

NEIL ABERCROMBIE  
GOVERNOR



KALBERT K. YOUNG  
INTERIM DIRECTOR

DEAN K. HIRATA  
DEPUTY DIRECTOR

**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  
PUBLIC UTILITIES COMMISSION

ADMINISTRATIVE AND RESEARCH OFFICE  
BUDGET, PROGRAM PLANNING AND  
MANAGEMENT DIVISION  
FINANCIAL ADMINISTRATION DIVISION  
OFFICE OF ECONOMIC RECOVERY  
AND REINVESTMENT (ARRA)

January 11, 2011

FINANCE MEMORANDUM

MEMO NO. 11-02

TO: All Department Heads

FROM: Kalbert K. Young  
Interim Director of Finance

SUBJECT: Fringe Benefit Rates for FY 10

A composite fringe benefit rate (RATE) of 38.84% has been approved by the U.S. Department of Health and Human Services (DHHS) for use during FY 10 (attached). The RATE consists of the following fringe benefit items and computed rates:

<u>Item</u>	<u>Rate</u>
Pension Accumulation	15.00%
Pension Administration	.00%
Retiree Health Insurance	7.99%
Employees' Health Fund	6.79%
Workers' Compensation	.78%
Unemployment Compensation	.63%
Social Security	6.20%
Medicare	<u>1.45%</u>
Composite Rate	38.84%

The RATE will be formally published when the Statewide Central Services Cost Allocation Plan for FY 10 is approved by DHHS.

Although FY 10 is already completed, the approved rate is being transmitted to you for your information and records. It is noted that for FY 09-FY 11, the pension accumulation rate is 19.7% for police officers, firefighters, and corrections officers, and 15.0% for all other employees, as set by Act 256, SLH 2007. Until new RATES are approved, the approved RATE for FY 10 will be in effect.

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



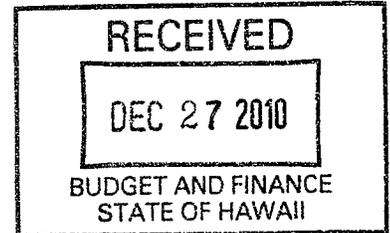
DEPARTMENT OF HEALTH & HUMAN SERVICES

Program Support Center  
Financial Management Service  
Division of Cost Allocation

DCA Western Field Office  
90 7th Street, Suite 4-600  
San Francisco, CA 94103

Kalbert K. Young  
Interim Director of Finance  
Hawaii Department of Budget and Finance  
P.O. Box 150  
Honolulu, HI 96810-0150

DEC 20 2010



Dear Mr. Young:

Based on the State of Hawaii's Fringe Benefits Rates Proposal for the fiscal year ending June 30, 2010, a composite fringe benefit rate of 38.84% is approved. The proposal submitted by the State's consultant, William Maus of MAXIMUS, was received on March 4, 2010, and subsequently revised on April 28, 2010. The following assessment rates should be used for the period beginning July 1, 2009:

	(a)	(b)
Pension Accumulation	15.00%	
Pension Administration	0.00%	
Social Security	6.20%	
Medicare	1.45%	
Retiree Health Insurance	7.99%	
Worker's Compensation		0.78%
Unemployment Compensation		0.63%

(a) Percent of ERS covered wages.

(b) Percent of total wages in assessed departments including Research Corporation of University of Hawaii (RCUH).

The above rates will be published with your negotiated State-wide Cost Allocation Plan agreement for fiscal year 2010.

Sincerely,

Wallace Chan  
Director