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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 20, 2008

FINANCE MEMORANDUM

MEMO NO. 08-05

TO: All Department Heads

FROM: Georgina K. Kawamura
Director of Finance

SUBJECT: Fringe Benefit Rates for FY 07

A composite fringe benefit rate (RATE) of 40.66% has been approved by the U.S. Department of Health and Human Services (DHHS) for use during FY 07 (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	8.86%
Employees' Health Fund	8.21%
Workers' Compensation	1.80%
Unemployment Compensation	.39%
Social Security	6.20%
Medicare	<u>1.45%</u>
Composite Rate	40.66%

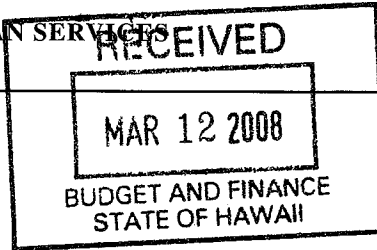
The RATE will be formally published when the Statewide Central Services Cost Allocation Plan for FY 07 is approved by DHHS.

Although FY 07 is already completed, the approved rate is being transmitted to you for your information and records. It is noted that for FY 06-FY 08, 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. In addition, beginning in FY 09, the pension accumulation rate will increase to 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 '07 will be in effect, except for the pension accumulation rate which will increase as noted beginning July 1, 2008.

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



MAR 10 2008

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, 2007, a composite fringe benefit rate of 40.66% is approved. The proposal was submitted by the State's consultant, Anita White of MAXIMUS, on August 13, 2007. The following assessment rates should be used for the period beginning July 1, 2006:

	(a)	(b)
Pension Accumulation	13.75%	
Pension Administration	0.00%	
Social Security	6.20%	
Medicare	1.45%	
Retiree Health Insurance	8.86%	
Worker's Compensation		1.80%
Unemployment Compensation		0.39%

(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 2007.

Sincerely,

Wallace Chan
Director