

ORIGINAL LEGISLATIVE INTENT: OMES IS 25-015

Legislative Intent, Present-Day
Analysis, and Recommendations



August 19th 2025

JASON MURPHEY

THE PRESENTATION



1 The Background

Slide 3

4 The Silver Lining

Slide 17

2 The Savings

Slide 11

5 The Recommendations

Slide 18

3 The Challenges

Slide 14

THE BACKGROUND: GOVERNMENT MODERNIZATION

In the winter of 2007, House Speaker Lance Cargill launched an initiative to modernize state government, beginning with a three-hearing review by the House Appropriations and Budget Committee. This effort grew into the Government Modernization initiative — a decade-long legislative push to view state government as a single, cooperative enterprise. Its aim was to identify waste, reduce inefficiencies, break down silos, cut through bureaucracy, leverage shared resources, and streamline operations, ultimately laying the foundation for a strong centralized services model.

THE OKLAHOMAN

NEWSOK.COM

Efficiency will be a priority, speaker says

By Jennifer Mock Capitol Bureau

One area where Democrats and Republicans can agree is government modernization, lawmakers were told Tuesday.

David Blatt, the public policy director for the anti-poverty agency Community Action Project, doesn't often side with the Republican House leadership, especially when it comes to tax policy.

But at an interim study examining ways to modernize state government, Blatt said pushing for a more efficient government is something both parties can support.

"We need to roll up our sleeves and do the tough work to figure out what is working and what isn't," he said. "The opposite of anti-government isn't being pro-government. It is being for good government."

House Speaker Lance Cargill has said

that consolidating government to boost efficiency will be one of his top priorities going into the upcoming legislative session, which begins in February.

"Modern, efficient government is not a left or right issue," said Cargill, R-Harrah.

The study, being conducted by the House Appropriations and Budget Committee, has also delved into the state Central Purchasing Act to see if the state could save money through changed spending practices.

Officials with IBM Business Consulting Services testified that as much as \$70 million could be saved annually if the Department of Central Services implemented suggestions from an audit the company conducted in 2005.

Department Director John Richard has said his agency is in the process of implementing some of the recommendations, but can only do it so fast with limited

resources. Richard said at the last meeting that he questions parts of the IBM report, which was only recently publicly released.

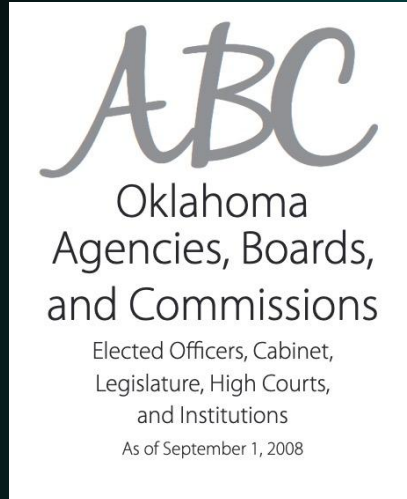
One of the key findings in the report says that the department does not adequately track its spending. If all of the spending data were in a centralized, searchable database, savings goals could be set and more easily achieved, said IBM's Tim Clem. If that, along with other recommendations were implemented, he said the state could see savings of 10 to 15 percent on purchases immediately.

"The opportunity for savings is huge," he said.

The meeting Tuesday was the last in a series of three on government modernization.

