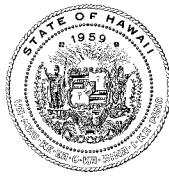


DAVID Y. IGE  
GOVERNOR



CRAIG K. HIRAI  
DIRECTOR  
  
ROBERT YU  
DEPUTY DIRECTOR

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

**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  
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

February 18, 2021

FINANCE MEMORANDUM

MEMO NO. 21-03

TO: All Department Heads

FROM: Craig K. Hirai /s/  
Director of Finance

SUBJECT: Approved Fringe Benefit Rate for FY 20 and Revised Interim Fringe  
Benefit Rate for FY 21

A composite fringe benefit rate (RATE) of 63.28% has been approved by the U.S. Department of Health and Human Services (DHHS) for FY 20 (attached). Based on the approved FY 20 RATE, the interim FY 21 RATE that was last revised in October 2020 has been updated. In addition, due to the economic impact of the COVID-19 pandemic, the State has suspended the pre-funding of Other Post-Employment Benefits in FY 21. Until new fringe benefit rates are approved by DHHS, the following revised interim fringe benefit rates for FY 21 will be in effect:

	<u>Approved FY 20 Rate</u>	<u>Oct. 2020 Revised Interim FY 21 Rate</u>	<u>Feb. 2021 Revised Interim FY 21 Rate</u>
Pension Accumulation	22.00%	24.00%	24.00%
Pension Administration	0.05%	0.02%	0.05%
Retiree Health Insurance	11.07%	10.33%	11.07%
Employees' Health Fund*	8.59%	7.31%	8.59%
Workers' Compensation	1.40%	1.59%	1.40%
Unemployment Compensation	0.07%	0.08%	0.07%
Social Security	6.20%	6.20%	6.20%
Medicare	1.45%	1.45%	1.45%
Other Post-Employment Benefits	<u>12.45%</u>	<u>0.00%</u>	<u>0.00%</u>
Composite Rate	63.28%	50.98%	52.83%

\*Should only be used for budgeting purposes. Departments are instructed to charge actual costs as assessed through the payroll system.

It is noted that for FY 21, the pension accumulation rates are as follows:

<u>Job Category</u>	<u>Employer Contribution Rate</u>	<u>Statutory Authorization</u>
General Employees	24.00%	Act 17, SLH 2017
Special Categories (Police Officers, Firefighters, and Corrections Officers)	41.00%	Act 17, SLH 2017
Retiree – Return to Work General Employees	20.20%	Not Applicable*
Retiree – Return to Work Special Categories (Police Officers, Firefighters, and Corrections Officers)	33.90%	Not Applicable*

\*Retiree – Return to Work rates are determined by the Actuary.

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



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

February 10, 2021

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

Dear Mr. Hirai:

**Based on the State of Hawaii’s Fringe Benefit Rates Proposal for the fiscal year ending June 30, 2020**, a composite fringe benefit rate of 63.28% is approved with the exception listed below. **The proposal submitted by the State’s consultant**, Michael Holmes of MAXIMUS, was received on April 22, 2020. The following assessment rates should be used for the period beginning July 1, 2019:

Pension Accumulation	22.00%
Pension Administration	0.05%
Social Security	6.20%
Medicare	1.45%
Active Employee Health Insurance (For Budgeting Purposes Only)	8.59%*
Retiree Health Insurance	11.07%
Other Post-Retirement Benefits	12.45%
<b>Workers’ Compensation</b>	1.40%
Unemployment Compensation	0.07%

\* 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 2020. If you have any questions, please contact Cora Coleman of my staff at 415-437-7821.

Sincerely,

**Arif M. Karim -S** Digitally signed by Arif M. Karim  
-5  
Date: 2021.02.11 07:39:05 -06'00'

Arif Karim, Director  
Cost Allocation Services