

DAVID Y. IGE
GOVERNOR



CURT T. OTAGURO
COMPTROLLER
AUDREY HIDANO
DEPUTY COMPTROLLER

STATE OF HAWAII
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES


P.O. BOX 119, HONOLULU, HAWAII 96810-0119

June 24, 2019

COMPTROLLER'S MEMORANDUM NO. 2019-12

TO: Department Heads

ATTN: Fiscal and Payroll Offices

FROM: Curt T. Otaguro 
Comptroller

SUBJECT: Updates to Payroll Reports/Files to Reflect Interim Fringe Benefit Rates for FY 20

Please be advised that DAGS' Accounting Division will be applying the interim fringe benefit rates to all payroll reports/files, per the transmission from the Department of Budget and Finance's memorandum as of June 17, 2019, as attached.

DAGS Accounting Division, supported by the Hawaii Modernization (HiMod) office, will be working directly with your fiscal and payroll teams to ensure that the fringe benefit rates are applied to all payroll reports as we cross fiscal years. Departments that receive interface files for payroll assessments with these interim fringe rates applied will be receiving files for review this week. Until such time the new fringe benefit rates are approved by the U.S. Department of Health and Human Services, the interim fringe benefit rates will be in effect.

In addition to the fringe rate updates, we took the opportunity to incorporate additional updates to the reports that some departments requested post go-live on the HIP system and will include the following beginning with the July 5, 2019 check:

1. Security access has been enhanced within the HIP system reports to ensure that data will be visible to all authorized fiscal users.
2. Earnings end date is driving when data is reported on the payroll reports, as opposed to the pay period end date.
3. Payroll number is now included on the paycheck and visible on reports, which will help confirm earnings end date for mid-pay period transfers.

4. Compliance driven updates to applicable earnings subject to assessments have been completed.
5. Standardization of rounding for assessment calculations.

Thank you for your assistance as we implement the fiscal year updates. Should your fiscal staff have any questions, please contact Ms. Lenora Fisher, Accounting Division Administrator at 586-0600 or lenora.d.fisher@hawaii.gov.

Attachment: June 17, 2019 Budget & Finance Memorandum 19-07

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ROBERT YU
ACTING 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)

June 17, 2019

FINANCE MEMORANDUM

MEMO NO. 19-07

TO: All Department Heads

FROM: Robert Yu
Acting Director of Finance

SUBJECT: Interim Fringe Benefit Rates for FY 20

Act 17, SLH 2017, establishes the pension accumulation contribution rate for FY 20 at 36% for police officers, firefighters, and corrections officers, and 22% for all other employees. The rates for FY 18 are the latest approved rates. The interim rate is being transmitted to you for your information and records. Until new fringe benefit rates are approved by the U.S. Department of Health and Human Services, the following interim fringe benefit rates for FY 20 will be in effect:

	<u>Approved FY 18 Rate</u>	<u>Interim FY 20 Rate</u>
Pension Accumulation	18.00%	22.00%
Pension Administration	0.01%	0.01%
Retiree Health Insurance	10.14%	10.14%
Employees' Health Fund	7.69%	7.69%
Workers' Compensation	1.24%	1.24%
Unemployment Compensation	0.02%	0.02%
Social Security	6.20%	6.20%
Medicare	1.45%	1.45%
Other Post-Employment Benefits	<u>14.33%</u>	<u>14.33%</u>
Composite Rate	59.08%	63.08%

It is noted that for FY 20, the pension accumulation rates are as follows:

<u>Job Category</u>	<u>Employer Contribution Rate</u>	<u>Statutory Authorization</u>
General Employees	22.00%	Act 17, SLH 2017
Special Categories (Police Officers, Firefighters, and Corrections Officers)	36.00%	Act 17, SLH 2017
Retiree – Return to Work General Employees	18.20%	Not Applicable*
Retiree – Return to Work Special Categories (Police Officers, Firefighters, and Corrections Officers)	28.90%	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.