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CRAIG K. HIRAI
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ROBERT YU
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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)

October 22, 2020

FINANCE MEMORANDUM

MEMO NO. 20-20

TO: All Department Heads

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

SUBJECT: Approved Fringe Benefit Rate for FY 19 and Revised Interim Fringe Benefit Rate for FY 21

A composite fringe benefit rate (RATE) of 61.96% has been approved by the U.S. Department of Health and Human Services (DHHS) for FY 19 (attached). Based on the approved FY 19 RATE, the interim FY 21 RATE has been revised. In addition, due to the economic impact of the COVID-19 pandemic, the State has suspended the pre-funding of Other Post-Employment Benefits in FY 21. Until new fringe benefit rates are approved by DHHS, the following revised interim fringe benefit rates for FY 21 will be in effect:

	<u>Approved FY 19 Rate</u>	<u>Interim FY 21 Rate</u>	<u>Revised Interim FY 21 Rate</u>
Pension Accumulation	19.00%	24.00%	24.00%
Pension Administration	0.02%	0.01%	0.02%
Retiree Health Insurance	10.33%	10.14%	10.33%
Employees' Health Fund*	7.31%	7.69%	7.31%
Workers' Compensation	1.59%	1.24%	1.59%
Unemployment Compensation	0.08%	0.02%	0.08%
Social Security	6.20%	6.20%	6.20%
Medicare	1.45%	1.45%	1.45%
Other Post-Employment Benefits	<u>15.98%</u>	<u>0.00%</u>	<u>0.00%</u>
Composite Rate	61.96%	50.75%	50.98%

*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
Retiree – Return to Work General Employees	20.20%	Not Applicable*
Retiree – Return to Work Special Categories (Police Officers, Firefighters, and Corrections Officers)	33.90%	Not Applicable*

*Retiree – Return to Work 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.

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
EMAIL: CAS-SF@psc.hhs.gov

October 13, 2020

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

Dear Mr. Hirai:

Based on the State of Hawaii's Fringe Benefit Rates Proposal for the fiscal year ending June 30, 2019, a composite fringe benefit rate of 61.96% is approved with the exception listed below. The proposal submitted by the State's consultant, Michael Holmes of MAXIMUS, was received on December 12, 2018. The following assessment rates should be used for the period beginning July 1, 2018:

Pension Accumulation	19.00%
Pension Administration	0.02%
Social Security	6.20%
Medicare	1.45%
Active Employee Health Insurance (For Budgeting Purposes Only)	7.31%*
Retiree Health Insurance	10.33%
Other Post-Retirement Benefits	15.98%
Workers' Compensation	1.59%
Unemployment Compensation	0.08%

* The rate should only be used for budgeting purposes. The departments are instructed to charge actual costs as assessed through the payroll system.

The above rates will be published with your negotiated State-wide Cost Allocation Plan Agreement for fiscal year 2019. If you have any questions, please contact Cora Coleman of my staff at 415-437-7821.

Sincerely,

Arif M. Karim - Digitally signed by Arif M. Karim - S
Date: 2020.10.13 12:08:15 -05'00'
Arif Karim, Director
Cost Allocation Services