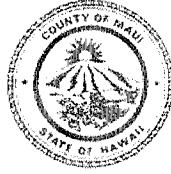


MICHAEL P. VICTORINO
Mayor

SCOTT K. TERUYA
Director

MAY-ANNE A. ALIBIN
Deputy Director




DEPARTMENT OF FINANCE
COUNTY OF MAUI
200 S. HIGH STREET
WAILUKU, MAUI, HAWAII 96793
www.mauicounty.gov

RECEIVED

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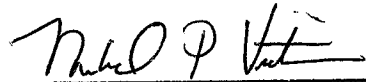
OFFICE OF THE
COUNTY COUNCIL

April 1, 2019

Ms. Michele Yoshimura 
Budget Director, County of Maui
200 South High Street
Wailuku, Hawaii 96793

Honorable Michael P. Victorino
Mayor, County of Maui
200 South High Street
Wailuku, Hawaii 96793

APPROVED FOR TRANSMITTAL



Mayor

4/1/19

Date

For Transmittal to:

Honorable Keani Rawlins-Fernandez
Chair, Budget and Finance Committee
Maui County Council
200 South High Street
Wailuku, Hawaii 96793

Dear Chair Rawlins-Fernandez:

SUBJECT: FISCAL YEAR ("FY") 2020 BUDGET (FN-1) (EDB-1)

Pursuant to your letter dated March 19, 2018, relating to Fringe Benefits please see my response to the following:

1. *A copy of the Fringe Benefit rates used in preparing the FY 2020 Budget.*

Response:

Attached is a copy of the Fringe Benefit Rate Memo for calendar year 2019.

2. *A breakdown of actual costs of employee fringe benefits for FY 2015 to FY 2019, to date, by category and by fund. The categories include: Employees' Retirement System, Federal Insurance Contributions Act,*

Hawaii Employer-Union Health Benefits Trust Fund, and Other Post-Employment Benefits.

Response:

Below is a breakdown of actual costs of fringe benefits for FY 2015 to FY 2019, to date, by category:

General Fund	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019 as of 3/25/2019
Social Security - FICA	\$ 6,979,126	\$ 7,173,369	\$ 7,669,506	\$ 7,980,505	\$ 5,929,093
Retirement System - ERS ¹	\$ 30,110,022	\$ 32,406,680	\$ 33,566,620	\$ 40,879,952	\$ 23,921,450
Hawaii Employer-Union Trust Fund - EUTF	\$ 27,383,697	\$ 29,281,004	\$ 31,844,309	\$ 33,400,009	\$ 24,266,880
Other Post-Employment Benefit - OPEB ²	\$ 15,305,000	\$ 14,930,000	\$ 16,172,000	\$ 17,000,000	\$ 18,126,930

NOTE:

- 1) Does not include the FY15-FY17 spiking bill amounts of \$5,092,743 paid in FY18 but does include the FY18 spiking bill of \$1,874,870.
- 2) Reflects amount transferred to the County's OPEB Revolving Fund and not actual payments remitted to the State of Hawaii for fiscal year 2015

Please note that actual costs of employee fringe benefits are posted in the Countywide Costs, Fringe Benefits, under the General Fund, which include costs relating to all employees in the County's payroll regardless of the employees' salaries funding source.

3. *Explain the cost increase to each fringe benefit category and identify whether the increase is based on collective bargaining agreements, including the request for FY 2020.*

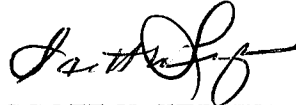
Response:

Countywide Costs for Fringe Benefits	FY 2019 Adopted	FY 2020 Proposed	Change	Reason
Social Security - FICA	\$ 9,858,361	\$ 9,070,149	\$ (788,212)	Based on historical data and Calendar Year Employee Fringe Benefit Rates issued by the Department of Finance
Retire System - ERS	\$ 45,732,777	\$ 53,250,523	\$ 7,517,746	Adjustments based on 1) anticipated spiking bill; 2) increase in employer contribution rates for Police/Fire from 31% to 36% and all other employees from 19% to 22%; and 3) anticipated collective bargaining increases
Hawaii Employer-Union Trust Fund -EUTF	\$ 37,007,775	\$ 39,060,966	\$ 2,053,191	Anticipated increase in EUTF premiums
Terminal Pay, Salary Adjustments	\$ 3,200,000	\$ 6,213,459	\$ 3,013,459	Reduction to terminal pay from FY 2019 relating to change of administration (\$1,000,000); Anticipated collective bargaining pay increases for HGEA, HFFA, Department of the Corporation Counsel and Department of the Prosecuting Attorney (\$4,013,459)
Unemployment Compensation	\$ 250,000	\$ 250,000	\$ -	No change

Honorable Keani Rawlins-Fernandez
Chair, Budget and Finance Committee
April 1, 2019
Page 3

Thank you for your attention to this matter. Should you have any questions, please feel free to contact me at Ext. 7474.

Sincerely,

A handwritten signature in black ink, appearing to read "Scott K. Teruya". The signature is fluid and cursive, with a prominent loop at the end.

SCOTT K. TERUYA
Finance Director

SKT:mms

Attachment