Jennifer Mock: 475-3105, jmock@oklahoman.com

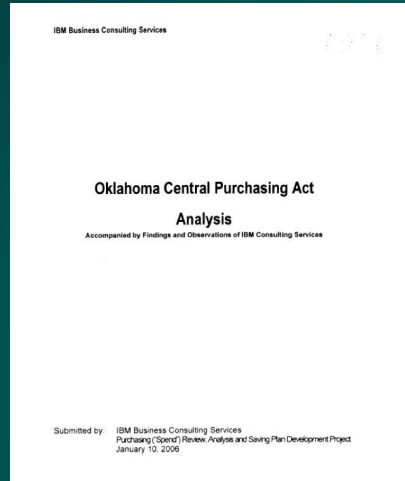
Key Studies and Reviews



State Agency Review

Size of The Administrative State

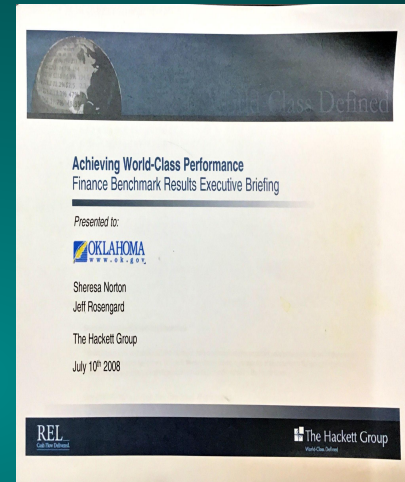
Oklahoma averaged far more—as much as twice as many—state entities as comparable states.



IBM

State Purchasing System

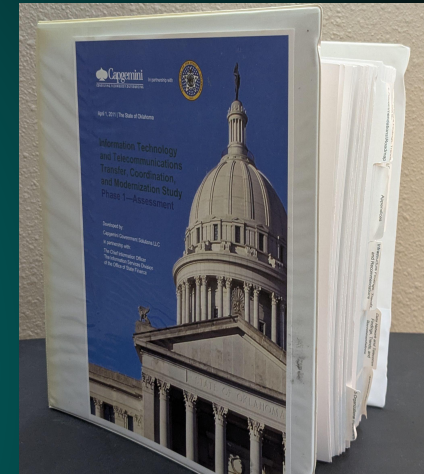
IBM found millions in unrealized savings from inefficiencies in Oklahoma's state purchasing system.



The Hackett Group

Financial Benchmarks

Hackett Group found Oklahoma's financial services operations lagged in technology and cost far more than peers.



Capgemini

Information Technology

Identified 60 separate state IT operations, leading to massive over provisioning and redundant technology resources.

SIZE OF GOVERNMENT: Massive Oversupply of State Agencies

2007 study showed that Oklahoma had twice the number of agencies, boards and commissions when compared to states of similar size and budget.



RESPONSE: HB 2140

Consolidate the Bureaucracies that serve the Bureaucracies.

by Steele and Bingman

“

“If we can consolidate agencies where there is duplication in services in a way that saves taxpayer dollars, let’s do it,”

“I am not willing to direct the hard earned dollars of our taxpayers to an inefficient and duplicative government apparatus at the expense of schools, roads and public safety. We will make Oklahoma stronger by investing wisely with taxpayer resources, this bill accomplishes that and anything less is unacceptable.”

Brian Bingman
President Pro Tempore



Governing
For the people making government work.

NEWS

Efforts Underway To Consolidate Oklahoma State Agencies

An Oklahoma committee will study the state's efforts to consolidate numerous state agencies.

November 01, 2011 • Dylan Scott



[Oklahoma's Government Modernization Committee will meet Nov. 10 to assess the progress of an effort to consolidate state agencies, the Edmond Sun reports.](#)

A state law, approved in May, combined five state agencies -- including the Department of Central Services, the Office of Personnel Management, Benefits Council, and the State and Education Employees Group Insurance Board -- into the Office of State Finance, the newspaper reports.

Gov. Mary Fallin has estimated the law would save the state \$140 million. State agencies are also being pressured to comply with new state regulations to restructure and improve their information technology systems, according to the *Sun*, and the modernization committee will document how effective those efforts have been.

PURCHASING

Multiple reviews of Oklahoma's centralized purchasing system found:

costly exemptions;

maverick spending;

potential market basket comparison problems;
and

poor vendor data analysis.

Modernization legislation and mandated reporting followed, with subsequent reports documenting millions in taxpayer savings.



