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Director of Council Services
Traci N. T. Fujita, Esq.

Deputy Director of Council Services
David M. Raatz, Jr., Esq.

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

March 22, 2023

Mr. Scott Teruya, Director
Department of Finance
County of Maui
Wailuku, Hawaii 96793

Dear Mr. Teruya:

SUBJECT: **FISCAL YEAR ("FY") 2024 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 2024 Budget.
2. A breakdown of actual costs of employee fringe benefits for FY 2019 to FY 2023, 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 2024.

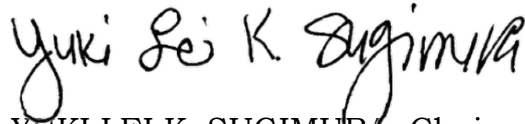
May I further request you provide the requested information no later than **March 28, 2023**, to enable the Committee to comprehensively review the FY 2024 Budget.

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 (Lesley Milner at ext. 7886, Kasie Apo Takayama at

Mr. Scott Teruya
March 22, 2023
Page 2

ext. 7665, Richelle Kawasaki at ext. 7137, or Yvette Bouthillier at ext. 7758). We appreciate your attention to this request.

Sincerely,

A handwritten signature in black ink that reads "Yuki Lei K. Sugimura". The signature is written in a cursive, flowing style.

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

bfed:2024bgt:230321afn01:ljcm

cc: Mayor Richard T. Bissen, Jr.

BFED Committee

From: BFED Committee
Sent: Wednesday, March 22, 2023 3:00 PM
To: Scott.Teruya@co.maui.hi.us
Cc: BFED Committee; Steve Tesoro; Didi Hamai; Michelle Santos; Zeke Kalua
Subject: PLEASE READ the attached re: FISCAL YEAR ("FY") 2024 BUDGET (BFED-1) (FN-1)
Attachments: 230321afn01 (FN-1).pdf

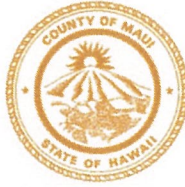
Director of Finance: Please read the attached letter from the Budget, Finance, and Economic Development (BFED) Committee Chair, dated 03/22/2023, re: the above-reference matter. Thank you.

Mayor's Office (attn: Ms. Santos, Mr. Kalua): Please forward the attached letter from the BFED Committee Chair dated 3/22/2023 to Mayor Bissen for his information. Thank you.

Thank you,
Yvette Bouthillier, Secretary
BFED Committee

RICHARD T. BISSEN, JR.
Mayor

KEKUHAUPIO R. AKANA
Managing Director



SCOTT K. TERUYA
Director

STEVE A. TESORO
Deputy Director

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

March 24, 2023

2023 MAR 28 PM 3:20
OFFICE OF THE
COUNTY COUNCIL

RECEIVED

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

APPROVED FOR TRANSMITTAL

[Signature] 3-28-23

Mayor Date

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

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") 2024 BUDGET (BFED-1) (FN-1)

Pursuant to your letter dated March 22, 2023, regarding the fiscal Year 2024 Budget, below are the responses to the following:

1. **A copy of the Fringe Benefit rates used in preparing the proposed FY 2024 Budget.**

Response: Attached is a copy of the Fringe Benefit Rate Memo for calendar year 2023.

2. **A breakdown of actual costs of employee fringe benefits for FY 2019 to FY 2023, 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 2019 to FY 2023, to-date, by category.

General Fund	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023 as of 3/24/2023
Social Security - FICA	\$ 8,365,599	\$ 8,423,190	\$ 9,015,539	\$ 8,867,149	\$ 7,003,689
Retirement System - ERS	\$ 43,245,571	\$ 52,678,394	\$ 61,830,090	\$ 59,564,981	\$ 40,444,936
Hawaii Employer-Union Trust Fund - EUTF	\$ 36,878,984	\$ 39,946,780	\$ 43,695,575	\$ 19,916,487	\$ 13,448,068
Other Post-Employment Benefit - OPEB*	\$ 18,126,930	\$ 22,249,711	\$ 18,000,000	\$ 44,547,000	\$ 41,344,000

*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 2024.

