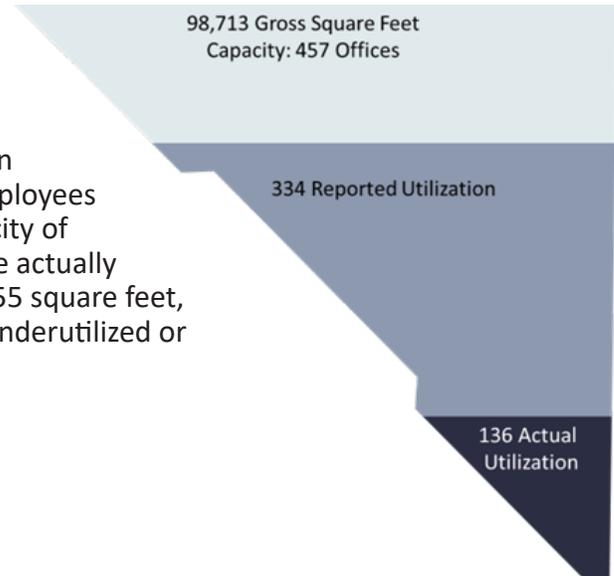
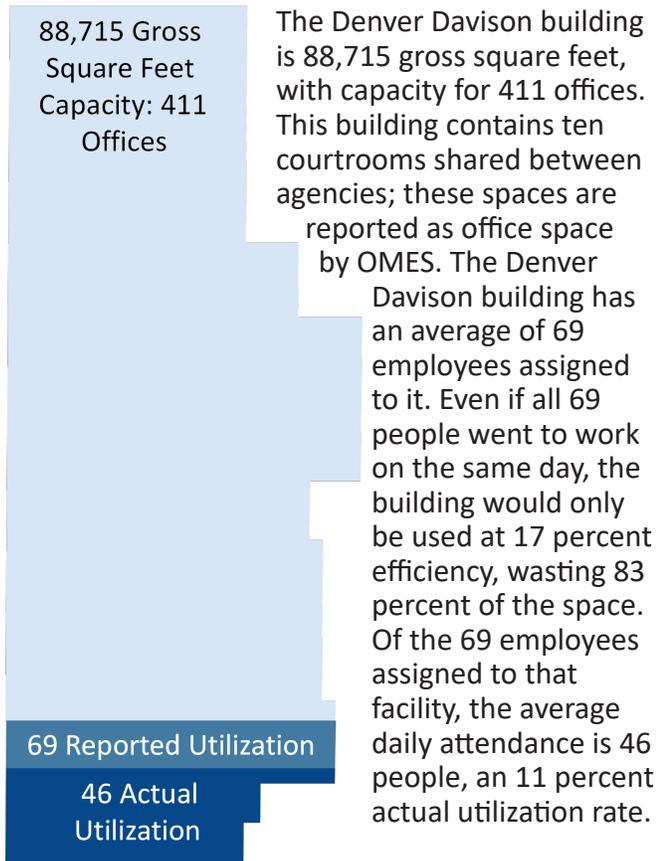


Exhibit 14: Vacant Office Space in the Agriculture Building.

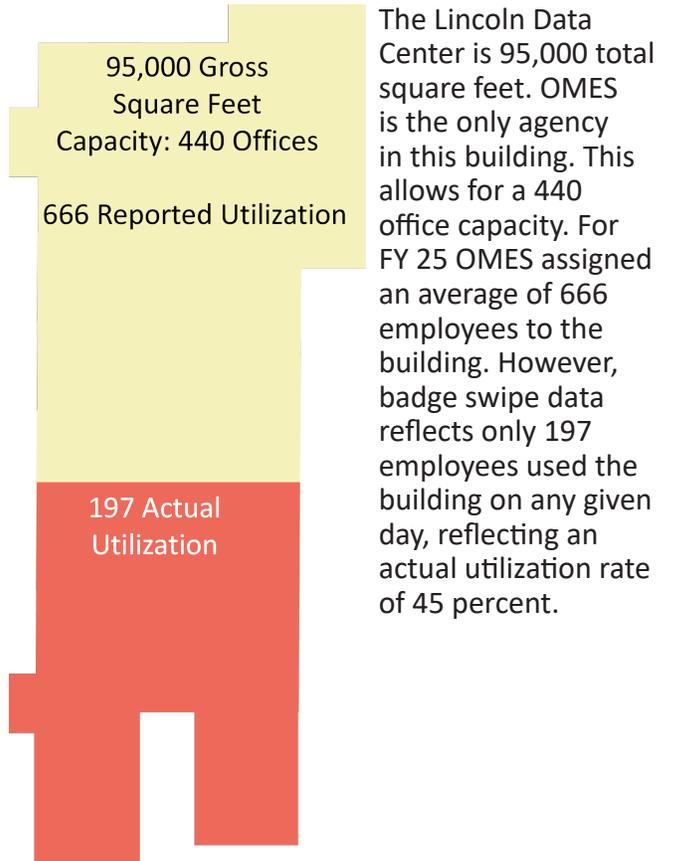


Source: LOFT Fieldwork at the Agriculture building on September 2, 2025.

Case Study: Denver Davison Building



Case Study: Lincoln Data Center



Jim Thorpe Building

The Jim Thorpe Building is one of the largest structures owned by OMES. It has been largely excluded from LOFT's analysis due to its current vacancy as it is undergoing renovations. Prior to the renovations, the nearly 160,000 square foot building had a total capacity of 735 employees but only 442 employees were assigned to the building. When accounting for the space used as circulation areas, the pre-renovation Jim Thorpe used the space at a rate of 287 square feet per employee, well above the standard benchmark of 216 square feet per employee.

Because OMES is renovating the building, this provides them with the opportunity to maximize the layout for better utilization. One challenge to this is that the entire sixth floor of the building, which constitutes over 10,000 square feet, is being repurposed as a Capitol Complex event space. When removing this square footage from that available for workspace, the Jim Thorpe's capacity will be reduced down to 685 offices.

Even with the lower capacity, the newly renovated Jim Thorpe building is only slated to have 458 employees assigned to it. Put another way, only 67 percent of the usable space is planned to be used.⁶⁸ This represents a decreased allocation from 287 to 258 square feet per person, but still above the adapted GAO benchmark.

The lack of any significant improvement to the building's use of space suggests that maximizing utility was not a priority of OMES.

⁶⁸ Data provided by OMES Nov. 26, 2025.

Utilization of Agency Owned Buildings

With 5,982,491 square feet of total office space, State agencies own nearly three times more office space than OMES.

These totals are reported to OMES on an annual basis by the owning agency and are rarely verified, resulting in errors in the dataset compiled and published by OMES. Using this data in a vacuum can create inaccurate analysis that leads to incorrect conclusions. The data provided by agencies to OMES, and subsequently the Legislature, is the best available data, even if it contains errors.

LOFT was able to obtain complete data for 18 properties that are owned by agencies and not OMES. Evaluating these properties against the adapted GAO standards shows that there is capacity for 5,771 offices in these buildings.

Throughout FY25 there was an average of 3,168 employees assigned to these 18 buildings, reflecting a 55 percent reported utilization rate. Over the same period, an average of 1,828 employees badged in daily, reflecting an actual utilization rate of 32 percent. In order for these buildings to achieve a minimum utilization efficiency of 60 percent, 3,463 offices would need to be occupied daily.

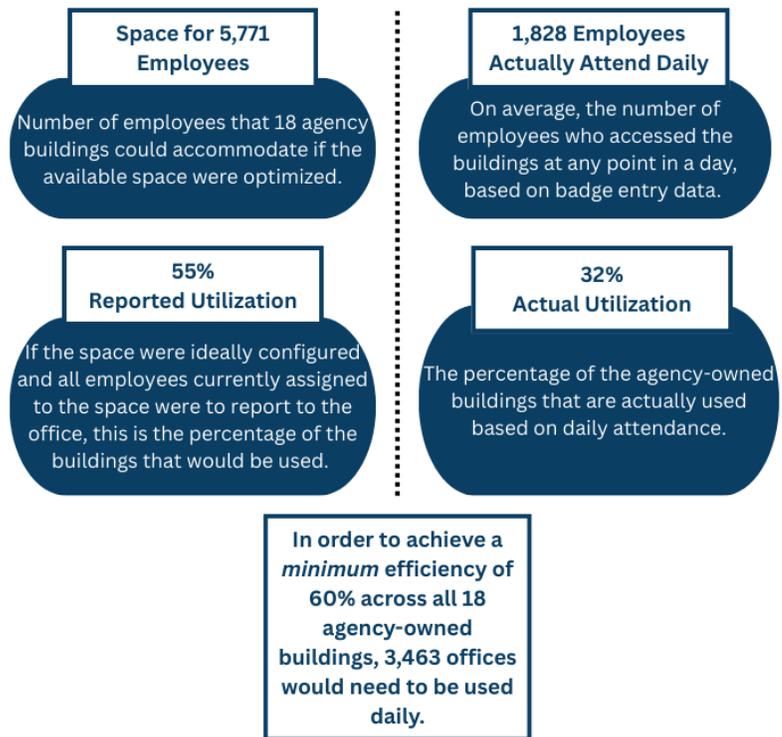
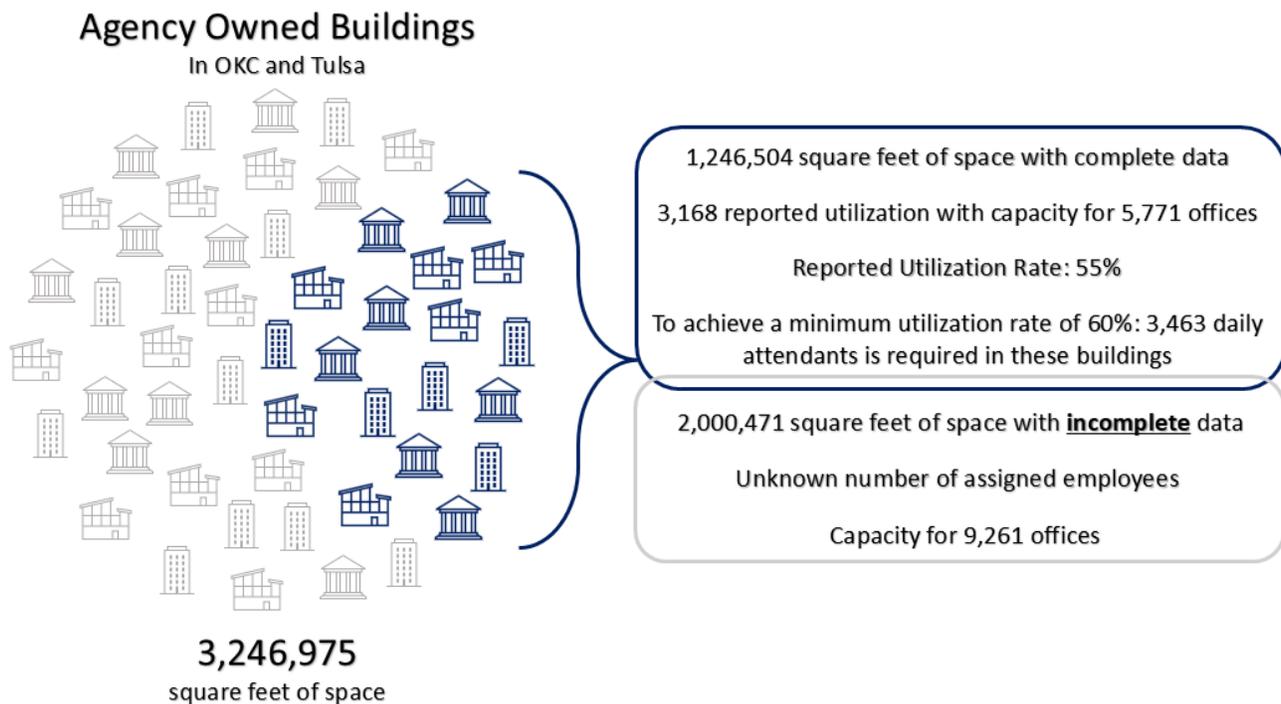


