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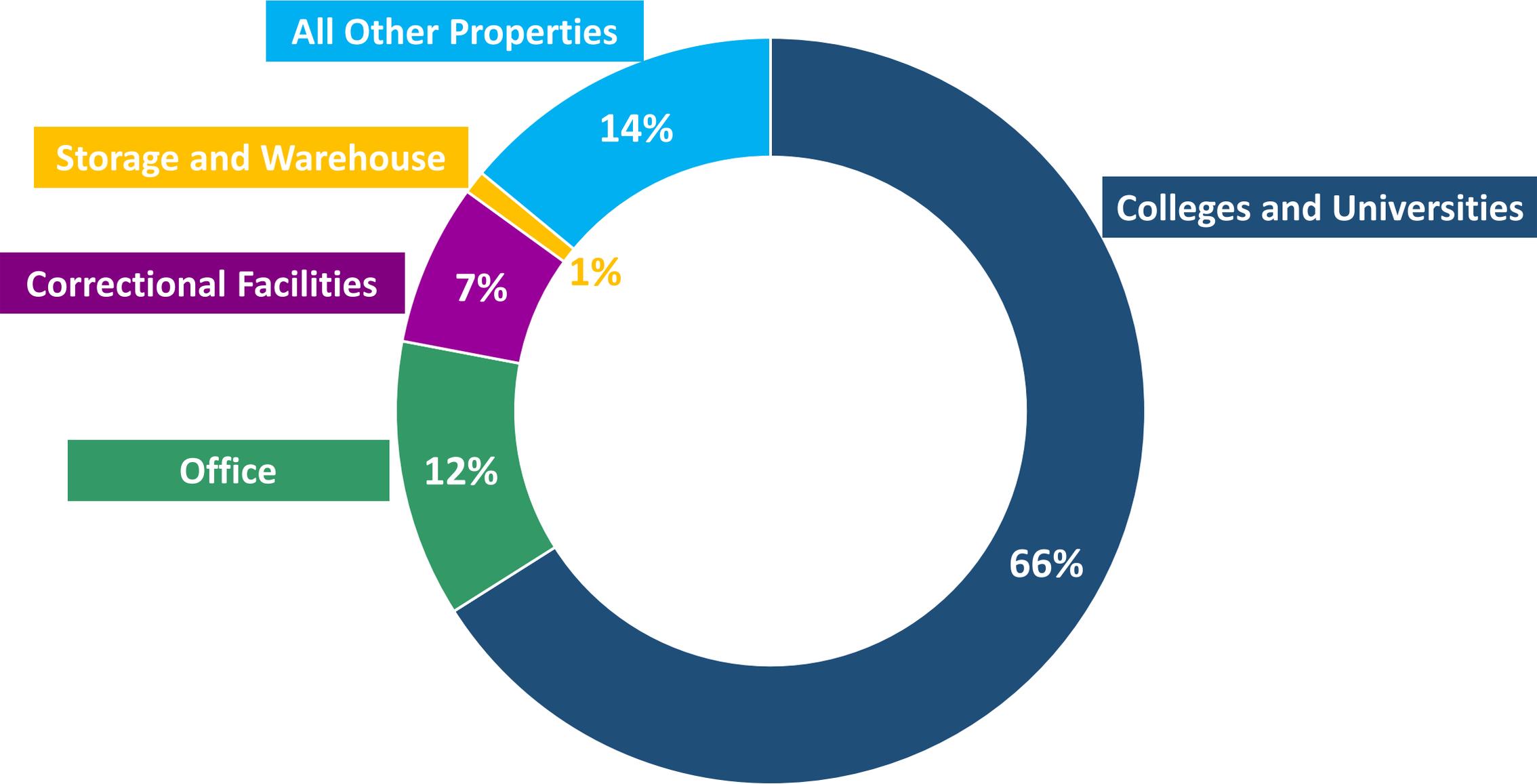
LEGISLATIVE OFFICE OF
FISCAL TRANSPARENCY

