DECEMBER 31, 2025

NORTH CAROLINA OFFICE OF STATE HUMAN RESOURCES
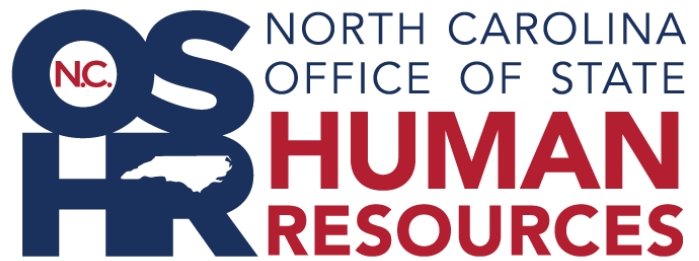
HUMAN CAPITAL MANAGEMENT PROJECT FINAL REPORT

To The Joint Legislative Oversight Committee on General Government and the Fiscal Research Division, Pursuant to S.L. 2023-134, Sec. 29A.1A(b), for the period of October 1 – December 31, 2025.

Staci Meyer | State Human Resources Director

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EXECUTIVE SUMMARY

In accordance with [Section 29A.1A.(b) of S.L. 2023-134](#), the N.C. Office of State Human Resources (OSHR) submits the following final quarterly report on the Human Capital Management (HCM) project covering the period from October 1 to December 31, 2025.

OSHR began Phase I of the HCM implementation in the first quarter of the 2025 calendar year. Steady progress continued through the second and third quarters, culminating with an on-time and on budget implementation of Workday production go-live on October 8, 2025.

On October 8, state job opportunities (postings) were first made available in the new system. Phase I of Workday replaces legacy systems for recruitment, applicant tracking, employee onboarding and offboarding, position description management, and organizational charts.

Significant activities during the fourth quarter included continued end-user training and knowledge transfer sessions to further build agency capabilities; finalizing integration design and report design documentation; and thorough planning to define, develop, and implement the Workday sustainment model for post go-live support and ongoing Workday training. The Workday Delivery Team (the team) closely monitored cutover tasks to ensure a successful go-live for the Workday system.

The team developed a Workday system acceptance checklist to validate solution delivery capabilities, documented lessons learned to inform future Workday phases and brought the Deloitte Application Management Services (AMS) team onboard to provide sustainment support. Additionally, OSHR worked closely with DIT to implement ServiceNow to report, track, and respond to Workday inquiries, tasks, and incidents. This solution is instrumental in providing monitoring and dashboards to allow the team to assign, prioritize, and schedule the necessary updates and defect resolutions, while keeping agency points of contact (POCs) updated on progress.

Following the October 8 go-live, the team provided one month of "hypercare", aka intense support (through October 31, 2025), before moving into an operational support mode. The hypercare period included a two-week onsite/virtual support model for agencies. Agencies sent their POCs plus an additional designee, such as a backup POC, HR Director, subject matter expert (SME), and/ or Security Partner, to participate in the hypercare each day to allow for broader knowledge development; this was very beneficial and extremely well received. Following this two-week period from October 20 to November 14, the team established a virtual meeting for "Quick Questions" for the POCs, which allowed for easy access to the project support team, quick response times, enhanced information sharing; these meetings also provided incremental content for frequently asked questions (FAQs).

The Workday Delivery Team continues to work diligently to support the agencies' questions, requests, and issues.

As mentioned above, OSHR implemented Phase I of Workday on time and within budget, fulfilling the requirements of S.L. 2023-134. That law and S.L. 2025-97 provided only non-recurring funding for implementation, not recurring funding going forward. OSHR will need additional funding to maintain the new HCM system's operations and, if the state decides to

continue with additional modules of the Workday HCM, to plan, prepare, and implement future phases.

This quarter's significant expenditures include project management services, Workday advisory services fees, Deloitte implementation services, release of Deloitte (Deliverable) retainer, HCM infrastructure, and hardware to facilitate the integration between Workday and other existing systems. Through November 2025, OSHR has project implementation expenditures of $8.02 million from a combination of non-recurring Information Technology Reserve funds and support from divisions and participating departments.[1] Going forward, OSHR will require recurring funding for the ongoing software subscription and maintenance costs, as well as Workday delivery resource support.