Exhibit 15: Utilization of Agency Owned Buildings in Oklahoma City and Tulsa.



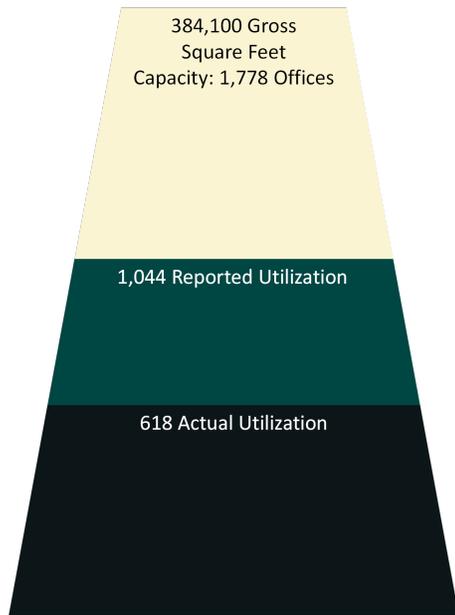
Source: LOFT analysis of data provided by OMES and agency badge swipe data.

Using these 18 properties as a sample population, LOFT calculated an estimated utilization of the 2,000,471 square feet to those buildings without complete data. According to the adapted GAO benchmark standard of 216 square feet per employee, there is enough room to house 9,261 offices in State-owned properties in OKC and Tulsa alone.

If the utilization rate of the buildings where there is incomplete data is comparable to the buildings with complete data, then 32 percent of offices are being used daily, or only 2,964 of the 9,261 offices.

The sheer amount of square feet of office space statewide makes it difficult to accurately evaluate the use of office space. To maintain analytical integrity, this evaluation evaluated only properties in Oklahoma City and Tulsa.⁶⁹ In some instances, agencies will lease out part of their property to the private market. Of the 18 buildings in this evaluation, four of them do so. Removing the amount of square footage being subleased by agencies to other lessors, there is 1,246,504 square feet of total available space for State agencies. The remaining 32 properties are excluded from the analysis due to either missing Human Capital Management data in Workday or unavailable badge swipe data that could not be provided by the agency.

Case Study: Strata Tower – 123 Robert S Kerr



The Strata Tower is 384,100 square feet. The tower could have a capacity of 1,778 offices. The agencies in this building report their utilization to be 1,044 people. Over the twelve-month review period this facility had an actual utilization of 618 people, reflecting 35 percent utilization.

Case Study: Strata Tower – 123 Robert S Kerr

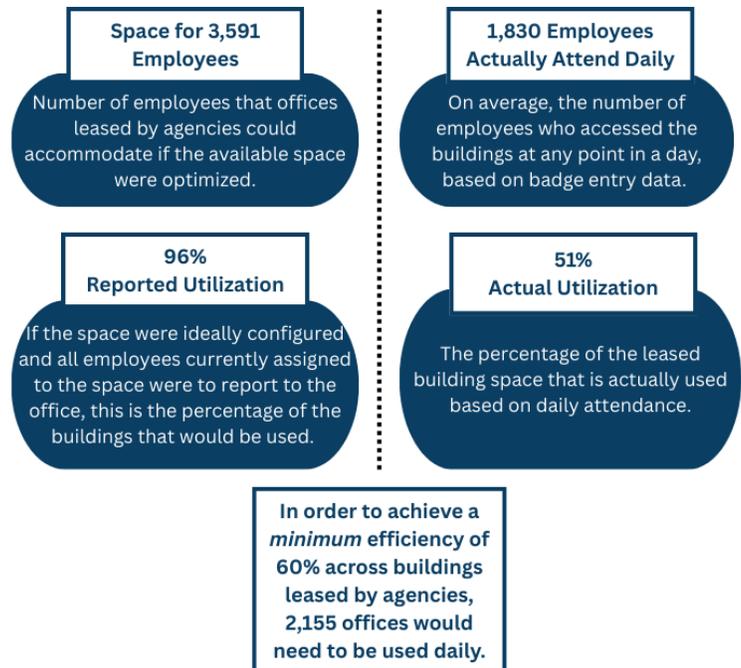


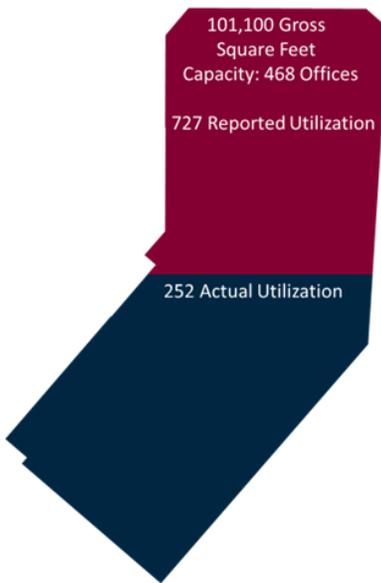
The Wildlife Department's building is 37,505 total square feet. This building could house 174 offices. Wildlife reports their utilization at 221 employees, however only 68 employees actually use this space on any given day, reflecting 39 percent utilization.

Leased Office Space

Statewide, agencies lease 2,606,608 square feet of office space spread out over 500 locations, comprising 24 percent of office space occupied by State agencies. For office buildings located within Oklahoma City and Tulsa, LOFT was able to obtain complete data on 32 locations, accounting for 775,695 square feet. These spaces would allow for 3,591 offices.

During FY25 there was an average of 3,462 people reported to utilize these workspaces during the twelve-month review period. Over the same period the actual utilization was 1,830 employees, or 51 percent. In order for these buildings to achieve the minimum utilization rate of 60 percent, there would need to be 2,155 offices occupied daily.





Case Study: 4848 S 129th East Avenue – Department of Human Services

DHS leases 101,100 square feet in Tulsa to house 727 employees. This space has capacity for 468 offices based on the adapted GAO benchmark. DHS's badge swipe data shows that, on average, there are 252 people using that building on any given day. For this leased property to reach a minimum efficiency rate, there would need to be at least 281 employees working in the building on a daily basis. The badge swipe analysis shows that DHS duty assigned more people to a facility than what can fit in the space, but the badge swipe data shows that the building is only being used at 54 percent of its capacity.

The annual lease cost is \$1,617,600.⁷⁰

Case Study: 655 Research Parkway – Regents for Higher Education

The Regents for Higher Education headquarters is 51,437 square feet. This would allow 238 offices if the GAO's space standard of 216 square feet were to be followed. On average, the Regents duty assigned 138 employees to this space, which is a reported utility of 58 percent. On average, there were 72 employees that swiped in on a daily basis, reflecting a 30 percent actual daily utilization. This data reveals that it is common for two-thirds of the desks in the building to be empty on any given day by wasting 70 percent of the leased space

The annual lease cost was not reported to OMES. The Regents informed LOFT that the annual rent is \$980,866.



Wasted Space

The preceding case studies present examples of the categories of properties evaluated by LOFT; in total LOFT examined 64 office buildings: 14 owned by OMES, 18 owned by agencies, and 32 that are leased by agencies from the private sector. Across these 64 buildings, LOFT:

- Obtained the gross square feet
- Divided the gross square feet by the adapted GAO space standard and then
- Established the actual utilization rate, based on badge swipe data, to determine the physical attendance of workers.