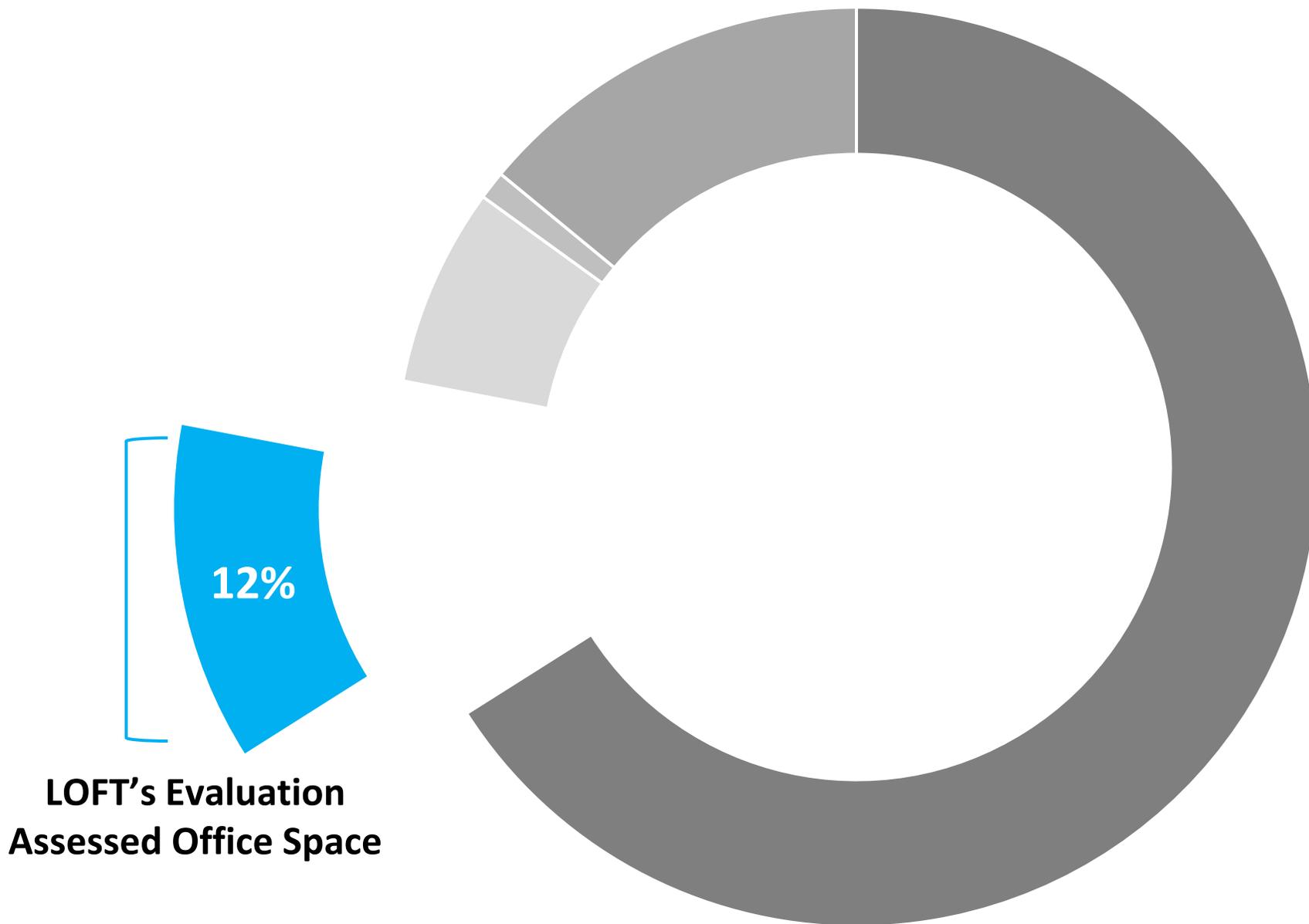
LOFT EVALUATION: OFFICE SPACE UTILIZATION

Meeting of the Legislative Oversight Committee

February 26, 2026

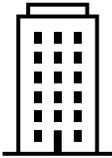
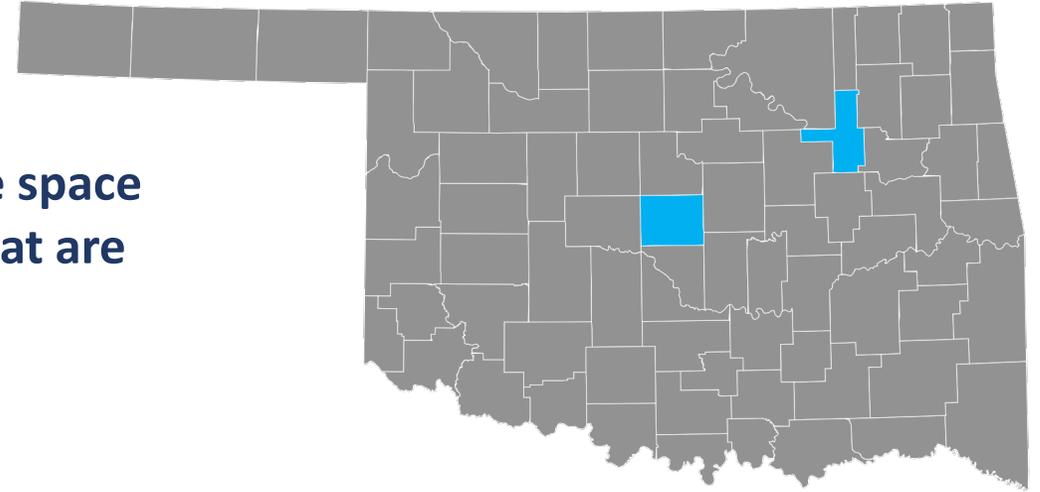
Predominant Use of State Owned Buildings and Structures



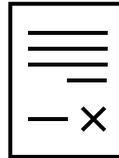


See page 8 for a list of key definitions

LOFT's evaluation analyzed only office space located in Oklahoma City and Tulsa that are occupied by State agencies.



3.2 million sq. ft of space owned by agencies



2 million sq. ft of leased space

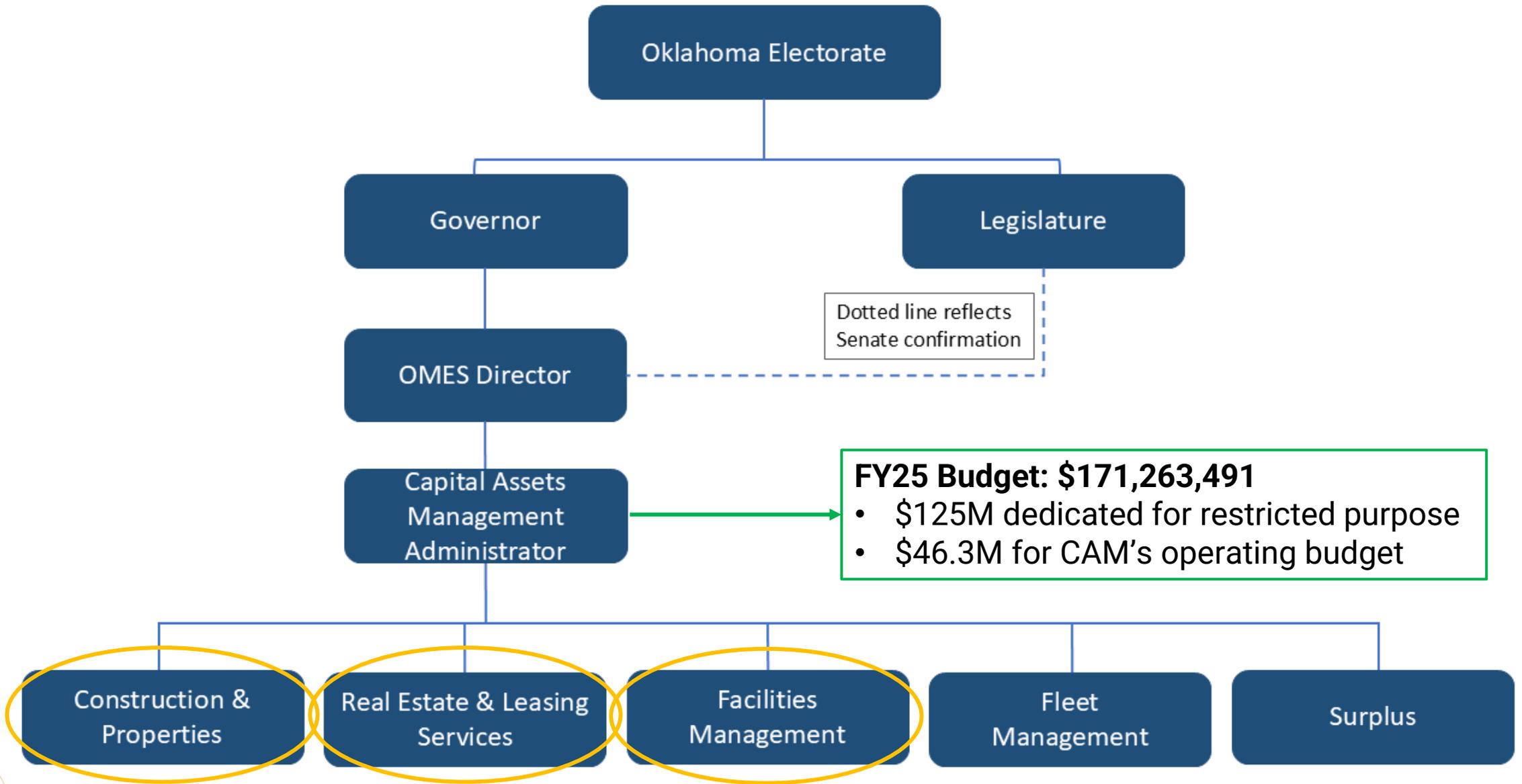


2.2 million sq. ft of space owned by the Office of Management and Enterprise Services

