



***2026-27
Governor's Capital
Budget Development
Kickoff***

January 9, 2026



Capital Change Budget Kickoff

Objectives

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



Overall Focus and Priorities

- Prioritize requests that focus on:
 - Meeting critical needs
 - Generating evidence (e.g. through 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



Supporting Safe, Healthy, and Resilient Communities



Strengthening our Economy for Everyone



Championing Education



Ensuring Fiscal Responsibility



Modernizing Government



Sustaining Helene Recovery



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)
- Longer-term R&R needs
- OSBM is collecting capital requests supporting continued Hurricane Helene recovery efforts.



Short Session Budget Development Process

January

Budget Kick-off – Jan. 8

Capital Training – Jan. 9

Evidence Trainings – Jan.
15 (9a) or 29 (1p)

February

Operational JDFs, IT
Surveys – Feb. 4

Final Hurricane Helene
WS-IIIs – Feb. 4

Capital and R&R ABC
Lists– Feb. 11

Leadership Meetings

Analyst - Agency Review
Meetings

March

Final WS-IIIs, WS-IIIs, OC-
25s, Special Provision
forms – Mar. 4

Final Special Provision
Language – Mar. 30



Capital Projects and Repairs & Renovations

- **Capital**
 - WS-III-Cs are required for all General Fund and receipt-supported capital projects.
- **R&R**
 - **Agencies should include R&R requests in their ABC Lists, which includes:**
 - A list of one-time R&R projects for FY 2026-27
 - ***No WS-III-Rs required for R&R.***
 - Submit OC-25s for all one-time R&R projects.
 - Note that OC-25s are **NOT** required during change budget development for R&R projects requesting funding only from the General Fund.

Step 1: ABC List



Step 1: ABC List Overview

Aims to streamline the budget development process.

Agencies:

- 1) Summarize all capital and repairs & renovations (R&R) budget requests prior to submitting any Worksheet-III.
- 2) Work with OSBM in February to
 - 1) Refine requests given constraints, and
 - 2) Support requests with data and evidence
- 3) Incorporate feedback into WS-IIIs for capital only – not needed for R&R



ABC List Template

Instructions for Budget Request Tabs

1 This form is to submit initial requests for changes to capital budgets.

2 Please enter all capital project requests into the Capital Requests tab and all R&R requests into the R&R Requests tab (if applicable).

3 Include all requests regardless of budget code or division/ program on the appropriate tab. For example, do NOT create new tabs for Capital Requests for each budget code. Include all capital budget requests on the single Change Request tab.

4 A description of the columns captured on each tab is provided below.

Column	Description
Columns to be Completed on All Tabs	
Budget Code	Provide the budget code for the request. Include all budget codes in your BRU (Agency) on one tab.
Division/Program	Provide the Division or Program for the request.
Priority	Indicate the request's priority level among the agency's expansion items. Agencies should rank their requests in priority order, with "1" indicating the highest priority request, with higher numbers indicating decreasing prioritization for the agency.
Request Title	Brief title with enough specificity to identify the request.
Request 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. Two to three sentences should suffice.
Have you requested this item before?	Indicate whether you have previously requested this item, and in which fiscal year.
Capital Requests Columns	These categories are based on the capital improvement needs criteria outlined in G.S. 143C-8-3.

Projects for which funding is required in FY 2024-25 should have an OC-25 and will require detailed costing in the WS-IIIIs.

Does this request have a matching OC 25?	An OC-25 form, signed off by the State Construction Office, is required.
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?
Timing - What is the anticipated timeframe for planning and construction?	Please enter the timeframe anticipated for the start and completion of work - for example, enter "2024-26" for a project where planning will begin in 2024 and construction will be completed in 2026.
Operating Costs	Please enter an estimate of operating costs that would be associated with the new capital project.
R & R Requests Columns	These categories are based on the allowable use of funds for the Repair and Renovation Reserve outlined in G.S. 143C-4-3.

Specific R&R budget requests for the FY 2024-25 period should be entered in the R&R Requests ABC List, and an OC-25 and detailed costings are required.



ABC List 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 did you consider?

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

3. What impact do you expect on operating costs?

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-C for capital project requests
 - WS-III-R for R&R projects are NOT required.
 - OC-25s are needed for all non-General Funded R&R projects.
- **WS-IIIs for Hurricane Helene capital requests are due Feb. 4th.**
- **Final short session WS-IIIs and OC-25s are due by March 4th.**



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, e.g.
 - 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) Continued

- 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 WSIII.
- Job Aid has more information on OC-25s and on filling out 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		



2026-27 Budget Development Key Dates



Due on or before:

2026-27 Budget Preparation Key Dates/Deadlines

February 4, 2026

- Operational JDFs and Final IT Request Surveys due for all agencies
- Worksheet-IIIs for Hurricane Helene-related requests due

February 11, 2026

ABC Lists for capital and R&R requests due for all agencies

March 4, 2026

Final JDFs, WS-IIs, WS-IIIs, OC-25s, and Special Provision Forms due

March 30, 2026

Final Special Provision language due



Resources

- [FY 2026-27 Budget Instructions](#)
- [Job Aids](#)
 - ABC Template
 - New Capital Requests
 - Repairs and Renovations Requests
 - Evidence and Data
 - Special Provisions
 - Special Provision Submission Form

QUESTIONS?



Stay in touch!

Capital Budget Development

- Chris.Medley@osbm.nc.gov
- Oreyane.Tate@osbm.nc.gov

Website:

www.osbm.nc.gov