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GOVERNOR



NEAL MIYAHIRA
DIRECTOR

STANLEY SHRAKI
ACTING DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM
HAWAII PUBLIC EMPLOYEES HEALTH FUND
OFFICE OF THE PUBLIC DEFENDER
PUBLIC UTILITIES COMMISSION

STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
P.O. BOX 150
HONOLULU, HAWAII 96810-0150

ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND
MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION

July 5, 2001

FINANCE MEMORANDUM

MEMO NO. 01-12

TO: All Department Heads

FROM: Neal Miyahira
Director of Finance

SUBJECT: Fringe Benefit Rates for FY 02

A composite fringe benefit rate (RATE) of 21.19% has been approved by the U.S. Department of Health and Human Services (DHHS) for use during FY 02 (attached). The RATE consists of the following fringe benefit items and computed rates:

<u>Item</u>	<u>Rate</u>
Pension Accumulation	.00%
Pension Administration	.03%
Retiree Health Insurance	5.69%
Employees' Health Fund	7.12%
Workers' Compensation	.20%
Unemployment Compensation	.50%
Social Security	6.20%
Medicare	<u>1.45%</u>
Composite Rate	21.19%

The RATE will be formally published when the Statewide Central Services Cost Allocation Plan (SWCAP) for FY 02 is approved by DHHS.

Please note that the FY 02 rates include adjustments to account for the over-collections of fringe benefits in FY 00 resulting from the use of the FY 99 rates in FY 00. This occurred because of the delay in receiving approval from DHHS of the FY 00 rates. Because of the adjustments to the FY 02 rates, no payments will be necessary to refund the over-collected amounts.

Should you have any questions or require further information, please contact me, or your staff may contact Mr. James Nakamura, 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
80 United Nations Plaza, Room 347
San Francisco, CA 94108

JUN 29 2001

Neal Miyahira, Director
Hawaii Dept. of Budget and Finance
P. O. Box 150
Honolulu, Hawaii 96810-0150

Dear Mr. Miyahira:

Based on your Employee Benefit Rates Proposal for the fiscal year ending June 30, 2000, a composite fringe benefit rate of 21.19% is approved. The following assessment rates should be used for the period beginning July 1, 2001:

	(a)	(b)	(c)
Pension Accumulation	.00%		
Pension Administration	.03%		
Social Security	6.20%		
Retiree Health Insurance	5.69%		
Worker's Compensation		.20%	
Unemployment Compensation		.50%	.32%

(a) Percent of ERS covered wages.

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

(c) RCUH

The above rates will be formally published with your State-Wide Cost Allocation Plan for fiscal year 2002.

Sincerely,

David S. Low
Director