Governance:

Office of Management and Enterprise Services

- “Full and complete authority to designate quarters for every department of state government” (74 O.S. § 94)
- “Shall have the custody and control of all state property, and all other property managed or used by the state” (74 O.S. § 63)
- Unless exempted, agencies must receive approval from OMES before:
 - Entering into new property leases
 - Renewing existing property leases
 - Purchasing or constructing a building



Legislative Timeline

2012

HB 2262

Creates the Maintenance of State Buildings revolving fund

2024

SB 1399

Oklahoma Capital Assets Maintenance and Protection Fund (OCAMP) created

2025

SB 1169

OCAMP Board dissolved. Duties given to the LRCPC

2011

HB 1438

Creates the Oklahoma State Government Asset Reduction and Cost Savings Program

2023

HB 1002X

Legacy Capital Financing Fund Created (\$600M)

2024

SB 1183

\$350 million appropriated by Legislature for deferred maintenance

Authority Over Funding

Type of Funds

Legislature

Appropriations

Long-Range Capital Planning Commission

Maintenance of State Buildings Revolving Fund

Capital Assets Maintenance & Protection Fund

Oklahoma Capitol Improvement Authority

Legacy Capital Financing Fund

Bonds

Agency

Self Funded

Federal Agency

Statewide Indirect Cost Allocation Plan

Project Funded

KEY OBJECTIVES



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This evaluation was guided by four 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.



This evaluation resulted in three 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

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

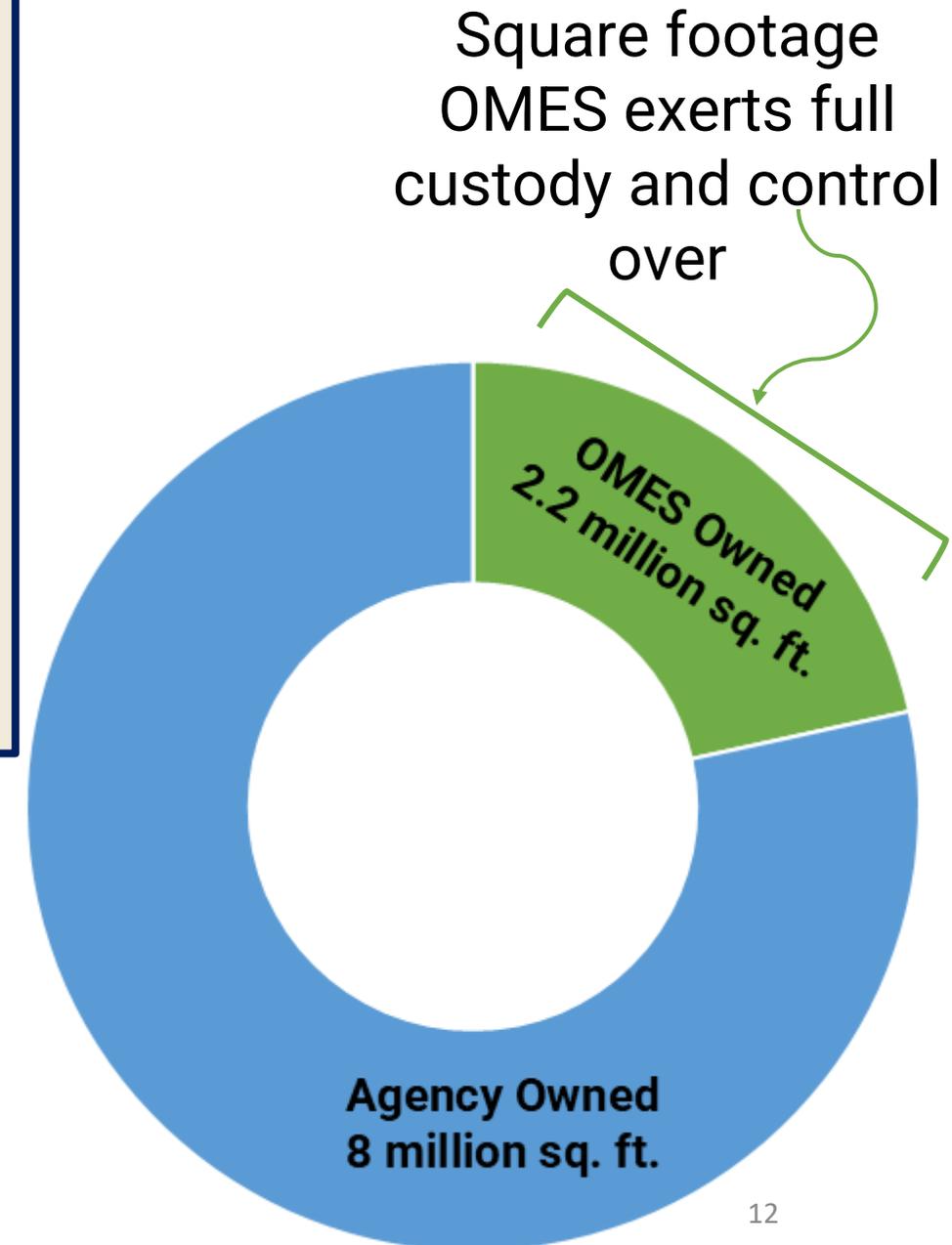
Finding 3: Maximizing State Owned Property Can Save Tens of Millions in Private Lease Costs

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



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.”



OMES avoids exercising oversight authority over agencies who own their buildings



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



HUMAN SERVICES (DHS)

813,005 Sq. Ft.
Reduced

\$5.14M+
Realized Annual Savings

 Ongoing



MEDICAL MARIJUANA (OMMA)

10,803 Sq. Ft.
Reduced

\$9,893.63
Annual Savings

 **MAY 2025**
Completion



TRANSPORTATION (ODOT)

33,069 Sq. Ft.
Reduced

~\$8M+
Estimated Savings

 **NOV 2025**
Completion

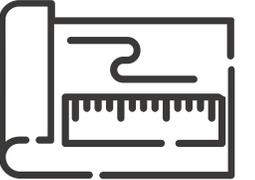


74 O.S. § 63 B. “The Office of Management and Enterprise Services **shall have charge** of the construction, repair, maintenance, insurance, and operation of all buildings owned, **used or occupied by or on behalf of the state...** except as otherwise provided by law...”

