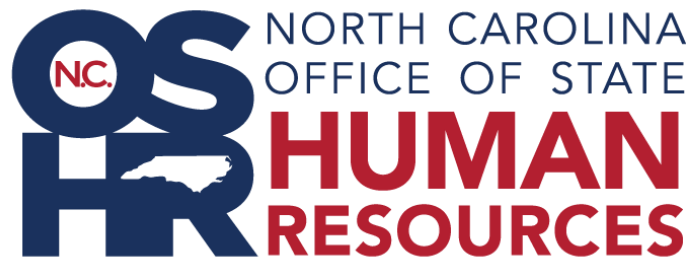


OCTOBER 1, 2025



HUMAN CAPITAL MANAGEMENT PROJECT PROGRESS 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 July 1 – September 30, 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 quarterly report on the Human Capital Management (HCM) project covering the period from July 1 to September 30, 2025.

OSHR began Phase I of HCM implementation in the first quarter of the 2025 calendar year and progress has steadily continued through the second and third quarters. State job opportunities will begin to be posted in the new system, Workday, on October 8, 2025. 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 third quarter included developing custom reports, integrations testing, and refining user security role assignments as designated by agency Change Champions. Additionally, the second round of Systems Integration Testing (SIT) testing was successfully completed with more than 75 agency representatives from the participating agencies. OSHR facilitated the User Experience Preview (UEP), and planned project sustainment and system cutover. Lastly, the team developed Workday curriculum and training materials. End-User training is now in progress as of submitting this report.

The project remains on time and within budget for the October 8, 2025, go-live date. However, as previously noted and referenced below, funding is needed to continue the new HCM's operations after go-live.

This quarter's significant expenditures include project management services, Workday subscription fees, Workday advisory services fees, Deloitte implementation services, HCM infrastructure, and hardware to facilitate the integrations between Workday and other existing systems. To date, OSHR has project expenditures of \$6.56 million from a combination of non-recurring Information Technology Reserve funds and support from divisions and participating departments. The remainder of the available funding, all of which is nonrecurring, will be spent by the end of June 2026. Recurring funding is required for the ongoing software subscription and maintenance costs.

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).**

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].” N.C. S.L. 2023-143 § 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 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 costly 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 SEPTEMBER 2025

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

As part of the Phase I implementation, OSHR planned and executed the following events for the quarter ending September 30, 2025:

- Systems Integration Testing (SIT) Cycle 2
- User Experience Preview (UEP, formerly known as User Acceptance Testing)
- Accessibility Testing for ADA Compliance
- Train-the-Trainer - conducted
- End-User Training Curriculum and Materials Development
- End-User Training - underway
- Knowledge Transfer Sessions - underway
- Change Readiness Assessment Surveys 2 and 3
- Monthly Communications to Change Agents
- Sustainment Planning, including the post go-live support model
- Cutover Planning, including Stage Gate 1 of 3 to validate readiness
- Workday Deployment Cutover Plan

OSHR completed several Phase I deliverables this quarter, including the Change Impact Assessment, Change Readiness Assessment, User Stories (for testing scenarios), Integration Control Inventory, Reports Inventory, and the End-User Training Plan.

Following the completion of Systems Integration Testing 2, which included participation from 30+ agencies and 70+ Change Champions/Change Agents, the team's efforts focused on planning and executing Workday UEP. UEP was designed to provide future Workday users with a preview of the new system. OSHR held 20 sessions over a two-week period. Week 1 provided an in-person, hands-on experience to 250 agency participants, and Week 2 allowed 400+ agency participants to virtually experience Workday demonstrations of the new system functionality. Additionally, 29 HCM sponsors from the Executive Governance Council and Steering Committee, along with 80 agency executives, participated.

On July 28, the OSHR Communications team published a new webpage on the OSHR website, [Introducing Workday for the State of North Carolina](#), to promote awareness and understanding of the Workday Project. Content revolves around the question "What does Workday mean to you?". Individuals can select a "persona", such as agency leader, HR director, hiring manager, HR/recruiting technician, jobseeker, and more. The page includes in-depth examples of how Workday may impact them. As of September 15, the site has received 6,500+ unique users.

During this period, focus centered around training curriculum development and change management to ensure the readiness of the agencies, our leadership, and the Change Champions and Change Agents, along with emphasis on the Workday end-users. Training channels were identified by user role. A web-based training, “Workday Features and Navigation”, is now available. As of September 17, 2,555 users have registered for training and 904 users have completed it, with an additional 234 users “in progress.”

OSHR successfully completed Train-the-Trainer sessions. End-user training is now underway, with 20 instructor-led sessions scheduled through go-live, providing more than 2,000 training session slots for agency HR staff. More sessions are planned throughout 2025 and into 2026. The Workday Training section of the Learning Management System, which is now available to all users, includes recorded training sessions, web-based training, quick reference guides (QRGs), and micro-learning videos.

OSHR and the Deloitte implementation team are onboarding the Deloitte Application Management Services (AMS) team who joined the project on September 2. The AMS team will assist OSHR with ongoing support for Phase I. They will work directly with OSHR to address defect resolution and root cause analysis to address application problems. This may include break fixes, configuration changes resulting from defects, data fixes, and day-to-day activities. AMS is also responsible for resolving the highest complexity tickets; driving continuous improvement and innovation to deliver desired capabilities and features; and testing and sign-off on solution changes, including Workday’s semi-annual releases. AMS is also responsible for working directly with Workday to drive support cases to resolution, advocate for critical roadmap enhancements, and monitor upcoming releases, and critical patches.

