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Deputy Director of Council Services
Richelle K. Kawasaki, Esq.

COUNTY COUNCIL
COUNTY OF MAUI
200 S. HIGH STREET
WAILUKU, MAUI, HAWAII 96793
www.MauiCounty.us

March 18, 2024

Mr. Steve Tesoro, Acting Director
Department of Finance
County of Maui
Wailuku, Hawaii 96793

Dear Mr. Tesoro:

SUBJECT: **FISCAL YEAR ("FY") 2025 BUDGET** (BFED-1) (FN-1)

May I please request the following:

1. A copy of the Fringe Benefit rates used in preparing the proposed FY 2025 Budget.
2. A breakdown of actual costs of employee fringe benefits for FY 2020 to FY 2024, 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.
3. Explain any cost increases to each fringe benefit category and identify whether the increase is based on collective bargaining agreements, including the request for FY 2025.

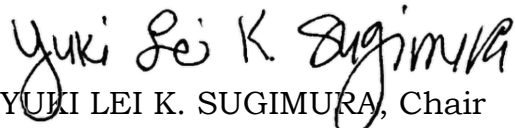
May I further request you provide the requested information no later than **March 27, 2024**, to enable the Committee to comprehensively review the FY 2025 Budget.

To ensure efficient processing, please transmit your response to bfed.committee@mauicounty.us and duplicate the coding in the subject line above for easy reference. Should you have any questions, please contact me or the Committee staff (James Krueger at ext. 7761, Kasie Apo Takayama at

Mr. Steve Tesoro
March 18, 2024
Page 2

ext. 7665, or Yvette Bouthillier at ext. 7758). We appreciate your attention to this request.

Sincerely,


YUKI LEI K. SUGIMURA, Chair
Budget, Finance, and Economic
Development Committee

bfed:2025bgt:240318afn01:cmn

cc: Mayor Richard T. Bissen, Jr.

BFED Committee

From: BFED Committee
Sent: Monday, March 18, 2024 4:53 PM
To: Steve Tesoro
Cc: Didi Hamai; Michelle Santos; Zeke Kalua; BFED Committee
Subject: RE: PLEASE READ attached letter re: FISCAL YEAR ("FY") 2025 BUDGET (BFED 1) (FN 1); reply by 03/27/2024. . .
Attachments: 240318afn01 - signed.pdf

All. Resending email correcting the subject above for the reply by date to **03/27/2024** as stated in the attached letter.

Thank you,
Yvette Bouthillier, Senior Secretary
BFED Committee

From: BFED Committee
Sent: Monday, March 18, 2024 4:35 PM
To: Steve Tesoro <Steve.Tesoro@co.maui.hi.us>
Cc: BFED Committee <BFED.Committee@mauicounty.us>; Didi Hamai <Didi.Hamai@co.maui.hi.us>; Michelle Santos <Michelle.Santos@co.maui.hi.us>; Zeke Kalua <Zeke.Kalua@co.maui.hi.us>
Subject: PLEASE READ attached letter re: FISCAL YEAR ("FY") 2025 BUDGET (BFED 1) (FN 1); reply by 03/28/2024. . .

Mr. Tesoro: Please refer to the attached letter from the Budget, Finance, and Economic Development (BFED) Committee Chair, dated March 18, 2024. Please respond by **March 28, 2024**.

Mayor's Office (attention: Michelle Santos and Zeke Kalua): Please forward the attached letter to Mayor Bissen for his information.

Thank you,
Yvette Bouthillier, Senior Secretary
BFED Committee

RICHARD T. BISSEN, JR.
Mayor

STEVE A. TESORO
Deputy Director



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

March 27, 2024

Ms. Maria Zielinski
Budget Director, County of Maui
200 South High Street
Wailuku, Hawaii 96793

A handwritten signature in black ink, appearing to read "Richard T. Bissen, Jr.", written over the recipient's address.

