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GOVERNOR

EDUCATION AND LABOR CABINET

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SECRETARY

July 28, 2026

The Honorable Christian McDaniel, Co-Chairman
The Honorable Jason Petrie, Co-Chairman
Interim Joint Committee on Appropriations and Revenue
Capitol Annex
Frankfort, Kentucky 40601

Re: Unemployment Insurance System Replacement Project Report – Quarter ending June 30, 2026.

Dear Chairmen:

The following quarterly Kentucky Unemployment Insurance Portal (KUIP) Project Report is submitted in accordance with HB 500 RS 26: *“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 May 1, 2026.”*

A. Restricted Funds Usage

The KUIP 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 June 30, 2026, there have been \$35,874,898.71 in expenditures related to this project. At this time, \$8,088,342.09 of Restricted Funds have been utilized.

B. Timeline for Completion

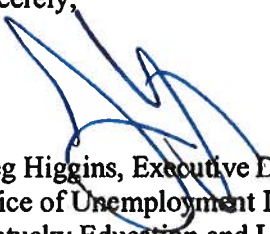
The project being developed in two phases:

- The first deployment, which will replace the current Employer Tax system with the new system, is scheduled for completion in 2026. Go-live for the Employer Tax system is August 17, 2026.



- The second deployment, which will replace the current Benefits/Appeals system with the new system, is scheduled for completion in late 2027.

Sincerely,



Greg Higgins, Executive Director
Office of Unemployment Insurance
Kentucky Education and Labor Cabinet