**OMES Facilities
Management initiates
projects to conserve energy
and save money**

Savings Kilowatt/Year	Savings Kilowatt	Total Incentive
12,691	2.34	\$1,776.74
245,255	45.15	\$34,335.70
252,417	46.48	\$35,338.38
348,114	64.13	\$42,000.90
177,280	32.65	\$24,819.20
1,035,757	190.75	\$138,270.92





OMES Deferred Maintenance Plan:
Funds allocated according to a
Criticality/Priority matrix



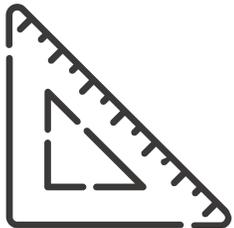
Our ranking system for priority and criticality is as follows:

Priority

1. System failed.
2. System is expected to fail within year.
3. System is expected to fail within five years, parts obsolete.
4. System has exceeded life expectancy, parts available.
5. System is within life expectancy.

Criticality

1. Failure would shut building down for extended period.
2. Failure would require shutdown for one day or less.
3. Failure would significantly impact operations.
4. Failure would have minimal impact.
5. Failure would not impact.



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 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...”



PHANTOM BUILDINGS:
Addresses that do not exist



IMPOSSIBLE MATH:
200% Utility Reported.



ZERO FACTORS:
Buildings listed with \$0 cost or 0 sq ft



MISSING HR DATA:
Active facilities with zero staff in Workday

“

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

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.**”

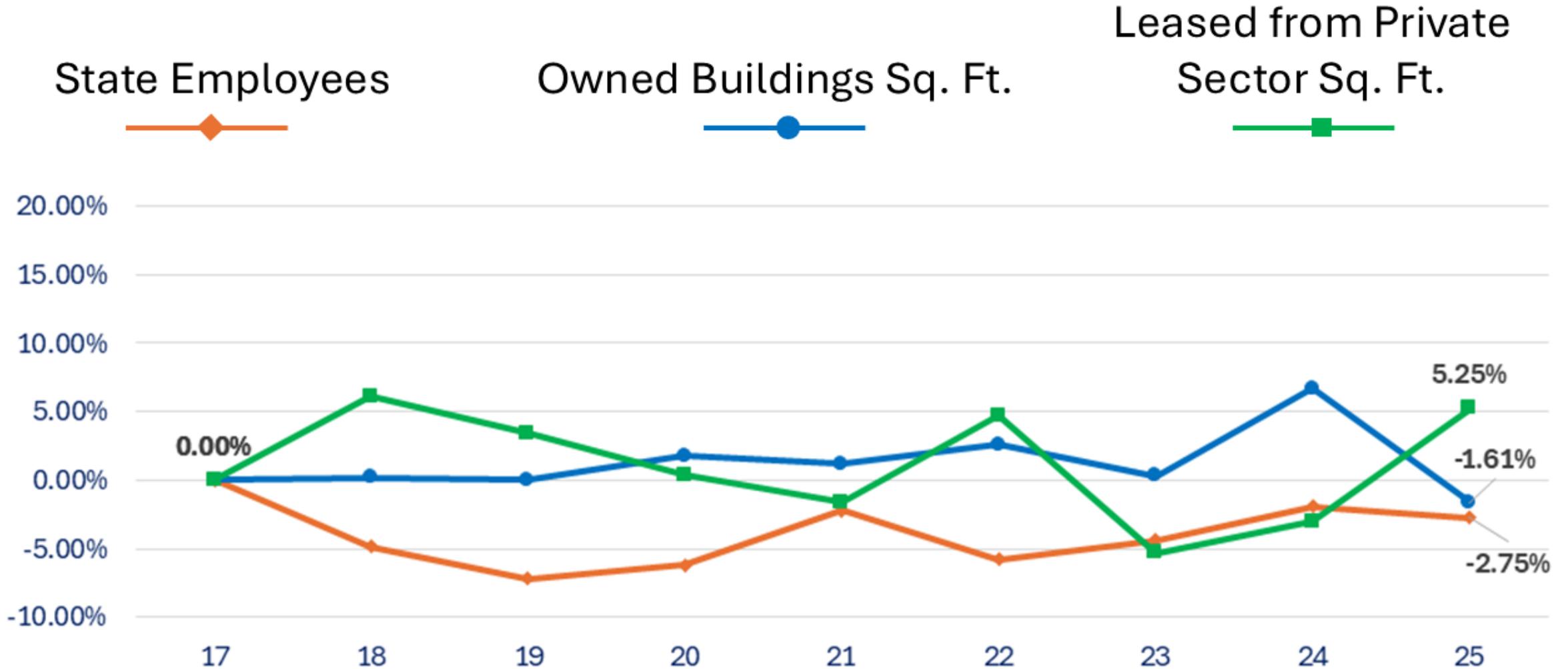
74 O.S. § 74.1 “The Office of Management and Enterprise Services shall assist any state agency... in obtaining... regional service offices. **Priority** for obtaining... office space or facilities shall be given in the following order: **State-owned buildings**, county or municipal-owned buildings, public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

