STATE OF WASHINGTON

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September 23, 2026

TO: Agency Directors

FROM: K.D. Chapman-See
Director

SUBJECT: **DIRECTIVE TO REDUCE DISCRETIONARY FACILITY SPENDING AND OFFICE COSTS**

As you are aware, our state is experiencing an incredibly challenging and uncertain fiscal environment. I provided more details about these challenges in the budget instructions memo I sent in June. Along with the decision package instructions, I provided direction for agencies to manage spending and identify cost-saving opportunities that can begin immediately. We appreciate your partnership in our cost-saving efforts for state government – as I shared then, only by working together will we get through this.

Given the fiscal realities we face, I am directing agencies to take immediate action in two areas of facilities management that can produce both near-term and ongoing savings:

1. Reduce all non-essential facility spending.
2. Reduce office lease obligations.

We recognize this represents a change in how some facility decisions have historically been made. Agencies have had discretion to use underspends or other available funding for non-essential facility investments and, within existing state processes, to make many routine lease renewal decisions. Given the state's fiscal environment, we need to take a more coordinated approach to these decisions and ensure available resources are focused on the state's highest priorities and that facility space use is maximized.

How and where state employees work has changed, and our assumptions about how much office space agencies need must adapt. We have identified tens of millions of dollars in potential ongoing savings from reducing facility costs. These changes may affect agencies, staff, and operations, but the savings will allow the state to put more resources toward essential staff, operations, and services for the public.

This directive is effective immediately and will support the state's longer-term office portfolio strategy and the Governor's biennial budget development process. Governor Ferguson has been clear that capturing savings within state government operations while maintaining our core services is a top priority, and this directive is a central part of that effort.

FOR IMMEDIATE ACTION – NON-ESSENTIAL FACILITY SPENDING

Effective immediately, agencies must not initiate new non-essential facility investments and must review current non-essential projects to identify opportunities to stop or reduce further spending. Additionally, agencies must not request non-essential services from DES or private vendors unless the work is required to:

- Protect health or public safety.
- Meet legal, code, or accessibility requirements.
- Preserve state assets through essential maintenance.
- Support an OFM-approved consolidation or efficiency project that produces measurable savings.

"Non-essential" refers to any facility spending within existing appropriations, including vacancy savings, reserves, fund balances or other unspent funding, that does not meet one of the exceptions listed above. This applies to both state-owned and leased facilities, regardless of fund source.

Examples of non-essential spending include, but are not limited to, purchasing new furniture, replacing carpet, painting, and remodeling or reconfiguring offices. Non-essential facility investments do not align with our efforts to evaluate the statewide portfolio for lease reductions, office consolidations, and building restacks.

FOR IMMEDIATE ACTION – OFFICE LEASE REDUCTIONS

Effective immediately, agencies must evaluate their leased office portfolios and exhaust all reasonable opportunities to eliminate full office leases before renewing a lease or making additional office investments. Routine office lease renewals must be paused while agencies evaluate their space needs and opportunities to reduce leases. Agencies must coordinate with DES and OFM before renewing any office lease.

Agencies must determine the minimum space necessary to effectively deliver and protect core public services and demonstrate every effort has been made to base facility and space decisions on data-informed need.

This includes:

- Consolidating operations within existing state-owned and leased facilities.
- Using interim operating approaches that allow services to continue while eliminating leased office space and maximizing telework.
- Identifying and reporting recurring facility savings that can be incorporated into agency reduction decision packages.

As the budget process moves forward, agencies should work with OFM Facilities Oversight to discuss how savings opportunities can be incorporated into the budget build for the upcoming biennium. Opportunities that can't be incorporated into the process must continue to be evaluated in partnership with OFM and DES for future planning and consideration. This work will continue through subsequent budget cycles as needed to ensure the state's office portfolio matches actual need and use, while capturing ongoing savings.

DES and state agencies must exhaust all reasonable opportunities to avoid or minimize long-term office lease obligations when future space needs have not been established. This includes shorter lease terms, existing lease extensions, termination options, reductions in leased square footage, consolidation, maximizing work from home, and other flexible arrangements.

OFM and DES will jointly evaluate these strategies to support state-wide lease reductions, consolidations, and long-term savings. DES will continue taking actions necessary to protect the state's legal and contractual interests while coordinating with OFM throughout this work.

EXEMPTIONS AND EXCEPTIONS

This directive does not apply to projects funded through enacted capital budget appropriations or to facility work specifically required by law or legislative direction.

WHAT'S NEXT

OFM and DES will provide guidance and support to help agencies carry out this directive, building on the implementation already underway with Your Washington. Implementation guidance and frequently asked questions are available here: https://des.wa.gov/facility-optimization.

In addition to the instructions given to cabinet agencies in this directive, I strongly encourage all Washington state government agencies to follow this directive, including non-cabinet agencies, institutions of higher education, boards and commissions, and agencies led by separately elected officials.

Thank you for your leadership and partnership as we work together to reduce costs, protect core services, responsibly manage the state's facility investments, and right-size the office portfolio. If you have questions, please contact your assigned OFM facilities analyst.

Cc: Agency Deputy Directors
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