OFFICE OF STATE BUDGET AND MANAGEMENT

2027-29 Governor's Biennium Budget Development Kickoff

November 10, 2026

Objectives

1. Explain priorities for long session budget requests
2. Review the budget process and changes for the cycle
3. Answer questions and share knowledge across agencies

Governor's Priorities for FY 2027-29

1. **Strengthening our Economy for Everyone**
2. **Supporting Healthy and Safe Communities**
3. **Championing Education**
4. **Sustaining Helene Recovery**
5. **Delivering Efficient and Impactful Services**

Development of Agency Budget Requests

Review and refine critical unfunded requests from FY 2026-27 Budget Proposals

Requests must focus on:

- Meeting critical needs
- Investing in evidence generation

Continue emphasis on evidence-based requests.

Align requests with agency strategic plans, performance measures, and priority questions.

Note: If a request impacts another agency, you must confer with that agency prior to submitting the request.

Economic & Revenue Outlook

Current Fiscal Year

- $35.7B budgeted in FY 2026-27
- FY 2026-27 collections are **>3% above target** through September
    - Strong consumer spending and equity prices

Biennium Outlook

- Falling personal and corporate income tax rates lead to flat growth in first year of next biennium despite economic resilience
- Modest rebound expected in the second year of the biennium



QUESTIONS?



Biennium Budget Development Process Due Dates

November

- Budget Kick-off – **Nov. 10th (11 am)**
- Capital Training – **Nov. 10th (2 pm)**
- Evidence Training – **Nov 10th (12-1 pm) or Nov. 12th (1-2 pm)**

December

- Operational JDFs, Final IT Surveys, Special Provision Request Forms, Draft Enrollment/Population Cost Data Due– **Dec. 1st**
- Capital Request Form - **Dec. 1st**
- Agency Leadership Meets with OSBM Leadership About Requests – **Beginning January**

January

- Final JDFs, WSIIs, WSIIIs, and OC-25s Due – **Jan. 11th**
- Final Enrollment/Population Cost Data Due – **Jan. 11th**
- Final Special Provision Language Due – **Jan. 11th**

STEP 1:
JDFs, IT Requests, & Capital Request Forms

The JDF is the core of your budget request

What: The Justification Documentation Form (JDF) describes budget requests in detail, presents the rationale, provides supporting evidence, and shows cost calculations.

Why: To create a strong case for each request.

When:

- **Jan. 11th** – Final JDFs & WSIIs due

The JDF Template

Find the Justification Documentation Form Template on OSBM's Job Aids page.

OSBM
OFFICE OF STATE BUDGET AND MANAGEMENT

Justification Documentation Form (JDF)

Instructions

Complete this JDF to *describe* and *support* each budget request. Do not paste your responses into IBIS; just attach each JDF to its corresponding Worksheet-II (WS-II).

OSBM recommends that budget offices delegate the JDF to staff who are most familiar with the program or policy related to the budget request. Program staff are usually in the best position to complete the JDF—especially the questions related to outputs, outcomes, and evidence—and this division of labor will reduce the burden on budget staff. Budget staff should review all form fields for completeness and to ensure accuracy of the information provided.

1. **Agency**
   Choose from list
2. **Division**
3. **Budget Code**
4. **Priority rank of request**
   To be completed by agency leadership upon review of all departmental JDFs. No two requests should have the same rank.
5. **Title of request**
6. **Name of individual(s) who completed the JDF**
   Who are the best contacts for questions about this JDF outside of the budget office? OSBM will also use this contact information if a consultation is requested (per Questions 11, 12, and 14). OSBM includes the budget office on all communications involving budget requests.

Name:	Name:
Title:	Title:
Email:	Email:

1

7. **Funding and FTE Requested**

	FY2027-28		FY2028-29	
	Recurring	Nonrecurring	Recurring	Nonrecurring
Requirements				
Receipts				
Net Appropriation				
FTE				

