

DAVID Y. IGE
GOVERNOR



CRAIG K. HIRAI
DIRECTOR

ROBERT YU
DEPUTY DIRECTOR

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

STATE OF HAWAII'
DEPARTMENT OF BUDGET AND FINANCE
P.O. BOX 150
HONOLULU, HAWAII' 96810-0150

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

July 13, 2020

FINANCE MEMORANDUM

MEMO NO. 20-14

TO: All Department Heads

FROM: Craig K. Hirai /s/
Director of Finance

SUBJECT: Interim Fringe Benefit Rates for FY 21

Act 17, SLH 2017, establishes the pension accumulation contribution rate for FY 21 at 41% for police officers, firefighters, and corrections officers, and 24% for all other employees. In addition, due to the economic impact of the COVID-19 pandemic, the State will suspend the pre-funding of Other Post-Employment Benefits in FY 21. The rates for FY 18 are the latest approved rates. The interim rate is being transmitted to you for your information and records. Until new fringe benefit rates are approved by the U.S. Department of Health and Human Services, the following interim fringe benefit rates for FY 21 will be in effect:

	<u>Approved FY 18 Rate</u>	<u>Interim FY 21 Rate</u>
Pension Accumulation	18.00%	24.00%
Pension Administration	0.01%	0.01%
Retiree Health Insurance	10.14%	10.14%
Employees' Health Fund*	7.69%	7.69%
Workers' Compensation	1.24%	1.24%
Unemployment Compensation	0.02%	0.02%
Social Security	6.20%	6.20%
Medicare	1.45%	1.45%
Other Post-Employment Benefits	<u>14.33%</u>	<u>0.00%</u>
Composite Rate	59.08%	50.75%

*Should only be used for budgeting purposes. Departments are instructed to charge actual costs as assessed through the payroll system.

It is noted that for FY 21, the pension accumulation rates are as follows:

<u>Job Category</u>	<u>Employer Contribution Rate</u>	<u>Statutory Authorization</u>
General Employees	24.00%	Act 17, SLH 2017
Special Categories (Police Officers, Firefighters, and Corrections Officers)	41.00%	Act 17, SLH 2017
General Employees Employer Surcharge Rate	20.20%	Not Applicable*
Police Officers/Firefighters Employer Surcharge Rate	33.90%	Not Applicable*

*Rates are determined by the Actuary.

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.