



STATE OF WASHINGTON

## OFFICE OF FINANCIAL MANAGEMENT

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June 4, 2025

**TO:** Agency Directors  
Presidents of Higher Education Institutions

**FROM:** K.D. Chapman-See  
Director

**SUBJECT: INSTRUCTIONS FOR 2026 SUPPLEMENTAL BUDGET SUBMITTALS**

Supplemental budget requests are due to the Office of Financial Management (OFM) on **September 15, 2025**. We will very likely continue to face a challenging state budget environment in the coming year and anticipate increasing caseloads and ongoing uncertainty in the economy and federal funding. Please focus your submittals on the following:

- Non-discretionary changes in legally mandated caseloads or workloads.
- Necessary technical corrections to the enacted 2025-27 budgets.
- Additions or reductions to federal or private/local funding anticipated for the remainder of the biennium.
- Critical and emergent costs that cannot be accommodated with savings or efficiencies in the existing budget.
- Additional options for efficiencies, reform, administrative savings, or reductions in non-essential services and programs.

Agencies are asked to limit all discretionary budget requests, consistent with efficiency and performance management efforts to streamline and improve services while *reducing* costs. Budget requests should be limited to only those initiatives which meet the state's highest priority needs for the most efficient, high-quality services to the public over the long term. The supplemental budget must continue to re-examine all state functions to ensure that only essential services are funded, and that those services are delivered with maximum efficiency and attention to outcomes, paying particular attention to retaining services for our most vulnerable residents and overburdened communities. The state's ability to replace lost or reduced federal funding will be very limited.

### Strategic and Performance Outcomes

Governor Ferguson's [strategic and performance](#) outcome priorities are in development and will be communicated at a later date.

### Operating, Transportation, and Capital Budgets

Narrative descriptions for budget requests should be very detailed. The justification must fully explain why additions cannot be included within your existing budget. Also, describe the implications to program outcomes and client services, revenues (including fees), legislation, federal rules, and any barriers that might complicate achievement of a policy change. Clearly identify any changes that will require 2026 agency request legislation.

The Governor will continue to focus on equity in his 2026 supplemental budget requests. Therefore, agencies are expected to address the impacts on marginalized communities in their decision packages.

Budget advisors will consider your responses to the following questions when reviewing your decision packages. They will analyze budget impacts to understand how reductions or additions impact opportunities and access for individuals who have historically been excluded or under-represented.

- ***Equity impacts to under-represented communities*** (i.e., the demographic, geographic, and economic groups currently or historically affected by the policy, program, and potential decision)
- ***Populations benefiting from or burdened by the proposal*** (i.e., the program or policy expands or limits contract opportunities and access for individuals who have historically been excluded or underserved; the change in policies or practices perpetuates racial disparities and/or institutional racism; and whether benefits and resources are distributed in an accessible manner to communities that need it)
- ***Strategies to mitigate unintended consequences*** (i.e., the program or policy integrates strategies to improve access for immigrants, refugees and under-represented people; culturally specific strategies are included to address the needs of Washingtonians; and perspectives were involved or not involved in developing the proposal or making decisions).

## **Operating and Transportation Budgets**

Operating and transportation supplemental budget requests must be submitted to OFM electronically through the enterprise Agency Budget System (ABS). Your agency's release of ABS operating budget data inclusive of required elements constitutes your submittal. For the complete 2025-27 budget instructions, system tutorials and credentialing information, please visit our Washington [BudgetWorks](#) site.

## **Capital Budget**

Legislative changes in the 2025-27 capital budget will impact 2026 supplemental capital budget requests:

- The minor works threshold was increased to \$2 million for most state agencies and \$4 million for higher education institutions. Agencies must use reappropriations before new appropriations, without regard to lists or projects submitted at the time the funds were appropriated.
- Requests related to a project whose total project cost exceeds the total estimated in prior budget requests by 15 percent must include a statement detailing the amount and reason for the additional cost. If the increased cost is the result of a change in design, the agency must also submit a construction cost estimate for the design as originally submitted.
- Agencies should carefully consider whether projects funded through grant programs are ready to proceed before requesting or awarding funding. The biennial capital budget now requires new 2025-27 appropriations for grant programs and community projects to be spent in a timely manner. The Legislature does not intend to reappropriate most 2025-27 bond-funded grant program projects for which a contract has not been executed within four years or for which appropriations have not been spent within six years of appropriation.

Agencies must submit capital budget requests using the Capital Budget System (CBS), and for projects greater than \$2 million (\$4 million for higher education), must attach a completed [C-100 form](#). OFM no longer utilizes the FTP site for capital budget submittals. Submittals can now be uploaded to a secure managed file transfer ([MFT](#)) site, which also works for agencies and institutions outside of the state government network. The [Capital Budget Team](#) will send further instructions to agencies.

June 4, 2025

Page 3 of 3

## **Facility Costs**

Chapter 9 of the 2025-27 operating budget instructions required all agencies to populate a new Facility Cost Template as part of their biennial budget submittals. An updated template for the 2026 supplemental budget is only required if an agency is submitting a facilities-related decision package (e.g., 8L lease adjustment, 8U utility rate adjustment, or one-time cost).

If your agency needs to submit a template, contact OFM Facilities Oversight and Planning at [ofmfacilitiesoversig@ofm.wa.gov](mailto:ofmfacilitiesoversig@ofm.wa.gov) by September 1, 2025, to request an unlocked 2025-27 Facility Cost Template that allows formatting and includes current inventory data from the Facilities Portfolio Management Tool (FPMT). Agencies should only modify data for facilities specifically related to their decision package(s).

Additional details, including definitions and examples, are available on the Facility Cost Template Instructions tab. If you have questions, please contact your assigned [OFM Facilities Analyst](#) or send an email to [ofmfacilitiesoversig@ofm.wa.gov](mailto:ofmfacilitiesoversig@ofm.wa.gov).

## **Information Technology**

For policy-level budget requests containing information technology (IT) costs, please refer to the 2025-27 operating budget instructions and contact WaTech at [watechdlbrms@watech.wa.gov](mailto:watechdlbrms@watech.wa.gov) to request a decision package review.

Please title your email “DP Services Consult Request for 2026 Supplemental (insert your agency name and Decision Package Title).” In the body of the request, please provide the full name and phone number of the agency point of contact and attendees. Agencies do not need to have a fully completed decision package submission to schedule and conduct an IT DP consultation, as draft documentation is sufficient.

For definitions and additional information, please refer to the [2025-27 Operating Budget Instructions](#).

## **One Washington**

All One Washington-related budget requests must be submitted to [One Washington](#) to be considered for inclusion in the consolidated enterprise-wide One Washington decision package. One Washington-related agency requests will be restricted to Agency Readiness and Legacy System Remediation (LSR) funding pools. One Washington will provide additional information during a virtual town hall in June.

For more information, email [OneWAFundingPools@ofm.wa.gov](mailto:OneWAFundingPools@ofm.wa.gov).

If you have questions about the 2026 supplemental budget instructions, please contact your agency’s [assigned OFM budget advisor](#).

cc: Agency Budget Officers  
OFM Budget Advisors