Honorable Richard T. Bissen, Jr.
Mayor, County of Maui
200 South High Street
Wailuku, Hawaii 96793

APPROVED FOR TRANSMITTAL

3-28-24
Mayor Date

For Transmittal to:

Honorable Yuki Lei K. Sugimura, Chair
Budget, Finance, and Economic Development Committee
Maui County Council
200 South High Street
Wailuku, Hawaii 96793

Dear Chair Sugimura:

SUBJECT: FISCAL YEAR ("FY") 2025 BUDGET (BFED-1) (FN-1)

Pursuant to your letter dated March 18, 2024, regarding the Fiscal Year 2025 Budget, below are the responses to the following:

- 1. A copy of the Fringe Benefit rates used in preparing the proposed FY 2025 Budget.**

Response: Attached is a copy of the Fringe Benefit Rate Memo for calendar year 2024.

- 2. A breakdown of actual costs of employee fringe benefits for FY 2020 to FY 2024, 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: The table below provides a breakdown of actual costs of employee fringe benefits for FY 2020 to FY 2024, to-date, by category.

General Fund	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024 as of 3/21/2024
Social Security - FICA	\$ 8,423,190	\$ 9,015,539	\$ 8,867,149	\$ 9,067,930	\$ 7,266,452
Retirement System - ERS	\$ 52,678,394	\$ 61,830,090	\$ 59,564,981	\$ 62,110,715	\$ 36,963,457
Hawaii Employer-Union Trust Fund - EUTF	\$ 39,946,780	\$ 43,695,575	\$ 19,916,487	\$ 20,367,526	\$ 15,266,659
Other Post-Employment Benefit - OPEB*	\$ 22,249,711	\$ 18,000,000	\$ 44,547,000	\$ 41,344,000	\$ 58,627,767

*For fiscal years prior to FY22, OPEB Annual Required Contribution was included in the EUTF totals.

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 any cost increases to each fringe benefit category and identify whether the increase is based on collective bargaining agreements, including the request for FY 2025.

Response: Cost increases or decreases to each fringe benefit category are primarily due to several factors such as the following but not limited to historical and current expenditures, Actuarial Reports from the State of Hawaii, changes in the Employee Fringe Benefit rates, and adjustments relating to the changes in budgeted salaries (i.e. expansion positions, reallocation of positions, or terminal vacation pay). Below is a table showing the comparison between the current and ensuing fiscal years by category.

Fringe Benefits	FY2024 Adopted	FY 2025 Proposed	Change	Explanation
Social Security - FICA	\$ 12,959,610	\$ 14,343,549	\$ 1,383,939	Based on historical and current activity.
Retirement System - ERS	\$ 71,411,655	\$ 72,978,811	\$ 1,567,156	Based on a 24% rate for general employees and 41% rate for Police and Fire; includes estimated spiking bill costs.
Hawaii Employer-Union Trust Fund - EUTF	\$ 21,635,925	\$ 24,000,000	\$ 2,364,075	Employer Portion of Health Care premiums for current and active employees.
OPEB - Annual Required Contribution (ARC)	\$ 38,399,000	\$ 38,085,000	\$ (314,000)	Based on Actuarial Reports from the State of Hawaii.
OPEB - Supplemental Transfer above the ARC	\$ 20,228,767	\$ -	\$ (20,228,767)	Delete funding based on the County's financial condition and Mayor's proposal.
Terminal Pay, Salary Adjustments	\$ 5,000,000	\$ 3,000,000	\$ (2,000,000)	Decrease funding based on prior actuals.

Chair Yuki Lei K. Sugimura

March 27, 2024


Page 3

Thank you for your attention to this matter. Should you have any questions, please feel free to contact me at Ext. 7475.

Sincerely,



STEVE A. TESORO
Deputy Director of Finance

SAT:mrp 

Attachments

RICHARD T. BISSEN, JR.
Mayor

SCOTT K. TERUYA
Director

STEVE A. TESORO
Deputy Director

MARCI SATO
Administrator



COUNTY OF MAUI
DEPARTMENT OF FINANCE
ACCOUNTS DIVISION
200 S. HIGH STREET
WAILUKU, MAUI, HAWAII 96793
PHONE: (808) 270-7504 FAX: (808) 270-7831
www.maui-county.gov

October 25, 2023

MEMORANDUM

TO: ALL DEPARTMENTS AND AGENCIES

SUBJECT: EMPLOYEE FRINGE BENEFIT RATES- CALENDAR YEAR 2024

The County of Maui has reviewed and revised the employee fringe benefit rates utilizing the actual cost data and salary base for the prior fiscal year which ended on June 30, 2023 (Fiscal Year 2023). These rates are to be used from January 1, 2024 through December 31, 2024 (Calendar Year 2024).

