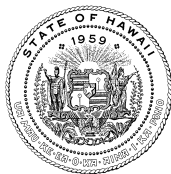


DAVID Y. IGE  
GOVERNOR



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

June 7, 2021

FINANCE MEMORANDUM

MEMO NO. 21-07

TO: All Department Heads

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

SUBJECT: Negotiation Agreement Approving Central Services Costs and Fringe Benefit Rates for FY 19

Attached is a copy of the negotiation agreement between the State of Hawai'i and the U.S. Department of Health and Human Services on behalf of the federal government approving central services costs and fringe benefit rates for the fiscal year ending June 30, 2019.

Although FY 19 is already completed, the negotiation agreement is being transmitted to you for your information and records.

Please note that the central services costs listed in Exhibit A of the agreement are costs that may be allocated only to federal grants, contracts, and other agreements performed by your departments and attached agencies. They should not be construed to reflect the full costs of central services provided to you.

As previously reported in Finance Memorandum No. 20-20, dated October 22, 2020, the fringe benefit rate for FY 19 consisted of the following items:

	<u>FY 19</u>
Pension Accumulation	19.00%
Pension Administration	0.02%
Retiree Health Insurance	10.33%
Employees' Health Fund*	7.31%
Workers' Compensation	1.59%
Unemployment Compensation	0.08%
Social Security	6.20%
Medicare	1.45%
Other Post-Employment Benefits	<u>15.98%</u>
 Composite Rate	 61.96%

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

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