

NEIL ABERCROMBIE
GOVERNOR



KALBERT K. YOUNG
DIRECTOR

LUIS P. SALAVERIA
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE

P.O. BOX 150
HONOLULU, HAWAII 96810-0150

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER
PUBLIC UTILITIES COMMISSION

ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND
MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT

September 15, 2014

FINANCE MEMORANDUM

MEMO NO. 14-13

TO: All Department Heads

FROM: Kalbert K. Young
Director of Finance

SUBJECT: Approved Fringe Benefit Rate for FY 14 and Revised Interim Fringe
Benefit Rate for FY 15

A composite fringe benefit rate (RATE) of 41.99% has been approved by the U.S. Department of Health and Human Services (DHHS) for FY 14 (attached). Based on the approved FY 14 RATE, the interim FY 15 RATE has been revised. Because we are already in the first quarter of FY 15, the revised interim rate is being transmitted to you for your information and records. Until new fringe benefit rates are approved by DHHS, the following revised interim fringe benefit rates for FY 15 will be in effect:

	<u>Approved FY 14 Rate</u>	<u>Interim FY 15 Rate</u>	<u>Revised Interim FY 15 Rate</u>
Pension Accumulation	16.00%	16.50%	16.50%
Pension Administration	0.00%	0.01%	0.00%
Retiree Health Insurance	10.12%	10.35%	10.12%
Employees' Health Fund	6.81%	6.84%	6.81%
Workers' Compensation	1.16%	0.88%	1.16%
Unemployment Compensation	0.25%	0.31%	0.25%
Social Security	6.20%	6.20%	6.20%
Medicare	<u>1.45%</u>	<u>1.45%</u>	<u>1.45%</u>
Composite Rate	41.99%	42.54%	42.49%

Should you have any questions or require further information, please contact me, or your staff may contact Mr. Neal Miyahira, Administrator of this department's Budget, Program Planning and Management Division, at 586-1530.

Attachment



DEPARTMENT OF HEALTH & HUMAN SERVICES

Program Support Center
Financial Management Portfolio
Cost Allocation Services

90 7th Street, Suite 4-600
San Francisco, CA 94103-6705
PHONE: (415) 437-7820
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September 3, 2014

Kalbert K. Young
Director of Finance
Hawaii Department of Budget and Finance
P.O. Box 150
Honolulu, HI 96810-0150

Dear Mr. Young:

Based on the State of Hawaii's Fringe Benefit Rates Proposal for the fiscal year ending June 30, 2014, a composite fringe benefit rate of 41.99% is approved. The proposal submitted by the State's consultant, William Maus of MAXIMUS, was transmitted on March 3, 2014. The following assessment rates should be used for the period beginning July 1, 2013:

	(a)	(b)
Pension Accumulation	16.00%	
Pension Administration	0.00%	
Social Security	6.20%	
Medicare	1.45%	
Retiree Health Insurance	10.12%	
Worker's Compensation		1.16%
Unemployment Compensation		0.25%

(a) Percent of ERS covered wages.

(b) Percent of total wages in assessed departments including Research Corporation of University of Hawaii (RCUH).

The above rates will be published with your negotiated State-wide Cost Allocation Plan agreement for fiscal year 2014.

Sincerely,

Arif Karim, Director
Cost Allocation Services