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June 6, 2016

Senator Deb Peters
Co-Chair, Joint Committee on Appropriations

Representative Justin Cronin
Co-Chair, Joint Committee on Appropriations

**Quarterly Report to the Interim Joint Committee Appropriations:
Progress of New Software System and
Adequacy of the Unemployment Insurance Trust Fund Balance**

Implementation of New Software

Senate Bill 48 appropriated $150,000 in general funds to the Department of Labor and Regulation (DLR) Division of Unemployment Insurance (UI) for upgrading software systems to allow employers to submit required report and make contributions to the unemployment compensation fund using their choice of multiple internet browsers of the latest version.

In mid-April, the Bureau of Information and Telecommunications (BIT) met with DLR to discuss screen shots from other states and the mock-up of DLR's request. The viewing of past reports will be inside this application. The programming results were reviewed at a demo meeting on May 26. As of June 1, 2016, the project was 15 percent with a limited rollout deadline of September 1, 2016.

Adequacy of the Unemployment Insurance Trust Fund Balance

On May 9, 2016, the UI Advisory Council met to discuss the current financial status of the UI Trust Fund. The Council was provided with three commonly used measures of assessing trust fund solvency. Discussion was held by the Council on the various measures. Secretary Marcia Hultman suggested using the average high cost multiple measure (AHCM). This measure compares trust fund reserves to the average of the three highest benefit cost rates during the last three recessions or past twenty years. The consensus of the Council was to use the AHCM. Development of a new tax rate/reserve ratio structure will be based on this measure. Further discussion will be held by the Council at the next meeting scheduled July 19, 2016.

If you have any further requests, please feel free to contact our office.

Sincerely,

M. Hultman

Marcia Hultman
Cabinet Secretary

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