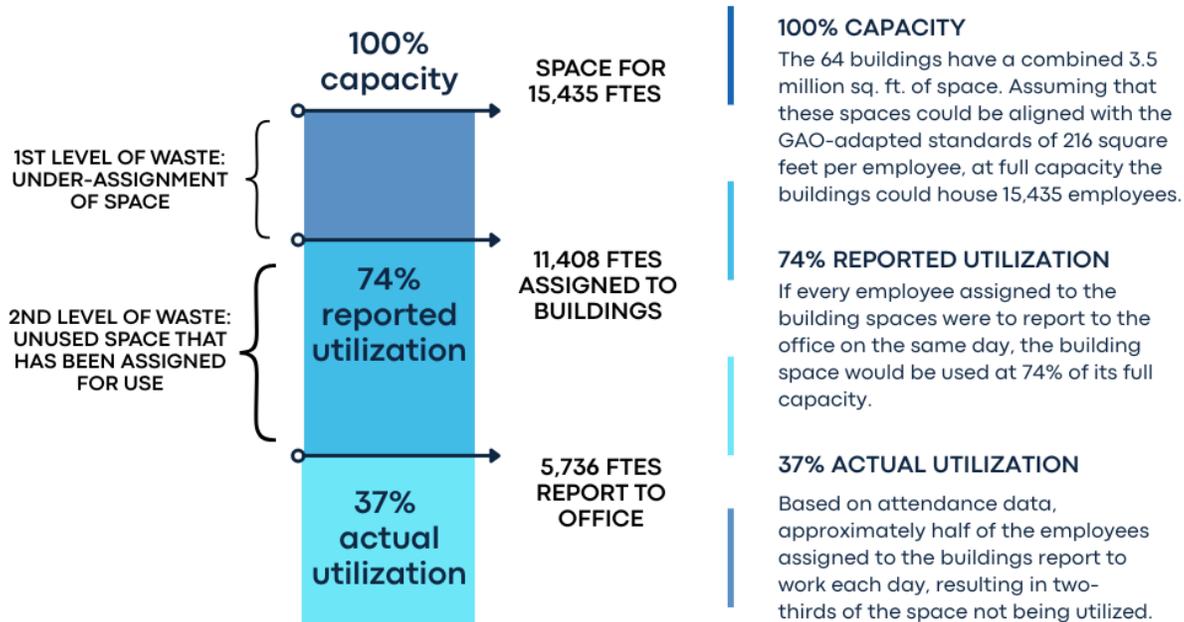
LOFT found that regardless of the ownership of the buildings, space is not being used efficiently or in accordance with the State's own policies. These cases demonstrate there are two levels of waste produced from two parties:

- OMES generates waste by failing to place agencies in buildings in a manner that fills capacity, and
- Agencies generate waste by maintaining space that exceeds their needs.

⁷⁰ Data received from OMES on July 25, 2025.

64 Buildings Evaluated

includes 14 owned by OMES, 18 owned by agencies, and 32 leased by agencies



Sources: LOFT analysis of data obtained from OMES, agencies, and Workday.

In the 64 office buildings that LOFT was able to evaluate, there is an estimated 2,094,984 square feet of wasted space that, if utilized efficiently, could generate significant savings for the State in avoided rent, maintenance, utilities, insurance, and other office space costs. This evaluation can only estimate the waste based on the facilities with complete data and therefore excludes a majority of the office space being used by the State of Oklahoma.

To determine the first level of waste, LOFT calculated the difference between the number of assigned employees and the capacity number of employees that should fit in the total workspace. That delta, multiplied by the benchmark space allocation of 216 square feet, calculates the amount of waste associated with the under-assignment of space for employees. LOFT estimates this number to be 869,832 square feet.

The second level of waste is calculated by taking the delta between the physical attendance within the building from the number of reported utilization numbers and multiplying by 216 square feet. LOFT estimates this number to be 1,225,152 square feet.

OMES' rules stipulate that 70 square feet be allotted by agencies for employees who are in the office less than 60 percent of the workweek. If agencies correctly identified employees based on the percentage of time employees are in the office, and OMES enforced the reduced allotment of space, agencies' physical footprint would be reduced in a way that better matches use.

If OMES were to increase per person space allotment, it would increase efficiency only on paper but would not increase actual utilization of buildings.

Space Allocation is Not Standardized, Counter to Administrative Rules

A standard benchmark for space allotments is necessary to determine the capacity of office buildings and how well the space is being utilized. LOFT originally sought to use the standard square foot allocation number that OMES provides in its administrative rules. However, LOFT found that OMES does not adhere to this or any single standard for office space allocation.

Administrative rules state:

“The state space standards shall ordinarily not exceed the product of 150 square feet times the number of full-time, funded employees. This standard is not an entitlement per individual employee. It is a standard allocation to the agency as a whole. Individual space allocations within the total should not be made on a basis of job function, not on position classification.”⁷¹

OMES stated that they do not use the 150 square foot standard as a benchmark for agency space allocation because most agencies have what is called “special space.” Special space, as outlined in administrative rules, is for additional square footage requested by the agency with documentation and a written justification for the request. Special space includes conference rooms, classrooms, client meeting areas, employee break rooms, equipment rooms, and additional reception space beyond the reception space already explicitly included in the 150 square foot allocation.⁷²

According to OMES, although their rules state that space “shall ordinarily not exceed the product of 150 square feet,” 150 is rarely, if ever, the standard by which they allocate space. In response to LOFT’s requests for the appropriate space allocation figure, OMES was unable to provide a set number but rather offered a range of 180 to 300 square feet per employee.⁷³ LOFT found this moving target to be problematic as it prevents OMES from being able to evaluate utilization. If there is no space allocation standard, it is impossible to calculate what a building’s capacity should be and assess agency utilization. While agencies each have unique needs that should be met, special space should truly be special, and not routine additions that distort the space allocation standard. For example, a laboratory may truly be a unique space within an office but a conference room is not. LOFT’s review of space allocation documents found instances where the amount of space allocated to an agency for “special” purposes were equal to or exceeded the total amount of space allocated for employee workspaces, although the spaces described were not unusual to an office space.⁷⁴

LOFT found OMES’ practice did not align with the purpose stated within its rules:

“The purpose of the space allocation standards is to present a uniform and consistent method of evaluation of the amount of space required to support a specific program or agency in all real property leases, purchases or construction.”⁷⁵

Adding further confusion was OMES’ shifting definition of usable square footage. While the private sector and the federal government identify circulation space as being hallways, corridors, restrooms, and other navigation space, OMES counts circulation between and around workstations as part of the standard square footage allotment, but only if the agency is a single tenant. OMES stated that this designation changes if there are multiple agencies in one building.

In summary, OMES’ practice of operating outside of written standards and according to unwritten standards that shift from case to case produces variability that precludes them from measuring building capacity and utilization. **While the rules’ explicit purpose is to “present a uniform and consistent method of evaluation of the amount of space required,” LOFT found uniformity and consistency to be absent.** For these reasons, LOFT instead followed the federal standards put forth by the Government Accountability Office, the Government Services Agency, and the federal Office of Management and Budget.

71 OAC 260:95-1-4.

72 OAC 260:95-1-4 (d) Special space standards.

73 As of February 2026, OMES has proposed rules changes; amending the 150 square foot space allocation was not changed.

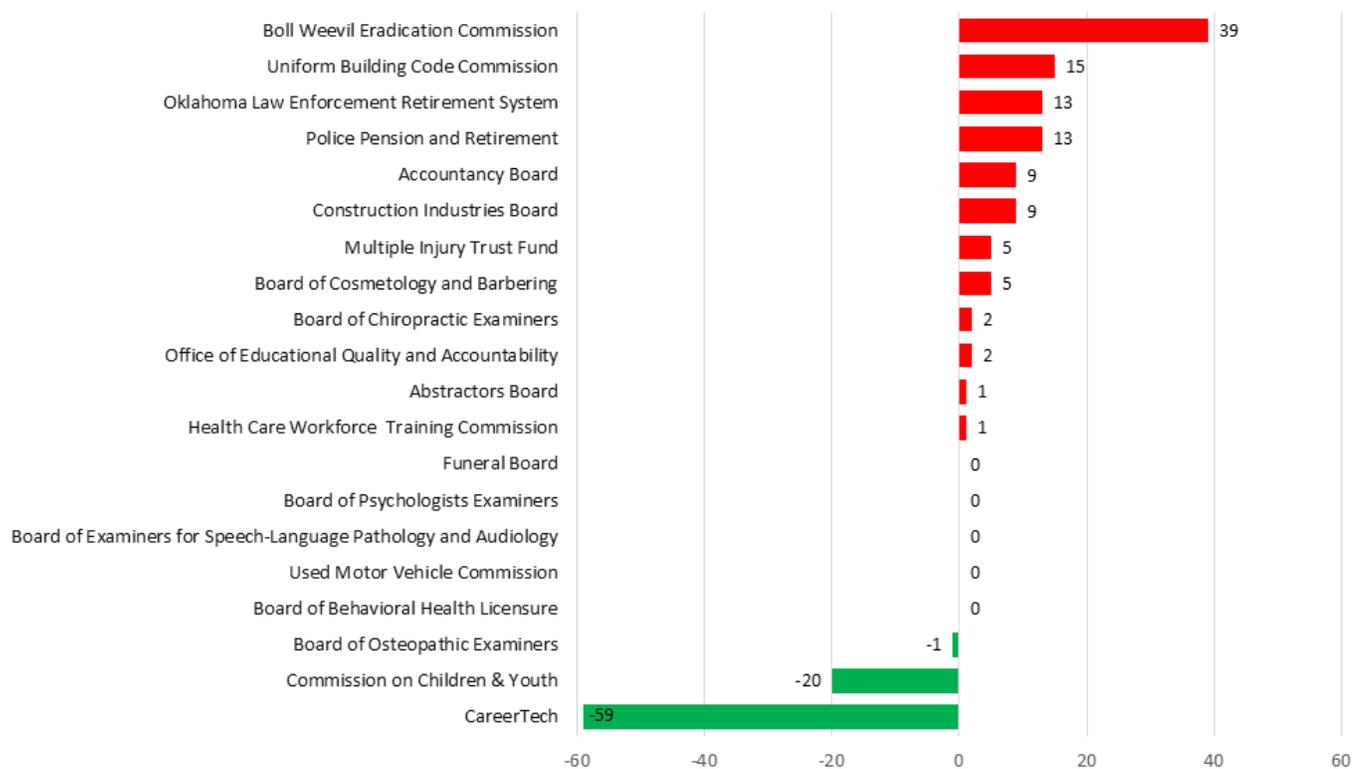
74 REALS Form 189A Space Acquisition Request.

75 OAC 260:95-1-4 (c) Personnel space standards.

Non-Badge Agencies

Exhibit 16 depicts the space efficiency of agencies without badge swipe data. The vertical line going down the middle of the chart is the optimal level an agency would reach if space efficiency was maximized. The closer to the middle line an agency reaches, the more optimal their space is. Agencies with green bars show that they are over-optimized and fit more than the required number of employees in their space; the numbers indicate by how many. Red bars demonstrate underutilization of space; the numbers indicate how many more employees an agency could fit into their office to meet space allocation standards.⁷⁶

Exhibit 16: Non-Badge Swipe Agencies Comparison of Assigned Employees with Square Footage. (This exhibit shows whether the agency is utilizing their space under, at, or over capacity. The middle line is capacity; bars in green to the left of the middle line indicate the agency is over maximizing space per employee and red bars to the right of the middle line show that an agency could fit more employees into their space.)



