



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

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

June 21, 2022

FINANCE MEMORANDUM

MEMO NO. 22-07

TO: All Department Heads
FROM: Craig K. Hirai /s/
Director of Finance
SUBJECT: Interim Fringe Benefit Rates for FY 23

A composite fringe benefit rate (RATE) of 63.28% has been approved by the U.S. Department of Health and Human Services (DHHS) for FY 20 (attached). Based on the approved FY 20 RATE, the interim FY 23 RATE that was last revised in February 2021 has been updated. In addition, the State may need to suspend the pre-funding of Other Post-Employment Benefits (OPEB) in FY 23, and pension accumulation is reflective of recent proposed rates pending DHHS review and approval. Until new fringe benefit rates are approved by DHHS, the following interim fringe benefit rates for FY 23 will be in effect:

	<u>Approved FY 20 Rate</u>	<u>Feb. 2021 Revised Interim FY 21 Rate</u>	<u>Interim FY 23 Rate</u>
Pension Accumulation	22.00%	24.00%	23.78%
Pension Administration	0.05%	0.05%	0.05%
Retiree Health Insurance	11.07%	11.07%	11.07%
Employees' Health Fund*	8.59%	8.59%	8.59%
Workers' Compensation	1.40%	1.40%	1.40%
Unemployment Compensation	0.07%	0.07%	0.07%
Social Security	6.20%	6.20%	6.20%
Medicare	1.45%	1.45%	1.45%
OPEB	<u>12.45%</u>	<u>0.00%</u>	<u>0.00%</u>
Composite Rate	63.28%	52.83%	52.61%

* 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 23, the pension accumulation rates are as follows:

<u>Job Category</u>	<u>Employer Contribution Rate</u>	<u>Statutory Authorization</u>
General Employees	23.78%	Not Applicable*
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**

* The General Employees rate is based on the State's proposed rates for FYs 21 and 22 that were/will be submitted to DHHS.

** 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



February 10, 2021

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, 2020, a composite fringe benefit rate of 63.28% is approved with the exception listed below. **The proposal submitted by the State's consultant**, Michael Holmes of MAXIMUS, was received on April 22, 2020. The following assessment rates should be used for the period beginning July 1, 2019:

Pension Accumulation	22.00%
Pension Administration	0.05%
Social Security	6.20%
Medicare	1.45%
Active Employee Health Insurance (For Budgeting Purposes Only)	8.59%*
Retiree Health Insurance	11.07%
Other Post-Retirement Benefits	12.45%
Workers' Compensation	1.40%
Unemployment Compensation	0.07%

* 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 2020. If you have any questions, please contact Cora Coleman of my staff at 415-437-7821.

Sincerely,

Arif M. Karim -S Digitally signed by Arif M. Karim
-5
Date: 2021.02.11 07:39:05 -06'00'

Arif Karim, Director
Cost Allocation Services