228,751 total sq.
ft. occupied by state
agencies

39.7% of CLO office
sq. ft. rented by
state agencies

Oklahoma state agencies are the #1
renter of CLO-owned office space

State Employees Decrease; Private Leases Increase

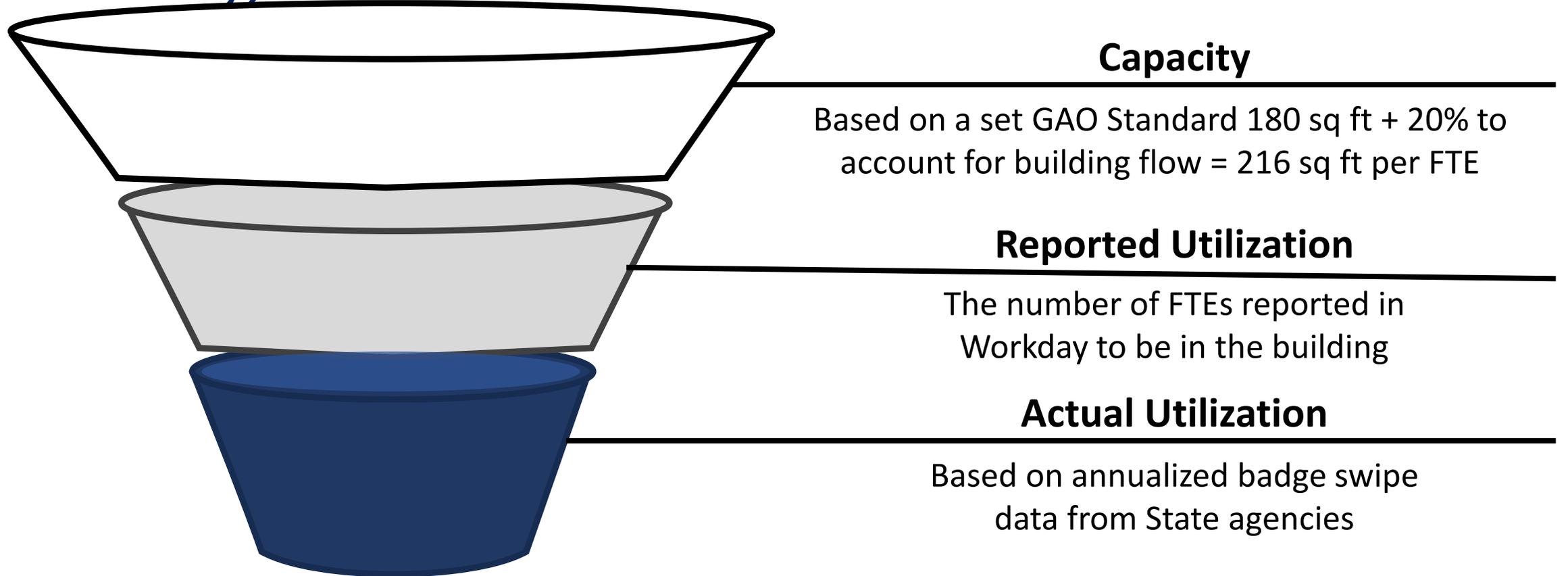




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Questions on Finding 1

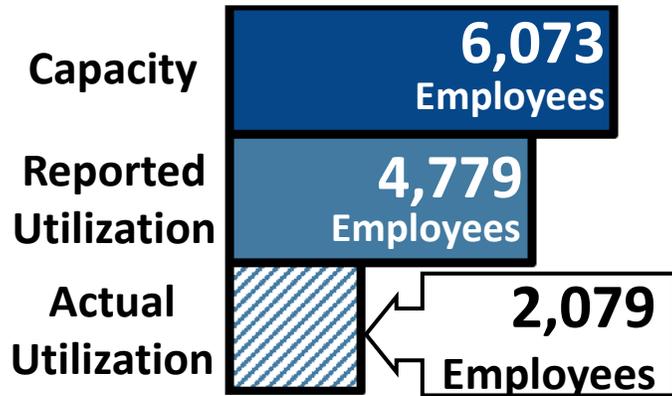
Capacity, Reported Utilization, and Actual Utilization Efficiently, or in Accordance with the State's Own Policies



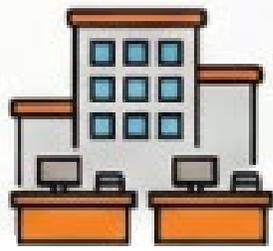
The Utilization of State Office Spaces



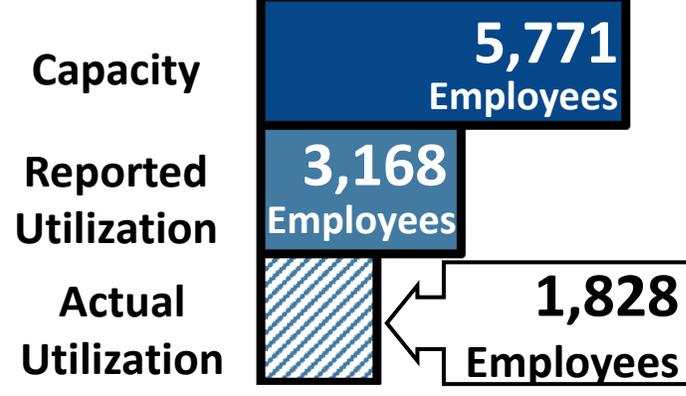
OMES-Owned Buildings



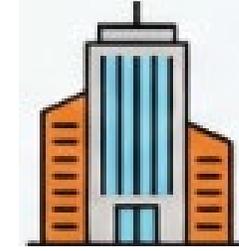
34% Utilization



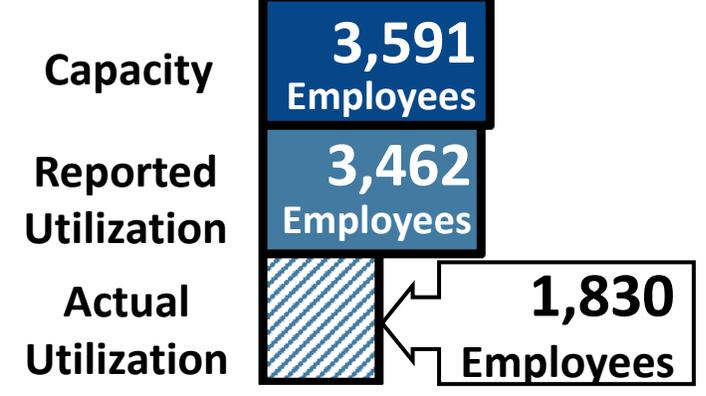
Agency-Owned Buildings



32% Utilization



Privately Leased Buildings



51% Utilization

Regardless of ownership type, utilization does not reach minimum utilization.

