

ENTERPRISE HUMAN RESOURCES INFORMATION SYSTEM

PERSONNEL, PUBLIC RETIREMENT, AND FINANCE
COMMITTEE

January 14, 2026



PERSONNEL CABINET

AGENDA

- **Introductions**
- **Background**
- **KHRIS Replacement**
- **Challenges**
- **Timeline**
- **Project Cost**
- **Q&A**

PESONNEL CABINET EXECUTIVE LEADERSHIP

- Office of the Secretary
 - Robert Long, Deputy Secretary
- Department of Human Resources Administration
 - Jamie Caldwell, Commissioner
- Department of Employee Insurance
 - Chris Chamness, Commissioner
- Division of Technology Services
 - Robbie Perkins, IT Director

BACKGROUND

- Kentucky Human Resources Information System (KHRIS)
 - Enterprise Resource Planning (ERP) – Human Capital Management (HCM)
 - Core Human Resources(HR)/Payroll – 48,000 employees
 - Executive, Judicial, and Legislative Branches
 - 24 Local Sheriff and County Clerk Offices
 - KY Employees' Health Plan (KEHP) Benefits Administration and Billing
 - 192,000 Members (300,000+ covered lives, 754 billed customers)
 - KHRIS houses data for 474,971 current and former users
 - Software procured 2007 – version SAP ECC ERP HCM 6.0

KHRIS REPLACEMENT

- 2015, SAP notified that software support would end December 2030
- SAP has not provided HR enhancements since 2016
- NO vendor maintenance/support and taxing compliance after 2030
 - Taxing compliance is required for federal, state, and hundreds of local taxing authorities
- NO security updates or compliant support/maintenance after December 2030
 - The Commonwealth cannot take on this level of risk for a system with data for 474,971 current and former users

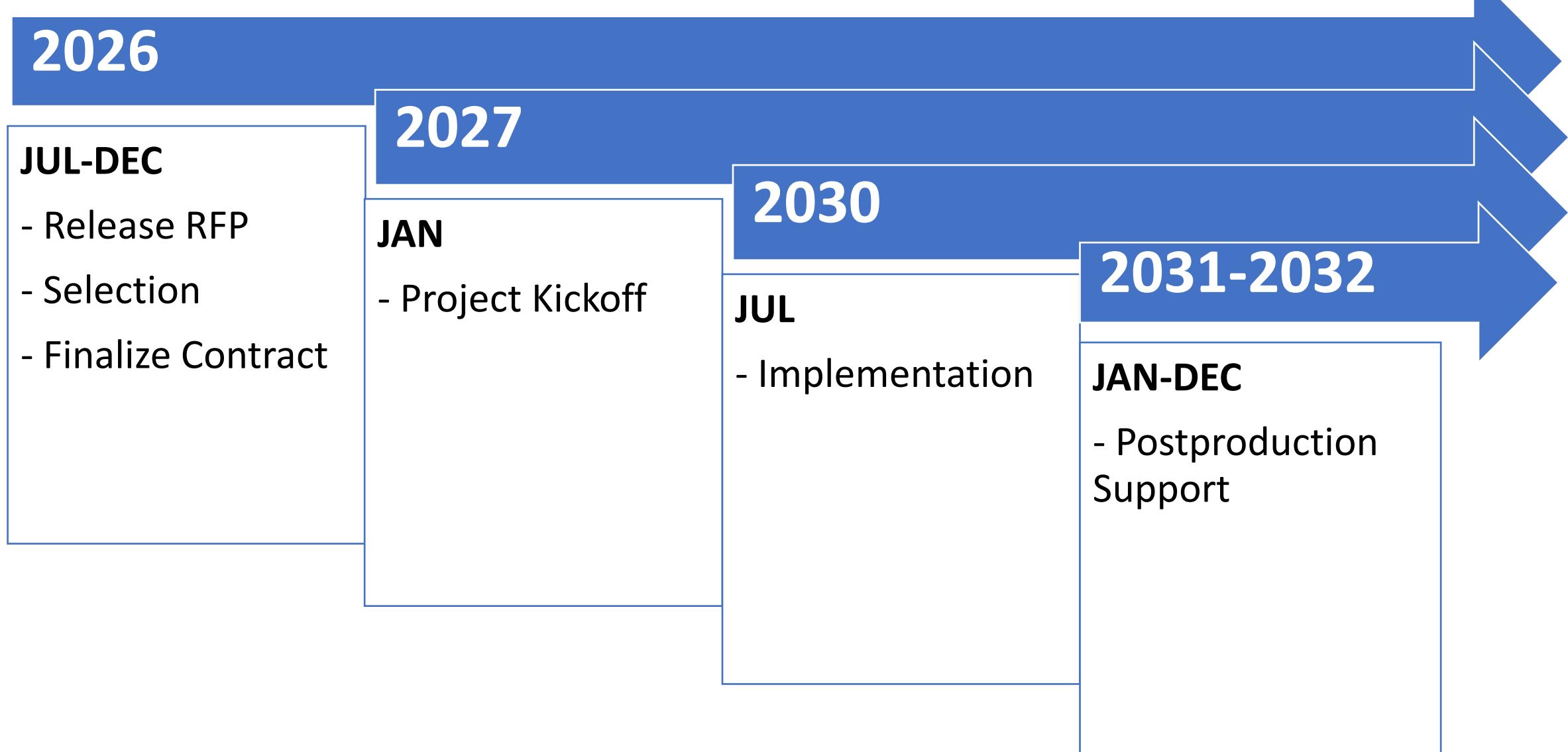
CHALLENGES

- Department of Human Resources Administration
 - Jamie Caldwell, Commissioner
 - Full HR services to 27 employers require a secure, integrated system
 - One of the nation's largest number of local tax authorities and no central occupational tax administration
 - Protection of personal employee and dependent data for more than 470,000 individuals at stake
 - Existing maintenance support ceases in 2030
 - An operational HR solution in place by 2030 to mitigate risk

CHALLENGES

- Department of Employee Insurance – Kentucky Employees’ Health Plan (KEHP)
 - Chris Chamness, Commissioner
 - Insurance Administration Complexity is Increasing – new demands from participating employers, vendors, and partners. Cannot offer some programs (e.g., HSAs) due to system limitations. Challenging to communicate.
 - Compliance Requirements – lacks system support, is overburdening staff (e.g., No Surprises Act, Transparency Act, state law changes)
 - Manual Processes – for financial and data ops, potential failure points to critical business operations and are susceptible to error

TIMELINE



PROJECT COST

- **\$151M – Total Cost Forecasted**
 - **\$76.5M – Professional Services (Software Integrator Services)**
 - **\$54.5M – Software Vendor**
 - **\$11M – Other**
 - **Independent Verification and Validation (IV&V) and COT Project Manager**
 - **Vendor Dependent Verification Services (Confirm Dependent Eligibility)**
 - **Vendor Spending Account Administration (FSAs)**
 - **\$8.9M – Staff Augmentation**
 - **\$15K – COT Hardware**

OTHER STATES

- Status
 - 5 Positioning to replace, including KY
 - 16 New system within last few years
 - 15 In progress
 - 14 Stable or unknown
- 9 States with SAP with same issue
 - Most have SAP Financials as well, not KY

QUESTIONS

