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DEPARTMENT OF BUDGET AND FINANCE
P.O. BOX 150
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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

March 9, 2007

FINANCE MEMORANDUM

MEMO NO. 07-02

TO: All Department Heads

FROM: Georgina K. Kawamura
Director of Finance

SUBJECT: Fringe Benefit Rates for FY 06

A composite fringe benefit rate (RATE) of 41.13% has been approved by the U.S. Department of Health and Human Services (DHHS) for use during FY 06 (attached). The RATE consists of the following fringe benefit items and computed rates:

<u>Item</u>	<u>Rate</u>
Pension Accumulation	13.75%
Pension Administration	.00%
Retiree Health Insurance	8.52%
Employees' Health Fund	8.22%
Workers' Compensation	1.85%
Unemployment Compensation	1.14%
Social Security	6.20%
Medicare	<u>1.45%</u>
Composite Rate	41.13%

The RATE will be formally published when the Statewide Central Services Cost Allocation Plan for FY 06 is approved by DHHS.

Although FY 06 is already completed, the approved rate is being transmitted to you for your information and records. 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. Until the RATE for FY 07 is approved, the approved RATE for FY 06 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.

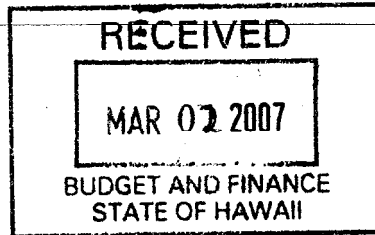
Attachment



DEPARTMENT OF HEALTH & HUMAN SERVICES

Program Support Center
Financial Management Service
Division of Cost Allocation

DCA Western Field Office
50 United Nations Plaza, Room 347
San Francisco, CA 94102



FEB 28 2007

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

Dear Ms. Kawamura:

Based on the State of Hawaii's Fringe Benefit Rates Proposal for the fiscal year ending June 30, 2006, a composite fringe benefit rate of 41.13% is approved. The proposal was submitted by the State's consultant, Anita White of MAXIMUS, on September 20, 2006. The following assessment rates should be used for the period beginning July 1, 2005:

	(a)	(b)
Pension Accumulation	13.75%	
Pension Administration	0.00%	
Social Security	6.20%	
Medicare	1.45%	
Retiree Health Insurance	8.52%	
Worker's Compensation		1.85%
Unemployment Compensation		1.14%

(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 2006.

Sincerely,

Wallace Chan
Director