Source: LOFT visualization based on 2024 OMES Real Property Asset Report and Workday.

Lack of Integration Between OMES Departments

The State of Oklahoma invested in a technology platform to maintain one consolidated source for employee data, called Workday. LOFT’s badge swipe analysis demonstrated the value in using Workday data to assess capacity, utilization rates, and space efficiency. OMES Human Capital Management (HCM) tracks employment lifecycles of State employees and serves as a hub for centralized training and agency directories. LOFT found that OMES Real Estate and Leasing Services (REALS) does not engage OMES Human Capital Management to verify or inform discussions on employee duty assignments, space needs, and building utilization. OMES REALS cited two reasons for not using the data within Workday: first, the system REALS uses has no link to the Workday system, requiring OMES to manually match agency addresses.⁷⁷ Secondly, OMES expressed reservations about whether the information agencies enter into Workday is up to date.

76 See Appendix A for methodology.
 77 OMES data received Nov. 26, 2025.

Since OMES chooses not to collaborate internally and leverage a platform they own, the State is left with a sub-optimal method of understanding utilization data. Instead of using the Workday system to make decisions on space acquisitions and utilization, OMES REALS uses annual reporting metrics that are provided by agencies. This data's main flaw is that it captures a point in time when the agency filled out the report. Comparatively, Workday allows for a 365-day view of the number of employees assigned to buildings. As employees come and go through employment, building assignments are continuously tracked.

If OMES Human Capital Management and OMES Real Estate and Leasing Services were to collaborate, HCM could run Workday reports on a weekly basis to track any major movements in employment trends, such as relocating divisions or agency restructuring. With the information from HCM, REALS would be able to make data-driven decisions to determine space needs and utilization. For example, if an agency is requesting space for 200 employees, but Workday reports an average of 80 assigned employees, then REALS would have the information and awareness needed to flag the request, examine the agency's plans, and if needed, request it be amended to reflect actual usage.

Executive Order Altered Space Utilization

On December 18, 2024, the Governor issued Executive Order 2024-29, requiring State employees to return to the office by February 1, 2025.⁷⁸ This order reversed the pandemic-driven allowance issued May 2020, also by executive order, that granted State agencies the freedom to allow hybrid and remote work for employees.⁷⁹ The 2024 order allowed three exceptions for agencies to continue remote work:

- A. "Agency employees whose work hours are outside normal business hours (e.g., evenings, weekends, or holidays);
- B. Agency employees for whom no reasonable in-office employment is possible, or
- C. An agency is at full office capacity, and new or additional office space would have to be acquired at additional cost."

The current executive order requires all agencies to submit a quarterly report to OMES outlining any exceptions to the executive order the agency is claiming beginning on March 31, 2025. "Agency is at full office capacity" remains the most common exception agencies claim across all four quarters. From Q1 to Q2, the number of employees agencies reported with an exception increased by 671 while the number of full-time State employees decreased by 183 at the same time. Q4 has the highest number of State employees and the lowest number of exceptions, indicating that agencies have adjusted. "No reasonable in-office employment possible" grew from Q1 to Q3 then settled to an all-time low in Q4.⁸⁰

78 Executive Order 2024-29.

79 Executive order 2020-13.

80 See Appendix L for a list of agencies claiming exceptions in Q4.

Exhibit 17: Executive Order 2024-29 Statewide Report Q1, Q2, Q3, & Q4. (“Agency is at full office capacity” remains the most common exception agencies claim across all quarters.)

	Q1 Report	Q2 Report	Q3 Report	Q4 Report
Number of full-time State employees	31,614	31,797	31,761	32,299
Number of employees reported to be working under one of the limited exceptions to the schedule and location requirements of the EO	7,919	8,590	7,312	6,345
Exception Type:				
Work hours are outside normal business hours (e.g., evenings, weekends)	2.60%	14.47%	14.13%	16.99%
No reasonable in-office employment is possible	8.30%	14.85%	10.95%	5.33%
Agency is at full office capacity; new or additional office space would have to be acquired at additional cost	89.10%	70.68%	74.61%	87.94%

Source: OMES Executive Order 2024-29 Statewide Report.

As Exhibit 18 shows, new requests for office space constitute almost the entirety of all new space requests to OMES REALS and began rising years before the Executive Order went into effect. However, as the agency responses in Exhibit 18 show, office space limitations are the primary reason given by agencies for exempting employees from the in-office mandate. While agencies responded to the Executive Order in a variety of ways, all hinged on the matter of physical office space.

Like many agencies, the Oklahoma Health Care Authority allowed a large portion of its employees to work from home during the 2020 pandemic and continuously thereafter. According to the agency, before the pandemic, they had about 500 employees in office; after the pandemic that number dropped to 220.⁸¹ As a result, two floors of its four-floor building became empty. The Health Care Authority, which rents its space from the private sector, decided to fill those floors by subleasing to other agencies.

In December 2023, the Department of Corrections moved into the second and third floors of the Health Care Authority’s building at 4345 N. Lincoln Boulevard, and the Pardon and Parole Board shortly followed

Exhibit 18: Number of Approved Space Requests from Agencies to OMES REALS FY20-26. (Requests for new office space constitute almost the entirety of all space requests.)

Approved Agency Requests to OMES REALS for New Space		
Fiscal Year	OFFICE Space Requests	ALL Space Requests
FY20	8	8
FY21	13	15
FY22	12	12
FY23	28	29
FY24	25	29
FY25	20	23
FY26	6	6
Total	112	122

Source: OMES data provided on Nov. 26, 2025.

81 LOFT Fieldwork at the Health Care Authority on Sept. 9, 2025.

suit. Before EO 2024-29, many Health Care Authority employees worked in the office five days every week while the rest worked remotely. After the EO, with two floors now sublet to other agencies, the Health Care Authority sought to comply by rotating more employees into in-office work. This meant displacing the employees that were previously working in the office five days a week. The agency had to create 11 Alternate Work Schedules to accommodate the rotation. Consequently, because of how the EO quarterly report is structured, it shows that the Health Care Authority has low in-office numbers where in reality, the agency has a higher number of people inside the building on a weekly basis than it previously did.

Because of how the EO is structured – the metrics it collects and the way it operationalizes compliance – an agency like the Health Care Authority could face a paradox where in order to comply with the Executive Order, it must shuffle more employees through the building, thus displacing those who were previously in the office full time, and therefore reflecting on the EO report that their full-time in-office numbers decreased. LOFT would caution policymakers in using the EO quarterly report to make decisions on office space when it may not capture the full picture of agency operations.

In response to the EO, the Oklahoma Department of Health recalled all employees back to the office. The agency had moved out of its previous, deteriorating building and into the nine floors of the Strata Tower it bought from the Commissioners of the Land Office (CLO) at approximately \$1.5 million per floor.⁸² However, in order to accommodate all employees after the EO, the Department of Health leased three more Strata Tower floors from CLO. The agency stated that it would prefer to buy the three additional floors, but renting is the only option available to them. The Department of Health leases these three floors from CLO for \$812,630 annually.

The Department of Human Services (DHS) was pursuing the previously stated executive branch priority of efficiency when the agency closed and sold 52 office buildings between 2020-2022. Instead of purchasing new office space in response to the Executive Order, DHS allowed each division to create an alternate work schedule that fits the type of work they do and the size of staff they have. The agency expressed the challenges of returning over a thousand employees to a building with 500 work stations and a parking lot that fits 250 vehicles.⁸³ Instead of purchasing new office space, DHS claims the highest number of exceptions out of all agencies, listing 4,683 total exceptions in the Q3 report with 4,402 of those being under Exception C: “An agency is at full office capacity, and new or additional office space would have to be acquired at additional cost.”

LOFT observed that agencies are willing to follow the directives of executive branch leadership, but when those directives are not clear and consistent, it can lead to results counter to stated goals, whether that is the efficiencies gained of selling property and adopting more telework, or prioritizing in-office presence or building renovations to consolidate the State’s footprint.

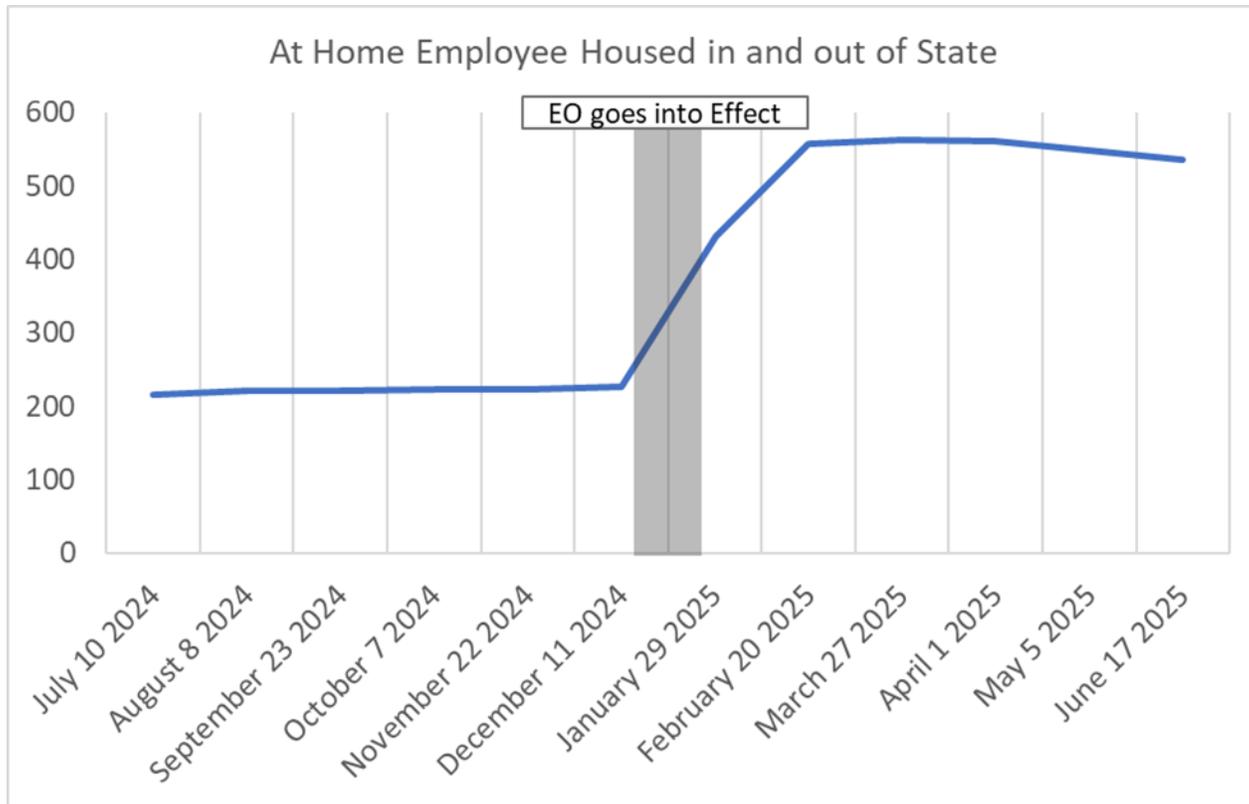
Remote Workers

A natural expectation in light of the executive order would be that the number of State employees working remotely would drop as agencies recalled staff back to the office. However, LOFT found that the number of remote employees increased sharply, from 226 in December 2024 to 431 remote employees in January 2025, rising to a peak of 563 remote employees in March 2025.

