EXHIBIT 3
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Unemployment Insurance

Tax Modernization Project

Project Goals

- Development of a new tax processing system
- Improve service levels to employers
- Increase Internet self-service functionality
- Improve operational efficiencies

Risks

- UI tax system based on old architecture (CICS and VSAM) and COBOL.
- Difficulty finding qualified, skilled programmers to make major system enhancements.
- System does not support newer technologies such as imaging, workflow, correspondence generation, web-based self-service functionality, and ad hoc reporting.

Benefits

- Provide new and improved employer self-service applications such as:
  - On-line employer account access and maintenance;
  - On-line report filing and payment capabilities;
  - On-line employer responses to UI notices and requested information.

Benefits

- Improved data integrity and security
- Improved data capture
- Improved remittance processing
- Increased operational efficiencies through imaging and workflow
- Remote access to system data for field staff
- Improved technical support
- Improved system interfaces
- Cross-utilize division programming staff
- Improved ad-hoc reporting

System Solution

- Framework
  - Includes federally required logic and reports
  - Built specifically for UI tax systems
  - We own and can modify or enhance
  - No annual maintenance fees
  - Proven technology - Less risk

Funding

- System cost estimated at $19.7 million
- Funding:
  - $3 million federal special revenue
  - $16.7 million state special revenues
    - $1.67 million state special
    - $15 million bond
    - Bond repayment using state special UI administration funds over a 10-year period.

UI Automation Projects

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- Successful implementation track record
  - New Benefits system, MISTICS in 2001
    - Financed, in part, with $3.6M bonds
  - Original UI Tax system in 1993
  - Resurrected UI Tax system in 2004