OSBM
OFFICE OF STATE BUDGET AND MANAGEMENT

2026-27 Governor's Biennium Budget Development Kickoff

January 8, 2026

Objectives

1. Explain priorities for short session budget requests

2. Review the budget process and changes for the cycle

3. Answer questions and share knowledge across agencies

1. **Supporting Safe, Healthy, and Resilient Communities**
2. **Strengthening our Economy for Everyone**
3. **Championing Education**
4. **Ensuring Fiscal Responsibility**
5. **Modernizing Government**
6. **Sustaining Helene Recovery**

Development of Agency Budget Requests

Review and refine critical unfunded requests from FY 2025-27 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.

2025-27 Biennium Revenue Outlook:

- Moderate economic growth + enacted tax cuts = **stagnant revenue growth** through the end of 2030s

- Budgeted Revenue:

    FY 25-26: **$34.6B**: 0.1% growth (+$28M)

    FY 26-27: **$33.8B**: -2.5% growth (-$828M)

- FY 25-26 collections running 2.0% above target through November

    - Fueled by rising asset values

QUESTIONS?

Biennium Budget Development Process Due Dates

January

- Budget Kick-off – **Jan. 8th**
- Capital Training – **Jan. 9th** (10 am)
- Evidence Trainings – **Jan. 15th** (9 am), **Jan. 29th** (1 pm)
- Draft Block Grant Provisions Due – **Jan 26th** (DHHS and Commerce Only)

February

- Final JDFs, WSIIs, WSIIIs, and Special Provision Language for Hurricane Helene Requests– **Feb. 4th**
- Operational JDFs, Final IT Surveys Due (option to submit final JDFs/WS-IIs) – **Feb. 4th**
- Draft Enrollment/Population Cost Data– **Feb. 4th**
- Capital and R&R ABC Lists- **Feb. 11th**
- Agency Leadership Meets with OSBM Leadership About Requests- **Throughout February**
- Agencies Meet with Budget Analysts – **Feb. 6th through Feb 24th**

March

- Final JDFs, WSIIs, WSIIIs, OC-25s, and Special Provisions Form Due – **March 4th**
- Final Enrollment/Population Cost Data Due – **March 4th**
- Final Special Provision Language Due – **March 30th**

STEP 1:
JDFs, IT Requests, & Capital ABC

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:
- **February 4th** **–** Final Helene JDF and WSII Due; JDF due to OSBM for discussion, option to submit final JDFs and Worksheet-IIs
- **March 4th** – Final JDF & WSII due

The JDF Template

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

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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:

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Job Aid: Justification Documentation Form

7. **Funding and FTE Requested**

	FY2026-27	
	Recurring	**Nonrecurring**
Requirements	Click to enter.	Click to enter.
Receipts	Click to enter.	Click to enter.
Net Appropriation	Click to enter.	Click to enter.
FTE	Click to enter.	Click to enter.

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 happens 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.

14. **Current evaluation methods**
    If this request is for an existing program or service, what methods do you currently rely on to evaluate this program or service (select all that apply)?

    ☐ This program or service is not evaluated.
    ☐ Resources required to deploy the service or initiative (e.g. staff, material expenses) are measured.

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Building A Strong Request Justification

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

- Problem Statement
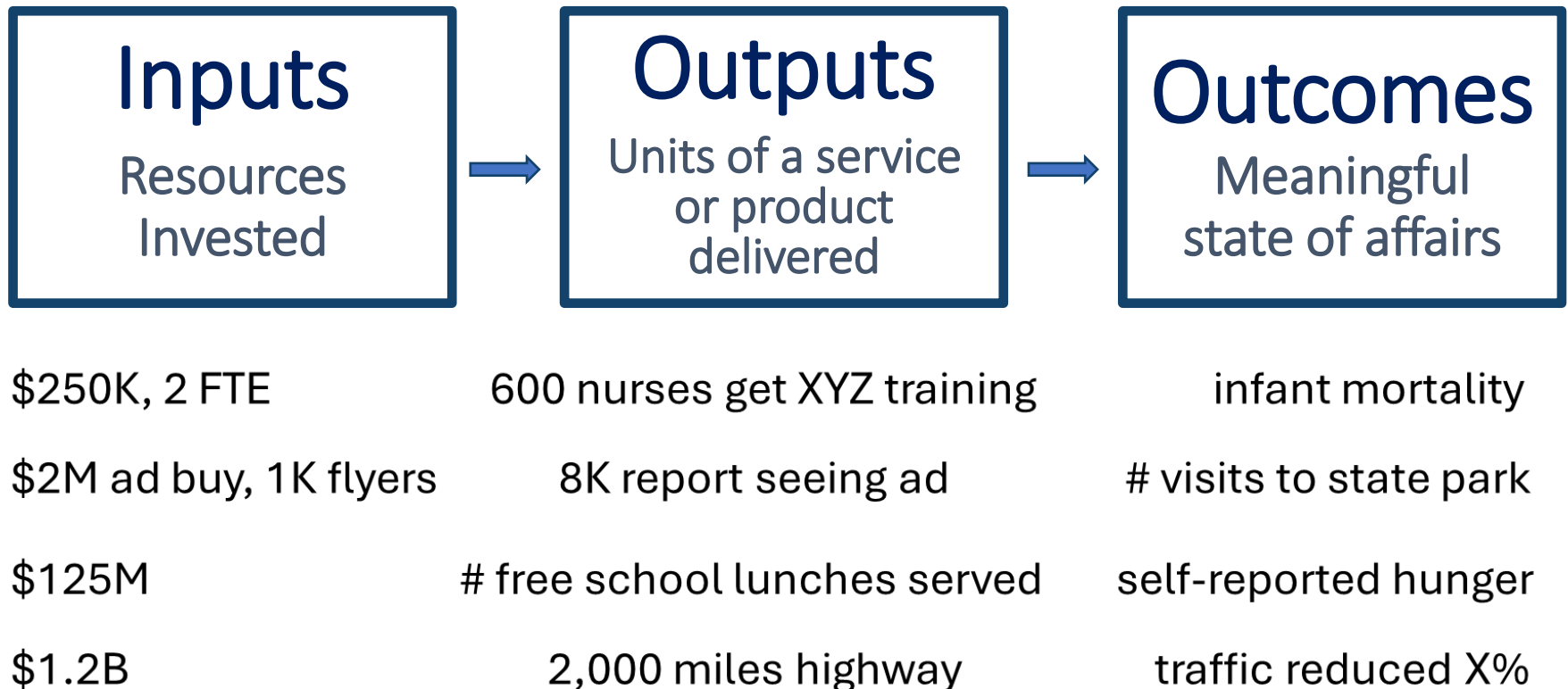- Outcomes & Outputs
- Supporting Evidence

