OSBM

OFFICE OF STATE BUDGET AND MANAGEMENT

2027-29 Governor's Capital Budget Development Kickoff

November 10, 2026

Objectives

1. Explain capital priorities for the Governor's long session budget recommendations
2. Review long session budget process, guidelines, and timeline for capital requests
3. Answer questions and share knowledge across agencies

Overall Focus and Priorities

- Prioritize requests that focus on:
  - Meeting critical needs
  - Generating evidence (e.g., pilots / evaluation) or enhancing data collection
- Continued emphasis on data and evidence
- Align budget requests with Governor's priorities and agency strategic plans

Governor's Budget Priorities

Strengthening our Economy for Everyone

Supporting Healthy and Safe Communities

Championing Education

Sustaining Helene Recovery

Delivering Efficient and Impactful Services

What does this mean for capital requests?

- Governor's priorities and / or projects needed to deliver agency strategic plans
- Already lots of projects in planning stage or underway. Inflation a major issue with at least some projects
- Potential areas of high need (e.g., long-standing refurbishment needs) or areas that have not received funding in recent years (e.g., HHS residential facilities)

Long Session Budget Development Process

November

- Capital Training – **Nov. 10**
- Budget Kick-off – **Nov. 10**
- Evidence Training – **Nov. 10 and 12**
- Capital Request Office Hours – **Nov. 17 and 18**
- Operational JDFs, IT Surveys, and Special Provision forms – **Dec. 1**
- Capital Request Form – **Dec. 1**

December

- Analyst - Agency Review Meetings

January

- Final WS-IIs, WS-IIIs, and OC-25s – **Jan.** 11
- Final Special Provision Language – **Jan.** 11
- Leadership Meetings

Capital Projects and Repairs & Renovations (R&R)

- **Capital**
  - Capital Request Forms (CRFs) and WS-IIIs are required for all General Fund and non-General Fund (NGF), or receipt-supported, capital projects.
- **R&R (Change from Previous Years)**
  - Agencies should **NOT** include FY 2027-29 R&R requests in their CRFs, except for…
- **Capital Improvement Plan**
  - New buildings, full building renovation, land purchases, and R&R will be included in the six-year Capital Improvement Plan (FY 2027-33).

Step 1: Capital Request Form

Step 1: Capital Request Form Overview

Intended to streamline the budget development process.

Agencies:

1) Provide all capital and R&R budget requests prior to submitting any WS-IIIs for agency six-year capital improvement plan and the FY 2027-29 biennium.
    1) R&R requests **only needed** for capital improvement plan
        - Estimated maintenance and operating costs and project schedules are required for R&R projects in the FY 2027-29 biennium
2) Work with OSBM in December to
    1) Refine requests given budgetary and other constraints, and
    2) Support requests with data and evidence
3) Incorporate feedback into WS-IIIs for capital requests only

Capital Request Form

Instructions for Capital Budget Request Tabs	
1	This form is to submit initial requests for changes to **capital** budgets.
2	The Summary tab will auto-populate the applicable information reported in each numbered tab.
3	Information for each capital project request should be provided in the numbered tabs.
4	**Do NOT create new tabs.**
5	A description of the fields captured on each tab is provided below.

Field	Description
Capital Improvement Plan	
Priority	Agencies should enter their requests in priority order, with "1" indicating the highest priority request and higher numbers indicating decreasing prioritization for the agency.
Request Title	Brief title with enough specificity to identify the request.
Request Description	Please provide a summary of the justification for the request, including any data and evidence that describes the need. One to two sentences should suffice.
Division/Institution/Program	Provide the Division, Institution, or Program for the request.
Funding Source	Provide the funding source for the requested capital improvement project.
Project Costs	To the extent possible, provide the cash flow for requested capital improvement projects across a six-year period.
Maintenance & Operating Costs	Please enter an estimate of the maintenance and operating costs that would be associated with the capital improvement project for each of the first five fiscal years. *(For R&R: only required for FY 2027-29 R&R projects)*
Estimated Project Schedule	Please provide the estimated project schedule for each request. *(For R&R: only required for FY 2027-29 R&R projects)*
Fields to be Completed on All Capital Tabs	
Projects for which funding is required in FY 2027-29 should have an OC-25 and will require detailed costing in the WS-IIIs.	
Priority	Agencies should enter their requests in priority order, with "1" indicating the highest priority request and higher numbers indicating decreasing prioritization for the agency.
Division/Institution	Provide the Division or Institution for the request.
Project Title	Brief title with enough specificity to identify the request.
Location (County)	Provide the county where the requested capital project is located.
Project Code	Provide the project code if the capital request is for a project that has been authorized by the General Assembly. Leave blank if the request is for a new capital project.
Total Project Authorization	Provide the most recent total project authorization as enacted by law. Leave blank if the request is for a new capital project.
Session Law	Provide the Session Law authorizing the newest or most recent total project authorization. Leave blank if the request is for a new capital project.
Project Description	Provide a short description of the request, including the specific activities, functions, and services provided and a timeline for expenditures and positions (if any). If request is a Legislative Mandate, please list Citation.
Problem or Opportunity	Describe the problem or opportunity the capital request seeks to address, including any ramifications for the agency if the request is not funded.
This section includes categories based on the capital improvement needs criteria outlined in GS 143C-8-3.	
Have you requested this item before?	Indicate whether you have previously requested this item, and in which fiscal year.
Is a special provision needed?	Indicate if this request will require a special provision(s).
Does this request have a matching OC	**An OC-25 form, signed off by the State Construction Office, is required and the reference number must be provided.**
Federal or State Mandate	Indicate if this request is due to a federal or state mandate.
Health & Safety	Indicate if this request is to address health and safety considerations.
Needed for Gov't Services	Is this project needed in order to continue existing or provide new government services?
Extend Useful Life	Will this project extend the useful life of the building?
Increase Operational Efficiency	Will this project increase operational efficiency?
Estimated Project Schedule	Please provide the estimated project schedule for each request.
Maintenance & Operational Costs	Please enter an estimate of the maintenance and operating costs that would be associated with the capital project for each of the first five fiscal years.

