STATE OF NORTH CAROLINA
OFFICE OF STATE BUDGET AND MANAGEMENT

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GOVERNOR

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September 14, 2026

TO: State Agency Department Heads and Chief Financial Officers

FROM: Kristin Walker, State Budget Director Kristin Walker

SUBJECT: FY 2026-27 Repairs and Renovations Requests

SL 2026-41 appropriated $200 million for repairs and renovations of General Fund-supported facilities. Projects are only considered eligible if they meet the requirements of GS 143C-8-13. Requests for expanded square footage (beyond mechanical and other engineering requirements), master planning, or reserves are ineligible.

The Office of State Budget and Management (OSBM) is asking state agencies to submit their FY 2026-27 Repairs and Renovations (R&R) requests by **Friday, October 16, 2026,** to their OSBM Capital Budget Execution Analyst. Please use the R&R Request Form found on OSBM's website in the Capital Job Aids section.

Agencies are encouraged to prioritize R&R requests that substantially increase the useful life of a building or replace a system, requests that supplement a previously funded R&R project that could not otherwise be completed, requests for larger projects (you may group small but related projects into a more impactful larger project), and requests that would lead to energy savings. OSBM will consider small project requests on a case-by-case basis. Additionally, agencies are asked to indicate if a larger request could be split over multiple years.

OSBM will evaluate each agency's request based on a variety of factors:
1. Agency allocated building square footage, condition, value, and age,
2. Progress on executing past R&R projects,
3. Funding for R&R projects in various appropriations bills (agencies that have appropriations for several large renovation projects may receive less from this year's R&R Reserve), and
4. Availability of non-General Funds to fund R&R projects.

OSBM understands that each agency faces a large backlog of repair and renovation needs. Requests that are beyond what can be reasonably funded will not be considered, so OSBM is asking agencies not to overburden the State Construction Office with unnecessary cost estimates. OSBM is further asking agencies to submit the summary of the dollar value of its Facilities Condition Assessment Program to accompany the request for specific projects funded under this cycle.

OSBM will meet individually with agency Budget Officers about the requests in October and November. OSBM will finalize recommended R&R allocations and report to the Fiscal Research Division of the General Assembly in early December.

Section 42.10 of SL 2026-41 also directs state agencies and universities to return certain unobligated funds back to the State Capital and Infrastructure Fund (SCIF) to be allocated for additional repair and renovation projects later in FY 2026-27. OSBM will be issuing guidance on this topic shortly in a separate memo.

Thank you for your continued partnership. Please contact your OSBM Capital Analyst if you have any questions.

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