Central Purchasing Division Executive Summary

Through Central Purchasing managed contracts, the State of Oklahoma realized savings in excess of \$17 million for fiscal year 2012. The spending and savings are summarized below:

	Spending	Savings	Percent Savings
Total	\$ 151,441,228.29	\$ 17,322,265.36	11.44%
Political Sub-Divisions	\$ 45,396,504.79	\$ 7,976,131.22	17.57%
Higher Education	\$ 38,343,902.57	\$ 937,498.56	2.44%
State of Oklahoma	\$ 67,700,820.93	\$ 8,408,635.58	12.42%



Savings Detail by Agency

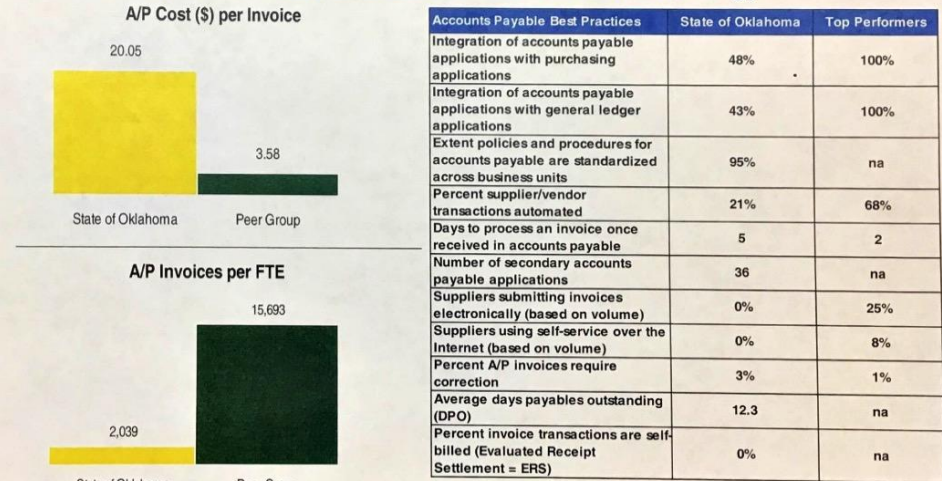
Agency Code	Agency	Current Spend (\$)	Savings (\$)
02500	Military Department	1,075,504.39	188,661.04
03900	Boll Weevil Eradication	2,941.42	605.46
04000	Department of Agriculture	799,741.57	58,679.28
04700	Indigent Defense System	7,635.34	1,221.65
06000	Aeronautics Commission	7,871.17	1,263.22
06500	Banking Department	46,282.77	1,755.42
09000	Office of State Finance	17,888.37	2,987.94
12500	Department of Mines	23,115.11	1,155.76
13100	Department of Corrections	17,589,500.95	1,884,808.15
16000	Department of Commerce	14,890.98	2,460.87
18500	Corporation Commission	28,147.26	5,421.49
20400	J.M. Davis Memorial Commission	4,224.29	1,301.08
22000	District Attorneys Council	2,522.65	403.62
26500	Department of Education	8.69	1.39
26600	Educational Television Authority	4,911.99	981.60
27000	Election Board	3,337.76	534.04
29000	Employment Security Commission	2,286.64	365.86

Financial Services

The Hackett Study documented how Oklahoma's severe IT deficit drove costly and inefficient financial service processes. House Bill 1207 (2011) and subsequent legislation gave OMES the authority to modernize and streamline these operations.

Oklahoma's Accounts Payable per Transaction is High and Productivity is Low Due to Under-Utilization of Technology

Accounts Payable



*NA - Not available because it is a new question.