Future phases, which would replace other existing human resource systems with Workday, will require additional funding. These phases are possible under pre-negotiated fixed-price options, obtained as part of the public RFP. The prices on these options remain locked until June 2028.

We look forward to continuing our partnership with the N.C. General Assembly to ensure the success of the HCM initiative and would be happy to speak with legislators or legislative staff at any time about the project.

If you have any questions, please contact Wesley Davis, OSHR Legislative Director, at (984) 236-0806 (office) or (704) 214-1572 (cell).

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[1] Due to the timing of the report, total expenditures exclude expenses incurred in December 2025.

HCM PROJECT BACKGROUND

In 2023, the North Carolina General Assembly appropriated $5.6 million in nonrecurring funds for the 2023-24 fiscal year "to plan and design a system to replace the currently used human capital resources management (HCM) components, such as recruitment/applicant tracking, organizational management, and personnel management, under the purview of [the Office of State Human Resources]." S.L. 2023-134 § 29A.1A.(a).

It did not include the existing enterprise payroll, accounting, and finance system operations and functions under the purview of the N.C. Office of the State Controller. However, it did require that the State Controller and the State Chief Information Officer be joint approvers with the N.C. Office of State Human Resources (OSHR) on the selection of final system functions and information technology vendors.

Beginning January 1, 2024, the appropriations session law required OSHR to provide quarterly reports and, ultimately, a final report to the Joint Legislative Oversight Committee on General Government and the Fiscal Research Division on its progress in implementing the appropriation.

On December 13, 2024, the joint approvers unanimously selected and contracted with Workday as the software solution provider for an integrated, cloud-based human resources solution. Employers have adopted Workday broadly across the country, including ten other state governments and thousands of businesses. The 10 other states that use Workday as a statewide solution are Washington, Oregon, Nebraska, Iowa, Oklahoma, Georgia, Maryland, Vermont, Maine, and Rhode Island. Twelve other states use Workday in at least one agency. Deloitte Consulting was unanimously selected as the implementation services provider, bringing extensive experience in implementing Workday software and detailed knowledge of North Carolina's specific needs.

To effectively manage the timing, staffing, and budget, the project was broken into phases. The first phase replaces recruitment, applicant tracking, onboarding, offboarding, position description management, and organizational chart systems. Future phases are necessary to replace learning management, performance management, and other legacy systems.

HCM PROJECT OBJECTIVES AND ANTICIPATED BENEFITS

The project's underlying objective is to replace multiple human resources information systems with a single, integrated solution. It anticipates processing 489,000 job applications per year, continuously supporting nearly 73,000 employees, and providing back-office functions to the human resources professionals at every participating agency.

As an enterprise system, the project benefits the state's business operations, HR functionality, and employee experience. Phase I's completion in October 2025 will positively impact

recruitment, applicant tracking, onboarding, offboarding, position description management, and organizational charts. The platform and the Phase I configuration will prepare North Carolina to take advantage of additional benefits as the state implements future phases.

The full implementation of the Workday system through the multi-phase process will benefit:

Business Operation

- **Time and cost savings** – automates repetitive tasks, reducing manual effort and errors
- **Enhanced recruitment** – speeds up recruitment, provides a better candidate experience, and improves the quality of hires
- **Centralized data management** – stores all employee information in one place, making it easy to access and update
- **Enhanced compliance** – helps agencies stay compliant with labor laws and data protection policies
- **Data-driven decision-making** – provides analytics and reporting for better workforce planning, turnover analysis, and performance evaluation
- **Scalability** – supports adaptations to changing human resource needs
- **Improved accuracy** – minimizes human errors in record-keeping and compliance documentation with appropriate checks and balances in one system
- **Enhanced security** – protects sensitive employee data through encryption and access controls
- **Improved navigation**- provides simplified, clear navigation with tool tips and process help throughout the business cycle