82 The Department of Health also pays a tenant fee of \$53,671.56 per floor.

83 Fieldwork at the Department of Human Services’ headquarters on Aug. 25, 2025.

Exhibit 19: Oklahoma State Employees Registered as Remote Workers. (Workday shows that the number of State employees listed with home addresses as their duty station increased sharply from 226 in December 2024, peaking at 431 home-stationed remote employees in March 2025.)



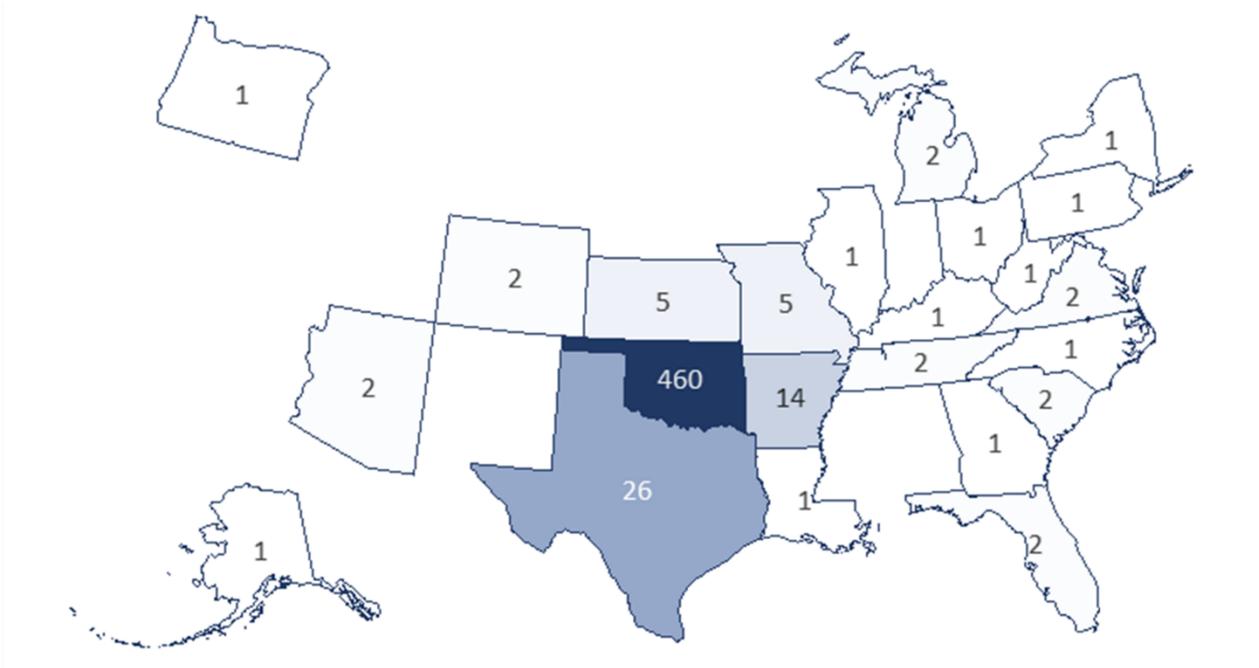
Source: LOFT analysis of data derived from Workday.

LOFT reasons that this increase is the result of agencies responding to the executive order by accurately updating employee records to reflect those who are physically assigned to the office. The presumption is that, prior to the executive order, agencies were incorrectly listing the office as the duty station for employees who were working remotely. In some cases, the EO did not change agency practices but forced an accounting of them.

The problem with a falsely inflated number of people assigned to an agency building is that it directly impacts the amount of space an agency is allowed to occupy. For every remote employee that was incorrectly listed as being assigned to a physical office space, the agency was allowed to have at least 150 square feet of space for that employee, even if the employee never went into the office.

Since the start of the reporting of the executive order metrics, there has been an increase in employees being assigned to work remotely, but the State has not seen a proportionate reduction in office space. Some of these workers cannot practically comply with the EO. For example, there is a total of 76 employees of Oklahoma State government who reside outside of the State. As shown in the map below, Oklahoma has employees living across 24 different states. The vast majority of remote workers reside in Oklahoma, then Texas and Arkansas. Alaska is the farthest distance from Oklahoma where an Oklahoma State employee works.

Exhibit 20: Oklahoma Government Remote Employees by Duty Station. (The majority of remote State government employees are duty assigned in Oklahoma, followed by 26 remote workers duty assigned in Texas and 14 in Arkansas. Oklahoma State Government also has remote employees in New York, Florida, and Alaska.)



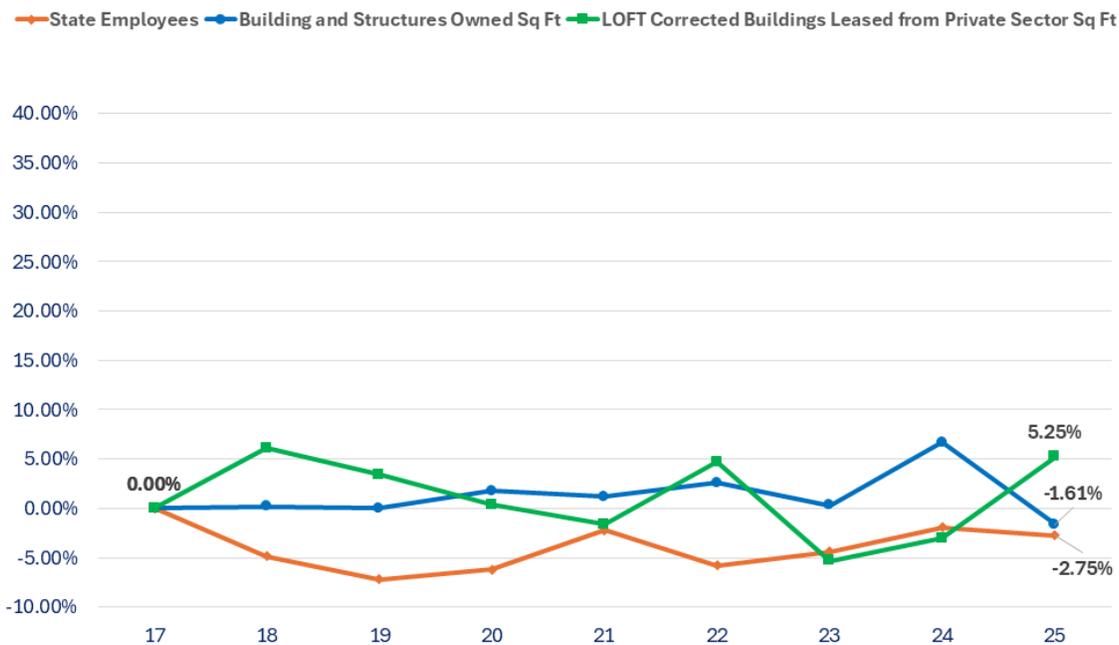
Source: LOFT analysis of data derived from Workday.

Note: This map is based on Workday reports listing employees with a “home office.”

Finding 3: Maximizing State Owned Property Can Save Tens of Millions in Private Lease Costs

The management choices and inefficient use of office space presented throughout this evaluation come with a budgetary impact. This is best demonstrated by the fact that – despite unused or under-utilized space in State buildings - private leases for agency office space increased by 5.25 percent from 2017 to 2025 while office space owned by the State decreased.

Exhibit 21: State Employees vs. Owned and Leased Buildings. (The total number of square feet of State-owned space declined slightly between 2017-2025. The total amount of leased space increased 5.25 percent. The percentage change reflects the change since 2017.)



Source: LOFT analysis using data from the FY26 Oklahoma Executive Budgets and 2022 OMES Real Property Asset Reports.

Note: As mentioned in Finding 1, OMES’ data reported a 37.59 percent increase in private leased square footage, but LOFT discovered this was an error due to a reporting change and not the acquisition of new leases.

LOFT examined multiple sources to determine the total cost of leases to the State and found that costs changed significantly depending on the source. For example, agency data provided by OMES shows the total annual private lease cost in 2025 as approximately \$18.5 million.⁸⁴ Lease expense data from OMES shows the State paid a total of \$34.8 million.⁸⁵ LOFT’s analysis found that this figure includes incorrectly coded expenses such as storage costs, purchase cards, and building maintenance, inflating the overall amount. Therefore, LOFT is only able to estimate that the total rent paid by the State for leases is between \$18.5 million and \$34.8 million.

The avoidance of private leases would render financial savings for the State. Agencies that rent from the private sector spend approximately 52 percent more than agencies that rent from OMES. The average rent per square foot for private leases used by State agencies is \$16.01 compared to \$10.40 for space in OMES managed buildings.⁸⁶ With the State currently leasing 2.8 million square feet of private space, this premium translates to excess expenditures of over \$16.1 million annually.