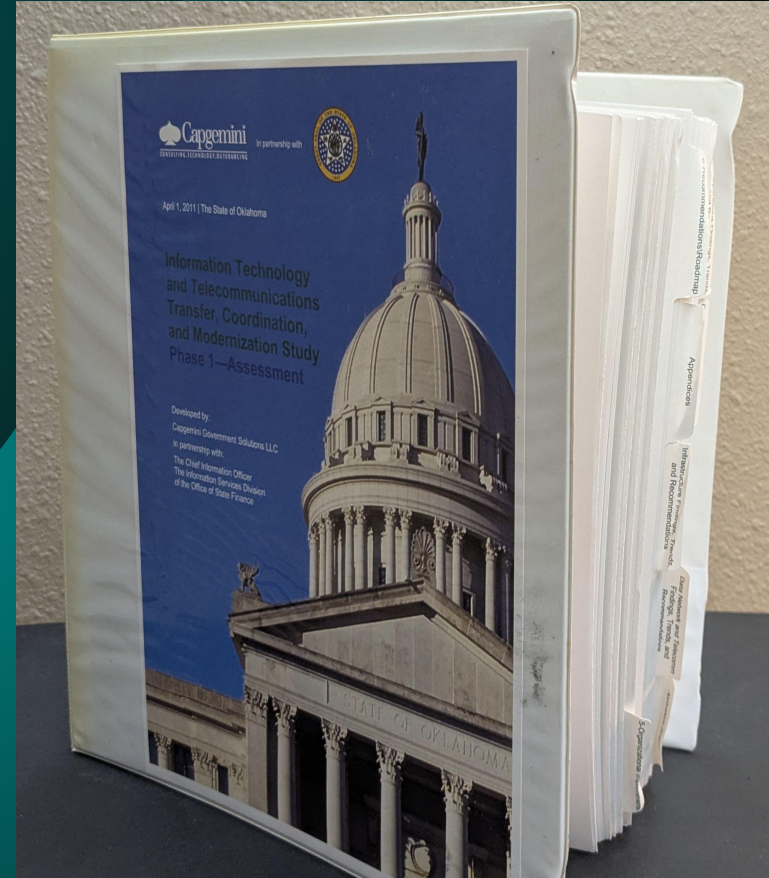
Information Technology

The Capgemini study found more than 60 independent IT organizations and agencies that declared a FTE workforce of 1,799 positions for a workload that should have required only 1,279.

“

The loss of support synergies, purchasing economies of scale, and cross-agency integration difficulties are driving the cost of IT higher at the aggregated state level.

Capgemini Study



Capgemini FINDINGS

RECAP

A small sample of findings.

1 Multiple WANs

The state maintained multiple wide-area networks without a unified approach, resulting in competing architectures and heightened security risks.

2 Competing Interests

Different agencies held stakes in vital infrastructure, such as fiber, with ODOT, OSF, and OneNet maintaining potentially competing interests.

3 High Process Cost

Without a central authority, agencies that failed to modernize relied on manual processes, resulting in an ongoing 'paper chase.'

4 Out of Control Consulting Costs

State agency consulting costs were on pace to reach \$31 million in FY2011, up from \$13 million in 2009.

CULTURE OF REFORM

Implementing the Savings Required Ongoing Engagement of Both the Legislature and Governor

- Regular committee hearings both during interims AND during sessions as well.
- Progress reports with specific savings identified (e.g., contracts)
- Willingness to work through and adjudicate specific agency concerns

OSBI contract comparison, Central Purchasing response, March 7, 2011

Laboratory supplies

The Fox contract contains 40 lab supply items and was competitively bid through Central Purchasing and awarded on 7/22/2010.

The new SW401 Fisher/VWR Statewide Contract is a WSCA/NASPO Multistate Agreement which went into effect 08/01/2010 as a mandatory contract. This contract prevented OSBI from using their Fox Agreement. OSBI wanted better pricing on their specialty items than is usually afforded on General Laboratory Supply Solicitations.

OSBI compared pricing on the Fox contract with the Fisher/NASPO Agreement and demonstrated a savings using the Fox Contract. After OSBI had notified the contracting officer of lower pricing on the Fox Scientific Contract the Purchasing Director was notified and determined that extending this agency an exemption was in the best interest of the State.

On September 28th 2010 Central Purchasing issued an exemption releasing OSBI from mandatory statewide 401 Fisher Scientific.