Case Study: Agriculture Building

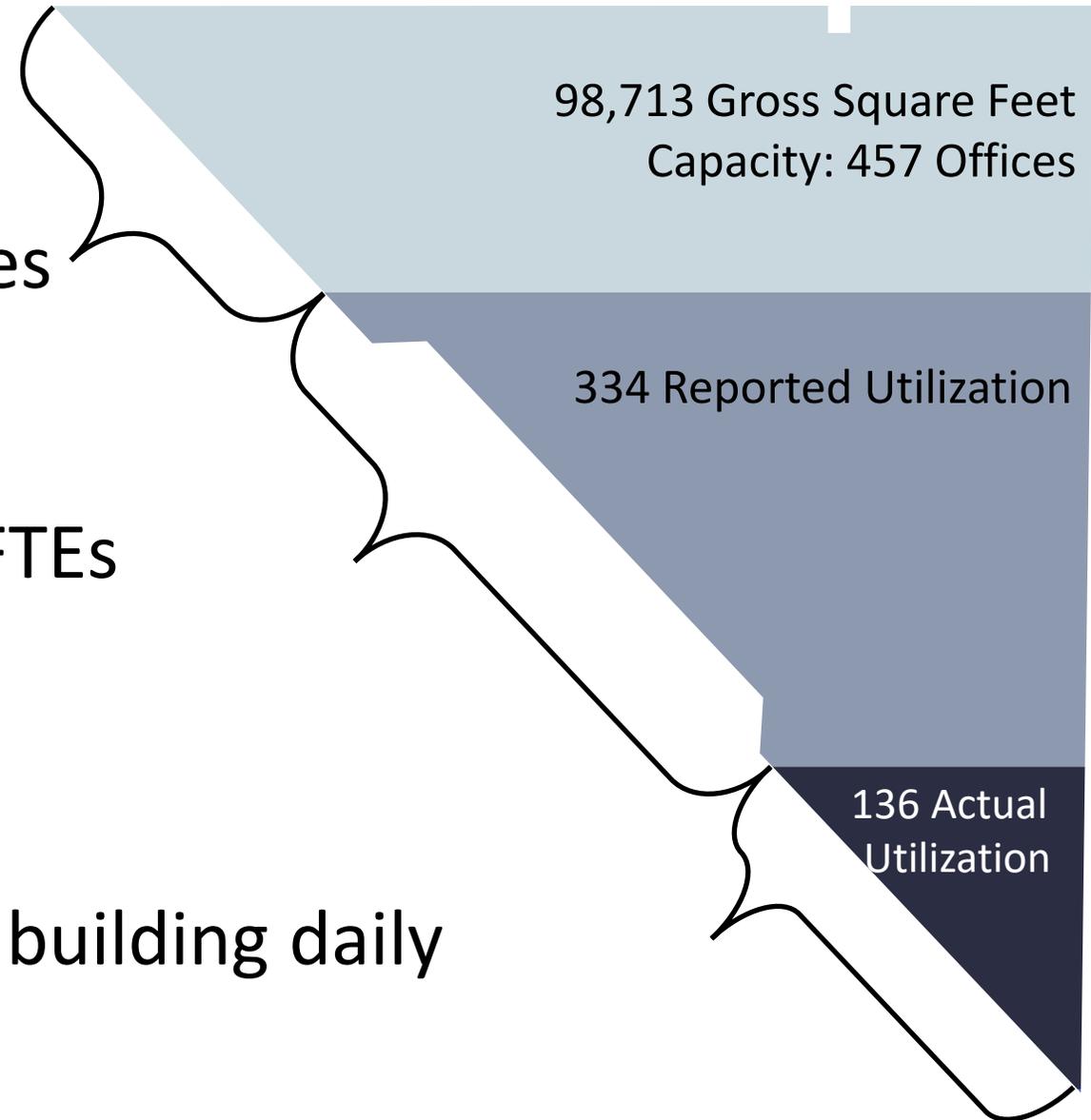
98,713 gross square feet

Room for 457 offices

98,713 sq. ft. ÷ 216 sq. ft. = 457 offices

Agencies in the building report 334 FTEs

Average of 136 FTEs swiped into the building daily



Case Study: Agriculture Building Waste

Two levels of waste compound each other:

- L1 Waste (OMES Waste) – The difference between what the building can hold, and the number of FTEs agencies assign to the building.
- L2 Waste (Tenant Waste) – The difference between actual utilization and reported utilization.

Total Waste: The sum of L1 and L2 wastes, multiplied by the per person space allocation (216 sq. ft.)

98,713 Gross Square Feet
Capacity: 457 Offices

334 Reported Utilization

136 Actual
Utilization

Case Study: Agriculture Building Waste

Capacity – Reported Utilization = L1 Waste
 $457 - 334 = \mathbf{123 \text{ potential offices}}$

Reported Utilization – Actual Utilization = L2 Waste
 $334 - 136 = \mathbf{198 \text{ unused offices}}$

$(\text{L1 Waste} + \text{L2 Waste}) \times 216 \text{ sq. ft.} = \text{Total Wasted Square Feet}$
 $(123 \text{ potential offices} + 198 \text{ vacant offices}) \times 216 \text{ sq. ft.} \approx \mathbf{69,400 \text{ wasted square feet}}$ in the Agriculture Building daily.

98,713 Gross Square Feet
Capacity: 457 Offices

334 Reported Utilization

136 Actual Utilization

PERSONNEL SPACE REQUIREMENTS (Base this information on the employees that will occupy this location.)

State employees with physical work stations at this location	11
Part-time employees (20 hours a week or less)	
Field staff (explain in additional information)	
Telework (explain in additional information)	
Student volunteer (explain in additional information)	
Contracted employees	7
Authorized funded vacant state employees and contract positions	
Total employees	18

SPECIAL SPACE TYPES	Criteria description	#	SF allowable	Support area SF allowable	# of areas	Total support area SF allowable
Conference/meetings - Three months of documentation may be required for each requested room.						
Conference Room	Average # of occupants	12	20	240	1	240
Conference Room	Average # of occupants		20			
Conference Room	Average # of occupants		20			
Training Room	Average # of occupants	7	20	140	1	140

Subtotal estimated personnel space allocation	2700
Special space allocation worksheet	1055
Total estimated personnel space allocation	3755
Total square footage requested	5500

CURRENT OCCUPANCY STATUS OF AGENCY/DIVISION

a) Effect of request on current lease:

No change.

Lease will be terminated.

Other (specify): _____

b) Initial date of occupancy of current space: 1/1/2004

c) Current square feet: 5,126

d) Current rate: \$2,717.46 per month \$ 8.90 per sq. ft.

e) Current rate includes: Utilities Janitorial Parking

PARKING

State vehicles	2	Client parking	10
Staff parking	18	Total spaces:	30

GENERAL SUPPORT	Criteria description	#	SF allowable	Total support area SF allowable
Reception	Average # of visitors at any given time.	10	10	100
Libraries	List the # of bookcases.		6	
File cabinets	List the # of file cabinets.	18	9	63
Storage, copier, mail (<50 FTE)	# of FTE (total employees at this location). System will calculate automatically.	18	10	180
Storage, copier, mail (>50 FTE)	Total estimated personnel space allocation from Page 3. System will calculate automatically.	0	5%	
Employee break room	# of average occupancy.	8	10	80
Telework shared space	Enter square feet required. Provide explanation in Additional Information on Page 3.			
Recycle center		2	1	2
Other	Enter square feet required. Provide explanation in Additional Information on Page 3.	1		250
Total special space allocation				1055

Subtotal estimated personnel space allocation	2700
Special space allocation worksheet	+ 1055
Total estimated personnel space allocation	= 3755
Total square footage requested	≠ 5500