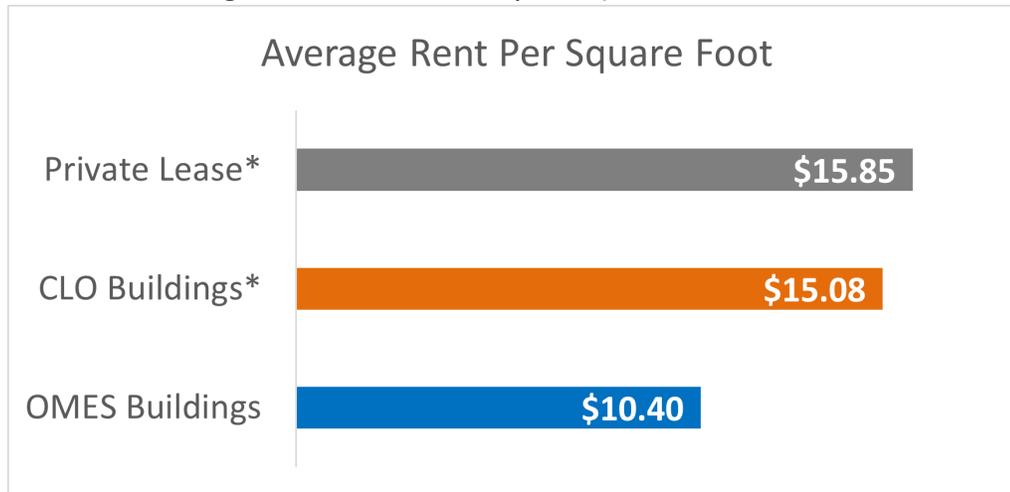
84 Data received from OMES on July 25, 2025. Annual private lease is a new field in the reporting tool used by agencies.

85 Data received from OMES on Dec. 15, 2025.

86 Average costs per square feet are calculated using weighted averages.

As described in this report's first finding, the Commissioners of the Land Office is a State agency that frequently rents to other agencies. Ten agencies rent space across five separate buildings owned by CLO, totaling 134,297 square feet in rented space. On average, CLO tenants pay \$15.08 per square foot, which is comparable to the private sector leases but higher than rent charged for space in OMES-owned buildings. Compared to OMES buildings, CLO tenants pay a premium of \$4.68 per square foot, which when totaled, translates to an excess annual cost of \$628,509.96.

Exhibit 22: Average Rent Cost Per Square Foot. (The average rent cost per square foot is lowest in OMES buildings, while private leases and CLO buildings cost between 45 and 52 percent more. This comparison is limited to buildings in the Oklahoma City area.)



Source: Data from the Office of Management and Enterprise Services and the Commissioners of the Land Office.

Note: *The totals for private leases and CLO building's rent may not reflect additional costs such as janitorial and utility costs which, when factored in, would increase the total cost per square foot.

One data constraint to this analysis is that not all expenses included in OMES's rent structure are included with a private lease. OMES includes utilities and janitorial costs in their rent, but some private lease agreements don't include these, preventing a direct cost comparison. The private lease cost per square foot likely exceeds \$15.85 and thus would increase the excess expenditures. OMES's rent charge varies per building, with some older buildings charged more for capital expenditures than others. On average, utilities and janitorial services make up nearly 13 percent of the total cost for rent in OMES buildings.⁸⁷ In the absence of knowing what the private sector rate is for these services, LOFT applied this 13 percent rate to \$16.1 million excess, showing an estimated total excess cost as high as \$18.1 million.

Even when adding the costs for utilities and other services, the average cost agencies are paying for private sector commercial space is lower than current market rates. Commercial rates in the Oklahoma City area averaged \$18.99 per square foot in 2024.⁸⁸ The disparity between the average private lease cost for State agencies and the market average may be explained by a couple of factors. First, some agencies lease from a private vendor who they work alongside of and receive low rates as a result. For example, the Department of Human Services (DHS) rents space from the Child Abuse Response and Evaluation Center (CARE) for only \$5.13 per square foot. Second, the average private lease cost listed above represents the *current* rate that agencies pay, not necessarily what they would pay if they were to rent a new space. Agencies may receive better rates if they have been a tenant in a building for long periods of time. This phenomenon is also observed in other states. Missouri's budget documents make note that throughout the state, Missouri State government buildings are "consistently paying below market rents."⁸⁹

87 Data from OMES rent charges to agencies show utility and janitorial costs average 12.89 percent.

88 "Marketbeat Oklahoma City Office Q4 2024," Cushman & Wakefield, 2025.

89 State of Missouri, "Office of Administration, Facilities Management, Design and Construction Program Description", 2023, p. 5.

Agency Owned Buildings

Due to data limitations, LOFT’s analysis does not include the cost for agency owned buildings. These owning agencies do not pay rent, so LOFT was unable to access or identify total building owning costs incurred by each agency. This does not mean that there are no costs for these buildings incurred by the State. Expenses such as regular maintenance, janitorial services, landscaping, and utilities still apply, but LOFT did not have a way to measure this.

Lessons from Other States

Several of Oklahoma’s neighboring states have examined their real estate portfolios and identified similar challenges as found in Oklahoma:

ARKANSAS: In its “Arkansas Forward: Strategic Real Estate Plan,” the State of Arkansas admitted “there is little overarching or long-term analysis to optimize the portfolio as a whole for the needs of the State” and found that “many buildings are operating at only partial occupancy.”⁹⁰ The report also noted that 71 out of 81 of its county operation sites had more square footage per person than the allocation standard.⁹¹ Arkansas Forward proposes strategies across four dimensions, including consolidation of office space in Little Rock by changing the office space allocation from 330 square feet per FTE to 200 square feet per FTE and exiting leases or selling buildings. They estimate \$10 to \$20 million in savings.⁹² The report also proposes selling or repurposing underutilized State-owned land. Act 288 was signed into law in 2025 to implement parts of Arkansas Forward plan. This bill changed the State’s laws related to their real estate portfolio to allow the Building Authority Division to exert greater control over their State-owned property to improve reporting, utilization and a general understanding of their owned property.⁹³

NEW MEXICO: In 2022, the New Mexico Legislative Finance Committee (LFC) found that unused office space within its 22 million square feet of space cost the State almost \$18 million.⁹⁴ LFC further found that the State’s Facilities Management Division lacked the data to ascertain or regulate how State agencies utilize their space within buildings. LFC concluded that the Facilities Management Division was not fully exercising its statutory authority to manage agencies’ usage of space.

This report also found that:

- Although only 17 percent of State building space is leased, lease costs represent 45 percent (\$71 million) of the State’s recurring spending across all facilities.
- Of the 22 million square feet, state government owns 16.6 million gross square feet across 2,977 facilities; the rest is leased space. In FY22, agencies budgeted \$87 million in recurring funds for the utilities, maintenance, and improvement of State-owned facilities, or an estimated \$5 per square foot. Agencies also rent 3.7 million square feet across 543 private leases at a cost of \$71 million per year, or an average of \$19 per square foot. Based on this, LFC concluded that it was less expensive annually for the State to own office space than it was to lease.
- New Mexico’s square footage per FTE exceeded the State space standard target.

90 “Arkansas Forward: Real Estate Strategic Plan”, Oct. 9, 2024, p. 2.

91 Ibid.

92 “Arkansas Forward: Real Estate Strategic Plan”, Oct. 9, 2024, p. 5.

93 Phone interview with Arkansas Real Estate Services Section, Nov. 25th, 2025.

94 New Mexico, “State Facilities and Space Utilization”, Report #22-05. Nov. 2022.

WISCONSIN: In a 2023 report, Wisconsin’s Legislative Audit Bureau conducted a badge swipe analysis of employees across 12 buildings and found that from January through June 2023, 11 percent of the employees showed up to their office an average of three days or more per week.⁹⁵ Among other things, the report recommended that their Department of Administration – comparable to Oklahoma’s OMES Capital Asset Management Division – require all agencies to provide it accurate data on which employees work in the office and how often.⁹⁶

MISSOURI: Missouri’s Division of Facilities Management enacted changes in response to a 2004 report by the Legislative Research Oversight Division Committee that found square footage allocations exceeded space standards. In 2004, the State rented 3.8 million square feet of office space in private leases; by 2022 that number had decreased to 2.5 million.

COLORADO: A year-long study resulted in Colorado’s Capitol Complex Master Plan, which was approved in July 2015 and has since been implemented in phases. The plan stated that:

“... a long term strategy and goal of the State is to own more than lease, and only lease space for those agencies that have historically experienced significant change.”⁹⁷

The plan recommends agencies that perform ongoing government functions be consolidated into State-owned space and leased space be retained as an option for agencies that are more subject to change.⁹⁸

TEXAS: In 2016, the Texas Legislature adopted the Capitol Complex Master Plan: a three-phase plan created specifically

“to address the statutory mandate to give preference to locating agencies in state-owned buildings and to mitigate the impact of future cost increases, development of this master plan addresses a multi-phase program to construct new buildings in the Capitol Complex.”⁹⁹

The Plan seeks to “eliminate extensive reliance on commercial lease space, consolidate widely dispersed state agencies, and create greater operational and fiscal efficiency in state government.”¹⁰⁰ Texas found its Austin buildings near or over capacity, leading to a 250 percent increase in private leases between 2006 and 2016, totaling 1.2 million square feet of privately leased space.¹⁰¹ Texas’ plan will build a walkable, centralized Capitol Mall complex where all Austin state employees can work in state-owned buildings and taxpayers can access government services in one location. The Plan intends for the savings gained from exiting commercial leases to be used as funds to pay down any bond debt used to finance the project. The second phase of the plan began April 2023.

95 State of Wisconsin Legislative Audit Bureau Report #23-22, “Telework, Space Management, and Risk Management”, p. 38.

96 State of Wisconsin Legislative Audit Bureau Report #23-22, “Telework, Space Management, and Risk Management”, p. 45.

97 Colorado Capitol Complex Master Plan, 2013, p. 26.

98 Colorado Capitol Complex Master Plan, 2013, p. 26.

99 2016 Texas Capitol Complex Master Plan, p. 8.

100 Ibid.

101 2016 Texas Capitol Complex Master Plan, p. 8.