State of Oklahoma Office of Management and Enterprise Services



Procurement Savings Report

For the period July 1, 2011 through June 30, 2012



January 31, 2012 | The State of Oklahoma

First Quarterly Report

Progress on Consolidation

Developed by:

Alex Z. Pettit

Chief Information Officer and
Secretary of Information Technology
And Telecommunications



SAVINGS AND TRANSPARENCIES

By 2013, government modernization efforts had secured approval for approximately **50 major cost-saving and transparency initiatives**, delivering **over \$60 million in savings**.

1. **Purchasing Reforms** – Modernized purchasing systems for state and local governments, saving **\$14 million annually**.
2. **IT Consolidation** – Streamlined technology operations, generating **\$40 million in annual savings**.
3. **Agency Consolidation** – Combined central service agencies, saving **\$6 million**.
4. **Process Reforms** – Improvements such as electronic vendor payment deposits saved **\$2 million**.
5. **Transparency Initiatives** – Created public access portals like **data.ok.gov** and **documents.ok.gov**, increasing accountability and visibility.

GOVMOD SAVINGS COMPARED TO SPENDING AND TAXES AS OF 2013

1 Spending

In terms of size of appropriated budget, modernization would be 13th largest appropriated agency out of 77 appropriated agencies or the fourth largest non-appropriated agency out of 51 non-appropriated agencies.

2 Taxes

Out of Oklahoma's 50 separate tax categories, the modernization savings exceeded the total revenue collected from **37** of them. If these savings were applied directly against taxes, they could **completely eliminate the need for approximately 20 taxes**. Nearly **half of the state's tax categories** could have vanished altogether.

ONGOING CHALLENGES

1. **Inherent Controversy of Central Services** – From property management to fleet operations to IT, state agencies resist giving up control. Misunderstandings accumulate over time, eroding trust and damaging the central services brand. This invariably pulls in legislators, who if unwise, will pick a side before knowing all of the details.
2. **Dependence on Elected Official Leadership** – Without simultaneous support and accountability from both the legislature and governor, the central services agency risks reverting to a defensive and inactive posture. Maintaining a culture of reform requires continual involvement and by both entities.
3. **Legislative Process Limitations** – The closed-door, centralized control of the appropriations process—held by a handful of legislators—is ill-equipped to resolve disputes between shared services and agencies. As a result, savings go unrealized for taxpayers, and no effective resolution mechanism exists for the disputes between the agencies. This forces the system into a “customer billing” model that becomes a smoke-and-mirrors game, rarely addressed through appropriations. Tensions ease only through the extraordinary efforts of conscientious central service officials.

A Decade of Challenges to Culture of Reform 2015 - 2025

2015 - 2019 Focus Change: In Governor Fallin's second term, the administration shifted focus from efficiency reforms to fee and tax increases. This shift was potentially devastating to the reform culture—if the solution is more money rather than new efficiencies, leaders have little incentive to intensely drive the latter.

2019: New Administration Restart: The Stitt administration took office as the "*turnaround team*." The focus on "*turnaround*" may have led the administration to overlook the already existing aspects of reform culture. For example, the data.ok.gov portal was de-emphasized and left stagnant while the administration deployed checkbook.ok.gov. As a result, OMES must now maintain two portals—two different approaches to transparency and thus spreading resources instead of focusing them.

2020–2025: The Money Avalanche: The federal government flooded the state with money, and the rush to push these funds through the system was extremely damaging to the purchasing ethos of reform—particularly regarding sole sourcing. A healthy purchasing culture must be built on competitive bidding and driving down price. When the emphasis shifts to moving large sums quickly, that culture erodes. As Auditor Cyndi Byrd put it, '*In my opinion Oklahoma is rapidly becoming a no-bid state.*' One IT contractor described how they had been designing an affordable solution for the state, but when COVID money became available, priorities shifted and affordability was no longer a concern. This change in mindset likely touched every corner of state government, undermining what remained of a culture designed to reduce costs.

Challenges to Culture of Reform 2015- 2025 (Cont.)

