



STATE OF WASHINGTON
OFFICE OF FINANCIAL MANAGEMENT

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*** CORRECTED ***

September 8, 2023

TO: Agency Directors

FROM: David Schumacher
Director

A handwritten signature in black ink, appearing to read "D. Schumacher", with a long horizontal line extending to the right.

SUBJECT: DIRECTIVE TO REDUCE LEASED OFFICE SPACE USE

Section 743 of the 2023-25 operating budget (Chapter 475, Laws of 2023) directs the Office of Financial Management (OFM) to allot savings from agencies that have reduced leased office space as a result of telework policies implemented in response to the COVID-19 pandemic. Additionally, the proviso directs state agencies, institutions of higher education, and separately elected officials to adhere to OFM's statewide space use policy, data integrity and system access policy, inventory policy, and the Human Resource Management System data validation guide to ensure space use data is complete and accurate.

The proviso further requires state agencies, institutions of higher education, and separately elected officials with leases expiring in fiscal years 2024 and 2025 to reduce leased office space by a minimum of 20 percent upon lease renewal or when requesting office relocation. For leases expiring in fiscal years **2026 and 2027**, the direction is to reduce space by 30 percent.

The governor vetoed Section 743 because it referred to outdated data for leases that had already been renewed. However, he directed OFM to work with the Department of Enterprise Services (DES) to identify expiring leased office space that needs to be reduced and to move funds to reserved allotted status.

Therefore, OFM Facilities Oversight and DES Real Estate Services will determine space needs based on actual in-office use and ask agencies to reduce square footage in leased and owned buildings based on that usage. Some space reductions will result in consolidating leased space into state-owned facilities.

If OFM and DES determine and recommend that savings could be realized but an agency chooses to retain excess square footage, OFM will report the unrealized savings to the Legislature, along with a list of agencies that achieved cost reductions by reducing their current space. In some cases, agencies with available office space will not be supported to procure additional leased space until they have met space reduction requirements.

Thank you for your commitment to carefully review and right-size your agency's physical space and be responsible stewards of taxpayer dollars. If you have any questions, please contact your [assigned OFM facilities analyst](#).

cc: Agency Deputy Directors
Yvonne Knutson, Senior Budget Advisor, OFM
OFM Facilities Analysts