HR Functionality

- **Better talent management** – streamlines recruitment, hiring, onboarding, performance tracking, and retention; allows for pooled hiring from qualified applicants in pools from previous job postings; provides enhanced support for temporary workers
- **Improved employee onboarding** – handles online forms including I-9 E-Verify integration, document submissions, training schedules, and initial assessments
- **Learning and development** – provides easy access to training materials and measures the effectiveness of learning and development programs
- **Employee self-service portals** – allows employees to manage their personal information, benefits, and other human resource tasks, freeing up HR staff time and reducing processing delays
- **Data management and analytics** – provides insights into workforce trends, performance metrics, and compliance issues that are crucial to strategic planning and decision-making
- **Automation of administrative tasks** – reduces manual workload, minimizing errors, and giving human resource professionals time to focus on more strategic areas
- **Legal compliance** – simplifies updates to systems in response to new laws and maintains proper records for audit trails
- **Improved communication** – centralizes information, provides messaging options, and incorporates feedback tools that resolve HR issues faster and with increased engagement

- **Performance management** – tracks employee goals, performance, and reviews to support employee development and align individual goals to state's objectives

Employee Experience

- **Efficient onboarding** – allows new hires to access necessary documents, training materials, and schedules that helps them settle into new roles comfortably and quickly
- **Easy access to information** – creates an employee self-service portal, giving individuals the ability to access and manage their own information delivering increased transparency, control of personal data, and speed of processing
- **Career development** – provides a way to set goals and tailor learning for new or improved skills that can advance careers

HCM PHASE I STATUS AS OF DECEMBER 2025

Phase I implementation began on January 6, 2025, with the selected solution provider, Workday, and the implementer, Deloitte. HCM's go-live occurred on October 8, 2025.

OSHR planned and executed the following events for the quarter ending December 31, 2025:

- Continued end-user training
- Hosted knowledge transfer sessions to build agency capabilities
- Finalized Integration design documentation
- Finalized Report design documentation
- Implemented the Workday sustainment model for post go-live support and ongoing Workday training; now referred to as Workday Delivery Operations
- Completed cutover tasks for production Workday go-live
- Developed and executed Workday Systems Acceptance Checklist (post go-live)
- Documented lessons learned to inform future Workday phases
- Successfully completed one month of hypercare (through October 31, 2025)[1]
- Onboarded of Deloitte's Application Management Services (AMS) team

OSHR completed several Phase I deliverables this quarter, including:

- Integration Design Documents,
- End-User Training Materials,
- End-User Training Sustainment Plan,
- Production Cutover (Go-Live) Checklist,
- Development Pool - 250 hours available for state-requested reporting-related activities
- Hypercare Support (1 Month),
- Data on Lesson Learned during development and implementation, and

- The Systems Acceptance Checklist – which validated that the solution was thoroughly tested and met the state's specified requirements

During this period, key activities focused on training delivery, communications, and change management to ensure agency and end-user readiness. The team spent considerable effort training agency POCs so that they would be prepared to provide front-line support to the agency for Workday questions and basic support needs.

OSHR and the Deloitte implementation team successfully onboarded the Deloitte Application Management Services (AMS) team who joined the project on September 2, 2025. AMS is assisting OSHR with ongoing support for Phase I. They are working directly with OSHR to address defect resolution and root cause analysis to address application problems. This may include break fixes, configuration changes around business processes, data fixes, and day-to-day support activities. AMS is also responsible for:

- Resolving the most complex tickets;
- Driving continuous improvement and innovation to deliver desired capabilities and features
- Testing and validating solution changes, including Workday's semi-annual releases.
- Working directly with Workday to drive support cases to resolution,
- Advocating for critical roadmap enhancements, and
- Monitoring upcoming releases, and critical patches.

The team completed post-go-live sustainment planning and established the ongoing support model.

