

LINDA LINGLE  
GOVERNOR



GEORGINA K. KAWAMURA  
DIRECTOR

BARBARA A. ANNIS  
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

July 7, 2009

FINANCE MEMORANDUM

MEMO NO. 09-08

TO: All Department Heads

FROM: Georgina K. Kawamura  
Director of Finance

SUBJECT: Fringe Benefit Rates for FY 08

A composite fringe benefit rate (RATE) of 37.04% has been approved by the U.S. Department of Health and Human Services (DHHS) for use during FY 08 (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	.60%
Retiree Health Insurance	5.95%
Employees' Health Fund	7.02%
Workers' Compensation	1.46%
Unemployment Compensation	.61%
Social Security	6.20%
Medicare	<u>1.45%</u>
Composite Rate	37.04%

The RATE will be formally published when the Statewide Central Services Cost Allocation Plan for FY 08 is approved by DHHS.

Although FY 08 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 was set by Act 181, SLH 2004, at 15.75% for police officers, firefighters, and corrections officers, and 13.75% for all other employees. Beginning in FY 09, the pension

accumulation rate increased 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 08 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

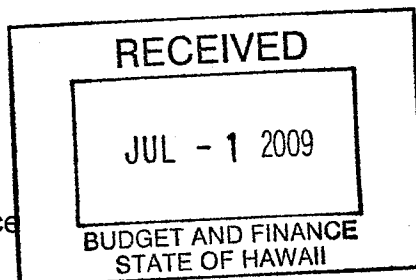


DEPARTMENT OF HEALTH & HUMAN SERVICES

Program Support Center  
Financial Management Service  
Division of Cost Allocation

DCA Western Field Office  
90 7<sup>th</sup> Street, Suite 4-600  
San Francisco, CA 94103

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



JUN 29 2009

Dear Ms. Kawamura:

Based on the State of Hawaii's Fringe Benefit Rates Proposal for the fiscal year ending June 30, 2008, a composite fringe benefit rate of 37.04% is approved. The proposal submitted by the State's consultant, Anita White of MAXIMUS, was received on June 9, 2009. The following assessment rates should be used for the period beginning July 1, 2007:

	(a)	(b)
Pension Accumulation	13.75%	
Pension Administration	0.60%	
Social Security	6.20%	
Medicare	1.45%	
Retiree Health Insurance	5.95%	
Worker's Compensation		1.46%
Unemployment Compensation		0.61%

(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 2008.

Sincerely,

Wallace Chan  
Director