1,745 Sq. Ft. of Wasted Space

Raises per person allocation
from 208 to 305 square feet

19 of 20

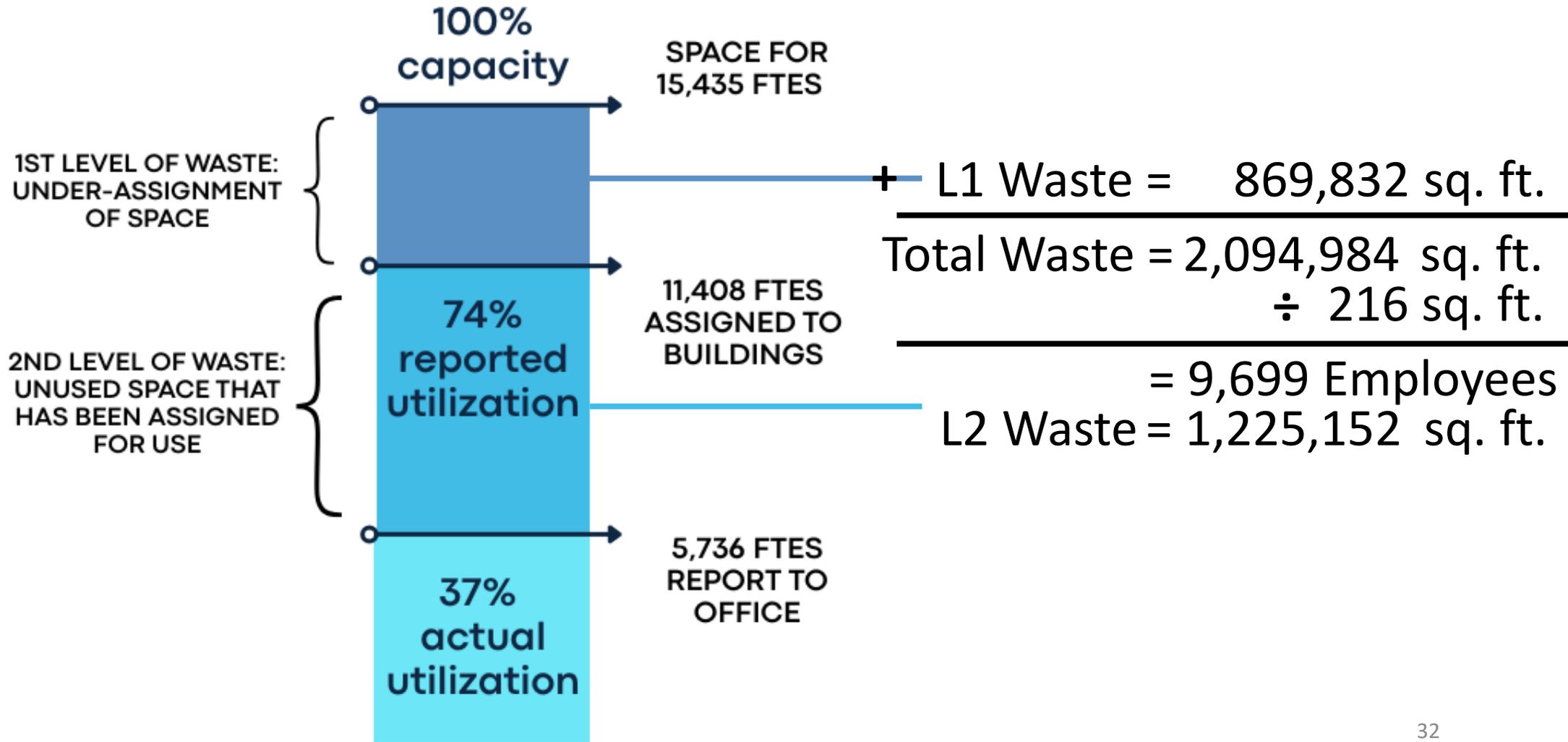
Space Requests
Used "Other" space

Allowing "other" and manually entered quantities guarantees waste.

See page 37 for Process Flow

64 Buildings Evaluated

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



Operational Limitations Create Blind Spots in Decision-Making

Operational Limitations		The Blind Spot
No Badge Access Reports 		Unable to measure actual attendance.
No HCM Data Integration 		Unable to measure reported utilization.
Inaccurate Agency Reporting 		Unable to measure capacity.
Inconsistent Application of Standards 		Unable to measure space allocation.



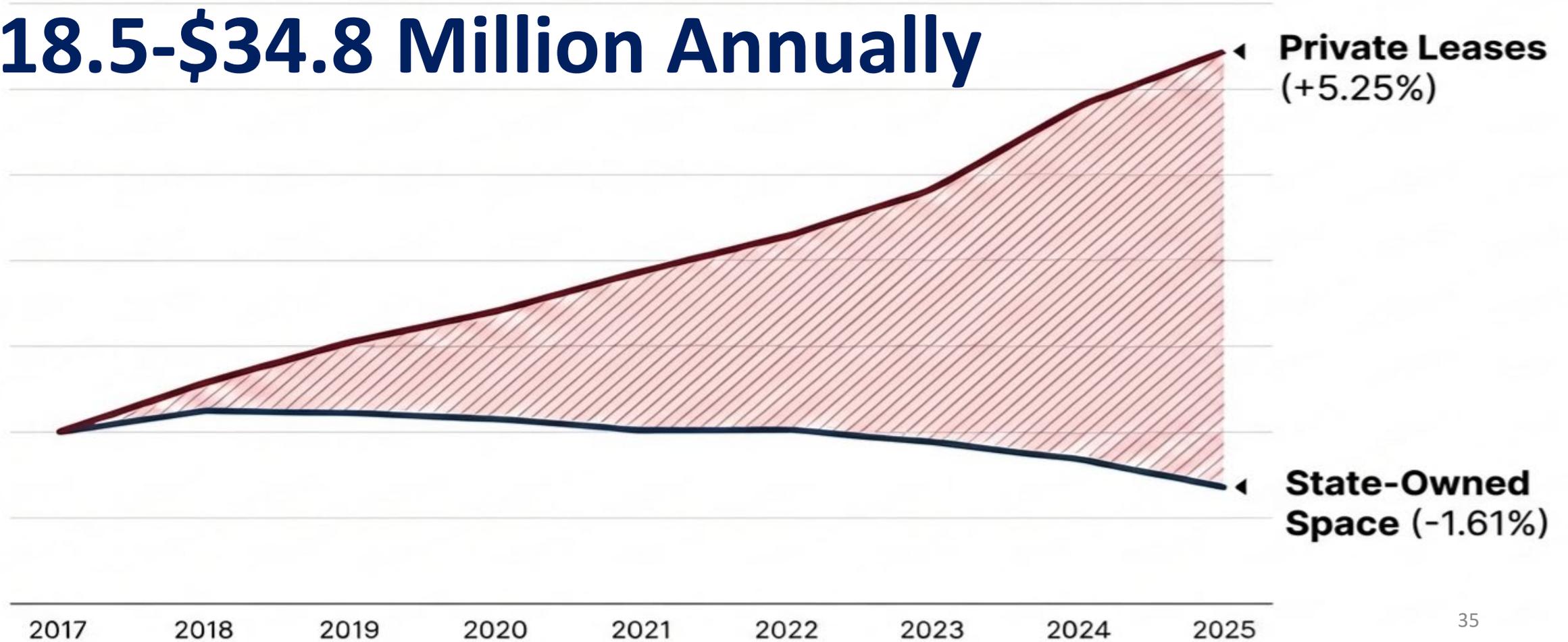
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Questions on Finding 2