8. **Request summary**
   Summarize your request in three to five sentences, including information on the specific activities, functions, and services (if any) that will be provided if this request is funded.
   Click or tap here to enter text .
9. **Does this request require an IT survey?**
   See the IT Survey Job Aid to determine if an IT survey is required.
   - ☐ Yes
   - ☐ No
10. **Is this request related to Hurricane Helene?**
    - ☐ Yes
    - ☐ No
11. **Problem or opportunity**
    What problem or opportunity does this request seek to address? What will happen if this request is not funded?
    Click or tap here to enter text.
12. **Expected outputs**
    What output(s)—that is, units of a service or product (e.g. # trainings delivered, # people served, miles of highway constructed)—does the agency expect to deliver if this request is funded?
    Click or tap here to enter text.
13. **Expected outcomes**
    What improved outcome(s)—that is, improvements in a result(s) relative to if the request was not funded (e.g. 15% increase in customer satisfaction, 5% decrease in unemployment, 10% less peak traffic congestion) does the agency expect?
    Click or tap here to enter text.

Building A Strong Request Justification

Agency Program Staff: Those most familiar with a budget request subject should complete the JDF, specifically:

- Problem Statement
- Outcomes & Outputs
- Supporting Evidence

JDF Example with Comments

Agency Budget Staff: Review and refine request and cost estimates before submitting to OSBM.

JDF Review Job Aid (with checklist)

Inputs, Outputs, and Outcomes

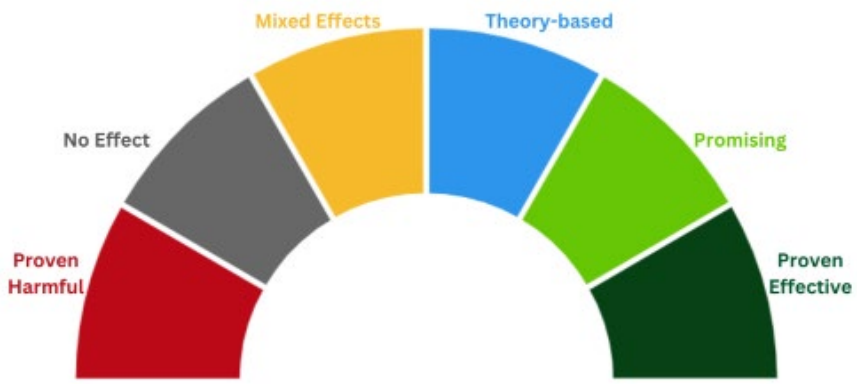
Explain how the **Inputs** you are requesting will be used to deliver **Outputs**, and how these activities will result in better **Outcomes**



$250K, 2 FTE	600 nurses get XYZ training	infant mortality
$2M ad buy, 1K flyers	8K report seeing ad	# visits to state park
$125M	# free school lunches served	self-reported hunger
$1.2B	2,000 miles highway	traffic reduced X%

What to look for during review - Evidence Scale

Describe what is *currently* known about the effectiveness of the proposed activities and investments using the evidence scale



North Carolina Evidence Scale

Theory-based is the most common rating; the solution is new and/or no causal impact evaluation conducted yet.

Proposals quantifying expected outcomes, and any cost/time savings are compelling.

Theory-based, Mixed or Promising evidence requests should include evaluation.

See evidence rating criteria here, and an explainer in the JDF Completion Guide

What to Look for During Review - Cost Estimates & Evaluation

Provide a detailed cost estimate.

Outline assumptions, data, and methods used to arrive at the requested funding amount.

Include funding for future evaluation in requests

If needed, request additional resources to answer:

- What did we do?
- How well did we do it?
- Is anyone better off?

IT Request Process

- Include a **JDF** for each IT request, *including* receipt-supported projects.

- Agency CIOs or designees ***must*** complete an **IT Request Survey** for each IT request – **Due December 1st**

  - IT requests must appear on ***both*** a JDF and the IT Request Survey to be considered.
  - OSBM analysts and DIT staff will review submissions and contact agencies with questions.
  - **Note:** The NC General Assembly, the Administrative Office of the Courts, and the University System are exempt from this requirement.

Refer to the IT Request Job Aid for detailed guidance.

IT Request Survey Office Hours

- November 12th, 10:00 – 11:00 am
- November 17th , 10:00 – 11:00 am
- November 19th, 10:00 – 11:00 am
- November 24th, 10:00 – 11:00 am
- December 1st, 10:00 – 11:00 am
- December 3rd, 10:00 – 11:00 am
- December 8th, 10:00 – 11:00 am



Join to ask DIT any questions you may have about how to complete an IT Request Survey!