EMPLOYEE FRINGE BENEFIT RATES BASED UPON EMPLOYER'S CONTRIBUTION	Personnel (except Police, Fire & DWS)		DWS (a)		Police & Fire (b)	
	<u>1/1/2024</u>	<u>7/1/2024(c)</u>	<u>1/1/2024</u>	<u>7/1/2024(c)</u>	<u>1/1/2023</u>	<u>7/1/2024(c)</u>
Employee's Retirement System (ERS)	24.00%	24.00%	24.00%	24.00%	41.00%	41.00%
Social Security/Medicare	7.65%	7.65%	7.65%	7.65%	1.45%	1.45%
Subtotal	31.65%	31.65%	31.65%	31.65%	42.45%	42.45%
Unemployment	0.08%	0.08%	0.08%	0.08%	0.08%	0.08%
Workers' Compensation	0.72%	0.72%	5.25%	5.25%	0.72%	0.72%
Medical, Drug, Dental, Vision, Life*	10.22%	10.22%	10.22%	10.22%	10.22%	10.22%
Other Post-Employment Benefits (OPEB)*	20.76%	20.76%	20.76%	20.76%	20.76%	20.76%
Total Employer's Contribution (Use for internal reimbursement)	<u>63.43%</u>	<u>63.43%</u>	<u>67.96%</u>	<u>67.96%</u>	<u>74.23%</u>	<u>74.23%</u>

EMPLOYEE FRINGE BENEFIT RATES BASED UPON EMPLOYER'S CONTRIBUTION	Personnel (except Police, Fire & DWS)		DWS (a)		Police & Fire (b)	
	<u>1/1/2024</u>	<u>7/1/2024(c)</u>	<u>1/1/2024</u>	<u>7/1/2024(c)</u>	<u>1/1/2024</u>	<u>7/1/2024(c)</u>
<u>LEAVE BENEFITS</u>						
Vacation	8.08%	8.08%	8.08%	8.08%	8.08%	8.08%
Sick	5.58%	5.58%	5.58%	5.58%	5.58%	5.58%
Holiday	5.38%	5.38%	5.38%	5.38%	5.38%	5.38%
Others (Admin Leave, Union)	0.77%	0.77%	0.77%	0.77%	0.77%	0.77%
Total Leave Benefits	19.81%	19.81%	19.81%	19.81%	19.81%	19.81%
Total Fringe Benefit Rate (Straight Time Rate) (Use for grant reimbursement)	<u>83.24%</u>	<u>83.24%</u>	<u>87.77%</u>	<u>87.77%</u>	<u>94.04%</u>	<u>94.04%</u>
Total Fringe Benefit Rate (Overtime Rate) (Use for internal transfer and grant reimbursement including FEMA reimbursements)	<u>32.45%</u>	<u>32.45%</u>	<u>36.98%</u>	<u>36.98%</u>	<u>43.25%</u>	<u>43.25%</u>
(a) For DWS personnel only: Workers' Compensation rate 5.25% as DWS pays their own expenses directly.						
(b) For Police & Fire personnel only: ERS rate = 41.00% + 1.45% (for Medicare) = 42.45%.						
(c) ERS rate will remain the same for July 1, 2024 until statutory changes are implemented.						
* Percentages changed for Medical, Drug, Dental, Vision, & Life and Other Post-Employment Benefits when compared to prior year due to budgetary and expenditure reporting changes starting in fiscal year 2021-2022.						

Should you have any questions on the above employee fringe benefit rates, please contact Accounting System Administrator, Marci M. Sato at extension no. 7503.

Respectfully Submitted,


 SCOTT K. TERUYA
 Director of Finance

BFED Committee

From: Janina Agapay <Janina.E.Agapay@co.maui.hi.us>
Sent: Thursday, March 28, 2024 4:05 PM
To: BFED Committee
Cc: Lesley Milner
Subject: (BFED-1)(FN-1)
Attachments: (BFED-1)(FN-1).pdf

Hello,

Please see attached correspondence from Finance.

Thank you,