Post-go-live sustainment planning is underway. However, with no additional permanently funded positions, the resources for sustainment are limited. OSHR has few resources to provide ongoing support and to support day-to-day operations, training, career fairs, other HR solutions, and more.

Since project inception, the team has built multiple Workday tenants (individual Workday environments), converted data, unit tested, and validated data four times, and developed and tested integrations and reports to prepare for the final instance, the “gold” build. The state will deploy this “gold” build at go-live to become the state’s Workday production environment.

With the Workday go-live, the state is positioned to retire three existing HR solutions:

- **PeopleAdmin**, utilized for position description management, retired in September 2025.
- **OrgPlus**, utilized for producing organizational charts, to be retired in January 2026.
- **NEOGOV**, used for recruitment and applicant tracking, was last used for posting jobs and receiving applications in September 2025 but users will be able to complete the screening process through December 2025. The OSHR Talent Acquisition team will retain access until October 2027 for historical reference purposes.

Workday will include integrations with several existing systems, including:

- Integrations from SAP HR/Payroll to Workday
- Integrations from Workday to:
 - 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. (Targeted for go-live in October)
 - DIT ServiceNow – for IT requests for equipment, email, NCID, etc. (Targeted for go-live in early 2026. DIT is upgrading ServiceNow in December 2025.)

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

Our governance updates and organizational change management efforts for this period are shown in Table 1. See Appendix A for definitions of project governance and change management terms.

Table 1: Governance and Change Management Activities, July-September 2025

Activity	Date
Change Champion Network Meeting	07/17/25
HCM Project Town Hall	07/24/25
OSHR/State Agency Lead Talent Acquisition Quarterly Meeting (Update provided)	07/30/25
Steering Committee Meeting	08/07/25
Executive Governance Council Meeting	08/14/25
Change Champion Network Meeting	08/21/25
Change Champion Network Meeting	09/18/25

In the next quarter, Phase I actions will include:

- Continue end-user training
- Knowledge Transfer Sessions to further build state resource capabilities
- Finalize Integration design documentation
- Finalize Report design documentation
- Implementation of the Workday sustainment model for post go-live support and ongoing Workday training
- Completion of cutover for a successful production Workday go-live
- Workday go-live.
- Development and execution of the Workday Systems Acceptance Checklist (post go-live)
- Documentation of lessons learned to inform future Workday phases
- One month of hypercare (through October 31, 2025)¹

Table 2 provides key dates for Workday go-live.

Table 2: Key Go-Live Dates:

October 1	Technical Go-Live
October 1-5	Validate and Sync SAP HR/Payroll Hires and Separations with Workday
October 6-7	Soft Go-Live Workday goes live for Agency Points of Contacts (POCs), Recruiters, and Managers who need to approve requisitions being posted
October 8	Production Go-Live for all N.C. users; Internal and External Career Hubs live with State job opportunities posted

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. OSHR has expended \$6.56 million on the HCM project since its authorization. Appendix B provides budget and expected expenditures through September 30, 2025.

For the 2025-27 biennium, OSHR requested positions and funding to support HCM implementation; application management; software and subscription fees; and the Human Asset Research Project (HARP), totaling \$1.81 million in FY 2025-26 and \$2.47 million in FY 2026-27. Both the Senate and House budgets recommend HCM funding. Table 3 provides a comparison of OSHR's budget requests and legislative recommendations.

Table 3: Comparison HCM Project Funding Request and Legislative Recommendations

	<u>FY 2025-26</u>			<u>FY 2026-27</u>		
	FTE	Recurring	Nonrecurring	FTE	Recurring	Nonrecurring
OSHR Request	5	360,937	1,448,000	5	2,466,405	-
Senate Budget	0	0	1,172,527	1	1,992,534	698,000
House Budget	1	141,000	1,172,527	1	1,992,534	698,000

Currently available funding is nonrecurring and expected to be spent by June 2026. Lack of additional funding and positions in FY 2025-26 increases the risk of post implementation agency support challenges and limits OSHR's ability to enhance Workday to meet agency onboarding and offboarding needs. Lack of funding for FY 2026-27 and beyond could cause significant disruptions in essential recruitment and hiring functions.

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 funding is needed for any future phase. There are two sets of costs for any future phase: those for implementation costs and those for software costs.

For any implementation costs, OSHR would seek the best pricing by working through the state IT Procurement Office for a project with a specific scope of services. Any costs cannot be fully determined until the process is initiated and complete with the IT Procurement Office.

For software, the current Workday contract includes an option with pre-negotiated fixed rates for subscription fees. These options could be exercised to lock in any fixed price through June 30, 2028. If future phases of the Workday software are exercised after June 30, 2028, the option will remain available but likely at a higher cost.

CONCLUSION

The need for an intuitive, engaging, and efficient solution remains critical to the state. OSHR is excited about the progress on this initiative. The project team, including agency HR directors and subject matter experts, are working diligently to achieve the targeted Phase I go-live date in October 2025. The project remains on time and on budget for that go-live date.

A source of recurring funding is needed to allow the new system to operate beyond June 2026. As shown in Table 2 on page 9, the House and Senate budgets would appropriate recurring funding for a substantial portion of OSHR's funding request regarding the new system. OSHR also 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

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.
- **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 Agents and Change Champions 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.
- **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 SEPTEMBER 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 – August 2025: \$1,606,596 ²	- OSHR IT Reserve Funds - Temporary Solutions (\$320.8k)
	Total: \$6,564,459	

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 subscription fees
- Workday advisory services fees
- Deloitte services (deliverables-based payments)
- HCM infrastructure needs for implementation
- 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.