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	FY2023 Adopted	FY 2024 Proposed	Change	Explanation
Social Security - FICA	\$ 12,273,949	\$ 13,177,685	\$ 903,736	Based on historical and current activity.
Retirement System - ERS	\$ 71,253,302	\$ 72,613,323	\$ 1,360,021	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	\$ 24,063,777	\$ 22,000,000	\$ (2,063,777)	Reduction in estimate due for the Employer Portion of Health Care premiums for current and active employees as EUTF adjusted anticipated amounts due to annual prefunding.
OPEB - Annual Required Contribution (ARC)	\$ 38,344,000	\$ 38,399,000	\$ 55,000	Based on Actuarial Reports from the State of Hawaii.
OPEB - Supplemental Transfer above the ARC	\$ 3,000,000	\$ 10,000,000	\$ 7,000,000	Based on the County's financial condition and Mayor's proposal.
Terminal Pay, Salary Adjustments	\$ 13,000,000	\$ 5,000,000	\$ (8,000,000)	Reduction due to the one-time appropriation for the retroactive salary increases for all Bargaining Units in FY2023.

Chair Yuki Lei K. Sugimura

March 24, 2023

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

Sincerely,



SCOTT K. TERUYA
Director of Finance



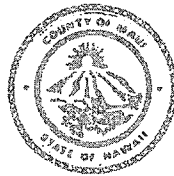
SKT:mms

Attachments

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

October 12, 2022

MEMORANDUM

TO: ALL DEPARTMENTS AND AGENCIES

SUBJECT: EMPLOYEE FRINGE BENEFIT RATES- CALENDAR YEAR 2023

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, 2022 (Fiscal Year 2022). These rates are to be used from January 1, 2023 through December 31, 2023 (Calendar Year 2023).

EMPLOYEE FRINGE BENEFIT RATES BASED UPON EMPLOYER'S CONTRIBUTION	Personnel (except Police, Fire)		DWS (a)		Police & Fire (b)	
	<u>1/1/2023</u>	<u>7/1/2023(c)</u>	<u>1/1/2023</u>	<u>7/1/2023(c)</u>	<u>1/1/2023</u>	<u>7/1/2023(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*	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Workers' Compensation	1.60%	1.60%	0.62%	0.62%	1.60%	1.60%
Medical, Drug, Dental, Vision, Life**	10.99%	10.99%	10.99%	10.99%	10.99%	10.99%
Other Post-Employment Benefits (OPEB)**	24.60%	24.60%	24.60%	24.60%	24.60%	24.60%
Total Employer's Contribution (Use for internal reimbursement)	<u>68.84%</u>	<u>68.84%</u>	<u>67.86%</u>	<u>67.86%</u>	<u>79.64%</u>	<u>79.64%</u>



October 12, 2022

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EMPLOYEE FRINGE BENEFIT RATES BASED UPON EMPLOYER'S CONTRIBUTION	Personnel (except Police & Fire)		DWS (a)		Police & Fire (b)	
	<u>1/1/2023</u>	<u>7/1/2023(c)</u>	<u>1/1/2023</u>	<u>7/1/2023(c)</u>	<u>1/1/2023</u>	<u>7/1/2023(c)</u>
	<u>LEAVE BENEFITS</u>					
Vacation	8.08%	8.08%	8.08%	8.08%	8.08%	8.08%
Sick	5.77%	5.77%	5.77%	5.77%	5.77%	5.77%
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	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%
Total Fringe Benefit Rate (Straight Time Rate)	<u>88.84%</u>	<u>88.84%</u>	<u>87.86%</u>	<u>87.86%</u>	<u>99.64%</u>	<u>99.64%</u>
(Use for grant reimbursement)						
Total Fringe Benefit Rate (Overtime Rate)	<u>33.25%</u>	<u>33.25%</u>	<u>32.27%</u>	<u>32.27%</u>	<u>44.05%</u>	<u>44.05%</u>
(Use for internal transfer and grant reimbursement including FEMA reimbursements)						
(a) For DWS personnel only: Workers' Compensation rate 0.62% 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, 2023 until statutory changes are implemented.						
* There were no unemployment payments for fiscal year 2021-2022.						
** 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.						

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

Respectfully Submitted,


 SCOTT K. TERUYA
Director of Finance