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

Square Feet Owned vs. Leased

\$18.5-\$34.8 Million Annually



Average Rent Per Square Foot

Private Lease

\$15.85

CLO Buildings

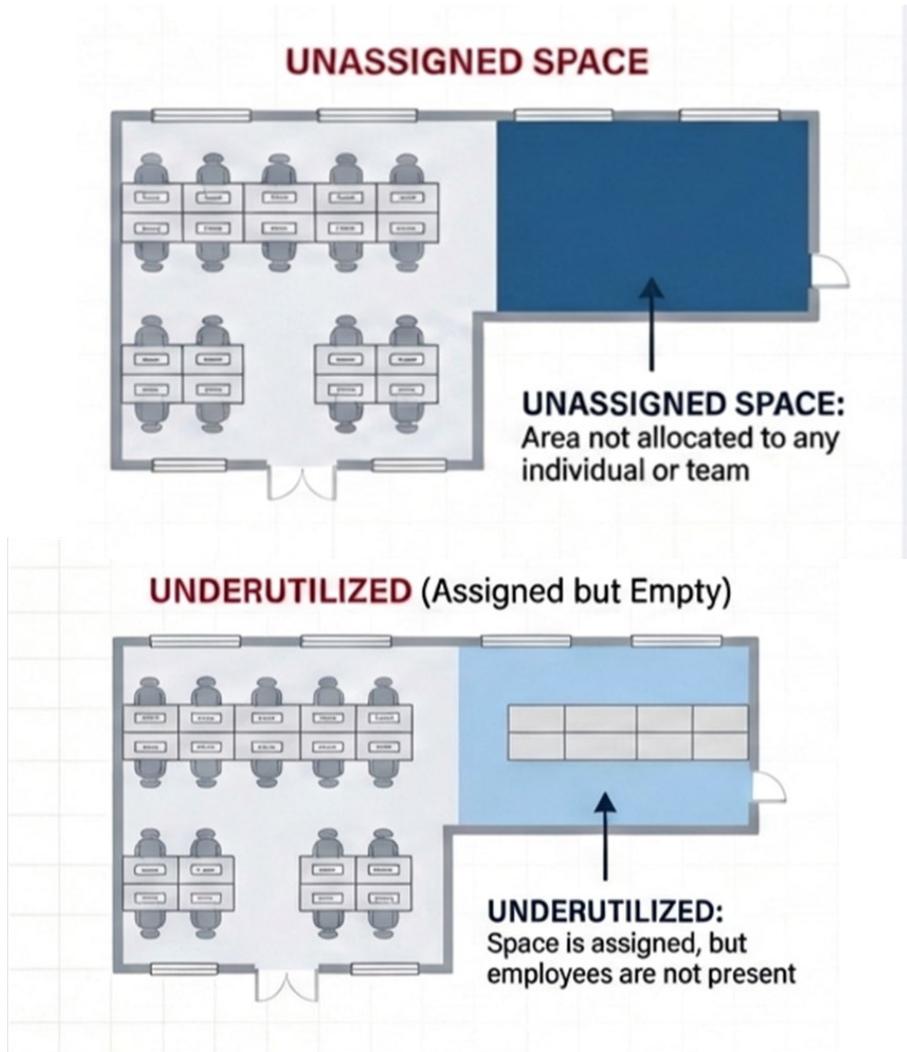
\$15.08

OMES Buildings

\$10.40

Note: Rates based on Oklahoma City buildings

Current Office Configuration Creates Inefficiencies



Estimated **2,094,984**
Square Feet of Wasted Space



Estimate is based on the 64 buildings evaluated by LOFT

See page 36 for full analysis.

Maximizing Value: Two Paths to Oklahoma State Property Savings

If Leased Space Were in State Buildings

\$18.1 Million
in Annual Excess Costs



With Maximizing Existing State Space

\$28.8 Million
Potential Annual Savings



1.8 Million Square Feet of Available Space

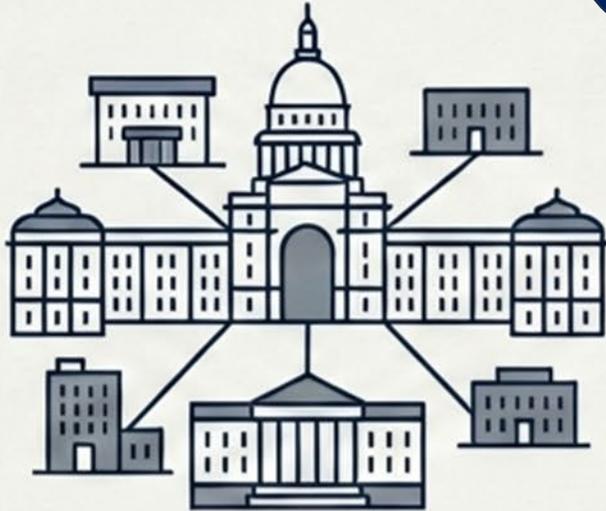


Relocation of Private Leases

BENCHMARKS FOR SUCCESS: NEIGHBORING STATES

TEXAS: THE MASTER PLAN

See page 47
for Lessons
from Other
States



Strategy: Capitol Complex Master Plan.

Action: Consolidates dispersed agencies into a centralized "Capitol Mall".

Goal: Eliminate reliance on commercial leases. Ensure all Austin employees work in state-owned buildings.

ARKANSAS: THE EFFICIENCY DRIVE



Strategy: "Arkansas Forward" Strategic Real Estate Plan.

Action: Reduces allocation from 330 sq ft to 200 sq ft per FTE.

Result: Selling underutilized buildings. Estimated **\$10-\$20 Million in savings.**

2020 OMES-Commissioned JLL Study

FINDING: “The State, through OMES, has several sound policies governing real estate operations...the State does not centrally enforce these policies, and agencies do not consistently adhere to them.”

IMPLICATIONS: “A lack of policy enforcement has created inefficiencies in the portfolio resulting in dispersed decision-making that creates an uneven workplace experience for state workers.”

Consulting Cost: \$375,000

RECOMMENDATIONS: “Enforce current real estate policies and authorities vested in OMES.”

CONSIDERATIONS: “This will require the Governor to mandate agency adherence to policy and could require business case for deviations from policy.”

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



Congressional USE IT ACT of 2025

Standard Utilization for Agencies

- Must capture daily attendance
- Must maintain 60% utilization
- Failure can lead to forced reduction of allocated space

Congress Sets 150 Square Feet as agency benchmark

Policy Considerations

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.

Agency Recommendations

The Office of Management and Enterprise Services should:

- Exert the full scope of its statutory authority to oversee all use of real property.
- 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.



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LOFT EVALUATION ON: STATE FACILITIES

Meeting of the Legislative Oversight Committee

February 26, 2026