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FINANCIAL ADMINISTRATION DIVISION  
OFFICE OF FEDERAL AWARDS MANAGEMENT

June 4, 2025

**FINANCE MEMORANDUM**

**MEMO NO. 25-06**

**TO:** All Department Heads

**FROM:** Luis P. Salaveria /s/  
Director of Finance

**SUBJECT:** Negotiation Agreement Approving Central Services Costs and Fringe  
Benefit Rates for FY 21

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, 2021.

Although FY 21 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.

The fringe benefit rate for FY 21 consists of the following items:

FY 21

Pension Accumulation	23.78%
Pension Administration	0.01%
Retiree Health Insurance	11.22%
Employees' Health Fund*	8.26%
Workers' Compensation	1.63%
Unemployment Compensation	0.03%
Social Security	6.20%
Medicare	1.45%
Other Post-Employment Benefits	<u>12.50%</u>
Composite Rate	65.08%

\*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 (808) 586-1530.

Attachment