



STATE OF NORTH CAROLINA  
OFFICE OF STATE BUDGET AND MANAGEMENT



JOSH STEIN  
GOVERNOR

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STATE BUDGET DIRECTOR

January 5, 2026

TO: Department Heads and Chief Fiscal Officers  
All State Departments, Institutions, and Agencies

FROM: Kristin Walker, State Budget Director *Kristin Walker*

SUBJECT: FY 2026-27 Change Budget Instructions

The Office of State Budget and Management (OSBM) is beginning to develop Governor Stein's FY 2026-27 budget recommendations. Much like his budget recommendations for the biennium, Governor Stein's budget recommendations will prioritize:

- **Supporting Safe, Healthy, and Resilient Communities:** Supporting law enforcement, expanding community-based support systems, and investing in health while bringing down healthcare costs
- **Strengthening our Economy for Everyone:** Advancing economic development, expanding workforce training and apprenticeship programs, and supporting working parents
- **Championing Education:** Investing in public schools and honoring the vital role of educators
- **Ensuring Fiscal Responsibility:** Driving responsible management through a fair and sustainable tax structure
- **Modernizing Government:** Updating government infrastructure and processes to deliver efficient, impactful services that meet the needs of our residents
- **Sustaining Helene Recovery:** Continuing to rebuild homes, revitalize local businesses, and modernize infrastructure to ensure thriving communities now and in the future

We recognize the unprecedented challenges state agencies face this year, including the absence of an enacted 2025–27 comprehensive state budget, continued uncertainty surrounding federal funding and policy, and future revenue constraints resulting from scheduled tax reductions. Given these conditions, OSBM recommends agencies begin their process by reviewing and refining critical unfunded requests from their FY 2025–27 budget proposals.

**Budget Development Kickoff**

Thursday, January 8<sup>th</sup>, 3pm  
(in-person)

**Capital and R&R Training**

Friday, January 9<sup>th</sup>, 10 am  
(virtual)

New or expanded funding requests should be exceptional and narrowly focused, limited to items that address urgent operational needs or are required by state or federal law. Agencies are strongly encouraged to look for opportunities to reallocate or realign existing resources to sustain critical services. As in prior years, agencies should focus on evidence-based budget proposals, involving a large cross-section of agency staff in developing requests: budget and financial staff, program directors, policy staff, chief information officers, general counsels, and other members of your agency's senior leadership. OSBM will prioritize requests supported by robust evidence or clear

evaluation frameworks demonstrating strong alignment with agency strategic plans.

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Agencies will submit four types of requests to OSBM: operating, IT, capital/repairs and renovations, and Hurricane Helene-related.

For operating requests, agencies should submit draft Justification Documentation Forms (JDFs) by February 4. OSBM will meet with agencies and help refine these proposals for final submission by March 4<sup>th</sup>, along with WSIIIs. An agency may choose to submit all final documents (JDFs and WSIIIs) before March 4<sup>th</sup>.

For IT requests, agencies must submit IT requests surveys by February 4<sup>th</sup>. OSBM will work with DIT and agencies to review and refine these proposals throughout February with final submissions (WSIIIs and JDFs) due by March 4<sup>th</sup>.

For capital and repair and renovations requests, all agencies must submit ABC lists by February 11. OSBM will work with agencies and DOA to refine requests throughout the month of February. Final WS-IIIIs and OC-25s are due by March 4.

For any requests related to Hurricane Helene (operating, IT, or Capital), agencies should submit final and complete requests (WSIIIs, WSIIIIs, and JDFs) by February 4<sup>th</sup>.

2026-27 Budget Preparation Key Dates/Deadlines	
Jan. 8 <sup>th</sup>	Change Budget Training, 3:00 pm – 4:00 pm (In-Person)
Jan. 9 <sup>th</sup>	Capital Budget Training, 10:00 am – 11:00 am (Virtual)
Jan. 26th	Draft block grant provisions due (DHHS and Commerce only)
Feb. 4 <sup>th</sup>	<ul style="list-style-type: none"><li>• JDFs for operational requests and IT Request Surveys due</li><li>• Final Worksheet-IIIs, Worksheet-IIIIs, and JDFs for Hurricane Helene-related requests due</li><li>• Draft enrollment/population cost data due</li></ul>
Feb. 11 <sup>th</sup>	ABC Lists for Capital and Repairs and Renovations items due
March 4 <sup>th</sup>	Final Worksheet-IIIs, Worksheet-IIIIs, OC-25s, and Special Provision forms due
March 4 <sup>th</sup>	Final enrollment/population cost data due
March 30 <sup>th</sup>	Final Special Provision language due

Please contact your OSBM budget development analyst with any questions about the information in this memorandum. Instructions and job aids can be found on [the OSBM website](#).

We look forward to working with you and appreciate your continued partnership.