With the Workday go-live, the state was able to successfully retire:

- **NEOGOV**, previously used for recruitment and applicant tracking, was last used for posting jobs and receiving applications in September 2025. Users can complete the screening process for these postings through December 2025. The OSHR Talent Acquisition team will retain access until October 2027 for historical reference purposes.
- **PeopleAdmin**, used for position description management, retired in September 2025.
- **OrgPlus**, utilized for producing organizational charts, decommissioned on December 1, 2025, and planned for retirement in January 2026.

Upon go-live, Workday has successfully integrated with the following systems:

- Integrations from SAP HR/Payroll to Workday
- Integrations with Workday:
  - Single Sign-On (SSO)
  - "Apply with LinkedIn"
  - E-Verify, the federal I-9 verification system
  - Microsoft Outlook – for calendaring of candidate interviews
  - Microsoft Teams – for scheduling candidate interviews

- DOT ServiceNow – for IT requests for equipment, email, NCID, etc. (In production as of December 15, 2025)
- DIT ServiceNow – for IT requests for equipment, email, NCID, etc. (Targeted for go-live in early 2026. DIT is upgrading ServiceNow in December 2025.)

OSHR is concerned about the lack of recurring funding and permanent positions to sustain and support Workday. Workday support is crucial to the success of the system for both agency users and job applicants.

Appendix A: Additional Information provides more details on project deliverables, key activities, integrations, and an explanation of HCM project governance terms and roles.

Table 2 lists the governance updates and organizational change management efforts for this period. See Appendix A for definitions of project governance and change management terms.

Table 2: Governance and Change Management Activities, October-December 2025

Activity	Date
Soft Go-Live and Post Go-Live Support (Onsite & Virtual)	10/6/25 – 10/17/25
Steering Committee Meeting	10/02/25
Executive Governance Council Meeting	10/9/25
Quick Questions (Virtual Chat Capability for Agency Questions with the Talent Acquisition Team)	10/20/25 – 11/14/25
Workday - Change Coalition Meeting	10/23/25
Workday - Change Coalition Meeting	11/20/25
Workday - Change Coalition Meeting	12/18/25

HCM PHASE I FUNDING AND 2025-27 BIENNIAL BUDGET NEEDS

The HCM project is funded by a combination of Information Technology Reserve funds appropriated to OSHR (see S.L. 2023-134, Sec. 29A.1A) and support from divisions and departments impacted and included in the HCM initiative. As of the end of November, 2025, OSHR has expended $8.02 million on the HCM project implementation since its authorization. Appendix B provides expenditures through November 30, 2025, at which time expenditures shifted from implementation to sustainment.

S.L. 2025-97 appropriated $1,180,000 in nonrecurring funds for FY 2025-26 and $2,691,000 in nonrecurring funds for FY 2026-27 from the Information Technology Reserve. These funds may be used to support vendor subscription and maintenance cost and time-limited positions to support Workday implementation and operations. This funding provides for operational continuity through June 2027.

Without legislative action, the funding and positions will terminate on June 30, 2027, and OSHR will not have funds to pay Workday subscription costs due July 1, 2027. OSHR needs recurring funds for ongoing subscription costs and permanent positions to maintain and support Workday. Lack of recurring funding beyond FY 2026-27 could cause significant disruptions in essential recruitment and hiring functions and impact OSHR's ability to effectively support agencies as well as the state's ability to recruit and hire job seekers.

OSHR will also require additional funding to implement future phases of the project that would allow the state to fully realize the benefits of the Workday platform. See the "HCM Future Phases" section of this report for more information.

HCM FUTURE PHASES

Once Phase I implementation is complete, OSHR will work with the HCM Steering Committee and Executive Governance Council to determine the scope of future phases.

Future phase(s) of the HCM solution could include the following additional components:

- Talent Optimization
- Performance Management
- Learning and Development
- Benefits Administration
- Time and Labor Tracking, including Leave Administration
- Scheduling
- SAP Integration for Time Keeping and Leave Administration
- People Analytics

Additional appropriations are required for implementation, software, and ongoing support costs for any future phase. The current Workday contract includes a pre-negotiated fixed rate through June 30, 2028. Implementing future phases contributes to the complete transformation of the state's HR system.

