

LINDA LINGLE
GOVERNOR



GEORGINA K. KAWAMURA
DIRECTOR

STANLEY SHIRAKI
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST 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

September 9, 2005

FINANCE MEMORANDUM

MEMO NO. 05-09

TO: All Department Heads
FROM: Georgina K. Kawamura
Director of Finance
SUBJECT: Fringe Benefit Rates for FY 05

A composite fringe benefit rate (RATE) of 36.46% has been approved by the U.S. Department of Health and Human Services (DHHS) for use during FY 05 (attached). The RATE consists of the following fringe benefit items and computed rates:

<u>Item</u>	<u>Rate</u>
Pension Accumulation	10.82%
Pension Administration	.02%
Retiree Health Insurance	6.59%
Employees' Health Fund	7.85%
Workers' Compensation	2.17%
Unemployment Compensation	1.36%
Social Security	6.20%
Medicare	<u>1.45%</u>
 Composite Rate	 36.46%

The RATE will be formally published when the Statewide Central Services Cost Allocation Plan for FY 05 is approved by DHHS.

Although FY 05 is already completed, the approved rate is being transmitted to you for your information and records. In addition, it is noted that beginning in FY 06, the pension accumulation rate has been set by Act 181, SLH 2004, at 15.75% for police officers,

firefighters, and corrections officers, and 13.75% for all other employees. Therefore, until the other rates for FY 06 are approved by DHHS, the FY 05 rates (except for the pension accumulation rate) will be used for assessment purposes in FY 06.

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
50 United Nations Plaza, Room 347
San Francisco, CA 94102

Georgina K. Kawamura, Director
Hawaii Dept. of Budget and Finance
P. O. Box 150
Honolulu, Hawaii 96810-0150

AUG 31 2005

Dear Ms. Kawamura:

Based on your Employee Benefit Rates Proposal for the fiscal year ending June 30, 2005, a composite fringe benefit rate of 36.46% is approved. The following assessment rates should be used for the period beginning July 1, 2004:

	(a)	(b)
Pension Accumulation	10.82%	
Pension Administration	.02%	
Social Security	6.20%	
Retiree Health Insurance	6.59%	
Worker's Compensation		2.17%
Unemployment Compensation		1.36%

(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 formally published with your State-Wide Cost Allocation Plan for fiscal year 2005.

Sincerely,

David S. Low
Director