OKLAHOMA: Archives show that Oklahoma once had an idea for a “Lincoln renaissance” which entailed buying ten blocks’ worth of properties on Lincoln Boulevard, with an intent to build office space for State agencies.¹⁰² In 1998 the Legislature appropriated \$13.8 million for the purchase of 13.8 acres.¹⁰³ At that time, Oklahoma’s Department of Central Services managed the project. While Phase I – the razing of dilapidated buildings – did occur, Phase II – the construction of new office space – never moved forward.

More recently, OMES commissioned the real estate research and consulting firm Jones Lang LaSalle (JLL) in 2019 and received their report in December of 2020. The goal of the analysis was to “develop a short- and medium-term comprehensive strategic real estate plan. The scope of the analysis focuses on State administrative space in Oklahoma City and Tulsa.”¹⁰⁴

The key findings of the report revolved around COVID era issues and emphasized the State’s teleworking policies. JLL estimated that the State could save more than 100 million dollars should these recommendations be implemented:¹⁰⁵

- Adoption of comprehensive teleworking program
- Portfolio reduction through telework adoption
- Selection and implementation of technology solutions
- Adoption of chargeback system for funding deferred maintenance
- Consolidation of private sector facilities maintenance contracts
- Enforcement of State-wide adherence to real estate policies

Since the report, OMES implemented a best-in-class real estate portfolio management system. Meeting minutes show that the JLL report was discussed by OMES leadership at two Long Range Capitol Planning Commission meetings since 2020.¹⁰⁶

Many of LOFT’s observations corresponded with the findings of the JLL report. One such example is their finding regarding how OMES implements its statutes.

102 Richard Mize, *The Oklahoman*, “*Lincoln Boulevard poised for renaissance*”, Aug. 19, 2000.

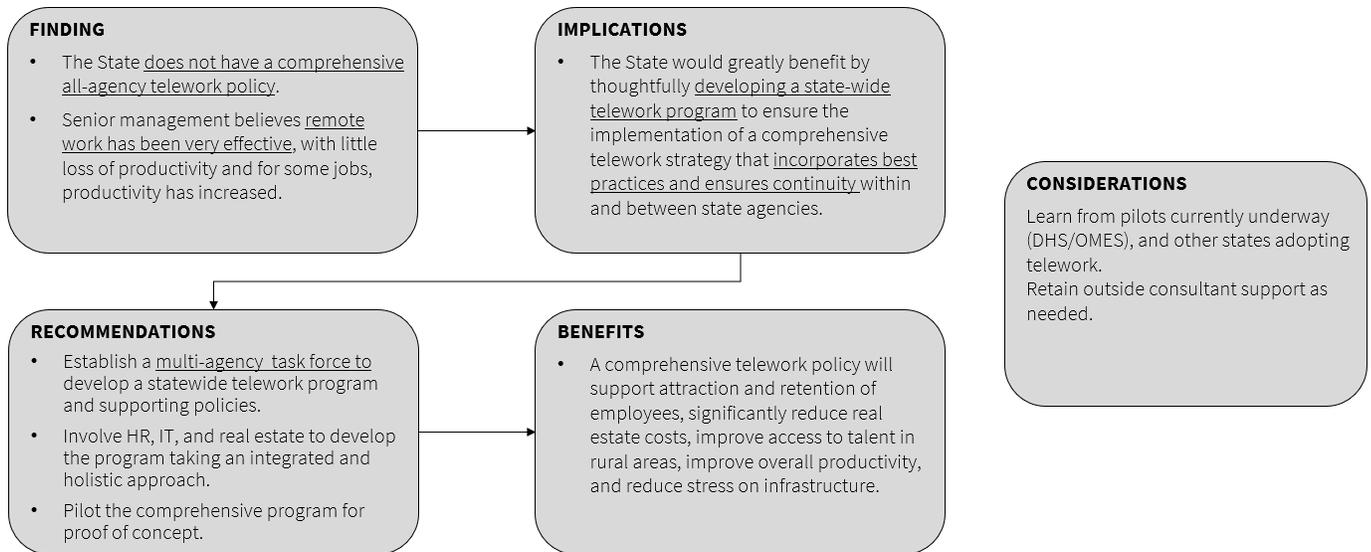
103 HB3066 (1998).

104 Jones Lang LaSalle. State of Oklahoma Real Estate Portfolio Strategy, Dec. 2020.

105 Jones Lang LaSalle. State of Oklahoma Real Estate Portfolio Strategy, Executive Summary Presentation, Dec. 2020.

106 See Appendix M for timeline of LRCPC minutes.

Exhibit 23: Facilities Management Finding and Recommendations. (Slide from State of Oklahoma Real Estate Portfolio Strategy Executive Summary Presentation.)



Source: Jones Lang Lasalle State of Oklahoma Real Estate Portfolio Strategy, Executive Summary Presentation, December 2020.

JLL's study, much like LOFT's evaluation, found that OMES has broad authority over State buildings but chooses to – or is directed to – not exercise this authority. OMES instead allows other agencies to make decisions about their space needs. When this happens, statutory intent may fall by the wayside. This creates a decentralized system that hampers the ability to optimize efficiency.

Records from the State's accounting system show that OMES spent \$375,000 on the JLL study, which according to the solicitation's contract, was the first phase of a business plan for the development of a long-range strategic real estate plan, which is referred to as phase one. The solicitation also included recommendations for the second phase of the plan, which, among other things, was to develop strategies for occupancy, space layout, and utilization. The second phase was also intended to examine the financial impacts of leasing versus owning and the total costs to the State for implementing the long-range strategic real estate plan.¹⁰⁷ JLL was never commissioned by OMES to complete phase two.

Recommendations

The Oklahoma Legislature established in statute a clear vision for the State's management of real property: a centralized authority in OMES to exert custody and control over all State property, except for the specific exemptions; prioritization of State-owned property over private leases; and a comprehensive and accurate record of the State's real property inventory. Counter to statutory intent, Oklahoma currently permits a decentralized model where agencies have significant discretion in selecting and acquiring space type and determining allocation. Meanwhile, growth in private lease space is outpacing the amount of space in State-owned buildings and the agency managing real property accepts a foundation of flawed data from which to execute decisions.

Agency utilization of space and the management thereof is primarily a matter of executive branch leadership. The head of the executive branch is responsible for empowering its overseeing agency to lead from the front and exert its full statutory authority over the other executive branch agencies for space

utilization. Conflicting or unclear goals will result in conflicting results, as seen by pendulum swing of agencies that had reduced physical footprint and transitioned to telework during the pandemic scrambling to accommodate the return to office executive order by purchasing new space or adjusting work schedules to rotate more employees through the office. Neither approach is wrong, but confusion on direction hampers a coherent statewide paradigm for managing office space.

Recommendation: OMES should exert the full scope of its statutory authority to oversee all use of real property.

OMES exercises full authority over the 2.2 million square feet it owns. The remaining 97 million square feet of State space are largely left up to the agencies to determine space utilization and real property management. If OMES were to exert “custody and

control” over all State office buildings, it could evaluate critical metrics of efficiency, occupancy, and utilization. In Finding 2, LOFT demonstrated the value of assessing individual building occupancy and efficiency metrics to reveal whether an agency is maximizing efficiency or allowing wasted or excess space. OMES could likewise collect agency badge swipe data and make space management decisions based on the efficiency analysis. In addition to space utilization, OMES should be able to direct aspects of building management to other agencies. For example, the OMES Facilities Management division implemented a light bulb retrofit project that saved \$138,270 across all OMES-owned buildings. Though seemingly small, OMES could direct other agencies to follow suit and adopt facilities efficiencies like this.

Several recommendations are naturally captured within this recommendation, including:

Recommendation: OMES should require coordination between its Capital Asset Management division and its Human Capital Management division to confirm the accuracy of agencies’ duty station assignments for employees.

In order to assess critical metrics such as actual daily attendance and evaluate efficiency, OMES should be working with its fellow OMES division Human Capital Management to ascertain duty station assignments, FTE counts, and those employees who work remotely or have a hybrid work schedule. There should be a communication link between OMES Human Capital Management (HCM) and OMES Real Estate and Leasing Services (REALS), where HCM runs Workday reports on a fixed cadence to track any major movements in employment trends, such as relocating divisions or agency restructuring. With that information from HCM, REALS should be able to make data-driven decisions to determine space needs and utilization. For example, if an agency is requesting space for 200 employees, but the personnel system reports an average number of assigned employees of 80, then REALS would have the information and awareness to flag the request and troubleshoot. By leveraging in-house data, REALS could gain valuable insight into planned versus actual building utilization.

Recommendation: OMES should ensure the quality and accuracy of the data submitted to them.

Agencies are responsible for ensuring the data submitted to OMES for the statutorily required Real Property Report is up to date and accurate, and agencies should be held accountable

for the data they provide. However, statute places responsibility on OMES to compile “accurate” and “comprehensive” data. It is the responsibility of OMES to review submissions and flag for correction anything that seems erroneous. As briefly detailed in Finding 1, LOFT was able to flag many errors and contradictions in a short amount of time with limited staff dedicated to review.

OMES could ensure accuracy of data by conducting internal reviews to identify errors and impose accountability measures on agencies. OMES could also conduct in-person visit to agencies to assess building use.¹⁰⁸ Currently, OMES’ stated position is to take the data provided by agencies at face value.

¹⁰⁸ Under current rules, OMES is required to review every space occupied by a State agency every four years the agency is in the same space. However, OMES’ proposed rules, submitted October 2025, would remove this requirement.

Inaccurate property data is not just a common problem among states; the federal government also recently identified similar issues. The Federal Real Property Profile (FRPP) is the federal government's equivalent of Oklahoma's Real Property Asset Report. Established in 2004 via Executive Order, the report is produced and maintained by the U.S. General Services Administration (GSA) and also relies on agency self-reported data.¹⁰⁹ The Government Accountability Office (GAO) conducted a study in 2023 on the federal government's use of office space. Among other things, this study found several inaccuracies and errors in the data submitted by agencies to the GAO.