CONCLUSION

OSHR is proud to have succeeded in implementing Phase I of the HCM project on time and on budget. Phase I went live on October 8. 2025. With Workday go-live, OSHR completed the Workday HCM – Phase I implementation and, subsequently, this is the final report required pursuant to Section 29A.1A.(b) of S.L. 2023-134, which reads:

"Beginning January 1, 2024, OSHR shall provide quarterly reports to the Joint Legislative Oversight Committee on General Government and the Fiscal Research Division on its progress

in implementing the provisions of this section and, upon the completion of the implementation, shall provide a final report to the Committee."

The project team, including agency HR directors, subject matter experts and agency POCs, worked diligently to achieve this major accomplishment. OSHR is excited about the opportunities the new Workday system brings.

OSHR will continue to keep the General Assembly informed about opportunities to expand the new HCM system in ways that make state HR technology more efficient and cost-effective and looks forward to planning for future phases to ensure North Carolina has a modern and efficient HCM solution that meets the needs of all state agencies.

APPENDIX A – ADDITIONAL INFORMATION

Deliverables and Key Activities

- **Change Readiness Assessment** - identifies how ready, willing, and able an organization is to adopt business process and system changes across several key metrics. The CRA is a moment-in-time assessment conducted to identify effectiveness of communications, engagement, and training related activities to proactively mitigate people-related risks.
- **Change Impact Assessment** - measures the level of change across people, technology and processes to determine the insights, analytics, and action plans to position the organizational change for success.
- **Customer Confirmation Sessions** - facilitates a demonstration of the system design as it relates to the business process decisions designated by the state to ensure the accuracy of the systems' configuration and functionality to meet the state's business needs.
- **Data Gathering Workbooks** - provide data-gathering templates for documenting legacy setup values for review and analysis. It also provides inputs for Workday values that may not be part of legacy system data.
- **End-User Training Plan** -– consists of an analysis of the state employees who need training, recommendations on how training will be delivered, and includes a tactical implementation plan confirming that all relevant training considerations have been addressed to facilitate successful end-user training.
- **Gap Definition Document** - software solution gap inventory that provides the Solution Gap Summary, which contains a list of high-level gaps that surfaced during initial design workshops, and recommended solution(s). A gap is defined as anything that is not a delivered functionality that must either be solutioned or a workaround established to support if required by the state.
- **Hypercare** – temporary, but highly focused, support phase following the launch of a new system, process or service. It involves intensive monitoring, real-time issue resolution, and direct user support to ensure a smooth transition and reduced operational risks.
- **Integration Control Inventory** - primary project control document used by Integration Leads to track integration development status during implementation. It captures the complete inventory of project integrations, tracks the status for each integration, provides metrics on the integrations, and identifies any change requests.
- **Knowledge Transfer Plan** - provides a documented strategy designed to capture and convey critical knowledge from one individual, team, or department to another within an organization. It addresses both technical and functional turnover and knowledge transfer, including resources, staffing, training, methods, milestones, and tasks.
- **Point of Contact (POC)** - An agency Point of Contact (POC) is a designated individual(s) within an agency who serves as the primary resource for staff members regarding the Workday Phase I Implementation, which includes recruiting, onboarding, offboarding, position description management, e-verification, and organizational charting. These individuals are the Workday subject matter experts (SMEs) within their agency.
- **Pool Hours** – Deloitte included 250 hours for reporting-related activities, including design, development, and testing. When the report inventory was finalized, the state identified which custom reports would be developed within the allotted hours.
- **Reporting Strategy** - addresses how Reporting & Analytics will be deployed as part of the implementation of Workday. The Reporting Strategy has three principal objectives: The first objective is to establish the scope of Workday reporting. The second objective is guidelines on how to capture reporting & analytics requirements and build Workday reports & analytics for use

in production. The last objective is to provide an overview of Workday reporting & analytics tools.