Exemptions: In her 2024 audit, Auditor Cindy Byrd cited the "*growing list of exemptions*" to competitive bidding laws. The Legislature's tendency to approve exemptions to central services best practices—whether in competitive bidding, fleet and property management, or IT processes—dramatically undercuts the mission. Central services officials are unlikely to expend energy fighting for lower costs, improved service, and greater efficiency if they see that culture being undermined by new exemptions. Why expend energy fighting for a cause policymakers no longer believe in, especially when certain agencies have the influence to secure exemptions while others do not? Instead, in an exemption-frequent environment, central services are likely to endorse exemptions and use them to offload challenged tasks and processes thus forever releguish the opportunity to improve service and save money.

Fighting Fire with a Flamethrower: In 2024, House Bill 4042 vividly illustrated how far the House of Representatives has strayed from its government modernization mindset. Purportedly in response to a LOFT report exposing purchasing system inefficiencies, the bill actually sought to create more exemptions—this time for the Department of Tourism. It was the equivalent of fighting a fire with a flamethrower. The bill was ultimately abandoned in the Senate after the committee chairman questioned its wisdom, but it remains a clear example of ongoing efforts to undermine reform.

The Silver Lining

New leadership with a reform mindset: A customer-service–focused director now leads the agency. Having served on House staff during the peak of the Government Modernization efforts in 2013, during that year, he was immersed in an ideas-based, results-driven policy making environment where legislators worked to sustain the long-envisioned culture of reform.

Renewed focus on purchasing reform: The governor's DOGE initiative has identified purchasing system reform as a major driver of cost savings. While this highlights and exposes the lost decade and past failures to follow through on Government Modernization reforms, it also signals a re-awakening and the opportunity to reestablish purchasing reform as a central priority, as it must be.

THE OKLAHOMAN

Stitt says DOGE-OK already has saved Oklahoma taxpayers more than \$1 million



[Show image info](#)

Key Points AI-assisted summary

- Oklahoma Governor Kevin Stitt claims the state has saved over \$1 million through the Division of Government Efficiency (DOGE-OK).

Recommendations

Return the Legislature's focus to reform: Allow a specially commissioned committee to hold regular reviews of central services reports, benchmarks, and metrics. Reports should document systematic progress on savings and improvements to customer service metrics. This will provide all state agencies a forum for bringing attention to their concerns. It will also provide state employees, once again, with a venue for reporting the state mandatory contract items that are higher than market price.

Gain access to and regularly review shared service metrics: Ensure legislators have real-time access to dashboards such as IT help desk outcomes. Legislators should be able to understand and monitor this information in real time.

Identify and roll back exemptions: Require OMES to provide a list of all exemptions from central and shared services. Systematically eliminate existing exemptions and stop new ones from being created, as these exemptions undermine the culture of reform.

Develop a member-driven budget process: Shift away from centralizing appropriation authority with a few legislators. Empower budget subcommittees to develop, debate, and advance a full budget early in session, enabling all members to participate. This expanded bandwidth will improve oversight and help translate new efficiencies into specific, tangible tax relief.

Recommendations (Cont.)

Protect LOFT from politics, treat it's recommendations with honesty: The original Government Modernization effort succeeded without a LOFT-type organization. LOFT provides an array of information-gathering and analysis that previous generations of legislators did not have.

Keep LOFT free from political influence, and policy making (*i.e., allowing the House Speaker to authorize "investigations" for clearly political reasons, and having LOFT speak to "tax policy"*) integrate its reports into legislative oversight, and act on them transparently and honestly.

Support the governor's DOGE and modernization efforts: Avoid undercutting efficiencies proposed by the governor. For example, in 2023, House Bill 1751 exempted Service Oklahoma from fleet management control—becoming the 28th agency with such an exemption. The governor had made fleet reform a major part of his reform plan.

The governor's veto was overridden, creating a powerful disincentive for him to attempt even basic modernization.

Why should he attempt to force agencies to work together to drive down costs even as the Legislature is allowing them to strengthen their silos and become more balkanized?

FOR MORE INFORMATION

Contact the Author

JMurphey@OklahomaStateCapital.com

Download This Presentation

Click Link Button or Scan the QR Code

[LINK TO RESOURCE](#)