In 2024, after the GAO published its study exposing the data flaws that drive the FRPP, the GSA announced new standards for agency data reporting on real property, including a new requirement for each agency to adopt a "robust" property data improvement program in addition to obtaining third-party data quality reviews at least every three years.¹¹⁰ To aid in the new standards, the GSA provided new tools, guidance, and training for agencies. The GSA found that by collecting longitude and latitude instead of street addresses, their percentage of mappable assets increased to 99 percent in FFY24.¹¹¹

“ The data agencies provide on building utilization have been found to be inaccurate and unreliable

- Government Accountability Office, 2023 ”

Government Accountability Office 2023 Study

In the wake of the 2020 pandemic, the federal Government Accountability Office (GAO) undertook a study of federal government-owned office space.¹¹² This study was released in July 2023 and presented to a House of Representatives committee.¹¹³ The GAO reported the federal government owned 511 million square feet of office space alone, not counting the millions of square feet of other types of space, such as land, military installations, or libraries.¹¹⁴ In FFY24, federal agencies owned and leased a combined 281,148 buildings with 2.8 billion square feet of space across 27.3 million acres of land.¹¹⁵

Findings from GAO High-Risk List Report, 2023

The GAO assessed the headquarters of 24 federal agencies and found:



of the agency buildings reviewed were being used at less than half their capacity



of those, 71 percent of agency buildings had utilization of less than a quarter of capacity

109 Executive Order 13327, Feb. 6, 2004.

110 General Services Administration, "FY 2024 Federal Real Property Profile Summary Data Set Executive Summary", p.1.

111 General Services Administration, "FY 2024 Federal Real Property Profile Summary Data Set Executive Summary", p.2.

112 Government Accountability Office report titled "Federal Real Property", July 13, 2023 testimony before the Subcommittee on Economic Development, Public Buildings, and Emergency Management, Committee on Transportation and Infrastructure, House of Representatives. This study examined the 24 federal agencies with the Chief Financial Officers under the CFO Act of 1990. This includes 15 Cabinet level departments along with nine other agencies.

113 Subcommittee on Economic Development, Public Buildings, and Emergency Management of the Committee on Transportation and Infrastructure.

114 The Federal Real Property Profile houses data on federal properties. This site is run by the General Services Administration.

115 GSA, "FY 2024 Federal Real Property Profile Summary Data Set, Executive Summary" located at GSA FRPP Summary Report Library.

Operation and maintenance of these buildings, whose uses range from barracks to museums, cost the federal government approximately \$25.7 billion in federal fiscal year 2024.¹¹⁶

Every new Congress, the GAO updates its High-Risk list; real property management has remained on the list every year since it was first placed there in 2003.¹¹⁷ The 2023 GAO study confirmed the seriousness of this issue, revealing that on average, 17 of the 24 agency headquarters studied utilized only about 25 percent or less of their building capacity during the three-week period studied.¹¹⁸ Six federal agencies utilized their building between 39 and 49 percent capacity.¹¹⁹ GAO measured utilization as a ratio of a building's capacity to the extent which an agency uses that capacity. These 24 agencies spent approximately \$2 billion annually to operate and maintain their buildings.¹²⁰

The Government Accountability Office identified three primary causes for the low space utilization:¹²¹

- Excess space has been a consistent issue that has accumulated over time, as demonstrated by its presence on the High-Risk List for 20 years.
- Office building layouts reflect antiquated work needs from the decade the building was built, such as ample physical storage space for file cabinets.
- The rapid adoption of telework due to the pandemic.

USE IT Act of Congress 2025

In response to these findings, Congress passed the Utilizing Space Efficiently and Improving Technologies Act (USE IT Act), which was signed into law on January 4, 2025.¹²² This legislation established, for the first time, a standard for utilization based on the number of employees working in the location for at least 40 hours a week. The Act requires federal agencies to capture daily attendance and provide that data to Congress. If an agency's building utilization is below the 60 percent standard for two consecutive years, the General Services Administration (GSA) is authorized to reduce that agency's space through consolidation, selling of excess space, or other means. The USE IT Act also requires the Office of Management and Budget (OMB) to submit a plan to Congress by January 2026 detailing how agency headquarters in the National Capital Region can reach 60 percent utilization rates.

In addition to being inefficient and wasteful, allocating excess space per person also falsely inflates utilization rates because the more square feet allocated per person, the easier it is for an agency to report high utilization rates. For this reason, consistency of data collection is another goal of the USE IT Act. The Act sets 150 square feet per person as the space allocation benchmark, providing agencies with a cohesive standard, which previously did not exist. Federal agencies were using benchmarks ranging from 150 to 180 square feet per person. In practice, the GAO study found that agencies would exceed their own established benchmarks. For one of many examples, the U.S. Department of Agriculture used the 150 square feet per person standard, but the agency resided in a building that afforded 327 square feet per person and in 2018 moved into a different location at 225 square feet per person.¹²³

116 Congressional Research Service, "The Utilizing Space Efficiently and Improving Technologies Act: Summary and Analysis", Sep. 18, 2025, p. 1.

117 The High-Risk list began in 1990.

118 Ibid. GAO studied 24 federal agencies for one week in Jan., Feb., and Mar. of 2023.

119 Government Accountability Office, *FEDERAL REAL PROPERTY GAO-23-106200*, 2023, p. 7.

120 Government Accountability Office, *FEDERAL REAL PROPERTY GAO-23-106200*, 2023, p. 10.

121 Ibid. p. 9.

122 Section 2302 of P.L. 118-272.

123 Congressional Research Service, "The Utilizing Space Efficiently and Improving Technologies Act: Summary and Analysis", Sept. 18, 2025, p. 10.

The USE IT Act provides a template for how Oklahoma could improve data collection, establish quality control measures, and use the data to make informed decisions regarding space allocation.

Recommendation: Maximize actual utilization in state owned buildings.

Recommendation: Use space utilization analysis to re-examine the need for private leases.

As Finding 2 demonstrated, OMES-owned buildings could house a total of 6,073 employees, but only 2,079 employees on average attend work in an OMES building on any given day. If every employee assigned to an OMES-owned building reported to work in person, 79 percent of the buildings would be used. Based on LOFT's attendance analysis via badge swipe data, only about 31 percent of OMES buildings are being used.

Agency-owned buildings fared much worse. While they could house 6,648 offices, agency-owned buildings saw an actual daily attendance of only 1,828 employees, reflecting 28 percent building utilization.

There is opportunity to leverage more from State-owned buildings, and in turn, re-evaluate the necessity of individual private leases. As shown in Exhibit 22, private leases are \$5.45 dollars more expensive per square foot than State leases, on average.

Recommendation: Develop a reasonable rent strategy.

It is the responsibility of the landlord to ensure that leased property remains in good physical condition and serves the needs of the tenants. It is financially prudent to establish reasonable rental rates that adequately cover maintenance and upkeep. In order to do this effectively, OMES must carefully track the expenses incurred by building then determine the amount of needed rent by dividing the cost by the amount of square feet. This will create the base rate necessary to achieve a level amount of maintenance. To protect against rising maintenance cost, OMES could apply a standard rate increase on an annual basis, using the Producer Price Index (PPI). On average the PPI has had about a four percent increase in cost on a year-to-year basis since 2016. If OMES were to build in a four percent increase per year, there would likely be no need to increase rents any further.

A complicating factor in OMES's current model is that not all agencies pay rent. Instead, some agencies' building costs are paid from OMES' annual appropriation. This makes the base rate calculation overly complicated as it is no longer the total cost divided by the total square feet but rather the total cost divided by the square feet from which rent is collected.

Recommendation: Executive branch should provide clarity on goals and priorities with regards to real property management.

Throughout the years, the Legislature has made its goals and priorities on real property management clear: to have a centralized authority to exert custody and control over State-owned buildings and to work toward eliminating the practice of private leases. OMES REALS is following the priorities set by the director of Capital Assets Management, who is following the lead of the OMES Director, who gets his or her priorities from the governor. OMES shared that it has been instructed to interact with agencies as a partner who assists agencies rather than a manager who directs and enforces. Under this paradigm, OMES fulfills its duty. However, this evaluation contends that the paradigm set by executive branch leadership is one that fails to embrace the full scope of authority set by statute.

Summary of Policy Considerations and Agency Recommendations

The Legislature may consider the following policy changes:

- Prior to authorizing the sale of any property on the “five percent Underutilized Property Report,” require that OMES assess whether the property can be used to reduce private lease square footage before being sold and provide a copy of the assessment to the Long-Range Capital Planning Commission (LRCPC).
- Require any agency that fails to reach 60 percent actual utilization for three consecutive years to undergo an automatic space review by OMES to reevaluate the agency’s space.

The Office of Management and Enterprise Services should:

- Exert the full scope of its statutory authority to oversee all use of real property.
- Require coordination between its Real Estate and Leasing Services and Human Capital Management division to confirm the accuracy of agencies’ duty station assignments for employees.
- Verify the quality and accuracy of the data submitted by agencies before publishing the Real Property Asset Report.
- Use actual space utilization analysis to submit a list to the Long-Range Capital Planning Commission of private leases that could be eliminated through relocation of personnel to State-owned building.
- Amend administrative rules to redefine “special space” as areas that are not ordinarily included in an office.
- Amend administrative rules to establish a uniform and consistent space allocation standard.
- Format the Real Property Report tool (Column H of the Real Property Asset Report) to include expanded property type categories that differentiate between customer-facing spaces, circulation space, spaces for utility and maintenance, restrooms, break rooms, kitchens, conference rooms, exercise areas, quiet rooms, podcast rooms, true office space and other special use rooms.
- Maximize actual utilization in State owned buildings to achieve a minimum 60 percent building capacity on a daily basis.
- Require all State agencies to submit regular intervals of badge swipe data to OMES to assist in assessing actual building utilization.
- Develop a rent strategy that accounts for natural economic fluctuations in the cost of managing State facilities.
- Allocate space based on the percentage of time an employee spends in the office, not status as part-time or full-time employee.
- Conduct unannounced site visits/space reviews to both confirm data and assess utilization.
- Require Human Capital Management to have Workday capture the percentage of time an employee reports in-office; examples include hybrid or fully remote.
- Upon executing any new lease or lease renewal for office space in the private sector, record within the property management database the cost of any value-added benefit included within the rental rate, such as utilities, furnishings, parking, space modifications, and maintenance.

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