- **Reports Inventory** - primary project control document used by Reporting Leads to track report development status during implementation. It captures the complete inventory of custom reports for the project, tracks the status for each custom report, provides metrics on the custom reports, and identifies any change requests.
- **Requirements Traceability Matrix** - allows the project team to outline and track how requirements are delivered throughout the lifecycle of Workday implementation.
- **Reporting Strategy** - addresses how Reporting & Analytics will be deployed as part of the implementation of Workday. The Reporting Strategy has three principal objectives: The first objective is to establish the scope of Workday reporting. The second objective is guidelines on how to capture reporting & analytics requirements and build Workday reports & analytics for use in production. The last objective is to provide an overview of Workday reporting & analytics tools.
- **User Stories** - list of baseline user scenarios that define the customer experience and system functionalities to be developed in Workday. These stories serve as a starting point to create the final user stories list that dictate what will be tested end-to-end in Systems Integration Testing.

Integrations

- **"Apply with LinkedIn"** - integration that allows LinkedIn members to easily apply for jobs directly from a career site. When a LinkedIn member clicks the "Apply with LinkedIn" button, their profile data is pre-populated in the job application fields, and their profile becomes available to the employer, subject to their privacy settings.
- **Single Sign-On (SSO)** - authentication schema that allows a user to log on with a single ID to any of several related, yet independent software systems.

Governing Bodies

- **Change Agents** - facilitate change within the organization and act as a catalyst for improvement in systems, processes, culture, and other outcomes.
- **Change Champions** - actively support and promote organizational change, acting as a bridge between management and staff and helping to ensure the successful implementation of new initiatives.
- **Change Coalition** - facilitates and supports changes related to the implementation of the new HCM system leveraging Change Champions and Change Agents who work together to facilitate and support changes related to the implementation of the new system. The coalition helps employees embrace the process changes and new systems more efficiently, leading to a successful transition from the current state to the desired future state. The coalition now includes agency POCs and will continue to meet to ensure on-going HCM support.
- **Change Champion Network** - serves as a foundational network of employees who champion transformation, foster communication, increase awareness, solicit feedback, build readiness, and drive buy-in.

APPENDIX B: HCM BUDGET THROUGH DECEMBER 2025

Expenditures and Funding Sources

Fiscal Year	Expenditures	Funding Sources
FY 2023-24	$1,055,851	- OSHR IT Reserve Funds - OSHR Divisions: NC Flex ($29k), Temporary Solutions ($255k) - External departments: DOT ($550k)
FY 2024-25	$3,902,012	- OSHR IT Reserve Funds - Temporary Solutions ($780k), - External Departments: DOT ($500k), DAC ($1m), DHHS ($500k)
FY 2025-26	July – November 2025: $3,057,793 [2]	- OSHR IT Reserve Funds - Temporary Solutions ($605.2k)
	Total: $8,015,656 [3]	

Uses of Funds

FY 2023-24

- Project management services
- Data cleanup and automation
- RFP development
- Facilitated vendor solution demonstrations and oral presentations
- HCM procurement-related activities, including vendor negotiations

FY 2024-25

- Project management services
- HCM procurement-related activities, including vendor negotiations
- Workday subscription fees
- Workday Advisory Services Fees
- Workday training credits procured
- Deloitte services (deliverables-based payments)
- HCM infrastructure needs for implementation
- Hardware-related expenses required for implementation

FY 2025-26

- Project management services
- Workday advisory services fees

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[2]Expenditures exclude December 2025 expenses. After November 2025, expenses shifted from implementation to sustainment.

[3] Ibid.

- Deloitte implementation services (deliverables-based payments)
- HCM infrastructure needs
- Hardware-related expenses required for implementation
- DIT expenses to run ServiceNow ticketing for customer service sustainment

Note: Appendix 2 excludes expenditures incurred in project planning prior to the $5.6 million appropriated to OSHR for the HCM solution in SL 2023-134. Prior to the appropriation in the 2023 budget, OSHR expended $810,871 of funds available to the OSHR on project management, the identification of functional and technical requirements across business areas, and HR system surveys.