Capital Request Form Meetings

For each request, agencies should be able to answer:

1. What is the capital requirement, and why is it necessary to proceed with it now?

   e.g., how urgent are repairs and why? How will a new facility contribute to an agency's goals or improve service delivery? What is the demand for a new park / museum / community college facility / etc.?

2. What other approaches were considered?

   e.g., if a new office building, did you consider leasing instead / what are the pros & cons of state ownership vs leasing?

3. What are anticipated operating cost impacts?

   What efficiencies do you anticipate? If higher costs, will you require additional state funding, or can they be covered by fees or other income?

Step 2: WS-III Forms

Step 2: Worksheet-III

Final change requests must be submitted in IBIS.

- WS-III for capital project requests
  - WS-IIIs for R&R projects are NOT required.
  - OC-25s are needed for all General Fund and non-General Funded projects.
- **Final WS-IIIs and OC-25s for capital improvement projects for the FY 2027-29 biennium are due by January 11th.**

Worksheet-III (Capital)

- OSBM will prioritize requests that:
  - Contribute to Governor priorities and / or Agency Strategic Plans, or
  - Are required to meet critical service delivery needs, or
  - Address inflationary pressures.
- Looking for use of evidence and/or data, such as:
  - Why is a new building / refurbishment / leasing the best option?
  - What difference does hybrid working make to demand for office space? How will agencies manage this?
  - What is the demand for a new facility / museum / park / etc.?
- Inflationary adjustments must be backed by evidence that:
  - There is no increase in project scope, and
  - There have been attempts to live within current budget constraints.

Worksheet-III (Capital)

- Agencies should explain why proposed projects are a priority:

  Critical criteria

  - Mandated by Federal or State law
  - Health & safety considerations
  - Timing

  Strategic criteria

  - Advance the Governor's and Agency's strategic goals and objectives
  - Address increased relevant populations and/or services
  - Operational benefits
  - Cost-benefit / finance / economic considerations
  - Environmental or historic preservation

- All requests over $100,000 must have an OC-25 Cost Estimate certified by the State Construction Office.

Worksheet-III (Capital)

- Please read over the New Capital Projects Job Aid for step-by-step details on the WS-III.
- Job Aid has more information on OC-25s and submitting Non-General Fund project requests.
- Examples of cash-flowing larger project requests.

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Renovate Headquarters Building	$10M	$20M	$15M	$5M		

FY 2027-29 Capital Budget Development Deadlines

Due on or before:

2027-29 Capital Budget Development Deadlines	Submit to:
December 1, 2026 Capital Request Form (CRF) for capital requests and Special Provision Forms due for all agencies	OSBM-capitaldevelopment@osbm.nc.gov
January 11, 2027 WS-IIIs (with CRF attached), OC-25s, and Special Provision Language due	IBIS / OSBM-capitaldevelopment@osbm.nc.gov (capital provisions)

Resources

- FY 2027-29 Budget Instructions
- Job Aids
  - Capital Request Form Template
  - New Capital Requests
  - Evidence and Data
  - Special Provisions

QUESTIONS?

If More Questions…Capital Request Office Hours

- Tuesday, November 17: 11 AM-Noon: Teams link
- Wednesday, November 18: 4-5 PM: Teams link

OSBM
OFFICE OF STATE BUDGET AND MANAGEMENT

Stay in touch!

Capital Budget Development

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Website:

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