JDF Example with Comments

✓ **Agency Budget Staff:** Review and refine request and cost estimates before submitting to OSBM.
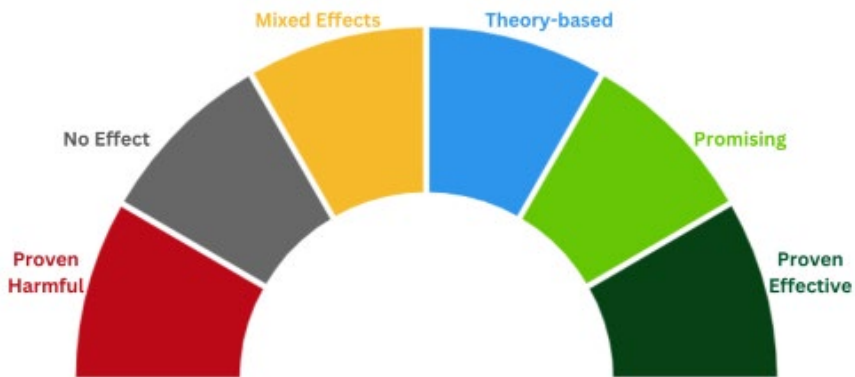
JDF Review Job Aid (with checklist)

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

Inputs	Outputs	Outcomes
Resources Invested	Units of a service or product delivered	Meaningful state of affairs

$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%

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?

* The JDF includes an option to request a consultation with OSBM on potential evaluation approaches.

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 February 4th**

- 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.*

Step 2:
OSBM 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

Bring a summary document

Come prepared to share the "story" of your requests

5 Tips for a Successful Meeting

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

✓ Final Helene requests must be submitted in IBIS – **DUE February 4, 2026**

✓ All other final requests must be submitted in IBIS – **DUE March 4, 2026**

- Worksheet II (WSII) for operating and IT requests
  - Updated/Final JDF attached to each WSII

- Worksheet III (WSIII) for capital project requests
  - WSIII-R for R&R projects are not required, but OC-25s are needed for all one-time <u>Non-General Fund</u> R&R projects.

- Include Helene in the WSII and WSIII 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.*

For Helene Requests: No Special Provision Form is required but <u>final language</u> is DUE February 4th

For non-Helene Provision Requests:

- **Draft Block Grant Provisions Due (Commerce & DHHS) – DUE Jan 26th**

- **Complete <u>One</u> Special Provision Form per proposal: DUE March 4th**

- **Special Provision language: Due March 30th**

Special Provision Form

- 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-All Other Requests

2026-27 Budget Preparation Key Dates/Deadlines

January 9, 2026 - Capital Budget Instructions Training, 10 – 11am

January 26, 2026 - Draft Block Grant Provisions due (DHHS and Commerce Only)

February 4, 2026 - Final WSIIs, WSIIIs, JDFs, and Special Provision language for Hurricane Helene-related requests due

February 4, 2026 - JDFs for operational & IT requests, final IT Request Surveys, Draft Enrollment & Population data due

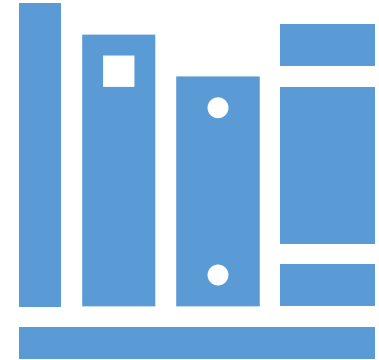**February 11, 2026 -** Capital ABC Lists due

March 4, 2026 - Final Worksheet IIs, Worksheet IIIs, OC-25s, & Special Provision forms due, Final Enrollment & Population data due

March 30, 2026 - Final special provision language due

- **FY 2026-27 Budget Instructions**

- **Templates and Job Aids:**
  - **JDF Template (Word doc)**
    - JDF Completion Guide
    - JDF Review Process
  - **IT Requests**
  - **Capital and R&R ABC List Template** (Excel file)
    - New Capital Project Requests
    - Capital Repairs & Renovations
  - **Operational Budget Requests**
  - **Special Provision Submission Form** (Word doc)
    - Special Provisions

- **Your OSBM budget development analyst!**

QUESTIONS?

Stay in touch!

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