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ADMINISTRATIVE AND RESEARCH OFFICE  
BUDGET & FINANCE

WESLEY K. MACHIDA  
DIRECTOR

RODERICK K. BECKER  
DEPUTY DIRECTOR

2016 FEB 29 PM 3:56

STATE OF HAWAII  
DEPARTMENT OF BUDGET AND FINANCE

P.O. BOX 150  
HONOLULU, HAWAII 96810-0150

EMPLOYEES' RETIREMENT SYSTEM  
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND  
OFFICE OF THE PUBLIC DEFENDER

ADMINISTRATIVE AND RESEARCH OFFICE  
BUDGET, PROGRAM PLANNING AND  
MANAGEMENT DIVISION  
FINANCIAL ADMINISTRATION DIVISION  
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

February 29, 2016

FINANCE MEMORANDUM

MEMO NO. 16-03

TO: All Department Heads

FROM: Wesley K. Machida  
Director of Finance

SUBJECT: Approved Fringe Benefit Rate for FY 16

A composite fringe benefit rate (RATE) of 49.54% has been approved by the U.S. Department of Health and Human Services (DHHS) for FY 16 (attached). The RATE consists of the following fringe benefit items and computed rates:

	<u>Approved FY 16 Rate</u>
Pension Accumulation	17.00%
Pension Administration	0.00%
Retiree Health Insurance	8.07%
Employees' Health Fund	7.62%
Workers' Compensation	1.27%
Unemployment Compensation	0.15%
Social Security	6.20%
Medicare	1.45%
Other Post-Employment Benefits	<u>7.78%</u>
Composite Rate	49.54%

It is noted that for FY 16, the pension accumulation rates are as follows:

<u>Job Category</u>	<u>Employer Contribution Rate</u>	<u>Statutory Authorization</u>
General Employees	17.00%	Act 163, SLH 2011
Special Categories (Police Officers, Firefighters, and Corrections Officers)	25.00%	Act 163, SLH 2011
Retiree – Return to Work General Employees	11.25%	Act 179, SLH 2010
Retiree – Return to Work Special Categories (Police Officers, Firefighters, and Corrections Officers)	16.90%	Act 121, SLH 2009

It is also noted that the approved FY 16 RATE includes an assessment rate for the Other Post-Employment Benefits (of 7.78%) for the first time.

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 Portfolio  
Cost Allocation Services

90 7<sup>th</sup> Street, Suite 4-600  
San Francisco, CA 94103-6705  
PHONE: (415) 437-7820  
FAX: (415) 437-7823  
EMAIL: CAS-SF@psc.hhs.gov

February 21, 2016

Wesley K. Machida  
Director of Finance  
Hawaii Department of Budget and Finance  
P.O. Box 150  
Honolulu, HI 96810-0150

Dear Mr. Machida:

Based on the State of Hawaii's Fringe Benefit Rates Proposal for the fiscal year ending June 30, 2016, a composite fringe benefit rate of 49.54% is approved. The proposal submitted by the State's consultant, William Maus of MAXIMUS, was transmitted on August 18, 2015. The following assessment rates should be used for the period beginning July 1, 2015:

Pension Accumulation	17.00%
Pension Administration	0.00%
Social Security	6.20%
Medicare	1.45%
Active Employee Health Insurance (For Budgeting Purposes Only)	7.62%*
Retiree Health Insurance	8.07%
Other Post-Retirement Benefits	7.78%
Workers' Compensation	1.27%
Unemployment Compensation	0.15%

\* The rate should only be used for budgeting purposes. The departments are instructed to charge actual costs as assessed through the payroll system.

The above rates will be published with your negotiated State-wide Cost Allocation Plan agreement for fiscal year 2016.

Sincerely,

Arif M. Karim -S

Digitally signed by Arif M. Karim -S  
DN: c=US, ou=U.S. Government, ou=HHS, ou=PSC,  
ou=People, cn=Arif M. Karim -S,  
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Date: 2016.02.22 08:45:29 -06'07

Arif Karim, Director  
Cost Allocation Services