

NEIL ABERCROMBIE
GOVERNOR



KALBERT K. YOUNG
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)

July 1, 2011

FINANCE MEMORANDUM

MEMO NO. 11-12

TO: All Department Heads

FROM: Kalbert K. Young
Director of Finance

SUBJECT: Fringe Benefit Rates for FY 11

A composite fringe benefit rate (RATE) of 39.76% has been approved by the U.S. Department of Health and Human Services (DHHS) for use during FY 11 (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 | 7.96% |
| Employees' Health Fund | 7.02% |
| Workers' Compensation | 1.22% |
| Unemployment Compensation | .91% |
| Social Security | 6.20% |
| Medicare | <u>1.45%</u> |
| Composite Rate | 39.76% |

The RATE will be formally published when the Statewide Central Services Cost Allocation Plan for FY 11 is approved by DHHS.

Although FY 11 is already completed, the approved rate is being transmitted to you for your information and records. It is noted that for FY 09-FY 12, 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 11 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



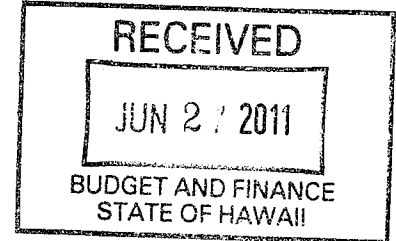
DEPARTMENT OF HEALTH & HUMAN SERVICES

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

JUN 23 2011



Dear Mr. Young:

Based on the State of Hawaii's Fringe Benefits Rates Proposal for the fiscal year ending June 30, 2011, a composite fringe benefit rate of 39.76% is approved. The proposal submitted by the State's consultant, William Maus of MAXIMUS, was transmitted on June 30, 2010, and subsequently revised on June 17, 2011. The following assessment rates should be used for the period beginning July 1, 2010:

| | (a) | (b) |
|---------------------------|--------|-------|
| Pension Accumulation | 15.00% | |
| Pension Administration | 0.00% | |
| Social Security | 6.20% | |
| Medicare | 1.45% | |
| Retiree Health Insurance | 7.96% | |
| Worker's Compensation | | 1.22% |
| Unemployment Compensation | | 0.91% |

(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 2011.

Sincerely,

Wallace Chan
Director