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May 8, 2025

Hon. Senator Christopher McDaniel, Co-Chair
Hon. Representative Jason Petrie, Co-Chair
Interim Joint Committee on Appropriations and Revenue
Legislative Research Commission
Room 300, State Capitol
Frankfort, Kentucky 40601

Re: Unemployment Insurance System Replacement Project Report – Quarter ending March 31, 2025.

Dear Chairman Petrie and Chairman McDaniel:

The following quarterly Unemployment Insurance System Replacement Project Report is submitted in accordance with HB 6 RS 24: *“The Office of Unemployment Insurance shall prepare a report detailing the replacement of the unemployment insurance system. The report shall include a description of how the allocated Restricted Funds are being utilized and a timeline of expected completion and implementation of a new system. This report shall be submitted to the Interim Joint Committee on Appropriations and Revenue quarterly, beginning November 1, 2024.”*

A. Restricted Funds Usage

The project has a total appropriation of \$96,750,000. This appropriation consists of the following funding sources:

- \$11,250,000 Federal Funds
- \$10,000,000 Bond Funds
- \$7,500,000 General Fund
- \$68,000,000 Restricted Funds (Service Capacity Upgrade Funds - SCUF)

As of March 31, 2025, there have been \$5,553,183.86 in total expenditures related to this project. At this time, no Restricted Funds have yet been utilized.

B. Timeline for Completion

The project is being developed in two phases:



- The first deployment, which will replace the current Employer Tax system with a new system, is scheduled for completion in 2026.
- The second deployment, which will replace the current Benefits/Appeals system with a new system, is scheduled for completion in 2028.



Greg Higgins, Executive Director
Office of Unemployment Insurance

Date 5/12/2025