Step 2:
OSBM Meetings



OSBM Analyst Meetings

For each request, agencies should be able to answer:

1. **What is the need or opportunity?**

2. **How will the request address the need or opportunity?**

3. **Is there evidence showing the request will achieve the desired outcome? If not, how will you evaluate whether it has worked?**

4. **How did you arrive at your cost estimate?**

5. **How does the request tie back to your strategic plan?**

Agency Leadership Meetings: The Basics

Attendees:

OSBM	Agency
• State Budget Director	• Leadership team
• OSBM Deputy Directors	• Budget team
• Asst. State Budget Officer	• Government Affairs team
• Budget Development Analyst(s)	• CIO
** OSHR may attend as schedules allow	** Others substantively involved in budget development or major request

Duration: 30-60 mins

Style: Conversational

Meeting Tips

5 Tips for a Successful Meeting

Bring a summary document

Come prepared to share the "story" of your requests

Know and share your priorities

Be ready to answer questions

Share evidence and evaluation plans to support your requests

Step 3:
Worksheet II's, Worksheet III's & Special Provisions



Worksheet IIs & Worksheet IIIs

All final requests must be submitted in IBIS – **DUE January 11, 2027**

- Worksheet II (WSII) for operating and IT requests
  - Updated/Final JDF attached to each WSII
- Worksheet III (WSIII) for capital project requests
- Include “Helene” in the titles for Helene requests

Special Provisions

Special provisions are needed to:

- Define or guide new programs
- Improve existing program operations
- Change or clarify statutory requirements (i.e., reporting)
- Amend Session Law or General Statute
    - *Including repeals, policy changes, technical corrections, etc.*

Special Provision Deadlines:

- **Complete <u>One</u> Special Provision Form per proposal – December 1st**
- **Final Special Provision Language Due, including Block Grant Provisions (Commerce & DHHS) – Jan. 11th**

Special Provision Form Reminders

- Complete one form per request and do not group proposals together
- Specify type of proposal, i.e., boilerplate, reporting change, required for change request, study, etc.
- Summarize proposal
- Confirm agency general counsel has reviewed proposal
- Explain fiscal and stakeholder impact

Special Provisions Final Language

- ❑ **Refer** to the **Special Provision Request Job Aid** pages 2-4.
  - Special formatting of language is *required*.

- ❑ **Determine** if using General Statute vs. Session Law

- ❑ **Pay attention** to the use of *May* vs. *Shall*
  - May is permissive. Shall is obligatory.

- ❑ **Be specific by including:**
  - Definition of terms not otherwise defined in Statute
  - Effective dates
  - Reporting dates & entities

- ❑ **Avoid:**
  - Being overly prescriptive in program requirements
  - Using "notwithstanding any other provision of law"
  - Double appropriation language

Key Dates/Deadlines

2027-29 Budget Preparation Key Dates/Deadlines

November 10, 2026

- Change Budget Instructions Training
- Capital Budget Instructions Training

Due December 1, 2026

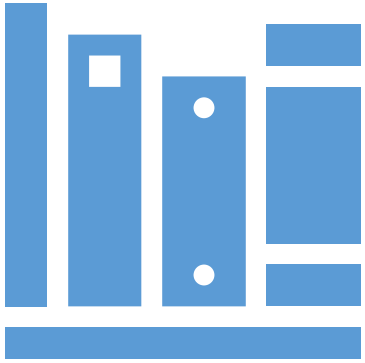
- JDFs for Operational & IT Requests
- Final IT Request Surveys
- Capital Request Forms
- Draft Enrollment & Population Data
- Special Provision Forms

Due January 11, 2027

- Final Worksheet IIs & Final JDFs, Worksheet IIIs, OC-25s
- Final Special Provision Language (Including Block Grants- DHHS & Commerce Only)
- Final Enrollment & Population Data

Resources

- FY 2027-29 Budget Instructions
- Templates and Job Aids:
  - **JDF Template (Word doc)**
    - JDF Completion Guide
    - JDF Review Process
  - **IT Requests**
  - **Capital Request Form Template** (Excel file)
    - New Capital Project Requests
  - **Operational Budget Requests**
  - **Special Provision Submission Form** (Word doc)
    - Special Provisions
- **Your OSBM budget development analyst!**



QUESTIONS?



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